



planning, monitoring  
& evaluation

Department:  
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# A CONCEPT NOTE ON INSTITUTIONALISATION OF PLANNING IN SOUTH AFRICA

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## 1. Background

South Africa has commenced the institutionalization of national planning in government, a process that will result in the creation of a functional and integrated national planning system in the South African government. The first step in this process was achieved in April 2015 when the National Planning Commission (NPC) released a Discussion document titled: *'Reforming the South African Government Planning System'* (the 'Discussion document'). The Discussion document provided a common entry point for a policy discussion among stakeholders on the approach of the South African government towards establishing a national planning system. Consultations on the document included engagements with the nine (9) provinces of the country, a major workshop with key stakeholders held in November 2016 followed by engagement with select national departments and metro municipalities.

The current arrangements for planning in government remain unsuited to the task of long-term planning for the development of the country. This is because of the significant fragmentation in roles and powers across the three spheres of government. This fragmentation has resulted in government policies and programmes achieving sub-optimal outcomes relative to the resources spent by the state in preparing and implementing them.

The DPME consultations on the Discussion document sought to incorporate stakeholder insights, lay a policy foundation for a whole-of-government approach to planning and set the direction for the planned future of South Africa. The DPME consultation process concluded with a draft policy direction document and a concept paper that were presented to the NPC in September 2017.

Key weaknesses in planning identified during the consultation process include the lack of linkages between plans and budgets; the lack of prioritisation in government action; the lack of clarity on the powers and functions of the DPME as the department at the centre of government tasked with overseeing planning and the lack of co-ordination between the plans and programmes of the three spheres of government. The proposed DPME reforms to planning in government seek to holistically address these challenges. Since 1994, the planning system in the South African government has developed along an evolutionary path, and the proposed DPME are a culmination of progressive steps taken towards integrated national planning by the government since 1994.

The South African government system has a complex planning landscape, with laws and regulations relating to planning located in different areas within the country's constitutional framework. In addition, several key components of government planning work well, but do not contribute to the achievement of meaningful integrated developmental gains. An example of this is spatial planning that has yet to be implemented an integrated manner nationally.

### 1.1 Defining planning in government

The term planning has many definitions depending on the context in which it is used. A useful conception of planning is activity that involves: *'thinking in advance of what is to be done, when it is to be done, how it is to be done and by whom it should be done'*. Planning therefore bridges the gap between where we are today and where we want to reach in the future. It includes developing a shared vision and working towards particular goals.

For consistency of use within the DPME planning reforms, planning can be defined as: *a continuous process which involves decisions or choices made by South African government departments and officials about alternate ways of using available resources with the aim of achieving particular development goals in future'*.

This continuous process involves decision-making during the formulation and implementation of policies, practices and systems that seek to achieve the development objectives of government. The reforms to be introduced by DPME also introduce a number of concepts and descriptive terms that will be applied to the planning system.

Different types of planning are conducted within the government. *Long-term planning* refers to planning by the government that occurs over a horizon of 30 years or more. *Medium-term planning* refers to that planning that occurs over a period of 5-years, and includes Strategic planning by departments. *Short-term planning* refers to planning that occurs over a period of 12 months and includes Annual Performance Plans.

*Reform or 'planning reform'* refers to proposed changes to activities and institutional arrangements in the three spheres of government through which long-term planning is carried. The nature of the reforms is varied. Some reforms are to be effected through legislation, others through new requirements to follow procedural guidelines while others involve making better use of existing structures, such as the intergovernmental framework, and putting them in the service of planning.

*Integration* of planning within the DPME planning reform can be defined as the taking of separate planning activities occurring in the three spheres of government and bringing them together to form a unified whole, or system, so that they work effectively.

*Co-ordination* of planning by the DPME can be defined as the process of organizing different groups and people in government with complex planning responsibilities in a way that they work together effectively.

## 1.2 Substantive areas of reform in planning

Planning is a wide-ranging activity taken on by various departments in government. The planning reform does not seek to overhaul all areas of government planning, but instead will introduce changes to a limited number of key areas within government planning.

These reforms constitute the core functions of the Planning Branch in DPME:

- **Budget Mandate paper**

Produce an annual directing paper in collaboration with the National Treasury, to identify and propose priority areas and programmes to be funded in the national budget. This process seeks to align government spending with NDP goals.

- **National Spatial Development Framework (NSDF)**

To co-ordinate the development and implementation of a national spatial framework and associated norms used to inform investment decisions and physical planning by government nation-wide.

- **Governance and Accountability (GA)**

Oversee and implement an enhanced system for effective medium-term and short term planning by government departments that ensures that targets and outputs are aligned to achievement of NDP goals.

- **The International development agenda**

From the centre of government, co-ordinate domestic implementation of the country's international development goals and commitments, including the Sustainable Development Goals (SDGs), AU Agenda 2063 and UN Habitat and to support other such programmes when required.

- **5-year National Plan or the Medium-Term Strategic Plan (MTSP)**

At the beginning of each new electoral term, develop a 5-year national plan with priorities and targets to be achieved by the incoming administration based on the election manifesto of the ruling party and the NDP.

Among countries that have adopted a planning approach to national development, South Africa has established unique institutional arrangements for the fulfilment of its objectives. Most prominently, this includes the creation of a National Planning Commission (NPC) that developed the NDP vision 2030 and advises the President on issues of national planning. The status of the NPC, its relationship to the DPME and the rest of government are matters addressed in planning legislation that will be introduced into Parliament during the 2017/2018 Financial Year.

## **2. Context and problem statement for Planning reform**

Decades of apartheid-era planning continue to impede South Africa's economic development and its realization of social inclusion and other developmental goals.<sup>1</sup> Evidence of this abounds in society and in the country's development indicators. The majority of the black African population resides far from places of formal employment. The distribution of skills in the economy is asymmetrical; the black African population has an unemployment rate of 29.7 percent, while the White population has an unemployment rate of 7.2 percent<sup>2</sup>. The economy find itself in a low growth trap with the economic growth currently estimated at 2.5% q/q in the second quarter of 2017. Poverty levels are increasing with 56% of the population living below the upper bound poverty line.

The Diagnostic Overview of the NPC describes the quality of education for poor Black Africans as substandard. Unemployment is highest among the youth, and structural factors relating to education and skills development are key contributors to this challenge<sup>3</sup>. In other areas of the state, discrepancies exist between spheres of government in foundational documents and data sources used in planning. Importantly, a policy evaluation study conducted in conjunction with the Development Bank of Southern Africa (DBSA) identified lack of information-sharing, poor coordination and cooperation between state agencies, local, provincial and national government as factors in the country's poor public service outcomes.<sup>4</sup>

A key institutional challenge to the achievement of effective planning in government is the fragmentation of the constitutional power to effect planning; a power that is dispersed across the three spheres of the South African government. This fragmentation is a result of the assignment of powers and functions to various spheres of government within the Constitution Act, and is identified as an important area for DPME planning reform.

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<sup>1</sup> The second democratic administration (1999-2004) identified ineffective planning as a challenge, however, the focus of its reforms in planning was on shortcomings in the functioning of the government system. It developed the National Policy Framework that proposed changes related to the timing of budget cycles and the preparation of plans across the three-spheres of government. A lack of policy co-ordination and implementation was also identified as inhibiting the effectiveness of government policy. A number of changes were introduced to the government system, including the early form of the MTSF and MTEF

<sup>2</sup> Quarterly Labour Force survey-May 2016, Statistics South Africa

<sup>3</sup> Social Profile of the Youth 2009-2014, Statistics South Africa. 2014

<sup>4</sup> Methodologies and Tools for Integrated Infrastructure Planning and Rural Development in South Africa. Korea Development Institute.2012. p22

### 3. A developmental approach to Planning

The approach to planning for South Africa undertaken by the DPME departs from the premise that the objectives of the National Development Plan (NDP) must be realized. The approach therefore incorporates many societal goals and can be distinguished from classic economic planning.

Economic planning is concerned with making conclusions on economic development on the basis of aggregated data in national accounts that includes Per-Capita income, Gross National Product (GNP) and Gross Domestic Product (GDP). The metrics of economic planning have limited utility in South Africa's approach to national planning, as they measure monetary gains or financial well-being, failing to account for social factors that are key determinants of the welfare of citizens.<sup>5</sup> These social factors relate to human needs such as access to quality healthcare, access to good public education and freedom from hunger among others. Financial well-being is therefore a component of citizens' welfare.<sup>6</sup> The planning approach of government seeks to positively impact the life experience of South Africans and create a society that is productive, with citizens who feel safe, are well-educated and includes all the societal goals of the NDP. This holistic approach to transforming South African society can be characterized as a *developmental-focused approach to planning*.

What then are the components of the developmental approach to planning by government?

Planning for South Africa by the government can be understood as *the allocation of limited national resources*. This approach involves the allocation of natural resources that include land, water, mineral wealth among others. Allocating resources does not only refer to natural resources, but also includes manpower, (or human resources), capital resources such as roads, buildings and equipment and monetary resources such as finance.

The developmental approach adopted by the government further conceptualizes *planning as a means of achieving national goals*. This planning involves the government making decisions about achieving particular goals as they are outlined in the NDP. The government is required by the NDP to reach a destination, and will therefore have to decide on the best way of getting there. Under this aspect of the developmental approach, the process of goal formulation by the government using the 5 year building blocks of the NDP (i.e. new Medium Term Strategic Plan) will be important.

*The element of time is an important feature of the planning approach* of the DPME. The goals which the government seeks to achieve lie in the future. This time element involves forecasting, or the making predictions about what is likely to happen in the future of the country. The other important aspect of the element of time concerns the scheduling of future activities. DPME will make decisions on the sequence in which various activities should be performed by the state in order for the country to proceed in a logical and orderly manner towards the achievement of goals identified in the NDP and MTSP.

### 4. International experience

A defining feature of a developmental state is the capacity to bring about rapid and sustainable transformation in the country's economic and social conditions through effective interventions in the structural causes of underdevelopment. The model of the developmental state has been successfully applied by East Asian countries from the 1960s to achieve economic growth and improvements in

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<sup>5</sup> Beckerman, W The role of Social Indicators in Development planning. UNESCO, Madrid. 1980. p1

<sup>6</sup> Ibid.

human welfare. There is however, no prototype of a developmental state; each country has to pursue a unique set of policies in response to its own set of challenges.<sup>7</sup>

#### 4.1 South Korea

During the past five decades, Korea had a highly centralised form of government. National planning in the country was conducted by the Economic Planning Board (EPB) that was established in 1961<sup>8</sup>. Planning was given great importance in the country and the EPB functioned as a super ministry with its Minister serving as the Deputy Prime Minister of Korea<sup>9</sup>.

Since its establishment, the functions of the EPB of development planning, budgeting and statistics underwent significant expansion and adjustments, and before EPB was combined with the Korean Ministry of Finance in 1994 included price policy, fair trade administration, investment project appraisal, and performance monitoring and evaluation<sup>10</sup>. As the Minister of the EPB was the Deputy Prime Minister he oversaw budgetary control over the ministries. Within Korea's institutional arrangements, the Planning Ministry had leading institutional powers to carry out the functions of economic planning and policy coordination<sup>11</sup>.

Although the EPB operates as a central planning organisation, it cannot prepare and implement Korea's development plan without the collaboration of functional ministries in that country's government. In this sense, the planning function of each ministry is very important in Korea. The national planning function in that country is generally performed by the Office of Planning and Management (OPM), which is a higher level organisation compared to the various Ministerial bureaus that report directly to the Minister of Finance. The OPM is usually responsible for development planning, budgeting, performance monitoring and evaluation of the ministry's projects and policy measures. South Korea has been the most successful country in the world to use development planning. Korea instituted its first 5-year national plan in 1962. At the time that it attained independence in 1964, Zambia had a higher GDP than South Korea. Through the successful use of development planning, Korea is now industrialised, is a member of the G-20 Group of nations and has the 12th largest economy in the world with a GDP in excess of USD 1,498 Billion<sup>12</sup>.

#### 4.2 Malaysia

The Economic Planning Unit (EPU) in Malaysia is the principal government agency responsible for the preparation of development plans for the nation. The unit was established in 1961 as the Economic Secretariat of the Economic Committee under the Executive Council of the then Federation of Malaysia<sup>13</sup>. Its objective then was to "focus on development planning, on major problems in plan execution and on all forms of foreign aid". In that year, the Government also established the National Planning Development Committee with the Economic Planning Unit as its secretariat<sup>14</sup>. While the Cabinet continued to retain the ultimate responsibility for planning in the country, the National Development Planning Committee was assigned the responsibility for the formulation, implementation, progress evaluation and revision of development plans. Since its establishment

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<sup>7</sup> NPC Diagnostic Report

<sup>8</sup> Sang-woo Nam Economic Planning in Korea-Planning, process and monitoring. Korea Development Institute. 2006. p1

<sup>9</sup> Ibid.

<sup>10</sup> Ibid.

<sup>11</sup> Ibid.

<sup>12</sup> IMF World GDP data and charts 2017

<sup>13</sup> <http://www.epu.gov.my/en/profile/history> (accessed 26/9/2017)

<sup>14</sup> Ibid.

almost 43 years ago, EPU functions have remained primarily unchanged although it has taken on additional functions in response to the changing emphasis of development policy<sup>15</sup>.

Malaysia has adhered to a system of 5-year building blocks, called Malaysia national plans that are developed by the EPU. Each 5-year plan identifies a limited number of major policy objectives or shifts that Malaysia must achieve during the envisaged 5-year period. These plans are generally accompanied by implementation plans and indicators for the identified goals. The EPU works very closely with the Prime Minister. The EPU is organised according to line functions and operates in four main areas that are linked to substantive outputs. These four areas are Sectoral planning, Macroeconomic policy planning, General development planning and Human Capital.<sup>16</sup>

## 5. Planning in South Africa: 1994 to the present

The mandate of the national planning function derives from the Constitution, which at section 85(1) states that “the executive authority of the Republic is vested in the President” and that the President exercises this authority together with Cabinet.<sup>17</sup> This executive mandate includes developing and implementing national policy and coordinating the functions of state departments and administrations.<sup>18</sup> The mandate therefore is founded on the strategic and coordinating authority of the Presidency rather than authority derived from legislation.

The reliance on positional authority for national planning is consistent with the experience of many other countries, which indicates the importance of planning entities being able to adapt over time in order to focus on specific priorities and opportunities.

The process of institutionalising planning at the centre of government takes place many years after some departments have been in existence. This will require that the function is properly defined, taking account of the role of other departments as set out in sectoral legislation. The planning function will exercise positional authority in a number of ways, including the production of overarching plans that provide strategic direction that informs other plans. The greatest developmental benefits to the country however are likely to come from a selective and intensive focus on a small number of key developmental priorities. Over time, such an approach will promote consensus on the role of planning, in distinction from approaches that seek to predetermine every detail of the planning function.

### 5.1 Planning in the democratic South Africa

In 1994, when South Africa’s first democratic government was elected it inherited a fragmented, unequal and incoherent planning systems which had developed under apartheid. The continued development of this system in the post-1994 era has occurred in three broad ‘waves’:

#### *Wave 1: Setting up the foundations of Planning-1994 to 2000*

During this first wave, the Constitution allocated powers and responsibilities, the PFMA was introduced to organise resource planning & associated processes and the Municipal Systems Act institutionalised Integrated Development Planning (IDPs).

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<sup>15</sup> Ibid.

<sup>16</sup> <http://www.epu.gov.my/en/organisation/chart> (accessed 27/10/2017)

<sup>17</sup> Section 85(2) of the Constitution Act 108 of 1996

<sup>18</sup> Ibid.



### *Wave 2: Driving Co-ordination and Inter-Governmental Relations - 2001-2008*

During the second wave, in 2001, the Presidency was restructured and new innovations were introduced to drive co-ordination and intergovernmental relations. As a result, the Policy Coordination and Advisory Services (PCAS) unit, the Cluster system in Cabinet and the Forum of South African Directors General (FOSAD) were introduced.

The restructuring of the Presidency was effected in line with the findings of a Presidential Review Commission, established to determine ways to make the Presidency work more effectively. The Commission noted relating to structure and function in the system of government, which had resulted from Apartheid. The Commission found that, structurally, the national machinery is fragmented. The Commission further noted that concerns about weaknesses at the centre of government were a recurring theme during its consultations. As a result of these and other findings the Presidency was reconfigured to establish a new “integrated Presidency.”

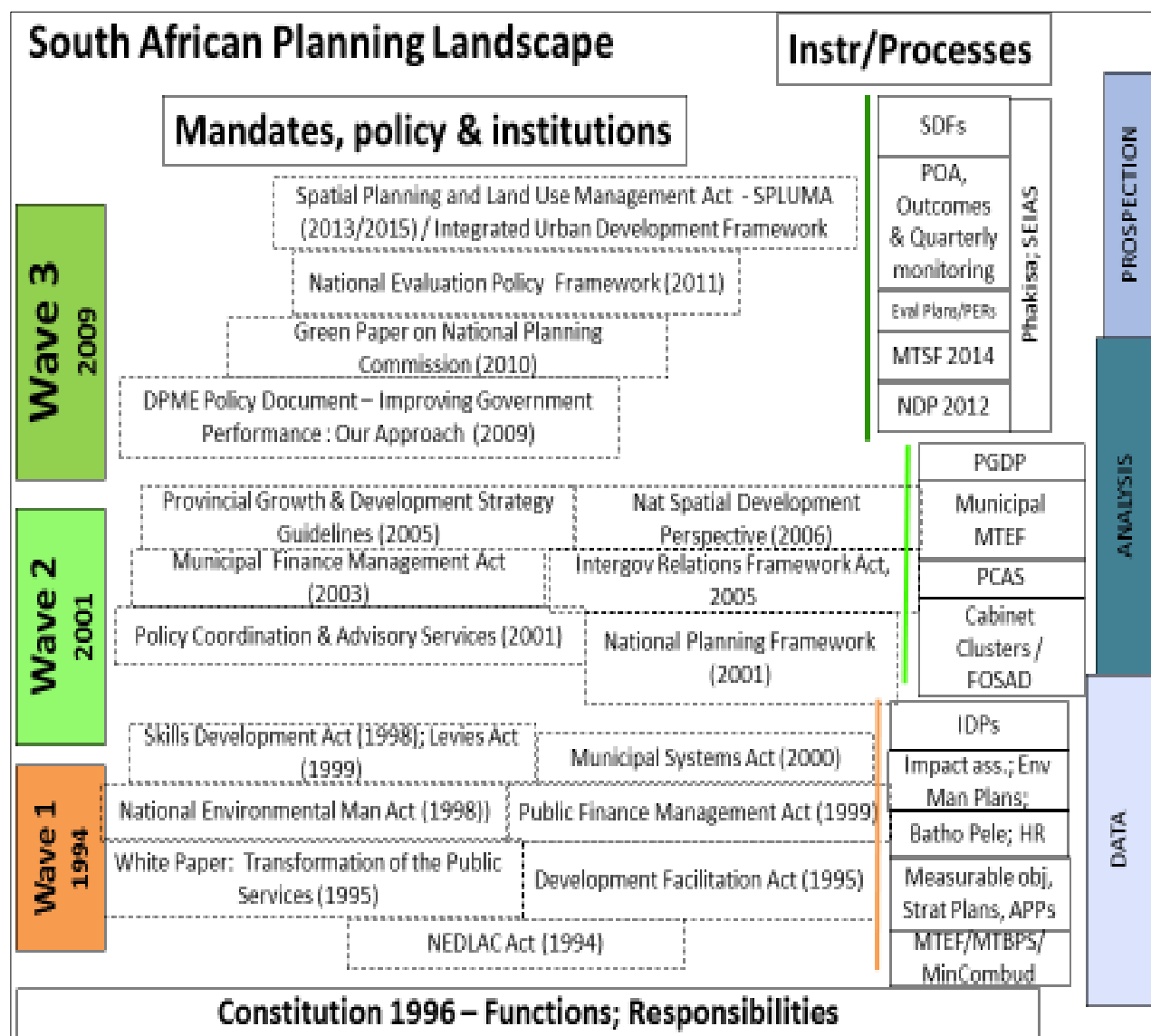
The administrative structure of the new, integrated Presidency made provision for the establishment of a policy unit, the Policy Coordination and Advisory Services (PCAS). This branch advised the President, Deputy President and Minister in The Presidency on all aspects of policy coordination, implementation and monitoring. It kept track of policy developments in different departments on issues such as poverty, restructuring of state assets and integrated rural development. Its purpose was to facilitate an integrated approach to all policy development and implementation.

In addition, in 2001, the National Planning Framework (NPF) was put in place with the first Medium Term Strategic Framework (MTSF) introduced for the 2004-2009 electoral period. The National Spatial Development Perspective (NSDP) was also introduced in 2003 as an attempt to identify national spatial investment priorities. In line with the objective of enhanced intergovernmental relations and co—ordination, during this period, the Municipal Finance Management Act of 2003, the Intergovernmental Relations Framework Act of 2005 and Guidelines for Provincial growth & Development Strategies (2005) were introduced.

### *Wave 3: New M&E and Long-term planning capacity at the centre of government - 2009-2016*

In 2009, Ministers for National Planning and for Monitoring and Evaluation were introduced into the Presidency, followed by a consolidation of the two Ministries in 2014. New, additional planning & monitoring instruments, including Socio-economic impact assessments, a National Evaluation System and Operation Phakisa were introduced to improve planning.

Figure 1: Figure showing 3 waves of evolution of South African planning



## 5.2 Towards implementation of Spatial Planning

The Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) was adopted shortly after the introduction of the NDP. Although SPLUMA does not deal with fragmentation of the spatial planning function directly<sup>19</sup>, it introduces a new approach to spatial planning that can be refined and linked with overall long-term planning. The administrative functions in SPLUMA are currently in the process of re-assignment to both DPME and DCoG in order to achieve co-ordination between development in the local sphere and spatial planning.

SPLUMA was passed in order to ensure that government powers in relation to municipal planning are consistent with the determination reached in the case of Johannesburg Metropolitan Municipality v Gauteng Development Tribunal and Others.<sup>20</sup> At present, clarity on other powers and functions listed

<sup>19</sup> Given that functions related to zoning and land use management has been assigned to Provincial Administrators since the 1930s when the first provincial planning ordinances were promulgated, a National Act cannot repeal all legislation that contributes towards the fragmentation in the system.

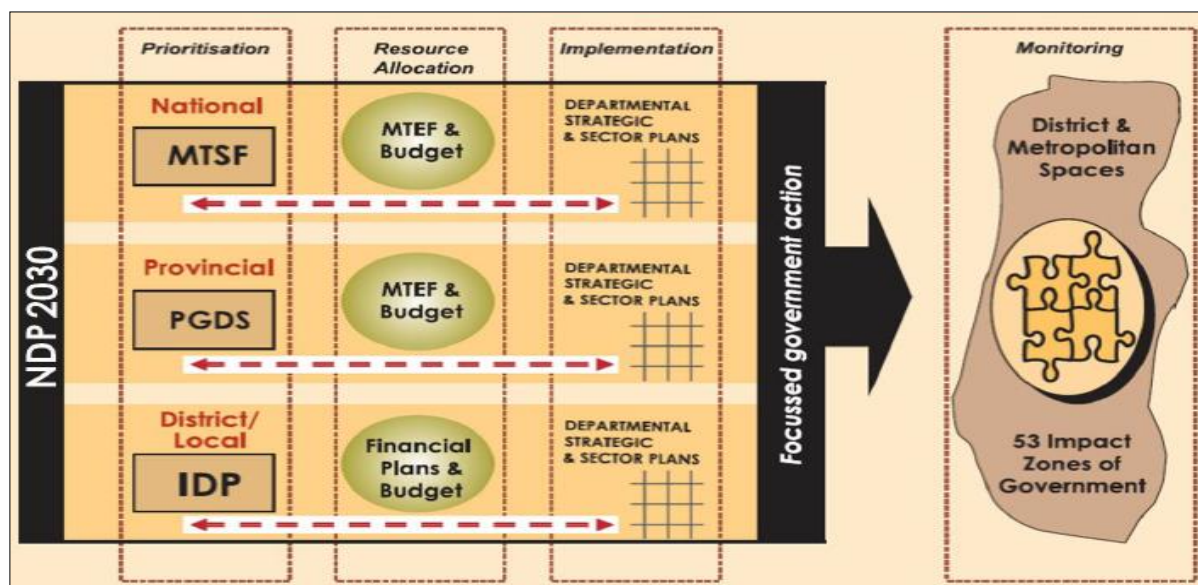
<sup>20</sup> 2010 (6) SA 182 (CC)

in the Constitution that relate to ‘Regional Planning and Development’, ‘Urban and Rural Development’ and “Provincial Planning” would be valuable in the context of comprehensive institutionalisation of spatial planning that is linked to strategic planning and budgeting processes.

### 5.3 Local government and development planning

While national planning is based on the NDP and MTSF, Provincial Growth and Development Strategies (PGDSs) and Integrated Development Plans (IDPs) are used to drive planning in Provinces and Local government respectively. Both IDPs and PGDSs processes are driven from consultations and high level consultations with the communities.

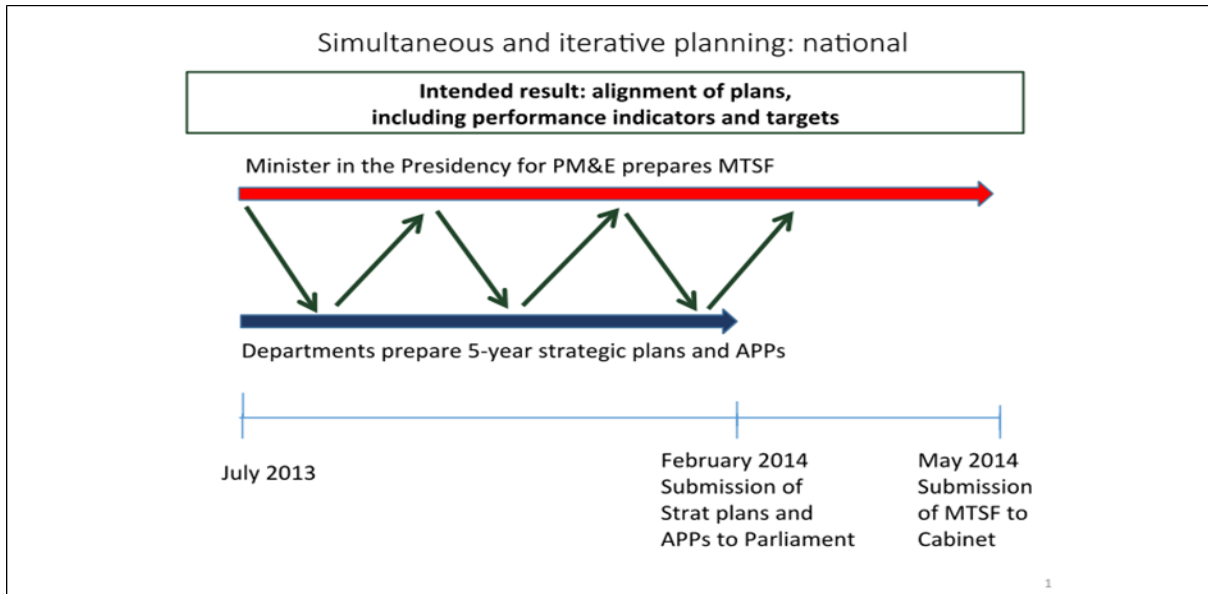
**Figure 2: Alignment of National, Provincial and Local Plans**



### 5.4 The MTSF: a tool that supports planning

Current planning in government is an iterative process whose cornerstone since 2014 has been the MTSF prepared by the DPME. The 15 Outcomes in the MTSF cover the electoral period 2014-2019 and have informed the strategic and annual plans of government departments, as well as the annual targets they set themselves. The processes established under the MTSF for the preparation of strategic plans will not be removed from government’s planning landscape, but rather, will be informed by a 5-year plan with indicators developed in pursuit of clearly identified goals derived from the NDP.

**Figure 3: Outline of planning cycles and processes under MTSF**



## 6. The way forward: Institutionalising Planning

In order for South Africa to realize the goals of the NDP, the DPME needs to understand the drivers of change in the country. In addition, formal structures and processes need to be established in Government to ensure a systematic response to changing conditions in support of the achievement of development goals. DPME has commenced a process that will result in a systematic response to change drivers that the department has labelled the “institutionalization” of planning.

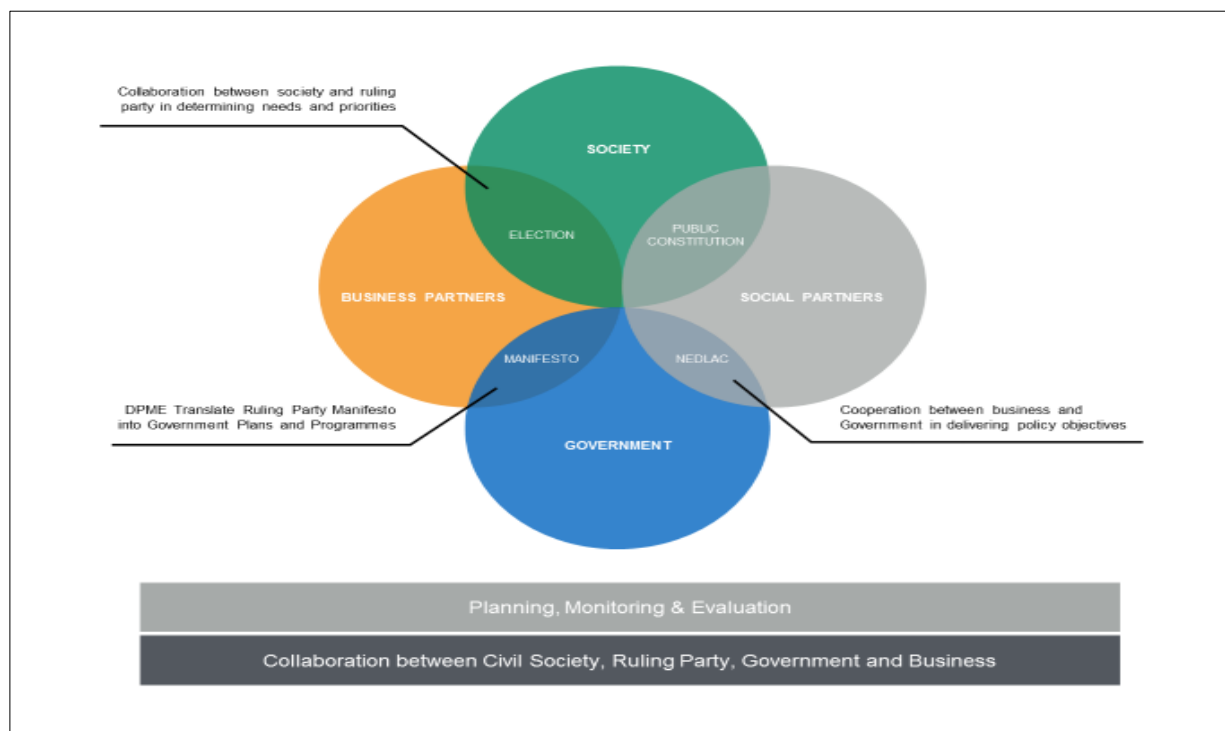
The key features and principles identified by the DPME for the institutionalization of planning include:

- a. Establishing a formal process for preparing national plans,
- b. Enhancing intergovernmental structures for co-ordination of effective planning between the three spheres of government;
- c. Aligning national planning with the national budget and its related processes;
- d. Deepening planning for spatial transformation and supporting the New Urban Agenda of UN Habitat; and
- e. Embracing the use of data and data tools in planning across government;

### 6.1 Societal collaboration and the achievement of the NDP

The NDP does not conceive of the achievement of Vision 20300 as the sole responsibility of the government. Civil Society and the private sector have an integral role to play in the achievement of the plan. The institutionalization of planning will therefore result in the creation of formal mechanisms by the DPME to secure the participation and input of the private sector and civil society in national planning.

**Figure 4: Collaboration between various key policy actors**



## 6.2 The National Spatial Development Framework (NSDF) and spatial planning

Spatial planning is a key instrument for achieving the development objectives of South Africa. In order for these objectives to be met, spatial planning and spatial transformation will become an integral part of long-term planning by the government.

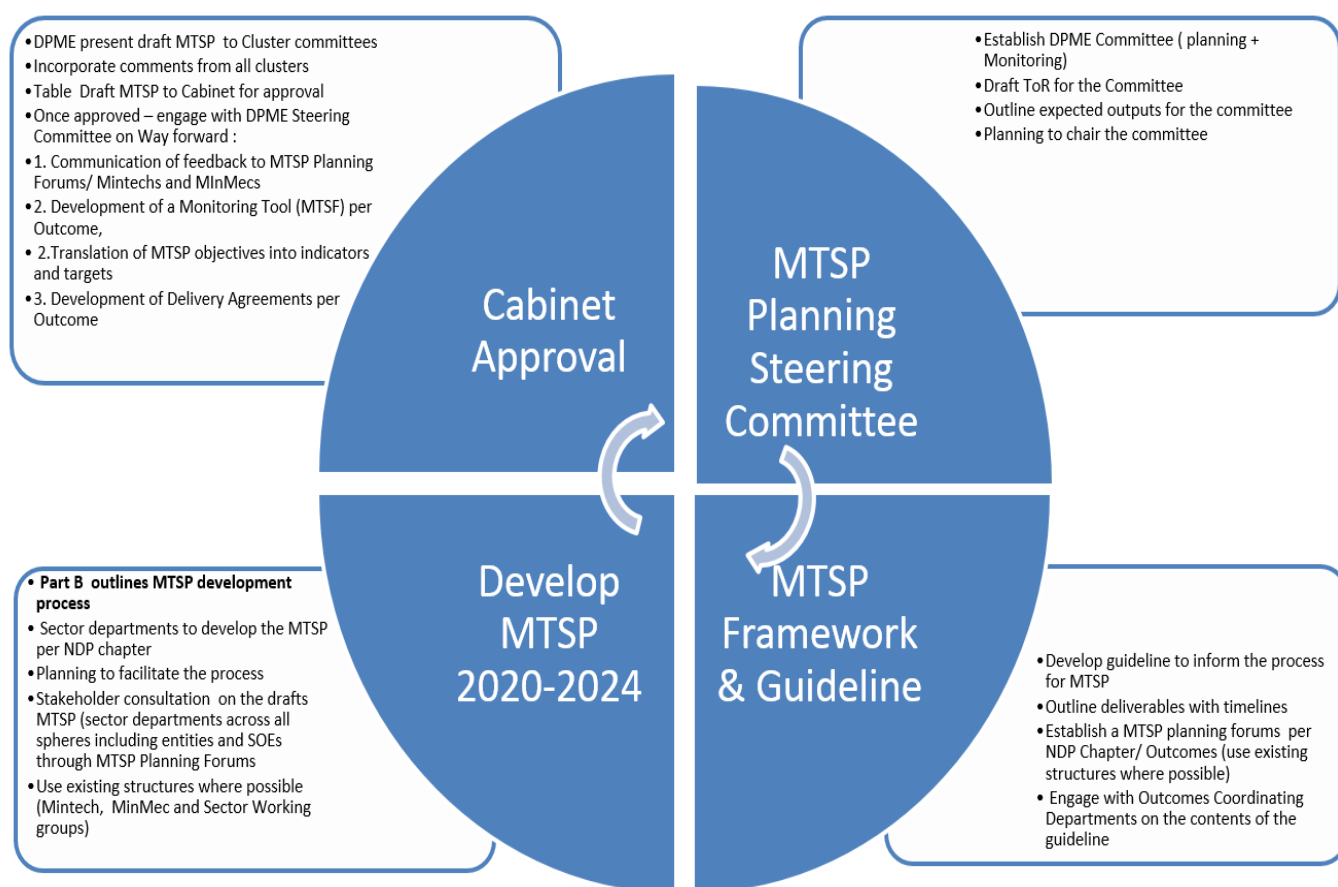
Spatial Planning will be implemented to ensure efficiency in the investment made by different sectors of the economy. Development benefits from such an approach be realized if the investment decisions of different actors are coordinated. Additionally, spatial planning creates environmental benefits through greater energy efficiency through densification and reductions in commuting distances. Spatial planning will be guided by the normative principles established by the NDP, particularly spatial quality, sustainability, spatial resilience, spatial efficiency and spatial justice.

SPLUMA is an important component of the drive to set the broad spatial agenda of the country. The statute establishes mechanisms for the negotiation of spatial conflicts, issuance of guidelines and monitor compliance.

## 6.3 The 5 year national plan or Medium Term Strategic Plan (MTSP)

As part of Planning reform, the DPME proposes the introduction the adoption of 5-year national plans by the government that will serve as building blocks towards achievement of the NDP in 2030. This approach to long-term planning of 5-year national plans that function as components of long-term national plans is in utilized by many countries that have successfully used national planning to achieve development goals, including Korea and Malaysia.

**Diagram 1. Diagram showing possible approach and elements of MTSP development**



The process for developing the MTSP has not been finalized by the DPME. The diagram above is indicative of the envisaged elements of the preparation of the plan. These elements include a possible committee to drive the preparation of the plan, the develop of guidelines for the plan, co-ordination of sector inputs and programmes into the 5year plan, and the process for its adoption by the Cabinet of incoming administrations.

#### **6.4 Strategic and Annual Plans—planning for Governance and Accountability**

The DPME conceives of a governance and accountability approach to planning as one that uses the strategic and annual performance plans of government departments as mechanisms to institutionalise medium-term development priorities. These priorities will be reflected in the Medium Term Strategic Plan (MTSP) and would be applicable to the statutory mandate of departments. The focus of the GAP approach will be for institutions to plan for the priorities which they will deliver over a five year planning horizon. The priorities identified and their linked outcomes will be reflected in the Strategic Plans of departments. Furthermore, planning for the resourcing and the achievement of priorities over the medium-term period will be implemented through a short-term instrument, the Annual Performance Plan that will enhance effective governance and accountability. Progress made towards the achievement of medium term priorities and reflected in Annual Performance Plans will be reported on a quarterly and annual basis.

## **6.5 The background: Governance and Accountability Plans**

The Framework for Strategic Plans and Annual Performance Plans (FSAPPs) was introduced to enable government to improve departmental performance towards the achievement of results, obtain more reliable performance information and to support learning and improvement within the public service. The framework sought to improve the quality of strategic and annual performance planning, to strengthen accountability of public institutions as well as improve policy delivery.

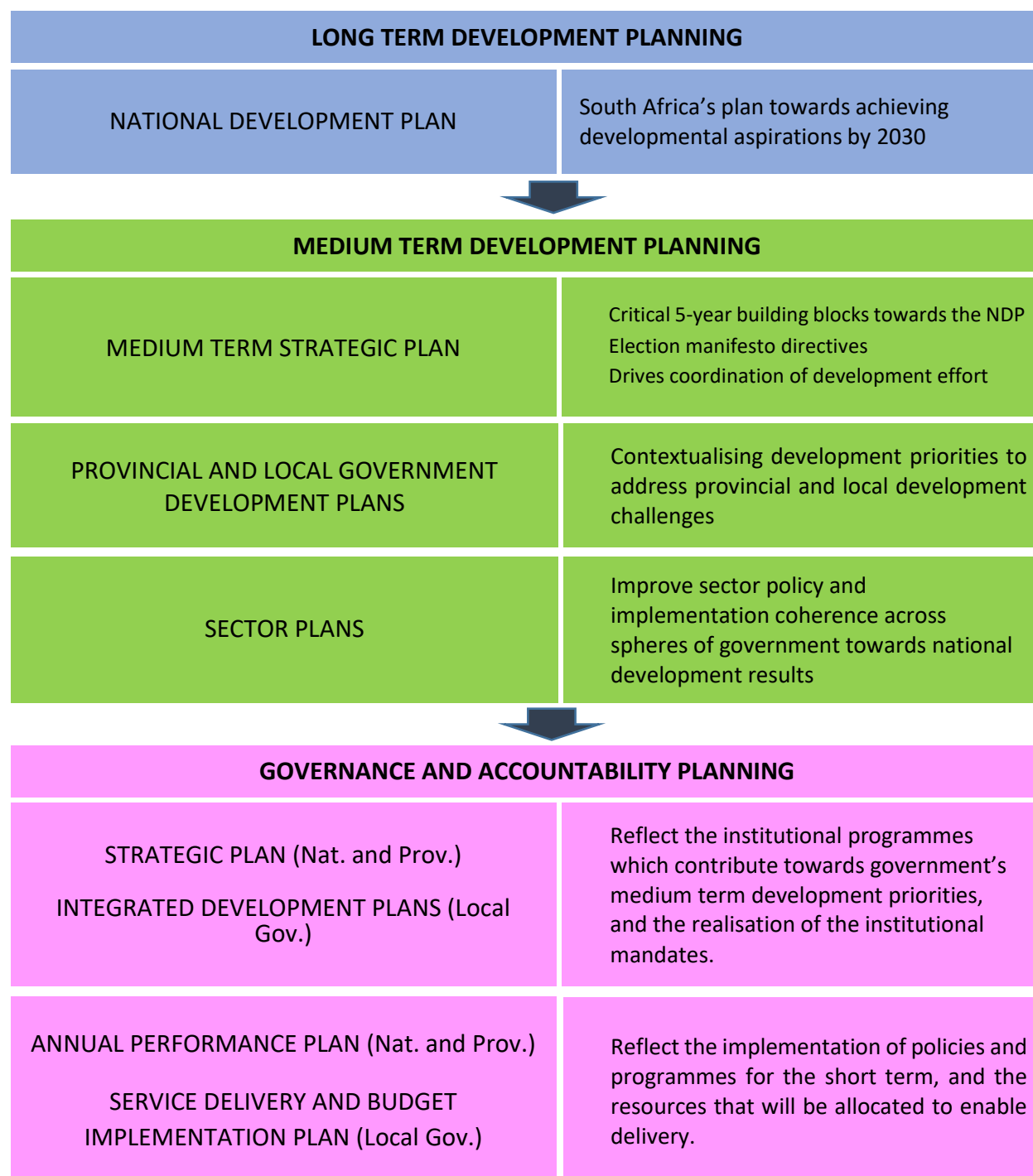
FSAPP is being reviewed to provide enhanced principles for short and medium term planning in departments, align various institutional plans to government long and medium term planning goals of the NDP, and to provide guidance on institutional processes annual and strategic plans.

Performance dialogues were introduced by DPME in 2015 as a management tool to enhance performance management in departments towards the achievement of government's medium and long term priorities. Performance Dialogues also serve as a mechanism to track progress towards the achievement of targets as stated in the MTSF and Annual Performance Plans, as reflected in Quarterly Performance Reports and Programme of Action (PoA) reports. The end goal is that Performance Dialogues should provide a single data platform to inform planning and budgeting decisions.

## **6.6 Strategic change and institutionalising the Governance and Accountability approach**

Reforms to GAP seek to establish a clear line of sight between long-term national planning and departmental plans. Under GAP, government's policy implementation will be streamlined to ensure that the long and medium term planning priorities are implemented, with mechanisms for appropriate oversight and accountability in support of policy implementation.

**Figure 6: Establishing light of sight in types of government planning**



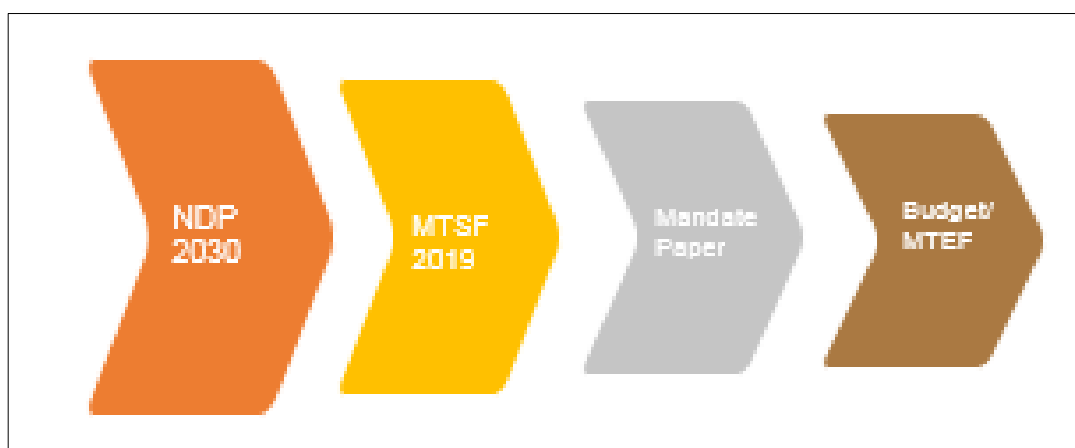
### 6.7 Linking Planning with the national Budget

In 2016, Cabinet identified the need to strengthen alignment of the national Budget with the MTSF and the NDP. It therefore introduced a new innovation to budgeting process of the country; the element of budget prioritization. This new approach seeks to ensure that budget funds are allocated according to the priority given to programme and policy areas of the government in the remaining 24 months of the 2014-2019 electoral term. Consequently, Cabinet instructed the DPME and National Treasury to develop a 'Budget Mandate Paper' that would guide the budget process to ensure a focused allocation of budget funds to Government's priority areas as identified by the paper.



The objective of the Mandate Paper is to establish a strategic framework for decision-making by the National Treasury on identified budget priorities that will advance the goals of the NDP. It seeks to establish a systematic basis for the making of choices against a backdrop of competing priorities and limited resources. The paper seeks to optimise the national budget as an instrument to drive achievement of the NDP. The Mandate Paper sets out a broad set of prioritisation criteria to guide the consideration of budget proposals placed before the National Treasury. It does not however indicate specific funding allocations, a process undertaken by the National Treasury as per fiscal legislation and the Constitution.

**Figure 7: Alignment of planning and budgeting processes through the Mandate Paper**



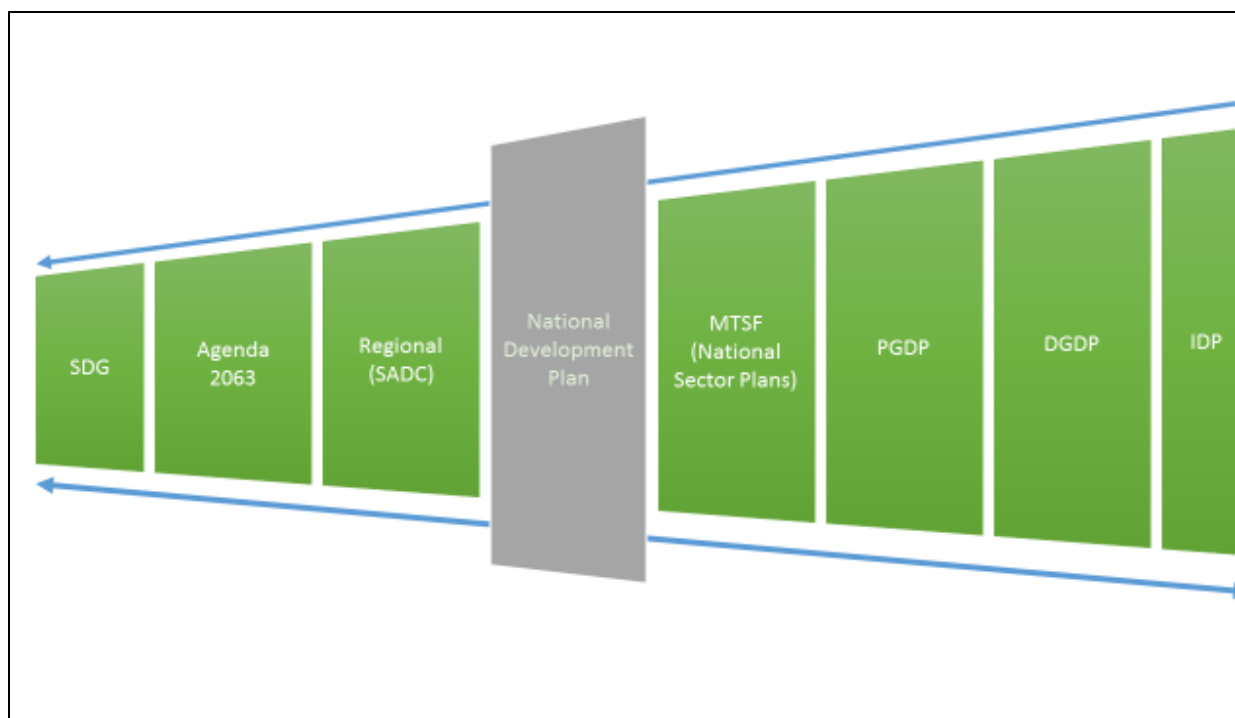
## **7. The NDP and international agendas for development**

International development agendas with their time-bound commitments are an important component of South Africa's efforts to deal with the development challenges facing the country. South Africa as a member of the United Nations (UN) and African Union (AU) has participated in the development of the UN Sustainable Development Goals and AU Agenda 2063, among various development agendas. These various development Agendas<sup>21</sup> seek to address economic, social and environmental challenges that hamper the improvement of the lives of citizens and the global population generally. International and regional development agendas highlight the importance of transnational partnerships in dealing with development challenges. The achievement of targets and enhanced wellbeing of citizens is a primary responsibility of governments, and their national plans and development strategies are important factors in the achievement of international goals. Bodies, such as the UNDP and UNECA enhance the co-operation between states, and non-state actors in achievement of development goals, while supporting and supplementing national efforts.

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<sup>21</sup> The Regional Indicative Strategic Development Plan (RISDP) of SADC is included in these international plans

**Figure 8: Integration of international development agendas into the NDP**



The UN Sustainable Development Goals (the “SDGs”) establish a global development agenda that South Africa and the African continent have committed to. Eight (8) areas within the SDGs have been identified for mainstreaming into the 2030 development Agenda and for adaption to the SDGs into domestic contexts. The 8 areas are:

- (1) Raising public awareness;
- (2) Applying multi-stakeholder approaches;
- (3) Tailoring SDGs to national, sub-national and local contexts;
- (4) Creating horizontal policy coherence;
- (5) Creating vertical policy coherence;
- (6) Budgeting for the future;
- (7) Monitoring, reporting and accountability and
- (8) Assessing risks and fostering adaptability.

The areas were identified as a means to provide an integrated approach on domesticating 2030 Agenda and the SDGs. South Africa’s development commitments of the SDGs, Agenda 2030 needs to be integrated into the implementation of the NDP, Medium-term planning and national budgetary frameworks such as the annual budget and Medium Term Expenditure Framework (MTEF).

## **8. Legislative Reform**

The DPME has commenced a process that will result in the promulgation of legislation to direct planning activity in government. Areas that have been included in draft legislation to address gaps in the government planning system include:

- Provision for joint planning among the different spheres of government
- Creation of structures for accountability to Cabinet and government stakeholders on planning decisions and national progress towards the implementation of development goals on a disaggregated basis

- Outlining the roles and responsibilities of the Minister in the Presidency and DPME in relation to national planning
- Formalization of the advisory role and functions of the National Planning Commission

The proposed planning legislation adopts a systematic perspective of the current planning roles of departments in the three spheres of government. Existing legislation on planning in government shows that the planning landscape is complex, with fragmented powers and functions, a result of Constitution provisions.

**Table 1: Major legislation currently applicable to planning in government**

LEGISLATION	FUNCTION	HORIZON	RESPONSIBILITY
The Constitution, 1996	National, provincial and local planning	Not applicable	Constitutional Court
Municipal Structures Act, 2000	Local Government	Medium Term	COGTA
Public Finance Management Act, 1999	Fiscal, Departmental and SOEs	Short Term Medium Term	Treasury
Municipal Finance Management Act, 2003	Fiscal and Local Government	Short Term Medium Term	Treasury
Intergovernmental Relations Framework Act, 2005	National, provincial and local co-ordination	Not applicable	COGTA
Division of Revenue Act	National, Fiscal planning	Short-Term	Treasury
Spatial Planning and Land Use Management Act, 2013	National, Provincial and Municipal Spatial Planning and Land use Management	Long term	Rural Development and Land Reform (transfer to COGTA and DPME in process)
Public Audit Act, 2004	Audit public sector institutions	Not applicable	Auditor General

All countries that choose to adopt a planning approach to development are faced with the choice of achieving planning objectives through informal structures that allow for co-operation between departments or through legislation. This is no different for South Africa. There is no optimal approach to planning, and arrangements in government must accord with the context and political system of South Africa.

## 9. Institutional Arrangements

### 9.1 Role of the Minister in the Presidency for Planning, Monitoring and Evaluation

The authority of the Minister in the Presidency responsible for Planning, Monitoring and Evaluation to implement national planning derives from the Sections 85 (1) and 85(2) of the Constitution. This authority entails the Minister leading processes of national planning and being the custodian of planning, monitoring and evaluation systems in government.

### 9.2 The role of DPME

- Leading processes of national planning entails planning and driving key government priorities in government.

- Custodian of the planning system entails interacting with and providing guidance and oversight to planning processes in departments, provinces and municipalities.
- Facilitating the process of developing the long-term (NDP) and NSDP, medium-term plan (NDP1) and short-term plans (annual budget priorities, strategic plans and APPs) of Government and ensure operationalisation of these plans, including through programme plans.
- Preparing a budget mandate paper and statement of the outcomes and performance targets to be achieved within a five-year period.
- Steering the national priorities into plans of government, SOEs and DFIs by strengthening government processes.
- Establishing and configuring the critical coordinating structures and establishing platforms for engagements with critical role players in society.
- Developing the five-year National Spatial Development Framework to position government to be at the forefront of the spatial location of development.

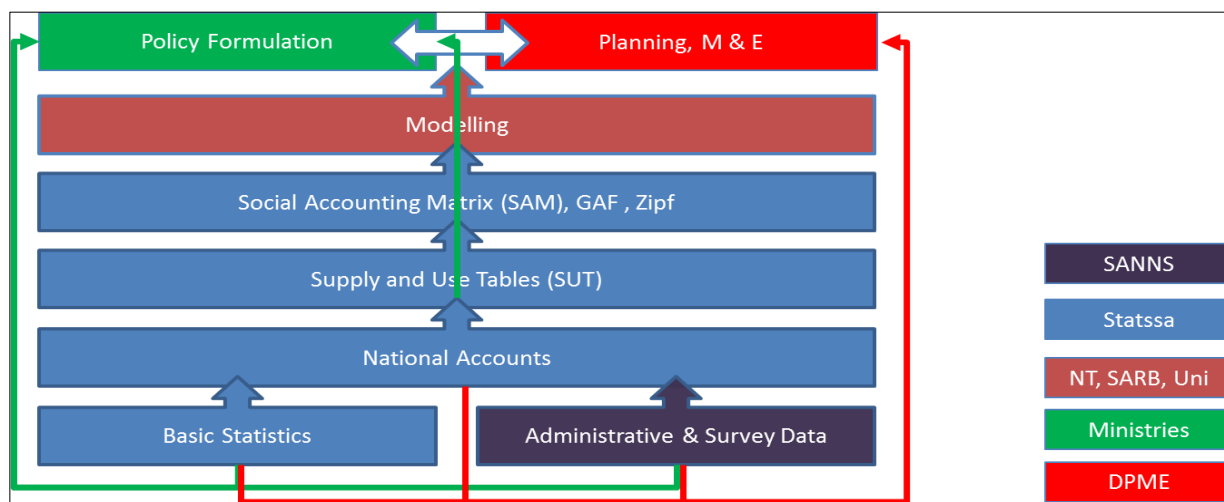
### **9.3 The role of the National Planning Commission (NPC)**

The mandate of the NPC is to take a broad, cross-cutting, independent and critical view of South Africa, to help define the South Africa we seek to achieve in 20 years' time and to map out a path to achieve those objectives. The Commission is expected to put forward solid research, sound evidence and clear recommendations for government (President Jacob Zuma); Perform an expert advisory role to the Minister, Cabinet and the President on the development; Research and analysis to inform long term planning; Facilitate stakeholder engagements; Contribute to international partnerships and networks on national planning; Engaging sectors of society on the long-term development of SA; Undertake detailed planning in selected sectors to; Promote and advance the implementation of the NDP.

### **9.4 The role of Statistics South Africa (StatsSA)**

The reforms created by the DPME will introduce a shift in government towards the use of empirical evidence to support decision-making in national planning. The agency tasked in law to collect data for the country is StatsSA, and following the creation of new arrangements, the agency will support national planning by the provision of statistical data and use of models to support the development of targets for 5-year national plans, spatial planning and other planning conducted in the three spheres of government upon request by stakeholders. monitoring and evaluation. The agency has developed statistical data tools and applications, including the Growth Accounting Framework, Social Accounting Matrix and Supply Use tables that are readily applicable to decision-making in national planning; these tools will be made available to DPME to support empirical decision-making under appropriate institutional arrangements. These statistical tools also make some use of datasets from the South African Reserve Bank (SARB) and National Treasury, and will provide a platform to reduce inconsistencies in classifications of data categories used in government information.

**Figure 9: Use of statistical evidence for planning and policymaking**



## 9.5 The role of Provincial government

Provincial government forms the second of the three spheres of government established by the Constitution. Provincial governments have concurrent powers under Schedule 4 of the Constitution. This means that provinces are empowered to undertake planning in areas specified in the Constitution where national government similarly has the authority to implement planning. The role of planning for provinces therefore requires that this sphere of government works closely with the DPME and other national departments in implementing planning. The role of provinces in the reformed planning system of the established by DPME will include:

- To identify and drive forward key developmental priorities that include economic development and spatial transformation, through Provincial Growth and Development Strategies
- To take into account of national planning objectives and sectoral plans and ensure that these are incorporated into provincial development priorities.
- Engage with other spheres and use provincial planning processes to bring different stakeholders together and to build consensus on development objectives and the execution of provincial plans

## 9.6 The role of Metros and Municipalities

Current modes of planning at the local level that include integrated development plans (IDPs) and Local Economic Plans (LEDs) are concerned with improving the delivery of basic services to citizens, and creating economic prosperity in municipalities. These objectives are consistent with the goals of DPME planning reforms and will be enhanced in the new arrangements for planning. The priority of DPME in planning for the local sphere will be to ensure that the planning objectives on local government are better integrated into planning activities of the national and provincial spheres of government. Local government representatives will need to be accommodated at the table. A key objective of the planning reform is to ensure co-ordination of stakeholders in the three spheres of government to ensure effective implementation of the IUDF, the spatial targeting of investment and spatial transformation. Public participation by citizens in the preparation of municipal plans and forthwith, the relationship of these plans to national development plans and objectives, and the convergence of the three spheres of government in a manner that seeks to achieve the objectives of

the New Urban Agenda of UN Habitat that South Africa has committed to, in the face of rapid urbanization and the associated challenges and opportunities this brings.

## 9.7 The role of State-Owned Enterprises (SOEs)

Many SOEs have a developmental mandate that coexists alongside considerations of commercial sustainability. SOEs will be integrated into the planning activities of Local and Provincial governments as they provide services that are crucial to the living experience of citizens, primarily electricity and transport. The role of these SOEs under the reforms will be:

- Development of strategic plans of that are aligned with the NDP priorities.
- Participation in forums for joint-planning with the three spheres of government.

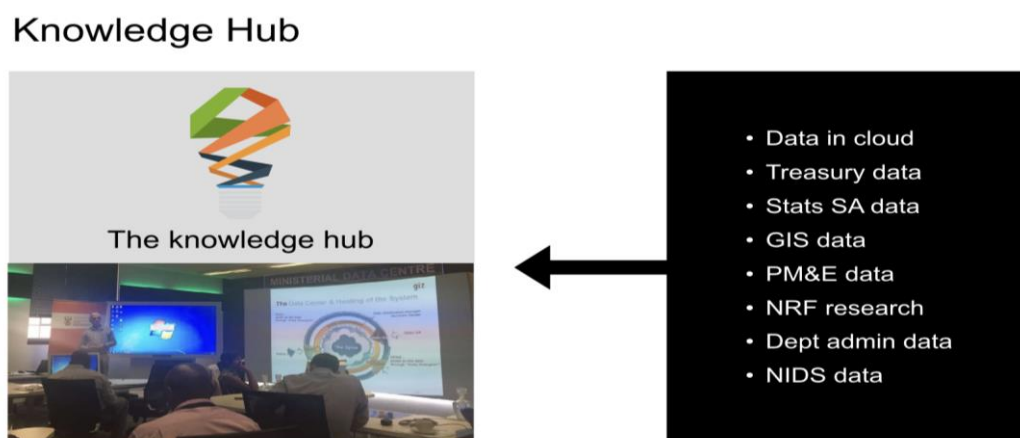
## 9.8 Services

Consideration will be given to the role that DPME can play in providing informal technical support to provincial planning entities and Local government when requested to. This could include providing insightful comments on draft documents, being available to answer questions and provide advice, running training sessions on specific issues, and convening discussion forums to help resolve specific problems or facilitate the sharing of experiences. The focus should be on enabling informal day-to-day communication rather than an approach that entails extensive capacity requirements. The services offered by DPME could relate to the access to their computer information systems for use by stakeholders in government, and for in-house databases to be linked to various other information databases in the public and private sector.

## 9.9 Research analysis and knowledge hub

The proposed integration of national planning will require the creation of a Knowledge Hub as a repository for data and information necessary for evidence-based planning and decision-making. Regulations drafted pursuant to planning legislation will require that institutions such as StatsSA, Independent Electoral Commission, Surveyor General, Finance and Fiscal Commission, Municipal Demarcation Board provide the Planning Branch with access to their databases for Planning, Monitoring and Evaluation work.

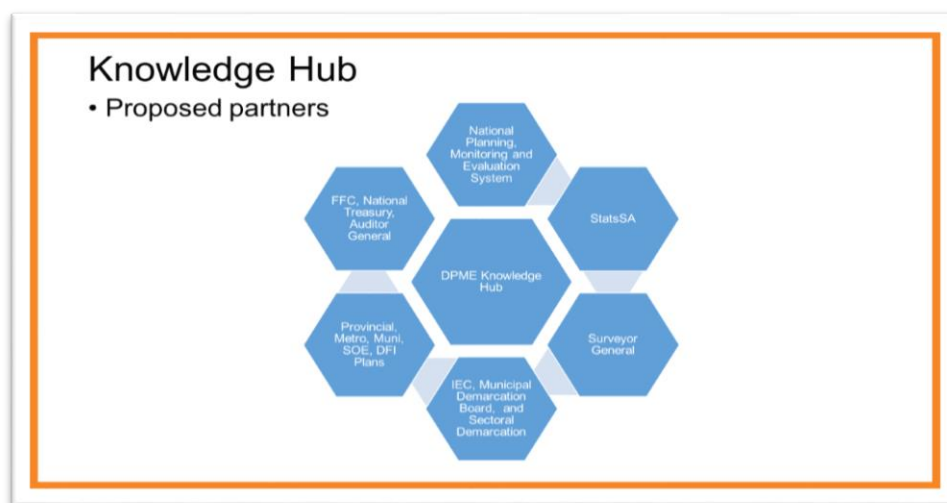
**Figure 10: Operation of the knowledge hub**



Additionally, DPME intends to create the centre for research and analysis, working with state funded research institutions across the country, and the private sector. Technical and knowledge creating institutions with government ownership such as the Agricultural Research Council (ARC), Council for

Scientific and Industrial Research (CSIR), National Research Fund (NRF), Human Sciences Research Council (HSRC), Medical Research Council (MRC) and the Health Systems Trust (HST) will also support the work of the Branch through mutually beneficial operating relationships.

**Figure 11: Envisaged relationship between research entities**



## 10. Conclusion

The DPME has commenced a process to reform planning in government. This is being done in order to integrate planning across the three spheres of government and achieve effective programme outcomes for citizens. The reforms are aimed at creating a coherent planning system to ensure that the machinery of South Africa's government plans in an integrated and coordinated manner to achieve better outcomes for the delivery of services to its citizens. The reforms also seek to ensure that the government institutions are arranged in a manner that facilitates achievement of the developmental goals of the NDP Vision 2030. The planning reform, is not an isolated intervention, but a continuation of work begun in 1996 that resulted in the creation of a National Planning Framework (NPF), a reconfiguration of the Presidency, the creation of PCAS in 2001, the creation of the National Planning Commission (NPC), adoption of the NDP in 2011 and adoption of the 2014-2019 Medium Term Strategic Framework (MTSF) by government. The reform will focus on primary areas identified in this document, including spatial planning, the budget mandate paper and governance and accountability planning among others. An important, related development is the preparation of legislation for planning in government that will be submitted to Parliament during the 2017/18 Financial Year.

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