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External Evaluation of the Local Economic Development Support Programme in iLembe District, KwaZulu-Natal, South Africa

Volume 1: Main evaluation report

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In collaboration with

A3BEL

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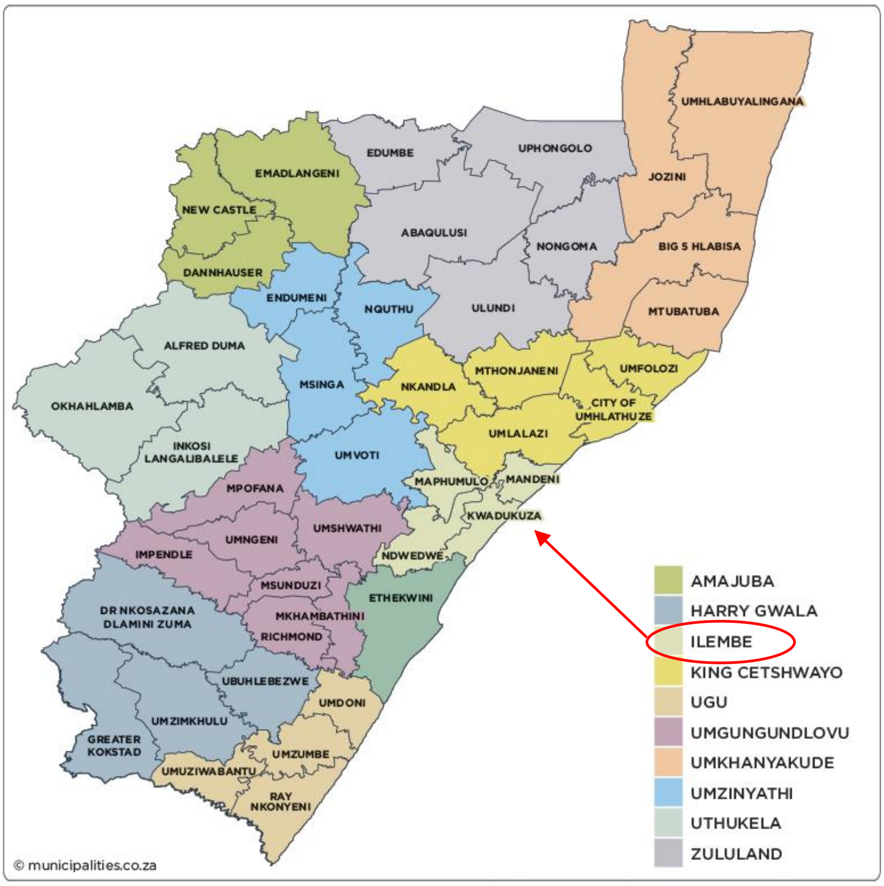


Acronyms

CoC	Chamber of Commerce, iLembe
DAC	Development Assistance Committee, OECD
EDTEA	Department of Economic Development, Tourism and Environmental Affairs, KwaZulu-Natal
EU	European Union
GIZ	Gesellschaft für Internationale Zusammenarbeit GmbH, Germany
IDM	iLembe district municipality, South Africa
IFC	International Finance Corporation
KDM	KwaDukuza local municipality, South Africa
KZN	KwaZulu-Natal province, South Africa
KZNCOGTA	Department of the Cooperative Governance and Traditional Affairs, KwaZulu-Natal
LED	Local Economic Development
MI	Municipal infrastructure
MLM	Mandeni local municipality, South Africa
NRE	Non-revenue electricity
NRW	Non-revenue water
NT	National Treasury, South Africa
OECD	Organization of Economic Cooperation and Development
PCU	Programme coordination unit
PFM	Public finance management
PINK	Procurement, Infrastructure, and Knowledge Management Capacity Development Programme, SECO, South Africa
PMT	Programme management team
PSC	Programme steering committee
PSD	Private sector development
PPP	Public-private partnership
SCADA	Supervisory Control and Data Acquisition system
SCO	Swiss Cooperation Office, South Africa
SECO	State Secretariat for Economic Affairs, Switzerland
SMEs	Small and medium sized enterprises
SRI	Sustainable Recycling Industries
TVET	Technical and vocational education and training
UNIDO	United Nations Industrial Development Organization

Executive Summary

Introduction

This evaluation concerned a qualitative inquiry into the development effectiveness of the Local Economic Development Support Programme (Vuthela) in iLembe District, KwaZulu-Natal, South Africa. Its purpose was to account for Vuthela's development results, draw lessons on what worked, what didn't and why in promoting Local Economic Development, and review the first-time collaboration of all four of SECO's operational units within a single programme. The primary intended users of the evaluation were the Swiss State Secretariat for Economic Affairs SECO (donor), South Africa's National Treasury and the KwaZulu-Natal provincial government (development partners), and iLembe district municipality, KwaDukuza local municipality and Mandeni local municipality (the beneficiaries).

Vuthela

Vuthela sought to improve the framework conditions for private sector development in iLembe district by strengthening (i) municipal public financial management, (ii) municipal administrative and infrastructure services, (iii) skills and SME development, (iv) private sector resource efficiency, and (v) public-private dialogue and initiatives. Vuthela's budget envelope was CHF 9,841,000, including a CHF 1 million in-kind and cash contribution of iLembe, KwaDukuza, and Mandeni. The programme was—for the most part—implemented by an externally sourced implementing agency (Mariswe Ltd.), which set up a Programme Coordination Unit which operated for 6½ years (from 1 July 2017 to 31 December 2023). Some parts were implemented by existing, ongoing, (regional) SECO programs. At the end of the programme, four capital investment projects to address non-revenue water (iLembe) and non-revenue electricity (KwaDukuza and Mandeni), as well as to install a project management information system (iLembe Enterprise) were transferred to the three municipalities and iLembe Enterprise respectively for their own implementation (with continued monitoring by SECO and the Project Management Team). These four projects were to be implemented in 2024 and were still ongoing at the time of the evaluation.

The results

Vuthela piloted two new development concepts which are now being replicated. First, a one-window process for citizens and businesses to obtain their title deeds. This is being taken up by the KwaZulu-Natal provincial government and rolled out in South Africa's eight metropolitan areas under the SECO-funded City Support Programme. Second, a vocational training concept—the Installation, Repair, and Maintenance Hub—is implemented in seven townships under a, SECO co-funded, GIZ programme. In addition, Vuthela implemented most (if not all) of its envisaged activities and outputs. In the process, it helped iLembe, KwaDukuza, and Mandeni develop a range of new municipal strategies, policies, plans, procedures, and systems which *'strengthened the hand of municipal staff and managers'*, as they offered a more accurate picture of the state-of-play of municipal affairs and more robust public financial management practices. Still, many strategies, policies, plans, procedures, and systems are awaiting full implementation or being put into full operational use. As a result, there was no evident virtual cycle of public and private sector investment and local economic development due to interlinked and reinforcing improvements in municipal finances, the administrative and infrastructure service delivery, private sector development, and public-private collaboration. Although four capital investment projects are still underway and these can have positive effects, it is unlikely that these four projects will induce this virtual cycle.

The hindering factors

What prevented iLembe district from seizing the opportunities provided by Vuthela? First and foremost, the lack of a local reform agenda and drive. The political and economic leadership of iLembe was insufficiently committed to growth, development, and learning and did not offer the political drive and support to municipal managers to implement Vuthela as an extension of the municipalities' own fiscal resources. iLembe district was unable to extricate and distinguish itself from the deteriorating development and political context in South Africa—characterized by political factionalism and patronage, a deterioration of state capacity, imperfect decentralization, a dysfunctional political and administrative interface, and slow and slowing economic growth. For its part, Vuthela took a too mechanistic, technical-assistance-oriented, predefined approach to change. It was also too complex, exceeding the municipalities' capabilities. Moreover, individual Vuthela projects were not purposefully and concretely linked. Finally, Vuthela's collegial governance structure and culture prevented course corrections. (Whilst the use of South Africa's country systems delayed the start of the programme, and slowed down implementation, it did not impede implementation per se.)

The SECO internal collaboration

Public and private sector development are needed for development. SECO mostly pursues these twin goals separately with two of its operational units focused on public sector development and two operational units pursuing private sector development in its partner countries. With Vuthela, for the first time, SECO combined its full offer into a single programme. The objective was to demonstrate the relevance and effectiveness of such a programme and foster more interunit cooperation. The second goal was (partly) achieved. Between 2009-12, there were two interunit collaborations. In 2024, there were 32—with 29 being between two SECO units, two between three units, and Vuthela remaining the only one with all four operational units involved.

Unfortunately, Vuthela did not really exploit the complementarities and synergies in SECO's institutional offer. The reasons mostly pertain to the idiosyncrasies of Vuthela (see previous section). However, SECO also did not establish special oversight mechanisms to monitor, evaluate and steer this pilot programme on these synergies. In addition, , SECO's private-sector-oriented departments made two consequential decisions, which reduced their effective involvement and the potential complementarities and synergies with the public sector development work. These decisions were (i) to make a minor financial contribution and position themselves as junior partners in the collaboration, and (ii) to expand existing partnerships with IFC and UNIDO to iLembe district, rather than work with the concrete opportunities available in iLembe district.

Overall, there is nothing which should prevent the four operational units from working together again in a single programme, except opportunity and will. The opportunity in partner countries to work with public and private sector partners on (local) economic development. And the will to work with the local reform space and opportunities as they are and adapt accordingly.

Lessons

The evaluation offers concrete lessons on how the development effectiveness of local economic development (cooperation) can be enhanced:

- Development is inherently political and locally carried. Where the local political commitment to growth and development is not unequivocal, development cooperation needs to be complemented by development diplomacy to identify the reform space, garner support, and anchor the cooperation locally.

- Development interventions need to be in sync with local capacities, capabilities and readiness for change—better to start small, unambitious, and expand the scope of intervention upon success.
- New (programmatic) approaches require active monitoring and evaluation, truth telling, and strategic oversight and steering, based on an explicit, detailed, and utilized theory of change, as well as the willingness and ability to adapt the approach based on the realities on the ground and the lessons learned.
- If multiple operational units within SECO collaborate, all units must be on board, committed, and tailor their support to the development realities found on-the-ground.
- A clear and inclusive governance structure still requires individual leadership to function effectively and keep an eye on the validity of the theory of change and outcome objectives.
- Country systems can be used effectively in development cooperation, but time is needed to align donor and recipient requirements.

Recommendations

To inform the Swiss Cooperation Offices in SECO's partner countries about Vuthela's lessons and that multi-unit collaboration to promote development continues to have merit and worth, subject to:

- being embedded in an explicit local and political reform agenda and drive,
- being problem-oriented, kept simple, and allowing it to evolve and grow over time,
- combining technical and financial assistance with development diplomacy,
- allocating internal resources for monitoring, evaluation, and strategic steering,
- assigning clear responsibility within SECO for strategic steering and programme adaptation, and
- having the full commitment of all participating units.

For the iLembe municipalities and KwaZulu-Natal provincial government to reflect on how the district, with their support, can build a coalition of political and economic leaders dedicated to growth, development, and learning.

1 Introduction

1. This report documents the external evaluation of the Swiss-funded Local Economic Development (LED) Support Programme in iLembe District, KwaZulu-Natal, South Africa. This programme was implemented under the name Vuthela, which means 'to ignite' in isiZulu. This opening chapter lays down the purpose and use of the evaluation, introduces the main evaluation questions, describes the evaluation methodology and limitations, and offers a reading guide to the rest of the report.

1.1. Background, purpose, and use of the evaluation

2. Vuthela has a long, rich, history. Consequently, this evaluation carries special importance for the Swiss State Secretariat for Economic Affairs (SECO) and its South African partners: the National Treasury (NT), the provincial government of KwaZulu-Natal (KZN), and the three beneficiary municipalities—iLembe district municipality (iLembe), KwaDukuza local municipality (KwaDukuza), and Mandeni local municipality (Mandeni).[1] In short:

- Vuthela was the first bilateral SECO programme involving all four of its operational units[2]. The idea to combine forces in a single programme arose in 2008.[3] With South Africa becoming a partner country in 2009 and SECO having to build up a portfolio, it offered the opportunity to pursue this idea further. This ultimately led, in 2012, to a background study and the decision for Vuthela.
- The Swiss funding flowed through the National Treasury, and the KZN Department of Economic Development, Tourism and Environmental Affairs (EDTEA) procured the implementing agency: the engineering consulting firm Mariswe (Pty) Ltd. This use of South Africa's 'country systems' implied joint decision-making between the National Treasury, EDTEA, and SECO and required the synchronization of Switzerland's and South Africa's international cooperation conditions. Together with a change in government leadership in all three municipalities (after municipal elections in 2016) and a challenge to the procurement of Mariswe (Pty) Ltd., this meant the programme only started in July 2017.
- The programme was ambitious. It combined public sector, private sector, and public-private interventions. Parts were implemented by a programme coordination unit (PCU), parts were led by the municipalities themselves, and still other parts were run by third parties, e.g., the International Finance Cooperation (IFC) or the Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH. Moreover, implementation occurred in an ever more challenging (and deteriorating) development context (see Chapter 3.1).
- Finally, quite a few people involved in the original conceptualization and design of Vuthela were still at SECO, the National Treasury, EDTEA, and the three municipalities at the time of this evaluation—some of them directly involved in the programme to the end. Based on their experiences, each held their own views and had drawn their own lessons on Vuthela.

[1] We mostly refer to the three municipalities by name. In tables, however, we used their acronyms: iLembe district municipality (IDM), KwaDukuza local municipality (KDM), and Mandeni local municipality (MLM). Moreover, in this report iLembe refers to the municipality, whilst we use 'iLembe district' to refer to the whole geographic area of the district, which includes iLembe, KwaDukuza, and Mandeni municipalities, as well as the two rural municipalities Ndwedwe and Maphumulo.

[2] These are the four operational units of the Economic Cooperation and Development Department of SECO: Macro-economic Support (WEMU), Infrastructure Financing (WEIN), Private Sector Development (WEIF), and Trade Promotion/Energy Efficiency (WEHU). Again, we mostly refer to these units by name, except in graphs where we use the acronyms.

[3] For more background, see Chapter 4.1.

3. Against this 12-year historical backdrop, the evaluation—which took place directly after programme close, in the first quarter of 2024—offered the opportunity to:

- take stock of the development results, and
- draw lessons on what worked, what didn't and why.

4. As such, the purpose of the evaluation was to serve institutional learning and account for the development results.

5. The primary intended users of the evaluation were:

- SECO's four operational units and the Swiss Cooperation Office in South Africa, and
- SECO's South-African development partners: the National Treasury, EDTEA, iLembe, KwaDukuza, and Mandeni.

6. There were no specific upcoming decisions that the evaluation was to inform. Nevertheless, the evaluation may influence future strategic and operational decision-making of SECO and its South African development partners on local economic development (cooperation). It may also feed into:

- the formulation of a new SECO cooperation programme with South Africa (due in 2024), and
- the KZN provincial government strategic planning cycle after the national and provincial elections of 2024.

1.2. Evaluation questions

7. The evaluation was to answer the following four main evaluation questions:

1. To what extent did Vuthela's programmatic approach and implementation modalities create on-the-ground synergies and enhance the development effectiveness of the intervention?
2. To what extent did the collaboration between SECO's four operational units create synergies and enhance the development effectiveness of the programme?
3. What were the development results of Vuthela as measured against the OECD/DAC evaluation criteria?
4. What conclusions, lessons, and recommendations can be drawn from the evaluation about Vuthela's programmatic approach and the collaboration between SECO's four operational units?

1.3. Evaluation methodology

8. The evaluation concerned a purposeful, theory-based, and qualitative inquiry into the development effectiveness of Vuthela. Purposeful, because the evaluation sought answers to the evaluation questions of SECO, the National Treasury, EDTEA and the three beneficiary municipalities. Theory-based, as the evaluation took the programme's theory of change as reference point for structuring the evaluation and drawing lessons, conclusions, and recommendations. Qualitative, because the evaluation relied on the insights and perspectives gained from interviews and program/sector documentation to offer a descriptive analysis and assessment of Vuthela. The evaluation's findings and recommendations stem from a combination of inductive, deductive and contribution analyses. The evaluation triangulated its findings across data sources and evaluators. A second volume to this evaluation report elaborates, amongst others, on the evaluation methodology.

1.4. Limitations

9. Vuthela encompassed around 48 projects, each with its own implementation modality and stakeholders. The evaluation's two-week field mission neither allowed us to look at all projects, nor to undertake in-depth case studies of a representative number of them. Instead, the evaluation purposefully selected 12 'example projects' and used these to identify the key stakeholders in the

municipalities and structure the interviews. In these interviews, the evaluation focused on the extent to which these projects were implemented in parallel and created synergies between them, allowing the municipalities to better their financial health, improve their administrative and infrastructure service delivery, and promote private sector development, thereby sowing the seeds for economic and employment growth in the district, i.e., contributed to the achievement of Vuthela's overall objective.

10. At the end of the day, however, the evaluation constituted a probe, offering one reality of Vuthela based on a limited data set. Individual actors submerged in programme components may have experienced a different reality and hold a (somewhat) different picture of Vuthela and the lessons it bears. Such differences in perceptions are natural and unavoidable. They offer the opportunity to complement and enrich each other. This evaluation therefore offers one building block for future decision-making. SECO's and the South African partners' own experiences provide additional inputs.

1.5. Reading guide

11. This report has, purposefully, been kept short and crisp. Over the years, much has been written on and by Vuthela. The value-added of this evaluation lies in distilling the key factors of success and failure, thereby facilitating institutional learning. We have sought to cut to the chase and focused on the core development questions and issues. We favored clarity over comprehensiveness, bullet points over lengthy texts.

12. The next chapter offers a two-page introduction to Vuthela. For the initiated, this chapter can be skipped. Chapter 3 presents the main observed results, discusses the development context in which they took place, and dissects what worked, what didn't and why in Vuthela's programmatic approach, governance structure, and implementation modalities. Chapter 4 reflects on the collaboration between SECO's four operational units, again zooming in on what worked, what didn't and why. Chapter 5 offers a formal account of Vuthela on the six OECD/DAC evaluation criteria: relevance, coherence, effectiveness, impact, efficiency, and sustainability. Chapter 6 gives succinct answers to the main evaluation questions, draws the overall lessons of Vuthela, and offers recommendations for each of the primary users of the evaluation.

13. The report includes as appendices (i) macro-economic and quantitative results data, (ii) a list of SECO programmes and projects with inter-unit cooperation since 2009, and (iii) SECO's standard assessment grid on the OECD/DAC evaluation criteria. A second volume to this main evaluation report further includes (i) a more detailed version of the evaluation questions and scope, (ii) the evaluation design matrix, (iii) Vuthela's theory of change, (iv) the evaluation's sampling strategy, (v) a description of the evaluation methods, (vi) the documentation undergirding the evaluation, and (vii) the key informants to the evaluation.

14. Whilst serving both accountability and learning, the report was particularly written to serve learning. The report focused on the big picture and sought to draw out the main lessons to be learned. This inevitably implied choices about what lay at the core of the development story and what did not, which brings us back to the above point that this evaluation 'constituted a probe, offering one reality of Vuthela'. It also meant that we favored clarity and steered away from telling an all too detailed and convoluted story. The product is a direct assessment of the development effectiveness of Vuthela and the inter-unit cooperation within SECO. This assessment—in no way—encompasses a critique on any one person, function, unit, department, institution, or organization. Instead, it is to facilitate personal and institutional learning. We invite the readers to also draw their own lessons on what worked, what didn't and why in promoting development. The report offers reflective questions to this end.

2 A two-pager on Vuthela

15. **Objective**. '*The overarching objective and expected impact of the programme [was] to contribute to the improvement of the economic future of iLembe district and the quality of life of its inhabitants, through sustainable growth of the local economy, and the creation of higher, better, and more inclusive employment and income generating opportunities*' (SECO 2013, 2014). An additional, subsidiary, objective was '*to disseminate the lessons learned for application elsewhere in South Africa [and thus contribute to] an improved national and provincial context for Local Economic Development*' (SECO 2012, 2013).

16. **Strategy**. Vuthela sought to achieve this objective by trying to improve the framework conditions for private sector development. This was done through a three-pronged approach:

1. by strengthening the administrative and infrastructure service delivery of the three municipalities by improving (i) their financial health, (ii) their internal policies, procedures, systems, and work processes, (iii) the policies and procedures for businesses to obtain title deeds, construction permits and electricity connections, and (iv) municipal investments in water supply and electricity distribution infrastructure,
2. through punctual interventions in skills development, small- and medium size enterprise (SME) support, and energy and waste efficiency studies and measures the private sector, and
3. by fostering a public-private dialogue on the comparative advantages of iLembe district and ways to exploit these through collaborative efforts of the public and private sector, ideally by institutionalizing multi-actor, multi-sector, and multi-scale partnerships.

17. **Components**. Vuthela was organized in five components as depicted in Figure 1. Each box includes the main workstreams/projects per component—the listing is indicative and not comprehensive.

Figure 1 Vuthela programme components with their main workstreams

PUBLIC

Component 1: Public finance management
- Improving council financial oversight
- Strengthening budget management
- Enhancing revenue management
- Creating a uniform indigent register
- Prepare a development charge policy
- Improve procurement systems and processes

Component 2: Municipal infrastructure
- Develop asset management plans and system
- Implement electricity distribution control room (including SCADA system)
- Address non-revenue water & electricity
- Review & exit strategy water concession
- Prepare electricity & waste master plans

PRIVATE

Component 3: Private sector development
- Improve ease-of-doing business
- Entrepreneur accelerator program
- Skills development: Installation, repair, maintenance hub
- Employability tool Umfolozi College

Component 4: Building inclusive growth
- iLembe energy efficiency scoping study
- iLembe waste efficiency scoping study
- Renewable energy options for Isithebe industrial park
- Promoting e-waste recycling programme

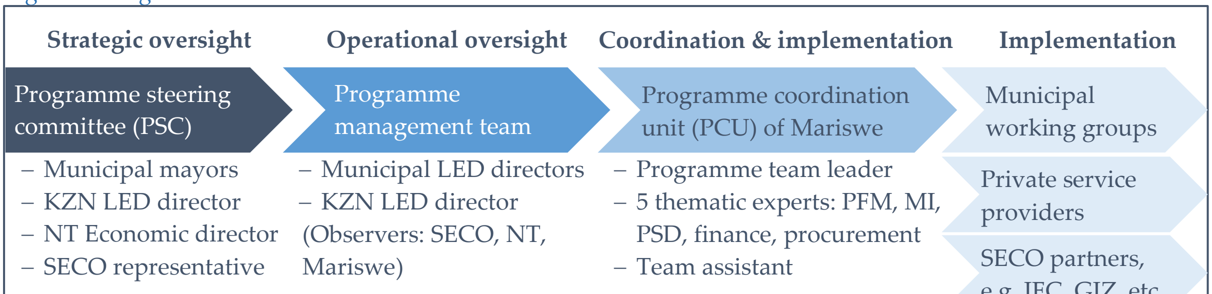
PPP

Component 5: Partnership and cooperation
- Promote public-private dialogues
- Support municipal LED strategies & iLembe District Economic Recovery and Implementation Plan
- Institutional support to Enterprise iLembe
- Spark newsletter and Vuthela case studies

Source: Authors

18. **Organization**. Figure 2 shows Vuthela's organizational set-up.

Figure 2 Programme structure



Source: Authors. Legend: see list of acronyms.

19. **Budget and timeline**. Vuthela's budget envelope was CHF 9,841,000 for, in principle, a six-and-a-half-year implementation period: 1 July 2017 – 31 December 2023. The budget included a CHF 1 million in-kind and cash contribution of iLembe, KwaDukuza, and Mandeni. The funding and implementation of four projects—one on non-revenue water (iLembe), two on non-revenue electricity (KwaDukuza and Mandeni), and one on a project management information system (Enterprise iLembe)—were transferred to the respective municipalities / Enterprise iLembe, to be implemented in 2024 (with continued monitoring by SECO and the Project Management Team). Whilst the programme coordination unit and the contract with Mariswe (Pty) Ltd. came to an end as per 31 December 2024, Vuthela as a programme formally continues until 31 December 2024.

20. **Use of country systems**. Whilst Vuthela was not part of the South Africa government's budget, SECO did provide the funding through the National Treasury. In public financial management speak, the programme was 'on treasury', but 'off-budget'. The National Treasury transferred the funding to EDTEA which as executing agency appointed and oversaw the implementing agency (Mariswe (Pty) Ltd.) and administered the funds.

21. The Programme Coordination Unit, under the auspices of Mariswe (Pty) Ltd., implemented most projects under Vuthela, in part themselves, in part through the mobilization of consultants. These third-party service providers were procured according to Swiss law. SECO did agree on a special provision stipulating that consultants were, in part, selected on the extent to which they promote the South African policy of 'Broad-Based Black Economic Empowerment'[4]. Consultants were sourced from South Africa's Central Supplier Database for Public Procurement and selected through competitive procurement. Finally, the four projects that were transferred to the municipalities and iLembe Enterprise used the municipal procurement systems to procure contractors.

22. **Amendments**. This two-page description depicts Vuthela's final programme design. Compared to the start of the programme, there were four main amendments:

1. Vuthela originally thought to connect selected economic sectors in iLembe district to (inter-) national markets and promote access to finance for small and medium sized enterprises (SMEs). These were abandoned and replaced by interventions in skills development, SME development, and energy / waste efficiency measures.
2. It was agreed that the four abovementioned projects, which were transferred to the municipalities / iLembe Enterprise, could be implemented in 2024.

[4] Under South African law, a company's 'broad-based black economic empowerment' is given a weight of 20% in the procurement selection process. SECO and EDTEA agreed on a 10% weighting in Vuthela.

3. SECO increased the budget envelope in 2022 by CHF 1,388,000 to CHF 9,841,000 to enable iLembe to address its non-revenue water and KwaDukuza and Mandeni their non-revenue electricity challenges through a combination of soft and hard measures.
4. The programme was extended three times from its original five years to six-and-half years.

3 The development effectiveness of Vuthela

23. This chapter tells Vuthela's development story. It explains what happened and what can be learned from the experience. It seeks to understand and draw lessons. As such, this chapter is geared towards the learning objective of the evaluation. The story starts with South Africa's (and Vuthela's) development context and then continues with Vuthela's intervention logic, its main results, and an analysis of the contributing and constraining factors to Vuthela's results. The chapter ends with a conclusion and a set of questions for the reader's own reflection.

3.1. South Africa's development context

24. No development intervention operates in isolation. All development work is influenced by and needs to respond to (changes in) the development context. This is even more so for programmes which operate in challenging and deteriorating development contexts, as has been the case for Vuthela. When assessing and trying to understand the Vuthela story, we need to be cognizant of the following contextual factors[5].

- South Africa has experienced *'slow, slowing, and highly vulnerable growth [with] income per capita falling for over a decade, unemployment standing at 33%, youth unemployment exceeding 60%, poverty haven risen to 55,5% based on the national poverty line ... inequality the highest in the world and structures of exclusion remaining embedded in South Africa's society'* (Growth Lab 2023).
- With these macro-economic conditions, the national fiscal budget has been under severe strain, preventing the state from investing in staff and (infrastructure) systems, leading to *'a collapse of state capacity ... with critical network industries, including electricity, transport infrastructure services, security, and water and sanitation having experienced major deteriorations over the last 15 years'* (Growth Lab 2023). Load shedding, often hours per day, has become routine.
- There is an active political and social contestation for access to public resources. Some take a benign (albeit costly) form (as it overburdens public organizations) such as preferential procurement rules (Growth Lab 2023). Others are malign, such as when—euphemistically called—'business forums' resort to the threat of violence to demand a piece of the procurement cake. According to the key informants, this has led civil servants to be *'no longer secure of their career, job, or even life'* if they make the *'wrong'* procurement decision. This has made civil servants risk-averse and public decision-making long-winded and slow.
- South Africa's society is characterized by both *'political patronage'* and a belief that the public sector, particularly the central government, should lead economic development. The latter *'prevents society from contributing to the supply of societal needs, for example, by limiting private, provincial, and municipal power generation'*. This is exacerbated by the country's administrative decentralization without proper fiscal decentralization which result in *'municipalities not having the local capabilities to match their responsibilities'* (Growth Lab 2023).
- And if this wasn't enough, South Africa suffered, like all countries, under the covid-19 pandemic and, additionally, experienced social riots in 2021. These riots were particularly severe in KwaZulu-Natal, the home-base of former President Zuma, whose prosecution for corruption triggered the riots. Finally, KwaZulu-Natal experienced major flooding in 2021 and 2022.

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[5] Whilst we partly express the context in the words of a recent study by the recognized Harvard professor, Riccardo Hausmann (Center for International Development, Harvard University), the text mirrors the feedback from the evaluation's key informants.

25. Whilst South Africa's difficulties can, in part, be traced back to the economic and segregation policies of the pre-1994 apartheid regime and the political ideologies and factionalism within the African National Congress (ANC), they were not expected—at least not to this extent—in 2012-13. Neither, however, was SECO blind to the prevailing realities. At the time, it observed, amongst others:

- low local revenue collection and reliance on intergovernmental transfers,
- ageing infrastructure and underfunding of operations and maintenance,
- poor accountability relations with communities, and
- a troubled local government environment, prone to political factionalism, patronage, corruption, and fraud, as well as a dysfunctioning political and administrative interface (SECO 2012, 2014).

3.2. Vuthela's intervention logic and theory of change

26. In a nutshell, Vuthela's intervention logic was that if it helped strengthen the municipal fundamentals of iLembe, KwaDukuza, and Mandeni with regard to their public finance management, investment planning and service delivery, and business regulations, then this would allow the municipalities to improve their revenue collection and financial headroom to make them invest in better administrative and infrastructure service delivery which, together with investments in skills and SME development, the efficient use of energy/resources, and public-private dialogue, would attract more private sector investments from within and outside the district and lead to higher employment, income and economic growth in the district.

27. The underlying assumption, or theory of change, was that:

- the district municipalities had the interest, incentive, commitment, drive, capacity, power, leadership, and tenacity to improve the municipal fundamentals,
- the economic dynamism of KwaZulu-Natal—stemming from the Richards Bay industrial complex, the Durban port, the Dube trade port, the King Shaka international airport, and the Isithebe industrial park in Mandeni—were waiting to be seized by iLembe district,
- the public and private sector of iLembe district were ready to coordinate and collaborate, and
- *'the fulfillment of each component was, individually, an insufficient condition for LED'* (SECO 2013) which, instead, required a consorted effort and a programmatic approach.

3.3. Results[6]

28. Vuthela was most successful in its subsidiary objective **to inform provincial and national development policies and practices**. Here, we observed that:

- KZN has copied Vuthela's programmatic approach in its Townships and Rural Economies Revitalization Strategy (EDTEA 2022),
- KZN is in the process of setting up a provincial integrated land service office—a one stop shop for citizens and businesses to claim their title deeds,
- the SECO-funded, IFC-implemented City Support Programme is replicating Vuthela's process and model for title deed registration in South Africa's eight metropolitan cities, and
- GIZ, with SECO as co-funder to the German government, is rolling out the Installation, Repair, and Maintenance Hub (IRM Hub) concept—which was piloted by GIZ under Vuthela in Mandeni—to seven townships in South Africa under the Career Path Development for Employment Programme.

[6] This section offers a high-level reflection on Vuthela's results. A formal account of Vuthela's outcomes and impacts is offered in Chapter 5.

29. Whilst certainly positive, it probably goes too far to call these results an outright success. For two reasons. First, the programs are just starting and still need to deliver results (at scale). Second, except for the KZN interventions, the replication continues to be donor funded. South Africa's strategy for the use of official development assistance is to pilot interventions which it deems too risky to undertake with its own fiscal resources. Real success would thus be if South Africa would replicate Vuthela's approaches and results with its own fiscal resources and thereby *'improve the national and provincial context for Local Economic Development'* as was envisaged by Vuthela (SECO 2012, 2013).

30. What about Vuthela's core objective to improve municipal fundamentals and foster economic growth? Here, the positive result was:

- **Individual capacity development**. Vuthela has positively impacted individual municipal managers and staff. Whilst the preparation of new strategies, policies, plans, procedures, and systems was systematically outsourced to either the Programme Coordination Unit or, most commonly, consultants, this was done in close consultation with and under the supervision of municipal managers and staff. As such, they became knowledgeable about these strategies, policies, plans, procedures, and systems, and their underlying philosophies.[7] *'They strengthened the hand of municipal staff and managers'* as they offered a more accurate picture of the state-of-play of municipal affairs and what needs to be done. For some, it *'opened their eyes to the need for a programmatic approach to local economic development'*.

31. The evaluation did not confirm that such individual capacity development translated into broadly enhanced institutional capacities.

- **For now, limited institutional improvements**. Most progress has been made on municipal public finance management. Vuthela helped the municipalities to clarify roles and responsibilities, improve regulations, formalize procedures and access rights, develop standard operating procedures, strengthen internal controls, better integrate municipal accounting software, and better align with national accounting and audit standards. According to a separate evaluation of Vuthela's PFM component, this led to more robust and well-functioning public finance management systems in KwaDukuza (ZHAW 2023).

  Vuthela's central premise was that, to strengthen municipal administrative and infrastructure service delivery, the municipal staff of different departments (budget, revenue, legal, and technical) needed to closely work together. Whilst this, to some extent, happened in the working groups of Vuthela projects, this cooperation has not yet led to the successful address of non-revenue water and electricity (the programme's foci), nor in the institutionalization of such collaboration. Municipal departments continued to mostly work in parallel rather than together.

  Some plans (e.g., the KwaDukuza Electricity Master Plan) informed follow-up work (e.g., the distribution control room and SCADA system). Some systems (e.g., asset management, SCADA) were seen as critical for the municipalities to perform their functions effectively and efficiently. By and large, however, the municipal strategies, policies, plans, procedures, and systems have

[7] These pertained, amongst others, to budget management practices, revenue enhancement strategies, the indigent registry and policy (with the registry still being populated), asset management plans and systems, the distribution control room and SCADA system (under implementation), municipal procurement systems and procedures (in South Africa referred to as supply chain management), concession management, action plans for non-revenue water and electricity, electricity master plans, integrated waste management plans, revised LED strategies, the Economic Recovery and Implementation Plan, renewable energy generation potential studies for a waste water treatment plant and Isithebe industrial park. For Enterprise iLembe, the programme reviewed and advised on its governance and management structure and practices.

been slow in the making and still largely needed to be implemented or put into (full) operational use. Critical in this regard were the revenue enhancement strategy (which was finalized only in 2023 and was awaiting implementation[8]) and the non-revenue water and non-revenue electricity projects (which were now, early 2024, being procured/implemented by the municipalities). As a result, there was—due to Vuthela—no evident improvement in the financial headroom of the municipalities[9] and their administrative and infrastructure service delivery.[10] The latter was indirectly confirmed by the most recent business confidence survey from the iLembe Chamber of Commerce. The percentage of businesses reporting that municipal infrastructure services constrain their business was 41% in 2022 compared to 25% in 2017, i.e., in practice, despite Vuthela, the perception of municipal infrastructure service delivery has worsened in recent years (iLembe CoC 2023).

32. On the private-sector development-oriented components, we observed:

- **Discrete, small-scale interventions**. Vuthela's work on improving the 'ease of doing business' resulted in improved processes for obtaining construction permits and title deeds. The evaluation could not deduce a larger, broader, outcome and impact story from these improvements (except for the previously mentioned replication of the title deeds program by KwaZulu-Natal and the City Support Programme). Vuthela's other private sector interventions either concerned studies (e.g., into the renewable energy generation options for Isithebe industrial park or using waste to produce energy) or were small-scale, short-term, and one-off interventions. The KwaDukuza entrepreneurship project, the IRM Hub, and the iLembe ICT project (successfully) reached 20 entrepreneurs, 19 micro-businesses, 10 local artisans, and 73 youth. Chapter 4 will further reflect on the design of Vuthela's private sector portfolio. For now, it suffices to say that these studies, interventions, and numbers were not district-level LED gamechangers.
- **The absence of a structured public-private dialogue**. The envisaged structured and purposeful dialogue between the district's public and private sector and *'the coordinated strategic interventions by local state, private and community actors to improve the physical and economic environment and local service delivery and develop local enterprises'* did not come about (SECO 2013). The pre-existing fora—the LED Forum and the Economic Development Facilitation Forum—remained all but dormant, and the new District Development Model committee evolved largely into a forum for the provincial and municipal departments and agencies to report on their activities.[11]

33. In sum, the evaluation did not find evidence of the beginning of a virtuous cycle of public and private investments, nor that the whole of the programme was becoming more than its constituent parts. The abovementioned revenue enhancement strategy and non-revenue water and electricity

[8] KwaDukuza, ostensibly, did create a Revenue Protection Unit under the Office of the Municipal Manager.

[9] At one point, Vuthela did report lower Unauthorized, Irregular, Fruitless, and Wasteful Expenditures due to improved budget management practices. Time-series data from the National Treasury show that these expenditures (i) fluctuate significantly, (ii) have indeed dropped between 2018-19 and 2020-21 for iLembe and Mandeni, and between 2019-20 and 2020-21 for KwaDukuza, and (iii) have increased again in 2021-22 (see Appendix A for details). The municipalities are receiving better financial audits, mostly due to a better budgeting practices and compliance with national policies, procedures, and laws.

[10] Vuthela did help KwaDukuza and Mandeni to significantly reduce the procedural steps and turnaround time for site development plans and building plan approvals.

[11] The Programme Coordination Unit did initiate 'critical dialogue sessions' on, example given, non-revenue water, the development charges policy and electricity sector reform. This was a good initiative as it constituted another try to get a public-private dialogue going. These sessions were appreciated, but neither unlocked the topics at hand, nor led to a public-private rapprochement and structural dialogue.

projects still carry some potential, as do the use of the SCADA system, the ease-of-doing business reforms, and individual skills development programs. But, by-and-large, after six-and-half-years of implementation, it is hard to see how these ongoing interventions will create the momentum needed for broad-based municipal performance improvement, increased business confidence, enhanced public and private investments, and higher employment, income, and economic growth for iLembe district—as was envisaged by Vuthela.

34. What has held iLembe district back and prevented it from seizing the opportunities provided by Vuthela? We now turn to answering this question by reflecting on the contributing and hindering factors to Vuthela's success.

3.4. Contributing and hindering factors

35. Development is complex—the result of a confluence of factors. For clarity's sake, this section takes a thematic approach. It starts with the most influential, critical, factor, then the second most important factor, and so on. We also try to highlight the linkages in between without convoluting the story too much. The themes emerged from our discussions in iLembe district, the testing of Vuthela's theory of change, and simply from making sense of the collected data and insights. The section covers all themes and dimensions in which SECO, the National Treasury, EDTEA, or the municipalities had expressed interest during the inception phase of the evaluation.

- **Ownership**. At the end of the day, the political and economic leadership of the municipalities *'did not sufficiently care'*—they were insufficiently committed to growth, development, and learning—at least when it concerned Vuthela and all the municipal and local economic development improvements it sought to foster.[12] As a result, they did not offer the leadership, drive and—critically important—the political backing to the municipal managers and staff to implement Vuthela as part of a local reform agenda and an extension of the municipal's own fiscal resources. Whilst they participated in the **Project Steering Committee** and thereby kept abreast of the implementation status of the individual projects under Vuthela, they did not use it as a platform for strategic leadership, driving forward the LED agenda and Vuthela's programmatic approach, and holding municipal managers and staff accountable for results.

  The same cannot be said of the **municipal Programme Management Team members**. They went out of their way to implement Vuthela and encourage their colleagues in the financial and technical departments to work together on the individual projects. They did so, because it was in line with their mandate, their performance indicators, and their convictions. Moreover, nothing moved forward in Vuthela without the input and consent of the Programme Management Team. However, without the political support, their hands were tied. They could argue for, but not force the programmatic, collaborative, approach upon their finance and technical department colleagues.[13] The municipalities' limited practice of and experience with cross-departmental collaboration did not help either.

[12] The term 'ownership' is both a somewhat worn and vague concept in international development cooperation. Based on a cross-country analysis, the former chief economist of the British Department for International Development (now the Foreign, Commonwealth and Development Office), Stefan Dercon (2022) concluded that it ultimately boils down to the commitment of the political and economic elite of a sovereignty to growth and development. With such a commitment, they will pursue sensible policies and interventions, and—importantly—be willing to learn from experience and correct course where and when necessary.
[13] The programme buy-in amongst the managers of the finance and technical departments varied but left something to be desired. Some key informants argued that Vuthela had made too little use of junior staff who were seen as more reform minded.

One cannot separate these observations from the **broader political and development context** of South Africa. Under a regime of universal suffrage, South Africa is a young democracy, which—despite so far single-party, majority rule—is characterized by significant political contestation and factionalism, political patronage, imperfect decentralization, and a dysfunctioning political and administrative interface. In other words, iLembe district is not unique in this respect, mirrors the broader development context, and has simply not been able to separate itself from it.

- **Approach**. Vuthela took a *'mechanistic way of changing systems, i.e., a technical, functional, engineering, and project management type of approach'*. From systems thinking, we know that this *'rarely changes behavior'* (Meadows 1999). The latter requires, instead, a change of perspective about governance and development, followed by a change in rationale, the rules-of-the-game, and incentive structures (Meadows 1999, De Leener and Totte 2018).

  Both SECO and the Programme Coordination Unit have come to recognize this, observing that there had been a need for more development *'diplomacy'* and a *'problem-driven iterative approach'*[14]. The first means active political engagement with the political leadership of the municipalities, EDTEA and the National Treasury on their commitment to growth and development for iLembe district, the leadership this requires from their part, and to make the financial and technical support dependent on such leadership.[15] The second implies that instead of formulating a portfolio of (ultimately discrete) projects, one starts with a development challenge (e.g., non-revenue water reduction or entrepreneurship promotion), determines what is needed, and collectively work to bring it about. By formulating a politically credible challenge, one changes the orientation of the stakeholders involved.[16]

- **Oversight**. The **Programme Steering Committee** was meant to provide strategic oversight and direction. In practice, this left something to be desired. In its semi-annual meeting, the Programme Steering Committee discussed the implementation progress of the individual projects, pretty much covering the same ground as the Programme Management Team. The evaluation was unable to uncover the explicit reasons for this. It appeared, however, the product of all parties being diplomatic and none carrying the ultimate programme responsibility. In other words, the Programme Steering Committee members kept each other locked in a common practice and none stepped forward to exert leadership and keep an eye on the overall objective. The involvement of the **three spheres of government** did not make a difference in this regard.[17]

- **Design**. Vuthela was too predefined, too complex, and too full a basket of interventions. Intended or not, the ex-ante identification of projects, especially in public finance management and municipal infrastructure, geared the Programme Coordination Unit and the municipalities

[14] Whilst these were quotes of key informants, the 'problem driven iterative approach' is a concept developed and propagated by Matt Andrews (2013, 2020)

[15] Diplomacy is *'the profession, activity, or skill of managing international relations, typically by a country's representatives abroad'* (Definition from Oxford Languages, Google Dictionary). In this evaluation, it refers to use of the Swiss Embassy / good offices to engage in a political exchange with the political and economic leadership of the municipalities, the provincial government of KwaZulu-Natal, and—if needed—the national government on the merit of and commitment to local economic development. It serves to identify the reform space and garner support for local economic development in general and Vuthela specifically.

[16] Note the reference to a 'politically credible challenge'. A problem-driven iterative approach can only work within the context of a locally driven reform drive and agenda. This second factor cannot be separated from the first bullet on ownership.

[17] Some argued that the wrong departments within the National Treasury and provincial government were involved. This is partly true at best. From the National Treasury, the Director of Budget Analysis was on the PSC, and from KZN both the Chief Director of LED and the Head of Department of the Cooperative Governance and Traditional Affairs (COGTA). All relevant stakeholders.

towards project implementation.[18] Moreover, Vuthela's theory of change and scope was too complicated for political campaigning, which—in part—explains the lack of buy-in of the political leadership of the municipalities. Whilst the **Vuthela label or brand** was useful for communication purposes within the municipalities, the municipal leadership could not effectively use it in their political story.[19]

The design also exceeded **municipal capacity and organizational set-up**. Municipal departments and staff were hard-pressed to implement individual projects, work with other departments on these projects, and follow-up the projects with the actual implementation of, example given, the revenue enhancement strategy or electricity master plan. The administrative decentralization without proper fiscal decentralization and the strained public finances at the national and municipal level of course play up here as well.

- **Programmatic approach**. Whilst, from a bird's eye view, one can tell a 'programme story', the fact of the matter is that many projects were neither connected nor influenced each other. This played out at two levels. First, the improvement in budget management practices, the development of a revenue enhancement strategy, and the non-revenue water/electricity projects were not purposefully and concretely linked to each other.[20] Second, the public and private sector interventions were not purposefully and concretely connected to each other, exacerbated by the fact that many private sector interventions were implemented by the IFC, GIZ or UNIDO which did 'their thing' and had little connection to Vuthela's programmatic approach. These observations link directly back to the abovementioned *'problem-driven iterative approach'* which could have served as 'connector' and that Vuthela was too complicated for its own good.[21]
- **Political economy, use of country systems, pandemic, and disasters**. The opening section of this chapter noted the ongoing contestation for access to public resources and the, at times, violence associated with it. This has made civil servants risk averse and significantly slowed down decision-making. Chapter 2 explained the extent to which Vuthela used country systems to channel SECO's funding and for programme implementation. Being the first bilateral SECO programme to use South Africa's country systems and with South Africa's own limited experience with official development assistance, this logically led to recurrent challenges, consultations and negotiations which delayed programme implementation. These factors, together with the abovementioned lack of municipal capacity, and further exacerbated by the covid-19 pandemic, the floods, and the riots, hampered Vuthela's implementation momentum.
- **Organization**. The Memoranda of Understanding between EDTEA and the municipalities included the provision that both EDTEA and the municipalities would *'appoint a full-time project manager delegated with the responsibility of the management and supervision of all Programme Coordination Unit activities'* (EDTEA 2014). Whilst the KZN and municipal Programme Management Team members spent considerable time on Vuthela, they were not full-time and

[18] Important to realize in this regard is that service providers generally are geared towards output delivery as this determines their payment. This is an incredibly strong force. It requires active intervention and an explicit common understanding between service provider and client to steer the service provider to an outcome and impact orientation.

[19] The Vuthela label and that of its newsletter ('Spark') has been transferred to iLembe Enterprise for their perusal. It was, however, unclear what the higher value of these labels were and how iLembe Enterprise could and would put them to use.

[20] In other words, the programme struggled to 'focus on those areas of public financial management that will contribute **most directly and effectively** ... to facilitate private sector investment and development' (emphasis added) (SECO 2013).

[21] Some key informants pointed out the importance of the proper sequencing of the program activities and initiatives. Here to, a problem-driven approach can offer solace as it identifies and prioritizes what is needed to address the challenge at hand.

had to juggle Vuthela with their other responsibilities. Within the prevailing provincial and municipal context, it was probably an unrealistic provision. It basically required an additional municipal manager for which they had neither the resources nor the administrative provisions.

Still, imagine that (i) the municipal political leadership would have bought into the programme, and (ii) the **Programme Management Team** would have been full-time and led the programme with political support and delegated authority. This would have put the municipalities squarely in charge of their own development and allowed the **Programme Coordination Unit** to act as mentor and secretariat, i.e., purely in a supporting rather than a leading role. In the same vein, Vuthela probably relied too much on **external service providers** to develop the strategies, policies, plans, procedures, and systems, as it both prevented the municipalities from learning and developing 'by-doing' and because the required follow-up exceeded the municipalities' available resources.

- **Core functions**. Despite the above, the municipalities did produce—with Vuthela support—new municipal strategies, policies, plans, procedures, and systems.[7] The driving factors behind this production were that:
  - the public financial management and municipal infrastructure projects did pertain to *'core municipal functions and challenges'*. They were *'relevant interventions'* (even if they did not always receive priority or were in sync with available capacities), and
  - the National Treasury required, and the Auditor-General impelled the municipalities to act to comply with national budget regulations and receive clear(er) audits.
- **Lack of a culture of public-private dialogue**. The opening section of this chapter noted a prevailing belief in South Africa that the public sector should lead economic development. Together with a profound mutual distrust, this has hampered the emergence of a public-private dialogue and collaboration.
- **Turf battles**. South Africa's administrative set-up is that district municipalities encompass multiple local and rural municipalities. In some areas, there is a clear delineation of responsibilities, e.g., the district is responsible for water supply and the local/rural municipalities for electricity distribution. In other areas, this is less clear—turf battles ensue. This is no different in iLembe district, where iLembe, iLembe Enterprise, KwaDukuza, and iLembe Chamber of Commerce did not always see eye-to-eye. So far, they have collectively failed to agree on and implement a district level LED strategy, including the organization of a purposeful and focused public-private dialogue.
- **Performance contracts**. Vuthela concluded that an important impediment to success at the outcome level was that the programme's objectives and projects were not explicitly part of the performance contracts of the municipal finance and technical department managers. This disincentivized them from working on or pushing forward the Vuthela projects. The municipal LED managers observed that Vuthela allowed them to meet their performance contracts, which lends credibility to this argument. At the same time, the efficacy of this measure depends on the extent to which the municipal managers would hold the finance and technical department managers to account. In other words, this would only work if municipal managers, and their principals (the mayors and municipal councils), have politically bought into the programme.
- **PCU location**. Some key informants wondered whether it would not have been better for the Programme Coordination Unit experts to work from offices within the three municipalities. From our experience with GIZ, we tend to agree. Working from within fosters understanding of

the municipal development and administrative context and eases (informal) communications. Neither the municipalities, nor the Programme Coordination Unit, however, saw the Programme Coordination Unit location—outside the municipal premises, but on the same street as iLembe and KwaDukuza municipalities—as an obstacle. They, however, did not have the practice of walking into each other's offices and relied mostly on virtual exchanges and pre-arranged meetings (also because the Programme Coordination Unit thematic experts were not full-time).

3.5. Conclusion on Vuthela's development effectiveness

36. Vuthela helped establish more robust public finance management practices and produce numerous other municipal strategies, policies, plans, procedures, and systems, which have *'strengthened the hand of municipal managers and staff'* as they offer support, direction, and inspiration. These strategies, policies, plans, procedures, and systems have yet to translate into substantive improvements in the municipalities' financial health, administrative and infrastructure service delivery, and promotion of private sector development, let alone in a virtuous cycle of public and private investments and local economic development.

37. Vuthela was able to produce the municipal strategies, policies, plans, procedures, and (PFM) systems—with (close) involvement of municipal managers and staff—because they covered core municipal functions and challenges, were required by the National Treasury, and called for by the Auditor-General. Their development and subsequent implementation were, nonetheless, slow at best, because they were not embedded in a political agenda and local reform drive committed to growth, development, and learning. Vuthela was also too complicated and implemented too mechanistically. It was too focused on the individual trees rather than the forest, i.e., on project implementation rather than the achievement of the overall programme objective. Finally, SECO, the Programme Steering Committee, and the Programme Management Team provided insufficient 'strategic' oversight, i.e., kept insufficient tabs on whether the underlying, programme-level, theory of change was holding up in practice or whether course corrections/adaptations were needed.

38. This chapter started with a short introduction to the difficult and deteriorating development context in which Vuthela was implemented—characterized by political factionalism and patronage, a collapse of state capacity, imperfect decentralization, a dysfunctional political and administrative interface, and slow and slowing economic growth. At the end of the day, the municipalities were unable to extricate themselves from these difficult development circumstances in which South Africa finds itself. To what extent are these mitigating circumstances? We have our doubts. For three, interrelated, reasons:

1. the change in the development context took place gradually and was known to all stakeholders, i.e., Vuthela could have been adapted to the changing circumstances,
2. it is not for the evaluation to change the benchmark/the measuring rod, if SECO and the South African development partners thought that the local circumstances impeded the attainment of the programme objective, they could have changed it, and
3. whilst difficult, the evaluation did not find reasons which made objective achievement all but impossible, i.e., despite the difficult circumstances, and no doubt being difficult, it was not impossible for iLembe district to emerge as 'a island of excellence' (as can be gleaned from below questions and the evaluation's recommendations in Chapter 6).

3.6. Emerging questions

39. Above findings and conclusions raise several questions. These are listed here for the reader's own reflection. In Chapter 6, we translate these questions into recommendations for SECO, the iLembe district municipalities, EDTEA and the National Treasury.

For iLembe, KwaDukuza, and Mandeni

- Is the political, administrative, and economic leadership of iLembe district sufficiently committed to growth, development, and collaboration? Are they willing to pursue a comprehensive and coherent set of policies and interventions to promote local economic development, and monitor and learn from their implementation and improve the interventions accordingly?
- What can the municipalities do to strengthen local commitment to growth, development, collaboration, and the formulation and implementation of a local reform agenda?
- How can the municipalities—alone and jointly—organize themselves to take charge of their own development, use a Programme Coordination Unit as a mentor and resource, and rely less on external service providers?

For SECO

- Was Vuthela too ambitious, supply-driven, and textbook designed?
- How could Vuthela have been made more responsive to the development reality, momentum, and capacity of iLembe district?
- How could SECO have used its development diplomacy, financial support, and technical assistance to foster greater political buy-in, and the development and implementation of a local reform agenda and drive?
- How can the development support be organized such that the municipalities take charge of their own development, use a Programme Coordination Unit as a mentor and resource, and rely less on external service providers?
- How could SECO have maintained the focus on the overall programme objective, rather than be usurped by operational issues and the implementation of individual projects?

For EDTEA and the National Treasury

- To what extent do the EDTEA and National Treasury want to actively steer the political, administrative, and economic leadership of districts and municipalities towards a commitment to growth, development, and collaboration?
- What could the EDTEA and National Treasury have done to maintain Vuthela's focus on the overall programme objective, rather than mostly taking an administrative role in programme implementation?

4 The collaboration and synergies within SECO

40. Vuthela was the first and, so far, only programme in which all four operational units of SECO's Economic Cooperation and Development Department worked together. What was the story behind, and the experiences with, this collaboration and—importantly—what lessons can be drawn from it? This chapter answers these questions.

4.1. The story

41. Public and private sector development are needed for development.[22] This long-standing realization lies at the heart of SECO's organizational set-up with two operational units aimed at strengthening the public sector in its partner countries, and two operational units promoting private sector development.[23] It offers SECO a coherent narrative about its institutional offer. It also offers, in principle, the opportunity to combine SECO's full range of assistance in a single programme. Until Vuthela, SECO had never done so.

42. South Africa provided SECO the opportunity to pilot such a combined package of assistance. For several reasons. First, in 2009, South Africa was a new partner country, where a new portfolio of projects could be built up from scratch. Second, South Africa wanted to use official development assistance to explore and try-out new ways of doing things. Third, it had a national LED strategy which foresaw, amongst others, improving good governance, service delivery, public and market confidence in municipalities, spatial development planning, exploiting the comparative advantage and competitiveness of districts, and enterprise support and business infrastructure development (DPLG 2006). Fourth, South African municipalities were struggling to deliver on their mandates under the country's administrative decentralization, often being unable to spend their capital budgets and effectively promote private sector development.

43. By combining the offer of SECO's four operational units in Vuthela, SECO wanted to:

- demonstrate the relevance and coherence of its offering at the local level[24], and
- foster increased cooperation between the four operational units (SECO 2013).

44. Under SECO's direction, the programme was designed in 2012 by three South African experts. Vuthela's four thematic components (see Chapter 2) reflect the main offering of the four SECO operational units, with the fifth component 'partnership and cooperation' meant to bind the four thematic components together.

4.2. Its successes

45. Chapter 3 showed that the story did not play out as planned for SECO (and for its South African partners for that matter). This does not mean that Vuthela was without its successes. For one, SECO's four operational units have increased their collaboration over the past decade—see Figure 3 and Figure 4. In 2023, there were 32 joint programmes and projects, almost all a collaboration between two operational units except for two programmes involving three units and Vuthela with four units. Whilst

[22] See for example: (North, Wallis and Weingast 2009, Acemoglu and Robinson 2019, Dercon 2022)

[23] We recall that SECO's Macro-economic Support (WEMU) and Infrastructure Financing (WEIN) units are public-sector oriented, aiming to strengthen a country's or municipality's public finance management and infrastructure service delivery, whilst its Private Sector Development (WEIF) and Trade Promotion/Energy Efficiency (WEHU) units are mostly private-sector oriented, promoting entrepreneurship, SME development, resource efficiency, and international market linkages.

[24] By focusing on a single district and three municipalities, the programme also remained manageable for SECO whilst maintaining the possibility to influence national policies through the emergence of evidence-based good practices.

it is impossible for this evaluation to establish a causal relationship with Vuthela, it likely has given an impetus to such cooperation, not least because the in-house collaboration worked—see next section.

Figure 3 Number of interunit cooperations between 2009 and 2024 per cooperation strategy period

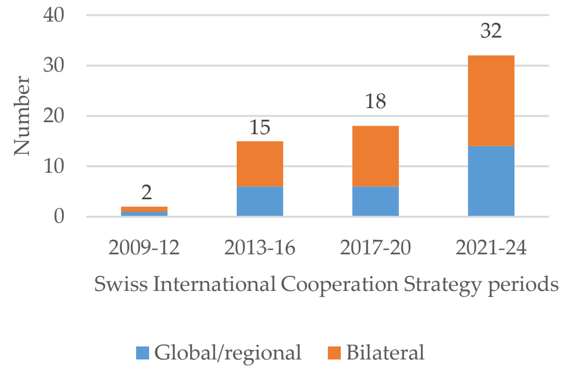
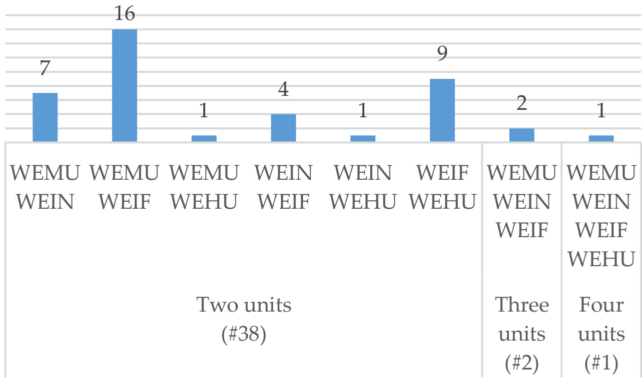


Figure 4 The number of interunit cooperations between 2009 and 2024 per actual combinations



Legend. WEMU: Macro-economic Support. WEIN: Infrastructure Financing. WEIF: Private Sector Development. WEHU: Trade Promotion/Energy Efficiency. **Source**: Authors, based on SECO SAP data

46. Second, Vuthela has shaped the SECO portfolio in South Africa, both through what worked and what did not work. Chapter 3 related that Vuthela's successful work on title deeds/property rights and vocational training has been scaled up in other SECO-funded programmes. Moreover, the fact that Vuthela insufficiently informed national public finance management and procurement practices led to a new national public finance management programme—the Procurement, Infrastructure, and Knowledge Management Capacity Development Programme (PINK). This recognizes that development (cooperation) is a process of trial and error and evolves over time.

4.3. The synergies

47. The Vuthela-specific goal was to create and exploit the complementarities and synergies between SECO's public finance management assistance, municipal infrastructure support, and private sector, trade, and energy efficiency promotion. For the reasons laid out in Chapter 3, these complementarities and synergies were not exploited effectively by Vuthela. The reasons mostly pertain to the idiosyncrasies of Vuthela and its development context. Still, it is worth contemplating whether SECO could have steered the programme more effectively on this front. A couple of observations.

- **On programme steering**. SECO's well-established internal organization worked in principle—see Textbox 1 for a factual description. A division of labor between the operational units was agreed upon and all units were kept informed and able to contribute. SECO also dedicated significant staff resources to programme implementation. These staff resources were mostly spent on addressing operational challenges[25], commenting on the terms of references and progress/close-out reports of individual projects, and reviewing the programme's progress reports. It appears that there has been limited focus on whether Vuthela's theory of change was working in practice and the programme remained on course to meet its objectives.

[25] This, again, refers to the recurrent efforts which were needed to align SECO's implementation requirements with the use of South Africa's country systems for implementation and the inability of the implementing agency—the private engineering consultancy Mariswe (Pty) Ltd.—to take the procurement risks on the non-revenue water and electricity projects requiring a transfer of projects to the municipalities.

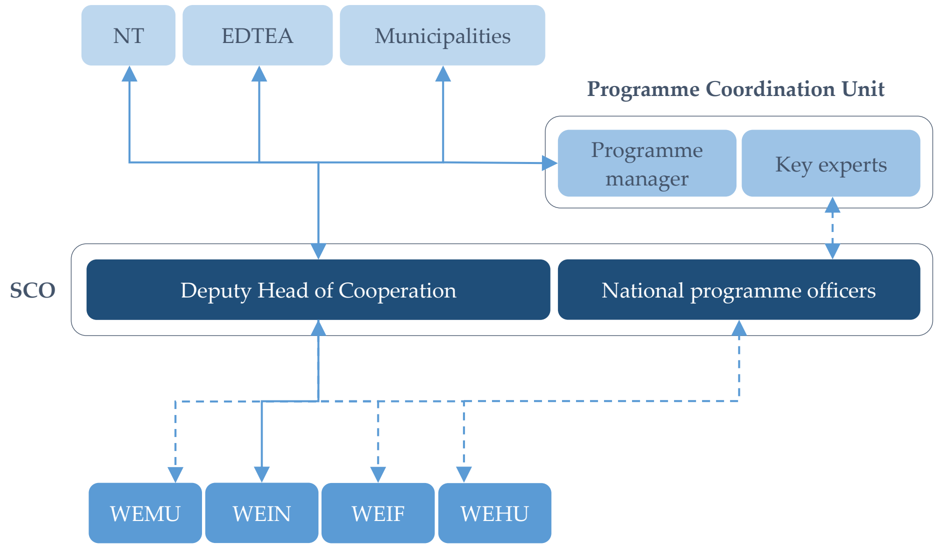
- **On synergies**. The four operational units observed that it is difficult for them to identify and steer the programme on complementarities and synergies as they are located 'far away' from the programme and do not know the exact realities on the ground. This is exacerbated by the fact that they are only able to travel to South Africa once a year for one week to review their complete portfolio of which Vuthela is but one programme. The programme officers therefore placed the responsibility for identifying and exploiting complementarities and synergies with the Programme Coordination Unit and the Swiss Cooperation Office. The Programme Coordination Unit focused, in practice, on delivering the individually agreed projects (outputs). The Swiss Cooperation Office had its hands full with Vuthela's operational challenges.

48. Where does this leave us? On the one hand, SECO's proven programme management and coordination mechanism was deemed to have worked and efficient. On the other hand, the four operational units have been unable to correct the course of Vuthela during programme implementation. This observation raises the following questions: *if Vuthela was the first time that the four operational units worked together in a bilateral programme, should the programme not have enjoyed special supervision, oversight, and resource allocations for programme steering and learning purposes, including at headquarters? And should SECO headquarters not have spent less time on operational issues and more time on strategic reflection?* Of course, asking a question is often answering it, especially with the benefit of hindsight. Chapter 6 will pick up this answer and offer a concrete recommendation to this end.

Textbox 1 The SECO internal organization

Figure 5 depicts SECO's organizational set-up for programme oversight and management. The deputy head of cooperation in the Swiss Cooperation Office acted as central coordinator. He oversaw programme implementation and was the main counterpart of the South African partners: the National Treasury, EDTEA, and the three municipalities, as well as—importantly—of the Programme Coordination Unit. The deputy head of cooperation held weekly calls with the Infrastructure Financing unit at SECO headquarters, which acted as programme coordinator in Bern. The Infrastructure Financing unit consulted the other units on a need basis and on all progress reports. In a parallel, albeit closely connected, informal structure, the thematic national programme officers in the Swiss Cooperation Office engaged with the key thematic experts from the Programme Coordination Unit on project-specific questions and consulted on these questions their counterparts in the four operational units in Bern. Finally, the four operational units in Bern met for 'country coffees' (back-to-office reports after one of the staff had visited South Africa) and, quarterly, for a review of SECO's South Africa country portfolio. In the beginning of the programme, there ostensibly were frequent focused internal meetings on Vuthela, but as the programme progressed and people changed, these meetings were not maintained.

Figure 5 SECO-internal coordination of Vuthela



Source: Authors. Legend: see Acronyms list.

4.4. Private sector engagement

49. The most difficult topics are often discussed last. Maybe that is the case here as well. Truth be told: the commitment to Vuthela was not the same across SECO's four operational units—a fact that all four operational units readily admit. The private-sector oriented units—Private Sector Development (WEIF) and Trade Promotion/Resource Efficiency (WEHU)—were never convinced about Vuthela. They observed a weak private sector, on the periphery of KwaZulu-Natal's growth centers, with limited to no linkages to international markets. iLembe district offered them a weak investment case compared to other development opportunities.[26]

50. Under pressure to commit, these two units—with the operations committee's (implicit) blessing—made two consequential decisions. First, to make a minor financial contribution and position themselves as junior partners in the collaboration. Second, to make their contribution not through Vuthela, but to expand existing partnerships with IFC and UNIDO to iLembe district. The first decision meant that the two units (implicitly) minimized the time allocations and involvement of the responsible programme officers, because—with a small contribution—it was not their priority. Whilst these programme officers performed their duties, this prevented them from performing strategic oversight and going the extra mile to correct course, once the realization set in that their second decision—to work through existing partnerships—was not working and not creating the requisite complementarities and synergies. To paraphrase one key informant: *'Vuthela had design flaws from the beginning, which could still be felt at the end. Half of us were ready, half were not. Experience shows, time and time again, that if one is not well-prepared, it is difficult to make up for it along the way. The problems just drag on'.*

51. The Private Sector Development and Trade Promotion/Resource Efficiency units were undoubtedly right in their assessment of iLembe district and the relative value-added—for them—of a Vuthela

[26] It probably also did not help that the consultancy team who had prepared the background study and programme document were heavy on public finance management, municipal infrastructure, and public sector development expertise and thin on private sector development experience. Moreover, the two scoping studies commissioned separately to identify private sector development and trade challenges and interventions in iLembe district were considered weak, offering few relevant suggestions.

programme. With the benefit of hindsight, the Private Sector Development and Trade Promotion/Resource Efficiency units' reading of the development context proved prescient and probably should have been better listened to. And at the same time—we dare to say—their two decisions were wrong. For two interrelated reasons. First, once the institutional decision was made to proceed with Vuthela in a four-unit collaboration, it was no longer about Vuthela's value for these two units, but about the value of these two units for SECO and the opportunity to test SECO's institutional narrative at a programme/local level with Vuthela. Second, there were concrete opportunities within iLembe district, which might have been small (from the Private Sector Development and Trade Promotion/Resource Efficiency units' perspective), but which directly matched the competencies and experiences of these two private-sector oriented units. There was a nascent private sector development infrastructure with existing municipal programs to support SMEs and a district development agency—Enterprise iLembe—which ran an entrepreneurship accelerator programme and acted as tourist promotion board of the district.

52. This observation again raises a what-if question: *what if the Private Sector Development and Trade Promotion/Energy Efficiency units had pulled their resources to support Enterprise iLembe in expanding and professionalizing their entrepreneurship support and tourism promotion (and nothing else, meaning no higher cumulative expenditures)?* These are activities that the two units have supported in other countries. It would have allowed them to purposefully contribute to iLembe district and the success of the programmatic approach. They would have strengthened the hand of iLembe Enterprise, which could then have played a more prominent and purposeful role in organizing the public-private dialogue. It could also have been a means to pull in the three municipalities. Of course, it might not have worked either. Enterprise iLembe, as an iLembe District Municipality vehicle, was not recognized unconditionally by the local municipalities. But it would have been in tune with SECO's intentions and Vuthela's design and theory of change.

4.5. Conclusion on SECO's intra-unit collaboration

53. Chapter 3 showed that Vuthela did not meet its expectations—mostly due to the idiosyncrasies of the programme and its development context. Still, SECO may want to ask itself whether, when it initiates a new approach and/or collaboration, it should (i) assign additional resources to monitor, evaluate, and steer programme implementation, and (ii) more clearly allocate the responsibility for strategic programme oversight (either to the SECO headquarter programme coordinator or the deputy Head of Cooperation at the SCO)—to ensure that SECO keeps tab on whether the underling theory of change is holding up in practice and the intervention remains on course to meet its objectives. This is especially necessary in the pilot stage of a new approach/collaboration. Overall, there is nothing which should prevent the four operational units from working together again in a single programme, except opportunity and will. The opportunity in partner countries to work with public and private sector partners on (local) economic development. And the will to work with the local reform space as it is and adapt SECO's instruments and approaches accordingly.

5 The OECD/DAC evaluation criteria assessment

54. This chapter assesses Vuthela on the six OECD/DAC evaluation criteria: relevance, coherence, effectiveness, impact, efficiency, and sustainability. Appendix C translates this qualitative assessment into a formal rating per criteria using SECO's standard OECD/DAC assessment grid.

5.1. Relevance

55. Relevance is *'the extent to which an intervention's objectives and design respond to beneficiaries', partner country, and donor needs, policies, and priorities, and continue to do so if circumstances change'* (OECD/DAC 2019). The subsequent bullets reflect on the *'needs, policies, and priorities'* of the key stakeholders.

- **Municipalities**. Vuthela's work on public finance management, municipal infrastructure, and business-related administrative procedures addressed *'core functions'* and *'key challenges'* of iLembe, KwaDukuza, and Mandeni. It also filled a critical gap, as the municipalities *'did not have adequate funding for planning'*. Despite this, Vuthela could not count on unequivocal political support and was not embedded in a local reform drive, which raised questions about the development 'priority' given to these functions and challenges in the municipalities.
- **iLembe district private sector**. Like the rest of South Africa, iLembe district experienced slow growth, low labor participation, and very high (youth) unemployment over the last decade. It had a need for private sector development. Vuthela's private sector interventions, however, were not well-aligned to the existing institutions, capacities, approaches, and readiness in the district and too dispersed, too small, and incongruous in their design to affect district-level change.
- **National Treasury and EDTEA**. The National Treasury and the provincial government welcomed Vuthela. It offered the opportunity to pilot a new (programmatic) approach to local economic development—one working on improving the broader framework conditions for private sector development. This was contrary to South Africa's longstanding practice to support private businesses—especially SMEs—more directly, and was in line with South Africa's intended use of international development cooperation, namely to develop and pioneer new and more effective development approaches for replication elsewhere (NT 2024a).
- **SECO**. Vuthela was in line with the Swiss Federal Law on International Development Cooperation and Humanitarian Aid as it, in principle, *'complemented the efforts'* of iLembe, KwaDukuza, and Mandeni, enabled the municipalities to *'drive their own development'*, promoted *'craftsmanship and small local industry'*, and supported *'job creation'* (Swiss Federal Parliament 2017). Similarly, Vuthela sought to contribute to core goals of the subsequent Swiss International Cooperation Strategies, which in its latest iteration (2021-24) aimed, amongst others, at *'contributing to sustainable economic growth, market development and the creation of decent jobs'* and *'strengthen the framework conditions and promote innovative solutions for developing the economy and the private sector'*, including through growth-promoting economic policy, urban development and infrastructure services, and market-oriented skills (FDFA 2021).[27]

56. In short, Vuthela was relevant, in principle, for all stakeholders. It, however, was not a political 'priority' for iLembe, KwaDukuza, and Mandeni and did not play well into existing private sector development promotion institutions, capacities, and readiness in the district.

[27] The 2017-20 Swiss International Cooperation Strategy had as one of its three main goals 'Economic growth for the benefit of all and, in particular, increasing the quantity and quality of jobs available and **improving the underlying conditions for economic activity**' (emphasis added) (FDFA 2016).

5.2. Coherence

57. Coherence concerns *'the compatibility of the intervention with other interventions'* in iLembe district (OECD/DAC 2019). The criterion investigates the complementarities and synergies of Vuthela with other interventions of SECO (internal coherence) or other (inter-)national development partners operating in the district (external coherence).[28]

- **On internal coherence**. Some of SECO's other interventions in South Africa were 'incorporated' into Vuthela—for example, its work on the ease-of-doing business, eco-industrial parks, sustainable recycling industries, and vocational training (i.e., the IRM hubs). For these other interventions, iLembe offered a valuable testing ground for developing and/or testing their methodologies. For Vuthela, they were not well-connected to its underlying theory of change, components, and projects and did not offer effective complementariness and synergies. Still other SECO programs on public financial management offered valuable, additional, instruments to iLembe and KwaDukuza, but were not adopted or used by these municipalities.[29]
- **On external coherence**. Vuthela's public finance management support was in sync with the National Treasury's requirements. In fact, the municipalities' need to comply with the National Treasury's regulations was an important driver behind the progress made in Vuthela on the municipalities' public finance management. Vuthela actively used the National Treasury regulations, circulars, and guidelines. The National Treasury and Vuthela thus complemented each other. The municipalities received no support from other international development partners (except through SECO's abovementioned 'other' interventions which were implemented, amongst others, by the IFC, UNIDO, and GIZ).

58. Whilst Vuthela was coherent with the National Treasury's policies and requirements, it did not make effective use of the potential complementarities and synergies offered by SECO's other work in South Africa.

5.3. Effectiveness

59. Effectiveness is *'the extent to which the intervention achieved, or is expected to achieve, its objectives'* (OECD/DAC 2019). Chapter 3 offered a qualitative assessment of Vuthela's development effectiveness. In this section, we turn to Vuthela's formal, outcome-level, objective statements and result indicators. Table 1 offers a summary assessment. Appendix A includes detailed quantitative results data.

60. Table 1 confirms Chapter 3's story. Vuthela helped improve the municipalities' public finance management systems and financial statements, and the process for obtaining construction permits and title deeds, but these results have not (yet) led to material improvements in municipal infrastructure management, service delivery improvement, private sector development, and public-private dialogue on local economic development.[30]

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[28] 'Complementary' means that two (or more) interventions address different aspects of a development challenge thereby offering a more comprehensive redress of the challenge at hand. Complementarity is about improving the overall development 'effectiveness'. 'Synergy' allows two (or more) development interventions to achieve the same goal with less resources or better results with the same level of resources. 'Synergy' implies greater development 'efficiency'.

[29] This concerned, respectively, the infrastructure development management system of SECO's PINK program and the long-term development strategy for public finance from the INCA Municipal Debt Fund program.

[30] Table 1 captures the essence, but not the whole (rather convoluted) story of Vuthela's logframe. The logframe includes, besides its headline objective statements and outcome indicators per component, additional outcome and result indicators for the public finance management and municipal infrastructure workstreams. Some are qualitative in nature, some are formulated at the output level, and some contain interesting quantitative information. The latter data, for completion's sake, have been included in Appendix A (including a brief qualitative reflection).

Table 1 An assessment on Vuthela's formal outcome objectives and results indicators

Outcome objective	Results indicators	Baseline	Target value	Achievement	Comment
Public Finance Management					
Financial position of the three municipalities strengthened	Improved audit opinion in annual audit report	Unqualified with emphasis of matter on non-compliance and performance	Unqualified without material misstatements / non-compliance	Unqualified with emphasis of matter	The quality of the municipal financial statements has improved (no material misstatements), but performance issues on amongst others water/electricity/irregular expenditure remain (emphasis of matter).
	Cash coverage ratio	IDM: 3 days KDM: 2,5 months MLM: 21 days	3 months	IDM: 10 months KDM: 10 months MLM: 0,37 months	iLembe and KwaDukuza improved their cash coverage ratio, albeit without clear contribution of Vuthela.
Municipal infrastructure					
An improved physical environment for business investment and growth (including reduced infrastructure constraints)	Improved audit opinion in audit reports on non-revenue water (NRW) and non-revenue electricity (NRE)	IDM: 44,53% NRW KDM: 17,01% NRE MLM: n/a	Improvement	IDM: 46,36% NRW KDM: 25% NRE MLM: n/a	iLembe saw an increase in NRW in 2018-20, which subsequently came down again. KwaDukuza experienced a deterioration in NRE. Vuthela's NRW/NRE projects are still under implementation.
Private sector development					
Preparation & implementation of specific plans to facilitate private sector development, investment in, and growth of SMEs	Getting electricity	In-person application	Electronic application	Submission via e-mail	Vuthela's work on improving the 'ease of doing business' resulted in improved processes for obtaining construction permits and title deeds. The evaluation could not deduce a larger, broader, outcome and impact story from these improvements.
	Construction permits: – Site development plans – Building plan approval	 180 days n/a	 30 days 30 days	 20 days 13 days	
	Property registration	0	1250 title deeds	419 title deeds	
Building inclusive growth					
Assist the green growth of SMEs	Amongst others, – SMEs in green economy – GHG emissions – Waste efficiency	n/a	n/a	See comments	Vuthela conducted different studies, but this has not culminated in concrete investments, SME support, and reduced greenhouse gas emissions.
Partnerships and cooperation					
Improved and sustained partnership and capacity for local economic development and governance	Standing public/private and multi-level LED Forum for iLembe District functioning	Existing, but dormant	Functioning	Existing, but dormant	LED Forum effectively replaced by the District Development Model committee, which was public sector, reporting focused—not a dialogue platform.

Source: Vuthela Logframe and National Treasury (Go Muni and Municipal Finance Data). Legend: n/a = not available. Green: achieved. Red: not achieved. Orange: unclear achievement.

61. SECO's standard assessment grid for the OECD/DAC evaluation criteria distinguishes under effectiveness between outputs and outcomes. From a development (theory) perspective, a focus on outputs is questionable. Only if these outputs induce the envisaged change in behavior amongst the programme's boundary partners, and their subsequent changes in behavior and actions bring about the targeted outcomes, do outputs have worth. Having said that, outputs can have intrinsic value (merit) as shown in Chapter 3. Vuthela helped develop a plethora of strategies, policies, plans, procedures, and systems which '*strengthened the hand of municipal staff and managers*' as they offered a more accurate picture of the state-of-play of municipal affairs and what needs to be done. Vuthela implemented around 48 projects. Most (if not all) delivered outputs, from the indigent registry to the asset management system, from an assessment of renewable energy generation options for Isithebe industrial park to running a acceleration program for SMEs.

5.4. Impact

62. Impact is *'the extent to which the intervention has generated or is expected to generate significant positive or negative, intended, or unintended, higher-level effects'* (OECD/DAC 2019). We recall Vuthela's impact objective, which was '*to contribute to the improvement of the economic future of iLembe district and the quality of life of its inhabitants, through sustainable growth of the local economy, and the creation of higher, better, and more inclusive employment and income generating opportunities*' (SECO 2013, 2014). As noted above (and in Chapter 3), Vuthela's work has not (yet) led to material improvements in municipal infrastructure management, service delivery improvement, and private sector development. This was recognized and acknowledged by the Programme Coordination Unit, which concluded that *'while outputs have been achieved on the majority of projects, the programme still has to move the needle to create impact across all elements of the programme'* (Vuthela 2023). Of course, impacts take time to materialize, and the question is whether *'significant positive higher-level effects'* are likely to emerge in the future. Although one cannot categorically exclude this possibility, we deem this unlikely for the reasons laid down in Chapter 3 (most notably, the limited political buy-in and lack of a local reform agenda and drive) and the fact that Vuthela did have time, both in terms of its preparation (2012-2017) and implementation (2017-2023).

5.5. Efficiency

63. Efficiency is *'the extent to which the intervention delivers, or is likely to deliver, results in an economic and timely way. Economic is the conversion of inputs (funds, expertise, etc.) into outputs, outcomes, and impacts, in the most cost-effective way possible. Timely delivery is within the intended timeframe, or a timeframe reasonably adjusted to the demands of the evolving context'*(OECD/DAC 2019). Vuthela's total expenditures[31] were ZAR 149,538,882, which in today's exchange rate equals CHF 7,177,866.[32] Efficiency requires both that outcomes are achieved and are realized within a reasonable timeframe. Chapter 3 and Section 5.3 already argued that neither were the case for Vuthela. We could leave it at this. We nonetheless thought it useful to look at two key financial aggregates: the expenditure and contracts profile of Vuthela. These are presented in Figure 7 and Figure 6.[33] Two points on these profiles.

[31] Total expenditures include Programme Coordination Unit costs, Vuthela programme expenditures, SECO programme expenditures, and transferred projects to iLembe, KwaDukuza, and Mandeni. The figures are based on the Programme Coordination Unit's Monthly Finance Report of 31 January 2024 and additional calculations.
[32] This is less than the amended budget of CHF 9,841,000 due to the depreciation of the South African Rand. The difference does not automatically equal SECO savings as SECO transferred funds over the years against varying exchange rates.
[33] The profile between the two is slightly different—the differences are more accentuated in the contracts profile—because most funds for private sector development and building inclusive growth were committed through parallel SECO programs rather than through Vuthela, i.e., did not entail procurement from Vuthela.

1. As most resources were spent on public financial management and municipal infrastructure, it is logical that most outputs (i.e., strategies, policies, plans, and systems) fell into this realm.
2. Vuthela outsourced much of its thematic support to consultants with few contracts worth less than ZAF 1,000,000 (~CHF 50,000). Whilst possible, it becomes an issue if the produced outputs (strategies, policies, plans, procedures, and systems) are not implemented or not induce the envisaged changes in behavior and/or actions to bring about the expected outcomes. In other words, non-implementation comes with a cost.

Figure 7 Total expenditure per component

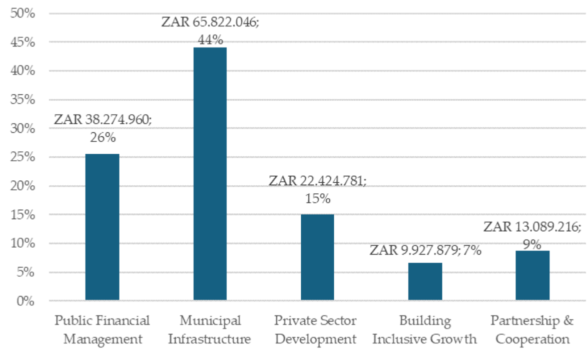
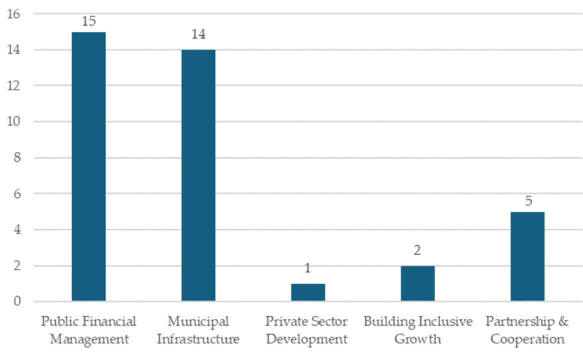


Figure 6 Total of contracts awarded by Vuthela



5.6. Sustainability

64. Sustainability is *'the extent to which the net benefits of the intervention continue or are likely to continue'* after the intervention ends (OECD/DAC 2019). The 'net benefits' that ought to continue, without further external development support, are:

- the provincial government's (i) application of the programmatic approach in the Small-Town Revitalization Strategy, and (ii) the operation of an integrated land service office,
- the enhanced capacities of municipal staff, and
- the availability of new municipal strategies, policies, plans, procedures, and systems for executing the municipal core functions.[34]

65. The likelihood that these 'net benefits' are sustained will, respectively, depend on:

- the success and the political support of the Small-Town Revitalization Strategy and integrated land service office. We cannot assess this; this went beyond our resources to evaluate.
- the municipal staff remaining in function and given the (financial) room and political support to implement the respective strategies, policies, plans, procedures, and systems. Whether municipal staff will remain in the municipalities is anybody's guess, although (i) quite a number of staff are with the municipalities since a long time, and (ii) the five-year term limit for municipal managers has been dropped. Some continuity may thus be expected. The biggest question, however, will be whether the political leadership of the municipalities will commit to growth and development and embrace a local reform drive, building on the developed strategies, policies, plans, procedures, and systems. The evaluation found that this failed Vuthela and there was no evidence that this may change in the foreseeable future.

[34] This excludes Vuthela's successful piloting of (i) the integrated land office to provide citizens with title deeds, and (ii) the installation, repair, and maintenance hubs. These will be continued under new or existing SECO (co-)funded programs.

6 Conclusions, lessons, recommendations

66. This chapter answers the final evaluation question: *What conclusions, lessons, and recommendations can be drawn from the evaluation about Vuthela's programmatic approach and the collaboration between SECO's four operational units?*

6.1. Conclusion

67. By way of conclusion, this section succinctly answers the three main evaluation questions.

To what extent did Vuthela's programmatic approach and implementation modalities create real on-the-ground synergies and enhance the development effectiveness of the intervention?

Vuthela's programmatic approach and implementation modalities did not (yet) result in the realization of synergies and positive local economic development processes. This is for various reasons. For one, South Africa is currently experiencing challenging political and economic times. At the end of the day, however, the main reasons for Vuthela not meeting its expectations are due to:

- the lack of buy-in and support from the municipal political leadership,
- the absence of a municipal reform agenda and drive,
- Vuthela being too ambitious and not in sync with local capacities and readiness for change,
- too mechanistic an approach, especially to public sector capacity building and development, and
- the lack of strategic monitoring, evaluation, and programme steering on synergies and at the outcome level, based on Vuthela's underlying theory of change.

To what extent did the collaboration between SECO's four operational units create synergies and enhance the development effectiveness of the programme?

The collaboration between SECO's four operational units did not (yet) result in the realization of synergies and positive local economic development processes. The main reasons were that:

- Vuthela was too large in scope, consisting of too many components and sub-projects, with the individual components and projects linked on paper but insufficiently in practice,
- SECO headquarters and the Swiss Cooperation Office insufficiently monitored, evaluated, and steered the programme on synergies and at the outcome level, based on Vuthela's underlying theory of change, and
- Vuthela's private sector interventions were insufficiently oriented towards existing private sector promotion opportunities within iLembe district, especially with iLembe Enterprise.

What were the development results of Vuthela as measured against the OECD/DAC evaluation criteria?

- **Relevance**. Vuthela was in line with the strategies, policies, and priorities of SECO, the South African National Treasury, and the KwaZulu-Natal provincial government, as well as with the core functions and challenges of the iLembe municipalities. The municipalities, however, did not prioritize Vuthela. Moreover, Vuthela's private sector interventions were too small and incongruous in their design to affect district-level change.
- **Coherence**. Vuthela complemented the National Treasury's policies, regulations, and requirements. iLembe district also offered a valuable testing ground for some of SECO's national or regional private sector development and energy efficiency programs. These programs, however, were not well-connected to Vuthela's underlying theory of change to also leave a mark in the district.

- **Effectiveness and impact**. Vuthela helped (i) develop new strategies, policies, plans, procedures, and systems, (ii) improve the municipalities' public finance and asset management systems and financial statements, and (iii) create improved processes for obtaining construction permits and title deeds. These have not culminated into a broad-based municipal service improvement, increased business confidence, better local economic development governance, a virtuous cycle of public/private investments, and economic, income, and employment growth.
- **Efficiency**. Efficiency requires both that outcomes are achieved and are realized within a reasonable timeframe. Vuthela achieved neither.
- **Sustainability**. While some staff continuity can be expected within the three municipalities, the lack of a political commitment to growth and development, expressed in a local reform drive and agenda, raises doubts about the sustainability of build-up capacities and the sustainable implementation of the produced strategies, policies, plans, procedures, and systems.

6.2. Lessons

68. The main development (cooperation) lessons from this evaluation are:

- Development is inherently political and locally carried—development interventions must be embedded in real, meaningful, local, political, reform agendas to gain traction and be successful. This means that technical and financial assistance needs to be combined with development diplomacy to foster and ensure continued political buy-in and anchor the development corporation into political development processes/local reform agendas.[35]
- Development interventions need to be in sync with local capacities and readiness for change—better to start small, unambitious, and expand the scope, and allow the programme to evolve upon success.
- Conceptualizing new (programmatic) approaches is different from implementing them when design features start interacting with local development realities. This means that active monitoring, evaluation, and steering, based on the underlying theory of change and outcome objectives, are required to keep an initiative on track or to adapt it to emerging development realities, unanticipated responses from actors, or new insights.
- If multiple operational units within SECO collaborate, all units must be on board, committed to the intent and aspirations of the collaboration, and tailor their support and contributions to the development capacities and realities on-the-ground.
- A programme governance structure—in this case, the Programme Steering Committee and the Programme Management Team—may have a clear division of responsibilities and be inclusive and collegial, but still requires individual leadership to function effectively and keep an eye on the theory of change and the progress towards the outcome objectives.
- Country systems can be used effectively in development cooperation—it does require, especially on the first few occasions, that time is reserved to negotiate the alignment of key Swiss development cooperation requirements with the national regulations and provisions.

6.3. Recommendations

69. The evaluation's findings, conclusions, and lessons lead to the following recommendations.

[35] Local reform actors ought to lead the development process (read: the Programme Management Team) and implement the reform actions (read: municipal staff and private sector actors), with externals in a supporting, mentoring, role (read: Programme Coordination Unit and service providers).

6.3.1 For SECO

1. To inform the Swiss Cooperation Offices in SECO's partner countries about (i) Vuthela's lessons, (ii) that a three- or four-unit collaboration to promote local economic development continuous to have merit and worth, and (iii) such a collaboration can be offered if the local development context demands or requires it.

   Directed to: SECO/WEIN (as Vuthela programme coordinator at SECO headquarters).

   Reason: Even though Vuthela did not meet expectations, neither has it refuted the underlying concept, theory of change, and objectives. A combined and coherent effort to promote public and private sector development in a country or locality continues to have merit and worth.

   Possible actions: To organize a dedicated session on Vuthela's lessons for SECO at the next regional or global gathering of Swiss Cooperation Office staff.

   Timeline: Short-term—to be included in the agenda of the next regional/global gathering of Swiss Cooperation Offices.

2. For any future three- or four-unit collaboration to adhere to the following provisions:
   a. embed the collaboration in an explicit local, politically carried, reform agenda, on which the local reform actors take the lead,
   b. keep it super simple (KISS) and allow it to evolve and grow in complexity upon success and over time,
   c. make it 'problem-oriented',
   d. combine technical and financial assistance with development diplomacy,
   e. allocate internal resources for monitoring, evaluation, and steering based on the underlying theory of change and outcome objectives, and with a clear allocation of responsibilities, and
   f. all participating units are on board, committed and prepared to adapt their offer to the realities on the ground.

   Directed to: SECO—WEMU/WEIN/WEIF/WEHU and the Operations Committee.

   Reasons: These are, per provision:
   a. countries/localities can only develop themselves, which require political, economic, and operational leadership; Vuthela relied too much on external support and drive, both from the Programme Coordination Unit and external service providers,
   b. reform efforts need to match local capacities and readiness; local actors need to gain confidence and secure political support,
   c. a development challenge makes it concrete, appealing, and solution-oriented, and makes it less likely for stakeholders to revert to old practices/patterns of behavior and functional orientations,
   d. development is innately political—continuous effort is needed to ensure and anchor active political support for development,
   e. there is nothing automatic about development (interventions)—it is complex, influenced by a myriad of factors. This means one must keep tabs and regularly check whether the underlying assumptions are holding up in practice or whether a course correction is needed to achieve the outcome objective. Moreover, SECO headquarters and the Swiss Cooperation Office need to make explicit who is responsible for monitoring, evaluation and steering on the outcome level,[36]

[36] A well-defined and monitored theory of change is, at present, the best instrument for strategic oversight. A well-articulated theory of change defines the underlying assumptions as to why a program is likely to have effect and attain its outcomes and

f. there are no short-cuts in development. The relevance of ongoing global or country programmes for new development interventions will be the exception rather than the rule. Effective development cooperation requires it to be tailored to the development challenge at hand.

Possible actions:

- assign and keep the responsibility for development with the local reform actors (e.g., by making the Programme Management Team 'lead' the programme) and ensure that the external service provider (e.g., the Programme Coordination Unit) acts a mentor, coach, or secretariat only. The Programme Coordination Unit is also best placed inside the offices of the lead reform actor.
- keep the initial logframe simple—limit the intervention at the outset to a few coherent interventions.[37]
- build-up the intervention/logframe from the problem statement and the development objective and do not revert to organizational functions, i.e., focus on what is needed, not on traditional functions, practices, and patterns,
- actively involve the Swiss ambassador to anchor the Swiss support politically and ensure that any local reform drive is politically supported and continues to be so in time,
- find a way for the (SECO headquarters) programme coordinator to 'evaluate' the programme at least once a year in the same vein as this external evaluation has been conducted, i.e., with a focus on whether the underlying theory of change is holding up in practice and the intervention remains on course to achieve its objectives,
- to review the division of labor, roles, and contributions between the SECO headquarters programme coordinator, national programme officer, the (deputy) head of cooperation, and the Swiss ambassador, with the explicit allocation of responsibility for programme oversight on the outcome and theory of change level either with the SECO headquarters programme coordinator or the (deputy) head of cooperation, with all others in supporting functions (vis-à-vis the intervention).

Timeline: Medium-term—to be included in the design of the next three- or four-unit collaboration.

3. For any future innovative interventions, to allocate internal resources for monitoring, evaluation, and steering based on the underlying theory of change and outcome objectives.

Directed to: SECO—WEMU/WEIN/WEIF/WEHU and the Operations Committee.

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contribute to the envisaged impacts. These assumptions pertain to the programme's boundary partners—the people and institutions through which the programme seeks to affect change—and how these boundary partners are likely to respond to the programme (support), the subsequent changes in their perceptions, behaviors, and actions, and the ripple effect these changes in behavior and actions will cause amongst indirect boundary partners. Strategic oversight implies that, during programme implementation, one keeps tab on the boundary partners and their response to see if the envisaged changes are taking place or whether adjustments are needed. (Note: a theory of change serves program steering; a results framework accountability.)

[37] The question was raised on how to start small and expand the programme scope upon success given SECO's requirement to prepare a logical framework upfront. The answer consists of three parts. First, SECO's procedures allow staff to propose a change in the logical framework. As SECO staff said, *'it is not cast in stone'*. Second, SECO could differentiate between short- and long-term changes that SECO aspires to. For example, at the beginning of a programme, SECO could place a dot on the horizon, describing the outcomes and impacts it seeks to contribute to in 10 to 12 years, including possible pathways to get there. Subsequently, SECO can deduce what changes in perspective, behavior, and actions amongst its boundary partners are needed and which intermediate outcomes/milestones it can realistically hope to achieve in four years. It can subsequently build the initial logframe around these first set of changes. This initial logframe will focus on intermediary outcomes and not yet include impacts. Third, it is probably imperative that the buy-in from SECO's operational committee is secured up-front as the first logframe will not include an impact statement (or at least not one that can be achieved in four years) and the approach assumes a long-term perspective—a 10-12 year engagement, which is a quite unique feature and comparative advantage of Swiss development cooperation.

Reason: What is true for a future three- or four-unit collaboration, equally applies to any major initiative which markedly deviates from SECO's standard practice. There is nothing automatic about a development intervention—it is complex, influenced by a myriad of factors. As above, this means one must keep tabs and regularly check whether the underlying assumptions are holding up in practice or whether a course correction is needed to continue moving towards the outcome objective.

Possible actions: Same as above—find a way for the responsible programme coordinator to 'evaluate' the programme at least once a year in the same vein as this external evaluation has been conducted, i.e., with a focus on whether the underlying theory of change is holding up in practice and the intervention remains on course to achieve its objectives.

Timeline: Medium-term—to be included in the design of the next new/innovative initiative.

6.3.2 For the iLembe district municipalities

4. To reflect on how it can build and foster a dominant coalition of political and economic leaders dedicated to the growth and development of iLembe district, translate this into an explicit medium-term development agenda, and implement this agenda in an iterative, learning-oriented, manner.

   Directed to: The formal and informal political and economic leadership of iLembe district.

   Reason: Development is both a political and economic choice—it requires the full backing of the political and economic leadership, both to formulate the development objective and implement the requisite development agenda.

   Possible actions: To facilitate conversations about what is needed for iLembe district's development and the political and economic forces within the district that prevent this need from being met.

   Timeline: Short- to medium-term—the conversations best start immediately, but will require time, patience, and insight for such conversations to bear fruit.

6.3.3 For the provincial government of KwaZulu-Natal

5. To reflect on whether it can take a more active role as powerbroker in local economic development processes at the district level.

   Directed to: EDTEA and COGTA

   Reason: EDTEA took an administrative role in the implementation of Vuthela. With EDTEA and COGTA being the responsible departments in the provincial government for Local Economic Development and Cooperative Governance, they could take a more assertive role in facilitating public and public-private processes to foster cooperation and the implementation of a coherent and programmatic approach to local economic development.

   Possible actions: Act as initiator, promoter, and facilitator of inter-municipal, inter-agency, and public-private collaborations.

   Timeline: Short-term—to be initiated with the next local economic development initiative/opportunity in KwaZulu-Natal.

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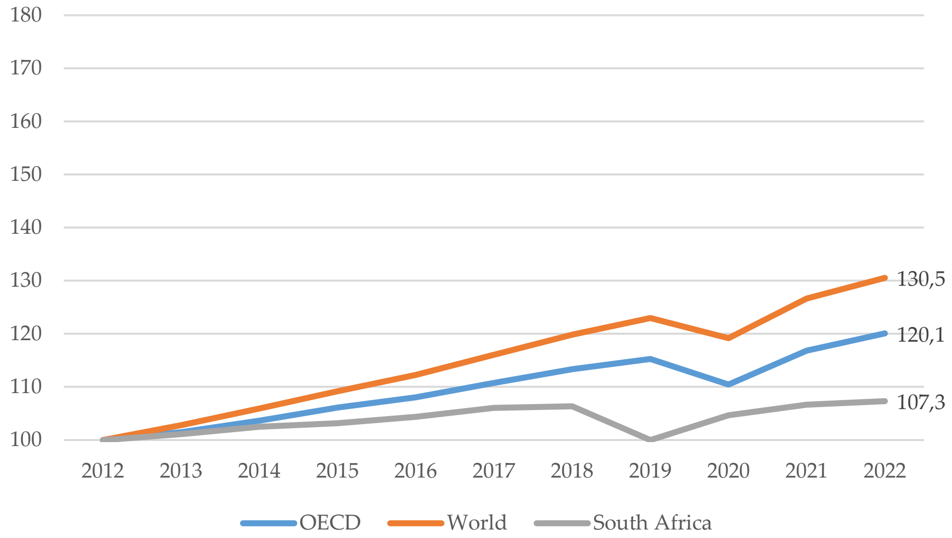
Appendices

A Quantitative (results) data

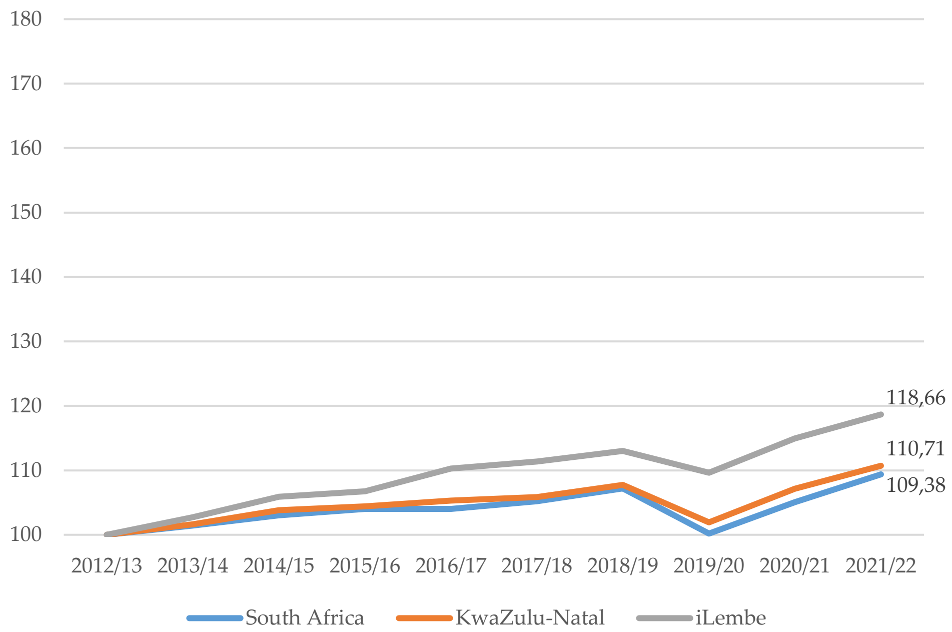
Macro-economic data

Figure 8 GDP growth per annum—South Africa versus the World and the OECD



Source: World Bank Development Indicators

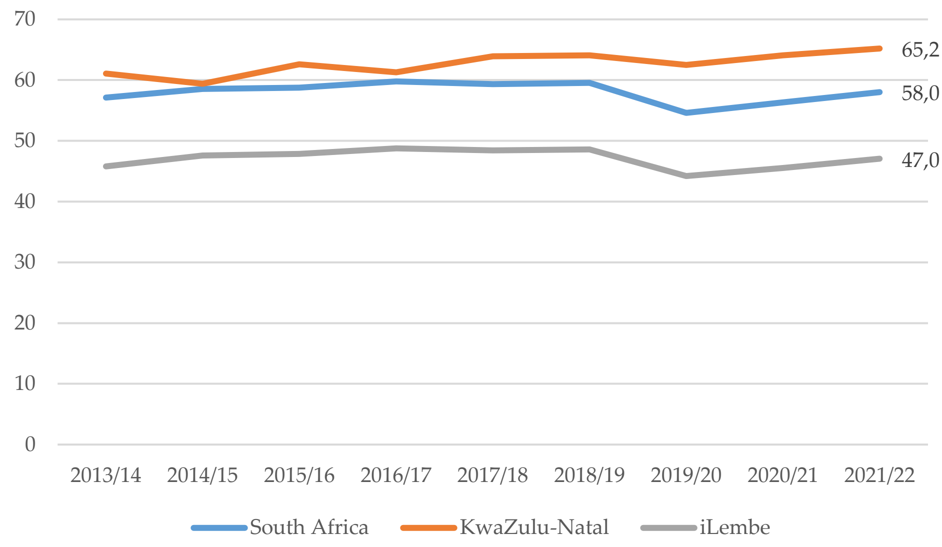
Figure 9 GVA growth per annum[38]—iLembe versus KwaZulu-Natal and South Africa



Source: Quantec

[38] GVA = Gross Value Added. While Gross Value Added is valued at basic (or producers') prices, Gross Domestic Product (GDP) is valued at purchasers' prices. The basic prices exclude all taxes and subsidies on products. In other words, the GDP is GVA plus product taxes (like VAT) minus product subsidies (World Bank 2024).

Figure 10 Labor force participation—iLembe versus KwaZulu-Natal and South Africa



Source: Statistics South Africa, Labor Force Survey

Public finance management

		Baseline	Baseline year	2018/19	2019/20	2020/21	2021/22	2022/23	Average	Target
Municipal own revenue real growth	IDM	n/a	2017	13%	18%	21%	12%	20%	17%	3%
	KDM	n/a	2017	6%	2%	1%	10%	0%	4%	3%
	MLM	n/a	2017	1%	8%	-2%	4%	20%	6%	3%
Net operating surplus/(deficit)	IDM	-10%	2017	-13%	-22%	-3%	-6%	-14%	-12%	>0%
	KDM	22%	2017	10%	6%	9%	4%	2%	6%	>0%
	MLM	11%	2017	-6%	2%	10%	10%	6%	4%	>0%
Capital expenditure budget spent	IDM	111,50%	2017	60%	5%	52%	92%	n/a	52%	100%
	KDM	92,30%	2017	29%	56%	61%	70%	n/a	54%	100%
	MLM	104,30%	2017	86%		76%	71%	n/a	77%	100%
Spending on repairs and maintenance as % of Property, Plant and Equipment	IDM	2%	2017	0%	0%	0%	0%	n/a	0%	8%
	KDM	3%	2017	2%	n/a	n/a	n/a	n/a	n/a	8%
	MLM	3%	2017	0%	0%	0%	0%	n/a	0%	8%
Unauthorized, Irregular, Fruitless and Wasteful Expenditure	IDM	2%	2017	50,20%	23,10%	5,80%	10,80%	n/a	22,48%	0%
	KDM	19%	2017	12,5%	86,4%	31,4%	41,6%	n/a	42,98%	0%
	MLM	2%	2017	18,60%	9,80%	4,60%	6,80%	n/a	9,95%	0%

Source: (NT 2024b)

The additional public finance management data shows that the municipalities' own revenues have increased in real terms[39], and KwaDukuza and Mandeni have been able to maintain operating surpluses. At the same time, underspending of the capital investment budget remains the rule and the municipalities remain unable to invest in the repair and maintenance of municipal (infrastructure) assets. The so-called Unauthorized, Irregular, Fruitless and Wasteful Expenditure as percentage of the Total Operating Expenditure was reduced between 2019-21 (iLembe and Mandeni) or 2020-21 (KwaDukuza)—according to the key informants due to Vuthela support—but has since crept up again and remains considerably above the 2017 baseline for all three municipalities.

[39] The reasons are unknown to the evaluation. This development was never commented upon during the field mission interviews.

B Inter-unit cooperation within SECO

All projects since 2009 involving more than one operational unit from SECO/WE. **Source**: SECO SAP system

Project / Program No.	Title Project / Program (	Section	Partner	Date Start (Year)	Date End (Year)
UR_00085-07	Private Infrastructure Development Group, Phase VII	WEIF; WEIN	Private Infrastructure Development Group	2017	2022
UR_00085-08	Private Infrastructure Development Group, Phase VIII	WEIF; WEIN	Private Infrastructure Development Group	2022	2026
UR_00123-03	Platform Renewable Energies REPIC III	WEIN; WEHU	NET Nowak Energie & Technologie AG	2010	2014
UR_00349-88	Financial Sector SWAP, Phase II	WEIF; WEMU	Foreign Consultants	2013	2014
UR_00425-03	Swiss Management Program for Vietnamese Bank Executives, Phase III	WEIF; WEMU	Swiss University, college or other teaching/research institution	2020	2026
				2020	2026
UR_00460-01	Multi-Donor Facility for Trade and Investment Climate	WEIF; WEHU	International Bank for Reconstruction and Development	2009	2017
UR_00554-02	Sustainable Cocoa Production Program, Phase II	WEHU; WEIF	Swisscontact	2016	2020
				2016	2020
UR_00570-01	Financial Regulator Strengthening and Inclusion, Peru, Phase I	WEMU; WEIF	Foreign Consultants	2012	2018
			ODA country based Other public entity	2012	2018
UR_00576-01	Sustainable Business Advisory	WEIF; WEHU	International Finance Corporation	2012	2016
UR_00604-01	Competitive Industries and Innovation Program	WEIF; WEHU	International Bank for Reconstruction and Development	2012	2022
UR_00608-01	Financial Sector Strengthening Indonesia, Phase I	WEIF; WEMU	International Bank for Reconstruction and Development	2012	2017
UR_00608-02	Financial Sector Strengthening Indonesia, Phase II	WEMU; WEIF	International Bank for Reconstruction and Development	2017	2021
UR_00608-03	Financial Sector Strengthening Indonesia, Phase III	WEIF; WEMU	International Bank for Reconstruction and Development	2021	2025
UR_00617-02	Micro, Small, and Medium Enterprise Technical Assistance Facility, Phase 2	WEIF; WEMU	International Finance Corporation	2019	2025
UR_00621-01	Western Balkans Municipal Infrastructure Development Fund	WEIN; WEIF	KfW Group	2013	2017
UR_00687-02	Local Government Finance Reforms Serbia, Phase II	WEIF; WEMU	Foreign Consultants	2019	2023
UR_00731-01	Local Economic Development South Africa, Phase I	WEIN; WEIF; WEMU; WEHU	Foreign Consultants	2013	2023
			International Finance Corporation	2013	2023

			ODA country based Central Government		
			United National Industrial Dev. Org.	2013	2023
UR_00792-01	Financial Sector Development and Reform, South Africa, Phase I	WEMU; WEIF	International Bank for Reconstruction and Development	2014	2018
UR_00792-02	Financial Sector Development and Reform, South Africa, Phase II	WEIF; WEMU	International Bank for Reconstruction and Development	2014	2023
UR_00803-02	Sustainable Urbanization Indonesia IDSUN, Phase II	WEIN; WEMU	International Bank for Reconstruction and Development	2022	2026
UR_00831-01	SeCompetitivo Strengthening Peru's competitiveness, Phase I	WEIF; WEHU	HELVETAS	2014	2017
UR_00831-02	SeCompetitivo Strengthening Peru's competitiveness, Phase II	WEIF; WEHU	HELVETAS	2018	2023
UR_00831-03	SeCompetitivo Strengthening Peru's competitiveness, Phase III	WEIF; WEHU	HELVETAS	2023	2027
UR_00835-01	Financial Reporting and Audit Enhancement Kyrgyzstan	WEIF; WEIN	International Bank for Reconstruction and Development	2015	2022
UR_00881-02	Public Financial Management & Financial Sector Strengthening, Tunisa, Phase II	WEMU; WEIN	International Bank for Reconstruction and Development	2016	2025
UR_00909-01	Remittances and Payments Program	WEIF; WEMU	International Bank for Reconstruction and Development	2014	2022
UR_00913-02	Nature Finance 2.0	WEIF; WEMU	Other International NGO	2023	2026
			United Nations Environment Programme	2023	2026
UR_00917-01	World Bank Capital Markets Strengthening Facility, Phase I	WEMU; WEIF	International Bank for Reconstruction and Development	2015	2021
UR_00917-02	Sustainable Long-Term Finance Facility	WEMU; WEIF; WEIN	International Finance Corporation	2021	2026
UR_00927-02	Extractives Global Programmatic Support (EGPS), Phase II	WEHU; WEMU	International Bank for Reconstruction and Development	2019	2025
UR_00950-01	Cities Support Program in South Africa, Phase I	WEIN; WEIF; WEMU	International Bank for Reconstruction and Development	2015	2020
UR_00950-02	Cities Support Program in South Africa, Phase II	WEIN; WEIF; WEMU	International Bank for Reconstruction and Development	2020	2024
UR_00950-03	Cities Support Program in South Africa, Phase III	WEIF; WEMU; WEIN	International Bank for Reconstruction and Development	2024	2029
UR_00969-01	Colombia + Competitiva	WEIF; WEHU	Swisscontact	2016	2021

UR_00969-02	Colombia + Competitiva, Phase II	WEHU; WEIF	Swisscontact	2020	2024
UR_00969-03	Colombia mas Competitiva, phase 3	WEIF; WEHU	Swisscontact	2024	2028
UR_00970-02	Social Impact Bonds, Phase II	WEIF; WEMU	Inter-American Development Bank	2023	2027
UR_01042-01	Ghana Private Sector Competitiveness Program	WEIF; WEHU	Deutsche Gesellschaft für Int. Zusammenarbeit	2017	2022
UR_01042-02	Ghana Private Sector Competitiveness Program II	WEIF; WEHU	Other International NGO	2022	2027
UR_01043-02	Multi-Country Investment Climate Program (MCICP), Phase II	WEHU; WEIF	International Finance Corporation	2022	2026
UR_01050-02	Swiss Skills for Competitiveness (SS4C) Program	WEIF; WEHU	Swisscontact	2024	2027
UR_01099-01	INCA Municipal Debt Fund and Capacity Building Fund	WEIN; WEMU	Recipient country, Investment funds and other collective investment institutions	2020	2038
UR_01121-01	Swiss-Serbia Innovation Programme	WEIF; WEHU	Network	2025	2028
			ODA country based Central Government		
UR_01129-01	Competitiveness for recovery Ukraine 2025-2028	WEIF; WEHU		2025	2028
UR_01166-01	Urban Cadaster in Peru	WEIN; WEMU	International Bank for Reconstruction and Development	2020	2026
			ODA country based Central Government		
			Swiss Consultants	2020	2026
UR_01244-02	Integrated Environmental, Social and Governance (ESG) Programme	WEIF; WEMU	International Finance Corporation	2021	2028
UR_01250-01	Accelerate Prosperity for Entrepreneurship in Central Asia	WEIF; WEHU	Aga Khan Foundation (AKF)	2020	2023
UR_01297-01	OECD Investment and Sustainable Development	WEIF; WEPO	OECD	2023	2026
UR_01300-01	Vietnam Fintech Program	WEIF; WEMU	Asian Development Bank	2023	2028
UR_01304-01	Subnational Cadaster and Tax in Colombia	WEIN; WEMU	International Bank for Reconstruction and Development	2020	2024
UR_01309-01	Budget Support Tunisia, Covid emergency response and economic stabilization	WEMU; WEIN	ODA country based Local Government	2020	2024
UR_01320-01	Skills Projekt	WEIF; WEHU		2025	2025
UR_01348-01	Better Than Cash Alliance	WEIF; WEMU	United Nations	2021	2024
UR_01361-01	Tunisia Economic Resilience and Inclusion Umbrella Trust Fund (TERI)	WEMU; WEIN	International Bank for Reconstruction and Development	2022	2027
UR_01375-01	Finance For Development F4D	WEMU; WEIF	International Bank for Reconstruction and Development	2021	2028
				2021	2028

UR_01376-01	High Impact Partnership for Climate Action (HIPCA)	WEIN; WEIF	European Bank for Reconstruction and Development	2021	2024
UR_01380-01	Financial Management Umbrella Trust Fund	WEMU; WEIF	International Bank for Reconstruction and Development	2022	2028

C SECO assessment grid on the OECD/DAC evaluation criteria

Version: 30.6.2020

Note: this assessment grid is used for evaluations of SECO financed projects and programmes (hereinafter jointly referred to as an 'intervention'). It is based on the OECD Development Assistance Committee evaluation criteria. In mid-term evaluations, the assessment requires analyzing the likelihood of achieving impact and sustainability. All applicable sub-criteria should be scored, and a short explanation should be provided.

Please add the corresponding number (0-4) representing your rating of the sub-criteria in the column "score":
0 = not assessed
1 = highly satisfactory
2 = satisfactory
3 = unsatisfactory
4 = highly unsatisfactory

Key aspects based on DAC criteria	Score	Justification
Relevance Note: the assessment here captures the relevance of objectives and design *at the time of evaluation*. In the evaluation report, both relevance at the design stage as well as relevance at the time of evaluation should be discussed.		
To what extent did the objectives of the intervention respond to the needs and priorities of the target groups, especially the provincial government of KwaZulu-Natal and the municipalities of the iLembe District?	3	Vuthela addressed *'core functions'* and *'key challenges'* of iLembe, KwaDukuza, and Mandeni, but was not embedded in a local, politically supported, reform agenda and drive, which raised questions about the development 'priority' given to these functions and challenges in the municipalities. For the provincial government, Vuthela allowed to pilot a new (programmatic) approach to local economic development focused on improving the broader framework conditions for private sector development.
To what extent did the objectives of the intervention respond to the needs and priorities of indirectly affected stakeholders, including national government, business in the iLembe District and its associations and others?	3	As for the provincial government, Vuthela offered the National Treasury the opportunity to pilot a new (programmatic) approach to local economic development. iLembe district had a need for private sector development, but Vuthela was not well-aligned to the existing private sector promotion institutions, capacities, approaches, and readiness in the district. Moreover, the private

		sector interventions were too dispersed, too small, and incongruous to affect district-level change.
Was and is the programmatic approach to local economic development applied through the programme adequate in meeting the objectives set out for the programme?	3	The key word in this assessment question is ‘applied’, i.e., as ‘applied’ through the programme. The programmatic approach made sense in principle but was executed too mechanistically and without sufficient attention to the coherence between the component parts. In its application, the programmatic approach was therefore not adequate.
Were the five components and its theory of change adequate and relevant to achieve the intended objectives of the programme?	3	Same as previous row. The theory of change did not hold up in practice because (i) the municipalities did not have the commitment, drive, capacity, power, and leadership to improve the municipal fundamentals, (ii) iLembe district was insufficiently connected to the economic opportunities in KwaZulu-Natal, and (iii) the public and private sector actors were not ready to coordinate and collaborate.
Was the programme sufficiently flexible to adjust to new governance, economic and social circumstances in the District?	2	Vuthela was flexible in its planning, went to great length to ensure that it worked according to South Africa’s country systems, and enabled the transfer of four projects to the municipalities after the implementing agent decided that it could not bear the procurement risk of capital investment projects.
Coherence		
How compatible was the intervention with the programmes and projects of other actors in the district (complementarity and synergies with municipal programmes and developmental programmes of other actors also at national and provincial level) as well as other donor funded programs? What were the success factors of mobilizing or building synergies with these actions?	2	Vuthela’s public finance management support was in sync with the National Treasury’s requirements. The municipalities’ need to comply with the National Treasury’s regulations was an important driver behind the progress made in Vuthela on the municipalities’ public finance management. The municipalities received no stand-alone support from other international development partners
How did the programme contribute to increased coordination and influence between stakeholders to promote local economic development in the district, also amongst the three spheres of government? On the other side, was the programme impacted on by existing functioning or non-functioning coordination mechanisms and how could this have been better influenced?	3	The envisaged structured and purposeful dialogue between the district’s public and private sector did not come about. The pre-existing fora—the LED Forum and the Economic Development Facilitation Forum—remained all but dormant, and the new District Development Model committee evolved largely into a forum for the provincial and municipal departments and agencies

		to report on their activities. Despite different efforts, including organizing ‘critical dialogue sessions’, Vuthela was unable to contribute to increased coordination.
Has the visibility and knowledge sharing of the programme contributed to the strengthening of relationships amongst key stakeholders towards developing the local economy?	3	Vuthela’s brand name and newsletter were useful for communication purposes, especially within the municipalities. The municipal political leadership, however, could not effectively use the programme (name) in their political story because Vuthela was deemed too complex. The evaluation did not evidence that the Vuthela brand, newsletter, and visibility contributed to better relations between stakeholders.[40]
How coherent was the intervention with other programs implemented by the State Secretariat for Economic Affairs (SECO)? To what extent were the synergies across SECO’s four operational divisions enhanced by the program?	3	Some of SECO’s other interventions in South Africa were ‘incorporated’ into Vuthela. For these interventions, iLembe offered a valuable testing ground for developing and/or testing their methodologies. For Vuthela, they were not well-connected to its underlying theory of change, components, and projects and did not offer effective complementariness and synergies. Still other SECO programs on public financial management offered valuable, additional, instruments to iLembe and KwaDukuza, but were not adopted or used by these municipalities
Effectiveness		
Are the expected outputs and outcomes specific in the logframe being achieved or are they on track of being achieved? Are the indicators suitable to measure results and outcome achieved?	3	Vuthela helped improve the municipalities’ public finance management systems and financial statements, and the process for obtaining construction permits and title deeds, but these results have not (yet) led to material improvements in municipal administrative and infrastructure service delivery, private sector development, and public-private dialogue on local economic development. Put differently, whilst Vuthela delivered many (if not all) envisaged outputs (i.e., strategies, policies, plans, procedures, and systems), these outputs did not induce the envisaged change in

[40] SECO noted that the Spark Newsletter did create awareness amongst provincial government agencies and international development agencies about Vuthela’s work, for example on the indigent register or on the address of nonrevenue water.

		behavior and actions amongst the programme's boundary partners, to bring about the targeted outcomes and impacts.
To what extent were the implementation approaches/strategies (i.e. project conceptualization, procurement approaches, thematic areas addressed, contractual amendments, etc.) during implementation adequate to achieve the intended results?	3	Vuthela took a mechanistic way of changing systems, i.e., a technical, functional, engineering, and project management type of approach. As noted above, the programme was also not sufficiently coherent between its components and projects. Within iLembe's development context this proved insufficient. Instead, there had been a need for more development 'diplomacy' and a more 'problem-driven iterative approach' to development: starting small and expanding upon success.
Were the governance structures of the programme sufficient and did they function effectively in their decision-making, monitoring and engagement with the programme? What could have been improved? How did the two phases of implementation compare, i.e. with the PCU present (until 2023) and in the absence of the PCU (2024)?	3	The Programme Steering Committee was meant to provide strategic oversight and direction. In its semi-annual meeting, the Programme Steering Committee discussed the implementation progress of the individual projects, covering the same ground as the Programme Management Team. The Programme Steering Committee did not monitor Vuthela on its theory of change and outcomes. It appeared that all Programme Steering Committee members were too collegial and diplomatic with none carrying the ultimate responsibility of outcome and impact achievement.
Efficiency		
Are outputs and outcomes being delivered in a cost-effective manner and as per the agreed upon work plans? Were the programme budgets adequately allocated and executed?	3	As noted above under effectiveness, whilst Vuthela delivered most (if not all) its envisaged outputs, this did not translate into the achievement of its envisaged outcomes. In other words, Vuthela's inputs and outputs were not cost-effectively transformed into outcomes. Moreover, quite a few strategies, policies, plans, procedures, and systems were not being implemented (in full), which represents an inefficient use of resources.
Are results being delivered in a timely manner (within the intended timeframe or reasonably adjusted timeframe) in line with approved work plans?	3	Same as above
Was financial management adequately and timely executed?	0	The evaluation did not perform a financial audit, nor did the evaluation come across anything conspicuous. Vuthela's expenditures profile mirrored its budget profile.

To what extent were risks assessed and mitigation measures implemented? Were risk sharing mechanisms put in place?	0	SECO's decision note included a pertinent risk assessment, and the programme maintained a risk register. The evaluation did not get the sense that this risk assessment and register were actively used during programme implementation. However, the evaluation did not review Vuthela's risk management practices up close. The above point on the governance structure (under effectiveness) likely applies here as well.
What main results and lessons emanate from the transition to more municipal ownership in the procurement and implementation of key projects?	0	This is not really an efficiency criterion under the OECD/DAC evaluation framework. The transferred projects are still under implementation, so it is too early to draw lessons. , Whilst the transfer ultimately took place out of need rather than increased municipal ownership, such a transfer had been foreseen (or at least considered a possibility) in the program document, as the transfer itself could create more municipal ownership and offer an opportunity to put the revamped municipal procurement procedures into practice.
To what extent did the oversight, management, monitoring and steering mechanisms of the programme support efficient implementation? How did the two phases of implementation compare, i.e. with the PCU present (until 2023) and in the absence of the PCU (2024)?	3	See above – last row under effectiveness. The governance structure has remained intact for the implementation of the transferred projects to municipalities in 2024.
Was the programmatic approach followed by SECO's four operational units an efficient approach to project delivery (looking at cost-benefit aspects)?	3	As Vuthela did not achieve its outcomes and impacts, it cannot be considered to have been efficient.
Sustainability		
To what extent will the various projects (outputs, outcomes) be sustainable in future? Which projects have a high likelihood of becoming sustainable and what factors are contributing to this? Which projects not, and the main reasons for this?	3	The likelihood that Vuthela's 'net benefits' are sustained will depend on the municipal staff remaining in function and given the (financial) room and political support to implement the respective strategies, policies, plans, procedures, and systems. The biggest question will be whether the political leadership of the municipalities will commit to growth and development and embrace a local reform drive, building on the developed strategies, policies, plans, procedures, and systems. The evaluation found that this failed Vuthela and there was no evidence that this may change in the foreseeable future.

Reflect on observations made regarding the partners' capability and motivation (technical capacity, ownership) to continue activities contributing to achieving the outcomes. How could various stakeholders continue to work together to achieve the overall aims of the programme?	3	See row above
Are partners already planning to put in place financial resources to continue activities contributing to achieving the outcomes (including operations and maintenance)?	3	Same as above
What contextual factors (e.g. legislation, politics, economic situation, social demands) could be conducive (or limiting) to continuing activities leading to outcomes.	0	This is a question/line of inquiry, not as assessment criterion.
Is there a likelihood that the "programmatic approach to LED" could be (i) continued in the district and (ii) replicated elsewhere and what would the conditions and factors be for this to be successful?	3	Same as above. Plus: The provincial government may continue the programmatic approach under the Small-Town Revitalization Strategy and assist in the provision of title deeds through the operation of an integrated land service office.
Has the programme contributed to improved capacities (i.e. processes, skills and knowledge, etc) at the level of municipalities?	2	Whilst the preparation of new strategies, policies, plans, procedures, and systems was systematically outsourced to either the Programme Coordination Unit or, most commonly, consultants, this was done in close consultation with and under the supervision of municipal managers and staff. As such, they became knowledgeable about these strategies, policies, plans, procedures, and systems, and their underlying philosophies. It helped strengthen the hand of municipal staff and managers as they offered a more accurate picture of the state-of-play of municipal affairs and what needs to be done.
Impact		
To what extent has or will the programme generate or is expected to generate 'higher-level effects' as defined in the design document of the intervention.	3	Vuthela's work has not (yet) led to material improvements in municipal administrative and infrastructure service delivery and private sector development and, accordingly, has not (yet) contributed to employment, income, and economic growth. The limited political buy-in, lack of a local reform agenda and drive, and the fact that Vuthela did have time (6,5 years) do not bode well for such impacts to emerge in the near future.
Are there (positive or negative) unintended impacts observed which have not been captured in the design?	0	The evaluation did not observe unintended impacts.

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