

Implementation Evaluation of the Framework for Strategic and Annual Performance Plans

Summary Reports

14 February 2018

National Evaluation Plan Report



planning, monitoring
and evaluation

Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA



This report has been independently prepared by PDG. The Evaluation Steering Committee comprises the Department of Planning, Monitoring and Evaluation, National Treasury, the Auditor-General South Africa, and other centre of government departments. The Steering Committee oversaw the operation of the evaluation, commented and approved the reports.

Submitted by:

Mike Leslie
Director
Palmer Development Group

PO Box 46830, Glosderry, 7708

Tel: (021) 671 1402

Fax: (021) 671 1409

Cell: 076 912 4767

Email: mike@pdg.co.za

Submitted to:

Mr Antonio Hercules
Director: Evaluation and Research
Department of Planning, Monitoring and Evaluation

Private Bag X944

Pretoria, 0001, South Africa

Tel: +27 12 312 0164

Fax: +27 86 686 4455

Email: antonio@dpme.gov.za

Copyright

Copyright of this evaluation report as a whole is vested in the Department of Planning, Monitoring and Evaluation.

In general, publication of results in journals is to be welcomed, but only after the reports have been to Cabinet, and subject to permission by the DPME/custodian department to ensure that confidential information is not used.

How to cite this report: DPME (2017) "Implementation Evaluation of the Framework for Strategic and Annual Performance Plans – Summary Report", Pretoria: Department of Planning, Monitoring and Evaluation. *This should not be in the name of the service provider.*

Disclaimer

It should be noted that any opinions expressed in this report are the responsibility of the service provider and not of the Evaluation Steering Committee, or DPME.

CONTENTS

GLOSSARY	iv
POLICY SUMMARY	1
EXECUTIVE SUMMARY	2
1 INTRODUCTION	9
1.1 Background to the intervention	9
1.2 Background to the evaluation	9
1.3 Methodology	10
2 KEY FINDINGS FROM THE LITERATURE/DOCUMENT REVIEW	10
3 THE FRAMEWORK FOR STRATEGIC AND ANNUAL PERFORMANCE PLANS.....	12
3.1 Policy and legislative context	12
3.2 Description of the framework	12
3.3 The FSAPP Theory of Change	14
4 KEY EVALUATION FINDINGS	15
4.1 Relevance and Appropriateness	15
4.2 Effectiveness	20
4.3 Sustainability	30
5 CONCLUSIONS	32
6 RECOMMENDATIONS	33
6.1 Annex 1: References	36
6.2 Annex 2: Proposed Revised Theory of Change	38

GLOSSARY

AG	Auditor-General
AO	Accounting Officer
AOPO	Audit of Pre-determined Objectives
APP	Annual Performance Plan
AR	Annual Report
COG	Centre of Government
DG	Director-General
DPME	Department of Planning, Monitoring and Evaluation
DPME	Department of Performance Monitoring and Evaluation
DPSA	Department of Public Service and Administration
EA	Executive Authority
GWMES	Government-Wide Monitoring and Evaluation System
HOD	Head of Department
HR	Human Resources
KPA	Key Performance Areas
MPAT	Management Performance Assessment Tool
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEPF	National Evaluations Policy Framework
NPM	New Public Management
NT	National Treasury
OECD	Organisation for Economic Cooperation and Development
OtP	Office of the Premier
PFMA	Public Finance Management Act
PSA	Public Service Act
SASQAF	South African Statistics Quality Assessment Framework
SP	Strategic Plan
SPLUMA	Spatial Planning and Land Use Management Act
TBCS	Treasury Board of Canada Secretariat
TOR	Terms of Reference

POLICY SUMMARY

The Department of Planning, Monitoring & Evaluation (DPME), in consultation with other centre of government departments, commissioned an evaluation of the Framework for Strategic Plans and Annual Performance Plans (FSAPP) to determine whether it has been effective at guiding departments in their service delivery, particularly responding to government's priority outcomes, and in holding departments accountable for performance.

Applying mixed-methods in a theory-driven evaluation approach, the report concludes that the current planning framework represented a clear advance for public sector strategic planning within the broader Government-Wide Monitoring & Evaluation System (GWMES) framework of the time. However, the sequencing and introduction of the framework was not without challenges in terms of its alignment, coherence, and terminology (also informed by the Framework for Managing Programme Performance Information), particularly in relation to government's concurrent shift toward an outcomes-based approach.

The tension between the value of the FSAPP as a guide and its application as a prescribed standard has been one of the greatest challenges to its effectiveness and contributed to an emphasis placed on compliance, rather than on the substance of guiding service delivery and performance. There tends to be an emphasis on verifying reported figures with evidence and explaining even the slightest deviance from targets, rather than interrogating the appropriateness of the metrics themselves in relation to a set of goals and objectives. Further, the current planning framework does not sufficiently provide for the necessary logical linkages between programme design and implementation to ensure the realisation of departments' strategic intent. There is also an enduring tendency for budgeting processes to lead those of annual planning, as well as insufficient distinction between strategic planning over the medium term, and annual performance planning over the short term.

The institutionalisation of lessons learnt from the FSAPP since its introduction has been uneven and this should be seen within the context of broader institutional shifts in the planning function. The arrangements for administrative accountability are yielding more reliable performance information, but it tends to be performance information of the wrong kind, either at an operational level or with a dubious logical link to the outcomes it purports to be advancing. The FSAPP has certainly marked an advance in government's approach to strategic planning, but government now needs to strike a more appropriate balance between the demands of performance and administrative accountability. Revising the FSAPP could significantly improve this balance.

However, a revised framework on its own cannot and should not be expected to solve all the challenges identified in this evaluation. Revising the framework is easily achieved, but the change that a new framework must help facilitate is in the institutionalisation of a result-based approach and more genuinely strategic planning processes.

Some of the key recommendations emerging from the evaluation therefore include:

- The FSAPP should be revised to be less prescriptive and provide more guidance, including practical tools;
- A task team should be established to jointly revisit Public Finance Management Act (PFMA) and Public Service Act (PSA) regulations to ensure alignment and consistency as it relates to strategic planning;
- The Framework for Managing Programme Performance Information (FMPPi) should be revised to provide a common conceptual framework for planning, monitoring and evaluation across government in advance of the next medium-term strategic framework;
- A change management strategy should be devised to ensure the institutionalisation of results-based planning and a culture of accountability for performance results beyond administrative compliance.

EXECUTIVE SUMMARY

1 INTRODUCTION

1.1 Background to the Intervention

The Framework for Strategic and Annual Performance Plans (FSAPP) was introduced in 2010 by National Treasury to align, standardise and inform departmental medium-term strategic planning and annual performance planning. The FSAPP was written to be read in conjunction with the Framework for Management of Programme Performance Information (FMPPI). It applies to national and provincial departments as well as public entities.

1.2 Background to the Evaluation

PDG was appointed by the Department of Planning, Monitoring & Evaluation (DPME) to undertake an evaluation of the FSAPP as part of the National Evaluation Plan of 2014/2015. The purpose of the evaluation was to “determine how effective the Framework for Strategic and Annual Performance Plans has been at guiding departments in their service delivery, particularly responding to government’s priority outcomes, and in holding departments accountable for performance” (DPME, 2014a: 5). The following evaluation criteria were applied: relevance and appropriateness, effectiveness, and sustainability.

1.3 Approach and methodology

This was an implementation evaluation, with a significant clarificatory design component. The evaluation adopted a participatory approach, including continuous consultation with and inputs from the Project Steering Committee.

The methodology featured, firstly, a literature review, introductory interviews, and the development of logic models and data collection instruments. Next, interviews and focus groups were conducted with a purposive sample of 12 national and 19 provincial departments (across four provinces), as well as three parliamentary committee chairpersons. An electronic survey of departments was also conducted, and 105 out of South Africa’s 155 national and provincial departments submitted responses. The evaluation also included a structured analysis of the annual performance plans (APPs) and annual reports (ARs) of 2014/2015 of 32 sampled departments. Further secondary documents analysed included DPME’s review reports on departments’ draft Strategic Plans and APPs for 2016/2017; management performance assessment tool (MPAT) scores for 2012 to 2015 and Auditor-General reports. These data sources were then analysed and integrated to produce findings in relation to the evaluation questions and criteria. Finally, the emerging findings and recommendations were consulted upon before being finalised.

2 KEY FINDINGS FROM THE LITERATURE/DOCUMENT REVIEW

The literature review covered South African and international literature on strategy, management and planning, and also compared planning systems between four countries. The review made the following key points:

- There are various “strategy schools of thought”. Three of particular relevance to South Africa are the “planning school” (with an emphasis on formal, top-down control), “learning school” (which emphasises that successful strategies are dynamic), and the “configuration school” (which is concerned with designing the strategic planning process to serve broader intended organisational processes) (Bryson, Berry & Yang, 2010; Mintzberg, Ahlstrand & Lampel, 1998; Steurer & Martinuzzi, 2005). In practice, the South African environment features a hybrid of these approaches.

- The public sector has historically been characterised by a “custodial management” culture which is not optimally conducive to strategic management (Llewellyn & Tappin, 2003). To build cultures of effective strategic management, decision-makers should have access to relevant information and tools; plans should be the product of broad organisational participation; the plans should be adaptable rather than formal and static; and increased managerial autonomy should accompany a decentralised fluidity (Brown, 2010: 213).
- In the country case studies, Mexico’s planning approach which moves straight from an overarching plan to “programming” at a sector, regional and special-purpose level, (Mexican Ministry of Finance and Public Credit, 2001) was found to be instructive.

3 THE FRAMEWORK FOR STRATEGIC AND ANNUAL PERFORMANCE PLANS

The South African national planning framework has its foundation in four early pieces of legislation: The Constitution (Republic of South Africa, 1996), the Public Finance Management Act of 1999 (PFMA) and the Treasury Regulations Chapter 5 (2005, revised 2007) which were issued in terms of the PFMA, the Public Service Act of 1994 and related Public Service Regulations (PSR) (2001); and the Inter-Governmental Relations Framework Act of 2005. There was however no set of legislation dedicated to planning, and there was not yet a coherent intergovernmental strategy for establishing a planning, monitoring and evaluation system. National Treasury provided guidelines, including the FSAPP, to help consolidate the planning components within an overall government-wide monitoring and evaluation system (GWMES).

The FSAPP expects departments to:

- Produce and table a 5-year Strategic Plan (SP), including sequencing of projects and programme implementation and resource implications;
- Produce and table an Annual Performance Plan (APP) including forward projections for a further two years, in line with the MTEF period, including annual and quarterly performance targets;
- Identify core indicators to monitor institutional performance;
- Adopt a quarterly reporting system including submission of agreed information to the Presidency, Premier’s Offices, the relevant treasury and the Parliamentary portfolio committees; and
- Ensure alignment between Strategic Plans, APPs, budget documents, and annual and quarterly reports (National Treasury, 2010). (Annual reports have been subjected to the Audit of Predetermined Objectives (AOPO) by the Auditor-General (AG)).

FSAPP’s immediate policy purpose is twofold: to improve the quality of strategic and annual performance planning and to strengthen accountability for the performance results of the relevant public institutions. Its Theory of Change explains how the introduction of the Framework and associated activities and reforms were intended to achieve this purpose and ultimately contribute to the achievement of long-term national strategic outcomes.

5 KEY EVALUATION FINDINGS

5.1. Relevance and appropriateness

In relation to the question, “Is the current design of the Framework for Strategic and Annual Performance Plans (FSAPPs) coherent, internally consistent, and aligned with relevant legislation and policy?” the evaluation found that the FSAPP was largely relevant and appropriate as a policy reform to the South African planning system, within GWMES, over the medium term, but that its design does have some gaps and it is not entirely aligned, coherent or consistent with all of the related policies and legislation.

The FSAPP's alignment with other applicable *regulations* was hampered by the fact that the PSR (2001, re-issued 2016) are not fully aligned to the PFMA regulations (2005, with Chapter 5 re-issued in 2007). The re-issuing of the Public Service Regulations in 2016 has partly addressed this. In terms of *policy alignment*, the FSAPP and FMPPI are generally well aligned and complementary to the GWMES, South African Statistical Quality Assessment Framework (SASQAF), and National Evaluation Policy Framework (NEPF). There is however a degree of misalignment and conceptual inconsistency between the FSAPP and the Medium Term Strategic Frameworks (MTSF) (2009-2014 and 2014-2019), the National Outcomes Approach (2009) and the National Development Plan (2011). The inconsistencies between the documents have reduced over subsequent iterations, but there are still some important conceptual and language differences between the documents. For instance, the use of the following concepts across the documents is inconsistent: goals; strategic outcome-oriented goals; strategic objectives; and objective statements. Another source of alignment challenge is with Division of Revenue Act (DORA), whose grant allocations are usually linked to "implementation programmes" with distinct intervention logics, and introduce other monitoring requirements and set goals and objectives which do not always coincide with the planning of departments.

The FMPPI and FSAPP are largely *coherent*, with a clear rationale and positioning in the broader environment, and explain concepts as well as offering preliminary guidance on how to apply them, with timeframes and templates to support implementation. Arguably, the FSAPP's weakest section is where it explains the conceptual link between plans and budgets. Furthermore, the frameworks are clear about "budget programmes" but do not discuss the kind of "implementation programmes" which serve as outcome-drivers, such as those referenced in the DORA (see DPME, 2013).

In terms of addressing different *users* appropriately, departments critique the FSAPP for its implicit focus on service delivery departments, with some requirements less meaningful or useful for Centre of Government (CoG) departments, and national policy departments. There is also limited clarity about how the FSAPP should be used by legislatures to support the type of accountability that it seeks to enable. The role of the AG is arguably the most contested because of the emphasis placed on assessing compliance with financial and non-financial codes of accounting practice in the context of public interventions.

The framework is deliberately not prescriptive about *processes*, allowing for sufficient agency amongst departments across mandates. This may be appropriate, but has left the intergovernmental level of planning coordination reliant on the role and strength of coordinating departments. In terms of *templates*, too, the tension is between offering a guide or a compliance framework. In fact, in specific passages the FSAPP seems to contradict itself, wanting to be a guide but also a compliance template. The oversight and *quality assurance*, which the framework makes provision for, has tended towards emphasising compliance rather than the quality of strategic planning and management.

5.2 Effectiveness

The first key evaluation question addressed under this heading is: "What is the current practice with regards to the utilisation and reporting on the Framework(s)?" In terms of *current practice*, departments can broadly be categorised into three groups: (1) Critical "experts", which attempt to innovate through strategic and annual planning, often calling for more flexibility; (2) Eager "FSAPP planners" that see FSAPP as The Standard and have typically experienced growth in capacity and practice since the framework's introduction; and (3) Compliant critics, which view the FSAPP as technical instructions, and may have limited willingness to engage with the framework's underlying principles.

FSAPP has contributed to a good level of standardisation for strategic and annual performance planning, creating a shared point of departure for intergovernmental planning and coordination. However, especially among the departments with more mature strategic

management practices, this standardisation is now viewed as inhibiting the kind of strategic thinking and expression necessary for more significant advances.

“Alignment” between departments’ plans and the MTSF and Outcomes Approach tends to consist of (1) clear reference to the relevant medium-term outcomes in Section A of the department’s plan, but with (2) part B structured by budget programme (which is not necessarily aligned to the initiatives that drive the achievement of these outcomes) and (3) indicators pitched at the activity or output level, and not always meaningful for understanding the link to outcomes.

There has been a huge effort and significant improvements in applying “SMART”¹ principles to indicators. However, there is still tension around being able to both control and administratively verify the measurements of all the indicators included within the APPs. Departments with concurrent functions must also define sector-specific indicators consultatively, and some sectors are doing so more constructively than others. Many departments have since the introduction of FSAPP committed considerable resources to management information systems, and are now much better able to substantiate their performance reports with evidence. The AG’s reports show improvement: by 2014/2015, nearly 6 in 10 departments had no material findings on the performance information in their annual performance reports.

Plans are not necessarily *operationalised* as hoped. Operational plans appear often to be neglected while emphasis is placed on the APP, which gets audited; and planning for “implementation programmes” is mostly lacking. However, the introduction of FSAPP has clearly supported better integration of *budgeting and planning*. Officials are also very aware of the extent to which these processes are still separate. This is attributable to an extent to the historical sequencing and time frames for submission and approval of planning and budgeting (including DORA allocations), but departments’ own management practices in this regard also leave much to be desired.

There is considerable data indicating that the various forms of *support and responsiveness* from oversight bodies (DPME, provincial treasuries, OtPs and policy departments, and the AG) has supported improvements in applying the framework. Still, the sheer number of oversight bodies can be a concern, especially because of the impact of multiple rounds of review on time frames, and because oversight bodies’ inputs and expectations are sometimes contradictory. Furthermore, there appears to be room for legislators and oversight committees to use reports to better effect for accountability. These bodies’ feedback sometimes overemphasises the achievement of (mostly) operational targets.

The second key evaluation question addressed under this heading is: “Did compliance with the FSAPP improve departmental performance management processes? To what extent? Can the efficiency of compliance with the Framework (FSAPPs) be improved?” In terms of supporting effective *departmental performance management processes*, it was discussed above that indicators are not always optimally meaningful. The extent to which this data is then accessed and engaged with varies, depending on the management approach within the department, as well as the “capacity” of the oversight body. The appropriateness of the responses to performance data (i.e. a positive or negative response / consequence to the department’s or section’s reported performance) is often in question: despite most senior managers’ individual performance agreements being linked to all or most of the indicators in APPs, the prevailing sentiment is one of insufficient consequences for underperformance. This speaks to enduring challenges of “institutionalising a performance orientation ... [and]

¹ Specific, measurable, achievable, realistic and time-bound.

linking service delivery progress (or lack thereof) to personal accountability” (Engela & Ajam, 2010: 30).

Against these mixed findings, not many respondents claim that departments’ performance had improved as a result of improved awareness of performance data, the response from political actors, or the way performance information is used in performance reviews. There is sometimes an effort to improve performance as a result of these processes, but often there is rather a change in the indicators, or a more conservative target is set to ensure it can be met.

In all, despite improvements, there are deep and widespread concerns as to whether the FSAPP is facilitating better decision-making and ultimately contributing to better service delivery. The potential value of the FSAPP in this regard has not been fully realised – both because of the manner in which it has been applied, and because of shortcomings in the framework. But improvements in management performance are also contingent upon a broader set of externalities beyond the scope of the FSAPP.

5.3 Sustainability

Finally, the evaluation considered the key evaluation question: “What are the main gaps and/or needs in the current planning framework (FSAPP and FMPPI)?”. This section also includes broader considerations around the sustainability of the improvements introduced by the frameworks. The evaluation found a need to better align the development of FSAPP-related plans with *other planning elements*, especially intergovernmental planning with local government, and spatial planning. Many departments’ planning processes also fit uneasily with political initiatives and priorities as expressed at the State of the Nation Address (SONA) and State of the Province Addresses (SOPA), or at other times during the year. Where accounting officers and executive authorities are closely involved in strategic planning processes, there appears to be better integration of political priorities in the planning process, and less disruption from unexpected new priorities or initiatives. Departments still find it difficult to respond to multiple priorities from multiple spheres and processes. There is a tendency to add more priorities onto plans instead of making the difficult trade-offs inherent in a robust planning process. The inevitable result is that communication and coherence around priorities gets diluted.

The evaluation also identified some *unintended consequences*. The combination of FSAPP and the many other planning and reporting requirements creates a large compliance burden, requiring resources of time, energy, and expertise. This compliance burden is partly driven not by the FSAPP itself but by the way it is being used in the AOPO. The greater emphasis on selecting indicators within departmental control (at a lower level of the results-chain), and substantiating their measurement, appears to preoccupy State capacity to an extent that is not commensurate with the value it derives from this information. Two common trade-offs are made in response: (1) diverting resources (time, energy and expertise) to compliance and away from implementation of the department’s mandate; and (2) to select indicators not for their usefulness in understanding performance, but for the ease with which they can be reported on.

6 CONCLUSIONS

The evaluation concludes that the current planning framework is imperfect but represents a clear advance for public sector strategic planning as embedded within the GWMES. The introduction of the FSAPP was an important step at the time, albeit not without some challenges of alignment, coherence, and terminology. The FSAPP is particularly relevant because of how it elevated strategic planning and forged the link between planning and budgeting processes. Even as departments continue to grapple with effective integration, the value of this link should not be overlooked.

Utilisation of the FSAPP in practice has led to the standardisation of Strategic Plans and APPs and provided a common planning vocabulary and format in practice, even as new terms were introduced, and refinements made along the way. The prescribed timeframes

have been utilised to provide support and feedback to departments on draft plans. Although there is evidence that departments have been guided by the FSAPP in terms of nominally aligning to the NDP, MTSF and the national outcomes approach, this does not yet appear to have resulted in the kind of performance indicator monitoring and reporting necessary to inform more strategic decision-making.

Instead of providing meaningful measures of performance results, programme performance indicators are crafted with a control and accountability orientation which limits their value for performance improvement. The emphasis on compliance with the FSAPP has been driven by external accountability to oversight bodies, particularly the incorporation of the FSAPP and FMPPI into the AOPO. This has led to some improvements in the management of monitoring data and performance information, but it tends to be performance information of the wrong kind, either at an operational level or with a dubious logical link to the outcomes it purports to be advancing.

After more than a full term of government since its introduction, various gaps and challenges have been identified in the implementation of the FSAPP. Government needs to strike a more appropriate balance between the demands of performance and administrative accountability. At the same time, a revised framework on its own cannot and should not be expected to solve all the challenges identified in this evaluation. Revising the framework is an output that can be relatively easily achieved, whereas the change that a new framework must help facilitate is the institutionalisation of a result-based approach and more genuinely strategic planning processes.

7 RECOMMENDATIONS

The following recommendations are the product of consultations with stakeholders and the Evaluation Steering Committee.

Revisions to the FSAPP

1. DPME should revise the FSAPP in consultation with National Treasury and the Department of Public Service and Administration (DPSA) to produce a concise, integrated planning framework with differentiated guidance documents and tools.
 - a. The revised FSAPP should specify which parts of the framework are prescribed.
 - b. The revised FSAPP should clarify what parts of the framework serve as a guide.
 - c. The revised FSAPP should reflect more closely synchronised steps in the planning and budgeting cycle.
 - d. The FSAPP should specify the process for revising Strategic Plans and APPs.
 - e. Introduce a differentiated FSAPP toolkit including case studies.

Improvements to other planning elements

2. DPME should establish a task team with the DPSA and National Treasury to investigate revisions to the PFMA Regulations, Chapter 5, and the PSA Regulations to ensure alignment and consistency between regulations.
3. DPME should, in consultation with National Treasury, DPSA and the Department of Cooperative Governance and Traditional Affairs (CoGTA), revise the FMPPI as part of broader planning, monitoring and evaluation reform.
4. DPME, in consultation DPSA, National Treasury, and CoGTA, should involve the National School of Government, in the development of a capacity building support programme for planning according to differentiated user needs.

5. National Treasury should, in consultation with DPME, adjust the MTEC process to make explicit the accommodation of revisions to the FSAPP so that any prescribed planning steps better synchronise budgeting and planning.
6. DPME, in collaboration with StatsSA and sector departments, should introduce a centralised, national system for the sourcing, capture and distribution of outcome and impact level indicators using survey data in addition to programme performance information.

Addressing perverse incentives arising from the audit of performance information

7. The Auditor-General should consult via the PITT on the contents of the *Performance Management Reporting Framework* to agree on the criteria applied in the audit process.
8. The Auditor-General should continue to raise awareness of the audit approach applied in the audit of performance information and ensure auditors are trained in line with the revised planning framework.
9. DPME's revisions to the FSAPP should exclude prescribing the setting of annual targets for outcome indicators.

Institutionalising lessons from compliance to the FSAPP

10. DPME, National Treasury, CoGTA and DPSA should collectively ensure planning processes are better coordinated, integrated and consolidated as part of the government policy cycles.
11. DPME, National Treasury, Offices of the Premier, Provincial Treasuries, DPSA and CoGTA should leverage existing intergovernmental platforms to improve the coordination of planning within and across spheres of government.
12. DPME should support Offices of the Premier to coordinate planning in provincial spheres and provide targeted support

Implementation programmes

13. Departments should strengthen the linkage and cascading of a medium-term strategic planning process with implementation programme planning and design.
14. Departments should ensure their Strategic Plans and APPs identify, relate and explain the relationship between their budget programme structure and key implementation programmes as part of their planning narratives.

Institutionalisation of planning revisions

15. DPME should stagger the roll-out of revisions to the FSAPP to allow for a pilot.
16. DPME, with the support of National Treasury, DPSA, and the National School of Government, should make available ad hoc training and support for roll-out.
17. DPME should, in consultation with DPSA, National Treasury and CoGTA, develop a change management strategy for the public service.

Other recommendations

18. DPME should coordinate involvement of the DPSA, National Treasury and CoGTA to revise and agree upon a Theory of Change (or theories) for planning, monitoring and evaluation across the state for the 2019/20-2024/25 planning cycle.

1 INTRODUCTION

PDG was appointed by the Department of Planning, Monitoring & Evaluation (DPME) to undertake an evaluation of the Framework for Strategic Plans and Annual Performance Plans (FSAPP) as part of the National Evaluation Plan of 2014/2015. This Summary Report presents the evaluation approach, methodology, key findings, conclusions, and recommendations from the evaluation.

1.1 Background to the intervention

The FSAPP was introduced in 2010 by National Treasury to align, standardise and inform departmental strategic planning for a period of five years, as well as annual performance planning on a yearly basis. FSAPP was written to be read in conjunction with the Framework for Management of Programme Performance Information (FMPPI) which had been introduced in 2007. The FSAPP applies to national and provincial departments as well as public entities, and it builds on the legal, regulatory and policy framework that has progressively set out the parameters of the state's government-wide monitoring and evaluation system since the Public Service Act of 1994 first outlined the three spheres of South African government.

National Treasury introduced the FSAPP and supported its application. Subsequent to the introduction of the FSAPP, the mandate for planning has moved from Treasury to DPME.

1.2 Background to the evaluation

The purpose of the evaluation was to “determine how effective the Framework for Strategic and Annual Performance Plans has been at guiding departments in their service delivery, particularly responding to government's priority outcomes, and in holding departments accountable for performance” (DPME, 2015: 5). The following evaluation criteria were applied: relevance and appropriateness, effectiveness, and sustainability.

The key evaluation questions (KEQs) were:

1. Is the current design of the Framework for Strategic and Annual Performance Plans (FSAPPs) coherent, internally consistent, and aligned with relevant legislation and policy?
- 2a. What is the current practice with regards to the utilisation and reporting using the Framework(s)?
- 2b. Is there evidence that national and provincial departments have improved making strategic choices and implementation (service delivery) as a result of using the Framework for Strategic and Annual Performance Plans and the Framework for Managing Programme Performance Information? If so, what aspects of each of the frameworks are achieving the desired results? If not, which aspects of each of the frameworks should be amended?
3. Did the compliance with the Framework for Strategic and Annual Performance Plans improve departmental performance management processes? To what extent? Can the efficiency of compliance with the Framework (FSAPP) be improved?
4. What are the main gaps and/or needs in the current planning framework (FSAPP and FMPPI)?
5. How can the current planning system be improved?

1.3 Methodology

This was an implementation evaluation, with a significant clarificatory design component. The evaluation adopted a participatory approach, including continuous consultation with the Project Steering Committee, integration of stakeholder inputs on the methodology and data collection, sharing of preliminary findings, and dedicated capacity building sessions.

After a literature review, introductory interviews, and the development of logic models and data collection instruments, data was collected as follows: Interviews and focus groups were conducted with 31 departments (12 national departments and 19 provincial departments spread across four provinces). These departments were purposively selected on the basis of MPAT scores and a spread of both 'good' and 'poor' performers at national and provincial level. Offices of the Premier participated in all four the sampled provinces – the Northern Cape, Free State, Eastern Cape and Western Cape. The chairpersons of three parliamentary committees of the National Assembly were also interviewed. An electronic survey was also conducted. All 155 national and provincial departments were invited to participate and 105 did so (68%), including at least 5 per province. The survey was completed by one representative per department (as nominated by the HOD) and focused on describing departmental practices and experiences around implementing the FSAPP and FMPPI as part of their broader planning, reporting, performance management and regulatory processes. The evaluation also included a structured analysis of APPs and ARs of 2014/2015 of 32 departments (the same 31 departments as above, plus one that had not been reached for the interviews and focus groups). It also analysed DPME's review reports on departments' draft Strategic Plans and APPs for 2016/2017; MPAT scores (2012 to 2015) and Auditor-General reports. These data sources were analysed and integrated to produce findings in relation to the evaluation questions and criteria.

After several rounds of consultation on the emerging findings and recommendations, the evaluation report was finalised in February 2018.

2 KEY FINDINGS FROM THE LITERATURE/DOCUMENT REVIEW

Literature was reviewed, with an emphasis on South African literature, on the themes of strategic management and planning, strategic public management and public sector strategy, and government strategic planning. A comparative study of planning systems in Uganda, Mexico, Canada and South Africa was also undertaken. The review made the following key points.

Mintzberg et al (1998) distinguish between ten "strategy schools of thought" relevant to strategic management and planning. Three of these are particularly relevant in South Africa. The "planning school" sees planning as a means to ensure that the public sector formally coordinates its activities and controls the use of resources, among others. Its emphasis is on formal, top-down control (Steurer & Martinuzzi, 2005). This approach is critiqued for its rigidity, while the "learning school", in contrast, advocates that successful strategies are dynamic and evolve through informal and mutual adjustments by a variety of actors (Bryson *et al.*, 2010; Steurer & Martinuzzi, 2005). A third relevant school is the "configuration school", which clusters the various strategic planning elements including the process, content, structures and contexts into distinct stages or episodes which fit the life cycle of the organisation or support transformation and "strategic change" (Mintzberg et al., 1998; Steurer & Martinuzzi, 2005). The South African public sector strategic management and planning environment, like many others, is an example of a hybrid or "third-way mixture", incorporating elements of multiple schools of thought, with the intention of being systematic yet flexible (Steurer & Martinuzzi, 2005: 456).

Llewellyn and Tappin (2003) argue that the public sector faces a unique challenge in terms of strategic management because "public sector cultures are uncultivated ground for strategic thinking". Instead, a "custodial management" approach has existed, in which customary ways

of implementing and delivering services are perpetuated for the sake of stability, “conformity, reliability and basic standards of service” (Llewellyn & Tappin, 2003). The fact that public sector planning tends toward discrete phases of formulation, implementation and control in sequence, may actually limit space for strategic thought (Mintzberg et al., 1998: 19). To promote effective public sector strategy in the public sector environment, some key building blocks are:

1. Decision-makers should have access to information about the variety of factors that may affect the formulation and achievement of organisational goals and objectives and planning should be based on that information. Evolving information tools and innovations provide sophisticated advances in this regard.
2. Plans of action should be the shared product of participants from multiple levels of the organisation rather than that of centralised managers.
3. These plans should be malleable and adaptable rather than formal and static.
4. Increased managerial autonomy should accompany a decentralised fluidity which allows decision-makers to re-evaluate strategies and undertake corrective actions as new information becomes available (Brown, 2010: 213).

Llewellyn and Tappin (2003: 956) argue that giving strategic control to managers has lagged other public sector reforms (Whittington et al, 1994 in Llewellyn & Tappin, 2003). In South Africa, the purported move toward decentralisation and delegation of authority (founded in principles of New Public Management) has in practice been coupled with moves towards a stronger central state (Cameron, 2009). It is argued that in less mature environments, a careful balance must be struck between central oversight and control, managerial autonomy and a professional agency for civil servants at the service delivery coal-face (Llewellyn and Tappin, 2003). Otherwise, evidence suggests that unintended consequences and perverse behaviours may arise that detract from the value of public sector strategy (Brown, 2010: 213). These perverse behaviours may take any range of forms, including what Engela and Ajam (2010: 30) have described in the South African context as “malicious compliance” – an adherence to the “letter of the law, regulation or reporting format, but the spirit of the law or regulation is deliberately undermined”. It has also been argued that the centralised articulation of government’s outcomes and the introduction of centralised structures and officials to coordinate government-wide implementation, monitoring and reporting against these outcomes, may risk redirecting energy away from intelligent evaluative debate and accountability among the multiple levels of administrators who are closer to implementation (Latib, 2014).

While each government entity grapples with challenges such as those mentioned above, there are some clear potential benefits to strategic planning in general. These include the establishment of a long-range, unified and broad direction of state government across policy areas, the facilitation of the executive and legislature being more responsive and accountable to the current and emerging needs of the their state, the allocation of limited resources, via the state’s budgetary process, in a more rational and “results-producing” way, and the measurement of progress by planning participants, and the updating or revision of efforts as warranted (Llewellyn & Tappin, 2003; Steurer & Martinuzzi, 2005; Young, 2003). To achieve these benefits, good strategic plans tend to share some common elements (see the full literature review).

The comparative review of public sector planning systems revealed that it is relatively common to have a medium to long-term planning document at the apex of the planning system. Like South Africa, Uganda and Mexico both have such plans, providing a common national point of departure for further strategic planning across government. Mexico is unique among the comparison countries however, in that it moves straight from this overarching plan to “programming” at a sector, regional and special purpose (e.g. disaster mitigation) level (Mexican Ministry of Finance and Public Credit, 2001). There are no government-wide, shorter-term plans.

In all the comparison countries, planning systems are integrated into national monitoring and evaluation systems. Established in 1977, Canada's M&E system is arguably the most mature of the three countries. It has informed South Africa's results-based GWMES, with the FSAPP situated squarely within the suite of policy frameworks that define this system.

3 THE FRAMEWORK FOR STRATEGIC AND ANNUAL PERFORMANCE PLANS

3.1 Policy and legislative context

The South African national planning framework has its foundation in four early pieces of legislation: The Constitution (Republic of South Africa, 1996), the Public Finance Management Act of 1999 (PFMA) and the Treasury Regulations Chapter 5 (2005, revised 2007) which were issued in terms of the PFMA, the Public Service Act of 1994 and related Public Service Regulations (2001); and the Inter-Governmental Relations Framework Act of 2005. This legislation defined planning mandates and requirements among spheres and entities. There was however no set of legislation dedicated to planning, and there was not yet a coherent intergovernmental strategy for establishing a planning, monitoring and evaluation system (although government was moving in this direction). National Treasury took the initiative in linking the legal requirements for planning and reporting with guidelines, support initiatives and templates for departmental planning, monitoring and reporting according to Engela and Ajam (2010: 30). Although this was the first step, a common framework for relating the planning, monitoring and evaluation functions was only pursued later.

In 2007, government's move towards a government-wide monitoring and evaluation (GWME) system was formalised with *The Government-Wide Monitoring and Evaluation System* (The Presidency, 2007) and later a results-based approach was confirmed with *Improving Government Performance: Our Approach* (The Presidency, 2009a). These two policies were indicative of a systemic shift toward managing government performance for outcomes. These policies also introduced new concepts and a guiding logic with implications for government planning.

3.2 Description of the framework

The FSAPP was introduced during this legislative and policy evolution by National Treasury (2010) to help consolidate the planning components within this overall GWME system. It aimed to assist government in its approach to improving performance, obtain more reliable performance information and support learning and improvement within the public service. It is intended to provide a broad guide for institutions when developing Strategic Plans and Annual Performance Plans, while acknowledging that government institutions vary greatly in terms of roles and responsibilities. The framework is applicable to national departments, provincial departments and public entities (including constitutional institutions) (National Treasury, 2010).

The framework is to be read in conjunction with the Framework for Managing Programme Performance Information (FMPPI) (National Treasury, 2007) and supports the operationalisation of the revised Treasury Regulations, issued in terms of Chapters 5 and 30 of the PFMA. The FSAPP expects departments to:

- Produce and table a 5-year Strategic Plan (SP), including sequencing of projects and programme implementation and resource implications;
- Produce and table an Annual Performance Plan (APP) including forward projections for a further two years, in line with the MTEF period, including annual and quarterly performance targets;
- Identify core indicators to monitor institutional performance;

- Adopt a quarterly reporting system including submission of agreed information to the Presidency, Premier's Offices, the relevant treasury and the Parliamentary portfolio committees; and
- Ensure alignment between Strategic Plans, APPs, budget documents, and annual and quarterly reports (National Treasury, 2010).

The framework outlines that each department's activities must be founded in its legislative mandate which it must implement, manage or oversee (National Treasury, 2010). Thus, the Strategic Plans and APPs are intended to give effect to departments' and agencies' statutory responsibilities, while also reflecting the intended outcomes of government.

The FSAPP also outlines the intended link between plans and departmental budgets. Strategic Plans should take a medium-term view of five years, but annual budgets are produced as part of the MTEF three-year horizon linked to a budget programme structure. This structure is intended to create a stable framework that links "successive plans and strategic priorities to budget allocations and performance indicators that track key delivery over the medium to long term" (National Treasury, 2010). Implicit in this is that institutions should not change their budget structures to reflect goals that are only a high priority in a particular year or for a short-term period, but instead maintain a medium to long term outlook in the interest of structural stability and reliable delivery.

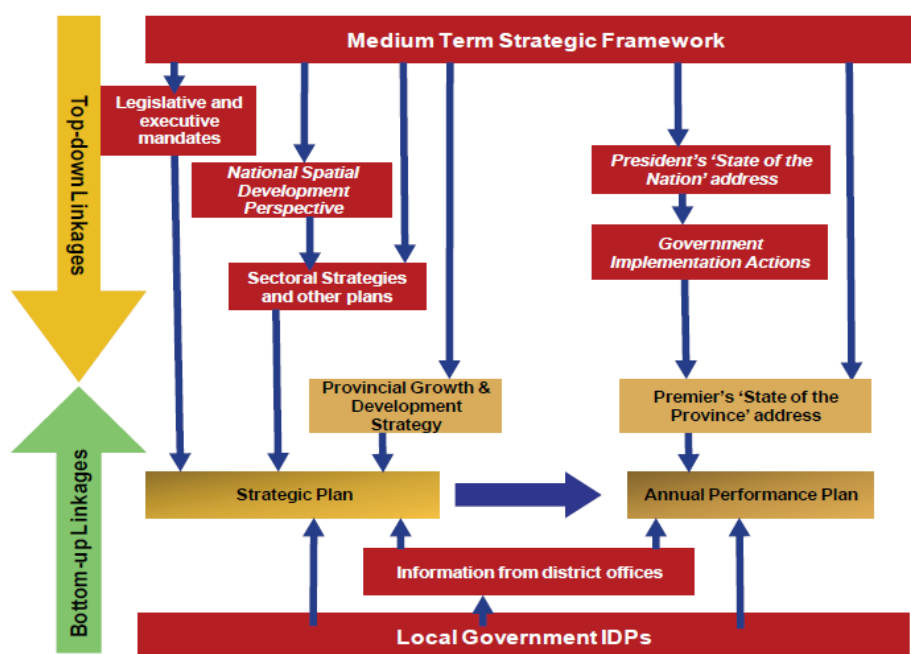


Figure 1: Links to planning frameworks and other plans (Source: National Treasury, 2010)

The FSAPP concisely explains the relationship between the SP, APP and other government planning as per Figure 1 above which displays the top-down and bottom-up linkages in the government planning system. The FSAPP also explains where planning sits in relation to the electoral, budgeting and reporting cycles of government. It frames political elections as preceding the planning cycle, with the strategic plan being finalised after (and by implication, as a product of) the 5-year election mandate. The political party translates its manifesto into an MTSF with strategic priorities and outcomes, which are not typically aligned with the "administrative barriers of silo service delivery between administrations, including ministries". As Plaatjies and Porter (2011: 296) point out, "a performance-oriented state" is one in which the administration works effectively in the service of constitutional and political mandates. This necessitates intensive intergovernmental cooperation, and periodic review of and

changes to the administration's capacity and organisation to ensure that they remain in the service of those mandates as they shift. The flow from political planning to administrative implementation is demonstrated in Figure 2. As it shows, subsequent to the introduction of the FSAPP, performance agreements were signed between the President and executive authorities of ministries.

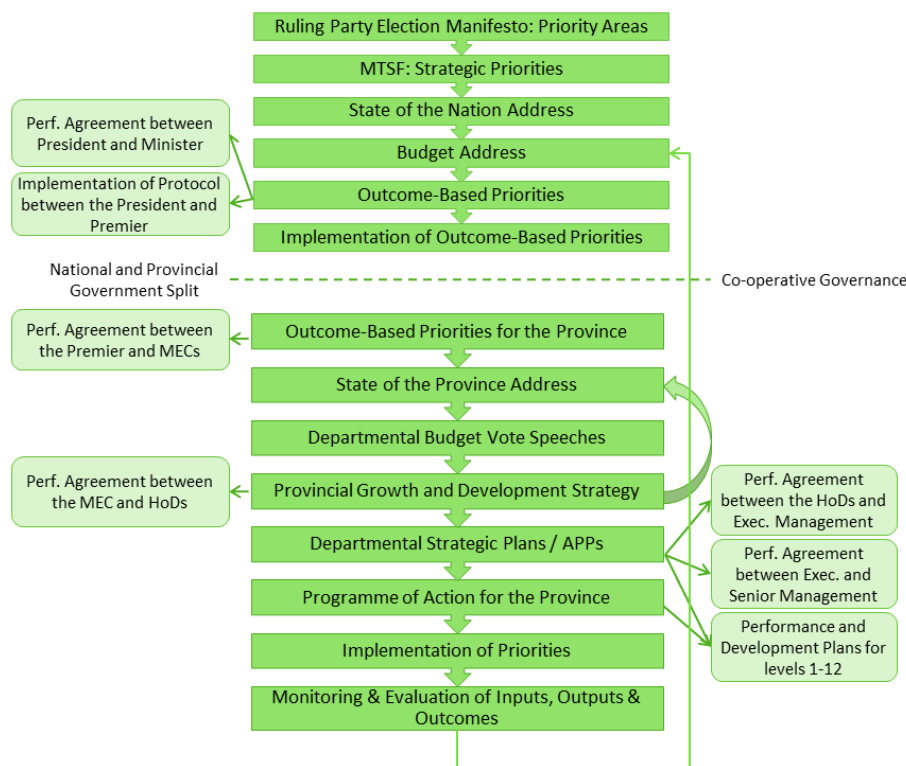


Figure 2: Performance management structure, showing flow of information (adapted from Porter and Plaatjies, 2011)

The framework is clear in terms of explaining the suite of planning, budgeting and reporting documents that are expected to be produced in 5-year cycles. It also explains some of the accountability arrangements associated with these plans and reports, including that performance information in ARs will be subjected to audit.

The FSAPP also provides a set of annexures which include templates for Strategic Plans, APPs and Technical Indicator Descriptions. These templates standardise the structure and content areas of the Strategic Plans and APPs as well as introduce concepts to express the department's strategic intentions in a standardise way that will lend itself to measuring (National Treasury, 2010).

3.3 The FSAPP Theory of Change

FSAPP's immediate policy purpose is to improve the **quality** of strategic and annual performance planning and strengthen **accountability** for the performance results of the relevant public institutions. The quality of strategic and annual performance planning is understood to be a function of its integration, alignment and consistency with related policies (e.g. the MTSF, Outcomes approach, the NDP (since 2011), etc), strategies (e.g. sectoral and provincial), budgets, programmes and plans. Strengthened accountability is achieved when Strategic Plans and APPs are subsequently reported against and those reports are then utilised by different role-players, both within the State and outside of it, to hold public institutions to account for their resource utilisation and performance. Quality planning and effective accountability for performance results are expected ultimately to lead to improved coordination, policy delivery (implementation) and accountability in the public sector. This will contribute to achievement of long-term national strategic outcomes. This logic is presented in Figure 3. The Theory of Change is discussed in more detail in the full report.

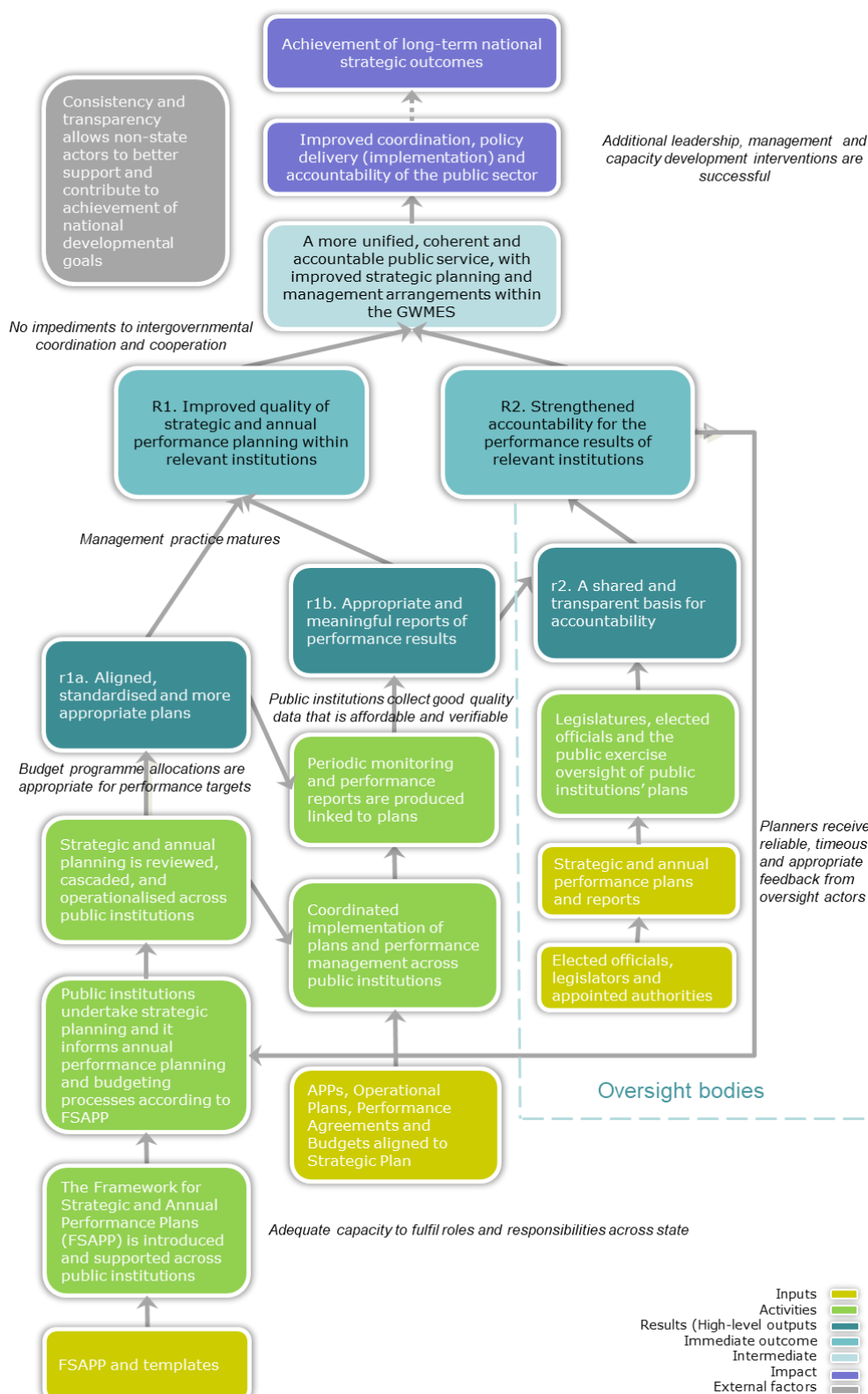


Figure 3: FSAPP Theory of Change

4 KEY EVALUATION FINDINGS

4.1 Relevance and Appropriateness

The findings in this section address the relevance and appropriateness of the FSAPP as it is currently designed. It specifically responds to KEQ1 from the ToR, “Is the current design of the Framework for Strategic and Annual Performance Plans (FSAPPs) coherent, internally consistent, and aligned with relevant legislation and policy?” It discusses *alignment* first,

followed by *coherence*, relevance to different *users*, appropriateness of *processes* and guidance around them, user-friendliness and appropriateness of *templates*, and finally, the appropriateness of provisions around *quality assurance*.

FSAPP and the FMPPI must align with other relevant planning regulations. In terms of *regulatory alignment*, two relevant sets of regulations preceded the FSAPP and FMPPI: the Public Service Regulations (PSR) of 2001 (re-issued in 2016), issued in terms of the Public Service Act of 1994 under the auspices of the Department of Public Service and Administration (DPSA); and the PFMA Regulations issued by National Treasury in 2005 (with Chapter 5 re-issued in 2007 to clarify regulations around strategic plans in particular). These sets of regulations both spoke to strategic planning, but neither the 2005 nor the 2007 version of the PFMA Regulations aligned entirely with the PSR. The PSR have been re-issued in 2016, addressing some of the misalignments and areas that were previously unclear. However, as the findings show, challenges of alignment and coherence between these documents have persisted.

In terms of *policy alignment*, the FSAPP and FMPPI are fairly complementary and well aligned to each other. They were contextualised against the backdrop of GWMES, and their position and location within the GWMES was made clear in a dedicated sub-section (1.4). The FSAPP can also be understood in relation to the South African Statistical Quality Assessment Framework (SASQAF) which it recognises as defining and improving the quality of official government statistics. Although the National Evaluation Policy Framework (NEPF) (Presidency, 2011) did not yet exist at the time, the FSAPP was clearly conscious that the policy space would be imminently filled. The inter-relationships between these frameworks and the overlap of their respective data terrains was thus recognised and provided for. These frameworks are generally complementary.

Where there is a degree of misalignment and inconsistency between the FSAPP and other policy frameworks, it is between the conceptual framing and terminology between the *Medium Term Strategic Frameworks* (The Presidency, 2009b, 2014), the *National Outcomes Approach* (The Presidency, 2009a) and the *National Development Plan* (National Planning Commission, 2011 (NPC)), to a lesser extent. These inconsistencies, addressed in more detail throughout the findings, appear to be more a product of the sequential processes rather than significant policy disjuncture in the documents themselves. Consider that the NDP as the apex plan (2011) was released last of these.

The inconsistencies between the documents have further reduced over subsequent iterations. The MTSF, the National Outcomes Approach, FMPPI, the FSAPP and NEPF now all apply a similar results-chain logic which was derived from the FMPPI and is now ubiquitous across the GWMES. There are still some important conceptual and language differences between the documents, for instance, the use of the following concepts across the documents is inconsistent: goals; strategic outcome-oriented goals; strategic objectives; objectives; objective statements; targets; impacts; outcomes; sub-outcomes; outputs; and sub-outputs. Sub-outcomes were most recently introduced without any definition in the MTSF 2014-2019. The focus groups and survey highlighted the challenges that arise because of these inconsistencies. Inconsistent terminology is not uncommon given the confluence of different disciplines in the public sector and competing definitions across government. When considering that the FSAPP comes from the Treasury space with its finance orientation and that it was an advance into the functional space of planning which had not yet been adequately addressed in the public service, it is quite an impressive policy reform.

Table 1 provides a concise summary of how the documents align (or don't) on key components of strategic and annual performance planning and reporting.

Table 1. Areas of (mis)alignment between key planning regulations and policies

<i>Areas of (mis)alignment</i>	<i>PS Regulations 2016</i>	<i>NT Regulations 2005 (2007)</i>	<i>FMPPI (2007)</i>	<i>FSAPP (2010)</i>
--------------------------------	----------------------------	-----------------------------------	---------------------	---------------------

Areas of (mis)alignment	PS Regulations 2016	NT Regulations 2005 (2007)	FMPPI (2007)	FSAPP (2010)
Rationale & principles	Not provided	Not provided, implicit for 2007 revisions	Introduction	Foreword and introduction
Strategic plans	Yes, clear	Yes, ambiguous	Yes, clear	Yes, clear
APPs	No reference	Once, passing reference "where applicable"	Once, passing reference in relation to "developing formats"	Yes, clear with examples
Linking budgets and plans	Yes, in relation to posts and department functions over MTEF	Yes, in relation to budget votes, MTEF plans, capital expenditure, assets, income etc	Yes, part of the context for the concepts	Yes,
Operational plans	Yes, but in relation to information technology.	No	Yes	No
Timeframes	Indirect, via a NT regulation cross-reference	Yes, but ambiguous for strategic plans (3-5 years)	Not specified for Strategic Plans	Five-year planning horizon for Strategic Plans, annual for APPs with three-year 'projections'
Service Delivery Improvement Plans	Yes, clearly	Yes, with details under the Strategic Plan	Indirectly, under the DPSA roles and responsibilities	No, reference to the service delivery environment but no provision for SDIP explicitly
Human resource implications	Yes	No	Yes, as it relates to management capacity	Yes, via budget and plan templates
Quarterly reports	No	Yes	Yes	Yes
Annual reports	Yes	Yes	Yes	Yes
End of term reviews	No	No	No	Yes

Another source of alignment challenge is the Division of Revenue Act (DORA), issued annually. DORA grant allocations are accompanied by additional monitoring and reporting requirements, with a set of prescribed outcomes and outputs which the institution must account for. These grant allocations are usually linked to 'implementation programmes' with distinct intervention logics and programmatic arrangements. Depending on what is prescribed, these grants introduce other performance information monitoring requirements and set goals and objectives which do not always coincide with the planning of departments.

In terms of *coherence* – i.e. the extent to which the FSAPP and FMPPI are logical, easily understandable and unified documents – the FMPPI is coherent and strikes a balance between the conceptual overview and preliminary guidance on how to apply the concepts in practice. Similarly, the FSAPP is clear about its rationale and location within the broader planning environment, and is logically structured. Arguably the weakest section of the document is where it explains the conceptual link between plans and budgets and relates the documents to budget programme structures. This is an important operational linkage, and one that is dealt with concisely, but without much practical guidance, particularly as it relates to punting the idea of activity-based costing in relation to performance targets. The FSAPP annexures provide detailed timeframes and then templates to support the plans, strategic intentions and indicators.

One important issue of coherence in both the FMPPI and the FSAPP is clarifying what is meant by "programmes". They are reasonably coherent about budget / expenditure programmes which are the budget structures intended to link the objectives of an organisation with its operational level work (National Treasury, 2010: 3). But neither of these documents speaks to what the performance information or accountability expectations are for the kind of 'implementation programmes' which serve as outcome-drivers, such as those referenced in the DORA. DPME (2013: 2) made an attempt with the introduction of *Guideline*

2.2.3: Guideline for the planning of new implementation programmes. It is important to note that this guideline was a response to the absence of any regulations, policy or practical guidance and tools (or content in the FSAPP) related to good programme design. The emphasis placed on the structure, format and process for strategic and annual performance planning and the underlying results-based programme monitoring and evaluation approach, has been at odds with the reality of how interventions, not just regular services, are actually implemented in practice. In order for budget programme structures to be effective and efficient in line with the policy and statutory mandates, both technically and from a cost perspective, there must be a clear understanding of how enduring mandates and functions can be re-organised, combined and applied to make implementation programmes a vehicle of the state's developmental agenda.

One other design shortcoming of the FSAPP is that it was not explicit in terms of its own intervention logic. There was not an explanation of how departments would manage themselves better now that there was a new planning framework in place. The absence of this information has omitted much of the 'soft' side of what this intervention has needed to entail with regards to its introduction, roll-out, change management and skills development. Furthermore, in the absence of a framework for monitoring the FSAPP's implementation, very little monitoring information was collected as a ground to assess the intervention.

In terms of addressing different *users* appropriately, the primary users of the framework are the national and provincial departments, constitutional institutions and public entities² who are legally required to apply it. The framework provides guidance on the roles of executive authorities (EAs) and accounting officers (AOs) in these departments, but the roles of chief financial officers (CFOs), senior managers, planning and M&E staff and programme managers have in the planning process is not discussed. These officials' roles are merely implied in the processes and considerations that the FSAPP requires of departments. The FSAPP is also brief in its discussion of how Centre of Government (CoG) departments should use the framework to exercise oversight and ensure that plans observe cross-cutting mandates. The roles of DPME, Treasury and OtPs are addressed to an extent, but others (e.g. DPSA, CoGTAs etc.) are not.

Departments critique the FSAPP for its implicit focus on service delivery departments, with some requirements less meaningful or useful for CoG departments, and national policy departments. One other area related to department specific mandates is departments with a concurrency of functions. FSAPP states that national and provincial departments with concurrent functions "should work together to standardise the kinds of information presented", but respondents from across national and provincial departments indicated it was not always clear who was supposed to do the customisation or what process it should follow. The practical effects of the limited guidance to these users, is discussed in the section on Current Practice.

Legislatures and oversight bodies are also important users of the framework, in that the outputs associated with the FSAPP are intended to be used as instruments for accountability between the department and elected representatives and oversight bodies (e.g. the AG, Public Service Commission (PSC) etc.). Although the FMPPI and FSAPP make regular reference to the value of reporting performance information for accountability purposes, both departmental staff and the few parliamentary committee chairpersons interviewed revealed that there was not much in the way of clarity as to how the FSAPP could or should be used in this regard.

² Only national and provincial departments were included within the scope of this evaluation.

Outside of legislatures, the FSAPP states clearly that the Auditor-General has responsibility³ for auditing the performance information submitted within departmental annual performance reports and expressing an audit opinion in this regard (National Treasury, 2010: 20). The subsequently issued *Performance Management and Reporting Framework* indicates that the FSAPP and FMPPI should, alongside a department's relevant legislation and circulars and guidance issued by National Treasury and DPME, inform the audit of predetermined objectives (Auditor-General of South Africa, 2016a). Among users, the role of the AG is arguably the most contested because of the emphasis placed on assessing compliance with financial and non-financial codes of accounting practice in the context of public interventions. This is against a backdrop where a measured change in outcomes is sought by government, stretching for verifiable measurements of social constructs and shifts in human behaviour.

In terms of *process*, the FSAPP notes that "the process of producing and revising plans must take into account electoral, budgetary and annual reporting and planning deadlines to facilitate timely, integrated oversight" (National Treasury, 2010: 16). The timeframes provided in Annexure A of the FSAPP are indicative in this regard. It also prescribes the content of plans, from which it is clear that there are certain defining parts to any strategic or annual performance planning process in terms of the FSAPP. The biggest critique and challenge to the FSAPP's design as it relates to processes, however, is that it deliberately avoids providing practical guidance on how departmental planning processes should be undertaken. The lack of process prescription (other than timeframe implications) allows for sufficient agency amongst departments across mandates. But at an intergovernmental level, this then becomes reliant on the role and strength of coordinating departments. To address this issue of process in the FSAPP design and to claim a role in terms of coordination, some Provincial Treasuries and Offices of the Premier have issued their own guidelines to both "customise" and give more guidance on process.

In terms of the *templates* in the FSAPP, the FSAPP provides five annexures. Over 80% of respondents in the departmental survey considered Annexures B, C and E respectively to be at least "somewhat useful" or better (as opposed to "slightly useful" or "not at all useful"). From other sources it is clear that these templates have been widely applied. However, the application of templates is also a source of widespread frustration. The FSAPP states on the one hand that it "does not prescribe how institutions should conduct their policy and planning processes, but process guidance on good practice" (National Treasury, 2010: i-ii) but on the other hand that Annexures A, B and C "fall within the broad ambit of uniform treasury norms and standards, and compliance is therefore critical... adaptations should not deviate material from [them]" (National Treasury, 2010: 1-2). Thus, the FSAPP seems to contradict itself, wanting to be a guide but also a compliance template. The oversight exercised with regards to the FSAPP templates has tended toward the latter and the inclusion of the FSAPP in the *Performance Management Reporting Framework* of the AG has reinforced this.

Finally, the framework makes provision for *quality assurance* through set timeframes and providing multiple submissions to DPME and National Treasury for review prior to tabling. Processes are in place for this review, as evidenced by the fact that 92% of responding departments in the survey received feedback on their most recent APP from DPME and Treasury prior to tabling. In addition to this, national policy departments, OtPs and provincial treasuries also have quality assurance roles, as implied by their role descriptions in the FMPPI. Departments expressed concern that the range and number of "assurers" is extensive and potentially conflicting as different assurers have potentially competing expectations.

³ Section 20(2)(c) and 28(1)(c) of the Public Audit Act no. 25 of 2004

Whether these processes are quality assuring good strategic planning and management is different from whether they are assuring good compliance. Considering the approach to compliance with the templates (discussed above), it can be inferred that there is a tendency for quality to be assured in relation to 'compliance' to the framework rather than for "performance". "Performance Dialogues" have also recently been introduced to "serve as a mechanism to improve APPs for the next financial year complemented by processes to ensure that the targets in the MTSF are appropriately budgeted for by departments" (DPME, 2016: 1). This is one way through which issues of performance management and the section of performance indicators can contribute to improving the quality of planning and measurement yardsticks without a strict compliance approach.

In conclusion, the findings identify some framework misalignment linked to the issues of timing of its introduction as well as some conceptual inconsistencies, internal incoherence and template shortcomings. This has implications for the different users and how they choose to utilise the FSAPP, or not. Nevertheless, the FMPP and FSAPP are the first documents to articulate and differentiate the roles and responsibilities associated with strategic planning, programme performance information, management, reporting and accountability across government. This was nothing short of a significant policy advance in the way of alignment and coordination.

On balance the FMPP and FSAPP are fairly coherent and complementary policy frameworks in their own right, excepting some of their conceptual lapses, notably around implementation programmes. The FSAPP in particular was an advance for planning that resonates with good-practice literature. The approach of having both a 5-year strategic plan with a 1-year annual performance plan and a rolling MTEF fits well in terms of the hybrid approach advocated by (Steurer & Martinuzzi, 2005) that straddles both the planning and learning schools of thought about strategy. Furthermore, the areas covered by the FSAPP are consistent with the good practice content areas articulated by Young (2003) and Bryson (1995) discussed in the literature review.

The integration of budgeting with strategic and annual performance planning through the MTEF and MTEC processes is another design feature intended to ensure continuity in government action and budgeting. By design, this has also provided for a continuous cycle for coordination and alignment of planning and budgeting priorities, but the complexity and cooperation required between spheres, tiers and parastatals in this process is significant. The long and overlapping lead times can be easily disrupted or delayed with the introduction of a new policy or as a result of changes at the level of executive authority and senior management.

In summary, the FSAPP does have design flaws but this does not significantly detract from its relevance and appropriateness as a policy reform to the South African planning system, within GWMES, over the medium term. The extent to which this intervention has proven effective based on that design is the subject of the next set of findings.

4.2 Effectiveness

4.2.1 Current practice regarding utilisation and reporting on the frameworks

The findings on effectiveness are organised in relation to the KEQ and sub-assessment areas to which this criterion was aligned. In this instance, there are two KEQs which have been split to fall under this section. The first is KEQ2a. "What is the current practice with regards to the utilisation and reporting on the Framework(s)?" The first set of findings are structured and ordered in response to this question and focuses on describing *current practice* in relation to the framework; *operationalisation* of higher-level plans into departmental activities; practices around *planning and budgeting*; departments' *views and feedback* on the value of the framework for making strategic choices or implementing their plans; and the *support and responsiveness* of other role players in relation to departments' plans.

In terms of *current practice*, based on the interviews and focus groups, departments can be broadly categorised into three groups: critical “experts”, eager “FSAPP planners” and compliant critics (Figure 4). In provinces with lower planning capacity, a higher proportion of departments seem to fall into the “eager FSAPP planners” category. FSAPP, as well as FMPPI, served as important learning tools for planning staff (and sometimes, senior management) and increased the legitimacy of the planning function. These departments have experienced growth.

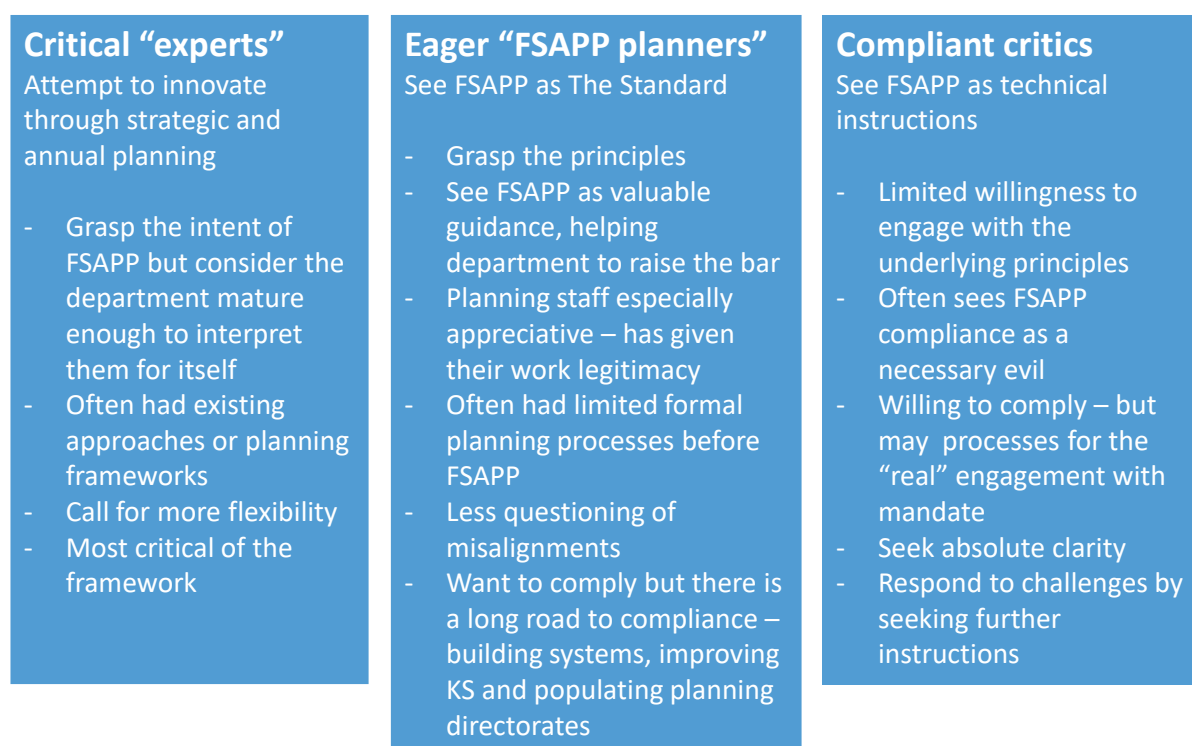


Figure 4. Current practice: three types of departmental approaches to the FSAPP

In interviews and focus groups, when asked what they understand the purpose of the FSAPP to be, respondents most often highlighted standardisation. Although different departments or provinces did have pre-existing guidelines in some cases, prior to the FSAPP there was serious inconsistencies within the public service and an overreliance on the narrative at the expense of clear commitments and reporting on results. The introduction of the FSAPP has changed this practice according to departments. There is a widespread view, expressed in the departmental survey as well as interviews and focus groups, that an appropriate level of standardisation for strategic and annual performance planning has been achieved.

Standardisation of these plans and reports across national and provincial government has reportedly brought considerable benefits. Departments are better able to engage with other departments’ plans and reports because of their standardised format. This has resulted in a shared point of departure that assists with the complex task of undertaking intergovernmental planning and coordination.

However, where departments view themselves as ‘Critical “experts”’, standardisation is perceived as particularly limiting. They claim that improvement is restrained by the design of the FSAPP itself, or the way it has been applied, or other competing influences and contradictions. In these cases, respondents suggest that time alone will not bring improvement because the FSAPP’s standardisation is now inhibiting the kind of strategic thinking and expression necessary for more significant advances.

As pointed out earlier, the MTSF and Outcomes Approach use different terminology from the FSAPP. Yet there was particularly high agreement in the departments' survey that their most recent plans are aligned to the "priorities and outcomes" set out in the MTSF. The departmental survey showed that 53% of departments "strongly agreed", which is among the highest rates of "strong agreement" received on all statements in the survey. Over 90% expressed agreement to each statement.

However, it is important to realise what this "alignment" consists of in practice. An interesting pattern emerged in the qualitative focus groups: when facilitators asked about the degree of alignment between the MTSF and the department's Strategic Plan and APP, the first response would be an expression of confidence that these are indeed aligned. But then the discussion would shift to discuss difficulties aligning to the MTSF's emphasis on planning for outcomes. Departments can and do consistently refer to the MTSF in Section A of their Strategic Plan and APP, but in Part B where indicators and targets are presented, these are often pitched at the activity or output level so that they can be within the control of the department. Furthermore, Part B of the Strategic Plan as well as APP is organised by budget programme, and budget programme structures are not necessarily aligned to the initiatives that drive the achievement of these medium-term outcomes.

When it comes to aligning annual reports with APPs, over 90% of departments expressed agreement with statements about alignment between their APPs, quarterly performance reports, and the FSAPP. However, the structured review⁴ of 2014/2015 APPs and annual reports revealed variations between the indicators in the plans and reports. Only half (14 out of 28) of the annual reports reported on the same number of indicators as their corresponding APP. In most cases where there was variance, the annual reports had *more* indicators than the APPs. This highlights a challenge of consistency at a very basic level. As for alignment with the MTSF, where the intended performance indicators from delivery agreements do find expression in annual reports, it is rarely presented in terms of a broader outcome related logic and simply as one indicator amongst many others.

As for whether the FSAPP is effective in producing more aligned, standardised and appropriate plans (as per the Theory of Change), indicators suggest conflicting findings. Average MPAT scores on Strategic Management standard 1.1.1 (Strategic Plans) demonstrate departments' increasing comfort with producing strategic plans, average scores (for all national and provincial departments) moving from between 3.2⁵ and 3.3 in 2012, to between 3.4 and 3.5 in 2015. In contrast, APP ratings have shown a downward trend, from around 3 in 2012 to between 2.4 and 2.6 in 2015. Whether this is because planning is actually getting worse, or because scrutiny of what constitutes 'full compliance' is growing (as some sources suggest), it is critical to understanding whether the FSAPP's policy intent will be realised.

Another dimension of quality planning is the crafting of SMART indicators. It has taken huge effort in the years since the introduction of the framework to get to a place where, by 2016, most departments in focus groups and interviews express a good understanding of this principle and are often applying it to the satisfaction of oversight bodies. However, there is still tension around this, with a key issue being the emphasis on being able to both control and administratively verify the measurements of all the indicators included within the APPs. The majority of departments (23 out of 28) sampled are providing TIDs for their performance indicators, indicating that departments are giving some technical consideration to how they formulate indicators. Despite this, only 5 out of 28 APPs had exactly as many TIDs as they

⁴ This paragraph reports only on the 28 out of 32 departments for which both APPs and Annual Reports could be sourced for 2014/15.

⁵ MPAT scores on an ordinal scale of 1-4 with 1- Non-compliant and 4-Fully compliant and doing things "smartly".

had indicators, meaning some indicators still aren't being adequately defined as per the FSAPP's annexure. One of the DPME's most common recommendations in reviewing departments' second draft strategic plans and APPs was that they should utilise and complete the TIDs (54% of departments).

Another challenge of crafting indicators has been that departments need to have the management processes (and information systems) in place to collect the information required to track performance against each indicator. This is a logical and reasonable requirement without which no monitoring system can be useful. Many departments credit the FSAPP for fostering an appreciation of the value of those management information systems and have since committed considerable resources to building such systems, including creating new positions and investment in technology, and are now much better able to substantiate their performance reports with evidence. Naturally though, it also restricts what departments can choose as indicators of performance.

National departments with concurrent functions, since they are limited in their control of achievement of such targets and in their ability to track performance against these targets directly, therefore must engage the two other spheres and agree on customised indicators for their sector. The perspective of provincial departments is that some national departments (e.g. Health) are seen as providing strong sector leadership to provinces, but others are viewed as "imposing" on their counterparts. Challenges in this regard are related to (1) perceptions that some national departments communicate poorly, are less consultative, and/or insist on uniformity at the expense of context; (2) some provinces are less receptive to tight management; (3) some national policy departments are critiqued for setting indicators that are actually not SMART, or are not accompanied by a TID, causing problems with provincial departments in the AOPO; (4) in some sectors the sheer number of customised indicators that provinces choose to report on is also an issue. The FSAPP states that provincial departments "are free to include additional indicators" but given the resource burden of keeping a portfolio of evidence they weigh any additional indicators up very carefully.

Based on the above combination of factors departments have sought to formulate lower-order indicators which measure activities, products or services more directly within their control (i.e. without interdependencies with other institutions). The more strategic indicators reflective of cross-sector and institutional interdependencies are not (yet) supported by adequate information systems more generally; there is also a reluctance to include provincial indicators if a large set of customised sector indicators already must be accommodated. The cumulative effect can be that plans do not meaningfully express the intent of departments, but rather select indicators and set targets in relation to the degree of confidence that the measurement of the execution of a function and mandate will continue to provide justification for the allocation of resources. If the quality of Strategic Plans and APPs is evaluated based on this, then the situation at present leaves much to be desired.

Regarding Strategic Objective indicators, the clarity given by DPME assists (and also an expectation introduced via the MPAT standards) but this has also influenced which indicators find expression in the APPs. Many departments raised this as something they are struggling with because of the level strategic objectives sit at, as either high-level outputs or immediate outcomes. It is also challenging to set a measurable 5-year target for such an indicator. Furthermore, only 7 out of 28 the sampled APPs presented a strategic logic showing the linkage between their goals and strategic objectives. Instead, 75% (21/28) of all APPs provided strategic objectives by their budget programmes, even though the FSAPP does not require them to do so since not all budget programmes' activities may be high on the institution's priority list in a particular planning cycle (National Treasury, 2010: 3). This finding is in keeping with some qualitative data where a few respondents were of the view that their department sets its goals and objectives less based on its key priorities for the medium term and more based on reaffirming and legitimising its existing budget programme structure.

Considering the above-mentioned challenges, there are certainly shortcomings to the appropriateness and meaningfulness of the annual reports currently produced. Nevertheless, this does not mean they are not useful or that they have not been utilised for the purpose of oversight, accountability or arriving at some conclusions about the indicators themselves. The AG's AOPO findings for 161 departments or constitutional entities governed by the PFMA over the 2012/13-2014/15 period (Auditor-General of South Africa, 2016b) shows an increase in departments without any material findings on the performance information in their annual performance reports, from 49% in 2012/13 to 58% in 2014/15. Thus nearly 6 in 10 departments are now complying with the requirements of the AG's *Performance Management Framework*, with the components listed earlier. The reports also show an overall trend of a reduction in findings on usefulness and reliability of performance information over time, although still at worrying levels (22% had findings on usefulness and 38% had findings on reliability). The departmental survey concurs, with 82% of departments agreeing or strongly agreeing that their performance reporting has improved since the introduction of the FSAPP.

In terms of how plans are *operationalised*, qualitative data suggests high variability in the development and use of operational plans which "cascade" the APP down and through the department. Such plans are emphasised as important operational accountability documents in the FMPPI, but are not reviewed by the AG or oversight departments. There are indications that these plans are not always being developed, or are being neglected in favour of the APP. Although operational planning does tend to follow or coincide with departments' annual planning processes where it occurs, these tend to focus on crafting lower level accountability measures rather than critically interpreting the strategic intent of the department and elaborating on the vehicles through which those goals and objectives will be achieved. They are not widely seen as a vehicle for "programming", as Mexico (2001) refers to it.

Planning for "Implementation programmes" is also mostly lacking; in the interviews and focus groups, most respondents were unfamiliar with the term, and the average 2015 MPAT score for the Implementation Programmes standard (1.3.3) was very low at 1.27. The heavy emphasis on complying with the FSAPP means that the highest priority is to plan according to budget programmes (since this is how Strategic Plan and APPs are structured). While the introduction of the MPAT standard may drive increased attention to implementation programmes in the future, it does not yet appear clear how budget programmes and implementation programmes should be optimally integrated into departmental planning processes among any of the respondents.

Part of the original intention of the FSAPP was to better *integrate budgeting and planning*. FSAPP's requirement to reflect plans in relation to budget programmes appears to have had the effect of bring the planning and budgeting functions much closer together than in the past. This is demonstrated by two quotes from departments in very different contexts:

You used to do planning and budgeting in separate corners of the building and monitor each separately. So, it doesn't matter if you overspent and didn't achieve your targets... but now it's elevated planning, we're more aware now that planning and budgeting must go hand in hand and if we don't achieve that there's something wrong with the plan. (P32)

[Before the FSAPP] when we presented our annual report, we only reported on financial results. Nothing on performance. And as a government, performance reporting is key, you cannot have money being appropriated to you without there being some level of performance reporting. But I think... we have [now] outgrown this one and need a better one. (N16)

Perhaps *because the FSAPP* has led to an increase in the level of awareness that planning and budgeting should be integrated, officials are concerned with the extent to which they are still separate. Many departments describe an internal lack of integration between budgeting and planning, with budgeting often leading planning. The source of tension between budget

and planning is portrayed by many as a matter of misalignment of time frames. The departmental survey, interviews and focus groups revealed points of tension around (1) having to submit a draft budget when only a first draft APP has been developed (see Figure 5), which is often little more than a copied and pasted version of the previous year's plan, and therefore budgeting simply for a perpetuation of the existing budget programme structure status quo; (2) finalising budgets before plans, but often with significant changes to the budget in the last round, putting time pressure on departments to adjust their final APP; (3) DORA is not necessarily responsive to departments' priorities and can introduce significant changes to budgets and therefore plans.

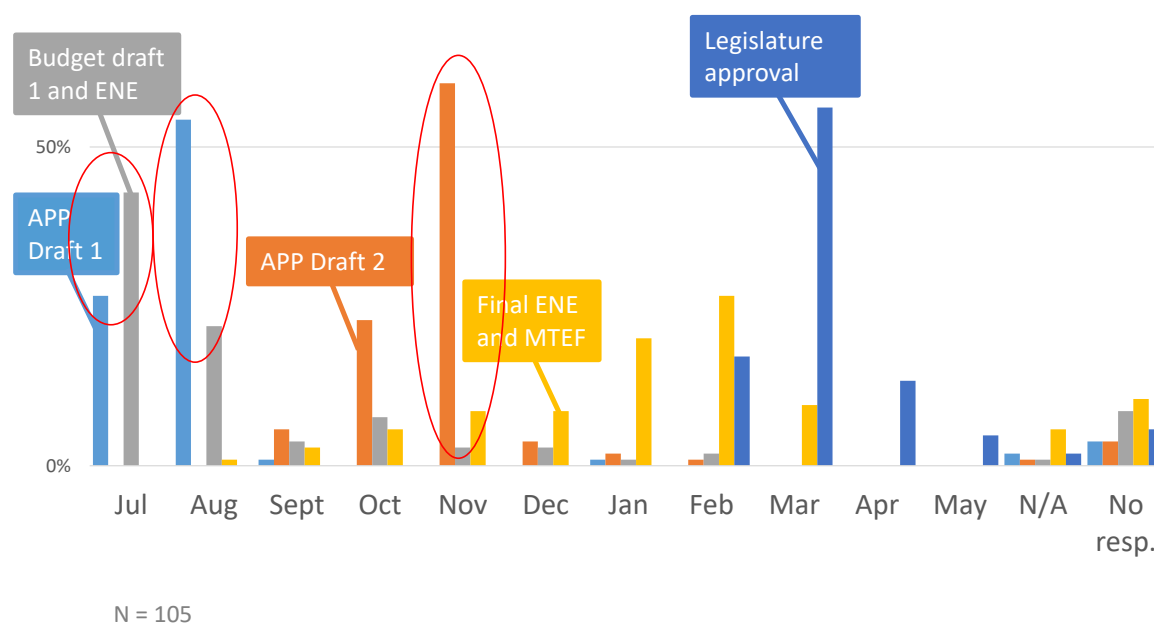


Figure 5: Distribution of national and provincial departmental submissions for draft plans and budgets with approval (Source: departmental survey)

However, departments are also aware that their own management practices around planning and budgeting leave much to be desired. Many describe recent improvements in management practices which they hope will go further, but the overall impression is that departments are still grappling with this and are not sure how to improve. Two issues are raised as gaps/uncertainties: how to improve the interface between planning and budgeting both horizontally and vertically (including consultation with provincial and National Treasury); and how to cost plans and indicators. Some departments are also aware of the pitfalls of neglecting other resourcing planning (HR, infrastructure, IT systems etc.) when integrating planning and budgeting. As a result, there are calls for closer collaboration between DPME, Treasury, DPSA and COGTA in providing guidance on planning and budgeting.

In terms of departments' *views and feedback* about the FSAPP, some key messages can be discerned. Departments most commonly describe the purpose of the FSAPP as standardisation, and many report that this is the greatest contribution of the FSAPP. Departments also to a lesser extent mention purposes of closer integration of planning and budget, and improved accountability for performance and expenditure – both of which are indeed stated purposes in the FSAPP. Not many departments made the conceptual leap that the FSAPP seeks ultimately to improve government performance and service delivery – perhaps because it goes without saying that this is the overall purpose of all such frameworks and guides. Departments also questioned the purpose of the FSAPP based on how it is applied and perceive that with the AOPO the FSAPP has become a compliance document. As a respondent in a national department put it:

This framework was written as a guideline and deliberately so. But when the audit of predetermined objectives came on board, it saw it as a regulation. What the audit of predetermined objectives has perversely incentivised is malicious compliance. (N68)

Nevertheless, the way in which the frameworks were introduced – the Treasury Regulations, and the cycles of feedback by oversight departments and the AG, and the associated MPAT standards – also elevated the planning, monitoring and reporting functions.

Many respondents in qualitative engagements told “before and after” stories by which they sought to attribute improved mainstreaming of evidence-based reporting and an outcomes-based approach to the introduction of the frameworks. FSAPP also raised the importance of the monitoring and reporting functions in particular; and has helped to ensure thoroughness and consistency.

However, views on the effect of the FSAPP are not only positive. It is possible to distinguish two messages in the qualitative data when it comes to the overall value of the framework. Among departments that arguably started out in 2010 with weaker strategic management practices and/or lower planning capacity, the message can be summarised as: “It has significantly improved our planning. But we are not there yet.” Among departments that arguably were already improving their strategic planning practices and/or had pre-existing planning capacity, the message can be summarised as “It was a good, necessary intervention at the time, but now we are maturing beyond it. It is holding us back.” These departments tend to emphasise the rigid and compliance-driven application of the framework.

Furthermore, there are deep and widespread concerns as to whether the FSAPP is facilitating better decision-making and ultimately contributing to better service delivery. Respondents explain that planning has become very compliance-driven which does not necessarily translate into a supply of improved management information and better decision-making. This is partly an unintended consequence of the way the AOPO has been applied, which will be discussed further in the section on unintended consequences.

Even with the heavy emphasis on targets within departments’ control, departments only tend to achieve about two-thirds of their own targets – on average the 32 departments in the structured review achieved 65% of their 2014/2015 targets. Service delivery departments (as opposed to centre of government, policy, or facilitation and regulation departments) achieved the fewest of their targets (average 54%).

In terms of the *support and responsiveness*, departments receive feedback on their plans by multiple policy and oversight bodies, including DPME, provincial treasury, OtPs and policy departments, in addition to other internal stakeholders such as internal audit. Departments do not always find it worthwhile to receive inputs from so many departments because of potentially conflicting expectations. Inputs and expectations may be contradictory – for instance, some departments’ indicators are approved by the policy department but then critiqued by DPME – or may overlap with other reporting requirements, especially for provincial departments. The issue also plays out when dealing with back-office and corporate reporting in relation to the APP, where the DPSA and DPME may have different expectations. In relation to the AG, the qualitative data gives a strong impression that the AG’s approach does not result in a uniform application which hampers responsiveness on the part of the departments, and puts them at risk of significant repercussions, given the seriousness with which audit findings are regarded. Departments appear unaware of, or are taking issue with the application of, the international standard being applied by the AG (see Government Gazette, 2016).

Despite these challenges arising from this review “support,” there is considerable data indicating that the various forms of support are helpful. For instance, in the 2016/2017 financial year DPME reviewed the second draft APPs of 112 provincial departments, and

provided structured feedback in relation to five distinct sections of the APP. The most common recommendation by DPME was that departments should document amendments to their strategic plan through an annexure to the APP; the fact that DPME recommended this to 66% of provincial departments indicates a common inconsistency or challenge experienced between plans. Another common recommendation (to 54% of departments) is to ensure that the TID list is complete and that TIDs are clearly defined (50%). In the survey, departments found feedback from DPME and National Treasury “somewhat helpful” to “extremely helpful” in 80% and 85% of cases respectively for strategic plans and APPs.

National (policy) departments also review the plans of provincial departments with whom they share concurrent functions, and about half of these provincial departments use a national guide for defining their indicators. Still there was common concern with the quality of intergovernmental planning and coordination across the state. This is not necessarily a problem with the Framework itself but rather suggests a management shortcoming in some national and provincial departments. It is reinforced by the fact that legislative accountability for performance reports and plans is on a department by department, rather than sector or outcome basis.

The goal of the above-mentioned forms of oversight is to establish a shared and transparent basis for accountability. The AG conducts an AOPO on 161 PFMA-governed organs of state; notwithstanding the concerns above, this annual accounting on performance indicators has been partly enabled and regularised by the FSAPP. From the few interviews with parliamentarians and the general discussions with others, some tentative findings confirmed the view that the standardisation of Strategic Plans, APPs, QPRs and ARs has benefited the legislative oversight function. It is now possible for oversight committees to initially familiarise themselves with the format of these documents and then to be able to engage with the plans and reports of any national or provincial department. Most officials discussing this however, believe that there is room for oversight committees to better understand the Framework and associated compliance requirements.

A related issue that appears to arise frequently is that performance indicators are at the output level while oversight committees are concerned with outcomes and performance results. On the other hand, oversight committees (especially in provinces) are sometimes experienced as over-emphasising the achievement of targets even when these targets are not (for reasons discussed previously) meaningful indicators of performance. The Theory of Change included the assumption that the planners (the departments producing plans, inclusive of managers and implementers) “receive reliable, timeous and appropriate feedback from oversight actors”. If these bodies’ feedback overemphasises achievement of operational targets, it is perhaps not as “appropriate” as was assumed. Furthermore, the kind of responses this accountability has produced has not always been good, resulting in some claims of “malicious compliance” as Engela and Ajam (2010) warned.

In conclusion, the experience and feedback from departments highlights that there has been a net value in the introduction of the FSAPP as it has served to support both guidance and standardisation, contributing directly to aligned, standardised and more appropriate strategic and annual performance plans. Multiple oversight actors have used the Framework, with competing agendas and approaches to the respective purposes of the FSAPP. The tendency to apply the Framework rigidly has resulted in the attention, resources and energies being invested in standardising planning, rather than improving how it is managed and executed. In terms of the FSAPP’s intention to strengthen accountability, there is evidence that this has been achieved externally in relation to oversight bodies such as Parliament, Legislatures and the AG. However, the nature of this accountability appears to be rather narrow and administrative in emphasis rather than related to performance.

There is less evidence that the application of the framework is resulting in the kind of strategic decision-making that was sought. The FSAPP provides potentially valuable guidance as it relates to strategic thinking, results-based management and improved

decision-making, but this value has not been fully realised – both because of the way it has been applied, and because of shortcomings in the framework. But there are also limitations to what a planning framework can do as an intervention. Improved implementation is only achievable with concurrent and supporting interventions that go beyond the FSAPP and focus on public sector management reform more broadly.

4.2.2 Planning and performance management processes

The findings in this section are structured in relation to KEQ3. “Did compliance with the FSAPP improve departmental performance management processes? To what extent? Can the efficiency of compliance with the Framework (FSAPPs) be improved?” These findings are unpacked in terms of sub-assessment areas specifically dealing with the timing and duration of planning and performance management, as well as the performance management processes that unfold in the departments.

The typical process of developing an APP starts around July and ends in March, a period of about 9 months. In years when a strategic plan must also be developed, this is usually combined with the APP process. In most departments, strategic planning processes tend more often to include: close involvement of the EA; time spent reviewing the NDP, MTSF, PGDS, and sector-specific long- and medium-term plans; more expansive situational analysis and review of the performance environment; broad consultation with stakeholders; and looking back on performance of the past medium term. APP development processes more often include reviewing operational plans in conjunction with the APP, and fewer large planning meetings with more desktop-based or one-on-one drafting. Notably, however, for about a third of departments the process for developing strategic plans is identical to developing APPs, suggesting that regardless of the level of the plan being produced, planning is “business as usual”. In a large majority of the cases (80%), the same person is responsible for compiling both the Strategic Plan and APP. This also gives some indication of how departments value these planning processes strategically.

Brown (2010) speaks to ownership and participation in strategic planning processes as critical for ownership and execution of “public sector strategy”. The findings suggest that, in line with good practice, departments do attempt to involve a variety of internal stakeholders in planning. The descriptions of the Strategic Plan and APP planning process(es) suggest that programme managers play an integral part in owning and producing them. Yet some interview and focus group discussions also touched on a perceived low level of involvement or lack of buy-in and ownership from programme managers. Programme managers’ resistance to participating fully – perhaps because they do not understand the intent (some respondents recommended more training aimed at programme managers), or perhaps because the way they are expected to participate is inefficient. There is concern at the amount of time dedicated to planning and performance reporting, not solely that of the FSAPP. Given an accountability environment in which target planning and reporting is expected for statutory planning and reporting (e.g. Strategic Plans, APPs, QPRs, and ARs which should integrate outcomes approach reporting), internal planning and reporting (e.g. Operational Plans and performance appraisals) as well as DORA specific planning and reporting, programme managers especially have expressed a kind of planning and reporting fatigue. There is a frustration at these processes are displacing time from “doing” to spending time populating and revising matrices with what they perceive as activities with limited benefits to performance. This perception is heightened because there are shortcomings in record-keeping, data collection, and capture more generally. The focus is not on unblocking, innovating or devising better responses but on accounting upwards, which may impede improvements in performance management more generally.

In terms of whether implementing the FSAPP supports effective *departmental performance management processes*, it was discussed above that indicators are not always optimally meaningful. Departments tend to choose only indicators for which auditable evidence can be generated, and which are entirely within their control (mostly at the output level).

Increasingly, because of the AOPO, most departments do expend resources to produce accurate and reliable information on these indicators. Nevertheless, sources suggest that the performance data generated against these indicators is increasingly accurate.

The extent to which this data is then accessed and engaged with varies, depending on the management approach within the department, as well as the “capacity” of the oversight body. The standardisation of quarterly performance reporting, increasingly accompanied by high-level quarterly performance dialogues or reviews, has helped to keep performance information on the radar. It seems that these are particularly effective where the AO “is keen on this” (N03) and supports the use of performance information in meetings (P28), to build “understanding” and “momentum” among senior management (P28).

The appropriateness of the responses to performance data (i.e. a positive or negative response / consequence to the department’s or section’s reported performance) is often in question however. Qualitative and quantitative sources suggest that most departments do, as the FSAPP requires, link individual performance agreements to “the achievement of the SP, the implementation of the APP, and the annual budget” – at least for senior managers. However, this is not so commonly the case for performance agreement at lower levels of management and staff. Staff may focus on the indicators in their performance agreements, but if there is no line of sight between how what they do and report on links to what the department reports on, the “cascading” is ineffectual. Furthermore, there was considerable discussion among interviewees and focus group participants about “consequence management” in their departments, with the main sentiment being that officials are not facing appropriate consequences for underperformance. Given the low levels of target achievement (discussed earlier), it is surprising that nearly 1 in 3 SMS are receiving performance bonuses. This speaks to enduring challenges of “institutionalising a performance orientation ... [and] linking service delivery progress (or lack thereof) to personal accountability” (Engela & Ajam, 2010: 30).

As for the responses / consequences from legislators, underperformance can result in “embarrassment” (P29) and needing to answer difficult questions (“go and account” (P42)), but the qualitative engagements revealed strikingly little about how the anticipated response of Parliament or the provincial legislatures motivates departments to perform well or proactively address under-performance.

There were few respondents who claimed that departments’ performance had improved as a result of improved awareness of performance data, the response from political actors, or the way performance information is used in performance reviews. But the risk of underperformance can also be managed by setting more cautious targets. In the survey, 53% of departments selected the statement: “The department is more cautious when setting performance targets” (N = 105) as best describing the changes in performance management since the introduction of the FSAPP. In such cases it can be hard to distinguish between changing a target because one has learned to be more realistic about what can be achieved (e.g. a human settlements department introducing readiness checks to help set realistic project implementation targets), and cynically “gaming” targets and indicators to avoid repercussions. If, as one respondent hypothesised, a department decides to “make sure we get a performance bonus by putting 100 houses when I know I can deliver 200, and then deliver 120” (P42), then obviously, the achieved target would not constitute improved performance. The official quoted here articulated a view, very widely shared across government, that currently a combination of factors are contributing to an environment that incentivises under-targeting and the choice of inappropriate “performance” indicators. There is sometimes an effort to improve performance as a result of these processes, but often there is rather a change in the indicators, or a more conservative target is set to ensure it can be met.

In conclusion, since the introduction of the FSAPP the emphasis on compliance to the framework, its templates and format has increased over time. Based on the more common

level of posting and sharing of responsibilities, the status quo suggests an under-appreciation for the strategic value of planning with regards to departmental performance management. Evidence also suggests that departmental performance management linkages are not sufficiently cascaded.

More role-players have used the framework for oversight of strategic planning, performance monitoring and reporting, both inside legislatures and outside of them. But the submissions of draft plans have taken on a kind of formulaic, compliance-driven approach. Choosing technically compliant but less meaningful indicators, or completing a template without engaging in meaningful planning, are examples of the “malicious compliance” described by Engela and Ajam (2010). The findings presented here also raise the question whether compliance to the FSAPP is supporting improvements in management performance, which is required to improve policy delivery. The FSAPP is clearly able to strengthen management practice by providing standard tools that support planning and reporting, but improvements in management performance is contingent upon a broader set of externalities that require a support programme and initiative beyond the scope of the FSAPP.

4.3 Sustainability

The last section of findings aligns to KEQ4. It is related to the sustainability of the FSAPP as a framework to support better quality strategic planning and accountability. It considers this in light of the framework’s fit with *other planning elements*, the framework’s *unintended consequences*, and the *institutionalising of lessons learnt* for on-going improvement of departments’ strategic and annual performance planning practice.

In terms of *other planning elements*, much of the conceptual discussion was addressed earlier. As previously discussed, most departments’ annual planning process includes considering the department’s performance over time, the delivery context, and revisiting written plans like the NDP, MTSF, and sector-specific plans and policies. But this is rarely done with in-depth consultation of key stakeholders. In particular, there are concerns about intergovernmental planning involving local government, particularly at provincial level. Spatial development frameworks and spatial planning remains a gap in the current framework. There is a lack of an instrument or platform through which spatial development frameworks could be addressed via strategic and annual performance planning. Better intergovernmental planning and coordination by CoG departments could certainly improve how spatial planning is catered for in provincial department planning.

Furthermore, departments would ideally like their Strategic Plan and APP to be an expression of the agreement between the department and political actors about the priorities for the coming period. However, given the annual planning time frames, annual SONA or SOPAs can only be considered at the eleventh hour, or even for the following year. The imposition of multiple and sometimes unforeseen political planning priorities late in the planning process is a challenge for planners. This is something of an inevitable hazard of the political-administrative interface, regardless of the sequencing of SONA and SOPAs. However, in cases where AOs and EAs are closely involved in the strategic planning process, departments seem to get fewer “surprise” plans or priorities, and there appears to be some appreciation and understanding of the implications of the late introduction of such priorities. Good practice examples show these risks can be mitigated, if not completely resolved.

Linked to this, some departments expressed difficulty implementing an increasing number of “top priority” plans. The theme of needing to respond to “so many priorities” (whether or not they were introduced unexpectedly) was commonly expressed by both provincial and national departments. The existence other plans and agendas has made for a difficult accommodation by departments where they are expected to reflect and show alignment with everything that informs their strategic intent while simultaneously needing to make tough decisions related to what is critical, affordable and most important in relation to their development goals. This inability to reconcile “so many priorities” arising from the interface of

the FSAPP with other planning elements is also a matter of failing to pursue and make difficult trade-offs as part of a robust planning process.

The above factors all contribute to a commonly expressed view that the Strategic Plan or APP is only a partial expression of the department's work and intent, albeit a complicated one that seeks to be accommodating of the competing mandates, priorities, and agendas at play. As a result, instead of being definitive, the Strategic Plan and APP are used alongside the abovementioned plans and various other expressions of intent⁶. The inevitable result of this is that communication and coherence around what is important, where it should be executed and how it should be implemented gets diluted.

The most notable *unintended consequences* are the compliance burden, which compels departments to make certain trade-offs, and the effects of the huge emphasis on achieving clean audits.

The concern around the compliance burden is driven by the combination of FSAPP with the many other planning and reporting requirements (statutory, internal, sector-specific and other requirements and commitments). The strategies that departments have for dealing with the compliance burden, in turn create at least two commonly mentioned unintended consequences. These can be seen as "trade-offs", where departments effectively sacrifice something in order to comply.

The first unintended "trade-off" mentioned by respondents is to focus resources (time, energy and expertise) on compliance that would otherwise be spent on the activities themselves. By distinguishing "real work" from planning/reporting, respondents express deep doubt in the value of compliance with the full extent of the planning and reporting requirements. The second unintended "trade-off" is that departments are incentivised to select indicators not for their usefulness in understanding performance, but for the ease with which they can be reported on, and to keep the number of indicators to the absolute minimum. In effect, the compliance burden disincentivises departments from crafting a useful set of performance indicators for their plans. What gets sacrificed is "a good quality strategic document... with [indicators] that really added to context of a department and how it will contribute to achievement of their goals" (provincial transversal department). This calls into question some of the key Theory of Change assumptions - that there is adequate capacity across the state, that management practice is maturing and that departments can collect quality data that is affordable and verifiable.

The compliance burden, discussed above, is partly driven not by the FSAPP itself but by the way it is being used in the AOPO. The AOPO lies at the root of the majority of the most commonly cited unintended consequences. Perhaps the strongest theme in the qualitative data collected for this evaluation is the belief that the way the AOPO has been applied has led to an overemphasis on accounting for the administrative integrity and reliability of the figures instead of a focus on performance results. If audit results are paramount, departments select indicators that they know they can achieve a clean audit on. Such indicators may be too operational to help gauge the department's achievement of its goals, or they might simply highlight irrelevant areas of work because they are easier to account for administratively.

With the audit in mind, targets are also set based on whether they lend themselves to being more easily achieved. The inclination to choose indicators and set low "easy-to-achieve"

⁶ The evaluation found very little evidence that departments actually have parallel plans with "stretch targets". More likely, intentions beyond the formal plans are usually not formally written down but are communicated and implicitly understood between managers and staff.

targets is compounded by two further factors that have been discussed previously: (1) the majority of managers' performance agreements are linked to achievement of the Strategic Plan and APP targets and (2) the Legislatures and oversight actors reportedly tend to concentrate their focus on target achievement. Furthermore, because of the tremendous emphasis on achieving targets, departments can lose focus of the bigger picture, particularly as it relates to the actual outcome.

Thus, on the one hand, departments must plan for measurable, achievable targets within the department's ambit of control if they are to achieve satisfactory results against their APP and provide evidence for the AOPO. On the other hand, departments are also constantly reminded – through feedback from political actors and citizens, the Outcomes Approach, and related efforts of DPME, NT and OTPs – of the importance of ultimately achieving “impact” and “service delivery” outcomes. Ideally, planning for lower-level and higher-level results should take place in an integrated fashion and find coherent expression between strategic and operational planning. But instead, there is little in the way of outcome level indicators and as one respondent put it: “The current framework encourages parallel compliance and performance-based systems (outcomes-based approach)” (P27). The greater emphasis on selecting indicators within departmental control (at a lower level of the results-chain), and substantiating their measurement, appears to preoccupy State capacity to an extent that is not commensurate with the value it derives from this information.

In terms of *institutionalising lessons*, in order to sustain improvements in planning and accountability, a variety of platforms and support initiatives exist to support learning. Firstly, the annual MPAT process, despite its potential for knowledge sharing and learning, appears to have been without any distinct value expressed by respondents. It may be that MPAT faces the same pitfalls associated with departmental accountability for administration and reporting, rather than performance. Similarly, although Standard Operating Procedures (SOPs) have been introduced in roughly half of departments, they are done more for good administrative practice than for their value in terms of learning. The recently introduced Performance Dialogues appear to have potential as a space to address matters distinct from the compliance accountability practices associated with the AOPO and MPAT. Finally, DPME and NT developed Strategic Plan and APP training material, and guides developed by national departments and some provincial governments. In all, there is potential to further leverage these opportunities to drive the kind of planning management related practices required for better performance. Imminent revisions to the framework and training material are good examples of these opportunities.

In conclusion, the establishment of a common set of concepts and outcomes (notwithstanding enduring terminology challenges) has helped to progressively institutionalise a whole-of-government planning framework. However, there are still unresolved gaps related to the integration of spatial planning and results-based management. Proceeding with incremental reform towards a whole-of-government policy framework for planning, monitoring, reporting and evaluation presents an opportunity to reconcile some of the gaps arising from the various policy framework and provide guidance on some of the more challenging intergovernmental coordination and planning processes.

5 CONCLUSIONS

The evaluation concludes that the current planning framework is imperfect but represents a clear advance for public sector strategic planning as embedded within the GWMES. The introduction of the FSAPP was a major step at the time, albeit not without some challenges of alignment, coherence, and terminology. The FSAPP is particularly relevant because of how it elevated strategic planning and forged the link between planning and budgeting processes. Even as departments continue to grapple with effective integration, the value of this link should not be overlooked.

Utilisation of the FSAPP in practice has led to the standardisation of Strategic Plans and APPs and provided a common planning vocabulary and format in practice, even as new terms were introduced, and refinements made along the way. The prescribed timeframes have provided milestones which have been widely observed and utilised to provide support and feedback to departments on draft plans. However, the length of the lead time for annual performance planning has been of limited discernible benefit to departments, especially when considering that budgeting tends to initiate before this process and perpetuate existing structural arrangements rather than be informed by medium-term performance goals. This has further challenged how departments operationalise these plans in practice and cascade them into lower level planning.

Although there is evidence that departments have been guided by the FSAPP in terms of nominally aligning to the NDP, MTSF and the national outcomes approach, this does not yet appear to have resulted in the kind of performance indicator monitoring and reporting necessary to inform more strategic decision-making. Instead of providing meaningful measures of performance results, programme performance indicators are crafted with a control and accountability orientation which limits their value for performance improvement.

The emphasis on compliance with the FSAPP has been driven by external accountability to oversight bodies, particularly the incorporation of the FSAPP and FMPPI into the AOPO. This has led to some improvements in the management of monitoring data, especially from an administrative perspective, but ultimately limited the space for a results-based performance management approach in favour of a narrow adherence to FSAPP templates.

After more than a full term of government since its introduction, various gaps and challenges have been identified in the implementation of the FSAPP. This accountability system is yielding more reliable performance information, but it is not yet performance information of the right kind, too often at an operational level or with a dubious logical link to the outcomes it purports to be advancing. The FSAPP has certainly marked an advance in government's approach to strategic planning but government needs to strike a more appropriate balance between the demands of performance and administrative accountability.

At the same time, a revised framework on its own cannot and should not be expected to solve all the challenges identified in this evaluation. Revising the framework is an output that can be relatively easily achieved, whereas the change that a new framework must help facilitate is the institutionalisation of a result-based approach and more genuinely strategic planning processes.

6 RECOMMENDATIONS

The following recommendations are the product of consultations following a full-day workshop with stakeholders and subsequent meeting of the Evaluation Steering Committee.

Revisions to the FSAPP

1. DPME should revise the FSAPP in consultation with National Treasury and the Department of Public Service and Administration (DPSA) to produce a concise, integrated planning framework with differentiated guidance documents and tools.
 - a. The revised FSAPP should specify which parts of the framework are prescribed.
 - b. The revised FSAPP should clarify what parts of the framework serve as a guide.
 - c. The revised FSAPP should reflect more closely synchronised steps in the planning and budgeting cycle.
 - d. The FSAPP should specify the process for revising Strategic Plans and APPs.
 - e. Introduce a differentiated FSAPP toolkit including case studies.

Improvements to other planning elements

2. DPME should establish a task team with the DPSA and National Treasury to investigate revisions to the PFMA Regulations, Chapter 5, and the PSA Regulations to ensure alignment and consistency between regulations.
3. DPME should, in consultation with National Treasury, DPSA and the Department of Cooperative Governance and Traditional Affairs (CoGTA), revise the FMPPI as part of broader planning, monitoring and evaluation reform.
4. DPME, in consultation with DPSA, National Treasury, and CoGTA, should involve the National School of Government, in the development of a capacity building support programme for planning according to differentiated user needs.
5. National Treasury should, in consultation with DPME, adjust the MTEC process to make explicit the accommodation of revisions to the FSAPP so that any prescribed planning steps better synchronise budgeting and planning.
6. DPME, in collaboration with StatsSA and sector departments, should introduce a centralised, national system for the sourcing, capture and distribution of outcome and impact level indicators using survey data in addition to programme performance information.

Addressing perverse incentives arising from the audit of performance information

7. The Auditor-General should consult via the PITT on the contents of the *Performance Management Reporting Framework* to agree on the criteria applied in the audit process.
8. The Auditor-General should continue to raise awareness of the audit approach applied in the audit of performance information and ensure auditors are trained in line with the revised planning framework.
9. DPME's revisions to the FSAPP should exclude prescribing the setting of annual targets for outcome indicators.

Institutionalising lessons from compliance to the FSAPP

10. DPME, National Treasury, CoGTA and DPSA should collectively ensure planning processes are better coordinated, integrated and consolidated as part of the government policy cycles.
11. DPME, National Treasury, Offices of the Premier, Provincial Treasuries, DPSA and CoGTA should leverage existing intergovernmental platforms to improve the coordination of planning within and across spheres of government.
12. DPME should support Offices of the Premier to coordinate planning in provincial spheres and provide targeted support

Implementation programmes

13. Departments should strengthen the linkage and cascading of a medium-term strategic planning process with implementation programme planning and design.
14. Departments should ensure their Strategic Plans and APPs identify, relate and explain the relationship between their budget programme structure and key implementation programmes as part of their planning narratives.

Institutionalisation of planning revisions

15. DPME should stagger the roll-out of revisions to the FSAPP to allow for a pilot.
16. DPME, with the support of National Treasury, DPSA, and the National School of Government, should make available ad hoc training and support for roll-out.
17. DPME should, in consultation with DPSA, National Treasury and CoGTA, develop a change management strategy for the public service.

Other recommendations

18. DPME should coordinate involvement of the DPSA, National Treasury and CoGTA to revise and agree upon a Theory of Change (or theories) for planning, monitoring and evaluation across the state for the 2019/20-2024/25 planning cycle.

6.1 Annex 1: References

- Auditor-General of South Africa. 2016a. *The Audit of Predetermined Objectives*. APAC training presentation.
- Auditor-General of South Africa. 2016b. *National and provincial audit outcomes: PFMA 2014-2015*. [Online], Available: <https://www.agsa.co.za/Documents/Auditreports/PFMA20142015.aspx>.
- Brown, T.L. 2010. The Evolution of Public Sector Strategy. *Public Administration Review*. 70(December):212–214.
- Bryson, J.M. 1995. *Strategic planning for public and nonprofit organizations: a guide to strengthening and sustaining organizational achievement*. San Francisco: Jossey-Bass.
- Bryson, J.M., Berry, F.S. & Yang, K. 2010. The State of Public Strategic Management Research: A Selective Literature Review and Set of Future Directions. *The American Review of Public Administration*. 40(5):495–521.
- Cameron, R. 2009. New public management reforms in the South African public service: 1999-2009. *Journal of Public Administration*. 44(4.1):910–942.
- Department of Planning Monitoring and Evaluation. 2015. *Terms of Reference for the Implementation Evaluation of the Framework for Strategic and Annual Performance plans*.
- Department of Public Service and Administration. 2001. *Public Service Regulations*.
- DPME. 2013. *Draft DPME Guideline 2.2.3: Guideline for the planning of new implementation programmes*. [Online], Available: http://evaluations.dpme.gov.za/images/gallery/Guideline_2.2.3_Implementation_Programmes_13_07_30.pdf.
- DPME. 2014. *Standards for evaluation in government (Version 2)*. [Online], Available: http://www.dpme.gov.za/keyfocusareas/evaluationsSite/Evaluations/DPME_Standards_for_Evaluation_in_Government_v2_14_03_06.pdf.
- Engela, R. & Ajam, T. 2010. *Implementing a government wide monitoring and evaluation system in south africa*. Washington, DC: The World Bank. [Online], Available: www.worldbank.org/ieg/ece.
- Government Gazette. 2016. *Auditor-General of South Africa: Directive issued in terms of the Public Audit Act, 2004*. [Online], Available: http://www.greengazette.co.za/pages/national-gazette-37230-of-17-january-2014-vol-583_20140117-GGN-37230-003.
- Latib, S. 2014. Bringing Politics and Contestation Back Into Monitoring and Evaluation. *Journal of Public Administration*. 49(2):460–473.
- Llewellyn, S. & Tappin, E. 2003. Strategy in the Public Sector: Management in the Wilderness. *Journal of Management Studies*. 40(4):955–982.
- Mexican Ministry of Finance and Public Credit. 2001. *Proceso De Programación y Presupuesto*.
- Mintzberg, H., Ahlstrand, B.W. & Lampel, J. 1998. *Strategic safari: A guided tour through the wilds of strategic management*. New York: Free Press.
- National Planning Commission. 2011. *Our future - make it work*. Pretoria: The Presidency.
- National Treasury. 2007. *Framework for Managing Programme Performance Information*.
- National Treasury. 2010. *Framework for Strategic Plans and Annual Performance Plans*.
- Plaatjies, D. & Porter, S. 2011. Delivering on the promise of performance monitoring and evaluation. In D. Plaatjies (ed.) *Future inheritance: Building state capacity in democratic South Africa*. 292–311.
- Republic of South Africa. 1996. *Constitution of the Republic of South Africa*. Pretoria:

Government Printers.

Steurer, R. & Martinuzzi, A. 2005. Towards a new pattern of strategy formation in the public sector: First experiences with national strategies for sustainable development in Europe. *Environment and Planning C: Government and Policy*. 23(3):455–472.

The Presidency. 2007. Policy Framework for the Government-wide Monitoring and Evaluation System.

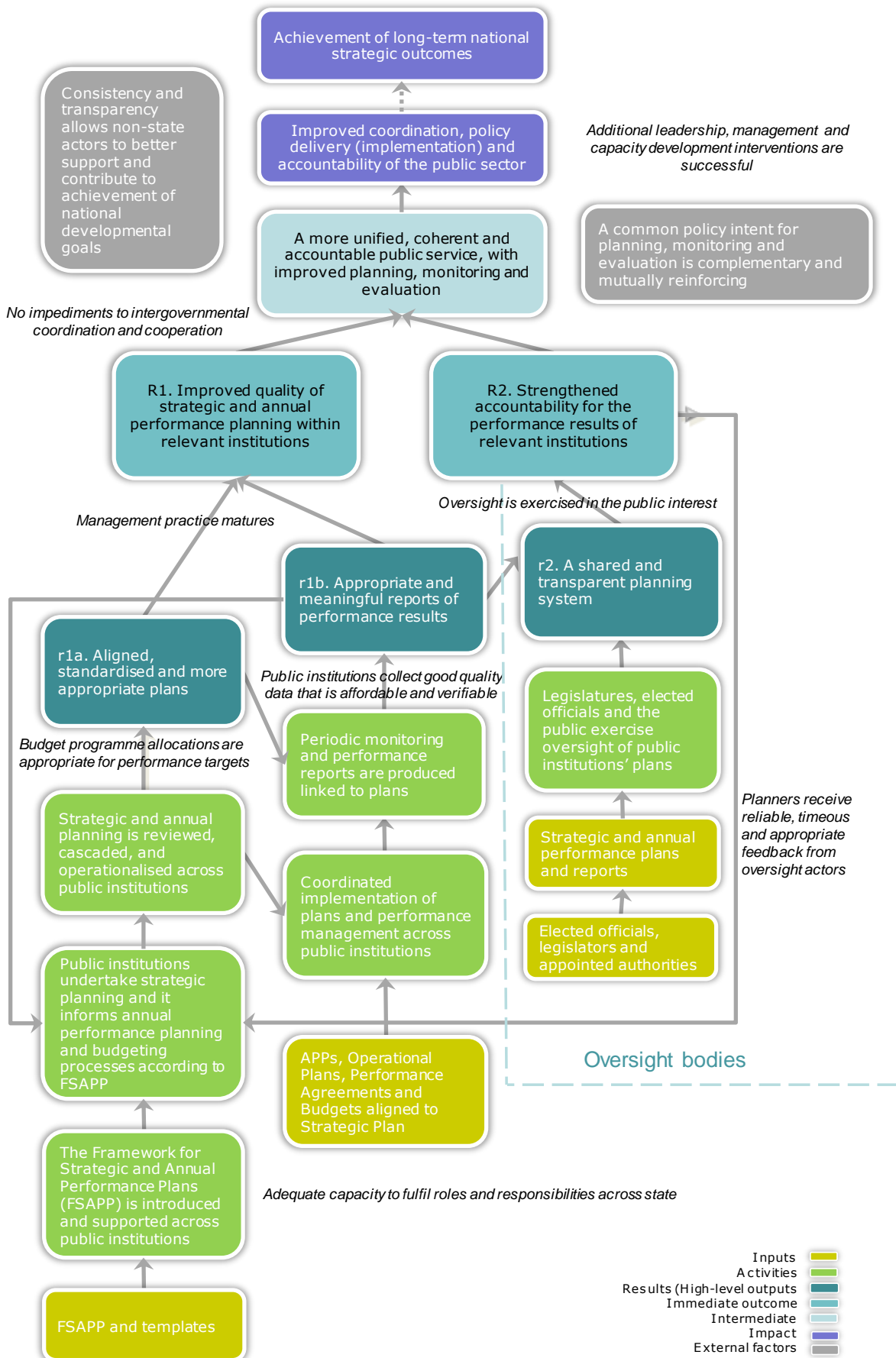
The Presidency. 2009b. *Medium Term Strategic Framework 2009-2014: Together Doing More and Better*.

The Presidency. 2009a. Improving Government Performance: Our Approach. 1–4. [Online], Available: [http://www.dpme.gov.za/publications/Policy Framework/Improving Government Performance_Our Approach.pdf](http://www.dpme.gov.za/publications/Policy_Framework/Improving_Government_Performance_Our_Approach.pdf).

The Presidency. 2014.

Young, R.D. 2003. Perspectives on Strategic Planning in the Public Sector. 1–28. [Online], Available: <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.147.9408&rep=rep1&type=pdf>

6.2 Annex 2: Proposed Revised Theory of Change





planning, monitoring
and evaluation

Department:
Planning, Monitoring and Evaluation
REPUBLIC OF SOUTH AFRICA

CONTACT

The Presidency
Department of Planning, Monitoring and Evaluation
Private Bag X944
Pretoria, 0001, South Africa
Tel: +27 12 312 0155
Fax: +27 86 686 4455