

# The Informal Economy Support Programme (IESP)

## Phase 2

### Mid-Term Process Evaluation

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PPT Offices

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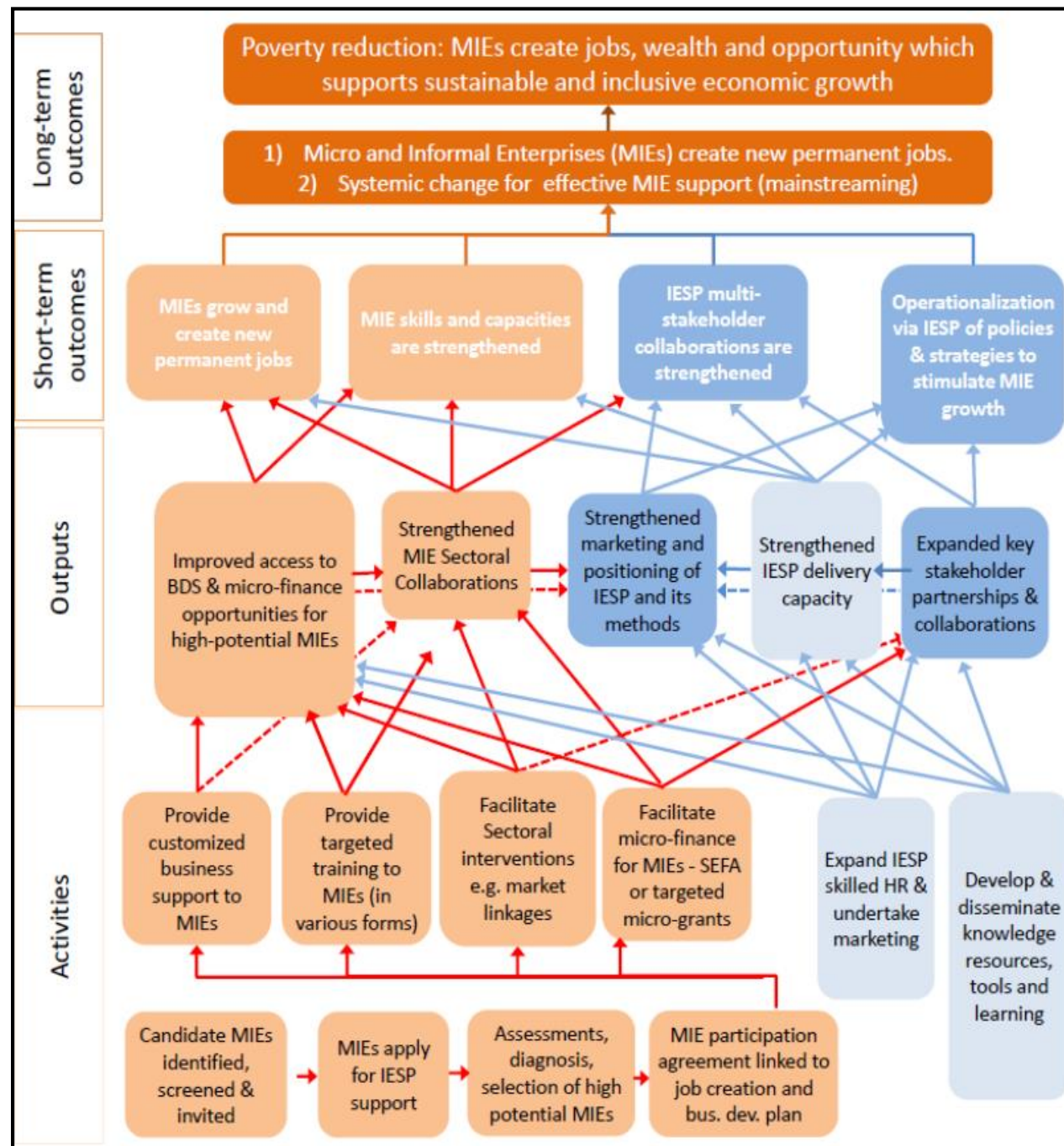


INFORMAL  
ECONOMY  
SUPPORT  
PROGRAMME



# Introduction

- The IESP is a specialised business support programme
- Targets viable MIEs within the eThekweni Municipality
- Phase 2 began in April 2018
- **Goal:** To provide targeted BDS to high-potential MIEs, with the goal of **strengthening the skills and capacity of entrepreneurs, growing their businesses, and creating new permanent jobs**; thereby contributing to broader national imperatives to reduce poverty, create employment, and support sustainable and inclusive growth.



# IESP Evaluation

- Baseline evaluation report submitted October 2018
- Mid-term process evaluation (June – Dec 2019)
- Impact evaluation (June – Dec 2020)

# Evaluation Criteria

- **Relevance**

- Determine the extent to which programme goals, strategy and activities are suited to beneficiaries' needs and priorities

- **Effectiveness**

- Determine the extent to which the programme's outputs and outcomes have been achieved, or are expected to be achieved

- **Efficiency**

- Determine whether the programme has used the most cost-effective resources possible in order to achieve its results

- **Impact**

- Identify additional impacts; positive and negative, intended and unintended

- **Sustainability**

- Assessing the likelihood of programme benefits continuing after funding has come to an end

# Methodology

- **Mixed method approach:** Qualitative and Quantitative Data
- **Qualitative data:**
  - Interviews: IESP programme management team, business enterprise specialists (internal and external), representatives from the Steering Committee, and MIE owners
  - Site visits and observations
- **Quantitative data:**
  - IESP monitoring data and rolling baseline data
- **Documentary sources:**
  - Reports
  - Meeting minutes
  - MIE profiles

# Methodology

- Interviews translation and transcription
- Informed consent
- Data analysis

# Sample

Method	Sample	Sample Size
Individual Interviews	IESP Programme Management Team	5
	Business Enterprise Specialists (External)	3
Group Interview	Business Enterprise Specialist (Internal)	1 interview with 3 specialists
MIE Interviews (on-site)	MIE Owners	22
MIE Interview (telephonic)	MIE Owner	1



# MIE Sample

- **Quota sampling technique:** Non-probability sampling technique that involves dividing the population up into sub-groups or quotas based on particular characteristics that are of interest to the investigation
- **Sub-groups / Quotas:**
  - Progress in meeting job creation targets
  - Sector
  - Geographic location
  - Time on programme
  - Mentor
  - Micro-grant

# Relevance: Key Questions

- **Determine the extent to which programme goals, strategy and activities are suited to beneficiaries' needs and priorities**
- **Key Questions:**
  - Do entrepreneurs feel adequately supported by programme interventions?
  - Do entrepreneurs feel that their needs are being met?
  - Have support interventions (e.g. training workshops, mentorship, marketing, financial) added value, and to what extent?
  - Do entrepreneurs see value in the programme model for MIEs in the informal sector?
  - To what extent are entrepreneurs satisfied with the programme and its implementations?
  - Have the entrepreneurs' expectations been met?
  - How do MIE owners feel the programme could be improved?

# Summary of Feedback

- Overall high levels of satisfaction with the programme support provided
- The programme is seen by the large majority of interviewed MIEs as having value, and as being relevant to their needs and to the needs of other entrepreneurs in the informal sector
- Many examples of where needs have been met and value has been added
- However, there are also many more support requests, and some suggestions on how the programme could be improved

# Support Interventions

- **Training**

*“It was more than I had expected...Like now we are able to record things, unlike before where we would split all the money we make amongst ourselves and that was it. Now they showed us that banking is one of the ways that makes you trustworthy as a business. If you want to loan money, the banks look into how you handle your account”* (MIE Owner: Thulawazi Multipurpose Co-operative Limited, 7 Aug 2019)

*“They took some of my staff to customer service training. It was very good and it was exactly what my staff needed. The facilitator was so good. She’d ask us in the beginning what sector or service we provide so that when she made examples they were relevant to what we do. It was really effective and I enjoyed it”* (MIE Owner, 30 Aug 2019)

# Support Interventions

- **Finance to buy equipment**

*“According to the improvements I’ve seen, my competitors can’t keep up with me because now I have the right machinery that produces the right product that people want, and it does that very fast. My production before was limited, like I would do snowball scones and muffins only, but now because of the new oven I am able to do a wide range of products. Also my prepping hours have been reduced. Before I used to work from 15H00 to 22H00 but now am able to work from 13H00 to 18H00. I still need more equipment, like a donut fryer, and once I get that I will be able to widen my range even more and make more money” (MIE Owner: Cato Crest Bakery, 14 Aug 2019)*

- **Marketing / Branding**

*“My main concern was the branding because before my products were hand written, so they helped me with labels and I am happy with the packaging...I wanted my products to have a chance with the best in the market and now they are presentable” (MIE Owner: Phumelele Organics, 25 Sept 2019)*

- **Business space**
- **Business registration**
- **Support in accessing new markets**

# Broader Value

- **83% (19/23) of interviewed MIEs see broader value**

- **Responsive - meets unique needs of business**

*“This programme takes a business from where they are straight to where they want to go. It’s a step by step thing and you understand that we are not experienced business people, so this programme is so relevant to businesses that are starting up” (MIE Owner: Mayine Agritainment, 23 Aug 2019)*

- **Provides crucial business and financial skills**

*“Most small businesses are brought down by the lack of business management skills, so the advice from the programme, and the implementation of the paperwork to enable you to see your profits and your losses, that’s where your business starts to grow” (MIE Owner, 9 Sept 2019)*

# Broader Value

- **Financial support**

*“It’s doing well with the financial support we getting, that is very rare, even with the banks they’d require this and that and you end up losing hope. Even if they don’t give you hard money, the training they give, I would have to pay for that training if I was not in the programme, so the money I save is spent on other things” (MIE Owner, 14 Aug 2019)*

- **Mentorship**

*“It does help in a sense that it gives you the backing; that I have people that I can talk to that understand my business. It gives you confidence that you have someone who sees your product and helps you with direction as well” (MIE Owner: Phumelele Organics, 25 Sept 2019)*

# Suggestions for Improvement

- Improve programme financial administration
- Clearer and ongoing feedback on MIE budgets
- Ongoing training on business and financial skills
- Networking opportunities
- Increase financial support: materials and consumables, equipment, premises and business vehicles



# Effectiveness: Key Questions

- **Determine the extent to which the programme's outputs and outcomes have been achieved, or are expected to be achieved**
- **Key Questions:**
  - To what extent have the programme targets been met (programme, project and window specific indicators)?
  - What are the reasons for the achievement or non-achievement of outputs and outcomes?
  - To what extent are positive results attributable to programme intervention?
  - What plans are in place to meet targets where performing is lagging?
  - Have there been any adjustments to targets, and if so, why?

# IESP Indicators

- **Programme Indicators**

- 6 programme level indicators
- Standard across all JF projects
- 3 applicable to IESP:
  - Number of new permanent jobs
  - Number of new short term jobs
  - Number of trained beneficiaries

- **Project Indicators**

- Measure outputs, outcomes and impacts that are specific to the unique intervention

- **Window Specific Indicators**

- Measure outcomes aligned to objectives of the applicable funding window (enterprise development)

# New Permanent Jobs

- Jobs Measurement Protocol: INFORMAL/MICRO ENTERPRISE JOB
- **Definition:**
  - Can be full time or part time (does not have to be full time) – if part time then we calculate a full time equivalent (i.e. the actual daily hours divided by 8)
  - Can be informal (does not have to be formal i.e. a written contract of employment and UIF contributions)
  - IESP only counts new jobs in enterprises where IESP support has supported the establishment of the jobs (though we will also attempt to quantify the number of existing jobs which are enhanced or made more permanent or more secure)
  - A permanent job is one that lasts for at least a year and beyond the period of project implementation (implementation end date). A short-term job lasts for less than a year (and these are measured separately from permanent jobs)

# New Permanent Jobs

ITD Assessment		
ITD Target	ITD Achieved	% Perf
224	152	68%

Q3		Q4		Q5		Q6	
Tgt	Act	Tgt	Act	Tgt	Act	Tgt	Act
4	12	16	28	64	53	140	59

# Attribution

- 13/23 interviewed MIEs have created new permanent jobs
- All attribute these jobs either directly or partly to support interventions achieved
- Interventions that trigger jobs: Equipment and marketing, but also new business premises, and business and financial skills training

# Attribution

*“I wouldn’t have been able to create these jobs since I had only one machine. The programme made it possible by buying me these machines, and we operate much faster and deliver much faster than before...We are now able to do different things at the same time. There are no limitations in terms of the machines and equipment. When one person is cutting the other is busy doing something else” (MIE Owner, 11 Sept, 2019)*

*“They have given me assistance for the business to stand out - everybody can see us now because of the banners. The container they have given me has people working in it, and I wouldn’t have been able to have people working on advertisements during the weekends, if I wasn’t for the programme. Everything would be standing still... The IESP is doing very well. This container will be very busy in a few months to come with a coffee shop - so you see we are growing” (MIE Owner: MD Driving School, 5 Aug 2019)*

# Challenges in Reaching Job Targets

- Targets increasing too rapidly
- Some MIEs need more time to create job opportunities

“Five jobs, even though securing five jobs in a period of six months is hard. They need to extend the time. Even big companies will find that almost impossible” (MIE Owner: Peri-Francos, 18 Aug 2019)

*“The hiring of staff; the job targets, I think they have to take that away and I’ve been talking to other people as well and I don’t think anyone of us could be able to hire five people in two years and pay them a decent salary. Even if you hire them, it wouldn’t be even a stipend, so if they could reduce that number to be realistic” (MIE Owner: Phumelele Organics, 25 Sept 2019)*

# Challenges in Reaching Job Targets

- Restricted business growth e.g. lack of funds for materials or rental costs
- Business Specialist support
- Part-time jobs
  - Many MIEs reported part-time staff (including staff on 'stand-by' and part time sales people)
  - Some confusion as to whether these jobs can be counted, and if so, how to do this



# Mitigation Strategies

- JF target reduced from 1000 to 750 (and new revised forecast sent to JF)
- Strengthen MIE pipeline and select MIEs with higher than average job creation potential
- Prioritise support and resources to existing MIEs with high potential
- Reassess budget and ways to make more micro-grants available
- Optimise and expand specialist capacity
- Continue close monitoring of MIE progress / spend / risk
- Boost sectoral interventions
- Explore other options for SEFA small loan facility

# Impact

- **Identify additional impacts; positive and negative, intended and unintended**
- **Key Questions**
- In addition to the contracted results as set out in the grant agreement, what other impacts can be identified, positive and negative, intended and unintended?

# Impact

- **Renewed trust in government and government programmes**
- 11/23 expressed this view

*“It is the very first time I’ve heard that there is help that actually come from the government” (MIE Owner: Nomndayi X-Ray and Ultrasound, 13 Sept 2019)*

*“We are using municipality containers and the Business Support Unit often brings programmes claiming they would benefit us, but we got no help. So when this programme came, we thought it was one of those, only to find that this programme really keeps their word and delivers on their promises” (MIE Owner, 11 Sept 2019)*

# Impact

- **Hope**

*“I know there are a lot of upcoming businesses like mine who have lost hope because of the struggles that we go through and the promises that we get from everyone. I wish you could be more visible and advertise yourselves” (MIE Owner: Mayine Agritainment, 23 Aug 2019)*

*“They assisted me by giving me hope in knowing that what we do will make us succeed in the end, and by returning my calls when I have queries and giving advice” (MIE Owner: Thulawazi Multipurpose Co-operative Limited, 7 Aug 2019)*

# Impact

- **Motivation**

*“I see things differently, and somebody has belief in what I am doing, somebody cares, and that alone also motivates and gives you hope that somebody believes in you” (MIE Owner, 25 Sept 2019)*

- **Increased confidence**

*“Before this training, I knew nothing about wine. I went on a one-day training course and it broadened my understanding of wine... My presentations now are well informed as I know now what I am talking about...The training has boosted my confidence and I can now talk to a consumer with confidence, and they buy into it from this interaction” (MIE Owner: Mayine Agritainment, 23 Aug 2019)*

# Impact

- **Other jobs**
  - Foreigners (undocumented)
  - Unpaid/underpaid family members
  - Temporary

# Sustainability

- **Assessing the likelihood of programme benefits continuing after funding has come to an end**
- **Key Questions**
  - What is the sustainability of the permanent jobs created as a result of the funded initiative?
  - To what extent are skills developed through the programme sustainable?
  - How can sustainability of job created be improved?

# Sustainability

- Transfer of knowledge and skills can be sustainable – especially if applied on an ongoing basis
- **Job numbers fluctuate depending on amount of work**
  - Because workloads fluctuate, the number of employees fluctuates
  - MIE employers cannot afford to pay employees in less busy times when work is limited, or when there is no work available
  - MIE owners may prefer to work longer hours or ‘employ’ family members to cut costs



# Sustainability

*“We have not created new jobs since we have not secured new contracts” (MIE Owner: Siphe lthuba Primary Cooperative, 12 Aug 2019)*

*“I have 15 now including the 10. I can say 5 are full time and the rest are part-time. It is still fluctuating depending on how the business is doing” (MIE Owner: Cato Crest Bakery, 14 Aug 2019)*

*“We started with ten and the following month we added another ten so we now have twenty in total. They work full time like every day but now because of hiccups with the payment, they start being absent and they’ll go elsewhere” (MIE Owner, 30 Aug 2019)*

*“For now we have not hired since we can’t afford to hire, we work as a family” (MIE Owner, 18 Aug 2019)*

# Sustainability

- Commitment to hiring staff and affordability

*“Some do not want to employ more staff which is problematic. Some want to grow their businesses first before creating jobs” (Business Development Specialist: Tholiwe Ngidi, 30 July 2019)*

- Job sustainability dependent on business sustainability

# Conclusion and Recommendations

- **Prioritise support and resources to existing MIEs with high potential & select MIEs with higher than average job creation potential**
  - Identify key challenges and opportunities in each business
  - Job creation triggers
    - What are they and what would they cost?
    - How much money is left in budget?
    - How many jobs could be created, and how quickly?
  - Assess sustainability
    - Income and expenses / efficiency
    - MIE owner business and financial skills and capacity
    - Current clients and potential markets
    - Competitiveness
    - Risk assessment
  - Reassess budget to find ways to make monies available for job triggers (additional micro-grants, convert BDS budgets)

# Conclusion and Recommendations

- Strengthen sectoral collaborations and linkages between programme MIEs
- Optimise and expand specialist capacity
- Strengthen financial administration and communication to MIEs around budgets