

**EVALUATION
OF THE EUROPEAN COMMISSION'S
COUNTRY STRATEGY
FOR SOUTH AFRICA**

DECEMBER 2002



MWH



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TABLE OF ACRONYMS

ABET	Adult Basic Education and Training
ACP	African, Caribbean and Pacific (Lomé Convention)
ADB	African Development Bank
BLNS	Botswana, Lesotho, Namibia and Swaziland
BOTT	Build, Operate, Train, Transfer
CBO	Community-Based Organisation
CFSP	Common Foreign and Security Policy
CMDA	Cato Manor Development Association
Commission	European Commission
COSATU	Congress of South African Trades Unions
CSE	Country Strategy Evaluation
CSO	Civil Society Organisation
CSP	Country Strategy Paper
DAC	Development Assistance Committee (OECD)
DANIDA	Danish International Development Co-operation Agency
DASCT	Department of Arts, Science, Culture and Technology
Delegation	The European Commission Delegation in Pretoria
DFID	Department for International Development, UK
DG	Directorate General, European Commission
DG DEV	Directorate General Development, European Commission
DoE	Department of Education
DoF	Department of Finance
DoL	Department of Labour
DPSA	Department of Public Service and Administration
DTI	Department of Trade and Industry
DWAF	Department of Water Affairs and Forestry
€	Euro
ECD	Early Childhood Development
ECIP	European Community Investment Partners Programme
EDF	European Development Fund
EIB	European Investment Bank
EPRD	European Programme for Reconstruction and Development (in SA)
ESSP	Education Sector Support Programme
EU	European Union
EUFHR	European Union Foundation for Human Rights in South Africa
FET	Further Education and Training
FISCU	Finance and Investment Sector Co-ordination Unit (SADC)
GDP	Gross Domestic Product
GEAR	Growth, Employment and Redistribution
GTZ	German Technical Co-operation Agency
HDI	Human Development Index
HIV/AIDS	Human Immuno-Deficiency Virus/Acquired Immuno-Deficiency Syndrome
HRD	Human Resources Development
IDC	International Development Co-operation Directorate (DoF)
JUPMET	Joint Universities Public Management Education Trust
KZN	KwaZulu-Natal (province)

LED	Local Economic Development
LFA	Logical Framework Analysis
LMSDP	Labour Market Skills Development Programme
MIP	Multi-annual Indicative Programme
MS	Member State (of the European Union)
MTEF	Medium Term Expenditure Framework
MTR	Mid Term Review
NALEDI	National Labour and Economic Development Institute
NAO	National Authorising Officer
NDA	National Development Agency
NEPAD	New Partnership for Africa's Development
NGO	Non-Governmental Organisation
NORAD	Norwegian Directorate for Development Co-operation
NP	Northern province (now Limpopo)
ODA	Overseas Development Assistance
OECD	Organisation for Economic Co-operation and Development
PCM	Project Cycle Management
PDPHC	Partnerships for the Delivery of PHC, including HIV/AIDS
PHC	Primary Health Care
PHSSP	Public Health Sector Support Programme
PMU	Programme Management Unit
PSD	Private Sector Development
RDP	Reconstruction and Development Programme
RFI	Retail Financial Intermediaries
RIP	Regional Indicative Programme(s)
SA	South Africa/ South African
SACC	South African Council of Churches
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAIRR	South African Institute of Race Relations
SAMDI	South African Management Development Institute
SANLI	South African National Literacy Initiative
SAQA	South African Qualifications Authority
SDI	Spatial Development Initiative
SETA	Sector Education and Training Authorities
SIDA	Swedish International Development Co-operation Agency
SME	Small and Medium-size Enterprises
SMME	Small, Medium and Micro Enterprise
SRDCP	SADC Regional Drug Control Programme
SSP	Sector Support Programme
SWAp	Sector Wide Approach
TA	Technical Assistance/ Assistant
TDCA	Trade, Development and Co-operation Agreement
ToR	Terms of Reference
UN	United Nations
UNDP	United Nations Development Programme
USAID	United States Agency for International Development
WB	World Bank
WS-SSP	Water Supply and Sanitation Sector Support Programme
ZAR (Rs)	South Africa Rand

PREFACE

This Country Strategy Evaluation (CSE) Report for South Africa is one of a series of evaluations of the European Commission's co-operation programmes world-wide, undertaken on behalf of the Evaluation Unit of the EuropeAid Co-operation Office by the MWH – ECDPM - ODI Consortium.

The analysis and recommendations are based on an assessment of European Commission assistance to South Africa since 1994, with the main emphasis on the period 1996-2001. Particular attention has been paid to the impact of the 1997-1999 Multi-Annual Indicative Programme (MIP), and on the relevance of the current Country Strategy and MIP for 2000-2002.

The report is based on a mission to South Africa by Messrs Michel Van Bruaene (team leader), Jean Bossuyt, Simon Bekker, Ivan Crouzel and Sanoussi Bilal that took place from 11 to 31 March 2002. The findings of the mission were presented to the European Commission Steering Group in Brussels on 19 April, and the draft report was submitted on 2 May 2002. This Final Report takes into account the comments made on the draft by the European Commission and other stakeholders during a seminar held in Pretoria on 23 May 2002 and subsequently.

An extensive review of policy and strategy documents and, selected programme files was undertaken, as well as interviews with European Commission staff, other donors, South African Government officials, actors and independent observers. A methodological approach based on evaluation questions, was tested for the first time in a CSE framework. This approach is in addition to the use of the standard DAC (Development Assistance Committee) Criteria for evaluating development assistance¹. The scope of the exercise did not permit a detailed review of all interventions funded or co-funded by the European Commission in South Africa between 1994 and 2001.

This Report benefited from the active involvement of European Commission officials in Brussels and at the Delegation in South Africa, South African Government officials, as well as the assistance of members of the civil society and the private sector.

The consultancy consortium takes full responsibility for the views and opinions expressed in this Report. The Report does not necessarily reflect the views of the European Commission for whom it was prepared and by whom it was financed.

¹ Available from the Organisation for Economic Development and Co-operation, Paris.

EXECUTIVE SUMMARY

BACKGROUND, CONTEXT AND METHODOLOGY

Background

i) Since 1994, when South Africa held its first democratic elections after 50 years of apartheid, the political transition of the country to an open and democratic society has made considerable progress, although there are major social and economic challenges to be met. Income inequality is still among the highest in the world. Expectations among the 50% of the population living on or below the poverty line are high, and emigration to urban centres is massive [§72-78]. The HIV/AIDS pandemic and the general lack of security affect the confidence of skilled professionals and investors [Table 13].

ii) The rationale of European Union (EU) co-operation is based on the assumption that South Africa is a pole for stability and growth in the southern African region, which deserves to be supported and strengthened. Although total donor assistance to South Africa represents less than 3% of the national budget, the Government greatly appreciates its benefits [§21]. The EU has supported the country's political, economic and social development through the European Programme for Reconstruction and Development (EPRD) in 1996, and the subsequent Trade, Development and Co-operation Agreement (TDCA), the current framework for co-operation, since 1 January 2000 [§4-7].

Context

iii) Title V of the TDCA covers development co-operation, and outlines the main objectives for EU assistance as: support for the development of employment and enterprises, progressive integration of the country into the regional and world economy, the enhancement of living conditions and delivery of basic social services, democratisation, the protection of human rights, sound public management; the strengthening of civil society and its integration in the development process. *Poverty reduction* is stated as a key cross-cutting priority for all EU funded interventions, as well as the importance of policy dialogue, partnerships and redressing the inequalities inherited from apartheid.

iv) The overall policy framework of the TDCA and the country strategy are consistent with the priorities defined in the successive South African Government policy and strategy documents – the Reconstruction and Development Programme (RDP) and Growth, Employment, and Redistribution (GEAR), as well as in the budgetary Medium Term Expenditure Framework [§14, Annex D].

v) In order to translate EU policy and strategy into actions, the European Commission (the Commission) has prepared and implemented two comprehensive Multi-annual Indicative Programmes (MIPs) for the periods 1997-1999 (€375 Million) and 2000-2002 (€340 Million). The impact and relevance of both MIPs are assessed by this evaluation. The first MIP was subjected to a Country Strategy Evaluation in 1999. Among a number of key recommendations identified were the need: (a) to support the National Authorising Officer, (b) to strengthen the Delegation's own skilled resources, and (c) to build complementarity with other donors and to systematically monitor the outcomes of interventions. The Commission has adopted the first three recommendations, made some limited progress towards the fourth, and moved towards becoming

a knowledge-based donor. As a result, its competence, and consistent efforts towards complementarity and dialogue, have been widely recognised by all concerned.

vi) However, these achievements are not by themselves sufficient to ensure overall impact. Although trade with the EU has increased significantly, national socio-economic and labour indicators are negative, and confidence is falling, illustrated by job losses and the emigration of skilled workers [Tables 7 and 13]. The overall quality of relations with South African Government Departments varies [§115] and the Commission strategy is also faced with important cross-cutting constraints. The HIV/AIDS pandemic is likely to become a further constraint due to forecast attrition amongst key skilled and professional workers [§26-31].

Methodology

vii) This evaluation is required to cover both MIPs. An *ex post* evaluation is provided for the first MIP (1997-1999), essentially on impact aspects which could not be evaluated by the previous Country Strategy Evaluation. As the implementation phase of most programmes in the second MIP (2000-2002) has barely started, the scope of evaluation is restricted to the key aspect of relevance. Overall sectoral coherence and the progress of the Commission towards its objectives are also important aspects of this evaluation.

viii) The approach based on *evaluation questions, judgement criteria and indicators*, was intended to act as a more accurate guideline, and to focus the fieldwork. Draft evaluation questions were prepared by the EuropeAid Evaluation Unit, and finalised by a Steering Group comprising concerned Commission Directorate Generals and Delegation. These were integrated into standard questionnaires for meetings and visits carried out during the field phase.

ix) The sequence of activities was divided into three phases. The preparatory phase covered the collection of data, meetings with key actors in Commission Headquarters, and the preparation of field guidelines. The field phase comprised 'top to bottom' meetings (the Delegation, South African authorities, donors and other actors), documentary analysis and field visits to a representative number of programmes selected for their potential to deliver key lessons learned. It was found that the lack of comprehensive monitoring instrument restrained the capacity to review programmes. The Final Report writing phase consists of drafting, peer review, presentation and finalisation [see Annex C].

KEY FINDINGS FOR EACH EVALUATION QUESTION

Group 1 – Social services

How far have actions and measures (co-) financed or supported by the EU, notably in the fields of education, health, water and sanitation, urban development and housing contributed to redressing inequalities by improving levels of access and quality of service delivery?

x) The Commission has sought to provide examples of good practice and a catalytic or multiplier effect, thus achieving indirect impact with comparatively small, though high-quality activities. This was successfully done in all sectors [§39], although the direct impact, clearly attributable to EU assistance, can also be found in earlier projects [§40]. Some key priority areas were more substantially funded, such as major training schemes for capacity building and the establishment of qualification standards [§35], however, their implementation is too recent for an impact assessment. Some programmes received continuous funding due to their exceptional effectiveness and major, directly attributable, impacts are likely to be found in due course [§42].

For most other actions relevance of EU contributions is high in all main areas [§34]. Redressing inequalities in social services is often an indirect part of the fight against poverty. It is the evaluation's opinion that, although these activities are necessary to redress the consequences of apartheid, they risk increased dependency on social welfare unless they are associated with more direct, pro-active measures (private sector or local economic development, work schemes) [§43].

How far have actions or measures (co-) financed or supported by the EU contributed to improved policymaking and service delivery by key institutions in the fields of education, health, water and sanitation, and urban development and housing?

xi) Sector support programmes (SSPs) for Government Departments make up by far the largest part of social services funding (52% of funding in the Health Sector). Lessons learned from earlier projects in the *Health* sector have significantly contributed to improved policymaking and have been integrated in the design of the new partnerships for delivery of Primary Health Care programme [§48]. A similar evolution did not take place in the *Education* sector, which was not funded under the 2000–2002 MIP [§45, 49]. In some areas (Labour Market Skills, Water and Sanitation) the attainment of national priorities has been enhanced as a direct result of EU support [§48]. It is however unclear how far lessons learned have actually been disseminated and reproduced outside the EU (co-) funded programmes [§54]. Due to lack of capacity, and inability to meet institutional pre-conditions, the more cost-effective type of Sector Wide Approach programmes (SWAPs) is currently only workable in the Department of Water and Forestry Affairs [§49, 50].

Group 2 – Human rights, Democracy & Governance, Civil Society

How far have EU-supported measures and policies contributed to the development and consolidation of a human rights culture based on the rule of law, and of democratic institutions and processes, as well as to the strengthening of civil society organisations as defined in legal bases and programming documents?

xii) The measures and policies have effectively contributed to the objectives and have achieved different forms of impact, mainly through the increasingly strategic management of co-operation resources [§59, 61]. This has been characterised by a choice of priority areas, a gradual move towards more integrated sector support, and a combination of demand-led and supply-driven approaches [§62]. There has also been a multi-actor perspective, dynamic vision and creative approaches to the development of civil society, coupled with a systematic focus on institutional development and sustainability, and a concern to improve the knowledge base and adaptability. However, the measurement of impact was faced with a number of limitations and weaknesses, such as capacity and administrative constraints, a broad and scattered portfolio without strategic linkages, and a lack of monitoring and evaluation of results [§60].

How far have EU-supported measures and policies contributed to improved governance benefiting previously disadvantaged populations? For example, citizens' access to central and local government institutions; civil service performance; reduced corruption; and improved government accountability, more effective civil society etc...

xiii) Governance has not been a primary target of the MIPs [§66], although some projects have focused on improving financial management in the public sector, good governance at local level, and support to specialised 'watchdog' institutions [§68-70]. However, good governance has been integrated in other programmes and sectors, with evidence of impact achieved, and elements of an

emerging strategic approach were identified [§67]. These included the choice of a multi-dimensional approach, aimed at addressing governance issues at national, local and civil society levels, the inclusion of ownership, participation and capacity-building as cross-cutting concerns, and a focus on local governance linked to the fight against poverty. There were also projects to test new local government practices, public-CSO partnerships and new roles for civil society, support for watchdogs and think-tanks, and a concern to align EU support with promotion of co-operative governance.

xiv) The relative lack of emphasis on governance issues reveals the absence of a clear definition and overall strategy [§65]. Furthermore, there have been choices of projects, rather than an integrated programme approach, with limited dialogue with Government [§68].

Group 3 – Employment Creation & Income Generation

How far have the specific actions and measures (co-) financed or supported by the EU in respect of local economic development, enterprises, employment, and development of human resources and skills, contributed to generating durable productive activities and increasing income, especially among previously disadvantaged sections of the population? In particular, what has been the impact on targeted beneficiaries, notably SMEs, rural enterprises and farms?

xv) Local Economic Development (LED) and Private Sector Development (PSD) can be seen as comparatively direct contributions to fighting poverty by generating sustainable livelihoods [§79]. LED has not produced sufficient usable lessons learned so far, and options are still being tested [§82, 84]. The promising Wild Coast Spatial Development Initiative is still in its infancy, although the programme seems replicable. The new LED programme in the Northern Province is likely to face the cross-cutting constraint of lack of provincial co-ordination.

xvi) For PSD, there has been a very coherent use of lessons learned from earlier projects in designing the new Risk Capital Facility programme, in co-operation with the European Investment Bank [§81, 83]. As the PSD programmes worked through intermediaries, their impact was indirect and not truly assessable within the evaluation timeframe. Khula, an organisation established by the Department of Trade and Industry (DTI) to facilitate access to finance to Small, Medium and Micro Enterprises (SMME), reported that 745,213 jobs had been created between 1996 and 2001 through a programme partly supported by the EU [§83]. A technology support programme for SMME is highly relevant to the longer-term strengthening of comparative economic assets and advantages [§80]. Skills training was identified as a major priority. After a slow start, programmes are making considerable progress; potential beneficiaries include three million civil servants, and SMME employees.

To what extent are EU-supported measures (from 2000 onwards) helping increase the capacity of South African businesses to take advantage of the environment created by the TDCA?

xvii) Although the TDCA has still to be ratified by most EU Member States, its effects on trade flows between South Africa and the EU were very significant in 2000 [§86]. The corresponding impact on job creation for the disadvantaged amongst the population has yet to be assessed. From 2000 onwards, only the regional Botswana, Lesotho, Namibia and Swaziland (BLNS) Programme has been targeted. The Programme is still in its start-up phase, and South African participation has been very limited [§87].

Group 4 – Regional Co-operation & Integration

To what extent has South Africa benefited from relevant regional projects and programmes? How far have EPRD funds dedicated to regional co-operation and integration under the Multi-Annual Indicative Programme (i) contributed to economic and social development of SACU and SADC partners, to regional integration in general, and to the objectives defined in the SADC regional indicative programmes; (ii) assisted the SACU partners in meeting the challenges and opportunities created by the TDCA?

xviii) The actual benefit from regional actions could only be clearly perceived in the effective Drugs Control Programme, though it is too early to assess its real impact [§100]. The relevance of the BLNS, FISCU I & II, ESIP and HIV/AIDS programmes is high [§101]. However they have been hampered by slow procedures, lack of capacity at the Southern African Development Community (SADC) Secretariat in Gaborone, or lack of commitment and ownership [§110]. FISCU I has successfully supported the political decision-making for financing and investment regulatory framework in SADC, which should lead to a Protocol [§101]. All other programmes are still in the inception or start-up phases.

Group 5 – Policy dialogue & Implementation Issues

How far has the quality of policy dialogue and strategy formulation with the South African Government (at a global and at sectoral level) improved over the previous MIP?

xix) Measures to support the key NAO (National Authorising Officer) and to strengthen the Delegation's skilled resources have been taken by the EC, and have significantly improved co-ordination capacity [§114]. As a result, the quality of dialogue at global level is high and continuous. The Commission has provided coherent support to South Africa's strategy, and emphasis has been placed on a sector support approach [§115]. The Government values the knowledge it can obtain from donors (ideas, best practice, lessons learned), as well as the catalytic and leverage effects of donor funds. However, the dialogue on implementation of sector support, including the type of performance indicators to be retained, needs to be further refined [§117]. In the context of co-operative governance and the process of decentralisation, the need to broaden and partly decentralise the dialogue was seen as a common challenge.

To what extent has it contributed to improving the programme definition and implementation?

xx) The lessons learned by the Commission from earlier projects have been integrated, whenever possible, into the design of new, much improved programmes (for example, Health, PSD) [§120]. There has been a general attempt to move away from the use of traditional project approaches. Furthermore, there is a search for ways to review and/or redesign existing projects in the light of the move towards sector support or more integrated approaches at local level. The geographical focus of programmes on the three large deprived provinces of Eastern Cape, KwaZulu-Natal and North (Limpopo) is justified. [§122, 171] Nevertheless, the situation is still far from being harmonised between sectors, and between levels of Government, where there is a lack of provincial and local capacity [§121, 183-188].

How far has the implementation and delivery of EU-supported activities, especially the choice of beneficiaries, funding instruments and donor mix (including EIB), facilitated the achievement of specific objectives for each of the focal sectors? For each focal sector particular attention should be given to:

Comparative effectiveness of sector support programmes vs. classical projects,

Involvement of civil society in the achievement of specific objectives,

Effectiveness and impact of different approaches in decentralised co-operation (public/private partnership, specialised NGOs, ...),

Donor co-ordination, complementarity (task division), and coherence both within the programme and between it and other programmes.

xxi) Implementation and delivery face a number of cross-cutting constraints, such as lack of capacity at all levels, lack of provincial co-ordination, and difficulties in following Commission contracting procedures [§124]. Public- Civil Society Organisations (CSOs) partnerships and decentralisation have been actively promoted, but are too often faced with very weak local CSOs [§126, 127]. Similarly, most local governments are ill-prepared to assume the development responsibilities provided by new legislation.

xxii) Donor mix has been actively promoted by the Delegation, and as result, all MIP sectors, except Education and Urban Development, have benefited from co-ordinated funding with various Member States, or others (USA and Japan in Health) [§127]. Leading Commission initiatives in co-ordination and co-funding are highly appreciated by all donors, although supporting evidence of significant impact of this greater coherence on achievements at programme level was not yet available.

xxiii) Internal mixing of funding instruments was not found to have been satisfactory in regional programmes [§127]. It is difficult at this stage to assess the comparative effectiveness of sector support programmes *versus* classical projects, considering the limited progress in implementing sector approaches. However, the classical project approach, upon which the MIP 1997-1999 was largely based, has shown major limitations of ownership, management efficiency, and sustainability [§124]. The Commission can be commended for having followed a creative and diversified decentralised co-operation approach, based on a menu of strategic options, depending on the objectives pursued or the type of partners supported [§58, 59]. Yet two major concerns arise: first, the Commission faces the challenge of updating its strategic approach to civil society in the light of major changes in the institutional environment (for example, decentralisation, demand for good governance) and in the context of reinforcing the financial sustainability of CSOs, and second, there are fears that Commission regulations may reduce the procedural space for strategic support for civil society [§62].

xxiv) The effectiveness of sector support programmes (SSP) depends on the capacity of the Departments to deliver the expected services and to accurately monitor progress. Additional capacities are often needed. The evaluation has found the best examples of impact in programmes designed using lessons learned from earlier projects (Health District PHC, Risk Capital Facility). Although fully agreed with, and co-funded by Departments, these programmes are not SSPs [§124].

xxv) Sector wide approach (SWAp) and direct budget support appear even more relevant than SSP to enhanced policy dialogue, and are anticipated by most Departments. This approach could also ensure future support and ownership to core institutions currently heavily funded by the EU. However, a *textbook* application of a SWAp would require enhanced capacities, which would

probably restrict it to Water and Forestry Affairs, and a few others (for example, the Departments of Labour or Trade and Industry). Furthermore, expectations of improved implementation facility and better cost-effectiveness by SWaPs should be taken with caution, and budget support could only be effective in sectors where the donors share [§50, 167].

KEY CONCLUSIONS AND RECOMMENDATIONS

Conclusions

xxvi) The current EU strategy is basically sound and its priorities are coherent with those outlined in the post-apartheid RDP policy framework [§4, 14, 15]. The Commission has adopted most recommendations of the 1999 Country Strategy Evaluation [§5]. Compared with its predecessor, the 2000-2001 MIP reflects an improved process of strategy preparation, including selection criteria for programmes as well as performance indicators that should allow proper monitoring [§58]. Other donors have acknowledged the EC's effective performance [§19].

xxvii) All the global objectives and focal areas of the 1997-1999 MIP are relevant to societal needs [Tables 8 and 9], the national RDP policy framework and the main donor strategies. As recommended by the 1999 CSE, the Commission has allocated additional resources to improve its capacity to deliver the assistance programmes [§133], although lengthy contracting procedures have delayed implementation [§151]. All cross-cutting issues were taken into account. The Commission has used its limited funds as a catalyst for future action, and directly attributable impact was not, in general, an objective of the programmes, but some success can be identified in the water and sanitation sector, and at the level of individual projects [§149]. Sustainability of actions lies with the SA Government. Overall, this evaluation concludes that the interventions have been supportive of the Commission's country strategy for South Africa.

xxviii) The Commission has also improved its capacity as a knowledge-based donor. Wherever feasible it has used the lessons learned from earlier projects, and integrated them into an upgraded comprehensive programme approach [§48, 85]. However, systemic monitoring of implementation could still be enhanced. These positive institutional factors are not sufficient by themselves to ensure the overall success of the co-operation strategy. The programmes are faced with external cross-cutting constraints: skills and capacity shortages [§49, 53], weak provincial co-ordination [§183-186], HIV/AIDS [§51]. The South African economy is currently expected to grow significantly less than the 5 to 6% needed to effectively reduce the burden of unemployment and poverty [§74]. Socio-economic and confidence indicators are low, and declining [Tables 7 and 13]. The lack of security, and the perceived potential instability in the longer term are adversely affecting investors. The rapid process of urbanisation is another indicator of people escaping poverty and of the need to invest in job creation [§38, 77], and local economic development and its supporting infrastructure.

xxix) The design of the 2000-2002 MIP builds on successful programmes, ensuring consolidation and continuity. It is relevant to key societal challenges [Table 12], the decentralised approach, the need for improved complementarity, and a generic concern for sustainability. The Commission's programmes have prepared the ground for good governance through support for effective and viable local governance systems. Commission guidelines favour a sector support approach, and sector support programmes will be very relevant to enhancing the policy dialogue and ensuring better complementarity with other donors [§162]. The regional dimension has not been resolved and regional co-ordination is unclear [§95]. The need for sectoral knowledge remains, and in the short term, interventions are unlikely to be more cost effective than previously, and will highlight a lack of capacity within beneficiary institutions [§167]. The geographic focus

was verified by analysis [Table 15], and the need to maintain and develop the comparative advantage [§172-174], and develop local development capacity was understood. With SA's open economy, proper focus was given to education and the need to increase skills, but no specific support has been planned to assist the business community. Overall, the Commission's implementation of the 2000-2002 MIP is proceeding in a satisfactory way.

Recommendations

A number of general recommendations are made:

[References R2, R3, etc., refer to Recommendations in the Main Report.]

xxx) The Commission should order interventions around a clearer core theme, which would also become an identifiable and measurable overall objective for all actions [R2, §72, §85]. The Commission should: (i) adopt a core theme of sustainable livelihoods for the previously disadvantaged parts of the population, to address the poverty and inequality gap, (ii) categorise the interventions, ranked by order of priority, in an integrated strategy, (iii) further categorise the types of interventions under a two-pronged strategy: aiming at (a) short-term delivery and (b) longer-term strengthening of economic assets and comparative advantages of South Africa, and (iv) integrate all interventions into a global framework, which must operate in an environment of good governance for monitoring and support purposes [Table 1, §80, 172-174].

xxxi) The Commission should address the cross-cutting constraints and future capacity challenges and take specific actions to deal with them, if possible co-funded and shared with other donors, including: (i) capacity-building programme for CSOs; (ii) piloting provincial donors co-ordinating units; (iii) tackling the expected impact of HIV/AIDS through targeted programmes and /or by including relevant components in all programmes; (iv) investing in building the capacity of local government to play a key development enabling role, with a particular focus on promoting good governance [R3, §51, 53, 59, 62, 117, 126, 183-188].

xxxii) The Commission should improve its 'knowledge-based donor' capacity by developing additional knowledge tools to analyse, monitor and disseminate information. These should also be co-funded and shared with interested donors to strengthen complementarity, and include: (i) improved implementation strategies, operational approaches and tools to support institutional development and capacity building in the context of major changes in the institutional environment, (ii) a mapping of CSOs per sector, with indications of capacity, (iii) dissemination tools for lessons learned, and (iv) a monitoring contractor to perform systemic review of programmes [R4, §54, 60, 68, 87].

xxxiii) The Commission should carry out sector reviews of 'weak performers' (few or no positive/usable lessons learned, weak sector support programmes, limited impact, etc.) to determine whether to drop some components or re-orientate objectives [R5, §82, 84, 85].

xxxiv) The Commission should maintain dual-track support to civil society towards NGOs/CSOs (respectively involved in service delivery and watchdog functions) while improving modalities of dialogue and co-operation [R6, § 61, 69].

xxxv) The Commission should make much more strategic use of the instrument of regional co-operation across EPRD sectors, with a view to ensuring the integration of the regional dimensions of a given policy objective or to promoting an exchange of good practices on common themes in the region [R7, §100].

xxxvi) The Commission should use the examples of good practice from focused programmes, incorporating the lessons learned, in the design of future SSPs and SWAPs. [R9, §124, 168].

A number of sectoral recommendations are made.

Group 1: Social Services

xxxvii) The Commission should continue support to the key Education & Training (Skills Development) and Health sectors, especially on effective training, qualifications and district PHC programmes [R10, §35, 36, 41, 43].

xxxviii) Over the past eight years, the Commission has developed from NGO support to sector wide approach [R13, §39, 48, 126]. In order to consolidate these achievements in the future, the Commission should: (i) continue its support for coherent and relevant strategies in the Water and Sanitation sector [§37, 50, 77, Table 9], (ii) contribute to the consolidation of the sustainability of the delivery system [§39, 53], and (iii) consider extending its support to SADC with a regional water sector support [§18, 103].

xxxix) In support of the Urban Development and Housing sector, the Commission should [R14]: (i) consider the impact on sustainability of high staff turnover, diminishing private sector financial availability and tensions within the NGO sector [§61, 126, 138], (ii) support attempts to replicate successful projects [§48], (iii) consider whether the rental housing programme is able to accommodate poorer urban households by using other financial and institutional instruments [§48, 116].

Group 2: Governance

xl) In order to enhance the overall effectiveness and impact of future support [R15], the Commission should (i) shift priority attention to the good governance agenda (to the functioning of democratic societies), (ii) consolidate the sector -wide approach in cluster sector justice and safety and security, (iii) provide institutional support for local governance, with a particular focus on local governments, (iv) maintain dual-track support to civil society, while improving modalities of dialogue and co-operation, and (v) improve overall delivery [§58, 59, 61, 62, 66].

Group 3: Employment Creation & Income Generation

xli) The focal area of employment creation and income generation provides a useful illustration of the recommended two-pronged strategy [R16]. LED and PSD are two existing instruments to aim at the core theme of employment creation [§79]. The Commission should consider direct impact through PSD, and LED should be based on holistic approach to enhance the competitive advantages of specific localities [§42, 83].

Group 4: Regional Co-operation & Integration

xlii) The Commission should simplify as much as possible the management of development programmes [R22]. Procedures should be adapted to reflect the needs of proper management principles while recognising the difficulties and shortcomings of implementation authorities [§108, 110].

xliii) The regional dimension of the EPRD programmes is not guided by a well-developed strategy [R23, §95, 110]. The Commission should choose from several options: (a) *Elimination of the regional dimension of the EPRD*: this solution would require a revision of the Cotonou Agreement, which does not seem feasible in the short to medium term; (b) *Integration of regional EPRD funding into EDF*: harmonising the budgetary procedures would ensure a full coherence between the regional dimension of EPRD and EDF funding, or (c) *Shared allocation of EPRD funds to different regional frameworks*: EPRD funds could be allocated under in a flexible manner under different regional initiatives.

Group 5 : Policy Dialogue

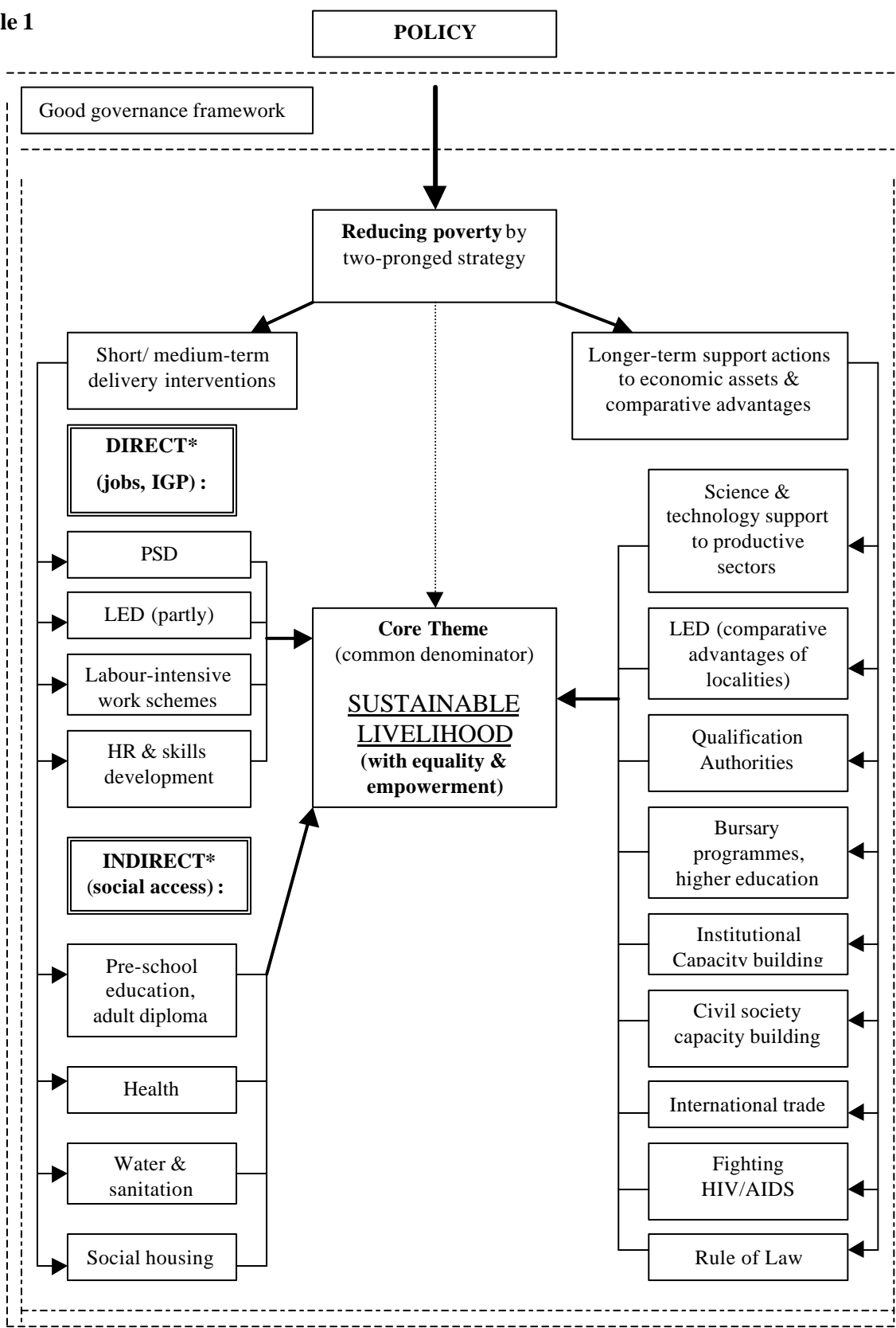
xliv) The Commission should continue its efforts to improve the quality of the dialogue at the overall level [R24, §114, 117].

xlv) The Commission should continue to pursue sector support programmes, which are very relevant in terms of support to the national policy and strategy, enhanced dialogue and donor co-operation. The classical projects have delivered their lessons learned, but have also shown their major limitations in ownership, management efficiency, and sustainability [R25, §115, 124].

xlvi) The Commission should continue to encourage public-CSO partnerships, which are seen as an appropriate combination of public resources and guarantee of sustainability, and of cost-effective delivery mechanisms, with a much closer approach to the beneficiaries [R26, §126, 127].

xlvii) Efforts towards donor co-ordination and complementarity need to be pursued by the Commission. The lack of co-ordination and dialogue can prove to be a major constraint to international co-operation initiatives [R27, §127].

Table 1



* indirect interventions (provision of basic services to create enabling environment) should be used in support to- or combined with direct measures (more directly aimed at generating revenue and creating formal and informal jobs)

MAIN REPORT

INTRODUCTION TO THE MAIN REPORT

1. Since 1994, when South Africa held its first democratic elections after 50 years of apartheid, the political transition to an open and democratic society has made considerable progress. Policy and strategy priorities have been re-defined to dispel the effects of apartheid, and a comprehensive array of legal measures has been set up. Huge backlogs in access to essential social services for the disadvantaged have been tackled head-on. Key assets of South Africa, such as the transport infrastructure and universities have been preserved. Trade flows with the European Union (EU) had significantly increased by 2000. The Civil Society is probably the most vibrant one in Africa, and has been associated with development programmes.

2. Whereas the opportunities are considerable, so are the challenges. Income inequality is still among the highest in the world². Expectations among the 50% of the population living on or below the poverty line are high, and emigration to urban centres is massive. Decentralisation of powers to provincial and local government is faced with a shortage of capacity and resources. The impact of the Human Immuno-Deficiency Virus/Acquired Immuno-Deficiency Syndrome (HIV/AIDS) pandemic and high crime rates affect confidence of skilled professionals and investors in the economy. Recent labour statistics indicate a significant increase in unemployment³. Much also remains to be done to consolidate the democratic foundation and to promote effective governance.

3. The rationale of European Commission (the 'Commission') intervention is the belief that South Africa is a pole for stability and growth in southern Africa, which needs to be supported and strengthened. Although total donor assistance to South Africa represents less than 3% of the national Budget, it is greatly appreciated by its Government.

4. EU funded projects supported a large number of Civil Society initiatives under the former apartheid regime. Since 1994, the Commission has been instrumental in assisting the Government of South Africa to establish its new policy framework in key sectors, such as education and health. The need to focus assistance and to support South Africa's Reconstruction and Development Programme (RDP) were given effect by the European Programme for Reconstruction and Development (EPRD)⁴ in 1996. The first Multi-annual Indicative Programme (MIP) covering the period from 1997 to 1999 focused on four *focal areas*:

- Basic social services (health, education, water and sanitation).
- Private sector development.
- Regional co-operation.
- Good governance and democratisation.

5. The MIP was reviewed in a Country Strategy Evaluation (CSE) Report in 1999. Among other recommendations, the CSE stressed the need for the Commission to become a *knowledge-based donor*, to *strengthen its support to Government and Civil Society*, and to *enhance donor co-ordination*. These have been adopted; the skilled resources of the European Commission at the Delegation (the 'Delegation') have been strengthened, the South African Government's National

² Poverty and Inequality Report (PIR), 1998.

³ Labour Force Survey, Statistics South Africa Sep. 2001.

⁴ The EPRD earmarked a reference financial amount of €500 Million for a 4-year period, 1996-1999.

Authorising Officer (NAO) has been supported, and complementarity with other donors has been effectively pursued. Limited progress has been made towards a fourth recommendation to systematically *monitor* the success of interventions in achieving clearly specified strategy objectives.

6. In January 2000, the Trade, Development and Co-operation Agreement (TDCA), a comprehensive co-operation framework between the EU and South Africa, took provisional effect. Specifically, Title V of the TDCA outlined the main development co-operation objectives as:

- Support for the development of employment and enterprises.
- Progressive integration of the country into the regional and world economy.
- Enhancement of living conditions and delivery of basic social services.
- Democratisation; the protection of human rights; sound public management; the strengthening of civil society and its integration in the development process.

7. The TDCA emphasised *poverty reduction* as a key cross-cutting priority for all interventions, as well as the importance of policy dialogue and partnerships. The second MIP (for the period 2000-2002⁵) had four focal areas, coherent with previous MIP:

- *Poverty reduction*, through improved social service delivery, with focus on water and sanitation, health and housing, and through the stimulation of local economic development.
- *Private sector development*, with focus on improvement of internal and external competitiveness.
- *Consolidation of democracy*, through increased awareness and the promotion of human rights, and improved law enforcement mechanisms.
- *Support to regional co-ordination* and integration, in line with the priorities agreed under the 8th European Development Fund (EDF) and Regional Indicative Programmes (RIP).

1. OBJECTIVES AND LOGIC OF THE EUROPEAN COMMISSION'S STRATEGY

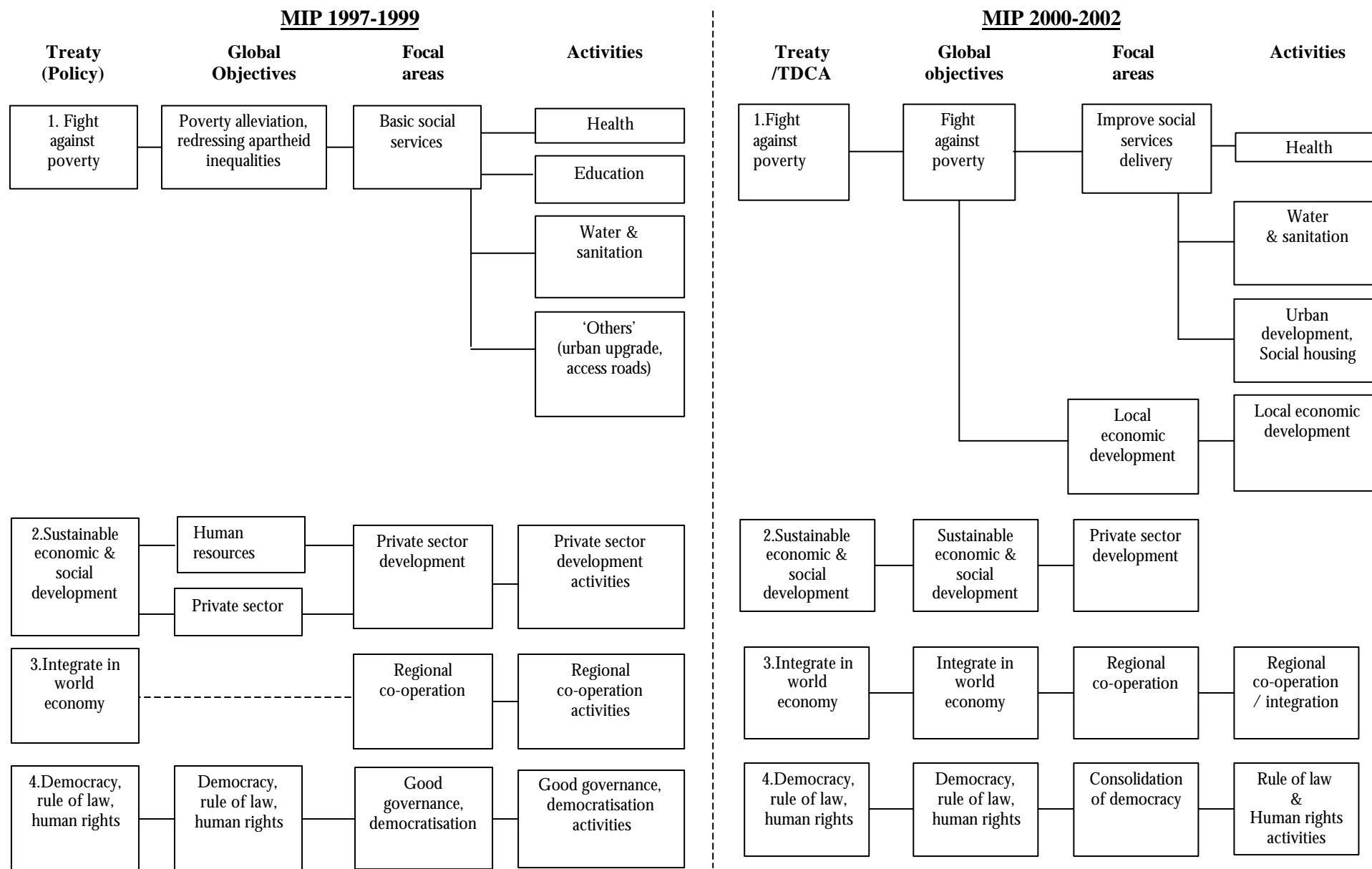
OBJECTIVES AND INTERNAL LOGIC

8. The objectives of both MIPs (1997-1999 and 2000-2002) (see Table 2) follow a basic internal logic and coherence across the whole timeframe, with the exception of the Education sector, which was not funded under the second MIP. The main priorities and their sequencing are also coherent with EU policy⁶.

⁵ The reference financial envelope for these 3 years amounts to €340 Million.

⁶ Complete arrow diagrams of both MIPs can be found in the Annex C.

TABLE 2



9. Differences between the two successive MIPs are mainly to be found in the *modalities* of implementation and delivery, which basically reflect the integration of lessons learned into the overall process. The elements of Table 3 below are taken from the logical framework analysis of both MIPs and provide a comparison.

Table 3

<u>MIP 1997 – 1999</u>	<u>MIP 2000 - 2002</u>
<p><u>Delivery</u></p> <ul style="list-style-type: none"> ▪ Concentration of SA/EU co-operation on ex-homelands and on women. ▪ To seek opportunities to develop collaboration with agents of decentralised co-operation. Implementation is to be shared between government and decentralised agents. ▪ To cover capital and equipment expenses of priority project / programmes. ▪ To cover recurrent expenditures in duly substantiated cases. ▪ To consider cross-cutting issues (gender, environment, etc.). 	<p><u>Delivery</u></p> <ul style="list-style-type: none"> • Geographical focus on 3 most deprived Provinces (Eastern Cape, KZN, NP). • An indicative target of 25% of the resources is channelled through decentralised co-operation partners, promotion of public-private partnerships. • Cross-cutting themes: good governance, capacity building, gender issues, environmental protection. HIV/AIDS
<p><u>Implementation</u></p> <p>By European Commission</p> <ul style="list-style-type: none"> ▪ Fixed allocation of €125 million/ year. ▪ The implementation of EPRD projects are supported with TA experts, whose role is: <ul style="list-style-type: none"> • To fulfil PCM tasks; • To transfer skills, to ensure capacity building to counterparts; • To attain maximum co-ordination, coherence and complementarity. • To undertake an effective mechanism of consultation with other donors, esp. EU Member States. ▪ Tenders according to Commission rules. <p>By SA authorities</p> <ul style="list-style-type: none"> • The NAO and Deputy NAO (Dept of Finance) are handling day-to-day activities related to EU development assistance. • To identify specific government executed projects for subsequent year. 	<p><u>Implementation</u></p> <p>By European Commission</p> <ul style="list-style-type: none"> • Overall reference financial amount of €340 million. • Funding and supervision of EPRD • Complementarity with EU Member States • Support to: South African institutions, the judiciary system, the civil society, the Foundation for Human Rights. • Logistical support to the NAO office. <p>By SA authorities</p> <ul style="list-style-type: none"> • Implementation of EPRD. • Leading role in donor co-ordination (Responsibility to ensure that all Commission programmes are integrated into an overall strategic framework for donor assistance).

10. The internal logic of MIP focal areas reflects the corresponding TDCA and EU Treaty policy objectives. The new Risk Capital Facility Programme (€8.9 Million) should ensure a more balanced approach in commitment terms between the social services and governance focal areas (92.5% of the budget from 1994 to 2000), and the economic development or trade aspects centred in Private Sector Development (PSD) and regional integration (7.5%).

EXTERNAL LOGIC

11. External logic is assessed from several perspectives: adequacy to face main societal issues and constraints, consistence with national policy and strategy, and co-ordination and complementarity with other donors.

Societal Challenges

12. The Commission strategy is a key supporting element to major initiatives to solve some of the main societal issues⁷:

- *Wealth divide*: unemployment, unequal spatial development.
- *Security and rule of law*.
- *Inter-governmental relations* between the three Spheres of authority.
- *Education quality gap*.

13. These issues are coherent with the main constraints identified in the Commission Strategy for 2000, which were inherited from the apartheid period:

- *Social constraints*: slow delivery, lack of basic infrastructure in rural areas and townships, backlog in education, health, water, electricity, and housing.
- *Lopsided human resources development*, poor educational and training quality in large areas.
- *Alarming HIV/AIDS infection*, with potentially catastrophic impact on society.
- *Very serious crime situation*, hampering economic prospects.
- *Gender inequality*, in particular in the access to labour market, finance, and land.
- *Economic constraints*: slow growth, declining employment, low enterprise development.
- *Good governance constraints*: weaknesses in judiciary and accountability systems.

National Policy and Strategy

14. The MIPs are consistent with most key priorities outlined in the RDP policy framework, initiated to redress the worst inequalities inherited from apartheid. The designation of the Commission budget line as *EPRD* was itself designed with coherence in mind. Key national policy and strategy priorities of the South African (SA) government can also be found in two other documents: the RDP was succeeded by the GEAR strategy (Growth, Employment And Redistribution), and complemented by the budgetary MTEF (Medium Term Expenditure Framework) (see Annex D).

15. The four main focal areas for EU support were reviewed with the SA authorities:

- *Poverty reduction* through improved social service delivery in the specific areas of health, urban development, and housing, water and sanitation, as well as through the stimulation of local economic development. Between 50 and 60% of the indicative programmable allocations in both MIPs were dedicated to interventions in these priority areas.
- *Private sector development* to contribute to SA's efforts for increased competitiveness and sustainable economic growth, in particular, in the development of Small and Medium-sized Enterprises (SME). Special attention has also to be paid to South African business under the TDCA.

⁷ For example: Training / Skills Development programmes, Cato Manor, District Primary Health Care or Risk Capital Facility.

- *Consolidation of the Rule of Law and Promotion of Human Rights* through increased awareness, as stipulated in the SA Constitution, and improved law enforcement mechanisms, through support to relevant institutions.
- The fourth focal area, *support to regional co-operation and integration* has not been one of the key SA national priorities so far, considering the effectiveness and budgetary commitments of EPRD programmes. It is however in line with the priorities agreed under the regional EU-ACP Partnership Agreements, which include SA. One of the overall objectives of EU aid to SA is to contribute to its better integration in the regional and world economy.

16. Since 1994, SA has aimed for greater integration into the world economy, and with its regional partners. As a qualified member of the Lomé Convention and the Cotonou Agreement, SA is committed to supporting regional integration. It participates in the RIP for the Southern African Development Community (SADC) region financed under EDF. The SA interest in regional integration has been more pronounced in recent years, with the launching of the New Partnership for Africa's Development (NEPAD) initiative, in which SA plays a leading role.

17. The TDCA provides for development co-operation for the 'support for policies and instruments towards the progressive integration of the South African economy into the world economy and trade, [...], for regional co-operation and integration'. However, there is no explicit link between the TDCA and the RIP for the SADC.

18. Under the Lomé Convention and the Cotonou Agreement, SA does not qualify for EDF funding. As a consequence, a share of EPRD funding is earmarked for regional co-operation and integration objectives, as identified in the TDCA and within the SADC region.

Co-ordination and Complementarity with Donors

19. Systematic co-ordination with other donors active in the sector, particularly the Member States, is considered an essential feature of all Delegation operations. In that respect, complementarity, actively promoted by EU Member States, has been appreciated by all donors interviewed (UK, France, the Netherlands, Germany, Sweden), in terms of regularity, quality of dialogue and commitment, quality of co-ordination meetings, and active involvement in the preparation of the MIP 2000 – 2002 to achieve donor mix approaches in key sectors.

20. Co-ordination efforts with non-EU donors (USAID, World Bank, etc) are carried out through the NAO in order to place donor co-ordination within Government (in the International Development Co-operation Directorate (IDC)).

21. Tables 4 and 5 below illustrate the size of donors' contributions and the potential synergy of objectives with key Official Development Assistance (ODA) donors and their respective priorities⁸. With the (partial) exception of Denmark, an overall coherence can be perceived.

⁸ Development Co-operation Report II for South Africa 1994-1999, IOD, amended in November 2000.

Table 4

The ten leading donors to South Africa

all figures in 000s Rand⁹

Donor	1994	1995	1996	1997	1998	1999	Total
EU & EIB	638,469	788,734	989,904	1,698,752	1,620,473	1,480,443	7,216,775
USAID	464,870	445,770	514,720	398,070	387,270	287,290	2,497,990
SIDA	88,071	259,696	58,533	242,268	181,757	271,938	1,102,263
DFID	82,524	93,017	113,504	183,715	245,886	296,750	1,015,896
Denmark	118,054	124,859	188,060	181,608	88,647	218,000	919,228
GTZ	22,873	70,518	382,273	29,150	208,463	117,361	830,638
France	-	115,058	28,202	147,284	318,018	212,191	820,753
Japan	9,808	16,341	324,236	320,539	68,594	49,725	789,243
Netherlands	9,858	94,240	97,870	51,923	140,177	146,998	541,066
Norway	139,432	49,659	21,590	88,410	83,760	29,723	412,574

22. Table 5 provides an overview of main strategies and sectors of interventions:

Table 5

Donor	Strategy	Sectors
USAID	-Support for sustainable transformation	-Democracy and governance -Education, Health -Economic development, employment -Housing and municipal services
SIDA	-Poverty reduction -Democratic transformation	-Education -Democracy and human rights -Urban planning and housing -PSD, SMME -Culture, Public administration, Research and university co-operation
DFID	-Poverty alleviation	-Education, Health -Rural development, environment, water -Democracy and good governance -Public sector reform, enterprises
Denmark	-Environment	-Urban, pollution, energy, forestry... -democratisation, local government, education and training, SMME, water
GTZ	-Poverty alleviation -Growth and employment	-Community development -Public administration and decentralisation -Education –vocational and basic -SMMEs -Cross-cutting: gender, capacity building,
Japan	-Poverty reduction	-Health and Education (bulk) -Water, SMME, community capacity building, infrastructure, trade
Netherlands	-Poverty alleviation -Democratic development	-Local government -Education -Justice -Gender (cross-cutting)
Norway	-Governance -Reconstruction and development	-Democracy, human rights, local government, justice -SMME, energy, labour -Statistics, Environment, Culture

⁹ Exchange rates for the South African Rand have been subject to considerable variation over these years. The InfoEuro indicative rate for May 2002 is ZAR 9.5814 for 1 Euro.

Table 6 presents the 'donor mix' already achieved by the Delegation in the preparation of the second MIP.

Table 6

Sector	Donor mix achieved under MIP 2000 – 2002
Education	(not funded)
Health	UK, Belgium, Italy, USA, Japan
Water & Sanitation	UK, France, Denmark, the Netherlands, Portugal
Urban Development & Housing	
Local Economic Development	UK, Denmark, the Netherlands, Germany
Private Sector Development	EIB, France, Denmark, Sweden, UK
Rule of Law	The Netherlands, France, Sweden, Belgium, UK
Regional Co-operation and Integration	

23. The total of ODA contributions amount to less than 3% of the national budget, but all interviewees agreed that contributions should be used to achieve an indirect impact, as a *catalyst* for multiplier effect, to deliver quality, pilot projects, ideas, and examples of good practice.

ASSUMPTIONS AND RISK FACTORS

24. A number of assumptions and risk factors need to be carefully considered, which may constrain the impact of EU funded programmes. The most important assumption, which was mentioned in the logical framework analysis of the MIP as a pre-condition (see Annex C) and underlies the GEAR strategy objectives, is that a stable macro-economic framework will enable sustainable economic growth, at a rate sufficient to reduce the effects of rural emigration, and to fulfil expectations in terms of equality.

25. It must be assumed that the rule of law can be rapidly strengthened to reduce the widespread feeling of insecurity and restore confidence. The change in Government AIDS policy, announced on 17 April 2002, to allow widespread use of anti-retroviral drugs, might become an important first step to restore confidence. It remains to be seen to what extent trade liberalisation will foster or challenge the still fragile development of the small Black economy in previously disadvantaged areas and communities, and to what extent 'protective' measures such as articles 25, 41 or 54 of the TDCA (to the benefit of 'infant' Small, Medium and Micro Enterprises (SMMEs), equality and gender policies) can facilitate this development.

26. Three major cross-cutting constraints were identified, which act as risk factors for the effectiveness and impact of programmes.

27. The first cross-cutting problem, repeatedly mentioned by all co-operation actors is the *lack of capacity* at middle-management and lower levels in public services, private sector and Civil Society Organisations (CSO). This is especially valid at provincial and local level, responsible for implementation and delivery activities.

28. South Africa has recently embarked on an intrastate policy known as 'co-operative government'. In essence, the three *Spheres*¹⁰ of government (rather than 'tiers') are considered equal partners in developmental terms. Accordingly, where appropriate, all three are involved in developmental interventions and should be included in the design, planning and implementation of

¹⁰ A provincial government source in Eastern Cape stated that one should rather evoke four levels of authority: national, provincial, district, and metropolitan/local.

such interventions. EU-funded interventions, accordingly, ought to reflect this co-operative involvement. Provincial governments seem to have been marginalised from such activities.

29. A related assumption is that the issue of co-ordination of donor assistance at provincial level can be solved rapidly and efficiently. The Delegation is attempting a co-ordination scheme with provincial authorities in the Northern province under the new Local Economic Development (LED) Programme (€34 Million). Donor experience in other provinces should lead to a cautious approach. DFID stated that after seven years in the Eastern Cape Province (commitment of GBP21 Million), Provincial co-ordination was still not operational.

30. EC deconcentration –which was not yet in place during the field visits- should remove one loop in the approval process for tenders. Nevertheless, any exemption or modification to standard rules and procedures will still have to be agreed by the Commission Headquarters in Brussels.

31. Finally, the risk factor of HIV/AIDS pandemic, in the words of *Business Report*, is ‘an economic ill that defies forecasting’. As well as being a ‘cross-cutting issue’, the pandemic is increasingly likely to become an additional cross-cutting constraint on the effectiveness of programmes (training of sick civil servants, teachers’ attrition rates in Education sector, etc.)

2. ANSWERS TO KEY EVALUATION QUESTIONS

Section 2 considers the answers to the key evaluation questions and draws conclusions. Recommendations are given in Section 5¹¹.

GROUP 1: SOCIAL SERVICES

The analysis of the evaluation in the social services areas has focused on a limited number of selected projects and programmes (see Methodology). Six projects were assessed in the Education sector (out of 10), five in Health (out of 12), two in Water and Sanitation (out of four), and three in Urban Development and Social Housing (out of five).

32. The European Union's consistent funding for social services represents coherent support to the RDP policy framework initiated to redress the worst inequalities inherited from apartheid.

Q1.a *How far have actions and measures (co-) financed or supported by the EU, notably in the fields of education, health, water and sanitation, urban development and housing contributed to redressing inequalities by improving levels of access and quality of service delivery?*

Findings

33. Group 1 presented by far the largest proportion of the assessment work. The four main social areas included at least nine sub-sectors, each of which deserved its own assessment, with specific judgement criteria and indicators. *Training*¹², which was not mentioned in the Question, appeared as a key issue for EU assistance. Conversely, the 'Non-grid electrification' project, found in the Commission list under LED and treated as such by this evaluation, should have been attached to social services delivery. Thirty-one different social projects and programmes had been agreed, absorbing more than 55% of EPRD funding between 1994 and 1999. A high degree of relevance was found in all four main social areas designed to achieve the overall objective of poverty reduction¹³.

34. The relevance of EU contributions is generally high in all main social areas. The relevance to the *Education* sector, as inherited from apartheid, can adequately be seen from the sector Briefing Paper prepared by the Delegation. In the MIP 1997-1999 (Annex 2, page 19), the Education sectoral policy outlined four key components: (i) Adult Basic Education and Training (ABET); (ii) Early Childhood Development (ECD); (iii) Further Education and Training; and (iv) Higher (Tertiary) Education. The policy further specified that special attention be given to a recovery programme in science and mathematics, urgent rehabilitation and a qualification framework.

35. Three Departments were supported in the *Training* sector, with the longer-term objective of carrying out structured, nation-wide training programmes in the private and public sectors:

- (i) The Department of Labour (DoL) with the 'largest-ever' EU-funded vocational education and training programme (Labour Market Skills Development (LMSD) 97-08) of €46 Million). The Programme supports the implementation of the Skills Development Act of

¹¹ For a complete list of projects analysed during the field mission see the separate publication *Supporting Documentation*.

¹² Despite policies for a unified Education & Training Sector, there are strong linkages between the National Skills Development Strategy and the labour market (formal, informal, and social development sector) which would rather place the former within the context of the Group 3: Employment Creation & Income Generation.

¹³ Contradicting the recommendations of the 1999 CSE, Executive Summary, Chapter 4c. *Support to Water should be continued only if sustainability was likely.*

1998, aimed at improving the skills of the SA workforce in the private, public, and social development sectors of the economy. This is to be achieved through the establishment of an institutional and financial framework, comprising among other components a skills development levy-grant scheme. The DoL, thanks to very pro-active management, has achieved good progress in fulfilling this considerable task. The DoL has further developed in 2001 two key strategies, the “Human Resource Development Strategy for South Africa” and the “National Skills Development Strategy”.

- (ii) Training of Public Services (96-03) was supported through several components. The SA Management Development Institute (SAMDI) has already achieved some measurable impact, and although its potential still needs to become more widely known among other Departments, for example, the Department of Water and Forestry Affairs (DWAF)). The Universities Public Management Education Trust (JUPMET) has stalled and is currently under audit review.
- (iii) The EU has also supported the SA Qualifications Authority (SAQA), a core institution whose aim is to create a single, unified system of education and training qualifications in the country.

36. The rationale of EU *Health* strategy was based on a sound analysis of the major problem to be addressed, i.e the low health status of the population, especially disadvantaged communities. In 2000, 44.5% of all rural children aged 1 to 9 were either stunted, underweight, or wasted (as well as 27.5% of urban children), a clear indicator of the effects of absolute poverty and inequality. Eighty percent of the population rely on the public sector health services. To correct this problem, the following issues are to be dealt with: (i) persistent inequities between and within provinces in access to Primary Health Care (PHC), and hospital services to support the PHC system; (ii) lack of capacity and efficiency in health services at all levels, in the public health system, and NGO/Community-Based Organisations (CBOs), and (iii) insufficient prevention and treatment to combat HIV/AIDS.

37. The backlog in the Water and Sanitation services is still huge, with 7 million people having no access to safe drinking water and 20 million people without sanitation. The objectives have been set by DWAF to eliminate the water backlog by 2008 and the sanitation backlog by 2010, at current investment rates (see Table 9).

38. Housing ownership for the urban poor emerged as a challenge of high priority for the new Government in 1994. Simultaneously, a number of organisations were petitioning government for a rental housing policy for the urban poor. The aim was to demonstrate that such rental housing could be provided by non-government housing associations to low income communities. Accordingly, an expansion of the capacity of the rental (social) housing sector is of high relevance. After apartheid, the State rental housing system was in a state of collapse because of rent boycotts and poor management. Furthermore, rural emigration figures are massive, e.g. to Johannesburg (approximately 300,000/year). Although the prospects of minimum access to social services seems even more distant than in established settlements, such as Khayelitsha, the desire to find jobs is a prominent priority.

39. The Delegation has sought to provide examples of good practice and a catalytic or multiplier effect, thus achieving indirect impact with comparatively small, though high-quality, funding.

- A major success of the Education programmes was achieved in the contribution to ensure access in ECD to Grade R (Reception Year) for all children aged 6-7, nation-wide.
- The high effectiveness of ‘Soul City’ anti-HIV/AIDS campaign is monitored by a set of appropriate indicators and regular surveys. The programme has reached 68% of the target

population (14 million people) through TV series, 65% by radio broadcasts and 64% through other media.

- In the Water and Sanitation sector, the Delegation has supported the development of public-private partnerships in the delivery process through: (i) Ensuring NGO participation as service providers (support of Mvula Trust, Rural Development Service Network, etc.); (ii) Involving the private sector (implementation of a Build, Operate, Train, Transfer (BOTT) - contract in the Northern Province). Seven million people have been provided with water infrastructure since 1994. The EU contribution to this has reached about one million people. EU-funded programmes in the water and sanitation sector targeted the most disadvantaged rural population, particularly in the former homelands of Eastern Cape and Northern Province. Even though the objectives in terms of service delivery were too ambitious, the programmes have had an impact in reducing the backlog. In the Eastern Cape, 22 water schemes were implemented to serve some 192,500 people at RDP standard. Estimates for the Northern Province indicate that 780,000 people have been served to RDP standard since the implementation of the programme. The backlog reduction in sanitation services was much slower, sanitation projects being initiated late with a lower level of funding committed. The delivery of water infrastructure has been successfully combined with comprehensive labour-intensive work schemes. The 'Working for Water' scheme (to which the EU has not contributed) had created up to 480,000 jobs at the end of March 2002, out of which 50% were dedicated to women and youths.
- The four projects in the Housing sector have contributed toward redressing inequalities through: (i) Improving access to both home-ownership (Cato Manor) as well as rental housing, (ii) Establishing non-governmental organisations that closely interact with the urban poor to facilitate these two housing delivery processes, (iii) Promoting the development of such housing associations. Projects such as the 'Housing Skills' (93-551) were designed to find the most appropriate housing development model to face the huge backlogs (3 million units). Qualitative effectiveness was quite high, though the number of housing units built reached only 50 % of the scheduled target (1,057 units effectively managed and 700 more under construction). The result, nevertheless, provides good value for money and very valuable lessons learned.
- The Cato Manor experience is being disseminated in, inter alia, Johannesburg and Cape Town, with the view of communicating ideas regarding replicability.

40. Direct impact, clearly attributable to EU assistance, can also be found in earlier projects.

- Encouraging direct impact was found in the Bursary and UNIFY (mathematics and science recovery) programmes, although it was not possible to establish the level of multiplier effect or duplication by other donors or national programmes¹⁴. Since 1996, some 200,000 students from previously disadvantaged communities have gained bursaries to attend tertiary education institutions, out of which 731 were assisted by UNIFY II and 9,536 by the Education Sector Support Programme.
- Rehabilitation of the most derelict and dangerous primary schools (500 classes for 20,000 children) was almost a 'humanitarian' requirement and highly appreciated by the recipients, though it is unclear how far this direct assistance has led to further action (e.g. for the benefit of the Northern/ Limpopo province).
- Effective delivery was a strong point of both projects run by the NGO networks (97-07 and 98-15), and provided a clear lesson in favour of public-private partnerships¹⁵ in the Health

¹⁴ The relatively small though high quality SAIRR bursary programme alone supports 500 students per year in 36 universities and *technikons* throughout SA, with the help of 36 sponsoring trusts and funds.

¹⁵ This term is increasingly applied internationally and in SA to another co-operation model (Government-private companies).

sector. The Winterveldt umbrella of NGOs has reached an estimated 53% of the target population of 500,000 people and was widely appreciated.

41. Some key priority areas were more substantially funded, such as major institutional and capacity building support for the implementation of the “Skills Development Act” in the private and public sector, or qualification standards. Very promising prospects of longer-term impact can be seen in the support programme to the SAQA and in the large Skills Development and Public Service Training programmes (DoL and SAMDI). However, EU contributions sometimes represent such a large share of the budget (SAQA, SAMDI) that ownership and sustainability need to be carefully considered.

42. Some initiatives received continuous ‘attributable’ funding due to their exceptional effectiveness. Major, directly attributable EU impacts are likely to be found in due course in these programmes:

- The relevance of integrated programmes such as Cato Manor was ensured because the intervention is fully aligned with SA Government priorities: (i) designed in 1995 as a Special Presidential Project of the RDP; (ii) in line with housing policy as stated in the 1997 Housing Bill. In the Cato Manor area (150,000 people), the programme developed 120 projects in 5 areas: Infrastructure services; Housing finance; Income generation; Appropriate support services to the local community; and Cato Manor Development Association (CMDA) institutional capacity improvement. All preconditions for a local economic development were put in place. The CMDA is a very efficient delivery mechanism, transparent, dedicated and flexible, well appreciated by the Municipality. Its autonomous status has enabled it not to be derailed by local dynamics and patronage. The (near) future will reveal whether expected investments will follow.
- The effectiveness of Soul City has resulted in its presence in nine countries of the region and a further dissemination (material and methods) to foreign countries such as India, Vietnam, Romania, Surinam, Papua-New Guinea, and Chile. Its impact on behaviour change, Government policy and communities mobilisation is also regularly measured. The actual impact on the pandemic itself is not measurable, due to the lack of overall HIV/AIDS statistics in South Africa. The same is true for millions of condoms distributed through the Public Health Sector Support Programmes (PHSSPs).

43. Conclusions

- The EU strategy is relevant to priority needs in social sectors. It is also consistent in its selection of objectives throughout the period considered by the CSE.
- A few key priorities were more substantially funded and, although their implementation is too recent for an impact assessment, their potential indirect impact is very high. A major part of the economically active population will become beneficiaries of the Skills Development strategy or National Qualification framework. Redressing inequalities in terms of access to education and training should lead to employment.
- Evidence of impact could be found in all main areas. Furthermore, statistics indicate that progress is being achieved in most social sectors, except where massive rural emigration creates ever-increasing needs (see Tables 8 and 9). These favourable indicators, however, do not seem to impact directly on rising unemployment figures (see Table 7).

- Redressing inequalities in social services - although much needed in the aftermath of apartheid- is often to be seen as an indirect part of the fight against poverty. It entails a risk of increased dependency on social welfare if these activities are not associated with direct measures (local economic or private sector developments), as could be seen from Eastern Cape statistics or from visits to Cape Town's informal settlements.

Q.1.b *How far have actions or measures (co-) financed or supported by the EU contributed to improved policymaking and service delivery by key institutions in the fields of education, health, water and sanitation, and urban development and housing?*

Findings

44. The role of the Commission has been instrumental in assisting some key social sectors (Health) in defining their new policy. EU funding still provides an essential support to core training and quality standards institutions (SAMDI, SAQA). Commission support to NGO networks in the Health sector has helped to demonstrate their usefulness in strengthening the delivery capacity of PHC district structures. These were contributions to policies defined by Government.

45. The Education sector has been the major focus of EPRD funding between 1994 and 1999 (22% of total commitments, see Annex C). From a strategic point of view Education, closely linked with Training activities, is widely perceived in ODA as the preferred longer-term approach to redressing inequalities. Most donors are involved in the sector¹⁶. This approach is fully consistent with SA Government policy and White Papers on RDP and Education & Training. Education draws by far the largest share of the national budget¹⁷. Per capita education expenditure reached 2,838 Rs in 1996-97, and the National Norms and Standards for School Funding ensured that the poorest schools receive on average seven times more funding than the richest ones.

46. It should be noted that the 'Education Sector Support Programme' (98-01) bears a rather misleading title, since it is *not* an SSP. It embodied a range of unconnected components (3 or 4), and was driven by the need for urgent direct impact (school rehabilitations). The components are managed by separate, apparently uncoordinated departments, which reflects the overall lack of sector policy coherence and complicates monitoring (and evaluation) tasks.

47. The EU is the largest donor in the Health sector¹⁸, followed by USA. The Commission has collected much experience since 1994. Throughout this period, its continuous contribution to policy re-definition has been very significant. It has led to the current orientation towards primary health care (PHC) decentralised at district level, which has left the national Department with the need to restructure.

48. Lessons learned from earlier projects have significantly contributed to improving policy-making:

- The NGO home care provided by the Winterveldt project was widely appreciated by the beneficiaries, and the JPHCP helped to demonstrate the usefulness and feasibility of NGO partnerships to strengthen district health services.

¹⁶ USA, Canada, Japan, Korea, Switzerland, Australia, UK, Ireland, Belgium, the Netherlands, Germany, Denmark, Sweden.

¹⁷ 19.6% of the total national and provincial spending for fiscal year 2002/2003, amounting to 5.5% of GDP (source: SAIRR 'Fast Facts' review, March 2002).

¹⁸ A framework for co-operation in the health sector between EU and SA, 1999.

- The Commission has contributed to improved policymaking capacity in the Water sector, especially through its support to institutional development within DWAF. EU-funded programmes had an impact on transforming the organisation and management within DWAF, at provincial and national levels. The Commission was particularly instrumental in establishing a Monitoring and Evaluation system in DWAF that strengthens the understanding and use of lessons learned in the water sector. The Commission has contributed to a better integration of cross-cutting issues in the DWAF policy-making process. A *Gender Unit* has been planned by DWAF; the Department policy was to set a minimum quota of 30% of women in local water committees. As a direct result of EU interventions, this figure was increased to 50% in the Northern Province, which has now been adopted nationally. In the framework of the EU-funded programmes, DWAF has developed a generic environment evaluation system and Environment Impact Assessments are now required for all new initiatives.
- Contribution to SA government policy-making and implementation are also apparent within the four Housing projects. In terms of a *sectoral focus*, significant influence on policy addressing the State-financed housing delivery process aimed at the urban poor took place. In particular, the necessity for a parallel policy dimension of rental housing to complement home-ownership was established. This necessity, moreover, was tested in Johannesburg by the nurturing of a non-governmental housing association that both facilitated the delivery and liaised closely with metropolitan government. (This model was subsequently replicated elsewhere). Finally, a policy-approved financial mechanism to provide State support for the provision of rental housing stock was put in place. Within this sectoral approach, EU-funding directed at the NGO sector underlined the importance of civil society support in this sector.
- In terms of an *integrated local development focus*, and also in terms of sustainability of the model, the Cato Manor project contributed towards both metropolitan and national government preparedness to include in policy and implementation terms, the idea of *area-based development strategies* within urban areas.

49. Efficiency and effectiveness are often impeded by capacity constraints:

- The Commission has been faced (as were other donors) with a major constraint in the lack of capacity within the Education Department and some of the recipient sector institutions (Library Books, JUPMET). In particular, efficiency constraints in the procurement of Library Books has resulted in considerable delays and has had a counterproductive impact as far as EU image is concerned. Responsibilities were probably mixed: both Commission and SA authorities questioned in their reports a mutual lack of dialogue or commitment, and Commission procurement rules were largely perceived as cumbersome, and a major cause of delays. For their part, recipients were probably not able to take full benefit of the assistance, and described relations with the Commission Technical Assistance (TA) as poor¹⁹. The TA was sometimes used to fill in vacant posts in the recipient organisation. Nonetheless, most recipient institutions have since managed to catch up.
- Capacity building is still much needed in the Health sector, especially at implementation and delivery level (district hospitals and local CSO partners). This has been duly translated into a major component of both PHSSPs. Delays and management problems could be found in every project and programme assessed, with the exception of the very well run Soul City. The Commission had utilised networks of NGOs for their earlier projects (JPHCP, Winterveldt), which required reinforced co-ordination and management systems. The PHSSPs have been faced with timeframe constraints: the first programme (97-11) was

¹⁹ 'The TA did not understand the culture of our Department', Development Support Dept, Education.

supposed to spend a €2.5 Million in only 15 months, and the second programme (99-23) was initiated well before the previous PHSSP could be completed. As a result, two similar programmes have been running simultaneously.

- The efficiency of the newer Housing programme 99-26 (Social housing Foundation) was also impeded by constraints. Regular management restructuring has caused considerable delays and raised concerns at all levels, especially at the Department of Housing.

50. The capacity of DWAF can be taken as a benchmark of good practice, and seems appropriate for *SWAp* (Sector Wide Approach) conditions: (i) Strategic objectives are clearly identified by measurable indicators, and final curbing of backlogs in water and sanitation has been targeted; (ii) Commitment and capacity levels are appropriate. Co-ordination meetings are organised by the Department on a weekly basis (implementation), quarterly –soon to be made monthly- for ‘Masibambane’ sector co-ordination discussions, and twice yearly for complete sector reviews. Relations and dialogue with donors are reportedly good; (iii) A systematic use is made of Project Cycle Management (PCM) and lessons learned; the Department has its own internal monitoring and evaluation cycle; (iv) The skills and number of staff involved in the programme is described as adequate by the Department (10 people at the national level), and DWAF has been a recognised leader since 1994 in professional skills and know-how, at a level comparable with OECD countries. DWAF nevertheless observes that competition is severe with the private sector (where the salaries can be as much as 50% higher), and that additional engineering skills are needed; (v) The capacity to manage funds in an accountable manner is also satisfactory, and the disbursement capacity (a weak point of most Departments) is apparently optimum. For many reasons - to achieve bigger impact, policy dialogue, complementarity, and to prepare the future (exit strategy), the Commission has decided to move towards a sector wide approach with the Water Supply & Sanitation Services Sector Programme (WS-SSP). This strategic choice is considered relevant as: (i) The Programme has a good co-ordination system with all stakeholders of the sector; (ii) Donor co-ordination system is particularly efficient and constitutes a best practice example (benchmark) for other Departments (the Department of Trade and Industry (DTI) is interested to learn from DWAF experience). It facilitates co-financing of the WS-SSP by SA Government, EC, UK, Netherlands, France and Ireland. In this framework, DWAF is gradually moving towards a monitoring role, focused on regulatory and support functions (see § 124 and 162-169).

51. Increasingly disastrous consequences and projections of HIV/AIDS outline the fact that the pandemic needs to be considered as a cross-cutting constraint rather than an issue. Life expectancy is expected to drop from 51 years in 2000 to 46 years in 2010 (source: UN). Its rapid spread is likely to become a major threat to the sustainability of Education, Training or Health programmes:

- The ratio of pupils to teacher, currently at 1:32 in public schools, could rise to 1:50 by 2006.
- In the private sector, it is estimated that 13% of highly skilled workers, 23% of skilled and 32% of semi- and unskilled workers will be HIV-positive by 2005²⁰.
- Given SA’s already overburdened public hospitals, the country would need 2,400 community home-based care teams to provide ‘full-coverage’ support to people suffering from HIV/AIDS, based on one team for 17,000 people.
- At least 1 million children will be orphaned by AIDS by 2004 (USAID). The number is likely to rise to 1.9 million by 2010.

52. The Commission is helping to fight the pandemic through all of the major health programmes currently being implemented: (i) The PHSSP with the massive procurement of condoms and the

²⁰ ING Barings.

PHC package, which includes HIV/AIDS protocols and instructions, mixed –as per Government policy- with other sexually transmitted diseases and TB; (ii) Soul City, which is mostly dedicated to HIV/AIDS information to the sexually active population; and (iii) The new Partnerships for the Delivery of PHC including HIV/AIDS (PDPHC).

53. Sustainability is often a key challenge.

- A cash-strapped general environment for CSO is still a major constraint for the survivability of the NGO networks that had been involved in the EU funded Health projects. Despite its exceptional results, the sustainability of Soul City itself cannot be ensured without continuous donor support.
- Some core organisations (SAMDI, SAQA) currently depend almost totally on EU contributions: their sustainability and institutional ownership needs to be ensured, possibly through a SWAp.
- Sustainability of the water schemes remains the key challenge for the provision of services. Many of the beneficiaries of the projects do not receive water any longer because of poor maintenance and operation.
- The biggest challenge for the Johannesburg Housing Company is how to increase its activities to a sustainable scale, compatible with overheads. The 99-26 programme should bring a solution, which should be made sustainable.

54. It is often unclear how far lessons learned have actually been disseminated and reproduced outside EU (co-) funded programmes. The replicability of Cato Manor can be seen as an exception, and there were indications that the Housing Skills model would benefit many others. The situation, however, is not so clear in other sectors. Despite the large national budget for Education, the sustainability of EU-funded projects and programmes is essentially subject to the level of co-operation with the Department –crucial to absorb and replicate lessons learned, as well as to the degree of ownership of recipient institutions. In particular, the sustainability and replicability of projects such as the Library Books or UNIFY II needs to be monitored.

55. Conclusions

- The Commission has been implementing SSPs wherever feasible, to better support national policies. Sectors programmes to support national Departments make up by far the largest part of social services funding (except in Urban Environment).
- Specialist skills have strengthened the Delegation's capacity in most sectors, as recommended by the CSE 1999. As a result, lessons learned have been used, and the MIP 2000-2002 reflects the choice for a much more strategic and focused programme.
- The knowledge-based capacity, however, is still more embedded in the individuals involved than institutionalised.
- Frequent capacity constraints to efficiency and effectiveness were found, but DWAF could be considered a benchmark of good practice.
- The HIV/AIDS pandemic is likely to become another major constraint for future programmes.
- Sustainability and the dissemination of lessons learned outside EU funded projects are not yet ensured.

GROUP 2: HUMAN RIGHTS, DEMOCRACY & GOVERNANCE, CIVIL SOCIETY

In the Human Rights, Democracy and Governance, and Civil Society areas, 12 projects and programmes (out of 20) were selected and evaluated.

56. In order to support the transformation process of SA into a democratic, non-racial, non-sexist and non-violent society, successive MIPs have retained the promotion of human rights, democracy and good governance as a focal area (albeit under different headings and with varying objectives), each time with 15-20% of funding. The SA Government has demonstrated its commitment to the protection of human rights, to the development of democratic institutions and processes and to the rule of law. It also recognises the key role of civil society in development and democratisation processes. Furthermore, it is important to put the Commission contribution in a proper context. Building a human rights culture and democratic governance requires complex institutional change processes and long-term support before real impact is achieved.

Q2.a. *How far have EU-supported measures and policies contributed to the development and consolidation of a human rights culture based on the rule of law, and of democratic institutions and processes, as well as to the strengthening of civil society organisations as defined in legal bases and programming documents?*

Findings

57. At first sight, a striking feature of Commission support to this sector is the wide spread of activities, including areas as diverse as human rights, support to the police, strengthening of Parliament, trade unions, partnerships with research institutes and *think tanks*, transformation of the justice system, different forms of decentralised co-operation, as well as a set of specific governance projects. The 1999 CSE was critical about this dispersion, arguing it weakened the capacity of the Commission to design and manage knowledge-based interventions; to co-ordinate with other donors, and to ensure sustainable impact.

58. The gradual move towards a more integrated (sectoral) approach. The diverse nature of the interventions and the resulting difficulties for monitoring are still a problem. However, over time, greater focus and coherence has been built into the system. From the perspective of an evolving programme, there is coherence in the project portfolio, for instance, the Commission's direct support to the promotion of human rights has been concentrated in a single programme, executed by the Human Rights Foundation²¹, an independent intermediary organisation which has now been in operation for more than six years. Also, in the wide range of civil society projects, networks and trusts funds, it is increasingly possible to detect a coherent, multi-dimensional intervention logic, based on a menu of decentralised co-operation approaches, tailored to the different objectives pursued and partners supported. Furthermore, the MIP 2000-2002 represents a step forward towards a more integrated approach, as it (i) moves away from classical projects; (ii) proposes to consolidate the Human Rights Programme (where the Commission has acquired a comparative advantage); (iii) focuses on the provision of targeted budgetary support to the justice sector (and related cluster of departments); (iv) seeks to consolidate and refine its dual-track support to civil society (service delivery, watchdog functions); (v) holds potential for cross-sectoral learning (e.g.

²¹ Initially named the 'European Union Foundation for Human Rights in South Africa' (EUFHR), it has recently been fully 'localised' and is now an independent South African Foundation (with a South African Director).

between Commission support to civil society and to LED); and (vi) defines for the first time performance indicators for Commission support in this area²².

59. General appreciation for the Commission contribution, yet concern about its administration
The different public-private stakeholders interviewed were generally positive about the support provided by the Commission²³. Perceived strengths of the Commission in this area include its capacity (i) to provide sizeable investments to a given sector in order to help addressing the 'backlog' (Policing in the Eastern Cape) or promote systemic change (e.g. Justice); (ii) to provide long-term strategic support to independent grant-making intermediaries (e.g. the Human Rights Foundation); (iii) to promote the emergence and/or consolidation of umbrella organisations and networks of specialised NGOs (e.g. the Trauma Sector Network); to support organised movements (e.g. the South African Trade Union) and specialised NGOs (e.g. the Interfund programme for Capacity Building of NGOs and CSOs); (iv) to back innovative pilot projects (e.g. the IDASA project in Kwazulu Natal on leadership and integration of traditional authorities into local governance), as well as policy-relevant studies (e.g. the Centre for Policy Studies overall research programme on 'Closing the gap between policy and implementation in South Africa'). However, on a less positive note, there was recurrent criticism of Commission administration and procedures, which complicated implementation and, in some cases, threatened the functioning of supported institutions.

60. Limited monitoring and evaluation
Moving from this general appreciation to providing hard evidence on impact is difficult. The 1999 CSE found project monitoring and evaluation to be weak. To a large extent, this situation still prevails. While major programmes have been externally evaluated (e.g. the Human Rights Foundation, the Transitional National Development Trust), several other projects are still waiting for final evaluation (e.g. Assistance to Policing in Eastern Cape) or have not been evaluated at all. Available evaluations indicate the complexity of measuring impact, partly resulting from the absence of clearly defined performance indicators in financing agreements. Moreover, even well-performing organisations such as the Human Rights Foundation were found to lack adequate monitoring and evaluation systems. Internal systems and capacities (including time) for monitoring and evaluation could still be much improved²⁴.

61. Different forms of impact
Taking into account these limitations, there was evidence of different forms of impact achieved through the programmes funded since 1996:

- The Human Rights Foundation has had "a significant impact on the human rights sector in South Africa", particularly in the area of socio-economic rights and support to paralegal and advice offices²⁵. It has helped to make the Constitution "a living thing" through a wide range of awareness raising activities. It has focused on key issues such as gender inequality and HIV/AIDS. The Foundation is one of the principal funders of human rights NGOs and CBOs and has proven to be an efficient channel for aid delivery. It has supported programmes with a direct link to the fight against poverty (e.g. the Farmers Eviction Project) and to democratic processes (e.g. litigation cases before the Constitutional Court, advocacy work, etc.), with strong (potential) multiplier effects. With the support of Government, it has become a

²² For instance, two indicators were chosen for civil society support: (i) Dialogue structures and partnership agreements between government and CSOs through Commission support established and implemented; (ii) sustainability of CSO networks improved. Both of them clearly reflect broader strategic concerns.

²³ Time constraints prevented discussions with some of the decentralised agents whose role and related support from the Commission may be up for fundamental review, as the Commission tries to move away from fragmented project support to sector support and public-private partnerships (e.g. the Mvula Trust, involved in the water sector, or the Microproject Trust).

²⁴ For instance, no formal system is in place to bring together data, experiences and lessons learnt with support to civil society or local development across EPRD sectors.

²⁵ Final Evaluation, p. 3, par. 4.

respected independent human rights ‘actor’ in South Africa, with a clear niche and added-value²⁶.

- The assistance to Policing in the Eastern Cape helped to address a situation of “institutional poverty”, where the police lacked basic infrastructure and capacity to function. However, it is not clear how these gains at project level can be translated in more ‘systemic’ changes as well as in improved safety and security in the region. The final evaluation will need to indicate possible follow-up scenarios or exit strategies.
- The Parliamentary Support Programme, despite initial management problems and some weaker components²⁷, was appreciated for injecting a critical mass of resources (compared with other donor agencies) in capacity development of Parliament and the nine Provincial legislatures.
- Despite the abrupt shift of Commission funds to government after 1994 (which caused institutional problems to many civil society organisations), the Commission has continued to provide significant levels of support to NGOs/CSOs involved in service delivery or ensuring a ‘watchdog’ function. In a cash-strapped environment and with a legal/financial environment for government support yet to be clarified, these resources have undoubtedly contributed to strengthening civil society. Yet hard evidence on the impact of capacity building efforts is missing and available data suggest at best a mixed record²⁸. Not all instruments for civil society support have proved to be efficient and effective, as reflected in the difficulties experienced with moving forward with the National Development Agency (a Government-led institutional arrangement to channel funds to civil society organisations). Furthermore, there are many recent and rapid changes in the policy and institutional environment in SA (e.g. a wide range of inter-related new policy papers²⁹; the decentralisation process; the new roles assigned to local governments as enabling development actor; the mainstreaming of the ‘Integrated Development Plan’ approach; the search for improved collaboration between different spheres of government³⁰, etc.). Each of these involves a rethinking of the role division between the different development players and opens up a huge capacity-building agenda. They also confront the Commission with the need: to rethink its overall approach to supporting civil society organisations (both NGOs and CSOs as well as the balance between them); to explore linkages and strategic coherence between different instruments (e.g. support to the National Development Agency and LED); to possibly abandon certain approaches which no longer fit the new environment (e.g. the micro-project approach); and to search for ways to reinforce the sustainability of CSO networks.

62. Relevant strategic choices, but recurrent implementation constraints. The judgement criterion used was the existence of a “clear and coherent strategy and approach towards institutional development”. This choice was made because institutional factors are widely seen as key

²⁶ Future challenges include (i) a shift in emphasis from policy and research to delivery and implementation of socio-economic rights; (ii) improved linkages with other (EC-supported) organisations (e.g. Interfund or the National Development Agency, the reforms in the Justice sector) and (iii) ensuring sustainability through diversification of funding).

²⁷ Problems arose with the PMU and with some components (e.g. the ad hoc nature of training for MPs; the limited attention given to the National Council of Provinces and to the role of local governments therein).

²⁸ The Final Evaluation of the Human Rights Programme illustrates some of the ‘systemic’ weaknesses of the NGO/CBO sector in South Africa. The human rights NGO sector is described as “diffuse, fragile, relatively territorial and not focused on co-operation” (p. 33, par. 229). The efforts of SANGOCO (national NGO umbrella) to establish “a human rights sector within the coalition have been largely unsuccessful” (p. 33, par. 230). The Foundation efforts to promote NGO capacity building have only achieved “mixed results” (p. 3, par. 11).

²⁹ For instance, the ‘Integrated Sustainable Rural Development Strategies’ (ISRDS) from November 2000 or the ‘Local Economic Development Policy Paper’ issued by the Department of Provincial and Local Government (February 2002).

³⁰ See Levy, N. and C. Tapscott (Eds). ‘Inter-governmental Relations in South Africa. The Challenges of Co-operative Government’, IDASA, 2001.

determinants of aid effectiveness and related fight against poverty³¹. Furthermore, the task for donors supporting political reform is mainly institutional. On the whole, the Commission has applied a coherent overall approach to institutional development in the promotion of human rights, democratic processes, the rule of law and the strengthening of civil society. It has systematically sought to align its aid to government priorities. It has increasingly made use of existing structures while searching for ways to ensure that its aid programmes respect the (evolving) division of roles between government (at different levels) and civil society actors. The different programmes (including other sectors) focus on capacity development. In its support to civil society, it has shown a concern for helping the sector to restructure, professionalise and improve its (financial) viability. The Commission has sought to increase its knowledge base (for example, through partnerships with research institutes). However, while the fundamentals of the institutional development approach are sound, the Commission has not yet developed clear *implementation strategies, working methods and tools* to effectively address a wide range of institutional challenges. For instance, what type of institutional support (other than traditional TA) can help departments that are not yet 'ready' for sector (budgetary) support to catch-up and benefit from this type of aid?³² What should be the institutional role of decentralised actors in both the formulation and implementation of sector strategies and how can they be strengthened for these new roles? How to deal in practice with the well-documented gap between policy formulation and implementation? How can public-private partnerships be made to function effectively? How can the capacities of local governments be effectively strengthened to play their enabling role in a participatory and transparent manner (taking into account the poor institutional conditions to be found in most local governments)? How to deal with the major capacity weaknesses of decentralised partners acting as intermediaries (e.g. the South African Labour Development Trust)? What knowledge on institutional development is available? Who can provide effective services in this area? Undoubtedly, the Delegation is reflecting on these issues, both in general strategic terms and at project level, yet its practical knowledge base will certainly need to be improved.

63. There are some 'missing linkages' in the strategic approach adopted by the Commission. First, linkages between programmes (both within and across sectors) are still fairly weak. Second, it is difficult to collect evidence on how the Commission tries to link human rights and the fight against poverty in a consistent manner, across the different EPRD sectors. A case in point is the overall Commission support to police and justice reforms. Concerns were raised that the focus of the support is too much oriented towards law enforcement, leaving little space for crime prevention (through poverty alleviation programmes), civilian oversight of the security sector and involvement of the Chapter 9 institutions. Another example is the possible negative link following the privatisation of basic services. Strong connections between the three main components of EU relations with a partner country (political dialogue, trade and investment, development co-operation) are missing.

³¹ See for instance the contribution of Lisa Bornstein in 'Poverty and Inequality in South Africa: Meeting the Challenge' (edited by May, J.) in which she argues that the institutional environment in South Africa has not been transformed sufficiently, or quickly enough, to fulfil an effective role in poverty alleviation and inequality. Also the NGOs are seen to be poorly situated to take on lead roles in the reduction of poverty (see Chapter 7).

³² For instance, the Commission support in the MIP 2000-2002 for the transformation of the Justice sector (the so-called e-justice programme) is confronted with major delays, primarily as a result of a disagreement on the definition of output and performance criteria to be used.

64. Conclusions

- The Commission increasingly manages its co-operation resources in a strategic way. Over time, the Commission has been able to systematically improve its capacity to adopt a strategic approach in this EPRD sector. Indicators include (i) the choice of relevant priorities; (ii) the evolution towards sector support; (iii) the concern to support public-private partnership and co-operative governance system); (iv) the existence of dynamic and creative approaches towards civil society; (v) the combination of demand-driven approaches and a supply-driven and pro-active search for new partners; (vi) the efforts to improve the internal knowledge base; and (vii) the active search for donor complementarity.
- The difficult transition from project approaches to sector or programme support. In many ways, the Commission programme in this EPRD cluster finds itself at a crossroads. The pressure to reduce the number of projects, to move towards sector support and to rethink overall support to civil society, raises a number of difficult questions of transition. What follow-up (if any) should be given to projects such as the Parliamentary Support Programme or to the Policing in the Eastern Cape? How can NGOs/CSOs be smoothly and effectively integrated in public-private partnerships? What approaches in support of civil society should be abandoned altogether? How can a broader, more programmatic partnership be developed with watchdog institutions?
- Unclear linkages between the promotion of human rights and the broader poverty agenda. Poverty is a major human rights challenge for SA. While several Commission funded activities in the area of human rights display a clear link with the fight against inequality and poverty, it is less clear how other EPRD sectors are influenced by, or are compatible with, a rights-based approach to development. For instance, how are socio-economic rights integrated in the sector support to water and sanitation? In trade policies? The Commission does not seem to have, at this stage, a strategic framework to fully integrate the human rights dimension in all aspects of a co-operation centred on reducing poverty.

Q.2.b *How far have EU-supported measures and policies contributed to improved governance benefiting previously disadvantaged populations? For example, citizens' access to central and local government institutions; civil service performance; reduced corruption; and improved government accountability, more effective civil society etc...*

Findings

65. While support to “good governance” featured prominently in the 1997-1999 MIP and was retained in the 2000-2002 MIP as a cross-sectoral theme, it is not always easy to identify the EU-supported projects primarily concerned with promoting governance. Part of the problem lies with the lack of a clear definition of the concept in both MIPs. In practice, the objectives of promoting democracy and good governance often overlap³³. If a narrow definition of good governance were to be used, alongside the interpretation used in the Cotonou Partnership Agreement, three types of ‘governance’ interventions can be distinguished in the EPRD cluster: (i) improving public sector performance; (ii) support to good governance at local level, and (iii) support to independent watchdog institutions focusing specifically on governance issues.

³³ For instance, the overall objective of the Parliamentary Support Programme is to “ensure good governance and stable democracy”.

66. Governance has not been a primary target of support. If the narrow definition is used, it is clear that EU supported policies and measures have given only limited priority so far to promoting good governance. This choice may have been justified, considering the history of post-apartheid South Africa. The first priority after 1994 consisted of helping to put in place the fundamental building blocks of a democratic society. Logically, Commission aid promoted this agenda, investing primarily in human rights and support to democratic institutions and processes. However, governance issues are now central to the political transformation process and should be given much more attention. Indicators of this are the persistent gap between policy and implementation (also likely to be present at local government level); citizen's demand for effective delivery of socio-economic rights and services and enhanced public sector accountability, the fight against impunity; perceptions of re-centralisation of power, lessening of the role of Parliament, corruption, supervisory bodies trapped in a culture of "fear" to adopt critical stances; and the need to ensure that the decentralisation process goes hand in hand with the promotion of effective local governance and inter-governmental co-operation.

67. Indirect contributions through other Commission funded programmes. Concerns for governance have been integrated in other Commission programmes. Much of the work funded through the Human Rights Foundation has a clear link with improved governance and citizens' access to government (for example, support for litigation cases before the Constitutional Court). Governance issues have been taken on board in the LED programmes (particularly the promotion of co-operative governance). Clearly, they are also part of the dialogue on Commission sector support in focal areas. The Commission can also be commended for its efforts to enhance, in a fairly systematic and consistent manner, civil society participation in its co-operation programmes.

68. Choice for project approaches. Commission support has generally taken the form of self-standing projects, with specific entry points. The projects allowed the Commission to test out approaches to strengthening local governments (Mpumalanga and Northern Province, IDASA programme in Kwazulu-Natal), enter into partnerships around new topics (Transparency International and corruption) or improve its knowledge base (the study 'Closing the gap between policy and implementation' with the Centre for Policy Studies). However, the project approach followed had also major limitations, reducing both the relevance of the interventions and their impact.

69. Limited Impact. Considering the low priority given to specific governance interventions and the (project) approaches followed, the impact of Commission supported policies and measures has been limited. This certainly holds true if the results achieved are set against the objective of the 1997-1999 MIP to focus EU assistance on good governance in the restructuring and reorientation of public service, capacity building and establishment of appropriate management and information systems at national, provincial and local levels. The MIP 2000-2002 reduced the level of ambitions and confined the Commission's involvement to ensuring that good governance is taken into account as a cross-sectoral theme. The impact of support provided to independent watchdogs is hard to measure, as the results tend often to be intangible or to be achieved in the long-term (e.g. Transparency International). It should also be noted that impact assessment is made difficult by the lack of appropriate performance indicators in related financing agreements and evaluations.

70. Relevance. In order to assess the relevance of Commission programmes on governance, the evaluation team used as judgement criterion whether Commission aid has "contributed to preparing the ground for effective and viable local governance systems". This choice was made because it is primarily at the local level that disadvantaged populations expect changes in the way government institutions function and account for their policies and actions. The Commission

programmes have, through a variety of separate projects, contributed to preparing the ground for improved local governance systems. The relevance is not primarily to be found in the results achieved by specific local government projects (these were limited in scope, resources used and time span), but more in the overall Commission approach to supporting local development. Taken together, these interventions constitute an interesting pool of knowledge and lessons learned and should help to make relevant strategic choices for the next programme. The challenge will be to connect the experiences gained with supporting local government capacity building with the lessons learnt in LED programmes, and to move towards integrated local development approaches. This will require a new, multi-layered approach to building local government capacity, which helps local government to perform as a development actor (not yet evident, as their focus is still very much oriented towards representation and administration) and to relate properly with civil society, private sector, as well as with other layers of government (horizontal co-operation).

71. Conclusions

- Lack of clarity. The field of “good governance” has not been clearly conceptualised nor implemented by the Commission, despite being a major component of the two successive MIPs. There is no clarity on the definition used, the specific focus of governance interventions, the ways to dialogue on this issue with government; the approaches to be used at different levels; the performance criteria to be applied. The linkages between Commission support to improved good governance and the fight against poverty (inequalities) are also not clearly spelled out, thus reducing the capacity to make informed choices.
- Limits of project approaches. While pilot projects can make sense in the area of good governance, they need to be underpinned by a clear strategy, including ways to integrate these projects (e.g. the Mpumalanga and Northern province project) into broader institutional change processes (decentralisation).
- Critical importance of supporting independent watchdogs. Taking into account the growing need to address the governance agenda, it is essential to consolidate and increase collaboration with relevant watchdog institutions.
- Capacity challenge. The Commission’s knowledge base on good governance is limited. It faces the challenge of drastically strengthening its capacity in this area in order to be able to respond to both the demands for improved governance and the complex changes in the institutional environment (e.g. intergovernmental co-operation, decentralisation to local governments).

GROUP 3: EMPLOYMENT CREATION & INCOME GENERATION

A limited number of selected projects and programmes were evaluated: three (out of nine) in Local Economic Development, and two (out of five, not counting the Risk Capital facility) in the Private Sector Development area. In addition, the evaluation has also used statistics found in a number of Government papers and independent reports.

Q.3.a *How far have the specific actions and measures (co- financed or supported by the EU in respect of local economic development, enterprises, employment, and development of human resources and skills, contributed to generating durable productive activities and increasing income, especially among previously disadvantaged sections of the population? In particular, what has been the impact on targeted beneficiaries, notably SMEs, rural enterprises and farms?*

Findings

72. The need for sustainable livelihoods to redress inequalities is a core theme of the GEAR macro-economic strategy, to which the EU is committed. SA had one of the most unequal income distributions in the world, with the poorest 50% of the population generating only 11% of national income, and the richest 7% controlling 40% of it. Indeed, despite having one of the most diversified economies in Africa, the economy is still characterised by inequality in income and economic assets. Production was concentrated in the hands of a small White elite, and the labour market is segmented according to race, gender and geographical location. Furthermore, as these policies were inward looking there were limited pressures for improvements in efficiency or productivity. The longer-term impact of these constraints was noted in a World Bank report that stated that while investments in capital equipment in the mining industry had increased, output in the sector was declining. At the same time productivity in manufacturing was also declining as a result of State-led, capital-intensive investments in chemical and energy related industries. Hence the present Government's commitment to redress the structural inequalities and pursue an economic strategy aimed at increased employment and productivity, underpinned by fiscal and monetary discipline.

73. In addition, SA also faces a number of other equally important domestic challenges in the labour market. In particular, formal sector employment opportunities have been falling since the early 1990s. Officially measured employment in the non-agricultural sector of the economy declined from 5.6 million in 1990 to 4.9 million in December 1998. When disaggregated across sectors, the same trends are evident in all formal sectors except financial services. Employment losses have been experienced in sectors that produce traded goods as well as sectors primarily producing for the domestic economy, and this has been happening despite increases in output, suggesting that significant changes in labour absorption have been occurring.

74. The seriousness of the problem at a country level is outlined by the recent Labour Force Survey which showed a significant increase of the national unemployment rate, from 26.4% in February 2001, to 29.5% in September 2001. The SA economy must generate about 250,000 new jobs in net terms, simply to ensure that unemployment does not rise, and to absorb new entrants into the labour market, the economy needs to generate more than 350,000 new jobs per annum. However, with the current 3% growth, 'it is doubtful whether annual job creation much in excess of 100,000 would be possible over the next five years'. Furthermore, *'the scope for increased public spending on social services would be severely limited'*³⁴.

75. The Black share of national income is rising, though gulf between rich and poor may still be widening. Some statistics (FES 2000) show that despite a rise in the Black share of national income, from 30% in 1991 to 36% in 1996, the incomes of the poorest 40% of Black households have fallen by 20% in the same period.

76. Some of the key reasons for this trend can be attributed to economic and industrial restructuring associated with liberalisation, which has resulted in massive job loss in the primary sectors of gold mining and agriculture, and to a general shift away from unskilled labour towards higher-level skills. It has resulted in growing levels of unemployment among the urban unskilled working class and, possibly even more seriously, in decreasing hopes for sustainable livelihoods among the rural poor. The GEAR strategy document correctly emphasises that 'job creation, which is a primary source of income redistribution, remains inadequate'.

³⁴ Source: GEAR, Chapter 2.1.

77. Unskilled rural poor are compelled to search elsewhere to fulfil their first priority – income. Provincial statistics from Eastern Cape report an exit rate of economically active males of 37% to the industrial centres of Johannesburg, Gauteng, and Western Cape, which in turn contributes to increasing the pressure on delivery of housing, water and sanitation, etc. in the large cities.

78. The economic and labour market challenges that have just been outlined are further compounded by the impact of poverty-related diseases on the supply of labour. For example, in addition to the problem of HIV/AIDS, a recent outbreak of cholera affected about 250,000 people. These problems illustrate the magnitude of the economic, social and demographic challenges that programmes such as the Labour Market Skills Development are designed to address.

79. Private Sector Development (PSD) and to a certain extent, local economic development (LED) are two EPRD instruments aiming at creating pro-active conditions to respond directly to the objective of income generation and employment creation. LED refers to the ability of a local area to achieve both economic growth and economic redistribution. It focuses on income-generating activities and community-based social development initiatives, social and economic utilities, and strengthening the institutional capacity of local government structures, community-based organisations and non-governmental organisations. Labour skills development is another instrument. Examples for existing and potential linkages to the Labour Market Skills Development Programme can be seen in partnerships/ co-operation between DoL and "Working for Water" programmes, DoL and DTI (Skills Support Programme) as well as with the Department of Provincial and Local Governments in Local Economic Development programmes, via the National Skills Funds provincial allocations, and discrete strategic projects recently launched and funded from the NSF, implemented by Sector Education and Training Authorities (SETAs). These instruments are central to the relevance of the Commission's co-operation actions in South Africa. They are complemented by social services delivery and longer-term support activities.

80. Projects and programmes assessed have all been found to be generally relevant to the overall objective. The Private Sector Development Programme (PSDP) was clearly relevant to the SMME development strategy laid out by the DTI. The longer-term support to SMMEs provided by the GODISA technology pilot programme was very relevant to protect the productive sectors assets, to increase the survival rate of enterprises and strengthen their capacity to create jobs. The implementing Department of Arts, Culture, Science and Technology duly stressed that human resource is a capital factor for skill intensive SMMEs. LED micro-projects and Wild Coast Spatial Development Initiative (SDI) focused on destitute former homelands or high-potential tourist assets of Eastern Cape, the poorest province of South Africa.

81. In terms of efficiency and effectiveness, PSD programmes have performed generally well. Despite considerable management challenges (institutional resistance, staff turnover, cumbersome regulations), Khula Enterprises Financing managed to carry out most of its tasks. GODISA also complained about delays due to overly complicated Commission procedures but has nevertheless decided to go ahead with expanded work plans, without waiting for Commission funds.

82. The efficiency and effectiveness were often poor in earlier LED projects. The 1995 Micro-projects were faced with recurrent, planning and payment problems, and they failed to target key priorities such as housing, water, or LED itself, due to lack of in-house capacity. A significant part of the schools electrification works was damaged by vandalism. The draft final report for that project also describes numerous technical and management failures as well as lack of co-operation between the two Departments involved (Mineral and Energy Affairs for implementation, and

Education for maintenance). The initial phase of the Wild Coast SDI has been considerably delayed due to poor relations with the national and provincial spheres of authorities. This project has to work in a very difficult institutional environment.

83. In its 'Impact Assessment Study' of March 2001, Khula stated that the number of gross jobs created by its supported business since inception amounted to 787,697, including 745,213 for the Retail Financial Intermediaries (RFI) Commission-supported component. According to the monitoring report, the Commission had funded nine RFI (still operating) out of 19, or 47%. The Commission funding could claim an attributable impact of 353,231 jobs. Duration and sustainability of these jobs is however an open question, since Khula's figures include existing but also defunct businesses that were previously beneficiaries of a Khula programme, and noted that SMMEs often experience high mortality rates. The future impact of PSD is focused on the new Risk Capital Facility programme, part of which will be used for boosting the capacity of the DTI. It was agreed with the DTI that future co-operation would operate under a comprehensive framework, involving institutional capacity building, policy support and an investment component in co-operation with the European Investment Bank. When the current re-organisation of the DTI is completed, it is expected that it will qualify for a SWAp with direct budget support.

84. The impact of assessed LED projects is also low so far. Some successful micro-projects facilities were too small for the number of beneficiaries; the lack of Government-promised support is a heavy threat to overall sustainability. It is still too early to assess impact of the Wild Coast and GODISA programmes.

85. Conclusions

- Factors such as continuing inequity in income distribution and increase in national unemployment rates are creating crucial challenges for the country's planned development. A massive emigration of the rural poor to some big industrial and urban areas is taking place, which places increased pressure on social services. Employment trends shift away from unskilled labour towards higher-level skills. In its Employment Strategy Framework (1998), the SA Government had identified employment creation as a focal pillar for social and economic transformation. The Framework paper further emphasised that '*A job gives a person, not only income, but self-respect*', and that many people had been out of work for so long that they had stopped looking for employment opportunities.
- GEAR also concluded that 'the present growth trajectory of about 3 percent per annum (i) fails to reverse the unemployment crisis in the labour market; (ii) provides inadequate resources for the necessary expansion in social service delivery; and (iii) yields insufficient progress toward an equitable distribution of income and wealth'.
- EPRD instruments such as PSD, LED and labour skills development can be seen as comparatively 'pro-active, direct-impact' contributions to the overall strategy of reducing poverty. These activities are directed towards creating environment and measures which contribute to generating income –hence *hope* in the short or medium terms, whereas the provisions of enhanced social services are mainly an 'indirect' support to a potentially conducive and enabling overall environment. They contribute to reduce the worst effects of inequity and poverty, and to provide *dignity*. Direct instruments are therefore of prime importance for a more focused and core theme to the strategy designed to tackle pro-actively the fight against poverty.
- PSD has made a very coherent use of lessons learned (Khula and Ntsika programmes) for designing the new Risk Capital Facility programme, in co-operation with the European Investment Bank (EIB). PSD programmes worked through intermediaries; their impact was

therefore essentially indirect and hardly assessable within the evaluation timeframe. The extent and sustainability of job creation figures indicated by Khula need to be duly qualified. The GODISA technology support programme to SMMEs is highly relevant to the longer-term strengthening of SA comparative advantages. SMMEs are skill intensive, they only work if the entrepreneurs are highly skilled in their own sector but also in finance, tax, etc. Skills training was identified as a major priority. Skills Development is an integral part of all programmes as well as a stand-alone intervention, supporting employment creation and income generation in the short-term, and creating the link to longer-term programmes and overall sustainability. After a slow start, programmes are dynamically progressing. Potential beneficiaries are numerous (targeted unemployed and designated groups, all formal sector employed, and new entrants to the labour market, three million civil servants and all SMMEs).

- Not many positive aspects from the selected LED projects were identified. No working leverage/catalyst/multiplier effects could be assessed. The promising Wild Coast SDI is in its infancy. The integrated Cato Manor urban development programme (see §42) has put in place all the preconditions for a successful LED. Results should soon be assessable.

Q.3.b *To what extent are EU-supported measures (from 2000 onwards) helping increase the capacity of South African businesses to take advantage of the environment created by the TDCA?*

Findings

86. The first positive results of the TDCA became apparent soon after the entry into force of the Agreement. During the 2000, SA's exports to the EU grew by 35%, while the EU's exports to SA grew by 20%. Total EU imports from SA, which had been stagnating since 1992, increased from €10,698 million in 1999 to €14,394 million in 2000. Exports to SA were similarly boosted from €9,731 million to €11,659 million. Such figures are evidence that SA exporters have been taking immediate advantage of the new preferential access to the EU market.

87. No assessment has been made yet of impact on employment creation. Whereas the impact of the TDCA on large international trade flows is significant and positive, there is no assessment as yet as to its respective impact on capital-intensive and labour-intensive types of businesses, and the corresponding impact on employment creation to the benefit of disadvantaged parts of the population. The ultimate impact of TDCA liberalisation measures on the still fragile small Black economy similarly remains to be evaluated, in the framework of TDCA-imbedded 'protective' measures such as articles 25, 41 or 54. From 2000 onwards, only the regional BLNS programme (Botswana, Lesotho, Namibia, Swaziland) has been dedicated to benefiting from the TDCA; the programme is still in its start-up phase, and SA participation has been very limited (SA does not reportedly want to be perceived as trying to steer the BLNS process). See also §175-182.

88. Conclusions

- Although the TDCA has still to be ratified by most EU Member States, its effects on imports and exports trade flows between SA and EU were very significant in 2000. The corresponding impact on job creation for the disadvantaged parts of the population has yet to be assessed.

GROUP 4: REGIONAL CO-OPERATION & INTEGRATION

Four programmes (out of eight) were selected and evaluated in the Regional Co-operation and Integration areas.

95. As a member of the Lomé Convention and the Cotonou Partnership Agreement, SA is also committed to supporting regional integration. It is involved in the implementation of the Regional Indicative Programme (RIP) for the SADC (South African Development Community) region financed under the European Development Fund (EDF). The TDCA provides for development co-operation and SA regional co-operation and integration. It includes special support to adjustment measures in the region (and SACU –South African Customs Union- in particular) resulting from the TDCA. As a consequence, one of the areas of EU co-operation with SA relates to the support of regional co-operation and integration in line with the priorities agreed under the EDF and future RIPs for the SADC region.

95. As SA itself does not qualify for EDF funding, a share of 10% of EPRD funding is earmarked for regional co-operation and integration objectives within the SDAC region, as identified in the TDCA. The integration of regional objectives into a national support framework is a unique feature of development co-operation with SA. The justification for this unusual construction for EU support rests on the qualified status of SA in the ACP-EU Partnership Agreement, which cannot benefit from EDF support. However, SA is entitled to participate in EDF funded areas of regional co-operation, provided it uses EPRD funding. Within this legal context, the inclusion of a regional co-operation and integration component in the Commission country strategy for SA is very relevant for, and consistent with, the TDCA objectives and the Commission regional support strategy as spelled out in the RIP for SADC under EDF. It does not, however, favour coherence. It is within this context that the questions relating to the impact of the EPRD regional programmes must be addressed.

Q.4.a *To what extent has South Africa benefited from relevant regional projects and programmes?*

Findings

97. It is not easy to address this question, as it entails many facets, and indicators are by essence very selective. One element of the answer can be provided by first considering whether regional programmes financed by EPRD have successfully contributed to regional objectives for the SADC region. As SA is a member of SADC -and SACU, it should in principle benefit from economic and social development of SADC countries as a result of regional programmes, directly or indirectly. It is difficult to distinguish the benefits from a regional programme accruing to SA as opposed to its partners. In other words, question (a) and question 4.(b)(i) are linked.

98. Moreover, the justification for including a regional component in EPRD is not to increase the benefits for SA *per se*, but rather to allow SA to participate in the RIP (regional indicative programme) for SADC, and more generally in regional integration initiatives (including SACU). As a consequence, the impact of regional projects should not only be assessed simply in terms of the direct economic benefits to SA, but more generally in terms of positive contribution to broader regional integration objectives shared by SA.

99. SA is not the main direct beneficiary of regional EPRD funded projects. Direct benefits to SA have been limited. Although the regional EPRD funded projects do not have SA as their main aim,

some regional programmes appear to generate (or have the potential to generate) direct benefits to SA. This is the case for the projects on reinforcing the participation of South Africa in MWIRNET (SADC), Regional Response to HIV/AIDS in SADC Region, or the SADC Regional Drug Control Programme (SRDCP).

100. The SRDCP is a case in point. The overall objective of this programme is to reduce the production, trafficking and abuse of illicit drugs in the SADC region and, thereby, contribute to enhanced social and economic growth. SA is the second largest provider of cannabis to the EU, while seven SADC countries have substantial areas of illicit cultivation of cannabis. Other drugs are being trafficked through the SADC region and local and international demand for drugs is increasing. In this context, any attempt to curb the production, trafficking and consumption of illicit drugs in SA must follow a regional approach to be effective. The programme also builds on the comparative advantages of SA, in particular, in terms of medical and scientific (epidemiology) competence. Moreover, such a programme addresses other related issues of much relevance for SA and the region: health (HIV/AIDS), police co-operation, fight against corruption, research, networking and institutional capacity building at national and regional level. It also touches upon other problems such as money laundering, human (child) trafficking, prostitution, small arms trafficking and other forms of criminality, all issues relevant for SA. The programme is in its implementation phase, and many of its tangible benefits will be felt in the years to come. But the programme has already produced a stream of information, research, and training activities that appear to be of benefit to SA as well as the region.

101. Another way to measure the potential benefits of EPRD regional programmes for SA is to identify the indirect effects of regional programmes on SA. These may take various forms:

- For instance, some EPRD funded regional projects have contributed to reinforce the institutional capacity of the SADC region. This is the case for instance for the SADC's Regional Monitoring, Control and Surveillance of Fisheries project, or its Finance and Investment Sector Co-ordination Unit (FISCU) project. The FISCU project, which has been evaluated, has for its overall objective to deepen regional economic integration and to stimulate economic growth by enhancing the capacity of FISCU to develop the SADC finance and investment protocol. It appears that FISCU I has successfully contributed to supporting the political decision-making for financing and investment regulatory framework in SADC, which should lead to a Protocol. FISCU II, by the development of memoranda of understanding, should further enhance the development of a coherent and relevant financial and investment framework for the SADC region. This institutional development is very important and sets the basis, in terms of regulation and structure, for the establishment of an environment conducive to investment initiatives. It also contributes to the raising of the political awareness in SADC countries about the need for sound macro-economic policies and appropriate financial institutions and regulation.
- While measurable impacts of the FISCU project are not possible yet, the institutional and political dimensions of the project have already positively contributed to better co-operation among SADC countries, under the initial leadership of SA.
- This suggests that another way to identify the benefits of EPRD regional programmes to SA is to determine the political interest generated in SA by these regional programmes. In this respect, SA has shown interest and support for the EPRD regional projects, although these have not always been high on the political agenda. Taking the level of implementation of projects as an indicator, most projects have experienced very serious delays, even in the case of the FISCU project, which was led by SA. While delays often resulted from administrative difficulties, there were few signs of significant political pressures to speed up the process.

102. Conclusions

- EPRD regional programmes are of great relevance to SA and have benefited SA. The nature of most of the projects and the implementation constraints of several of them suggests that the direct economic benefits for SA are so far only small. However, their political significance appears much higher and, as such, has also benefited SA. Many SA officials have stated that the purpose of regional programmes under EPRD funding was not to benefit SA, and it should be viewed instead as a sign of solidarity of SA towards the SADC regions and its SACU partners. Accordingly, these EPRD funded regional projects benefit SA by their contribution to reinforce regional co-operation.

Q.4.b *How far have EPRD funds dedicated to regional co-operation and integration under the Multi-Annual Indicative Programme (i) contributed to economic and social development of SACU and SADC partners, to regional integration in general, and to the objectives defined in the SADC regional indicative programmes; (ii) assisted the SACU partners in meeting the challenges and opportunities created by the TDCA?*

Findings

The findings are presented in two parts:

(a) Questions 4.b.(i)

103. There is a high coherence with SADC RIP objectives. The general objectives of the RIP for the SADC region are: (a) deeper regional economic co-operation and integration [...] providing for cross-border investment and trade, and freer movement of factors of production, goods and services across national borders; (b) common economic, political, social values and systems, enhancing enterprise and competitiveness [...] and alleviation of poverty; (c) strengthening regional solidarity, peace and security [...]; (d) sustainable socio-economic development [...]; (e) integration into the world economy, in particular through the promotion of the private sector and the development of trade.

104. The EPRD regional programmes fall mainly in the category (a) objective, within the 'Trade, investment and Finance' priority as defined in the SADC RIP. This is the case for instance for the FISCU and ESIP projects. Other projects, such as FTSP (SADC Food Security Training Programme), MWIRNET, SADC Regional Monitoring, Control and Surveillance of Fisheries fall in the 'Food, Agriculture and Natural Resources' RIP priority area, whereas SRDCP is also a priority action in the SADC RIP. These programmes are in fact generally co-funded by EPRD and EDF.

105. There has been a promising contribution to regional integration in general, but limited impact so far. The relevance for regional integration objectives of the programmes evaluated (BLNS, FISCU I & II, ESIP and HIV/AIDS) is high. In terms of economic integration, the FISCU and ESIP programmes, with the objectives of creating a favourable institutional and regulatory environment for investment, stimulating private sector co-operation and fostering capacity building initiatives, should effectively contribute to regional integration of SADC countries. However, while these programmes have ambitious and well-intended objectives, they are insufficiently implemented to have had any significant impact on regional integration.

106. There is an ambiguous contribution to economic and social development of SACU and SADC partners. Similarly, it is difficult to identify any concrete outcomes of these projects that have had any measurable impact on economic and social development. At this stage, most of the projects have contributed to increased knowledge, information and awareness, and have put in place a framework for regional co-operation. Their contribution can be measured more in qualitative terms than in quantitative ones. While the contribution of the programme to economic and social development of SADC countries is an ultimately desirable objective, it is of little help to assess the impact of specific programmes during their implementation phase. This is illustrated by the SRDCP, whose implementation is progressing well and relatively on schedule. It has led to several training activities, the setting up of networks, research and information development as well as institutional (structural and administrative) developments that have benefited all SADC countries. Moreover, the SRDCP has benefited from political commitment in the SADC region, administrative support by the Delegation and has generated great interest among the actors involved. Yet, in spite of these positive results, it has failed to produce a tangible impact on the production, trafficking or consumption of illicit drugs. In setting up programmes, it is therefore necessary to identify milestones and indicators that can serve to measure the performance of a programme.

(b) Question 4.b. (ii)

107. There is an extremely limited impact on SACU. The only EPRD programme directly addressing the SACU partners of SA is the Economic Integration Support Programme to the BLNS³⁵ (Project No. 00-73200-31). The explicit objective of this programme is to assist the BLNS to achieve increased economic growth and development as their economies reduce trade barriers and SA implements the TDCA with the EU. In particular, the BLNS programme aims to strengthen the analytical and policy-making capacity at the national and regional level, which is of prime importance. The programme will also provide consultancy, short-term technical assistance, provide training and information on trade, fiscal, budgetary, private sector development and investment issues which are most relevant for BLNS countries to face the impact of the TDCA.

108. As with many other EPRD funded regional programmes, the BLNS programme has been slow to start. The efficiency of the management of the programme has been impaired by political sensitivities, concerning mainly the co-operation between SA and the BLNS on the one hand, and the development of SACU institutions on the other hand. The situation on the concordance by the BLNS on the TDCA seems also to have been a factor that has hindered the implementation of the BLNS programme.

110. Other factors that have contributed to the slow setting up of the programme include: the lack of political ownership in the BLNS (which have divergent views from SA on the TDCA), the lack of recognition of the impact of the TDCA (whose main effects will materialise towards 2006), the lack of clearly identifiable benefits of the programme which has a long term horizon and the lack of support from the SA authorities. The limited capacity in Swaziland to lead the process, and the slow tendering procedures and bureaucratic management imposed by EPRD procedures, have further contributed to delaying the programme. As a consequence, and in spite of the conduct of some preliminary studies, the programme has so far not considerably assisted the SACU partners in meeting the challenges and opportunities created by the TDCA.

³⁵ Botswana, Lesotho, Namibia and Swaziland.

111. Conclusions

- EPRD regional programmes have contributed to the promotion of regional integration objectives. They have been designed and are implemented in co-operation with SA and its SADC or SACU partners.
- However, the management of regional programmes has often been hampered by lack of capacity of the implementing agent and insufficient political support at the highest level which are crucial factors for effective implementation. Bureaucratic (tendering, budgetary and reporting) procedures, including the Commission's own procedures, have also led to delays in the implementation of the regional programmes.
- The evaluation of the regional dimension of the EPRD programme has also revealed that while EPRD regional programmes are of relevance to SA, it has not been possible to identify a clear strategy on which the selection of regional programmes was based. Apart from the BLNS project, regional programmes do not seem to build on the opportunities and challenges provided by the TDCA.

GROUP 5: POLICY DIALOGUE & IMPLEMENTATION ISSUES

112. The importance of this fifth group of evaluation questions was confirmed during the fieldwork. Building on recommendations of the CSE 1999, the MIP 2000-2002 explicitly sought to improve Commission performance in relation to dialogue, implementation and delivery. Moreover, both the Cotonou Partnership Agreement and the overall reform of EU external assistance insist on strengthening policy dialogue and on enhancing Commission implementation capacity. The aspects considered under this evaluation question are cross-cutting issues, which could be observed in the different areas of Commission intervention in South Africa.

Q.5.a *How far has the quality of policy dialogue and strategy formulation with the South African Government (at a global and at sectoral level) improved over the previous MIP?*

Findings

113. Most of the findings of the CSE 1999 could be re-stated in 2002. First, the Government has a strong policy formulation capacity. This facilitates alignment of Commission assistance. A bilateral agreement (TDCA) has been signed at the overall policy level; in this framework, coherent support is provided by the Commission, although priorities are more consistent with the socially-oriented RDP than with the GEAR strategy, focused on employment creation and economic growth. Second, this strength in policy is not matched by government capacities at different levels to ensure effective implementation (a gap detailed in a Commission funded research programme by the Centre for Policy Studies). Third, the SA government is not donor-oriented, but still values the knowledge it can obtain from donors (ideas, good practice, innovative management approaches, lessons learned) as well as the catalyst/leverage effect of donor funds.

114. At the global level, the *quality* of dialogue has improved markedly. The recommendation of CSE 1999 to support the key NAO (National Authorising Officer) office has been applied by the Commission, which has significantly strengthened the co-ordination capacity. As a result, the quality of dialogue between the Delegation and the NAO Office is high and continuous. Although an overall co-operation policy is still to be defined, a real effort is being

made to assess the various ODA contributions to SA and to put them into an overall perspective³⁶. Systematic evaluations of all key sectors are being carried out. Governmental caution regarding policy dialogue with donors seems to be replaced by openness.

115. At the sectoral level, the differences which had been reported by the CSE 1999 are often still present. The situation had apparently not changed in the Education sector, which had not been funded under the new MIP. The dialogue with the Health National Department has become more difficult. Relations with the Justice Department appeared rather tense, and protracted negotiations were delaying the e-Justice programme. In these Departments, strong policy and direction are not matched by under-capacitated middle-management. However, the situation has improved in the PSD sector, where focus, co-ordination and likely impact appear to be significantly better. Donor co-ordination and impact in the Water sector were also more favourable than those described in the CSE 1999. DWAF can be considered a benchmark for fruitful co-operation. All actors underlined the very good quality of policy dialogue between DWAF and the Delegation and the existence of a consensus in thinking between the two institutions. Regular interactions are being organised that help the co-ordination of strategy formulation within the sector. The Commission policy on water and sanitation is fully consistent with the SA government strategy and the programmes were supported by all levels of government. A good indicator of the trend is that the Commission is moving towards direct budget support to DWAF. There has been a clear and coherent evolution of Commission support in the sector. The Commission has consistently sought to build upon the lessons learned from the implementation of its programmes. Given the comparative advantage it has gained in the sector, the Commission is assisting DWAF in the development of a new water and sanitation policy (especially a review of the 1994 White Paper on Water Supply and Sanitation).

116. At the launch of the first MIP, Government policy on *urban development and housing* was in its early stages and was largely a top-down strategy within the State. EU-funded projects at this stage tended to be reactive (supporting proposals emanating from NGOs with pre-1994 experience). Within this sector, given the continuation during the second MIP of a project aimed at rental housing stock delivery, there has been a successful shift to more pro-active funding. It appears that EU-funded initiatives within the rental housing domain for the urban poor have led to improving SA Government relations at both national and local levels. Similar observations may be made regarding the local development initiative of Cato Manor. In this case, close relations with metropolitan government have subsequently led to national government interest.

117. There are indications that the policy dialogue on modalities of sector support, including the type of performance indicators to be retained, needs to be further refined. Elements that are incomplete in the process of policy dialogue include (i) a systematic search for feasible implementation strategies; (ii) a consistent integration of decentralised actors in dialogue (in line with the co-operative governance philosophy); and (iii) workable arrangements for provincial co-ordination structures of donors assistance. This last element, in particular, needs to be defined as a matter of priority. An example was found by the evaluation in Eastern Cape, where provincial and national governments did not seem to agree on the modalities of co-ordination, still non-existent after many years of donor presence.

118. Conclusions

³⁶ Development Co-operation Report II, IOD, November 2000.

- Enhance the Commission capacity for effective dialogue. On the whole, the inclusion of clear objectives and performance criteria with regard to improved policy dialogue in the MIP 2000-2002 has helped to make a qualitative move forward in Commission-SA co-operation.
- The difficult balance between high-level policies and down-to-earth implementation. The sheer quantity and quality of policies formulated by the SA government in a wide range of areas is impressive. The Commission systematically tries to align its interventions to these (rapidly evolving) policy frameworks. Yet the question can be raised whether the policies are not too sophisticated in relation to available implementation capacities.
- Focus on dialogue modalities. While marked progress has been achieved, there is still homework for both parties in terms of refining overall modalities of policy dialogue and strategy formulation.

Q.5.b *To what extent has it contributed to improving the programme definition and implementation?*

Findings

119. The major trend with regard to programme definition from the MIP 2000-2002 onwards, is the attempt to move away from the use of traditional project approaches, based on the choice of specific 'entry points' or a group of 'beneficiaries'. Furthermore, there is also a search for ways to review and/or redesign existing projects in the light of the move towards sector support or more integrated approaches at local level.

120. The Commission was effective in learning lessons from earlier projects and in using them, whenever possible, for the design of new, more appropriate programmes. This is especially the case in the Health (district PHC) and PSD sectors (Risk Capital Facility). Other examples of improved programme definition and implementation can be found. The Commission directly contributed to the integration of an Environment evaluation system (EES) in the Eastern Cape Water Sector Support Programme. This constituted an important step forward in the development of a new generic methodology that is now widely used in DWAF.

121. Unfortunately, policy dialogue at national level is no substitute for implementation/delivery capacity and co-ordination at local and provincial levels. Even if the strengthening of management capacity has been systematically included as a component of the sectoral support, well-designed programmes such as the Health district PHC are likely to be faced with cross-cutting constraints.

122. The geographical focus of programmes on the deprived provinces of Eastern Cape, KwaZulu-Natal and North (Limpopo) can be justified by available statistics, since these three provinces generally combine low statistics and high population figures. However, the three smaller provinces of North West, Free State and Mpumalanga could also easily qualify for targeted assistance considering the local rates of e.g. child nutrition and mortality. Furthermore, pockets of absolute poverty can be found in all provinces (see Table 15).

123. The conclusions for the evaluative question 5.b are merged with those relating to the next evaluative question.

Q.5.c *How far has the implementation and delivery of EU-supported activities, especially the choice of beneficiaries, funding instruments and donor mix (including EIB), facilitated the*

achievement of specific objectives for each of the focal sectors? For each focal sector particular attention should be given to:

- *Comparative effectiveness of sector support programmes vs. classical projects,*
- *Involvement of civil society in the achievement of specific objectives,*
- *Effectiveness and impact of different approaches in decentralised co-operation (public/private partnership, specialised NGOs,..),*
- *Donor co-ordination, complementarity (task division), and coherence both within the programme and between it and other programmes.*

Findings

124. Sector support programme (SSP) are highly relevant in terms of support to national policy and strategy, dialogue, co-ordination, etc., although it was difficult at this stage to assess their comparative effectiveness versus classical projects, considering the limited progress in implementing sector approaches. An exception can perhaps be found in the Water sector, where the SSP has reportedly been more effective than earlier NGO projects –though not all actors agreed. Nevertheless, the classical project approach, upon which the MIP 1997-1999 was largely based, has shown major limitations of ownership, management efficiency, and sustainability. The effectiveness of an SSP is likely to depend considerably on the capacity of the concerned Department, and any optimistic expectation regarding improved cost-effectiveness, speed of implementation or economy in specialist skills should be taken with due caution. Furthermore, the evaluation has found the most appropriate examples of operational impact in the very promising and focused programmes which were designed while taking into account the lessons learnt from earlier projects (Health district PHC, Risk Capital facility). Although fully agreed with, and co-funded by, the Departments concerned, these programmes are not SSPs. SWAp (sector-wide approach) appears to be a logical follow-up of SSP, and should further enhance the quality of policy dialogue. However, SWAps are ideally supposed to fulfil a number of capacity conditions, which would currently restrict their application to the strong DWAF only, and possibly soon to DTI and DoL. Broader implementation of SWAp would therefore require some flexibility (e.g. if some of the conditions are not completely fulfilled but can be addressed by adequate institutional support, including the possible provision of a limited and focused TA input). See also §50 and 162-169.

125. In South Africa, budgetary support appears to be the favoured method for financing SWAps, since a common donor fund would imply the setting up of clear and harmonised procedures, common to all donors concerned. This seems hardly feasible at country level, as long as the Delegation - even after de-concentration - is still be required to follow current rules and regulations.

126. The Delegation is to be commended for following a creative and diversified decentralised co-operation approach, based on a menu of strategic options, depending on the objectives pursued or the type of partners supported. Involvement of civil society and public-private partnerships has been actively promoted. This strategy was supported by all official actors met, who recognise that CSOs can be very cost-effective delivery mechanisms (Health PHC projects). Two major concerns arise, first, implementation is too often faced with very weak local civil society partners in terms of management and financial sustainability, and second, there are fears that the ‘procedural space’ for a strategic support towards civil society may be reduced by new rules and procedures. Similarly, most local government seem ill-prepared to assume the new development responsibilities provided by new legislation. Given the EU support to civil society during apartheid, the first post-1994 programmes in the Water and Sanitation sector were targeted at

NGOs (Mvula Trust and Rural Development Service Network), though their sustainability as self-standing service providers appeared to be limited. Commission support moved on to the strengthening of partnerships between NGOs and Government. This shift in Commission policy may have consequences for the capacity of NGOs to secure and fulfil their specific role in water services delivery. Social housing institutions and the Cato Manor Development Association, as non-governmental organisations, have also played an important role in demonstrating that such bodies are important elements within the urban development and housing sector

127. The Delegation has actively sought to promote public-private partnerships in delivering social services, as well as new forms of donor mix. Commission initiatives in co-ordination and co-funding are highly appreciated by all donors. As a result, all MIP sectors (except Education and Urban Development) benefited from co-ordinated funding with Member States, or with other donors (USA and Japan in Health). There was no evidence of any significant impact in terms of achievements, the objective is rather enhanced coherence, though the Water Sector Support Programme is a good example of co-financing where complementarity between donors (EU, UK, Netherlands and France) *should* enhance the implementation of the programme. Internal mixing of funding instruments was not found to have been satisfactory in regional programmes (with the duplication of requirements from EPRD and EDF in Drugs Control). The EIB is expected to co-operate in the new PSD Risk Capital Facility, at first with technical assistance.

128. Conclusions

- Knowledge-based management. In programme definition, implementation and delivery, the Commission has made serious progress in becoming a knowledge-based donor.
- Cross-cutting constraints. Implementation and delivery, even strengthened by improved instruments, are faced with a number of cross-cutting constraints which must be identified as such, and dealt with, i.e. lack of capacity at national and local levels, and lack of provincial co-ordination.
- Sector approaches: a necessary evolution. Sector support programmes are very relevant in terms of support to the national policy and strategy, policy dialogue, donor co-ordination, and to prepare the subsequent steps in co-operation, i.e. mainly SWAp and, if appropriate, exit strategies. The classical projects have delivered their lessons learned, but have also shown major limitations in ownership, management efficiency, and sustainability.

3. STRATEGY 1994 – 1999: FINAL EVALUATION

INTRODUCTION

129. In accordance with the Terms of Reference (§ 2.1.i), this Section provides a final evaluation³⁷ of Commission assistance to South Africa since 1994. Although the MIP 1997-1999 was covered by the earlier CSE in 1999, that CSE focused essentially on some core aspects of the co-operation, such as institutional capacity of the Delegation and relations with the national authorities and donors. Furthermore, the time available for that CSE did not leave much opportunity to assess impact.

130. Most of the elements found by the present evaluation have already been detailed in the previous chapters, either as an overall view of objectives and relevance (in Section 1) or specifically for each evaluation criteria (Section 2), through a review of the required evaluation criteria of relevance, efficiency, effectiveness, impact and sustainability. Most of these detailed findings are not repeated here.

131. Section 3 provides:

- A short summary of the main conclusions.
- An attempt to reconstruct *ex-post* some elements of the relevance of various focal areas, compared to the key societal challenges as they were outlined in statistics published between 1995 and 1997. These figures are intended to complement the description in Section 1. They are also compared, wherever possible, with figures at the end of the period concerned, in order to provide some indications of effectiveness and impact of the *global* national programmes.
- A summary of attributable impacts per sector.
- Specific comments on aspects which need to be further clarified, such as:
 - Perceived constraints of Commission rules and regulations.
 - Decentralised co-operation budget.
- An overall evaluation summary.

SUMMARY OF MAIN CONCLUSIONS

Relevance

132. All global objectives and focal areas of the MIP 1997-1999 have been found to be relevant to (i) key societal needs, (ii) the national RDP policy framework, and (iii) the main strategies of other donors, though these were mostly uncoordinated at the time. An arrow diagram of the MIP can be found in Annex C.

Efficiency

133. The Commission has applied most recommendations of the CSE 1999, in particular the much needed strengthening in ‘specialist skills’. The number of qualified staff (specialists of grades A and B, including administrative and financial support) has been increased by almost 80%, from 14 staff in 1998 to 25 in 2002.

134. There has been a significant improvement in co-ordination and complementarity with EU donors, and in the Commission capacity as a knowledge-based donor. Wherever feasible, lessons learned from earlier projects were used and integrated into an upgraded, comprehensive programme approach. The *quality* of dialogue at the global level has markedly improved, although

³⁷ Using the DAC Criteria for Evaluating Development Assistance.

not so much at the sectoral level. The recommendation of CSE 1999 to support the key NAO (National Authorising Officer) Office has also been applied, which has significantly strengthened the co-ordination capacity.

Effectiveness

135. Due to lengthy procedures, there were frequent initial delays in the starting phase of many projects and programmes, and the expected effectiveness was often postponed. Indicators nevertheless show that the most capable implementing partners have been able to catch up (DoL, SAQA, SAMDI, GODISA) and are performing well.

Cross-cutting issues

136. All cross-cutting issues mentioned in the MIP 1997-1999 (gender and environment) as well as those that were later to be integrated into the MIP 2000-2002 (capacity building, HIV/AIDS, human rights) were taken into account as required. EU interventions achieved a particularly significant result in Water & Sanitation, where the national quota of women in water committees was increased from 30% to 50%.

Impact

137. The total of ODA contributions amounted to less than 3% of the national South African budget; every actor agreed that donors contributions must be used to achieve indirect impact, as a *catalyst* for a multiplier effect, to deliver quality replicable projects, ideas, examples of good practice etc., rather than aim for direct impact. The Commission has acted to gain leverage both as co-ordinator and as sponsor of good practice.

Sustainability

138. The sustainability of Commission funded projects and programmes is essentially subject to the level of co-operation with the SA Government Departments, which is crucial for the absorption and replication of lessons learned, as well as to the degree of ownership of recipient institutions. In a cash-strapped environment, the sustainability of CSOs, even large, well-organised ones, cannot be guaranteed once Commission support is withdrawn. Partnerships with governmental authorities are a preferred option, but not excluding support for independent watchdogs.

OVERALL (RECONSTRUCTED) RELEVANCE, EFFECTIVENESS & IMPACT, LINKAGES WITH FUTURE RELEVANCE

139. As stated in the introduction, the figures shown below cover global sector activities, in which EU funded programmes represent a small contribution in terms of budget input.

Employment

140. Table 7 outlines some of the relevant figures³⁸. It shows that, whereas considerable efforts have been made between 1997 and 2000 in the field of employment creation (an increase of 28%), the numbers of unemployed have actually increased during the same period (by 36%), which outlines both the deficit of economic growth and the *relevance of the challenge both for the past and for the future strategy*.

³⁸ Labour Force Survey 1997 and 2000

Table 7

Category	1997	2000	Difference (%)
A. Total employed	9,247,000	11,880,000	+ 28.5
B. Total unemployed	5,202,000	7,075,000	+ 36.0
C. Total economically active (A+B)	14,449,000	18,955,000	+ 31.5
D. Total not economically active	10,663,000	7,499,000	- 29.7
E. Total aged 15-65 (C+D)	25,112,000	26,454,000	+ 5.3
F. Unemployment rate (B/C)	36.0%	37.3%	+ 1.3

141. In this framework, Blacks represented in 1999 46% of the unemployed, against 7% of the Whites, 19.5% of Asians and 23.5% of Coloured people. The challenge, however, is not only one of equity and equality, it is also preparing the labour force for globalisation and competition. The SA economy needs to catch up with education and skilled labour. The SA economy has also shifted from primary sector (agriculture, mining) to tertiary (services), and adequate skills (especially in IT) are required in large numbers. Labour skills are particularly important for new SMMEs. Furthermore, crime is often linked with unemployment and corresponding skill shortages, and additional skilled people will be needed to compensate for AIDS attrition. In all these themes, there is a need for a national strategy, backed by the Commission. This has already been initiated within the context of the EU funded Labour Market Skills Development Programme. The following national strategies have been developed and officially launched by Government in 2001: "Human Resources Development Strategy for South Africa", DoE/DoL, and "National Skills Development Strategy", DoL, both with sub-strategies and linkages to LED and Job Creation.

Social Sectors

142. Separate tables are presented for Education & Training, and other sectors, since the figures have been drawn from different statistical sources

Table 8

Sector / indicator	1996-7	2000-1	Difference (%)
Education ³⁹			
Infrastructure			
-Schools with electricity (as a % of total schools)	10,706 40.0%	13,371 49.3%	+ 9.3
-Schools with water (as a % of total schools)	17,366 65.0%	19,331 71.2%	+ 6.2
-Schools with sanitation (as a % of total schools)	23,469 87.8%	24,650 90.8%	+ 3.0
Matriculation results: n° of higher grade passes in mathematics	26,971	24,280	-10.0
physical science ⁴⁰	22,798	19,504	-14.4

³⁹ Department of Education, 'Report on the Scholl Register of Needs 2000 Survey', November 2001.

⁴⁰ SAIRR 'Fast Facts' review, February 2002.

Table 9⁴¹

Sector	1995	1999	Difference (%)
1) Urban development			
Total n° of dwellings/ households:	9,080,000	10,771,000	+ 19
Formal	5,516,000	6,176,000	+ 12
Informal	676,000	1,329,000	+ 97
Traditional	1,341,000	1,173,000	- 13
Out of which urban:	5,089,000	6,503,000	+ 28
Formal	3,626,000	3,824,000	+ 5
Informal	443,000	1,074,000	+ 142
Traditional	39,000	62,000	+ 59
2) Water & Sanitation			
Access to clean water	7,250,000	9,046,000	+ 25
Urban	5,029,000	6,379,000	+ 27
Rural	2,222,000	2,668,000	+ 20
Access to lavatories	5,157,000	5,982,000	+ 16
Urban	4,435,000	5,331,000	+ 20
Rural	722,000	650,000	- 10
Refuse removal by local / communal authorities	5,379,000	6,362,000	+ 17
Urban	4,745,000	5,848,000	+ 23
Rural	633,000	514,000	- 19
3) Access to health care			
Access to public health care	6,156,000	6,446,000	+ 5
Access to private health care	2,924,000	2,842,000	- 3

143. These Tables illustrate both the relevance of these sectors before the implementation of the MIP 1997-99, and the progress made in four years. They also stress the alarming increase of informal dwellings in urban areas (+142%), which reflects the huge rural emigration to the large cities. The lack of tangible results in LED and urban development sectors (Cato Manor excepted) points to the *future relevance* of these activities.

144. Statistics from Eastern Cape⁴² state that the unemployment rate in the province has increased from 49% in 1996 to 52% in 2002 (788,583 registered jobless people), *despite* an 'exit rate' of economically active males of 37% to the industrial centres (Johannesburg, Gauteng, Western Cape). Equally of concern for the longer-term assets of SA is the sharp drop of new graduates in mathematics and physical sciences which needs to be added to the high emigration of skilled technicians, and the universal requirements for IT skills.

Regional Co-operation

145. *A priori*, it seems unusual to add a regional component to a country strategy. While external dimensions can be included into a national programme, the regional component is destined to benefit regional partners, as well as the recipient country. This regional approach to a national support framework appears even more unusual when a regional support framework is in place, and only one of the regional partners has a regional component to its national support framework.

146. This is the apparently awkward situation of national support to SA, where EPRD funding serves to finance initiatives that benefit the SADC region, as well as specific programme benefiting the SACU countries, minus SA.

⁴¹ Statistics SA, 'SA in transition. Selected findings from Oct. Household Survey 1999 & changes 1995-99', July 2001.

⁴² ECSECC –Eastern Cape Socio-Economic Consultative Council, annual report 2001

147. The justification for this unusual construction for EU support rests on the qualified status of SA in the ACP-EU Partnership Agreement, which cannot benefit from EDF support (Cotonou Agreement, Protocol 3, Art.1, 4 & 8). However, SA is entitled to participate in the areas of EDF, provided it uses EPRD funding (Art.4). Because of these legal constraints, it has made sense to integrate a regional component into the national support framework for SA. In this way, while SA cannot benefit from EDF support, it can still be associated with the RIP for SADC and other regional initiatives (in practice, targeted at SACU) under the EPRD funding.

148. It follows that, *within this legal context*, the inclusion of a regional co-operation and integration component in the Commission country strategy for SA is very relevant for, and consistent with, the TDCA objectives and the Commission regional support strategy as spelled out in the RIP for SADC under EDF.

ATTRIBUTABLE IMPACT

149. With its limited timeframe and the absence of appropriate statistics, it has not been possible to determine much specific -direct or indirect- positive impact attributable to Commission contributions, especially in large co-funded sector programmes. It was also repeatedly mentioned by all actors in SA that attributable impact *was not* a major objective of Commission programmes, which focused instead on ‘softer’ quality improvement and catalyst effect. A few exceptions could be nevertheless be made, taking into account the indicators defined (see Annex C):

- **Education:** A major success was achieved in the contribution to ensure access in ECD to Grade R (Reception Year) for all children aged 6-7, nation-wide. Very promising prospects of longer-term impact in the support programme to the Qualification Authority (SAQA), to which EU is, by far, the main contributor. 9,536 students from previously disadvantaged communities have gained bursaries to attend tertiary education institutions through the sector support programme. 500 classes for 20,000 children in derelict and dangerous primary schools were rehabilitated.
- **Skills Development/Training:** the spending capacity of the DoL has been improved by 70% following Commission technical assistance support. A National Skills Authority, a Skills Development Planning Unit, and 25 Sector Education and Training Authorities were established and have become operational. A skills development levy-grant system was effectively established, raising a total of ZAR 3,975,264,633 during the first two financial years (1 April 2000 – 31 March 2002) that is being directed to skills development in the formal private and social development sectors. By the end of April 2002, 234 new *apprenticeships* were registered. On 16 May 7,703 learners had registered for apprenticeships. EU Funding to SAMDI directly covered 49 training courses for public servants (44% of the total) between June 2001 and January 2002, for hundreds of staff.
- **Health:** in 1997, 103.3 million male condoms and 2.5 million female ones were distributed.
- **Water & sanitation:** a major impact was emphasised by the Delegation, i.e. that EU contribution provided 1 million people with water infrastructure, out of 7 million who were served since 1994.
- **Governance** programmes have made a positive contribution to building a human rights culture, consolidating democracy and the rule of law. This was mainly achieved because the EU adopted a fairly comprehensive, strategic approach, intervening through a variety of programmes, such as the support provided to the Human Rights Foundation. This made it possible to cover a broad area of human rights related issues, institutions and civil society actors in an effective and efficient way, and to trigger, through this support, processes of empowerment and institutional change. However, evaluation of impact has a number of limitations. Most of the programmes have had so far a rather short-term life span, while impact

on political and institutional change by definition requires time. There are relatively few evaluations available with hard evidence on impact.

150. Additional examples of direct impact could be more easily collected from smaller projects:

- **Education:** 731 students from previously disadvantaged communities have gained bursaries to attend tertiary education institutions, being assisted by UNIFY II.
- **Health:** The Winterveldt umbrella of NGOs has reached an estimated 53% of the target population of 500,000 people with its PHC activities. Soul City has been able to reach 68% of the target population (14 million people) through a TV series, 65% by radio broadcasts and 64% through other media.
- **Housing:** the Johannesburg Housing Company has delivered 1,757 very cost-effective housing units, and provided training to 1,396 construction workers and tenants.
- **Urban development:** In the whole Cato Manor area (150,000 people), the programme developed 120 projects in five areas: infrastructure services, housing finance, income generation, appropriate support services to the local community, and CMDA institutional capacity improvement. All preconditions for a further local economic development were put in place.
- **Private Sector Development:** Khula Enterprise Finance Ltd stated that the number of gross jobs created by its supported business since inception amounted to 787,697, including 745,213 for the RFI (retail financial intermediaries) EC-supported component. According to the monitoring report, the Commission had funded nine RFI (still operating) out of 19, or 47.4%. Strictly speaking, if the figures are correct, Commission funding should therefore result in an attributable impact of 353,231 created jobs.

SPECIFIC CLARIFICATIONS

Administrative Constraints

151. The competence, goodwill and efforts of the Delegation (as well as the one in Botswana for Regional Co-operation programmes) has been noted by all parties. However, a significant number of local (public and private) partners interviewed, expressed concerns with the ‘cumbersome’ Commission regulations, which were too complicated and contributed to delays in implementing programmes. Administrative obstacles resulting from Commission procedures have often been considerably reduced because of the competence, goodwill and flexibility of officials of the Delegation. The most critical were essentially those parties who lacked the internal capacity to monitor and implement programmes, which highlights this recurrent cross-cutting constraint. The most common concerns were:

Table 10

- long time required to process projects and programmes (long project cycle);
- unclear requirements both in terms of content (e.g. on the type of performance criteria to be used) or on process aspects (e.g. reporting);
- unclear lines of responsibilities, especially when a project is blocked in the administrative process (e.g. between Delegation and Headquarters); Lack of transparency of decision-making process;
- difficult dialogue and communication lines on procedural aspects;
- major delays in disbursement, causing internal organisational problems;
- sophisticated Commission procedures (e.g. competitive tenders, call for proposals, payment by voucher, bank guarantees) are not adapted for support to decentralised agents, especially those at grassroots level (who risk to be left out of support, despite their critical importance in the fight against poverty).

152. The Delegation is fully aware of these problems and related tensions. It has taken several initiatives over the past few years to ask for exemptions from normal procedures in order to be in a position to support key local partners in a strategic and result-oriented manner (as required for the

execution of the MIP). While recognising that the new rules are part of a much broader reform process and a response to pressing management problems, Delegation staff experience suggests that the new procedures may have the *unintended result* of making contractual arrangements with civil society actors very difficult (especially if the Commission is keen to support their *own initiatives* and not simply use them as implementing agencies).

153. The future Strategy 2003-2006 is likely to be based on the full-fledged participation of civil society actors, in all their diversity, in a wide range of sectors, through different approaches (public-CSO partnerships, assistance to grant-making intermediaries, direct support). Similar developments are to be expected in the ACP countries, as the Cotonou Agreement also opens up co-operation to non-State actors. This raises the key challenge for the Commission to ensure that its overall procedures are compatible with its policy objectives in the field (e.g. fight against poverty, involvement of CSO actors), and with the increasingly decentralised institutional environment in partner countries. It is still too early to assess whether de-concentration will only remove one administrative loophole, or whether it will be able to start a process to better adapt general Commission rules and regulations to national policies.

De-centralised Co-operation Budget

154. Even before the entry into force of the second MIP 2000-2002, the indicative target of channelling 25% of available resources through decentralised co-operation partners, in agreement with the SA Government, had been in accordance with established practice, as illustrated by the table below⁴³:

Table 11

Year	Partner	Committed (Euro)	% by partner
1995	-Government	59,105,000	48%
	-Decentralised co-operation	64,452,100	52%
1996	-Government	115,872,000	89%
	-Decentralised co-operation	13,628,000	11%
1997	-Government	106,500,000	84%
	-Decentralised co-operation	21,000,000	16%
1998	-Government	96,235,000	75%
	-Decentralised co-operation	31,265,000	25%
1999	-Government	103,490,000	81%
	-Decentralised co-operation	24,010,000	19%
2000	-Government	84,540,000	68%
	-Decentralised co-operation	39,000,000	32%
Global	-Government	565,742,000	75%
	-Decentralised co-operation	193,355,100	25%

⁴³ Source: Commission Delegation in Pretoria.

OVERALL EVALUATION SUMMARY

155. All the global objectives and focal areas of the 1997-1999 MIP are relevant to societal needs, the national RDP policy framework and the main donor strategies. As recommended by the 1999 CSE, the Commission has allocated additional resources to improve its capacity to deliver the assistance programmes, although lengthy contracting procedures have delayed implementation. All cross-cutting issues have been taken into account, and significant results were achieved in the water and sanitation sector. The Commission has used its limited funds as a catalyst for future action, and although directly attributable impact was not, in general, an objective of the programmes, some successes can be identified in the water and sanitation sector, and at the level of individual projects. Sustainability of actions lies with the SA Government. Overall, this evaluation concludes that the interventions have been supportive of the Commission's country strategy for South Africa.

4. OVERALL ASSESSMENT OF STRATEGY 2000 – 2002

INTRODUCTION

155. As mentioned when dealing with the evaluative questions, the MIP 2000-2002 is relevant and an improvement over the previous MIP. It is relevant because it builds on successful programmes (e.g. Health District PHC, Capital Risk Facility, the Human Rights Foundation), thus ensuring continuity and consolidation (of projects and institutions involved). Other elements of relevance include: adequacy to the key societal challenges identified by the evaluation, the evolution towards sector wide approaches, the growing sophistication of the institutional support provided; the strategic use of the decentralised co-operation approach (with sufficient funding) and related support to civil society actors; the search for improved complementarity; the focus on performance indicators; a generic concern for sustainability of interventions.

156. Section 4 provides:

- Additional projections collected by the evaluation to support the overall relevance of the focal areas;
- Comments on specific issues:(i) SSP and SWAP; (ii) geographical focus; (iii) TDCA; (iv) the comparative advantages of South Africa, and (v) provincial co-ordination.
- An overall assessment of strategy (2000 – 2001).

EXTERNAL LOGIC AND RELEVANCE TO NEEDS

157. As a background reference for the consistency of the future EPRD strategy compared with the national budget, Table 12 provides a prospective breakdown of consolidated national and provincial spending by function (main EPRD focal areas) and proportion⁴⁴:

Table 12

Focal Area	2002/03			2003/04	2004/05
	Estimate Rbn	Proportion total	Proportion GDP	Proportion GDP	Proportion GDP
Protection services ('Rule of Law')					
Justice	4.6	1.5%	0.4%	0.4%	0.4%
Police	20.0	6.6%	1.8%	1.9%	1.9%
Other (defence, prisons, etc.)	27.8	9.2%	2.5%	2.5%	2.4%
Sub-total	52.4	17.3%	4.8%	4.7%	4.7%
Social services					
Education	59.5	19.6%	5.5%	5.4%	5.3%
Health	34.0	11.2%	3.1%	3.1%	3.0%
Housing / community development	7.9	2.6%	0.7%	0.7%	0.7%
Other (social security, welfare)	42.8	14.1%	4.0%	3.8%	3.8%
Subtotal	144.2	47.6%	13.3%	13.1%	12.8%
Economic services					
Water & related schemes	4.2	1.4%	0.4%	0.4%	0.3%
Other (energy, agriculture, fishing, transport productive sectors, etc.) *including transport/ communications. 10.9 & agriculture 6.2.	27.4*	9.0%	2.5%	2.4%	2.4%
Sub-total	31.6	10.4%	2.9%	2.8%	2.7%

⁴⁴ Source: 2002 Budget Review.

Focal Area	2002/03		2003/04	2004/05
	Estimate Rbn	Proportion total	Proportion GDP	Proportion GDP
General services, unallocated	23.2	7.7%	2.1%	2.2%
Interest	47.5	15.7%	4.4%	4.2%
Total: main budget	298.9	98.6%	27.6%	27.0%
Other (contingency...)	4.4	1.5%	0.4%	0.6%
Grand total estimated expenditure	303.2	100.0%	28.0%	27.4%

158. As can be seen, no major modifications seem presently to be envisaged either in **social services** or in the **rule of law**, which confirms that continuity in focal areas can be assumed.

159. With regard to the relevance of **Governance** programmes, the extent to which Commission programmes had prepared the ground for effective and viable local governance systems was retained as a judgement criterion. This choice was made because it is primarily at the local level that disadvantaged populations expect changes in the way political institutions and administrations deal with development. In this context, the Commission has contributed to preparing the ground for effective and viable local governance systems. The overall intervention strategy was highly relevant as it emphasised the need to:

- consistently ensure civil society participation in the design and implementation of local development level;
- build public-private partnerships in the provision of services;
- test out ways and means to strengthen local government;
- support local economic development.

160. These investments, albeit of a limited scope and time span, will nevertheless prove valuable now that the SA Government is about to implement its ambitious decentralisation policy, which will turn local government into key players and catalysts for local development, service delivery and the fight against poverty. The emerging experiences in supporting local development initiatives will help to make relevant strategic choices for the next programme.

161. The latest **confidence count** can be shown as follows⁴⁵:

Table 13

Immigrants to South Africa (Jan-Nov 2001)	4,278 (up 56.8% on same period in 2000)
Among whom professionals and technicians	465 (up 48.6%)
Emigrants from South Africa (Jan-Nov 2001)	11,078 (up 21.8%)
Among whom professionals and technicians	2,616 (up 22.4%)
Black consumer confidence index (4 Q of 2001)	Up 5 points to minus 7 since third quarter 2001
White consumer index	Down 3 points to minus 19 since 3Q 2001

SPECIFIC CLARIFICATIONS

SSP and SWAp (see also § 50 and 124)

⁴⁵ Source: SAIRR Fast facts, March 2002

162. Commission guidelines favour a sector support approach as an attempt to provide greater coherence to public expenditure. The rationale is that, except in countries in crisis, with weak administrations unable to co-ordinate donors, donors should evolve from supporting specific activities (projects) to co-financing a policy with the partner country and other donors. The sector support programme (SSP) is used as an alternative to the 'classical' project approach with the following objectives:

- promote policy dialogue at sector or sub-sector level;
- promote co-ordination with other donors involved in the sector and achieve complementarity;
- ensure full government ownership through co-funding and using national budget regulations;
- stimulate innovative ideas and piloting new approaches;
- ensure full reporting and monitoring on the overall programme, and not only the Commission component, which allows assessment of the impact of a policy in a sector or sub sector rather than the project;
- ensure effective disbursements and flexibility to accommodate a changing environment.

163. The CSE 1999 favoured the SSP approach⁴⁶. 'South Africa constitutes an excellent case for testing this mechanism. Budget support is useful to the Government because it supports existing institutions, policies and procedures. For the EC, the main advantages of budget support are that it economises on scarce Commission management resources, does not require strong sectoral knowledge, and can speed up programme implementation'. The CSE could also have mentioned the need to shift from the volatile efficiency of project implementation to a much more stable institutional environment.

164. As a consequence, the SSP approach was integrated as a fundamental feature into the MIP 2000-2002, and consistent with Article 4 of the Commission Regulation on development co-operation with South Africa which foresees that: "...Community financing may cover: government budget expenditures to support reforms and policy implementation in the priority sectors identified through policy dialogue using the most appropriate instruments including the form of direct targeted budget support"

165. A major favourable impact of the emphasis put on SSP in the MIP 2000-2002 was found in the significantly improved quality of policy dialogue between the Commission and South African authorities, though SSP was also positive for donor complementarity (e.g. Ireland contributed to Water because the SSP was in place). The CSE 1999 was correct in assuming that sector support programmes would appeal to the South African Government. This is even more so with direct budget support to be provided through SWAp (sector-wide approach), which aims at optimum ownership. Most Departments are very keen to become recipient of SWAp (DTI, Education, Health, Justice). DTI in particular is reportedly assessing DWAF as a benchmark for its own efforts.

166. SWAps are very relevant to the objective of further enhancing policy dialogue with authorities, and ensuring better complementarity with other donors through a common funding.

Table 14

The following distinction should be made between SSP and SWAp:

- SSP can provide a good measure of support to national policy and strategy in sectors that can still be relatively under-capacitated or under-resourced. SSP is therefore often implemented under close scrutiny, and a dedicated PMU or individual technical assistants are tasked to monitor and help the

⁴⁶ Chapter 4.a, page 43.

ministry concerned at every necessary level. Work plans, financial and operational reports, must be delivered regularly. Financial contributions are made on strict conditions, and Commission standard regulations must usually be followed, even when they are not the most appropriate instruments for local conditions.

- SWApS are theoretically easier to implement –they usually take the form of a direct budget support, though other modalities are possible- and are more flexible since national rules and regulations can be applied. They assume that adequate implementation capacities are in place, and they are also subject to a number of criteria:
 - Existence of a sectoral policy document and of a strategic framework.
 - Existence of a medium term sectoral expenditure framework and of an annual budget.
 - Existence of a government-led co-ordination structure.

167. It should nevertheless be stressed that relevance and impact at policy level do not automatically ensure effectiveness or operational impact. Several *caveats* need to be carefully considered in this matter.

- SSPs have not proven so far that they are much easier to monitor by the Commission than classical projects. Contrary to the assumptions of the CSE 1999, SSPs do require sectoral knowledge. Slow disbursement rates in the Health SSP have not so far confirmed that programme implementation can be markedly speeded up. As a matter of fact, aid practice in some progressive and innovative countries shows that most support programmes are still in a midst of a process for moving over time towards this ideal (e.g. by bringing ongoing projects and sub-programmes into line with a SWAp; or by developing common procedures and increased reliance on Government). In practice, this ideal has nowhere been realised.
- Similarly, while SWApS are designed to reduce the fragmentation caused by projects and the management burden on the government, there is little evidence that they are much more cost effective. In fact, in some cases the transaction costs of getting SWApS underway have been very high and have required increased technical assistance over old approaches. However, the investment is expected to pay off in the long run.
- Whereas the Delegation resources have been much reinforced between 1999 and 2002, some national Departments still suffer from a significant lack of capacity which precludes, for example, the pro-active organisation of regular co-ordination meetings (e.g. in the Health sector). The recent difficulties to engage DTI in SWEEEP (sector-wide enterprises, employment and equity empowerment programme) did not shed a favourable light on its capacity. Education has reportedly been able to spend only 45% of its budget.
- In the *specific context* of SA, where the national budget is considerably higher than any donor contribution, and where the *quality* of the external input (innovative pilot projects, ideas, lessons learned, good practice, leverage effect) is generally much more important than its quantitative aspect, it needs to be ensured that donors' shares are sufficiently significant to provide the expected impact.

168. As far as operational impact is concerned, the best examples were found in the very promising and focused programmes which were designed taking into account the lessons learnt from earlier projects (Health district PHC, Risk Capital facility). Although fully agreed and co-funded by the Departments concerned, these programmes are not SSPs. They have provided the best illustrations of what the comparative advantage of the EU co-operation could be for SA, and should be taken as examples of good practice for future SSPs and SWApS.

169. Finally, it should be noted that SWAp practice shows that different disbursement channels are possible. National ministries, provincial or local administrations can all channel funds to provincial sector programmes or projects; or the National Treasury, which channels funds on to sector ministries or lower administrations. Which option is followed depends very much on trust

between funding agencies and recipient governments, the strength of systems and procedures, and capacities of national staff to administer. In SA, the National Treasury is likely to centralise budget support. Depending on how funds are channelled, links can be made to the ownership of the process, the justifiability of the SWAp, and its contribution to capacity development of local expertise.

Geographical Focus

170. The Commission has decided to focus its support on three most deprived provinces: Eastern Cape, KwaZulu Natal and Northern (Limpopo) province. The Table 15 assesses this decision through a limited number of general indicators.

171. The resulting numbers of above-average figures *validate the selection*, since the three provinces combine high population figures with low indicators of equality, especially regarding poverty rate. Eastern Cape is furthermore attracting a major share of donor poverty reduction programmes, and can be seen as a test case in provincial co-ordination. The table nevertheless shows that the smaller provinces (in terms of population) of Free State, Mpumalanga and North West should be closely monitored.

Table 15

Province	Population (1999)	Poverty rate (% of population)	% HIV prevalence (2000)	Nutrition status 1994* (%)	Child (under 5) mortality rate (per 1.000 live births)	Reported TB cases in 1998 (per 100.000)
Eastern Cape	6,658,670	74.3	20.2	43.4	80.5	201.0
Free State	2,714,654	54.1	27.9	46.8	72.0	245.0
Gauteng	7,807,273	32.3	29.4	18.3	45.3	123.0
KwaZulu-Natal	8,924,643	63.0	36.2	20.5	74.5	110.0
Mpumalanga	3,003,327	63.9	29.7	40.9	63.7	106.0
Northern Cape	875,222	57.5	11.2	48.5	55.5	300.0
Northern (Limpopo)	5,337,267	77.9	13.2	31.5	52.3	40.0
North West	3,562,280	60.9	22.9	42.4	56.0	160.0
Western Cape	4,170,971	29.1	8.7	19.9	39.0	464.0

Figures in **bold** are above national average. *wasting, stunting and under-weight among children 6-71 months)

‘Comparative advantages’ of South Africa

172. Despite the legacy of apartheid, South Africa benefits from considerable assets in the quality of its infrastructure, industries, education system, universities, research facilities, and administration. These assets are crucial for the intended role of the country as a pole for development and stability in the region. They need to be identified as such, preserved and strengthened by specific measures on the longer term, so as to be able to provide decisive support to the creation of employment.

The formation and maintenance of local (South African) development expertise

173. Most countries in sub-Saharan Africa have lost the capacity independently to analyse and plan for societies' futures. What local expertise exists is employed by (Northern hemisphere) foreign development institutions. The best local research expertise has often left their countries and the region permanently. To forestall such a development in South Africa, it is essential that the development challenge (which is built into most EU-funded activities) of nurturing local expertise (through capacity building, appointing counterparts, skills transfer, and so on) be

assigned the highest priority in interventions. This will have the effect of prolonging some activities but does appear, over the longer term (and clearly allied to the issue of sustainability) to be of the highest importance. Tables 8 and 13 have already illustrated the issue.

The South African Private Sector.

174. If South Africa is compared with other African countries, such as Zambia and Senegal, a striking difference is the size, scope of influence and expertise located in the South African private sector. Organisations within this private sector have over the years (both pre- and post-1994) accumulated substantial developmental expertise, in particular regarding addressing poverty and diminishing inequalities. In effect, this private sector is itself knowledge-based. Specific efforts to tap this expertise within State-led and other development strategies is essential, particularly since there is evidence that many organisations in the private sector are currently becoming reluctant to participate to the same extent as before. However, a long-term perspective needs to be adopted, since it may appear that in the shorter-term, more advantage may accrue to those already within this sector (largely the 'previously advantaged') than to the 'previously disadvantaged'.

TDCA and South African Business (see also Questions 3b, 4a and 4b)

Trade liberalisation

175. South Africa has pursued during the 1990s a policy of trade liberalisation and regional integration, which has been accelerated under the post-Apartheid regime since 1994. The greater openness of SA economy has led to an increase in the skill intensity of production, as jobs have been lost in lower skilled labour while employment has increased among higher skilled labour. Moreover, while export-led employment has compensated for jobs lost due to imports, suggesting a restructuring of the economy, it has not been sufficient to reduce unemployment.⁴⁷

176. This pattern suggests that development efforts should concentrate on education and initiatives to increase the skills of the labour force, so as to take advantage of the new opportunities offered by trade liberalisation. In parallel, specific development should be put in place to help low skill labour to remain in the job market. This is a priority in the fight against poverty.

SADC integration

177. SADC countries are also committed to deepen regional integration. Currently, SADC countries have rather disparate tariff structures. The impact of further integration depends on the scenario envisaged. In any event, a harmonisation of tariffs is likely to have a significant (generally adverse) impact on fiscal revenues for SADC countries.⁴⁸ Moreover, in view of the large regional disparities among SADC countries and SA provinces, trade liberalisation within SADC is likely to result in increased geographic concentration of production to SA.⁴⁹ More generally, integration of the SADC region is likely to generate differentiated effects on SADC economies, with some sectors or countries benefiting more at the expense of others. As a consequence, adjustment and support programmes should accompany further trade liberalisation within SADC if all regions are to take advantage of the new business opportunities offered by a SADC free trade arrangement.

⁴⁷ See Lewis, Jeffrey D. (2001), 'Reform and Opportunity: The Changing Role and Patterns of Trade in South Africa and SADC', Africa Region Working Paper Series No.14, March, The World Bank.

⁴⁸ See Lewis (2001). See also Tsikata, Yvonne M. (1999), Southern Africa: Trade, Liberalization and Implication for a Free Trade Area'.

⁴⁹ See Petersson, Lennart (2000), 'The Theory of New Economic Geography and Industrial Location in SADC', May, paper presented at the 29th annual conference of economists, the economic society of Australia.

The Trade, Development and Co-operation Agreement (TDCA)

178. On 11 October 1999, the EU and SA signed a TDCA that provisionally entered into force in 2000. According to the EC, 'South Africa's trade with the European Union [in 2000] is a success story that cannot be explained simply by a weak Rand and a thriving world economy. The TDCA is beginning to prove its worth'. SA's exports to the EU have increased by 35% in 2000, and 32% in the first half of 2001, whereas SA's imports from the EU increased by 20% in 2000 and 14% in the first half of 2001, growth rates above their respective trade figures with the rest of the world. SA's exports to the EU are composed mainly of precious metals and stones (33% of total export to the EU in the first semester of 2001), coal (12%), catalytic converters (8%), fruit (6%) and iron and steel (6%), whereas their imports from the EU include machinery and mechanical appliances (23%), vehicles and parts (18%) and optical, photographic and other instruments (4%).⁵⁰

179. The SA's DTI has contested these figures, arguing that SA has experienced a trade deficit (instead of a surplus) with the EU in 2000. The discrepancy results from the use of different statistical methods and standards (e.g. imports *f.o.b.* or *c.i.f.*, final destination of SA's gold exports, which transit via Switzerland, and therefore do not appear as SA's export to the EU in SA's statistics). SA's officials have also argued that due to the important devaluation of the Rand and the slow implementation of the TDCA (spread over 12 years), the increase of SA's exports to the EU can only marginally be attributed to the TDCA. It is too early to quantify the effects of the TDCA.

180. Some recent research provides some insight, although economic estimates of the TDCA vary, depending of the studies. For instance, Andriamananjara and Hillberry (2001) results indicate that the TDCA could stimulate growth by only 2% over the period 2000-2018. SA's exports to the EU should increase between 10% to 15%, whereas their imports from the EU would increase by 27% to 30%, mainly food manufacturing, light manufacturing, agriculture and high-tech manufacturing. More puzzling, their estimates suggest that SA's partners, in particular SADC and to a lesser extent the rest of Sub-Saharan African countries will be adversely affected by the TDCA⁵¹. For many practical and methodological reasons, estimates of the TDCA have to be interpreted with great caution⁵². Yet, the potential negative effects of the TDCA on SA's neighbours have been pointed by several independent observers⁵³.

181. In this context, it is regrettable that no specific programme has been supported by the EU to help the business community in general, and in particular, small, micro and medium sized enterprises (SMMEs) to take advantage of the TDCA. Some useful projects have been developed to support SMMEs in SA (such as GODISA), or to promote cross-border businesses in the SADC region (such as the still-to-be-implemented ESIP). But these programmes are not connected with the TDCA.

⁵⁰ See European Commission Press Releases of 5 June 2000 and of 16 October 2001.

⁵¹ See Andriamananjara, Soamiely and Russel Hillberry (2001), 'Regionalism, Trade and Growth: The Case of the EU-South Africa Free Trade Arrangement', Office of Economic Working Paper No.2001-07-A, July, U.S. ITC.

⁵² See Cassim, Rashad (2001), 'The Determinant of Intra-Regional Trade in Southern Africa with Specific References to South African and the Rest of the Region', DPRU Working Paper No.01/51, June, Development Policy Research Unit, University of Cape Town.

⁵³ McDonald, Scott and Terrie Walmsley (2001), 'Bilateral Free Trade Agreements and Customs Unions: The Impact of the EU Republic of South Africa Free Trade Agreement on Botswana', mimeo presented in several international conferences. See also the study conducted in the preliminary phase of the BLNS Project by IDS and the Botswana Institute for Development Policy Analysis (1998), *Study to Assess the Economic Impact of the Proposed European Union-South Africa Free Trade Agreement on Botswana, Lesotho, Namibia and Swaziland*, Final Report, December.

182. A related issue concerns the *vulnerability of low skilled labour to trade liberalisation* in general, and therefore the TDCA. There is a need to assess the potential effects of the TDCA on SA's SMMEs and Black businesses for instance. In principle, the SA government could invoke Article 25 of the TDCA on transitional safeguard measures. But this article seems ill-suited to address the potential difficulties faced by SMMEs and Black businesses, and could also send a wrong signal to other sectors of the economy that could seek shelter from trade liberalisation. On the other hand, TDCA Article 41, which provides for the controlled use of public aid, and TDCA Article 54, which provides for support and co-operation with SMMEs, could form the basis, together with the adoption of appropriate policy measures, for the development of a comprehensive industrial strategy for SMMEs and Black businesses which takes into account the effects and opportunities of the TDCA.

Provincial Co-ordination

183. The objective of this specific comment is to outline the different views of donor co-ordination structures regarding the Eastern Cape Province, which illustrates the perception of this issue as a cross-cutting constraint. Eastern Cape combines several important criteria in this field:

- The province is very keen to receive donor contributions.
- It has a long experience in the field: DFID has been working in the province for seven years, and the Commission has similarly been funding interventions since 1995 (micro-projects, water development).
- Eastern Cape would reportedly attract almost 50% of all donor poverty-reduction projects and programmes for southern Africa.

184. Nevertheless, the situation in the province is still not clarified. The provincial government in Bisho strongly insisted that all co-ordination efforts should ideally be concentrated through the Cabinet of the Premier, and more specifically through its Communication and Intergovernmental Relations Branch, which is also in charge of international relations in the provincial government structure.

185. Provincial authorities were insistent that in no case should direct contacts be developed between any donor and either individual provincial Departments, provincial branches of national Departments or local government authorities (the province is subdivided into six districts, two metropolitan municipalities and more than forty local authorities), unless the Premier's Cabinet be involved as a co-ordinating and monitoring mechanism.

186. Beyond that level, general co-ordination should take place in the framework of the provincial Inter-Governmental Forum (IGF), which is supposed to gather all Heads of Departments, the various districts, and the main para-statal or civil society organisations concerned. Several (though far from all) donors regularly take part in the IGF (including UNDP, DFID, GTZ, and sometimes SIDA). Theory, nonetheless, is far apart from reality: IGF meetings experience poor attendance (50%), and many donors are neither represented, nor informed about the structure. The provincial government acknowledged its current lack of control/ ignorance of most donor assistance in its area.

187. From the national point of view, however, the NAO Office (a structure which is not known at provincial level due to its specific mandate) stressed that the only appropriate structure for provincial co-ordination of donors needs to be the Directorate General of the province (also in the

Office of the Premier). The function of PAO (provincial authorising officer) might perhaps be a suggestion to resolve the issue.

188. Finally, apart from monitoring and co-ordination roles of donor assistance, the provincial government should also ensure -or contribute to the best of its ability- that essential preconditions for effective programme are fulfilled, such as:

- Quiet, secured, selected areas.
- A legal basis ('freehold system') for land ownership to the recipient communities.
- Co-operation of traditional community leaders.
- Appropriate land use planning.

OVERALL ASSESSMENT OF STRATEGY

189. The design of the 2000-2002 MIP builds on successful programmes, ensuring consolidation and continuity. It is relevant to key societal challenges, the decentralised approach, the need for improved complementarity, and a generic concern for sustainability. The Commission's programmes have prepared the ground for good governance through support for effective and viable local governance systems. Commission guidelines, which favour a sector support approach, through sector support programmes (SSPs) are very relevant to enhancing the policy dialogue and ensuring better complementarity with other donors. The regional dimension has not been resolved and regional co-ordination is unclear. The need for sectoral knowledge remains, and in the short term, interventions are unlikely to be more cost effective than previously, and will highlight a lack of capacity within beneficiary institutions. The geographic focus was verified by analysis. The need to maintain and develop the comparative advantage, and develop local development capacity was understood. With SA's open economy, proper focus was given to education and the need to increase skills, but no specific support has been planned to assist the business community with this transition. Overall, the Commission's implementation of the 2000-2002 MIP is proceeding in a satisfactory way.

5. RECOMMENDATIONS

GENERAL RECOMMENDATIONS

A number of general recommendations are made:

R1. An improved focusing of the strategy is necessary for a more direct impact on poverty reduction, in line with the clearer GEAR macro-economic strategy. The Commission should order interventions around a clearer central core theme, which would also become a common, clearly identifiable and measurable overall objective for all actions. [§72, Annex D]

R2. The scale of rising unemployment, and its potentially devastating consequences on all focal areas and on social spending capacity, combine to place sustainable livelihoods at the very core of any future strategy. Whereas enhanced social services provide essential dignity, work prospects provide also hope for the future [§72 –76, Tables 1 and 7]. The Commission should:

(i) Adopt a core theme of sustainable livelihoods for the previously disadvantaged parts of the population, which is the common denominator existing (explicitly or implicitly) in all current actions, as well as the key factor which would address directly, in the most practical manner, the poverty and inequality gap. [§72, §85]

(ii) Categorise the various interventions (direct or indirect, short-term delivery, longer term support), ranked by order of priority, in an integrated strategy. Social services delivery programmes, for example, should either integrate a labour-intensive work scheme (Water and Sanitation being an example of good practice), a LED or private investment component, or, at minimum, clearly aim in their LogFrame Analysis at achieving a conducive environment for job creation. [§39, §43, §76, §79, §80, §85]

(iii) Further categorise the types of interventions under a two-pronged strategy: aiming at (a) short-term delivery and (b) longer-term strengthening of economic assets and comparative advantages of South Africa [§80, §172-174].

(iv) Integrate all interventions into a global framework, which must itself operate in an environment of good governance for monitoring and support purposes. Various aspects of skills development, training and education components are to be found at every level of the strategy (direct, indirect, longer term) [Table 1].

R3. The Commission should address the cross-cutting constraints and future capacity challenges and take specific actions to deal with them, if possible co-funded and shared with other donors, including: (a) capacity-building programme for CSOs; (b) piloting provincial donors co-ordinating units; (c) tackling the expected impact of HIV/AIDS through targeted programmes, dedicated staff (see R.11) and/or by including relevant components in all programmes; (d) investing in building capacity of local government to play the key development enabling role assigned to them in new legislation, with a particular focus on promoting good governance at local level [§51, §53, §59, §62, §117, §126, §183-188].

R4. The Commission should improve its ‘knowledge-based donor’ capacity by developing additional knowledge tools to analyse, monitor and disseminate information. These should also be co-funded and shared with interested donors to strengthen complementarity, and include:

(i) Improved implementation strategies, operational approaches and tools to support institutional development and capacity building in the context of major changes in the institutional environment (decentralisation, co-operative government, sector support,) as a precondition to the promotion of good governance at different levels (national, provincial, local).

(ii) A mapping of CSOs per sector, with indications of capacity and political positioning.

- (iii) Dissemination tools for lessons learned to Government and other actors concerned.
- (iv) A monitoring contractor (possibly drawing lessons learned from e.g. the TACIS monitoring unit) to perform systematic reviews of programmes, including SWAp capacity. [§54, §60, §68, §87].

R5. The Commission should carry out sector reviews of ‘weak performers’ (few or no positive/usable lessons learned, weak Sector Support programmes, limited impact, etc.) to determine whether to drop some components or re-orientate objectives (e.g. in Education, Social Housing, LED, Regional Co-operation). [§82, § 84, §85]

R6. The Commission should maintain dual-track support to civil society towards NGOs/CSOs (respectively involved in service delivery and watchdog functions) while improving modalities of dialogue and co-operation [§61, §69].

R7. The Commission should make much more strategic use of the instrument of regional co-operation across EPRD sectors, with a view to ensuring the integration of the regional dimensions of a given policy objective (e.g. the safety and security sector) or to promoting an exchange of good practices on common themes in the region (e.g. regional exchanges on good practices in decentralisation, improving local governance) [§100].

R8. The Commission should further improve co-ordination with key non-EU donors (USAID, World Bank) and organise regular meetings for all Technical Assistants in various Departments. With the agreement of EU donors, the Delegation should assume a leading role in EU donor co-operation [§19, §20, §127, Table 6).

R9. Focused programmes and the incorporation of lessons learned have provided the best illustrations of what the comparative advantage of the EU co-operation could be for South Africa (‘where it really makes a difference’). The Commission should develop these examples of good practice for future SSPs and SWAPs [§124, §168].

SPECIFIC (SECTORAL) RECOMMENDATIONS

Group 1: Social Services

R10. The Commission should continue support to the key Education & Training (Skills Development) and Health sectors, especially on the effective training, qualifications and district PHC programmes [§35, §36, §41, §43]. SSPs should focus on capacity building within the framework of the HRD Strategy for SA and the National Skills Development Strategy [§44, §173, §182]. The sectors should further work on relevant prior projects, in search for potential lessons learned in the fields of:

- (i) Longer-term support to economic assets (for example, bursaries in technical sciences). [§80, §144, §172]
- (ii) Support to HIV/AIDS victims, especially through home-based care services and support to orphans (from 330,000 in 2002, the number of orphans is expected to climb to almost 2 million (1.95) by 2010⁵⁴ and to peak at 2.07 million -including 1.85 million ‘AIDS orphans’- in 2015⁵⁵).

⁵⁴ SA Health Review 2000

⁵⁵ The impact of AIDS on Orphanhood in SA, CARE, Oct 2001

R11. The Delegation appears under-staffed to deal with the problems posed by the HIV/AIDS. A dedicated position at the Delegation should be considered for an HIV/AIDS expert, to help to co-ordinate the fight against the pandemic. [§36]

R12. The Commission and SA authorities should translate the collected lessons learned into new, integrated programmes (co-funded with SA authorities), which have been identified as one of the major comparative advantages of Commission interventions in the country. [§48, §58, §85, §115, §124, §168]

R13. Over the past eight years, the Commission has developed a coherent and relevant strategy in the water and sanitation sector (from NGO support to sector wide approach). EU programmes have had a positive impact on the delivery of services to the poorest communities. Working closely with government, the Commission also contributed to ensure a participation of CSOs in the sector. [§39, §48, §126] In order to consolidate these achievements in the future, the Commission should:

(i) Continue its support in the water and sanitation sector as long as there is still a backlog in services, especially in sanitation where DWAF expect to achieve a full coverage by 2010. There are still seven million people without water service. [§37, §50, §77, Table 9]

(ii) Contribute to the consolidation of the sustainability of the delivery system. Given the new decentralised framework, the Commission should provide institutional support to strengthen local government capacity to manage the water and sanitation delivery system (particularly at district level). [§39, §53]

(iii) Ensure that a meaningful role is allocated to civil society organisations in the new decentralised framework and is implemented. The Commission should focus on building capacity in CSOs to enhance their sustainability. It should also concentrate on improving the relationship between local government and CSOs in order to strengthen partnerships in the delivery process. [§126]

(iv) Consider extending its support to SADC with a regional water sector support. [§18, §103]

R14. In support of the Urban Development and Housing sector, the Commission should consider:

(i) Monitoring the challenges of sustainability and the implementation of 'exit' strategies so as to learn from failures and propose adjustments to ongoing interventions. [§61, §126, §138]

(ii) Identifying the conditions for replicability (comparisons between where intervention took place and where it is planned to take place) and factoring them into strategies. [§48]

(iii) Whether the rental housing programme is able to accommodate poorer urban households by using other financial and institutional instruments. This is an important question that should be answered in the fight to alleviate urban poverty. [§48, §116]

Group 2: Governance

R15. Over the last eight years, the Commission has build up a consistent programme in support of human rights, democracy, the rule of law and, to a lesser extent, good governance. It has done this in close dialogue with the state, promoting ownership as well as ensuring effective involvement of civil society. It has achieved impact in some key areas of the democratisation agenda and sown seeds in other areas, which will need to be carefully nurtured through follow-up support activities [§58-59, §61-62, §66]. In order to enhance the overall effectiveness and impact of future support, the Commission should:

(i) *Shift priority attention to the good governance agenda* (to the 'software' of the functioning of democratic societies). This is justified considering progress achieved in developing the 'hardware'

of the democratic fabric; citizen's demand for improved delivery of socio-economic rights and government accountability; the move towards sector wide approaches; the gap between policy formulation capacity and implementation; and the emergence of local governments as key development actors.

(ii) *Consolidate the sector -wide approach in cluster sector justice and safety and security.* This should also mean a stronger focus on crime prevention, implication of civil society and integrating supporting regional programmes. Further efforts towards greater complementarity and joint programming are needed.

(iii) *Provide institutional support for local governance, with a particular focus on local governments.* Building on past experiences, the Commission should fully support the decentralisation process by helping to put in place the necessary political, institutional and capacity requirements. This is not only an end in itself for this sector, but a means to ensure effective implementation of other sector priorities.

(iv) *Maintain dual-track support to civil society, while improving modalities of dialogue and co-operation.* The Commission should continue its efforts to build a vibrant civil society that can play a complementary role in service delivery and act as a watchdog. However, it may need to enter into a more structured dialogue with civil society, either to review best approaches to building public-private partnerships or to jointly define a programme of work on common priorities with watchdog institutions.

(v) *Improve overall delivery.* This entails a wide range of management improvements, ranging from improved linkages between programmes (and across sectors); reducing delays in payments to aid-receiving bodies; strengthening capacity for monitoring and evaluation on an ongoing basis.

Group 3: Employment Creation & Income Generation

R16. The focal area of employment creation and income generation provides a useful illustration of the recommended two-pronged strategy. LED and PSD are two existing instruments to aim at the core theme of employment creation [§79]. The Commission should consider direct impact through PSD (Khula), and LED should be based on holistic approach to enhance the competitive advantages of specific localities [§83, §42 –Cato Manor].

R17. The dual approach through short-term delivery (LED, PSD) and longer-term strengthening of economic assets and comparative advantages (GODISA) are similarly well demonstrated, and the Commission should consider expanding them into other focal areas [§80].

R18. The Commission should carry out a sector review on LED programmes, in order to better identify the reasons of the weak performance of LED (few or no positive/usable lessons learned, limited impact, etc.), and to determine whether to drop some components or re-orientate the objectives [§82, §84].

R19. The Delegation resources devoted to the 'direct' core theme tasks - especially LED-should be strengthened and clearly stated in the organisation chart.

R20. The Commission should set up SWAp monitoring tools e.g. to assess the capacity of DTI. This should be integrated in an overall monitoring tool (see R.4)

Group 4: Regional Co-operation & Integration

R22. The Commission should simplify as much as possible the management of development programmes. Procedures should be adapted to reflect the needs of proper management principles while recognising the difficulties and shortcomings of implementation authorities [§108, §110].

R23. The regional dimension of the EPRD programmes does not seem to be guided by a well-developed strategy [§95, §110]. The Commission should choose from several options:

- *Elimination of the regional dimension of the EPRD*: to the extent that regional EPRD programmes are justified by the fact the SA does not have access to EDF, an institutional solution would consist in allowing SA to have access to EDF regional funding. This solution would require a revision of the Cotonou Agreement, which does not seem feasible in the short to medium term.
- *Integration of regional EPRD funding into EDF*: since the regional strategy of SADC is determined in its RIP to which SA participate as a SADC member, a solution would be to allocate all the regional EPRD funds to the EDF funding for the RIP. This option would require a revision or adaptation of the respective budgetary procedures. Harmonising the budgetary procedures would ensure full coherence between the regional dimension of EPRD and EDF funding. This course of action has been suggested by many officials consulted.
- *Shared allocation of EPRD funds to different regional frameworks*: SA is involved in various regional initiatives: SACU, SADC, the African Union (AU). This regional vision is also shared by the NEPAD initiative. EPRD funds could be allocated in a flexible manner under different regional initiatives (SACU, SADC, AU/NEPAD framework), as administered by the relevant regional entities following their respective regional strategy and programming.

Group 5 : Policy Dialogue

R24. The Commission should continue its efforts to improve the quality of the dialogue at the top level [§114, §117]

R25. The Commission should continue to pursue sector support programmes, which are very relevant in terms of support to the national policy and strategy, enhanced dialogue and donor co-operation [§115, §124]. SWAps are designed to further enhance ownership on the recipient side, reduce fragmentation, and contribute to endogenous capacity development [§166]. SWAps could especially become valuable to simultaneously maintain support and enhance SA ownership for some core organisations (SAMDI, SAQA), which currently depend almost totally on EU contributions [§53]. Sector-Wide Approaches can therefore be considered as valid objectives for a future strategy. Expectations of improved implementation facility and better cost-effectiveness should however be taken with caution, and flexible technical assistance should still be readily available whenever required [§167, §124]. The classical projects have delivered their lessons learned, but have also shown their major limitations in ownership, management efficiency, and sustainability.

R26. The Commission should continue to encourage public-private (CSO) partnerships, which are seen as an appropriate combination of public resources and guarantee of sustainability, and of cost-effective delivery mechanisms, with a much closer approach to the beneficiaries [§126-127].

R27. Efforts towards donor co-ordination and complementarity need to be pursued by the Commission. Even if no supporting evidence of their actual impact on achievements has (yet) been found in South Africa, the *lack of co-ordination and dialogue* can prove to be a major constraint to international co-operation initiatives [§127].

ANNEXES

ANNEX A: TERMS OF REFERENCE OF THE EVALUATION

**TERMS OF REFERENCE FOR AN EVALUATION OF THE
EUROPEAN COMMISSION'S COUNTRY STRATEGY FOR
SOUTH AFRICA**

1. Introduction: the framework, background and objectives of the study

1.1 Systematic and timely evaluation of its expenditure programmes has been defined as a priority of the European Commission (EC), as a means of accounting for the management of the allocated funds and of promoting a lesson-learning culture throughout the organisation. Of great importance also, particularly in the context of the programmes of the External Relations Directorates-General, is the increased focus on *impact* against a background both of greater concentration on results-based management and of encouraging partner Governments to focus their policies better.

1.2 The Commission Services (DG Development and the Delegation in Pretoria) have requested the Evaluation Unit of the EuropeAid Co-operation Office to undertake this new study, a request supported by the Board of the EuropeAid Co-operation Office at its meeting on 29 November 2001. The request is both in response to the directive that all Country Strategies/Programmes be regularly evaluated, and in anticipation of its plans shortly to revise and update both the Country Strategy support for South Africa and all associated regulatory documentation, in the light of experience with recent Indicative Programmes. It is intended that the new Strategy will respond to the main development priorities of the Government of South Africa and provide for improved co-ordination with other donors.

1.3 The objective of this Country Evaluation is therefore to provide the Commission with an independent, flexible and forward-looking source of expertise to draw out the key findings and lessons of experience from the Commission's current assistance strategy and programme to South Africa as it has evolved within its wider setting since its inception, focusing especially on its **relevance** and **impact**; and, taking account of South Africa's evolving political, economic, social and environmental framework, to present those findings and lessons, along with a set of detailed recommendations, in a report designed primarily to provide the Commission's policy-makers with a valuable aid to the preparation of the future Country Strategy and in its discussions with its South African partners. In the longer term the study should aim to bring about more general consistency with the Commission's aid and economic co-operation objectives (Council resolutions, Communications etc.); improved co-ordination with other donors; better complementarity with Member State policies and activities; a heightened sense of local ownership, participation and partnership; enhanced coherence with the Commission's other policies and with the government's priorities; greater concentration with fewer focal sectors; and generally more rational strategic decision-making, all enhancing the effectiveness of the Commission as a donor and the development impact of its actions.

2. The Coverage of the Evaluation

2.1 The study will cover the following:

- i. a final evaluation of EC assistance to South Africa since 1994 with the main emphasis on the 1996-2001 period, and especially the 1997-99 Multi-Annual Indicative Programme (MIP); *and*
- ii. on the basis of (i), an assessment of progress in general, and in particular the relevance, logic and coherence, as well as the intended impacts, of the current Country Strategy and MIP for 2000-2002.

2.2 The evaluation will take particular account of the views and perspective of the Government of South Africa. Its findings, conclusions and recommendations will prepare the ground for an *ex ante* evaluation of the Commission's next Country Strategy and Indicative Programme. The approach to the ex-ante evaluation will be agreed subsequently.

3. The structure and follow-through of the Evaluation

3.1 The progress of the evaluation will be followed closely by a Commission Steering Group under the Chairmanship of the Evaluation Unit, consisting of members of: the Directorates-General for Development, External Relations, Trade, Budget, and Economic and Financial Affairs; the Delegation; and the EuropeAid Co-operation Office. This Steering Group will be the main interface between the evaluation team and the Commission's Services.

3.2 There will be four distinct phases to the evaluation: (a) setting up its structure; (b) collection of data; (c) analysis; (d) judgement on findings, leading to a set of conclusions and recommendations. The assessment will be based on five key evaluation criteria: impact, relevance, effectiveness, efficiency and sustainability.

- 3.3 The study will draw on the contents of (i) all relevant documentation supplied by the Commission Services, of which a preliminary, *non*-exhaustive list is given in Annex 1, and (ii) documentation from other sources which the evaluators find relevant and useful.
- 3.4 The approach should include the following basic elements:
- i. identify, explain and *hierarchise* the **objectives** in terms of their intervention context and logic, their **relevance** to needs, and the intended **impact** of each;
 - ii. identify all recorded impacts including unintended impacts or deadweight/ substitution effects;
 - iii. assess how far the programme took account of gender, environment, human rights, capacity building and other **crosscutting issues**, on the one hand, and of co-ordination, complementarity and coherence aspects on the other;
 - iv. assess **effectiveness** in terms of how far the intended results were achieved (including performance against indicators defined in Multi-annual programmes). Furthermore, to the extent that the interventions were effective, their **efficiency** in terms of how far funding, personnel, regulatory, administrative, time and other resource considerations contributed to or hindered the achievement of results;
 - v. consider the programme's **sustainability**, an assessment of whether the results of the strategy can be maintained over time.

4. **The Evaluation Questions**

The following questions, which reflect the Commission's principal fields of interest, must be addressed:

4.1 **Group 1: Social services**

- How far have actions and measures (co-)financed⁵⁶ or supported by the EU, notably in the fields of education, health, water and sanitation, urban development and housing contributed to redressing inequalities by improving levels of access and quality of service delivery?
- How far have actions or measures (co-)financed or supported by the EU contributed to improved policymaking and service delivery by key institutions in the fields of education, health, water and sanitation, and urban development and housing?

4.2 **Group 2: Human rights, democracy and governance, civil society**

- How far have EU-supported measures and policies contributed to the development and consolidation of a human rights culture based on the rule of law, and of democratic institutions and processes, as well as to the strengthening of civil society organisations as defined in legal bases and programming documents?
- How far have EU-supported measures and policies contributed to improved governance benefiting previously disadvantaged populations? For example, citizens' access to central and local government institutions; civil service performance; reduced corruption; and improved government accountability, more effective civil society etc.

4.3 **Group 3: Employment creation and income generation**

- How far have the specific actions and measures (co-)financed or supported by the EU in respect of local economic development, enterprises, employment, and development of human resources and skills, contributed to generating durable productive activities and increasing income, especially among previously disadvantaged sections of the population? In particular, what has been the impact on targeted beneficiaries, notably SMEs, rural enterprises and farms?
- To what extent are EU-supported measures (from 2000 onwards) helping increase the capacity of South African businesses to take advantage of the environment created by the TDCA?

4.4 **Group 4: Regional co-operation and integration**

- To what extent has South Africa benefited from relevant regional projects and programmes?
- How far have EPRD funds dedicated to regional co-operation and integration under the Multi-Annual Indicative Programme (i) contributed to economic and social development of SACU and SADC partners, to regional integration in general, and to the objectives defined in the SADC regional indicative programmes; (ii) assisted the SACU partners in meeting the challenges and opportunities created by the TDCA?

⁵⁶ *In assessing the impact of the programme, one needs to take into account that the EC funding constitutes very often a contribution to programmes mainly funded under SA own resources : to isolate the impact of EC contribution only will be very difficult.*

4.5 **Group 5: Policy Dialogue and Implementation Issues**

- How far has the quality of policy dialogue and strategy formulation with the South African Government (at a global and at sectoral level) improved over the previous MIP? To what extent has it contributed to improving the programme definition and implementation?
- How far has the implementation and delivery of EU-supported activities, especially the choice of beneficiaries, funding instruments and donor mix (including EIB), facilitated the achievement of specific objectives for each of the focal sectors? For each focal sector particular attention should be given to:
 - Comparative effectiveness of sector support programmes vs. classical projects,
 - Involvement of civil society in the achievement of specific objectives,
 - Effectiveness and impact of different approaches in decentralised co-operation (public/private partnership, specialised NGOs),
 - Donor co-ordination, complementarity (task division), and coherence both within the programme and between it and other programmes.

5. **The Preparatory Phase**

5.1 As the **first phase** of the evaluation, the evaluation team will examine all relevant key documentation on the past and current Commission strategies/programmes to South Africa, including data on the relevant Regulations and Instruments, and build on this information through discussions with Commission officials. With the information obtained they should study the key objectives and their order of priority, and assess (a) their relation to need; (b) their intended impacts; (c) their logic, context and overall coherence, including the assumptions, conditionality and risks attached to each;

5.2 For each Evaluation Question the evaluators should first detail their understanding of the question; next identify an appropriate **judgement criterion** (or criteria); and finally select relevant quantitative and qualitative **indicators** for each Judgement Criterion identified (this in turn will determine the scope and methods of data collection).

5.3 On the basis of the Evaluation Questions and their corresponding Judgement Criteria and associated Indicators, the team will then identify and set out proposals for the following:

- i. suitable methods of **data and information collection** both in Brussels and in South Africa - literature, interviews both structured and unstructured, questionnaires, seminars or workshops, case studies, etc. - indicating any limitations and describing how the data should be cross-checked to validate the analysis;
- ii. appropriate **methods of analysis** of the information and data collected, again indicating any limitations; *and*
- iii. the basis to be used for making the **judgements**, which should be directly related to the Judgement Criteria set up during the first phase but adaptable should the field findings so dictate.

5.3 **First Phase Deliverables.** The evaluation team will deliver to the Evaluation Unit by e-mail (i) by no later than 17 January 2002, an **Inception Report** setting out in full their *understanding* of these First Phase Terms of Reference, their *proposed approach* to the work, and the names and CVs of the *team members*; and (ii) by no later than 5 February 2002 a **first draft Report on the First Phase**, setting out their results and detailing their proposed approach for the remainder of the evaluation. The report should follow the pattern set out in the first part of Annex 2. It should also include a final budget and bar chart for the complete study. After the Steering Group has discussed the first phase draft report by no later than 15 February, the final report on this first phase will be delivered to the Evaluation Unit by no later than 26 February, after which it will be considered in a meeting of the Steering Group.

6. **The Field Phase**

6.1 Following satisfactory completion of the preparatory phase, the evaluation team will proceed to South Africa to undertake the field mission, at the latest by the beginning of the second full week of March 2002. The fieldwork, the duration of which shall be discussed with the Steering Group, shall be undertaken on the basis set out in the Phase 1 Final Report and agreed by the Group. If during the course of the fieldwork any significant deviations from the agreed methodology or schedule are found to be necessary (more likely to affect the Judgement Criteria than the Evaluation Questions as such), they should be cleared first with the Steering Group through the Evaluation Unit.

6.2 At the conclusion of the field study the team will (i) give an on-the-spot detailed **de-briefing to the Delegation** on their provisional findings, and (ii) proceed to prepare the **field mission report** for delivery by e-mail to the Steering Group through the Evaluation Unit no later than ten working days after returning from the field.

Annex 1: Key official documentation for the evaluation (not necessarily complete)

- Treaty Article 177 (previously 130u);
- Council Declaration of 25/05/1993 on democratic institutions;
- Council Declaration of 19/04/1994 on harmonious development;
- Joint Co-operation Agreement between the EC and South Africa, October 1994;
- the European Community Investment Partners Programme (ECIP), available to South Africa from 1994;
- Lomé 4 bis (including articles 160/161 on the Regional Programme);
- Regional Indicative Programme (RIP) between the Commission and the Southern Africa Development Community (SADC), 1996;
- Council Regulations 2259/96 & 1726/2000 on development co-operation with S Africa;
- EU-South Africa Science and Technology Agreement, 1996;
- NGO financing and co-financing under Chapter B7-6 of the EC Budget;
- The European Programme for Reconstruction and Development (EPRD);
- Bilateral Agreement on Trade, Development and Co-operation (TDCA), October 1999;
- The 1999 Evaluation of the Commission's Country Strategy for South Africa
- All Country Strategy and MIP documentation
- DCR report (Cabinet Memorandum on use of donor assistance)

Annex 2: Outline Structure for the Reports

I - First Phase Report

- Part 1: Reconstruction of the hierarchy, logic, related assumptions (&c) and intended impacts of the *objectives of the EC's interventions* in South Africa.
- Part 2: Presentation of the understanding and interpretation of the *key evaluation questions, judgement criteria* and associated *indicators*.
- Part 3: *Analysis of the information and data* available at the end of the first phase and indications of any missing data, so as to inform the work plan for the field phase.
- Part 4: Proposed *field phase methodology* (methods of enquiry, data collection and sampling, &c vis-à-vis the information sought, presented as a grid).
- Part 5: Proposed *analysis methodology* based on sound and recognised methods used for evaluation.

II - Final Report

Executive Summary (maximum of 5 pages):

- i. a summary of the background and context, and of the methodology used;
- ii. the key findings for each Evaluation Question, and a short overall assessment, fully cross-referenced to the main text;
- iii. the key conclusions, cross-referenced back to the findings, and recommendations, linked and cross-referenced back to the key findings.

Main Text (maximum of 45 pages)

- Part 1: A *synthesis of the Commission's Strategy and Programme* (MIP); its objectives, how they are prioritised and ordered, their logic both internally and within the context of the needs of the country, government policies, and the programmes of other donors; the implicit assumptions and risk factors; the intended impacts of the Commission's interventions.
- Part 2: Answers to each *key evaluation question*, indicating findings, conclusions and recommendations for each.
- Part 3: Overall Assessment of the Strategy for the period 1994-1999 (including the relevance of the Multi-annual Indicative Programmes in force) in an overall Synthesis. This assessment should cover:
- *relevance* to needs and overall context, including the development priorities of South Africa and co-ordination with other donors;
 - actual *impact* compared to intended impact, also indicating unintended impacts or deadweight/substitution effects;
 - account taken of *crosscutting issues*, i.e. gender, environment, human rights, capacity building and other, on the one hand; and of co-ordination, complementarity and coherence aspects on the other;
 - *effectiveness* in terms of how far the intended results were achieved;
 - *efficiency* (to the extent that the interventions were effective) in terms of how far funding, personnel, regulatory, administrative, time and other resource considerations contributed to or hindered the achievement of results;
 - *sustainability*, that is whether the results can be maintained over time.
- Part 4: A Synthesised Assessment of the Strategy/MIP for the period 2000-2002, with special reference to:
- *relevance* in relation to needs;
 - the *internal logic and coherence* of the programme;
 - a first estimate both of actual or likely *impact* in relation to what is intended, taking account of cross-cutting issues, and also of process aspects;
 - a first assessment of *sustainability*.
- Part 5: A full set of Conclusions and Recommendations (i) for each Evaluation Question, (ii) as an overall judgement.

Annexes

- Supporting tables, diagrams and essential background documentation
- Suggested key questions and issues for the *ex ante* evaluation

ANNEX B: LIST OF MEETINGS

**Annex B.1. PHASE I - BRUSSELS :
AGENDA, LIST OF MEETINGS AND VISITS**

Date	Time	Activity	M. Van Bruaene	S. Bekker	G. Laporte	J. Bossuyt	S. Bilal	I. Crouzel
Wednesday 13/02/2002	15:00	Orientation meeting with EuropeAid Evaluation Unit: MM S. Robbins, D. Carpenter, N. Delcroix	Ö					
Tuesday 19/02	14:30	Meeting with MM de Vries and Munday (Europe Aid officials for Social Devt: health/education)	Ö	Ö				
Wednesday 20/02	11:30	Meeting with EC/ DG DEV - South Africa division : Mr Leysen, Mr Passadeos and Mrs Priey (stagiaire)	Ö	Ö	Ö	Ö	Ö	Ö
Wednesday 20/02	13:30	Meeting with Mr Walter Kennes – DG Dev – Cross Border Initiative	Ö		Ö		Ö	
Wednesday 20/02	15:00	Meeting with Mr Paolo Logli, DG DEV B/2 (economic co-operation, PSD)	Ö		Ö		Ö	
Thursday 21/02	14:30	DG Dev B/3 Mrs Lieve Franzen (HoU), Mr J-J Paniagua (Health, Education)	Ö					
Friday 22/02	10:00	Meeting with André Liebaert, DG Dev B/5 (water +urban dev)	Ö					
Friday 22/02	14:00	Meeting with Mrs Mary Hall, Monitoring systems, Danish Management AS	Ö					
Wednesday 27/02	9:30	Meeting with EuropeAid F/3 (Democracy, Human Rights), Mrs Graça Fernandes, Mr Michael Dougherty				Ö		
Wednesday 27/02	10:00	Meeting with DG Trade /Claude Maerten	Ö		Ö		Ö	
Wednesday 27/02	11:00	Meeting with DG RELEX B/2 (Democracy, Human Rights), Mr Alessandro Palmero				Ö		
Wednesday 27/02	11:30	Meeting with DG ECFin/ Mrs Francesca di Mauro	Ö					
Wednesday 27/02	14:30	Meeting with Aidco C/2 (economic co-operation, PSD), Mr Hubert Perr,	Ö		Ö		Ö	
Wednesday 27/02	15:30	Meeting with Aidco C/3, Mr G. Van Bilzen (institutional strengthening)	Ö		Ö		Ö	
Wednesday 27/02	16:30	Meeting with Aidco C/6, Mr Anastase Zacharas (Urban Development, WatSan, transport, infrastructure)	Ö					
Tuesday 05/03	14:30	Meeting with Mr Alexander Baum, DG DEV A/1 (programming, strategic management)	Ö					

Annex B.2. PHASE II - FIELD STUDIES : AGENDA, LIST OF MEETINGS AND VISITS

Date	Team Members present ⁵⁷	Contacted Persons / Organisations
Monday 11/03	MVB, SBE, SBI, IC	15H00 – general meeting with the EC Delegation in Pretoria: Mr M. Lake/HoD, Mrs N. Merlo/1 st Secretary Development, all Sector officers
	MVB, SBE, IC	15H45 – meeting on Water & sanitation with Mr. Ch. Reeve/Project Officer, and Mrs Merlo.
	SBI	15H45 – meeting with Mr R. Sabatucci, Mr K. Rasmussen /Regional Integration
Tuesday 12/03	MVB, SBE, IC	11H00 - meeting with Mr J. Mitchell/LED, Mr W. Soer/Urban Dev., Mrs B. Leon/Urban Dev., Mrs Merlo.
	SBI	10H00 – meeting with Mrs S. Masure / Regional Co-operation
	MVB, SBE, SBI, IC	14H00 – meeting with Mr Sh. Rajie, Deputy NAO, Mr I. Kidane-Mariam/EC Programme Advisor, NAO Staff, Mrs D. Dellicour and Mrs N. Merlo/EC Delegation
Wednesday 13/03	SBI	08H15 – meeting with Mrs S. Masure / Delegation
	MVB, IC	09H00 – meeting with Mr K. Morais, Mrs J. Gould/PSP
	MVB, SBI	10H00 – general meeting of PSD donors at DTI, with Mrs R.Torppa
	MVB, IC	12H00 – meeting with Mrs I. Gabashane, Higher Education and training
	MVB, SBI	14H30 – meeting with Mrs R. Torppa, /PSD
Thursday 14/03	MVB, SBI, IC	16H30 – meeting with Mrs A. Crouzie / ODA, and R. Torppa
	SBI	09H00 – meeting about DTI with Mr W. Smallberger
	SBI	Flight to Gaborone (visit to SADC Secretariat)
	MVB, IC	09H00 – meeting with Mrs Janet Davies / Education (Pre-school, primary school) and training (adult skills)
	MVB	12H30 – Donors co-ordination meeting (Education) at DFID
Friday 15/03	MVB	15H30 – meeting at DFID with Mrs D. Dellicour, I. Gabashane, J. Davies/EC, Mrs Barbara /DFID and SIDA on strategy for Education
	SBI	PM, meetings at SADC Gaborone: Mr Mhlongo (Head of Economic Division, SADC secretariat) Mr Ernest Mwemutsi, Senior Finance Officer, SADC Secretariat
	MVB, IC	08H00 – meeting with Mr I. Ralph and D. Dellicour/ Health
	SBI	Meetings at SADC Gaborone: Tom Robbert, Regional Co-operation (EC Delegation in Botswana) Johnny Strijdom, Regional Drug Control Officer, SADC Secretariat Robert Kirk, Senior Trade Policy Advisor, SADC secretariat Fudzai Pamacheche, Principal Economist, Regional Integration, SADC secretariat
	MVB, IC	10H00 – meeting with Dr G. Japhet, Executive Director Soul City
MVB, IC	11H00 – meeting with Mrs G. Wannenburg, Mr J. Carstens and D. Dellicour on Governance (Civil Society, Rule of Law)	

⁵⁷ MVB: M. Van Bruaene / IC: I. Crouzel / JB: J. Bossuyt/ SBE: S. Bekker / SBI: S. Bilal

Date	Team Members present ⁵⁷	Contacted Persons / Organisations
Saturday 16/03	All	Reading of programme files, preparation of assessment sheets
Sunday 17/03	All	Reading of programme files, preparation of assessment sheets
Monday 18/03	All	09H00 – General preparatory meeting for the 'successor country support strategy 2003-2006 at National Treasury with Deputy NAO and staff, D. Dellicour and N. Merlo/Delegation, S. Robbins/Evaluation Unit, Depts of Justice, Science & Technology, Labour, DWAF, Education, National and Local Governments.
	MVB, SBI	12H30 – meeting with Mr D. Dijkerman/Director USAID South Africa
	SBI	14H00 – meeting at DTI with
	MVB, IC	14H00 – meeting at DWAF with Mr K. Pelpola, Director Project Development support, M&E (S. Robbins present)
	SBI	14H00 – meeting at DTI with Mr P. Draper, Head of Economic Analysis and Research
	JB	15H00 – meeting at Human Rights Foundation with Y. Sooka, Director
	MVB, IC (SBI)	15H30 – meeting with Alex Saelaert/ NAO Office
	MVB, IC (JB)	16H30 – meeting with Mr J. Burger / South African Police Service
	MVB	17H00 – meeting with D. Dellicour /S. Robbins
Tuesday 19/03	MVB, JB	08H00 – meeting with Mr Hassen Hibrabim / Dept of Justice (e-justice programme)
	MVB	10H00 – meeting with MM S. Sharpe and J. McAlpine / DFID (w/S. Robbins)
	IC, JB	10H30 – meeting with Mr T. Mokwena, CEO South African Local Government Association
	MVB, SBI	14H30 – meeting with Dr S. Dagut /Centre for Development & Enterprise (CDE) Johannesburg
	IC	15H00 – meeting with Alicia Pieterse (Director), K. Semela, N. Nyoni/ Interfund Johannesburg
	JB	15H00 – meeting with Transparency International, Johannesburg
	All	18H00 – meeting with D. Dellicour, N. Merlo, Ch Reeve, S. Robbins
Wednesday 20/03	MVB	08H00 – meeting with Mrs L. Moeketsi, Director Development Support / Dept of Education
	MVB, SBI	09H15 – meeting with MM J. Matjika, A. Baldan, B. Du Toit, Dept of Arts, Culture, Science and Technology (Godisa programme)
	MVB, JB, IC	11H30 – meeting with MM B. Malauzat, Counsellor for Science, Culture & Development, and J-P gay, Co-operation Attaché, French Embassy
	JB, IC	14H30 – meeting with Mr S. Friedman / Centre for Policy Studies (CPS) Johannesburg
	MVB	15H00 – meeting with Mr J. Kane-Berman and Dr A. Jeffery / S.A. Institute for Race Relations (SAIRR) Johannesburg
	MVB	17H00 – meeting with Dr M. Orkin and R. Southall / Human Science Research Council (HSRC)
	JB, IC	19H00 – meeting with South African Labour Development Trust
Thursday 21/03	All	Reading of files, preparation of programme assessment sheets (public holiday, Human Rights Day)
Friday 22/03	MVB	08H15 – meeting with Mr T. Kjellson, First secretary (SIDA/Development), Swedish Embassy
	MVB	09H00 – meeting with Mr S. Isaacs, EO S.A. Qualifications Authority (SAQA) and Mrs H. Williams, EC technical assistant
	JB, IC	10H00 – meeting with Mr P. Graham, Director, and S. Memela, Manager Municipal Capacity Building, IDASA
	MVB	12H30 – meeting with Mr F. Omar, Country Director World Bank for South Africa and BLNS

Date	Team Members present⁵⁷	Contacted Persons / Organisations
Saturday 23/03	All	Reading of programme files, preparation of assessment sheets
Sunday 24/03	All	Reading of programme files, preparation of assessment sheets
	MVB, SBE	Travel to East London, preparation of report
Monday 25/03	MVB, SBE	08H30 – meeting with Prof. M. Mazibuko, Chief Director Policy Planning (LED, PSD, Social sectors), Office of the Premier, Eastern Cape Province
	JB, IC	Travel time (to Europe and to Durban)
	MVB, SBE	10H00 – meeting with Prof. B. Davies, Programme Co-ordinator for Policy Planning, Department of Economic Affairs, Eastern Cape
	MVB, SBE	14H30 – meeting with Mr J. Nobanda, Wild Coast SDI Programme Manager, Eastern Cape Development Corporation (ECDC)
Tuesday 26/03	IC	Field visit to Wild Coast SDI, with G. Ott, Programme Manager and H. Kelly, PMU
	MVB	12H00 – meeting with Mr A. Beckermann, Counsellor for Development Co-operation (GTZ), German Embassy
	MVB	14H00 – Meeting with Mrs A. Bird, Department of Labour
	MVB	15H30 – meeting with Mrs M. Bernard-Fryer, DDG SAMDI (South African Management Development Institute), Dept of Public Services, & Mr P.A. Bellogini, EC International Technical Assistant
Wednesday 27/03	MVB	08H00 – meeting with Mr W. Hoppers, First Secretary/ Regional Education Specialist, Royal Netherlands Embassy
	MVB	09H30 – meeting with MM K. Pelpola and A. Davies, DWAF
	IC	12H00 - Wild Coast SDI, meeting with Travis bailey, Pondo Crop NGO
	IC	14H00 – Cato Manor Development Association. Meeting with Clive Foster (CEO), Dusan Botka (Programme Manager), Wim Eising (LED)
	MVB	14H00 – meeting with Mr A. Diephout, Chief Technical Advisor to the Social Housing Foundation, Johannesburg
	MVB	15H30 – meeting with Mr S. Tati, Managing Director and Mrs L. Houston, EC Technical Advisor, Khula enterprise finance ltd, Johannesburg
	MVB	17H30 – meeting with Mrs D. Dellicour, EC Delegation
Thursday 28/03	MVB	07H30 – meeting with Mr R. Sabatucci, PSD, EC Delegation
	MVB, IC, SBE	10H00 – general debriefing at EC Delegation
	MVB	12H15 – meeting with Mrs C. Makwakwa, Director, and Mrs P. van Dijk, Directorate of International Health Liaison, Dept of Health
	MVB, IC	14H30 – debriefing with Mr S. Rajie, Deputy NAO and staff, Mrs D. Dellicour and Mrs N. Merlo
Friday 29/03	All	(Good Friday) Reading of files and preparation of report
Saturday 30/03	MVB, IC, SBE	15H00 – meeting (HIV/AIDS) with Prof. R. Dorrington, Centre for Actuarial research, University of Cape Town, and Mrs D. Bradshaw, South African Medical Research Council
Sunday 31/03	MVB	Return travel to Brussels

ANNEX C: METHODOLOGICAL NOTE (incl. judgement criteria, indicators, and LFAs)

This section comprises the following:

- **a description of methodology followed, including field mission report;**
- **the evaluation questions with corresponding judgement criteria and indicators;**
- **arrow diagrams for MIPs 1997-1999 and 2000-2002, LFA for MIP 2000-2002.**

DESCRIPTION of METHODOLOGY

The evaluation was intended to cover both MIPs. An ex-post assessment was to be made on the first MIP (1997-99), which had been covered by an earlier Country Strategy Evaluation (CSE) in 1999. This CSE should itself have supplied the necessary elements for a complete final assessment, but the available information to fulfil some of the standard DAC evaluation criteria, such as relevance and effectiveness of the various focal areas, were largely absent from the CSE 1999, which focused almost entirely on some aspects of efficiency, i.e. institutional capacity of the European Commission, and relations with the national authorities and donors. Efficiency of the implementing partners had not been assessed in depth. Furthermore, the period during which the CSE took place –as well as the internal time constraints - did not leave much opportunity to assess impact, which was not attempted for any sector.

The implementation phase of most programmes in second MIP (2000-2002) had barely started and this restricted the scope of work on the key aspect of relevance. Sectoral coherence across this whole timeframe as well as progress of the European Commission towards its objectives were important aspects of the evaluation.

An innovative methodology was used for the current CSE, based on evaluation questions, judgement criteria and indicators (the methodology is already used for specific sectors, e.g. agriculture). Compared with a broad approach through 'standard' evaluation criteria (relevance, efficiency, effectiveness, impact and sustainability), the new methodology should ultimately act as a more accurate guideline, and should better focus the fieldwork of the evaluation team. A number of lessons were collected and intended to improve the preparation, focus and accuracy of the evaluation questions, as well as the general information about the methodology. The following are particularly relevant:

- Some evaluation questions could benefit from sharper focusing for use in a CSE. For example, Question 1.A actually amounted to no less than 45 sub-questions. The five evaluation criteria of relevance, direct impact, indirect impact, efficiency (quality of services delivered) and effectiveness (levels of access) had to be multiplied by nine sub-sectors: education, training, infrastructure, HIV/AIDS, PHC, water, sanitation, social housing and LED.
- The notion and methodology of judgement criteria needs to be further clarified with the recipient Delegations.
- Judgement criteria require better analysis by the evaluation team, in order to be used to best of their capacity to complete, outline or dissect corresponding question components, failing which they might not be able to provide much added value to the process.
- Indicators, similarly, require prior in-depth country knowledge by the evaluation team, to confirm applicability in the field, and to minimise extensive revision in parallel with the field visits.
- The presence of a EuropeAid Evaluation Unit member during some of the field visits is helpful, but the purpose needs to be clarified, especially if applied to countries where the openness of interviews is not as evident as in South Africa.

The final result should be more cost-effective, and should also ensure that key interests of the European Commission are addressed.

Draft evaluation questions were prepared by the EuropeAid Evaluation Unit and were finalised through a Steering Committee in which the concerned European Commission Directorate Generals and Delegation were represented. The questions were based on a logical framework analysis of the key objectives and focal areas (sectors) in the MIPs. The external evaluation consultants had the opportunity to comment on the questions, to propose amendments and to establish their judgement criteria and indicators, which focused on the actual strategic issues, and avoided being too 'project-related'.

Evaluation questions, judgement criteria, indicators and sources of verifications were integrated into standard questionnaires and used by evaluation team members in the meetings and visits carried out during the field phase.

Other methodological aspects were outlined in the Phase I report. The plan included:

- Preparatory Phase: collection of data, meetings with the European Commission in Brussels, preparation of field guidelines.
- Field Phase: 'top-to-bottom' meetings, starting with Delegation, SA authorities, donors and other actors; documentary analysis or field visit to a representative number of projects and programmes, selected in all sectors for their potential to deliver key lessons learned. Preparation and implementation of the Field Phase did not present particular difficulties, with the exception of the following:
 - Better co-operation with the Delegation prior to the arrival of the evaluation team in South Africa would have improved the arrangement of key meetings with the representatives of Member States. Full co-operation was given during the field mission.
 - Specific internal organisation of some South African Departments (the compartmentalised Education, for example) or sensitive issues in the field of Health (HIV/AIDS), proved to be a constraint for arranging an optimum schedule of meetings.
- Report-writing Phase: draft, peer review, presentation and finalisation. Owing to the restricted timetable for report drafting (an early deadline was set up in order to be able to use the key conclusions for the new country strategy for South Africa), the internal peer review had to be carried out later on in the process, in parallel with the examination of the draft report by the European Commission.

Findings, conclusions and recommendations presented in the report are based on supporting evidence, organised whenever possible into coherent patterns. The 'raw data' of individual programme analyses can be found in the Synthesis sheets of evaluation questionnaires, available separately.

**EVALUATION QUESTIONS,
JUDGEMENT CRITERIA
&
INDICATORS**

This section compiles the standard questionnaires used by the evaluation team members during field meetings. The first questionnaire (Education) is presented in its complete form, whereas for other sectors evaluation questions 1 to 4 only are reproduced with their corresponding judgement criteria and indicators. Question 5 is considered a cross-cutting issue, and can be found in all questionnaires (see Education).

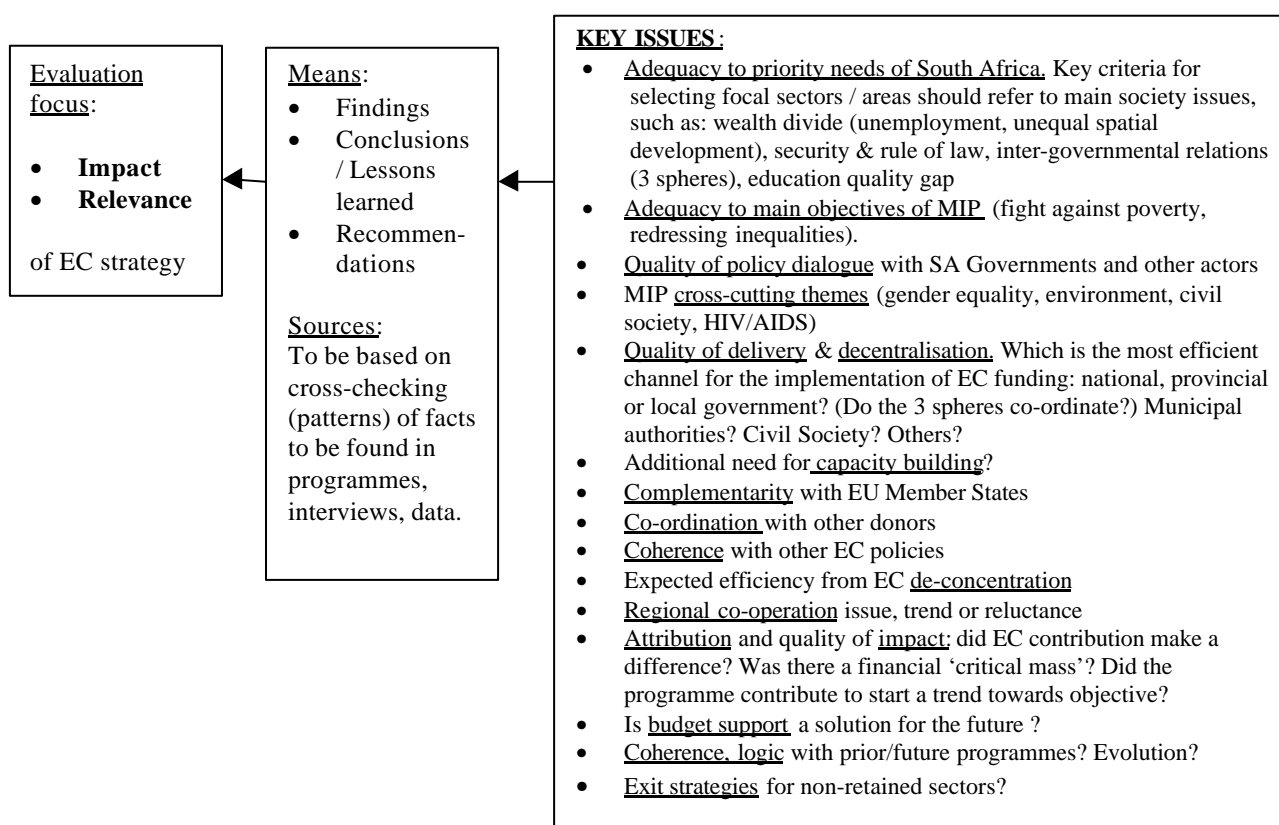
Evaluation of the Commission's Country Strategy for South Africa

EPRD SECTOR: EDUCATION & TRAINING

External Evaluation Questionnaire

The questionnaire is a personal tool for the evaluator, its main purposes being (i) to achieve a common approach to the assessment of programmes / projects and (ii) to ensure that no important issue is overlooked. (See page 91 for sample format.)

Key findings, conclusions/ lessons learned & recommendations must be collected at the **overall strategic and policy levels**, though they need to be strongly supported and based on **facts**. Such facts are to be found, inter alia, in meetings, data, documentary or field assessment of selected programmes by **systematically** looking at **specific issues** (listed in the right frame below). These facts further need to be cross-checked with other related evaluation results, in order to establish relevant **patterns**.



EVALUATION QUESTIONS

Relevance

(Quality of identification, adequacy to needs, appropriateness of proposed means.)

Efficiency

(Quality of organisation, management of activities, monitoring and ability to obtain maximum results with a fixed amount of resources.)

Effectiveness

(What was delivered? - Compatibility of results with the objectives / ToR of the project.)

Impact / Sustainability

(Effect of the results achieved, including on the longer term.)

I.1.	<p>EVALUATION QUESTION 1.1.: <i>- How far have actions and measures (co-) financed or supported by the EU, notably in the fields of <u>education</u>, health, water and sanitation, urban development and housing contributed to redressing inequalities by improving levels of access and quality of service delivery?</i></p> <p><u>Judgement criterion 1:</u> Whether EC-supported actions have contributed to redressing inequalities in access to <u>education</u> (<i>and training</i>) at key sector component levels (<i>impact</i>).</p> <p>Indicators:</p> <ul style="list-style-type: none"> 1.1. Coverage by actions of worst affected areas in terms of inequalities (through leverage effects). 1.2. Scope and (expected) results of early childhood development (EDP) for PDP (Previously Disadvantaged Populations) beneficiaries as direct / indirect result of the programmes (objectives?). 1.3. Scope and (expected) direct/indirect results for PDP beneficiaries of bursary programmes (objectives?). 1.4. Scope and (expected) direct/indirect results for PDP beneficiaries of adult training programmes in private and public sectors (objectives?). 1.5. Quality and scope of HIV/AIDS-related education in programmes. 1.6. Quality and importance for delivery of EC-promoted donor co-ordination, complementarity and coherence. 1.7. Quality and importance for delivery of chosen institutional arrangements, including EC-promoted decentralisation co-operation (local governments, public-private partnerships, CSOs...) <p><u>Judgement criterion 2:</u> Whether EC-supported actions have contributed to redressing inequalities at sector component levels of <u>infrastructure and equipment</u> in target areas (<i>impact</i>).</p> <p>Indicators:</p> <ul style="list-style-type: none"> 2.1. Coverage by actions of worst affected areas in terms of inequalities (through leverage effects). 2.2. Scope and (expected) direct/indirect results of schools rehabilitation in target areas. 2.3. Extent of sustainability of such through further Government funding. 2.4. Extent of target institutions/ beneficiaries effectively provided with agreed books, and leverage effect. 2.5. Quality and importance for delivery of EC-promoted donor co-ordination, complementarity and coherence. 2.6. Quality and importance for delivery of EC-promoted decentralised co-operation (partnerships, CSOs...).
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	<p>Judgement criterion 3: Whether EC-supported actions have contributed to improving the sectoral <u>quality</u> standards and norms to the benefit of the poorest /PDPs (<i>impact / relevance</i>).</p> <p>Indicators:</p> <p>3.1. Appropriateness /extent of (national /provincial) standards and norms planned, developed and applied in poorest target areas to redressing inequalities, (expected) results.</p>	
I.2.	<p>EVALUATION QUESTION 1.2.: <i>- How far have actions or measures (co-) financed or supported by the EU contributed to improved policy-making and service delivery by key institutions in the fields of <u>education</u>, health, water and sanitation, and urban development and housing?</i></p> <p>Judgement criterion 1: Whether EC-supported actions have contributed to improving the policy-making capacity in the fields of education (<i>and training</i>), and to qualifying them for further support (<i>impact / relevance</i>).</p> <p>Indicators:</p> <p>4.1. Level of improvement of management capacity -especially in capacity building- as a direct/indirect result of EC-funded actions, and its effects on further development of policy-making.</p> <p>4.2. Degree of sector priority in national strategy/MTEF (as a consequence of prior EC-funded actions?).</p> <p>4.3. Degree of coherence of the sector strategy with the main MIP objectives, including geographical focus and cross-cutting issues.</p> <p>4.4. Quality of proposed sector strategy, accurateness of identification of current situation and feasibility of proposed objectives.</p> <p>4.5. Degree of understanding and use of lessons learned (positive and negative) in the sector strategy.</p> <p>4.6. Quality of policy dialogue between Government (3 Spheres), EC and donors –<i>see also Group 5 of Evaluation Questions</i>.</p> <p>Judgement criterion 2: Whether EC-supported actions have contributed to preparing the conditions for a Sector-Wide Approach (SWAP) (<i>relevance</i>).</p> <p>Indicators:</p> <p>5.1. Quality of internal commitment and external co-ordination mechanisms set up (i) with donors, (ii) with other Government Depts (‘Clusters’).</p> <p>5.2. % of EC/ODA contribution to the sector as compared to the national sector budget; how was the level of required ODA contribution determined, and for what expected results (quality, speed, capacity, pilot project with replicability / multiplier effect...).</p> <p>5.3. Quality of performance/result indicators set up to measure the extent of intended impact for <u>final beneficiaries/ recipients</u>.</p> <p>5.4. Quality of delivery mechanisms ; degree of identification of current capacity/disbursement rates/training needs for the Dept and delivery mechanisms – esp. local Governments, and expected results (indicators of capacity development).</p> <p>5.5. Quality assurance for all programme components ; institutional mechanisms for M&E and audit.</p> <p>5.6. Quality of proposed decentralisation; % budget, number/quality of partnerships, relations with independent CSOs, empowerment of CBOs.</p> <p>5.7. Quality of inclusion of cross-cutting issues: gender, HIV/AIDS, environment, regional co-operation.</p> <p>5.8. Quality of sustainability mechanisms.</p>	
I.3.	Other remarks.	

II.1	<u>SUB-INDICATORS</u>	<p>5.1 -Level of <u>commitment</u> from recipient Departments:</p> <ul style="list-style-type: none"> - Commitment to negotiate and to dialogue on agreed policy frameworks. -Commitment to co-ordinate and co-operate with other levels of Government (task division). -Existence of mechanisms for participation on non-State actors in policy formulation. -Measures to strengthen internal debate inside organisation and external accountability. -Frequency/ quality of attendance to internal and external co-ordination meetings. -Existence of an overall action plan for Human Resources development and capacity building. <p>4.6 & 5.4 -Level of management <u>capacity</u> of recipient Departments:</p> <ul style="list-style-type: none"> -Systematic management approach (management systems, training, PCM, LFA, use of lessons learned). -Policy analysis capacity, strategic framework. -N°, skill level and turnover of staff committed to the programme. - % of top-level and middle-level management staff in the Department, % of unfulfilled positions. -Regular/ standardised M&E, internal/external audits. -N°/relevance/accuracy of produced statistics. -Effective /regular donor co-ordination meetings organised by the Department. -Effective collaboration with EC PMU or TA. -Funding absorption capacity (disbursement rates). -Financial transparency and accountability. -Sustainability ensured by MTEF. 	
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<p>III.1.</p>	<p>EVALUATION QUESTION 5.1.: <i>- How far has the quality of policy dialogue and strategy formulation with the S. A. Gov. (at a global and at sectoral level) improved over the previous MIP?</i></p> <p>Judgement criterion 1 Whether the EC has increasingly build upon and supported the Government’s strategies and institutions.</p> <p>Indicators</p> <ol style="list-style-type: none"> 1.1. Degree and quality of alignment of EC supported policies and programmes to S.A. strategies and MTEF (including provision budget support)? 1.2. Contribution to the development of clearly defined policies in the sector or sub-sector concerned? 1.3. Level of agreement by all actors regarding relevance? 1.4. Degree and quality of involvement of decentralised actors in policy dialogue and strategy formation (provincial/local governments; civil society and private sector). 1.5. Departments taking part of to meetings or initiating themselves regular donor co-ordination meetings? 1.6. Frequency of formal and informal meetings? 1.7. Quality and regularity of documents exchanged? <p>Judgement criterion 2 Whether the EC has been a knowledge-based donor (selective in areas of support, with a system from learning from interventions, co-ordinating with other donors).</p> <p>Indicators</p> <ol style="list-style-type: none"> 2.1. Degree and quality of policy advice and ‘best practices’ provided by EC? 2.2. Effective use of evaluation findings in new policies and programmes? 2.3. Degree and quality of linkages between EC development co-operation and trade/political co-operation? 2.4. Scope and quality of EC promoted efforts at improving donor co-ordination, complementarity and coherence? 2.5. Evolution overall EC programme towards a greater knowledge-based specialisation and selectivity in the areas of support? 2.6. Evolution overall EC programme towards a stronger knowledge-based task division with donors? 2.7. Improved internal systems for knowledge creation? <p>Degree of joint donor assessment, programming, monitoring and evaluation.</p>
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<p>III.2.</p>	<p>EVALUATION QUESTION 5.2.:</p> <p>- To what extent has it contributed to improving the programme definition and implementation?</p> <p><u>Judgement criterion 1</u> Whether both the SA Gov. Depts concerned and the EC Delegation duly apply a <u>systematic and coherent</u> approach to designing and implementing programmes?</p> <p>Indicators</p> <ol style="list-style-type: none"> 1.1. Quality of processes used to define and assess the feasibility of programmes? 1.2. Quality of processes used to identify the most suitable implementation arrangements (selection actors, funding mechanisms, institutional framework) 1.3. Contribution to a coherent and meaningful involvement of decentralised actors in the definition and implementation of programmes? 1.4. Systematic reliance on PCM methodology (LFA, M&E, lessons learned)? 1.5. Reduced use of parallel implementation structures (e.g. PMU)? 1.6. Capacity at the level of the EC Delegation to adapt approaches and intervention models to changes in the overall environment and in the light of lessons learned? 	
<p>III.3.</p>	<p>EVALUATION QUESTION 5.3</p> <p>How far has the implementation and delivery of EU-supported activities, especially the choice of beneficiaries, funding instruments and donor mix (including EIB), facilitated the achievement of specific objectives for each of the focal sectors?</p> <p>Judgement criterion 1: Whether there have been efforts and results in promoting innovative implementation and delivery modalities?</p> <p>Indicators</p> <ol style="list-style-type: none"> 1.1. Scope and quality of changes and adjustments introduced in the implementation and delivery modalities used by the EC? 1.2. Steps taken to enhance the participation of decentralised actors in programme implementation and delivery? 1.3. Number, scope and quality of public-private partnerships? 1.4. Number, scope and quality of ‘joint actions’, ‘co-financing’ schemes or other forms of complementarity? 1.5. Adequacy of overall set of funding instruments to effective implementation of EC supported policies and programmes? 1.6. Number, scope and quality of programmes that make a combined use of different instruments? 1.7. Number and quality of programmes including cross-cutting issues (gender, HIV/AIDS, environment.). <p>Judgement criterion 2 Whether there have been moves to address the EC’s own resource and procedural constraints that hamper effective implementation and delivery?</p>	
<p>MWH</p>	<p>ECDPM – ODI, December 2002</p>	<p>84</p>

<p>Indicators</p> <ul style="list-style-type: none"> 2.1. Steps taken towards greater concentration and reduction of number of programmes? 2.2. Adequacy staff composition EC Delegation (number and skills) to overall programme objectives? 2.3. Steps taken to reduce procedural complexity and delays (including the impact of overall EC reform of external assistance)? 2.4. Adequacy of support from headquarters (operational guidelines, procedural clarification, guardian of necessary flexibility). 2.5. Steps taken to harmonise procedures or align them to government procedures? <p>Expected results from deconcentration.</p>	
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**Evaluation of the Commission's
Country Strategy for South Africa
Field Evaluation Questionnaire
SYNTHESIS SHEET**

<u>Ref. n° of programme :</u>	<u>SA Authority (-ies) involved:</u>
<u>EPRD Sector:</u>	<u>Overall objective:</u>
<u>Implementing Agent:</u>	
<u>Name of Evaluator:</u>	

Relevance

Cross-cutting Themes (Gender equality, HIV/AIDS, environment...)

Efficiency

Co-ordination (SA authorities)

Complementarity (EU Member States, donors)

Coherence (internal EC, other policies)

Delivery / Decentralisation (3 Spheres of Government, other delivery mechanisms)

Effectiveness

Impact / Sustainability / Attribution to EC

Conclusions/ Lessons Learned (Strategy / Policy):

Recommendations (Strategy / Policy):

EVALUATION QUESTIONS - HEALTH

Relevance

(Quality of identification, adequacy to needs, appropriateness of proposed means.)

Efficiency

(Quality of organisation, management of activities, monitoring and ability to obtain maximum results with a fixed amount of resources.)

Effectiveness

(What was delivered? - Compatibility of results with the objectives / ToR of the project.)

Impact / Sustainability

(Effect of the results achieved, including in the longer term.)

I.1.	<p>EVALUATION QUESTION 1.1.: <i>How far have actions and measures (co-) financed or supported by the EU, notably in the fields of education, <u>health</u>, water and sanitation, urban development and housing contributed to redressing inequalities by improving levels of access and quality of service delivery?</i></p> <p><u>Judgement criterion 1:</u> Whether EC-supported actions have contributed to redressing inequalities in delivery of health services to the poorest, especially in target areas and among women and children (<i>impact</i>).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 1.1. Coverage by actions of worst-affected areas in terms of inequalities of access and delivery (especially through leverage effects). 1.2. Scope, quality and (expected) results of PHC (primary health care) supported actions for the poorest (esp. women and children) in targeted districts as direct / indirect result of the programmes (objectives?). 1.3. Quality and importance for delivery of EC-promoted donor co-ordination, complementarity and coherence. 1.4. Quality and importance for delivery of chosen institutional arrangements, including EC-promoted decentralisation co-operation (districts, local governments, partnerships, CSOs...). <p><u>Judgement criterion 2:</u> Whether EC-supported actions have contributed to the prevention and the treatment of HIV/AIDS and other key infectious diseases among the poorest (<i>impact</i>).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 2.1. Coverage by actions of worst-affected areas in terms of inequalities of information and health structures (especially through leverage effects). 2.2. Scope, quality and (expected) results of information /education supported campaigns for the poorest as direct/indirect result of the programmes (objectives?). 2.3. Scope, quality and (expected) results of curative/drugs/commodities supported actions for the poorest (esp. women and children) in targeted areas as direct /indirect result of the programmes (objectives?). 2.4. Extent of sustainability of such through further Government funding or own fund raising capacities. 2.5. Scope and (expected) results of regional co-operation actions in the field of HIV/AIDS. 2.6. Quality and importance for delivery of EC-promoted donor co-ordination, complementarity and coherence 2.7. Quality and importance for delivery of EC-promoted decentralised co-operation (partnerships, CSOs...)
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<p>I.2.</p>	<p>EVALUATION QUESTION 1.2.: <i>- How far have actions or measures (co-) financed or supported by the EU contributed to improved policy-making and service delivery by key institutions in the fields of education, <u>health</u>, water and sanitation, and urban development and housing?</i></p> <p>Judgement criterion 1: Whether EC-supported actions have contributed to improving the policy-making capacity in the sector, and to qualifying it for further support (<i>impact / relevance</i>).</p> <p>Indicators:</p> <p>3.1. Level of improvement of management capacity -especially in capacity building- as a direct/indirect result of EC-funded actions, and its effects on further development of policy-making. 3.2. Degree of sector priority in national strategy/MTEF (as a consequence of prior EC-funded actions?). 3.3. Degree of coherence of the sector strategy with the main MIP objectives, including geographical focus and cross-cutting issues. 3.4. Quality of proposed sector strategy, accurateness of identification of current situation and feasibility of proposed objectives. 3.5. Degree of understanding and use of lessons learned (positive and negative) in the sector strategy. 3.6. Quality of policy dialogue between Government (3 Spheres), EC and donors –<i>see also Group 5 of Evaluation Questions</i>.</p> <p>Judgement criterion 2: Whether EC-supported actions have contributed to preparing the conditions for a Sector-Wide Approach (SWAP) (<i>relevance</i>).</p> <p>Indicators:</p> <p>4.1. Quality of internal commitment and external co-ordination mechanisms set up (i) with donors, (ii) with other Government Depts (‘Clusters’). 4.2. % of EC/ODA contribution to the sector as compared to the national sector budget; how was the level of required ODA contribution determined, and for what expected results (quality, speed, capacity, pilot project with replicability / multiplier effect...). 4.3. Quality of performance/result indicators set up to measure the extent of intended impact for <u>final beneficiaries/ recipients</u>. 4.4. Quality of delivery mechanisms; degree of identification of current capacity/disbursement rates/ training needs for the Dept and delivery mechanisms – esp. local Governments, and expected results (indicators of capacity development). 4.5. Quality assurance for all programme components ; institutional mechanisms for M&E and audit. 4.6. Quality of proposed decentralisation; % budget, number/quality of partnerships, relations with independent CSOs, empowerment of CBOs. 4.7. Quality of inclusion of cross-cutting issues: gender, HIV/AIDS, environment, regional co-operation. 4.8. Quality of sustainability mechanisms.</p>	
<p>I.3.</p>	<p>Other remarks</p>	

EVALUATION QUESTIONS - WATER & SANITATION

Relevance

(Quality of identification, adequacy to needs, appropriateness of proposed means.)

Efficiency

(Quality of organisation, management of activities, monitoring and ability to obtain maximum results with a fixed amount of resources.)

Effectiveness

(What was delivered? - Compatibility of results with the objectives / ToR of the project.)

Impact / Sustainability

(Effect of the results achieved, including in the longer term.)

<p>I.1.</p>	<p>EVALUATION QUESTION 1.1.: - <i>How far have actions and measures (co-) financed or supported by the EU, notably in the fields of education, health, <u>water and sanitation</u>, urban development and housing contributed to redressing inequalities by improving levels of access and quality of service delivery?</i></p> <p>Judgement criterion 1: Whether EC-supported actions have contributed to redressing inequalities in access to <u>water and sanitation</u> services (<i>impact</i>).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 1.1. Coverage by actions of most deprived areas (especially through leverage effects). 1.2. Extent of backlog reduction in water services in targeted areas in accordance with RDP standards. 1.3. Extent of backlog reduction in sanitation services in targeted areas in accordance with RDP standards. 1.4. Level of quality improvement of service delivery. 1.5. Quality and importance for delivery of EC-promoted donor co-ordination, complementarity and coherence. 1.6. Quality and importance for delivery of chosen institutional arrangements, including EC-promoted decentralisation co-operation (local governments, public-private partnerships, CSOs...). 	
<p>I.2.</p>	<p>EVALUATION QUESTION 1.2.: - <i>How far have actions or measures (co-) financed or supported by the EU contributed to improved policy-making and service delivery by key institutions in the fields of education, health, <u>water and sanitation</u>, and urban development and housing?</i></p> <p>Judgement criterion 1: Whether EC-supported actions have contributed to improving the policy-making capacity in the sector, and to qualifying it for further support (<i>impact / relevance</i>).</p>	

	<p>Indicators:</p> <ul style="list-style-type: none"> 2.1. Level of improvement of management capacity -especially in capacity building- as a direct/indirect result of EC-funded actions, and its effects on further development of policy-making. 2.2. Degree of sector priority in national strategy/MTEF (as a consequence of prior EC-funded actions?) 2.3. Degree of coherence of the sector strategy with the main MIP objectives, including geographical focus and cross-cutting issues (gender). 2.4. Quality of proposed sector strategy, accurateness of identification of current situation and feasibility of proposed objectives. 2.5. Degree of understanding and use of lessons learned (positive and negative) in the sector strategy. 2.6. Quality of policy dialogue between Government (3 Spheres), EC and donors –<i>see also Group 5 of Evaluation Questions.</i> <p>Judgement criterion 2:</p> <p>Whether EC-supported actions have contributed to preparing the conditions for a Sector-Wide Approach (SWAP) (<i>relevance</i>).</p> <p>Indicators:</p> <ul style="list-style-type: none"> 3.1. Quality of internal commitment and external co-ordination mechanisms set up (i) with donors, (ii) with other Government Depts (‘Clusters’). 3.2. % of EC/ODA contribution to the sector as compared to the national sector budget; how was the level of required ODA contribution determined, and for what expected results (quality, speed, capacity, pilot project with replicability / multiplier effect...). 3.3. Quality of performance/result indicators set up to measure the extent of intended impact for <u>final beneficiaries/ recipients</u>. 3.4. Quality of delivery mechanisms; degree of identification of current capacity/disbursement rates/training needs for the Dept and delivery mechanisms – esp. local Governments, and expected results (indicators of capacity development). 3.5. Quality assurance for all programme components ; institutional mechanisms for M&E and audit. 3.6. Quality of proposed decentralisation; % budget, number/quality of partnerships, relations with independent CSOs, empowerment of CBOs. 3.7. Quality of inclusion of cross-cutting issues: gender, HIV/AIDS, environment, regional co-operation. 3.8. Quality of sustainability mechanisms. 	
I.3.	Other remarks	

II.1	<p><u>SUB-INDICATORS</u></p> <p>1.2. % deaths due to diarrhoea for children under 5. 1.3. % of sanitation-related diseases.</p> <p>1.4 - Increase in local government capacity to manage implementation. - Establishment and sustainability of providers Development of public-private partnerships (Mvula Trust).</p> <p>3.1-Level of <u>commitment</u> from recipient Departments: - Commitment to negotiate and to dialogue on agreed policy frameworks. -Commitment to co-ordinate and co-operate with other levels of Government (task division). -Existence of mechanisms for participation on non-State actors in policy formulation. -Measures to strengthen internal debate inside organisation and external accountability. -Frequency/ quality of attendance to internal and external co-ordination meetings. -Existence of an overall action plan for Human Resources Development and capacity building.</p> <p>2.2. & 3.7. Degree of achievement of DWAF policy of involving 30% of women in steering committees</p> <p>2.6 & 3.4. -Level of management <u>capacity</u> of recipient Departments: -Systematic management approach (management systems, training, PCM, LFA, use of lessons learned). -Policy analysis capacity. -N°, skill level and turnover of staff committed to the programme. - % of top-level and middle-level management staff in the Department, % of unfulfilled positions -Regular/ standardised M&E. -N°/relevance/accuracy of produced statistics. -Effective /regular donor co-ordination meetings organised by the Department -Effective collaboration with EC PMU or TA. -Funding absorption capacity (disbursement rates).</p>	
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EVALUATION QUESTIONS - URBAN DEVELOPMENT & HOUSING

Relevance

(Quality of identification, adequacy to needs, appropriateness of proposed means.)

Efficiency

(Quality of organisation, management of activities, monitoring and ability to obtain maximum results with a fixed amount of resources.)

Effectiveness

(What was delivered? - Compatibility of results with the objectives / ToR of the project.)

Impact / Sustainability

(Effect of the results achieved, including in the longer term)

I.1.	<p>EVALUATION QUESTION 1.1.: - <i>How far have actions and measures (co-) financed or supported by the EU, notably in the fields of education, health, water and sanitation, <u>urban development and housing</u> contributed to redressing inequalities by improving levels of access and quality of service delivery?</i></p> <p><u>Judgement criterion 1:</u> Whether EC-supported actions have contributed to set up models for <u>sustainable livelihood in disadvantaged urban areas</u> (<i>impact</i>).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 1.1. Number, types and quality of social services integrated in the urban environment, and population coverage as direct/indirect result of EC funding in a given project. 1.2. In a given project, number of jobs created among PDP as a direct impact of above LED activities; their sustainability and effect on local unemployment level. 1.3. In a given project, number of jobs created among PDP through new investments attracted as an indirect impact of more favourable urban environment; their sustainability and effect on local unemployment level. 1.4. Extent and level of cross-cutting issues (gender, environment.) addressed <p><u>Judgement criterion 2:</u> Whether EC-supported actions have contributed to redressing inequalities in access to <u>social housing</u> services (<i>impact</i>).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 2.1. Extent of backlog reduction in social housing services in targeted areas, in accordance with NHBRC (national housing builders registration company) standards, as a direct/indirect (leverage) effect. 2.2. Level of emerging social housing institutions, partnerships with similar European institutions or other decentralised institutional arrangements enabled to develop in a sustainable way and quality of their service delivery, as a direct/indirect (leverage) effect. 2.3. Extent and level of cross-cutting issues (gender, environment.) addressed. 2.4. Quality and importance for delivery of EC-promoted donor co-ordination, complementarity and coherence.
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<p>I.2.</p>	<p>EVALUATION QUESTION 1.2.: - <i>How far have actions or measures (co-) financed or supported by the EU contributed to improved policy-making and service delivery by key institutions in the fields of education, health, water and sanitation, and <u>urban development and housing</u>?</i></p> <p>Judgement criterion 1: Whether EC-supported actions have contributed to improving the policy-making capacity in the sector, and to qualifying it for further support (<i>impact / relevance</i>).</p> <p>Indicators:</p> <p>3.1. Level of improvement of management capacity -especially in capacity building- as a direct/indirect result of EC-funded actions, and its effects on further development of policy-making. 3.2. Degree of sector priority in national strategy/ MTEF (as a consequence of prior EC-funded actions?). 3.3. Degree of coherence of the sector strategy with the main MIP objectives, including geographical focus and cross-cutting issues. 3.4. Quality of proposed sector strategy, accurateness of identification of current situation and feasibility of proposed objectives. 3.5. Degree of understanding and use of lessons learned (positive and negative) in the sector strategy. 3.6. Quality of policy dialogue between Government (3 Spheres), EC and other donors active in the sector –<i>see also Group 5 of Evaluation Questions.</i></p> <p>Judgement criterion 2: Whether EC-supported actions have contributed to preparing the conditions for a Sector-Wide Approach (SWAP) (<i>relevance</i>).</p> <p>Indicators:</p> <p>4.1. Quality of internal commitment and external co- ordination mechanisms set up (i) with donors, (ii) with other Government Depts (‘Clusters’). 4.2. % of EC/ODA contribution to the sector as compared to the national sector budget; how was the level of required ODA contribution determined, and for what expected results (quality, speed, capacity, pilot project with replicability /multiplier effect...). 4.3. Quality of performance/result indicators set up to measure the extent of intended impact for <u>final beneficiaries/ recipients</u>. 4.4. Quality of delivery mechanisms ; degree of identification of current capacity/disbursement rates/training needs for the Dept and delivery mechanisms – esp. local Governments, and expected results (indicators of capacity development). 4.5. Quality assurance for all programme components ; institutional mechanisms for M&E and audit. 4.6. Quality of proposed decentralisation; % budget, number/quality of partnerships, relations with independent CSOs, empowerment of CBOs. 4.7. Quality of inclusion of cross-cutting issues: gender, HIV/AIDS, environment, regional co-operation. 4.8. Quality of sustainability mechanisms.</p>	
<p>I.3.</p>	<p>Other remarks</p>	

EVALUATION QUESTIONS - GOVERNANCE

Relevance

(Quality of identification, adequacy to needs, appropriateness of proposed means.)

Efficiency

(Quality of organisation, management of activities, monitoring and ability to obtain maximum results with a fixed amount of resources.)

Effectiveness

(What was delivered? - Compatibility of results with the objectives / ToR of the project.)

Impact / Sustainability

(Effect of the results achieved, including in the longer term.)

I.1.	<p>EVALUATION QUESTION 2.1.: - <i>How far have EU-supported measures and policies contributed to the development and consolidation of a <u>human rights culture</u> based on the <u>rule of law</u>, and of <u>democratic institutions and processes</u>, as well as to the <u>strengthening of civil society organisations</u> as defined in legal bases and programming documents.</i></p> <p><u>Judgement criterion 1:</u> Whether EC-supported policies and programmes have contributed to the development and consolidation of a human rights culture based on the rule of law, of democratic processes and institutions as well as to the strengthening of civil society (<i>impact</i>).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 1.1. Degree to which HR have been integrated as a crosscutting issue in all spheres of co-operation? 1.2. Nature, focus and coherence of the overall HR project portfolio? 1.3. Scope and (expected) results of programmes in support of the judicial and law enforcement system at all levels? 1.4. Scope and (expected) results programmes aimed at promoting democratic institutions and processes? 1.5. Increased opportunities for civil society participation in (sectoral) policy-making and implementation? 1.6. Number, improved capacity (for service delivery/ advocacy) and sustainability of EC-supported civil society organisations 1.7. Multiplier effect of EC-supported civil society programmes and projects? 1.8. Quality and importance for delivery of EC promoted donor co-ordination, complementarity and coherence? 1.9. The EPRD indicative target of 25% of resources available to be channelled through decentralised co-operation partners has been reached. 	
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	<p>Judgement criterion 2 Whether EC-supported policies and programmes are underpinned by a clear and coherent strategy and approach towards institutional development (ID) (<i>relevance</i>).</p> <ol style="list-style-type: none"> 2.1. Degree to which institutional capacity building has been integrated as a crosscutting issue in all spheres of co-operation? 2.2. Existence of a clearly defined and consistently applied implementation strategy for ID (guiding principles, approaches, methods, instruments)? 2.3. Adequacy of EC overall ID support compared to existing capacity constraints and needs at different levels? 2.4. Contribution of EC institutional support to the promotion of co-operative governance? 2.5. Quality of EC's overall approach to strengthening civil society and promoting its integration in the development process? 2.6. Existence of a long-term vision and sustainability focus in ID support? 2.7. Institutional mechanisms and capacities in place (particularly at the level of EC Delegation) for a strategic ID support to civil society (including M&E and learning systems)? 	
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<p>I.2.</p>	<p>EVALUATION QUESTION 2.2.:</p> <p>- <i>How far have EU-supported measures and policies contributed to improved governance benefiting inter alia previously disadvantaged populations? For example, citizens’ access to central and local government institutions; civil service performance; reduced corruption; and improved government accountability, more effective civil society etc...</i></p> <p><u>Judgement criterion 1:</u> Whether the EC-supported programmes have contributed to improved governance (<i>impact</i>).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 1.1. Contribution of EC supported programmes to enhanced public sector management capacity? 1.2. Contribution of EC supported programmes to improved linkages and collaboration between different levels of governance? 1.3. Contribution EC supported programmes to the establishment of new dialogue mechanisms between government and civil society on policy and co-operation issues (at different levels)? 1.4. Scope and (expected) results of programmes in support of advocacy and watchdog activities? 1.5. Enhanced demand-making capacity and influence of civil society actors (voice, accountability, transparency) <p>Benefits for previously disadvantaged populations of EC-supported programmes to legislatures?</p> <p><u>Judgement criterion 2</u> The EC-supported programmes have contributed to preparing the ground for effective and viable local governance systems (relevance).</p> <p>Indicators:</p> <ol style="list-style-type: none"> 2.1. Introduction/consolidation of participatory approaches to planning, implementing and monitoring of local development processes and programmes. 2.2. Introduction and consolidation of public-private partnerships in service delivery and local economic development. 2.3. Scope and quality of capacity building programmes for local governments. 2.4. Development of dialogue mechanisms between the EC and local actors (civil society and local governments) on governance priorities and relevant support measures. 2.5. Development of stronger institutional capacity at the level of the EC Delegation for a strategic support to local governance. 	
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EVALUATION QUESTIONS - LOCAL ECONOMIC DEVELOPMENT

Relevance

(Quality of identification, adequacy to needs, appropriateness of proposed means.)

Efficiency

(Quality of organisation, management of activities, monitoring and ability to obtain maximum results with a fixed amount of resources.)

Effectiveness

(What was delivered? - Compatibility of results with the objectives / ToR of the project.)

Impact / Sustainability

(Effect of the results achieved, including in the longer term.)

I.1.	<p>EVALUATION QUESTION 3.1.:</p> <p>- <i>How far have the specific actions and measures (co-) financed or supported by the EU in respect of local economic development, enterprises, employment, and development of human resources and skills, contributed to generating durable productive activities and increasing income, especially among previously disadvantaged sections of the population? In particular, what has been the impact on targeted beneficiaries, notably SMEs, rural enterprises and farms?</i></p> <p><u>Judgement criterion 1:</u> Whether EC-supported actions have contributed to generating durable productive activities in targeted areas (<i>impact</i>)- <i>see also judgement criterion 1 on LED in ‘Urban Development’ questionnaire.</i></p> <p>Indicators:</p> <ol style="list-style-type: none"> 1.1. Extent of replicability of LED models developed with EU (co-) funding; extent of leverage effect. 1.2. Extent of replicability of PSD models developed with EU (co-) funding; extent of leverage effect. 1.3. Consistence of direct/indirect coverage achieved with geographical focus (3 provinces) and /or other worst-affected areas. 1.4. In a given action: business demography (Ntsika indicators); statistics of newly registered SMMEs –either labour- or capital-intensive, and profiles of managers. 1.5. In a given action: percentage of growth generated by new SMMEs. 1.6. In a given action: types and importance of business created: retailing, tourism, agro-business processing, furniture manufacturing, minerals, services (training). 1.7. In a given action: survival /bankruptcy rates; impact of HIV/AIDS on such. 1.8. Extent and level of environmental cross-cutting issue addressed. 1.9. Proper co-ordination mechanisms in place at provincial level 1.10 Quality and importance for delivery of EC-promoted donor co-ordination, complementarity and coherence. <p><u>Judgement criterion 2:</u> Whether EC-supported actions have contributed to increasing income for the most disadvantaged (women..) (<i>impact</i>).</p>	
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	<p>Indicators: 2.1. Extent of contribution to employment generation for the poorest through EC programmes (direct / indirect effect). Statistics of women entrepreneurs, business partners or employees in newly created SMMEs (direct / indirect effect).</p>	
1.2.	<p>EVALUATION QUESTION 3.2.: - <i>To what extent are EU-supported measures (from 2000 onwards) helping increase the capacity of South African businesses to take advantage of the environment created by the TDCA?</i></p> <p><u>Judgement criterion 1:</u> Whether the South African private sector has benefited from the TDCA to improve its competitiveness in trade balance with the EU and with the rest of the world economy (<i>impact</i>).</p> <p>Indicators: 3.1. Extent to which SA imports and exports with the EU have increased after the entry into force of the TDCA. Extent to which the (possible) increase in trade flows has benefited to PDP and disadvantaged areas.</p>	
I.3.	Other remarks	

EVALUATION QUESTIONS - REGIONAL CO-OPERATION AND INTEGRATION

Relevance

(Quality of identification, adequacy to needs, appropriateness of proposed means.)

Efficiency

(Quality of organisation, management of activities, monitoring and ability to obtain maximum results with a fixed amount of resources.)

Effectiveness

(What was delivered? - Compatibility of results with the objectives / ToR of the project.)

Impact / Sustainability

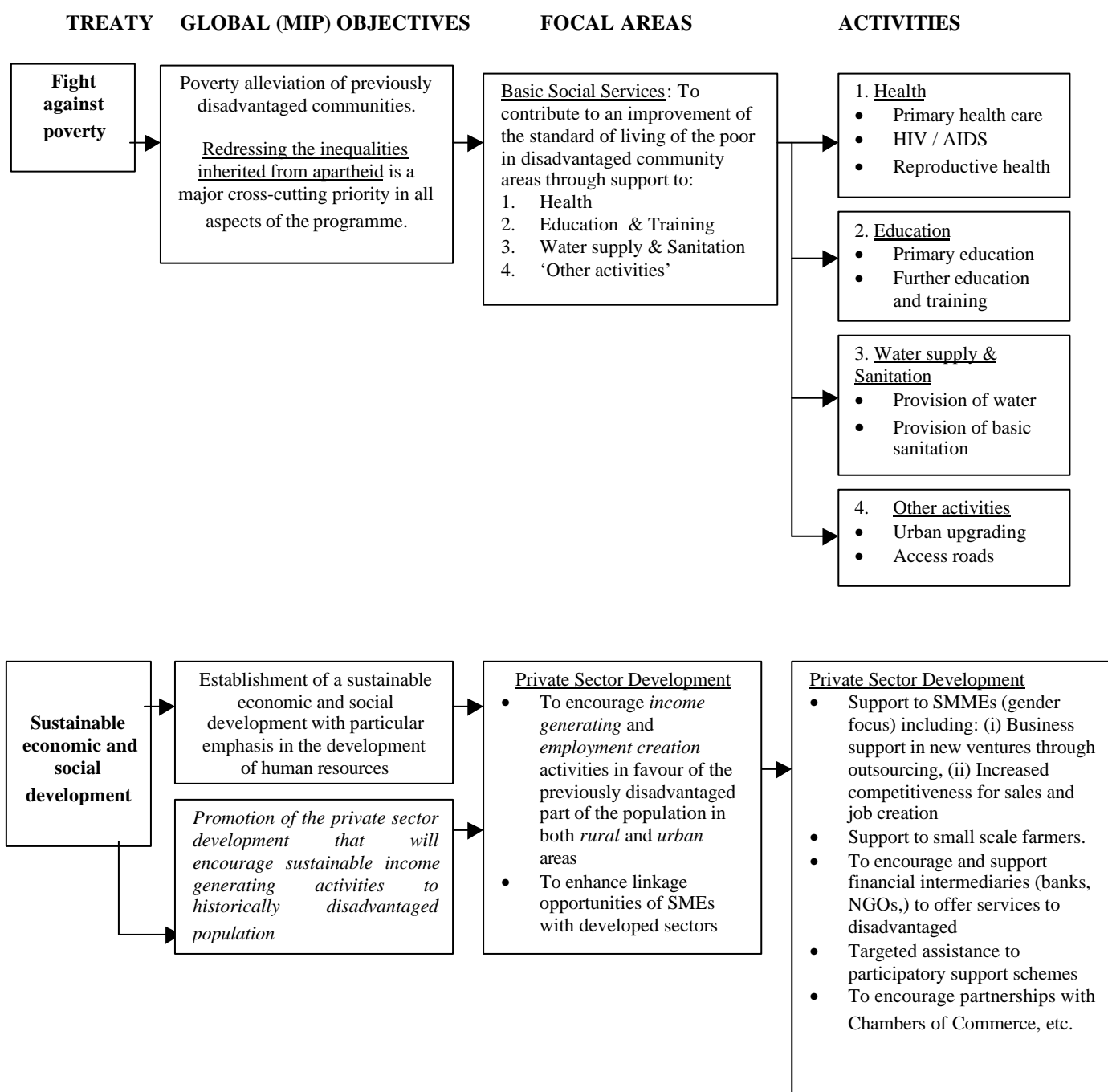
(Effect of the results achieved, including in the longer term.)

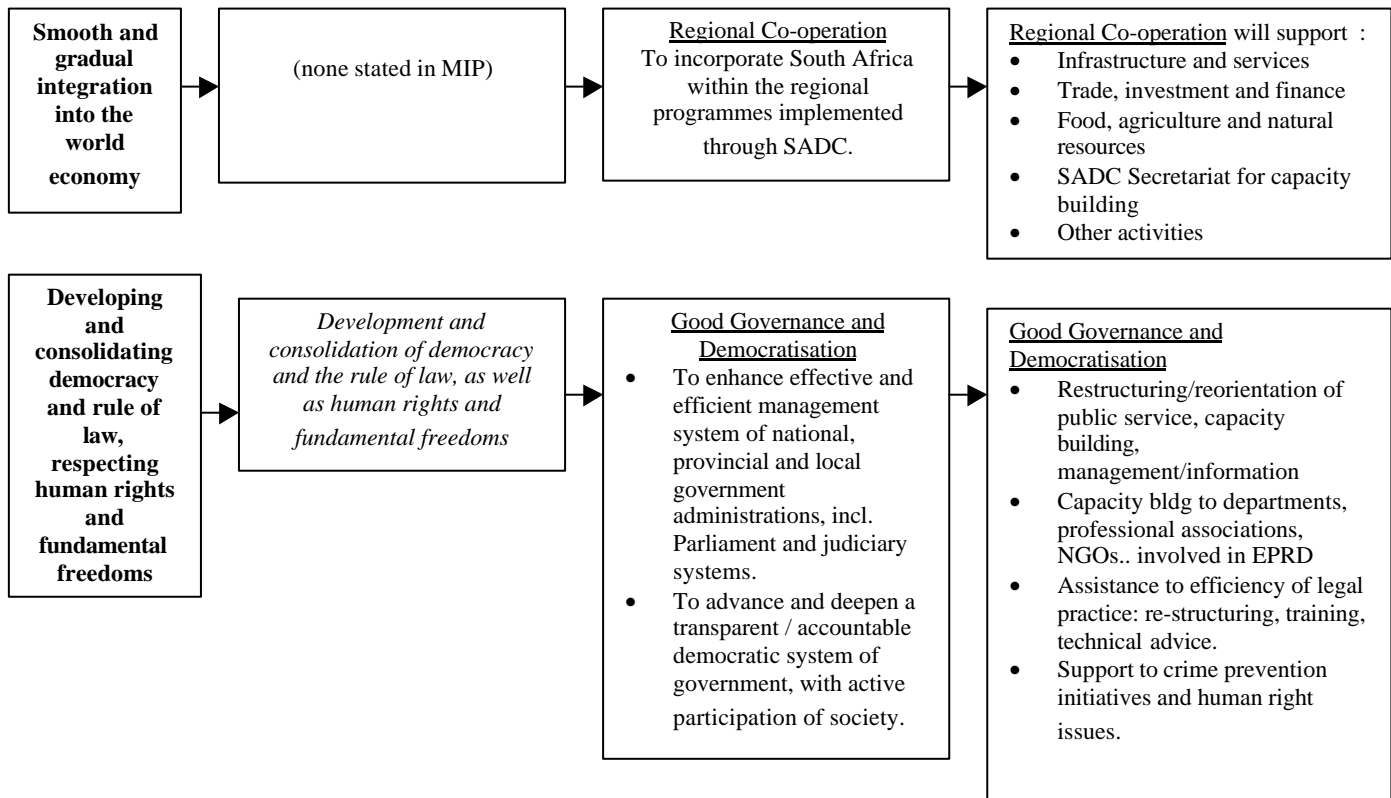
I.1.	<p>EVALUATION QUESTION 4.1.: - <i>To what extent has South Africa benefited from relevant regional projects and programmes?</i></p> <p><u>Judgement criterion 1:</u> Whether the SA participation in EU/SADC programme has increased overtime both quantitatively and qualitatively and has generated a value added for SA.</p> <p>Indicators:</p> <ol style="list-style-type: none"> 1.1. Extent to which the institutional capacity related to EPRD-funded SADC regional programmes has increased at National and Regional level. 1.2. Level of budgetary involvement of SA in SADC programmes. 1.3. N° and size of SADC projects (i) to which SA participates; (ii) for which SA is a regional co-ordinator. 1.4. Degree and speed of implementation of EPRD funded regional projects. 1.5. Direct/ indirect political benefits to SA of participation in EPRD regional programmes. 1.6. Direct /indirect benefit for the main SA society challenges of EPRD regional programmes. 	
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1.2.	<p>EVALUATION QUESTION 4.2.: - <i>How far have EPRD funds dedicated to regional co-operation and integration under the Multi-Annual Indicative Programme (i) contributed to economic and social development of SACU and SADC partners, to regional integration in general, and to the objectives defined in the SADC regional indicative programmes; (ii) assisted the SACU partners in meeting the challenges and opportunities created by the TDCA?</i></p> <p>Judgement criterion 1: Whether the coherence of EPRD-funded regional co-operation and integration initiatives has been improved in relation with RIP and TDCA objectives.</p> <p>Indicators: 2.1. Extent of increased impact of EPRD on economic and social development in SACU and SADC. 2.2. Extent of increased co-operation at regional level. 2.3. Extent of increased integration of regional economies and policies. 2.4. Proportion of ERPD funded regional projects dedicated to (i) economic objectives and (ii) social objectives.</p> <p>Judgement criterion 2: Whether SACU has been able to adjust to TDCA.</p> <p>Indicators: 3.1. Extent of SACU (absorption) capacity to take advantage of TDCA opportunities. 3.2. Extent of cost reductions in adjustments to TDCA.</p>	
1.3.	Other remarks	

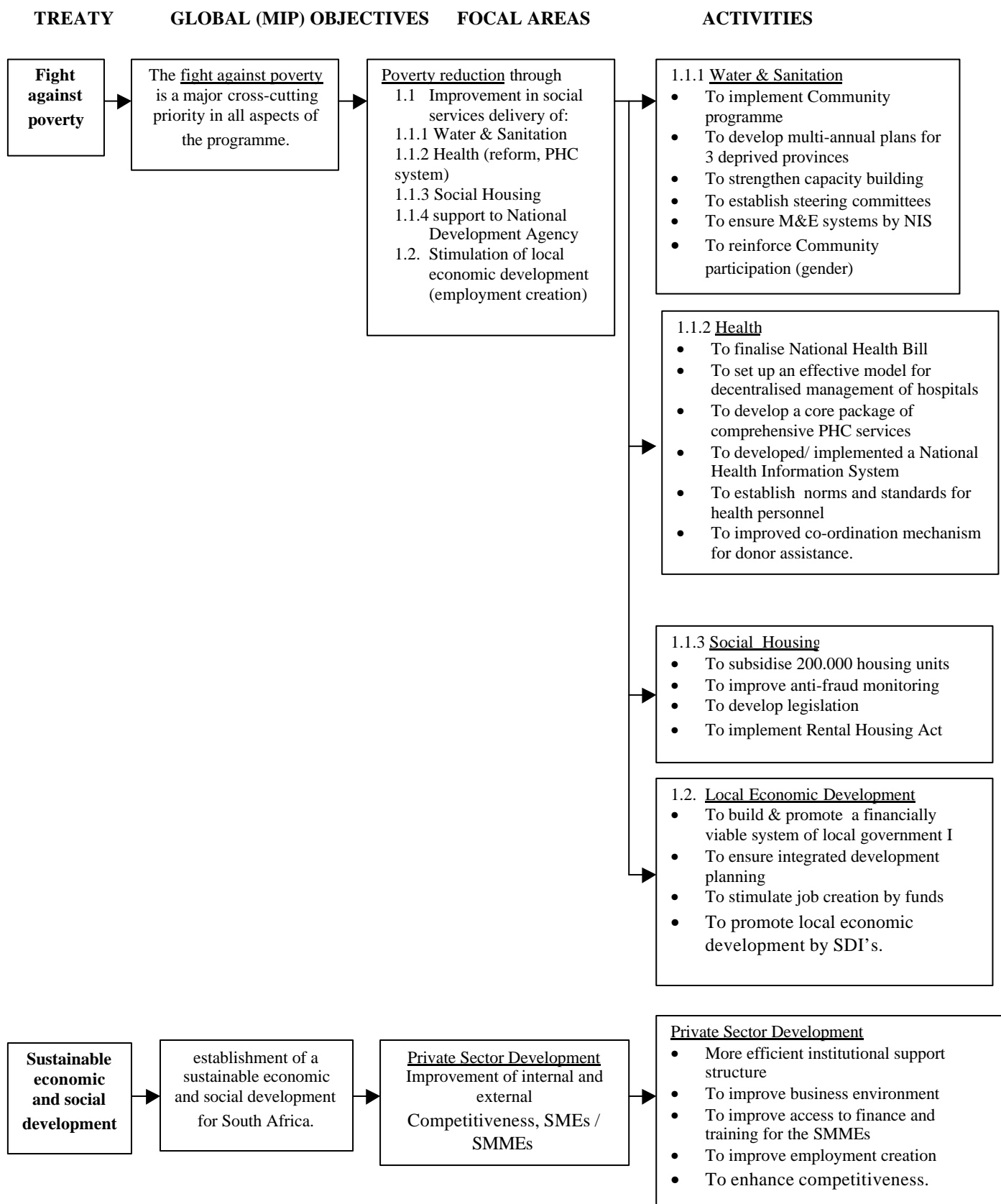
**MIPs : ARROW DIAGRAMS
&
LOGICAL FRAMEWORK ANALYSIS**

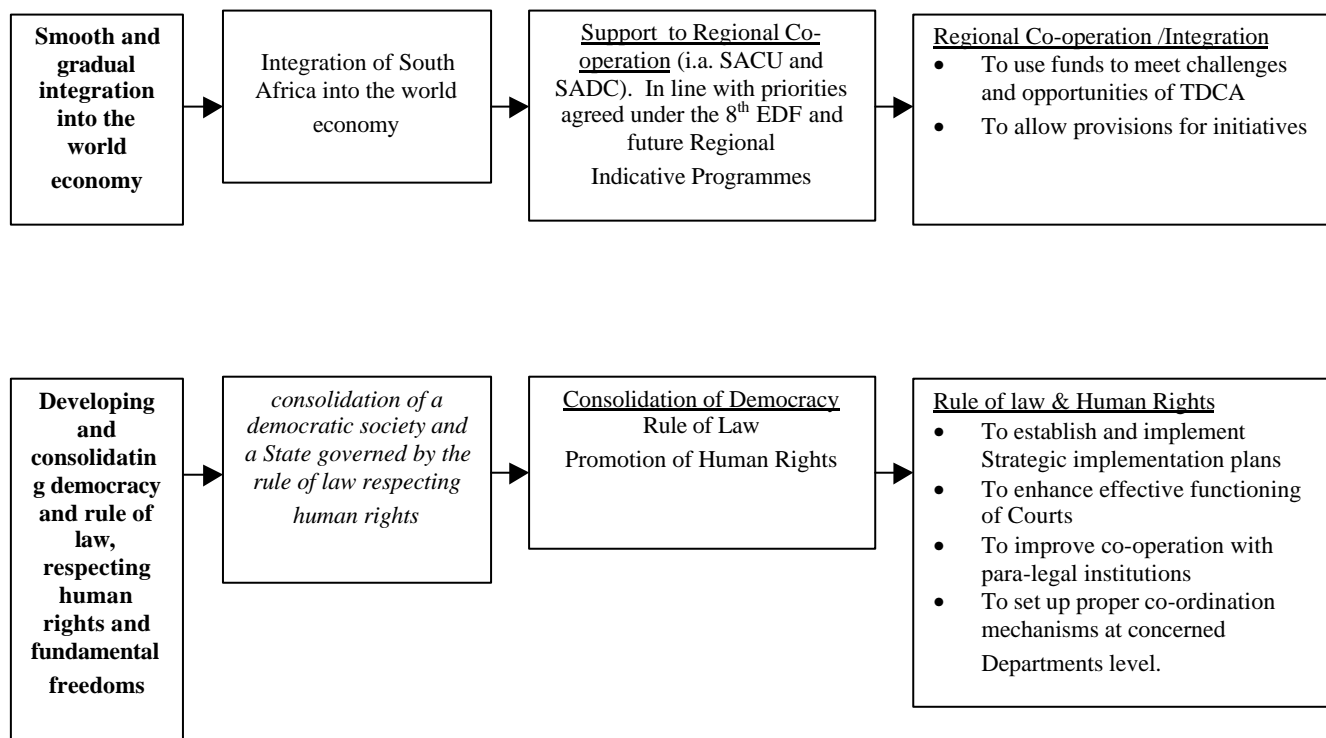
Arrow Diagram: Multi-Annual Indicative Programme (MIP) 1997-1999





Arrow Diagram: Multi-Annual Indicative Programme (MIP) 2000-2002





Matrix of Multi-Annual Indicative Programme (MIP) 2000 – 2002

The sequence of the elements below is presented according to (1) the MIP summary published on the Europa website (SCADPlus), and (2) the MIP itself. Where some discrepancies were noted, remarks (*) are added to the bottom of this matrix. Elements in *Italic* have been added by the evaluation for clarity purposes.

Intervention logic	Indicators (Programme, ex ante)	Sources of verification	Assumptions
Wider objectives*			
<ul style="list-style-type: none"> • Integration of South Africa into the world economy; • consolidation of a democratic society and a State governed by the rule of law respecting human rights; • establishment of a sustainable economic and social development for South Africa. <p>The <u>fight against poverty</u> is a major cross-cutting priority in all aspects of the programme.</p>	<p><i>-Macro-economic indicators for South Africa and region</i></p> <p><i>- South African government policy</i></p> <p><i>-EC policy</i></p> <p><i>-Budgetary commitments by S.A and by EC (% of national budget, % of capital investment budget)</i></p> <p><i>- Frequent / joint complaints by key Civil Society Organisations (CSO)</i></p>	<p>-TDCA (esp. Titles 5 & 7)</p> <p>-EPRD for South Africa</p> <p>-Regulation (EC) 1726/2000</p> <p>-Regulation (EC) 2259/1996</p> <p>-Country Strategy Paper 2000-2002</p> <p>-Annual Report 2000 (EC Delegation)</p> <p>-MIP 1997-99</p> <p>-Lomé Convention, Cotonou Agreement</p> <p>-ECIP, RIP programmes</p> <p>-EC Budget Chapter B7-6 (NGO financing)</p> <p>-Other relevant documents (Treaty, Declarations, Agreements...)</p> <p>-MTEF of the South African Government</p> <p>-‘Macro-economic Strategy for Growth, Employment and Re-distribution’, S.A. 1996</p> <p><i>- Reports from key CSO and Human Rights watch groups</i></p>	<p>South Africa is (<i>remains ?</i>) a pole for the development of peace, democracy and economic growth for the entire Southern Africa region.</p>
Specific objectives *			
Focal Areas (Policy)			
<p>1. Poverty reduction through</p> <p>1.1 Improvement in social services delivery of:</p> <p>1.1.1 Water & Sanitation</p> <p>1.1.2 Health (reform, PHC system)</p> <p>1.1.3 Social Housing</p> <p>1.1.4 support to National Development Agency</p> <p>1.2. Stimulation of local economic development (employment creation)</p> <p>2. Private Sector Development</p>	<p><i>-Rates of income inequalities and wealth re-distribution through tax system among social classes, regions...</i></p> <p><i>- Other relevant indicators of development, population and urbanisation, gender empowerment, mortality, access to health, water, education...</i></p> <p><i>- Strategies, norms, legislation and regulations in <u>Water and Sanitation</u></i></p> <p><i>- Strategies, norms, legislation and regulations in <u>Health</u></i></p>	<p><i>-GINI index</i></p> <p><i>-PIR (Poverty and Inequality Report)</i></p> <p><i>-UNDP annual Human Development Report, etc.</i></p> <p>-White Paper on Reconstruction and Development Programme (RDP)</p> <p>-White Paper on National Water Policy, various Acts...</p> <p>-White Paper on Health, various Health Bills...</p> <p>-White Paper on Housing, various Acts, Rental</p>	

Intervention logic	Indicators (Programme, ex ante)	Sources of verification	Assumptions
<p>Improvement of internal and external Competitiveness, SMEs / SMMEs</p> <p>3. <u>Consolidation of Democracy</u></p> <p>3.1 Rule of Law</p> <p>3.2 Promotion of Human Rights</p> <p>4. <u>Support to Regional Co-operation</u> (i.a. SACU and SADC). In line with priorities agreed under the 8th EDF and future Regional Indicative Programmes</p> <p>Other Objectives (Implementation/ Delivery)</p> <p><u>Cross-sectoral themes:</u> good governance, capacity building, gender issues, environmental protection, HIV/AIDS</p> <p><u>Geographical focus</u> on 3 most deprived Provinces.</p> <p><u>Decentralised co-operation</u></p>	<p>- Strategies, norms, legislation and regulations in <u>Social Housing</u></p> <p>- Strategies, norms, legislation and regulations in <u>Local Economic Development</u></p> <p>- Regulatory frameworks in <u>Human Rights</u> and <u>Rule of Law</u></p>	<p>Housing Bill...</p> <p>-White Paper on Local Government, various Acts.</p> <p>-White Paper on Small Business Promotion, specialised institutions...</p> <p>-White Papers on Safety, Security, Justice Vision 2000, Crime Prevention Strategy, Dept of Safety and Security... EU Foundation for Human Rights</p>	
Expected Results**			
<p><u>Policy (South African Government)</u></p> <p>1.1.1 <u>Water & Sanitation</u></p> <ul style="list-style-type: none"> • Community programme implemented • Multi-annual plans for 3 deprived provinces developed • Capacity building strengthened • Steering committees established • M&E systems ensured through NIS • Community participation (gender) reinforced <p>1.1.2 <u>Health</u></p> <ul style="list-style-type: none"> • Finalised National Health bill • Effective model for decentralised management of hospitals • Developed core package of comprehensive PHC services • National Health Information System 	<p style="text-align: center;"><u>Policy</u></p> <p><i>Performance and sectoral development indicators, as established by the EPRD monitoring system: to be used in sectoral logframes.</i></p> <p>1.1.1 <u>Water & Sanitation</u></p> <p>-donor consultation mechanism in place</p> <p>-joint sub-sector approach incl. most donors, based on nat. / prov. Strategic plans</p> <p>-Programmes in 3 target deprived provinces</p> <p>-effectiveness of public/ private partnership for service delivery improved</p> <p>- co-financing with national gov. contribution ensured.</p> <p>1.1.2 <u>Health</u></p> <p>-Programmes promoting public/private partnerships aiming at improved PHC.</p>	<p>A <u>monitoring system</u> of the EPRD is established in close co-operation with NAO and EC, and utilises.:</p> <ul style="list-style-type: none"> • performance indicators • sectoral development indicators <p>The NAO provides:</p> <p>-<u>planning</u> (6 months)</p> <p>-regularly, a <u>forecast for payment credits</u></p> <p>-at the end of each year, an annual <u>Development Co-operation Report</u> on implementation of the EPRD (completed by the Deleg. For decentralised projects)</p> <p>-<u>database</u> on donor funding</p> <p><u>Bi-annual consultations (reports)</u> between NAO and EC for annual programming and review of achievements.</p>	

Intervention logic	Indicators (Programme, ex ante)	Sources of verification	Assumptions
<p>developed/ implemented</p> <ul style="list-style-type: none"> • Norms and standards for health personnel established • Improved co-ordination mechanism for donor assistance. <p>1.1.3 <u>Social Housing</u></p> <ul style="list-style-type: none"> • Subsidies for 200.000 housing units • Anti-fraud monitoring improved • Legislation developed • Rental Housing Act implemented <p>1.2. <u>Local Economic Development</u></p> <ul style="list-style-type: none"> • Financially viable system of local government built & promoted • Integrated development planning ensured • Job creation stimulated by funds • Local economic development promoted by SDI's. <p>2. <u>Private Sector Development</u></p> <ul style="list-style-type: none"> • More efficient institutional support structure • Improved business environment • Improved access to finance and training for the SMMEs • Improved employment creation • Enhanced competitiveness. <p>3. <u>Rule of law & Human Rights</u></p> <ul style="list-style-type: none"> • Strategic implementation plans established and implemented • Effective functioning of Courts enhanced • Co-operation with para-legal institutions improved • Proper co-ordination mechanisms set up by concerned Departments <p>4. <u>Regional Co-operation /Integration</u></p> <ul style="list-style-type: none"> • Funds are used to meet challenges and opportunities of TDCA • Provisions allow for initiatives 	<p>-Institutional capacity increased at National and Provincial level</p> <p>-Donor consultation mechanism in place and joint sector approach developed.</p> <p>1.1.3 <u>Social Housing</u></p> <p>-emerging institutions enabled to develop</p> <p>-partnership between S.A. and EU institutions developed</p> <p>-co-ordination with other sector donors enhanced.</p> <p>1.2 <u>Local Economic Development</u></p> <p>-co-ordinated approach/ joint programmes. incl. other donors developed in 3 provinces</p> <p>-contribution to employment generation achieved</p> <p>-proper co-ord. mechanisms in place at provincial level.</p> <p><u>2. Private Sector Development</u></p> <p>-Enhanced service delivery to SMMEs (fin/bus. services)</p> <p>-Improved sustainability of financial intermediaries</p> <p>-Institutional framework for dialogue between Public / private sectors developed</p> <p>-Improved success rate for emerging entrepreneurs</p> <p>-Improved employment support. for target people.</p> <p><u>3. Rule of law & H. Rights</u></p> <p>-Sustainability of human rights CSOs reinforced</p> <p>-Donor co-ord. strengthened, joint support to Department of Justice achieved.</p> <p><u>4. Regional Co-operation /Integration.</u></p> <p>-S.A. participation in EU/SADC programme increased, esp. when S.A. is regional co-ordinator</p> <p>-Co-op. and integration within SACU enhanced</p> <p>-Donor co-ordination on regional issues</p>	<p>Each programme is supervised by a <u>steering committee</u> (reports ?)</p> <p><u>Other control systems:</u></p> <ul style="list-style-type: none"> - financial audits - mid-term reviews - final evaluations - on-the-spot checks by EC and Court of Auditors - Country Strategy evaluations <p><u>Reference documents:</u></p> <ul style="list-style-type: none"> -Financing Decision by EC -Standard contractual document (Financing Agr. with Gov, standard contract with decentralised partners) - Guidelines for the Implementation of EU Funded Projects in S.A. 	

Intervention logic	Indicators (Programme, ex ante)	Sources of verification	Assumptions
<p>Implementation/ Delivery (EC) - <u>Cross-cutting Issues, Horizontal Themes / Instruments and target provinces</u> are considered. - <u>Decentralised Co-operation:</u> (a) Increased efficiency/ impact by limited number of sectors or sub-sectors (b) Increased./developed support programmes, incl. <u>targeted budgetary support</u> (c) Promoted pilot /innovative programmes for replication /dissemination (d) Strengthened decentralised co-op by public/private partnership, NGO networking (e) Improved donor co-ordination by capacity bldg of line Depts & complementarity w/ EU MS</p>	<p>strengthened.</p> <p>Implementation / Delivery (Indicators below are taken from Annex I to MIP)</p> <p>a.1 Number of sectors retained a.2 Number of programmes approved/ year/sector a.3 Size of individual programmes. b.1 Number of sector or/sub-sector support programmes approved/year b.2 Degree of integration in Nat/prov strategies/ plans 2.3 Use of national procedures b.4 Use of national/prov. monitor/review mechanisms b.5 Sector co-ordination system in place c.1 Number of pilot/innovative programme approved/year c.2 Degree of replication d.1 Number of sector/ sub-sector programmes, incl. co-operation Government/CSOs d.2 Number of NGO networking d.3 25% of EPRD support through decentralised co-op. d.4 Number of programme which include environment, gender, AIDS, good governance indicators. e.1 Proper co-ordination mech. in place at Fin. / other Depts – number of donor meetings, of sector plans which include donors, of work groups e.2 Number of joint/parallel/ complementary programmes approved, incl. EC/ other donors/ EU MS</p>		<p>Appropriate conditions for <u>targeted budget support</u> are applied:</p> <ul style="list-style-type: none"> • availability of transparent MTEF in the sector, • satisfactory budgetary execution records, • accountability, • sound procurement and financial control procedures

Intervention logic	Indicators (Programme, ex ante)	Sources of verification	Assumptions																				
Planned Activities	Means	Costs																					
<p>By the S.A. Government</p> <ul style="list-style-type: none"> • Implementation of EPRD - <i>see sectoral log frames</i> • Leading role in donor co-ordination (Responsibility to ensure that all EC programmes are integrated into an overall strategic framework for donor assistance). <p>By the EC:</p> <ul style="list-style-type: none"> • Funding and supervision of EPRD - <i>see sectoral log frames</i>. • Complementarity with EU Member States • Support to: South African institutions, the judiciary system, the civil society, the EU Foundation for Human Rights. • Other interventions: <ul style="list-style-type: none"> – Consolidation of ongoing projects / programmes (incl. education***) – Support to conferences, workshops & cultural initiatives – Logistical support to the NAO – TA consultancy programme (e.g. for private sector support). 	<ul style="list-style-type: none"> • Each programme to be implemented in accordance with <u>PCM – Integrated Approach</u> and LFA. • <u>Sector support approach</u>: Focus on a limited number (2-4) of sector support programmes. • <u>Systematic co-ordination</u> with other donors, esp. Complementarity with EU Member States. • <u>Deconcentration (EC)</u>: <ul style="list-style-type: none"> – CAO – EC Delegation • <u>Public-private partnership</u>: <ul style="list-style-type: none"> – promotion of dialogue and partnership between – public authorities and non-governmental – development partners and actors. • EC support is focused on the most deprived provinces: <u>Eastern Cape</u>, <u>Northern Province</u> and <u>KwaZulu-Natal</u>. • <u>Decentralised co-operation (S.A.)</u>, <ul style="list-style-type: none"> – NAO – Dept of Finance – Other line Departments, if appropriate 	<p>Reference financial amount from EPRD: 340 mill. Euro (grants, risk capital), out of which:</p> <table border="0"> <tr> <td><u>1. Poverty reduction :</u></td> <td><u>50-60 %</u></td> </tr> <tr> <td>1.1.1 Water & Sanitation</td> <td>+/- 15 %</td> </tr> <tr> <td>1.1.2 Health</td> <td>+/- 10 %</td> </tr> <tr> <td>1.1.3 Social Housing</td> <td>+/- 10 %</td> </tr> <tr> <td>1.1.4 support to NDA</td> <td>+/- 5 %</td> </tr> <tr> <td>1.2. Local economic development</td> <td>+/- 15 %</td> </tr> <tr> <td><u>2. Private Sector Development</u></td> <td><u>15-20 %</u></td> </tr> <tr> <td><u>3. Consolidation of Democracy</u></td> <td><u>15-20 %</u></td> </tr> <tr> <td><u>4. Regional Co-operation</u></td> <td><u>+/- 10 %</u></td> </tr> <tr> <td><u>Other interventions</u></td> <td><u>+/- 5 %</u></td> </tr> </table> <ul style="list-style-type: none"> – An indicative target of 25% of the resources is channelled through decentralised co-operation partners. – The EC will provide TA and logistic support to the NAO – The EIB could further contribute through its own resources 	<u>1. Poverty reduction :</u>	<u>50-60 %</u>	1.1.1 Water & Sanitation	+/- 15 %	1.1.2 Health	+/- 10 %	1.1.3 Social Housing	+/- 10 %	1.1.4 support to NDA	+/- 5 %	1.2. Local economic development	+/- 15 %	<u>2. Private Sector Development</u>	<u>15-20 %</u>	<u>3. Consolidation of Democracy</u>	<u>15-20 %</u>	<u>4. Regional Co-operation</u>	<u>+/- 10 %</u>	<u>Other interventions</u>	<u>+/- 5 %</u>	<p><u>Activities are selected according following criteria:</u></p> <ul style="list-style-type: none"> • Consistence with key priorities as defined in MTEF and TDCA • Existence of clearly defined policy in sector or sub sector concerned • Established capacity of the relevant Department or partner organisation • Existence of supported knowledge derived from past EU experience/ reviews / evaluations • Clear complementarity with other donors, in particular with EU Member States • Potential for ripple effect and replicability • EC internal capacity to manage and monitor programmes
<u>1. Poverty reduction :</u>	<u>50-60 %</u>																						
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		<p>Preconditions</p> <ul style="list-style-type: none"> • A stable macro-economic framework enables (<i>continued</i>) sustainable economic growth (?) • The S.A. Government and the EC are strongly committed to (<i>keep</i>) mobilising the necessary resources. 																					

Remarks:

* Logical sequences of broad objectives and focal areas do not fully correspond. In the MIP (Chap I.3), the first broad priority is indeed the ‘sustainable economic and social development’, which is more consistent with poverty reduction.

** Expected results are not presented following the same sequences in the MIP and in its Summary.

*** The lack of education / training in the MIP 2000-2002 (considered in isolation) could be seen as a ‘missing link’ between improved social services and employment creation, though ongoing programmes are being pursued and this crucial sector is likely to be included again in the upcoming MIP.

ANNEX D: RDP, GEAR and MTEF

Reconstruction and Development Programme (RDP)

The **RDP** is an integrated, socio-economic policy framework created to dispel the effects of apartheid. Its stated primary aim is to meet ‘the objectives of freedom, of an improved standard of living and quality of life for all South Africans within a peaceful and stable society’. The key programmes of RDP can be summarised into (i) meeting basic needs (water, land, education, housing, etc.), (ii) developing human resources, (iii) building the economy, and (iv) democratising the State and society. These programmes are very consistent with all MIPs objectives and activities, except regional co-operation.

Growth, Employment and Redistribution (GEAR)

The **GEAR** macro-economic strategy, issued in 1996, is more pragmatically centred on economic growth. The strategy’s original aim was to reach a growth rate of 6% and to create 400.000 new jobs per year in 2000. Around this key objective of ‘a competitive fast growing economy which creates sufficient jobs for all work seekers’, GEAR further integrates the availability of health, education and other services for all, and a secure environment.

Medium Term Expenditure Framework (MTEF)

The **MTEF** was introduced to ‘promote fiscal discipline’. The framework sets out priorities, objectives and goals for the budget and gives three-year projections of resources available to meet Government’s policy commitments. The 1999-2001 MTEF emphasised improved delivery services through better management and efficient use of funds by the various Departments.