National Planning Commission

Discussion Document 2/2015

Reforming the South African Government Planning System

Discussion Document on the Role and Effectiveness of Planning and Implications for the Institutionalisation of Planning

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ABBREVIATIONS

ANA	Annual National Assessment
APP	Annual Performance Plan
AU	African Union
CSVR	Centre for the Study of Violence and Reconciliation
DCoG	Department of Cooperative Governance
DPME	Department of Planning, Monitoring and Evaluation
DPSA	Department of Public Service and Administration
EMIS	Education Management Information System
EPB	Economic Planning Board
EPU	Economic Planning Unit
GP	General Practitioner
HEMIS	Higher Education Management Information System
IDP	Integrated Development Plan
IUDF	Integrated Urban Development Framework
LURITS	Learner Unit Record and Tracking System
MAMPU	Administrative Modernisation and Management Planning Unit
MITI	Ministry of International Trade and Industry
MPAT	Management Performance Assessment Tool
MTEC	Medium Term Expenditure Committee
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEEDU	National Education Evaluation and Development Unit

NIDS	National Income Dynamics Study
NITI	National Institution for Transforming India
NPC	National Planning Commission
NSDP	National Spatial Development Perspective
OECD	Organisation for Economic Cooperation and Development
PARI	Public Affairs Research Institute
PCAS	Policy Coordination and Advisory Services
PCC	Police and Crime Commissioners
PDG	Palmer Development Group
PEMANDU	Performance Management and Delivery Unit
SADC	Southern African Development Community
SASAMS	South African Schools Administration and Management System
SPLUMA	Spatial Planning and Land Use Management Act
UK	United Kingdom
UNIK	Special Innovation Unit

Foreword by Minister Jeff Radebe

EXECUTIVE SUMMARY

Substantial progress has been made over the past 20 years in establishing South Africa's planning system. The overall structure of the planning system is coherent and allows for alignment between planning, budgeting, and monitoring and evaluation. However, the planning system is not fully serving its developmental objectives with concerns being raised that much planning has been reduced to a compliance exercise that occupies large quantities of time but delivers limited developmental impact.

There are also areas of continued weakness where further development is required. These weaknesses relate to (a) the societal reach and ethos of planning; (b) technical deficiencies; and (c) deficiencies in the technical capacity.

Firstly, there is a challenge of building a planning system that is state-led but that is also truly societal, bringing together the different segments of society in a genuinely participatory and collaborative process.

Secondly, there is the need to address persisting weaknesses at the more technical level that include:

- The continued lack of alignment of plans to the NDP (some of these, admittedly, preceding the NDP) or, alternatively, only superficial or rhetorical alignment;
- The lack of legislation that would properly institutionalize the emergent planning system and formally clarify the roles and functions of different plans and planning bodies;
- The continued incoherence in the spatial planning system within national government with the resultant confusion of spatial priorities across sectors;
- The misalignment of planning cycles and planning horizons across the three spheres of government;
- The still poorly developed mechanisms for aligning planning across the spheres of government.

And the third major weakness relates to the capacity for undertaking planning, and for the analysis and participatory processes that accompany planning. This is a problem across all spheres of government but it needs to be addressed incrementally starting with national government and later moving to the provincial and local spheres of government.

All of these weaknesses require focussed attention. The focus of the current administration on institutionalising planning provides a valuable opportunity to build on the system that has been developed by introducing a stronger and more explicit developmental focus. The objective should be to shift the planning system away from the current compliance focus towards strategising on how to further our developmental objectives. This includes developing the strategic capacity at the centre to identify the entry points and policy levers through which specific objectives can be achieved.

This planning discussion document contains a number of key messages that should help to inform this developmental focus. These include:

- The institutionalisation of planning means moving beyond structures and rules towards ensuring the structures and systems that are in place are used to serve our developmental objectives.
- The production of good plans with compelling narratives has an important mobilising effect. It is therefore important that planning should not be confined to setting indicators and targets. This means being more discriminating and selective about when and how to use measurable targets and placing more emphasis on the role of narrative and explanation in plans in order to ensure plans are more persuasive and more easily interpretable.
- The compliance focus of some planning processes is becoming counter-productive. The strategic planning system needs to break with the compliance culture by focusing on progress and trends not just whether or not targets are met. This will sometimes require a "glass half full" approach that recognises positive progress even where targets are not fully met.
- Planning needs to be seen as an ongoing process and should not be reduced to the production of documents. This means putting analysis, discussion, dialogue and debate at the heart of planning.
- Planning should include space for reflection on past trends in order to ensure effective learning from existing practices. This means strengthening the role of research in planning.
- Greater attention needs to be given to the respective roles of different types of plan in order to avoid mechanistic approaches to alignment or the creation of an excessive planning burden.
- The planning process should be used to identify specific policy mechanisms and levers, which can help to build alignment around key developmental priorities. This would enable a greater focus on bringing key stakeholders together for specific purposes. The ability to achieve sufficient alignment for each stakeholder to pursue their role effectively was an important feature of developmental states.
- Planning processes need to make better use of available data, even when it is imperfect, as increasing use of data is likely to be one of the most effective ways of improving the quality of data that is produced. National government should also look at how data can be analysed and made available to inform provincial and local government planning processes.

A. Lessons from developmental states and other international examples

Planning was an important catalyst for the rapid progress made by the developmental states of East Asia. Developmental states used the planning function to provide strategic leadership in identifying and focusing on key priorities. The planning function operated as a think tank or "pilot agency" at the centre of government, identifying developmental opportunities and then ensuring key stakeholders in both the public and private sector played their role in realising those opportunities.

This required the state to have focused and sustained communication with the stakeholders it needed to bring on board, which enabled an ongoing iterative process so that the state could respond and adapt to issues as they arose. To fulfil this role effectively, officials needed to be free from capture by

vested interests but also sufficiently well networked to understand the challenges. This combination has been referred to by Peter Evans in his influential analysis of developmental states as "embedded autonomy". The term highlights the need for the state to be both autonomous in that it is insulated from capture by specific vested interests and embedded in that it is sufficiently well networked and connected to have access to regular information on the challenges facing key priority sectors.

Aspects of the pilot agency or think tank role have been used effectively in many other countries including Brazil, China, Malaysia and the United Kingdom. Malaysia's "Big Fast Results" methodology, which informed the inauguration of Operation Phakisa in South Africa, focuses on resolving seemingly intractable problems by bringing key stakeholders together to work through specific details. A similar point emerges from China's experience of promoting alignment between key priorities in its national five year plans and the activities of subnational government. In order to ensure national targets are taken seriously, there is intensive engagement and negotiation with local government with a view to identifying locally contextualised versions of the national target. In both India and Indonesia the planning ministries have moved away from responsibility for budgeting towards a greater focus on supporting the strategic leadership role of the centre of government.

In all these examples, the developmental impact of the centre of government depends on the ability to focus on a small subset of priorities in which it can play a leadership and coordinating role in formulating strategy and tackling specific problems. These roles are often referred to as a pilot agency, government think tank or strategy unit.

Key implications of the developmental state model for how we plan:

- **Selectivity of developmental focus:** In all developmental states the transformative agenda has focused on specific sectors or priorities that would then help to lead broader developmental processes.
- **Aligning the interests of key stakeholders around specific priorities:** In developmental states alignment was not an abstract or rhetorical exercise, rather a key function of the state was to find ways of ensuring it was in the interests of key stakeholders, particularly in the private sector, to contribute to the country's wider developmental objectives.
- **Feedback loops:** Developmental states did not expect to be able to define everything in advance but used interaction and engagement to ensure they could identify areas where adequate progress was not being achieved and, more importantly, understand the reasons for slow progress. These feedback loops were enabled by the state's "embedded autonomy", which meant that the bureaucracy was sufficiently autonomous to avoid capture but had strong connections with the key sectors it sought to influence.
- **Going beyond targets:** The existence of effective feedback loops reduced the need to rely on target setting, and meant greater emphasis could be placed on understanding the reasons why progress was or was not being made.
- **Chasing implementation through sustained incremental progress:** The focus on understanding why progress was or was not being made informed a consistency of policy direction accompanied by sustained pressure to improve progress towards key developmental objectives informed by ongoing analysis of the obstacles that needed to be overcome.

B. Role of the national planning function

It is important that the national planning function is a centre of learning, innovation, experimentation and research, and that it interacts not only with all spheres of government, but across a wider range of institutions including business, labour, academia and civil society. This will enable the national planning function to play a catalytic and innovative role that constitutes a valuable addition to the types of planning done at departmental level. To play this developmental role, the planning function needs to operate differently to standard bureaucratic structures so that it can contribute to the strategic leadership, coordination and policy innovation roles of the centre of government.

The mandate of the national planning function is derived from the Constitution, which states that the "the executive authority of the Republic is vested in the President" (Section 85(1)) and that the President exercises this authority together with Cabinet (Section 85(2)). This includes "developing and implementing national policy" and "coordinating the functions of state departments and administrations" (Section 85(2)). The mandate therefore rests on the strategic and coordinating authority of the Presidency rather than legislated authority, which would be more narrowly demarcated. This reliance on positional authority is consistent with the experience of many other countries, which indicate the importance of planning entities being able to adapt over time in order to focus on specific priorities and opportunities.

In South Africa, the planning function at the centre of government was established after other departments had been in existence for more than fifteen years and their mandates defined in legislation. In this context a combination of the positional and legislated authority would be necessary to ensure that the centre of government is adequately empowered to undertake some specific types of planning such as spatial planning and address existing gaps in the assignment of some functions. There is a need for a thorough assessment of areas where legislative reform would be necessary to properly institutionalise the emergent planning function.

This positional authority can be exercised in a number of ways. This includes the production of overarching plans that elevate key national priorities and provide strategic direction to inform other plans. It can also involve using the convening authority of the centre to bring key stakeholders together and build consensus, as well as informing public discourse and building broader public support through its think tank role in developing and disseminating new ideas. The planning function can also exercise positional authority through its participation in key government processes such as the cluster system and the Medium Term Expenditure Committee (MTEC), which enables it to ensure budgetary decisions are in line with key developmental objectives. Finally, and perhaps most importantly, the positioning of the planning function enables it to provide ongoing advice to the President and Cabinet. This can be done either through specific reports such as an annual report on the state of the country's development or by commenting on departmental submissions to Cabinet in terms of how they contribute to the country's developmental objectives including the NDP.

There are two main roles to be played by the national planning function:

- Leading processes of national planning – the pilot agency or government think tank role.

- Custodian of the planning system – providing guidance and oversight to planning processes in departments, provinces and municipalities.

As part of the two broad roles of the national planning function, the planning section of the Department of Planning, Monitoring and Evaluation (DPME) should perform the following functions:

- Provide ongoing support to the National Planning Commission in its various responsibilities;
- Strategic oversight and co-ordination of all agencies and initiatives in government that relate to the collection, compilation and distribution of statistical data and the analysis of this data for the purposes of development planning;
- Undertake or commission strategic research that would support national development planning (including analysis of long-term trends and development forecasts);
- Actively engage with long term strategic planning in key sectors (e.g. energy, water, economy, infrastructure, environment, skills) working to ensure co-ordination across sectors (note: this requires significant technical capacity in each sector to ensure an appropriate level of expertise to engage at the required depth);
- Take responsibility for long-range strategic spatial planning in national government, including the preparation of the National Spatial Development Framework, and co-ordination of spatial planning and policies across different sectors (note: this does not include the land use management function, or custodianship of cadastral information);
- Actively build development-related coalitions involving governmental and non-governmental agencies, and ensure full participation of non-governmental agencies in planning processes;
- Assess policy and legislation on an on-going basis in terms of its consistency with the NDP;
- On-going liaison with, and advice to, the planning structures within provincial, districts and metropolitan government;
- Work systematically to achieve stronger alignment in planning across the spheres, including the alignment of planning cycles;
- Transnational planning coordination including with planning agencies in neighbouring states, structures such as the SADC and AU, and multi-lateral development agencies;
- Provide periodic assessment of the implementation of the NDP and play a strategic convening role in addressing identified blockages to implementation.

Departments have responsibility for planning in their own sectoral areas, while different national departments oversee specific aspects of the planning system related to their own areas of responsibility. This allows the national planning function to focus on the areas where it can best add value without stretching itself too thinly.

C. Leading processes of national planning – pilot agency or think tank role

The national planning function has a unique role to play in analysing trends, identifying priorities and promoting innovation in tackling key challenges. This is done through the preparation of national plans such as the National Development Plan and Medium Term Strategic Framework (MTSF), which provide the formal mechanism for elevating key government priorities.

The preparation of these medium and long-term plans needs to be backed up by more detailed sectoral work in particular areas. While the planning function should never displace departments' responsibilities for sectoral planning, it needs to engage closely with these processes in order to ensure sectoral strategies can inform the content of national plans and vice versa. This entails intensive engagement with intractable or high priority challenges that warrant the direct attention of the centre of government, as well as cross-cutting issues that cannot be addressed by a single department in isolation. The key to fulfilling this role effectively is to recognise that the centre of government will never be able to address complex problems on its own but should rather use its position and authority to play a convening, coordinating and problem solving role as well as providing strategic direction.

The national planning function needs to have strong research capacity that enables it to generate new ideas and bring key insights from external research into government thinking. The regular publication of research papers provides a means to develop and test ideas that can subsequently inform the development of future plans. This would help to ensure that planning is an ongoing process and not reduced to the production of five yearly plans.

In order to ensure close links between planning and implementation, it is important that planning is done through close interaction with relevant sectoral areas both in and outside government. This means the question of how the planning entity interacts with the rest of government and wider society is more important to achieving impact than its formal legal mandate. To play an innovative and strategic role in policy processes, and to be equipped to focus on different sectoral issues at different points in time, the planning entity needs a combination of permanent sectoral expertise and the ability to bring in dedicated expertise to work intensively on particular time-bound policy processes. This would provide a way to bring together expertise and perspectives from different sectors while still ensuring clear leadership and ownership by the national planning function. This will require flexibility in HR approaches to balance a core basic structure with the scope to draw in dedicated expertise to work on specific projects through secondments from departments, universities, consultancy firms, civil society and the private sector.

D. Custodian of the planning system

The role of custodian of the planning system entails the provision of guidance for planning processes throughout government. The objective should be to bring a stronger developmental focus to the main aspects of departmental, provincial and municipal planning

The departmental strategic planning system was developed at a time when there was a strong emphasis, both in South Africa and in international thinking, on target-based performance management systems. As a result, the system is heavily geared towards defining targets against which departmental performance can be assessed. This has brought some benefits in terms of performance management, but it has also created significant challenges and perverse incentives including an excessive focus on compliance, an over-emphasis on measurement, and insufficient attention to the fundamental aspects of planning such as analysing trends and developing consensus on key priorities and how they are to be pursued. As a result, there are concerns that the strategic planning process is becoming a ritual that departments follow but has limited impact on a department's strategic direction or the country's

development. While performance data remains an important tool in government planning systems and can help to promote accountability and transparency, the evidence suggests it is best used selectively and should not be used in isolation from other means of analysing progress.

Going forward more emphasis will need to be given to the developmental and transformative potential of departmental planning processes. This means moving beyond the current level of reliance on guidelines, templates and targets, towards a system that engages more effectively with the policy content of these plans, including the identification of priorities and the approach to implementation. The same point applies for how the national planning function engages with provincial and municipal planning. The national planning function has an important role to play in engaging with provinces and municipalities on key developmental priorities, as well as analysing and disaggregating trends and data in order to inform provincial and municipal planning processes.

Careful consideration should also be given to the role national government can play in providing informal technical support to provincial planning entities when requested. This could include providing informal 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.

There is also a need to reintroduce an administrative forum to bring different provincial planning entities together so that the Presidency and Offices of the Premiers have a forum to interact on major planning issues. To avoid these forums becoming additional meetings for their own sake, it is recommended that the forum focus on specific policy issues, rather than planning processes and structures. This will require provincial planning officials to bring in officials from provincial departments with the relevant policy expertise.

Concerns have been raised about whether municipalities have the necessary capacity to run the IDP process and produce IDPs that advance the developmental objectives of local government. As with other areas of local government, it is important to ensure that there are strategies in place to develop and expand planning capacity over time. However, it is also important that the approach to municipal planning is realistic about the existing capacity, and particularly about the large variations in capacity between municipalities. A differentiated approach that recognises the variation in capacity and responsibilities between different municipalities is essential both in terms of what is expected of municipalities and in terms of the level of support available to them. It is also important to consider whether the current approach to municipal planning is overly capacity intensive, and to identify steps that provincial and national government can take to inform and support municipal planning processes.

It is important that the institutionalisation of planning at the national level is used as an opportunity to reflect on how national and provincial government can support municipal planning processes.

1. INTRODUCTION

Over the past five years the National Planning Commission has had a unique opportunity to reflect on the way government plans. In developing the country's first long-term national development plan, the Commission engaged extensively with the range of sectoral plans that had been developed in government. Following the release of the NDP, the Commission also developed proposals on how the NDP should be taken forward through the government planning system. This advice informed the development of the 2014-19 MTSF as the first five year building block of the NDP.

Based on these experiences, the NPC identified the need for a discussion document on the role of planning to help the country think about planning differently. The discussion document draws on the NPC's experience as well as national and international examples. It has been prepared as part of the NPC's mandate under the *Revised Green Paper: National Planning Commission* to prepare papers on a range of sectoral areas as well as its mandate to advise government on the implementation of the NDP.

The central conclusion of the discussion document is that extensive work has been done to put the relevant planning frameworks in place, but that insufficient attention has been given to the day-to-day management and coordination of these planning processes. As a result, a great deal of time is spent ensuring plans are produced but insufficient attention is given to the strategic focus, detail and developmental commitment of planning, while perhaps too much attention is given to the mechanistic process of ensuring semantic alignment between plans. In short, the structures of the planning system are in place and the focus now needs to shift to ensuring the planning system better serves the country's developmental objectives.

The discussion document sets out some proposals to enable this shift based on the experience of the NPC and its insights on the planning system, including those developed through a workshop and expert engagement on the role and effectiveness of planning held in October 2014. The document looks at planning in all three spheres of government (at national, provincial and municipal levels) focusing primarily on long-term and strategic planning.

The document reflects on how planning has evolved in South Africa and compares it with international experiences, especially those of developmental states. It makes recommendations for how to bring a stronger developmental focus to the approach to achieving alignment. The document then proceeds to provide a discussion of the main elements of the strategic planning system, looking at departmental strategic plans, provincial planning and municipal integrated development plans. It also discusses spatial planning as a cross-cutting issue. Finally, the document provides a discussion of the role of the centre of government, and especially the national planning function, in ensuring the planning system serves its developmental objectives. It makes suggestions based on this to inform the current administration's approach to the institutionalisation of planning.

The recommendations at the end of each section identify areas where the opportunity to use the planning system to drive a developmental agenda have been underutilised. These opportunities represent low-hanging fruit that could deliver substantial benefits in improved coherence, coordination and developmental effectiveness.

1.1. Overview

The governing party made a commitment in its 2014 election manifesto to "institutionalise long-term planning". This forms one of the major governance priorities contained in the Medium Term Strategic Framework (MTSF) for 2014-19, which states that:

> Greater policy coherence will also be promoted through steps to institutionalise long-term planning. This will include establishing the institutional mechanisms and building the necessary capacity within the state to undertake long term planning, drawing where necessary on the expertise that exists within wider society. The institutionalisation of planning will also contribute to several other objectives including improved policy consistency and a greater focus on working through the obstacles to implementation on an ongoing basis, thus helping to address the points raised in the NDP around the need to pay sustained attention to improving the quality of implementation in many key priority areas" (MTSF 2014-19).

This policy commitment provides an opportunity to reflect on how planning is done within government and how the effectiveness of planning can be enhanced in order to ensure the planning system serves our developmental objectives including the implementation of the NDP. This discussion document is therefore intended to contribute to thinking on the institutionalisation of planning including providing recommendations on key steps to be taken to ensure planning is embedded within government processes and contributes to furthering key developmental objectives.

Despite progress in establishing the structures of the planning system, a sense of dissatisfaction remains that we could be making better use of the developmental potential of planning. The overall structure of the planning system is coherent and allows for alignment between planning, budgeting, and monitoring and evaluation. In many areas, increased coherence has been achieved over time. However, the current systems are often not used effectively and in some cases the specific approach pursued creates perverse incentives that reduce the scope for planning to fulfil its developmental and transformative role.

Following Cabinet's decision that the 2014-19 MTSF should form the first five year building block of the NDP, the focus has been on ensuring alignment of other plans to the NDP. The Commission has strongly endorsed the broad approach. However, the NPC has also cautioned that this process of alignment should not be allowed to become a mechanistic exercise. The NDP emphasises the need to improve the quality of implementation in many areas of government activity and the planning process is an important tool for driving these improvements by identifying and resolving problems, bringing key stakeholders together and promoting effective prioritisation. However, concerns are often raised about whether the planning system is being used to its full developmental potential. Specific concerns include that planning often gets reduced to a narrow compliance exercise or to the production of documents

rather than being seen as an ongoing process of identifying and working through obstacles to implementation.

Another set of issues relate to how far the planning system should focus on setting targets and measuring performance. Measurable targets can be hugely important in driving specific improvements, but not everything that matters can be measured and not everything that can be measured matters. It is important that we use targets and templates selectively and do not lose sight of the other aspects of planning. Plans should help to frame issues and shape thinking, as well as identify entry points and policy instruments to initiate processes of change. It is therefore important that plans are convincing, credible and hope-inspiring. An excessive reliance on setting targets and indicators risks diverting attention from the need for a powerful framing narrative. It can also divert attention from the benefits of long-term planning in anticipating emerging trends and shaping our future trajectory.

1.2. Challenges

A number of challenges about how planning is carried have emerged over time and they include the following:

- A lack of prioritisation resulting in attempts at comprehensive coverage, which prevents sufficient focus being given to key issues.
- While it is essential that national targets are taken forward at subnational levels, they also need to be tailored to the local context.
- Mechanistic adoption of national targets can reduce alignment to a tick box exercise, as can an over-reliance on targets and templates.
- There can be a proliferation of new plans in response to every problem, which risks reducing planning to a compliance exercise.
- There is a danger of creating a planning burden equivalent to the reporting burden if we do not distinguish clearly between the roles of different plans.
- The tendency to focus on the production of documents treats planning as a once-off event rather than an ongoing process.
- Planning processes are not always used to help facilitate implementation through anticipating and resolving problems and bringing key stakeholders together.

1.3. Proposed shifts

This document advocates a number of key shifts, focused on using the planning system to greatest developmental effect:

- The institutionalisation of planning means moving beyond structures and rules towards ensuring the structures and systems that are in place are used to serve our developmental objectives.
- The emphasis on alignment needs to shift towards specific stakeholders being brought together for specific purposes. This requires sufficient alignment for each stakeholder to pursue their

role effectively. The ability to achieve this focused alignment was an important feature of developmental states.

- A greater emphasis on identifying specific levers and entry points, which can help to build alignment progressively around key priorities.
- Placing more emphasis on the role of narrative and explanation in plans in order to ensure plans are more persuasive and more easily interpretable.
- Being more discriminating and selective about when and how to use measurable targets, and never using targets without simultaneously developing and sustaining a contextual understanding of what impacts on government's ability to achieve those targets.
- Embracing ambitious and stretching targets by tracking and analysing levels of progress rather than just reporting on whether or not targets have been met.

1.4. Structure of the document

The second section provides an overview of different approaches to planning, starting with how South Africa's planning system has evolved, lessons from international experiences, how developmental states undertake planning, alignment and the different dimensions of planning, approaches to ensuring alignment of planning frameworks, and different dimensions of planning.

The third section starts by setting out the elements of South Africa's planning system which include departmental strategic and annual performance plans, provincial and municipal planning. The fourth section turns to spatial planning and the fifth section discusses the role of data in planning. The approach to institutionalisation of planning is discussed in section six followed by conclusions and recommendations in section seven.

2. PLANNING APPROACHES

2.1. The evolution of South Africa's planning system

The Constitution sets out the country's developmental vision, including the commitment in the Preamble to "heal the divisions of the past" and "improve the quality of life of all citizens and free the potential of each person", and in Chapter 10 of the Constitution that "public administration must be development-oriented". These Constitutional principles lay the basis for the use of planning throughout government as a tool to ensure the activities of government are geared towards the country's development and transformation.

The Public Service Act (1994) and Municipal Systems Act (2000) introduced requirements for departments and municipalities to prepare strategic plans. However, most elements of the planning system have not been legislated and this has allowed the tools and systems of planning to evolve over time. It has also allowed most forms of planning to be clearly distinguished from issues of legal and regulatory compliance.

There have been ongoing efforts to improve the coherence and consistency of planning across departments and spheres. In 2001 Cabinet approved a National Planning Framework to bring greater coherence and alignment to activities across spheres and departments. The Framework set out the linkages between the different elements of planning, budgeting and monitoring and evaluation (M&E), and highlighted the importance of seeing planning as a continuous process. In addition, since 2004 government has produced a medium term strategic framework (MTSF) at the beginning of each administration, setting out the key priorities to be pursued across government.[1] It has also produced five yearly reviews that provide a vehicle for strategic reflection. These reviews help to inform the preparation of the MTSF.

Increased attention has also been given to how national plans including the MTSF, National Spatial Development Perspective (NSDP) and sector-specific plans inform planning at provincial and municipal level, with a view to using planning as a tool to strengthen intergovernmental cooperation.

However, prior to the NDP, there was no overarching long-term plan. This meant that efforts to achieve greater coherence were often pursued without clarity on the overall objectives or policy direction.[2] To

[1] The MTSF is based on the governing party's key policy commitments as set out in its election manifesto, as well as an analysis of progress to date provided in a review conducted by the Presidency (known as the 10, 15 and 20 Year Reviews). Since the adoption of the NDP, the MTSF has also been reconceptualised as providing a series of five year building blocks for the implementation of the NDP.

[2] This was noted as one of the reasons for establishing the NPC:

address this and other shortcomings, in 2009 the Government introduced new arrangements for long-term planning, and monitoring and evaluation. Both these functions were located in the Presidency because of their cross-cutting mandate.

The creation of the National Planning Commission[3] was regarded as part of the foundation for building a developmental state. The *Revised Green Paper: National Planning Commission* outlined the mandate of the Commission as "working with government on a long term vision for the country and a long term strategic plan for government" and "provid[ing] input on cross-cutting developmental issues that will impact on our long term success or failure as a country". The main functions of the NPC set out in the Revised Green Paper are to:

- Lead the development (and periodic review) of a draft Vision 2025 [this was later changed to Vision 2030] and long-term national strategic plan for approval by Cabinet.4
- Lead investigations into critical long term trends under the supervision of the Minister in the Presidency for the NPC, with technical support from a secretariat, and in partnership with relevant parties.
- Advise on key issues such as food security, water security, energy choices, economic development, poverty and inequality, structure of the economy, human resource development, social cohesion, health, defence capabilities and scientific progress.
- Assist with mobilising society around a national vision, and other tasks related to strategic planning.
- Contribute to reviews of implementation or progress in achieving the objectives of the National Plan.
- Contribute to development of international partnerships and networks of expertise on planning.

The Revised Green Paper also outlined a list of cross-cutting thematic areas that the Commission would investigate in the course of its work.

The creation of the NPC meant there was a dedicated body responsible for thinking about long-term trends. This has helped to bring a more long-term perspective by promoting discussion and more serious thinking on what we want the future to be like and what actions we need to take to achieve it. This helps government to anticipate and respond to major challenges. It has also helped to strengthen

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"Lack of a coherent long term plan has weakened our ability to provide clear and consistent policies. It has limited our capacity to mobilise all of society in pursuit of our developmental objectives. It has hampered our efforts to prioritise resource allocations and to drive the implementation of government's objectives and priorities. In addition, weaknesses in coordination of government have led to policy inconsistencies and, in several cases, poor service delivery outcomes" (Revised Green Paper: National Planning Commission).

3 The Commission comprised of 24 commissioners who were experts from outside government, and a Chairperson and Deputy Chairperson. A secretariat of full-time officials was established in the Presidency to provide technical and administrative support to the Commission.

4 The Revised Green Paper set out four main purposes to be served by developing a long-term vision and plan: (1) "the mobilisation of society around a commonly agreed set of long-term goals", (2) "greater coherence in government's work between departments and across spheres", (3) "longer term certainty, improving the quality of decision making", and (4) "providing a basis for trade-offs between competing objectives and facilitating sensible sequencing of major decisions."

the focus on improving the quality of implementation in many areas by introducing greater policy consistency. The Commission's independence has enabled it to build consensus across different sectors, as well as to engage with the different spheres of government, thus making it possible to achieve a broader level of buy-in than would have been possible through a primarily governmental planning process. The policy consistency of a long-term plan and the mobilising effect of a long-term vision can also help to inject a greater sense of developmental purpose into the public service and the work of government.

Despite the benefits arising from the increased focus on long-term planning, the new institutional arrangement presented some challenges as gaps were identified, particularly with regard to coordination, the custodianship of the planning function and the need for a more systematic approach to long-term planning. Other areas of continued weakness where further development is required relate to (a) the societal reach and ethos of planning; (b) technical deficiencies; and (c) deficiencies in the technical capacity.

Firstly, there is a challenge of building a planning system that is state-led but that is also truly societal, bringing together the different segments of society in a genuinely participatory and collaborative process.

Secondly, there is the need to address persisting weaknesses at the more technical level that include:

- The continued lack of alignment of plans to the NDP (some of these, admittedly, preceding the NDP) or, alternatively, only superficial or rhetorical alignment;
- The lack of legislation that would properly institutionalize the emergent planning system and formally clarify the roles and functions of different plans and planning bodies;
- The continued incoherence in the spatial planning system within national government with the resultant confusion of spatial priorities across sectors;
- The misalignment of planning cycles and planning horizons across the three spheres of government;
- The still poorly developed mechanisms for aligning planning across the spheres of government.

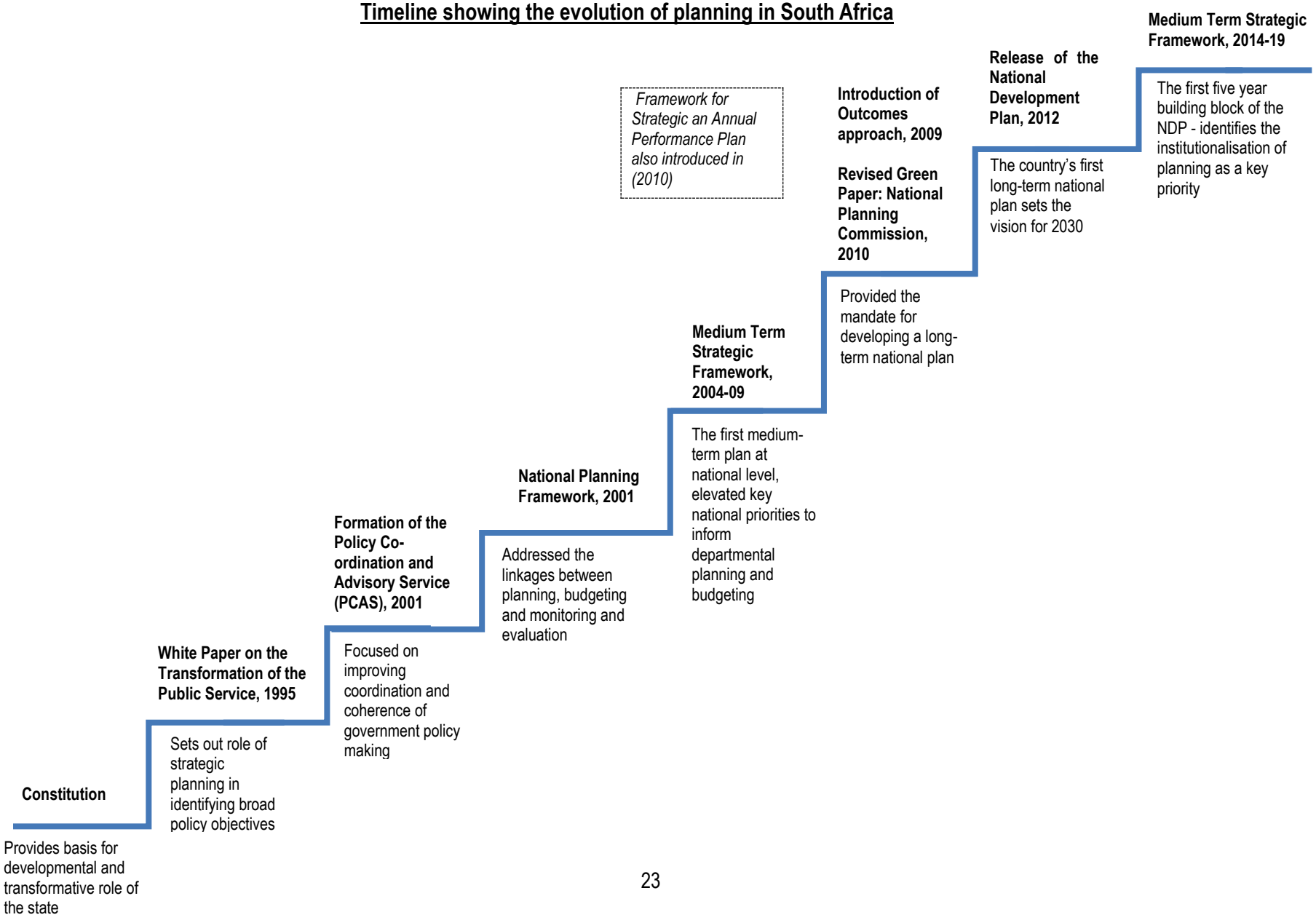
And the third major weakness relates to the capacity for undertaking planning, and for the analysis and participatory processes that accompany planning. This is a problem across all spheres of government but it needs to be addressed incrementally starting with national government and later moving to the provincial and local spheres of government.

To address these challenges, Cabinet and the governing party identified the need to institutionalise planning. The first step in this process has been the establishment of a national department with a planning mandate through merging the NPC Secretariat and the Department of Performance Monitoring and Evaluation to create the new Department of Planning, Monitoring and Evaluation.

The development of the planning system has been characterised by three broad trends: an increased focus on ensuring alignment and harmonisation around key policy objectives, an increased emphasis on monitoring performance through the setting and tracking of measurable targets, and increased

attention to long-term planning. These are important priorities and should be mutually reinforcing, but at times there have been tensions, particularly between the need for a strategic perspective at the centre and the requirements of a data intensive monitoring system. These tensions are explored in subsequent sections of the discussion paper.

Timeline showing the evolution of planning in South Africa



Text Box 1: Key institutions with responsibility for guiding or overseeing government planning

The Presidency: The Presidency has responsibility for national strategic planning, particularly the production of the MTSF, and for overall policy coordination.

National Planning Commission (NPC): The NPC is responsible for analysing long-term development trends, and advising on long-term planning issues as well as on the implementation of the NDP.

Department of Planning, Monitoring and Evaluation (DPME): DPME shares responsibility with National Treasury for oversight of departmental strategic planning. It also houses the Secretariat to the National Planning Commission, which provides administrative and technical support to the National Planning Commission. The Secretariat doubles as the planning branch, which serves as the custodian of planning within government.

Offices of the Premiers: Offices of the Premiers are responsible for the production of overarching provincial plans, and for policy coordination at provincial level.

National Treasury: National Treasury regulates the departmental strategic planning process and shares responsibility with DPME for oversight of departmental strategic planning. National Treasury is also responsible for budgeting, which entails a degree of overlap with planning. At provincial level, the equivalent responsibilities are fulfilled by provincial treasuries.

Department of Cooperative Governance (DCoG): The Department of Cooperative Governance is responsible for providing guidance and support to municipalities on the preparation of municipal integrated development plans (IDPs). It has also been responsible for a range of policy initiatives to ensure effective intergovernmental relations.

Department of Public Service and Administration (DPSA): The Department of Public Service and Administration is responsible for the system of service delivery improvement plans.

Parliament and provincial legislatures – Parliament and provincial legislatures are responsible for providing oversight, and departments' strategic plans and annual performance plans are tabled in Parliament.

Auditor General: The Auditor General audits departments' performance against the indicators and targets contained in departmental strategic plans and annual performance plans.

Public Service Commission: The Public Service Commission is responsible for ensuring the public service operates in accordance with the provisions of Chapter 10 of the Constitution, including that the public service is "development-oriented".

2.2. Lessons from international experience[5]

The importance of having effective long, medium and short-term planning mechanisms has been recognised by many countries around the world. Long-term planning that transcends electoral cycles

[5] Specific international examples are discussed as case studies in different sections of the document.

has gained greater recognition in recent years with more countries producing long-term visions and plans. However, the way in which this planning is done varies substantially depending on how it is shaped by social, economic and political factors in each country.

Given the breadth of issues covered by the concept of planning, almost all countries have multiple institutions that are responsible for different aspects of the planning process. The range includes stand-alone government ministries of planning, ministries of planning and budgeting, ministries of planning and monitoring, ministries of trade and industry, strategy units at the centre of government and planning commissions. The mandate and influence of these bodies also varies substantially. In many cases, the influence of a planning entity also fluctuates over time depending on the level of political importance given to planning, suggesting that influence depends more on the political context and how the planning entity uses its position than on the formal institutional arrangements.

However, while there is no single model for planning, there are a number of important lessons that emerge consistently from the experiences of different countries:

- **Sustained iterative engagement** – An effective planning system requires strong central leadership but needs to be informed by iterative processes that bring together national priorities with the needs and perspectives of different departments, spheres and sectors. National plans usually draw together sectoral and provincial plans, with the national planning function being responsible for ensuring coherence of focus and engaging with departments where there is a difference of opinion on what actions should be prioritised. This means part of the role of national panning is to engage with departments in order to identify priorities to elevate.
- **Selectivity of focus** – A national plan cannot cover everything and a national planning function cannot be expected to engage with every issue. A choice always has to be made between covering many issues at a high level and covering fewer issues in greater detail. The distinctive benefits of a national planning function are likely to come from more intensive engagement with fewer issues. This will then enable sustained attention to promoting innovative thinking and resolving challenges in those areas, meaning departments see clear benefits in having their activities included in the plan.
- **Piloting and initiating approaches to change** – The distinctive benefits of planning come from focusing on entry points and policy instruments rather than legal or structural issues as this differentiates planning from standard bureaucratic processes. These policy instruments help to create the mechanisms and incentives for taking forward specific priorities contained in government plans.
- **Thought leadership** – Planning functions typically fulfil a think tank role in identifying entry points for tackling complex and intractable problems. The ability to identify entry points requires that planning processes provide a platform for engaging with different sectors both inside and outside government.
- **Problem solving** – Planning functions also facilitate resolution to specific problems by using the coordinating authority of the centre and elevating specific challenges where necessary. This cannot be done without a detailed understanding of what is going on in particular priority areas in order to be able to be mediate effectively and provide appropriate briefings when

elevating issues. This detailed understanding is only possible if accompanied by the selectivity of focus described above.

2.3. Planning in developmental states

The increased emphasis given to the role of planning in driving economic and social transformation rests in part on South Africa's commitment to drawing on the experience of developmental states to inform its approach to economic and social transformation. The NDP highlights that:

> A developmental state brings about rapid and sustainable transformation in a country's economic and/or social conditions through active, intensive and effective intervention in the structural causes of economic or social underdevelopment. Developmental states are active. They do not simply produce regulations and legislation. They constantly strive to improve the quality of what they do by building their own capacity and learning from experience. They also recognise the importance of building constructive relations with all sectors of society, while insulating themselves from capture by sectional interests.

Developmental states were able to use planning to identify key opportunities and so shift the trajectory of their country's development. For example, South Korea moved from being slightly poorer than Sudan in 1962 to being just ahead of Argentina in 1986 and is now a member of the OECD. The rapid progress made by developmental states was only possible through focusing on very specific areas, usually through the creation of a dedicated "pilot agency" that operated as a think tank at the centre of government, identifying developmental opportunities and then ensuring key stakeholders in both the public and private sector played their role in realising those opportunities.

One of the key characteristics of developmental states was their ability to bring key stakeholders together to ensure they had a common interest in pursuing a specific objective. This was done in part through building consensus around a common vision and in part through ensuring sufficient alignment of the interests of key stakeholders. This required the state to have focused and sustained communication with the key stakeholders it needed to bring on board, which enabled an ongoing iterative process so that the state could respond and adapt to specific issues as they arose. To fulfil this role effectively, officials needed to be free from capture by vested interests but also sufficiently well networked to understand the challenges. This combination has been referred to by Peter Evans in his influential analysis of the developmental state model as "embedded autonomy".6 The term highlights the need for the state to be both autonomous in that it is insulated from capture by specific vested interests and embedded in that it is sufficiently well networked and connected to have access to informal sources of information on the challenges facing key priority sectors.

[6] Peter Evans (1995) *Embedded Autonomy: States and Industrial Transformation.*

Text Box 2: Key implications of the developmental state model for how we plan

Selectivity of developmental focus – In all developmental states the transformative agenda has focused on specific sectors or priorities that would then help to lead broader developmental processes.

Aligning the interests of key stakeholders around specific priorities – In developmental states alignment was not an abstract or rhetorical exercise, rather a key function of the state was to find ways of ensuring it was in the interests of key stakeholders, particularly in the private sector, to contribute to the country's wider developmental objectives.

Feedback loops – Developmental states did not expect to be able to define everything in advance but used interaction and engagement to ensure they could identify areas where adequate progress was not being achieved and, more importantly, understand the reasons for slow progress. These feedback loops were enabled by the state's "embedded autonomy", which meant that the bureaucracy was sufficiently autonomous to avoid capture but had strong informal connections with the key sectors it sought to influence.

Going beyond targets – The existence of effective feedback loops reduced the need to rely on target setting, and meant greater emphasis could be placed on understanding the reasons why progress was or was not being made.

Chasing implementation through sustained incremental progress – The focus on understanding why progress was or was not being made informed a consistency of policy direction accompanied by sustained pressure to improve progress towards key developmental objectives informed by ongoing analysis of the obstacles that needed to be overcome.

2.4. Alignment and the different dimensions of planning

A major focus of the planning discourse in South Africa has been on the need for alignment between the plans of different departments and spheres. This arises from difficulties in ensuring plans in different sectors and spheres support, rather than pull against, one another. However, there is often a lack of clarity about what is meant by alignment or how it is to be achieved, which can result in alignment becoming a rhetorical or compliance exercise. This can happen at the expense of the more focused planning required to tailor priorities to local context and enable implementation.

The former Policy Coordination and Advisory Services (PCAS) in the Presidency highlighted the scope for "alignment and harmonisation [to deliver] greater consistency and synergy in the implementation of government policies" and that:

> Alignment is the process by which the various organs of government become focused and decisive; are able to weigh trade-offs and make choices in the face of competing demands; develop and implement consistent strategies and programmes; and ensure that their plans reflect a shared vision by all key role-players and stakeholders.[7]

[7] The Presidency (2006) "Annexure D: Executive Summary of the January 2005 Harmonising and Aligning Report", *National Spatial Development Perspective*.

As these guidelines suggest, alignment cannot be seen as a mechanistic exercise or a neat linear process. It is a process to ensure that plans are responsive to their local context while remaining consistent with the vision and strategic direction provided by the NDP.

This message is reinforced by a study carried out by PDG for the Department of Cooperative Governance. The study highlighted the need to avoid alignment becoming a formulaic exercise by ensuring that there is scope for municipalities to tailor national plans to their local context:

> The sense from the engagements was that it was important to allow municipalities to be creative and flexible in how they adopt elements of the NDP and work towards specific goals that are relevant to them. This will avoid the situation where municipalities plan and then retrofit their existing plans to match the NDP and other overarching national and provincial strategies.[8]

This scope for creativity and flexibility is particularly important in the context of a differentiated approach to local government that recognises the variation in the capacity and opportunities available to municipalities.

2.5. Approach to ensuring alignment delivers its developmental potential

The experience of developmental states provides important insights for how we should conceptualise alignment. As indicated above, one of the key characteristics of developmental states was their ability to bring key stakeholders together to ensure they had a sufficient commonality of interest in pursuing a specific objective. This was usually done in part through building consensus around a common vision and in part through creating incentives for key stakeholders. This required the state to have effective and sustained communication with the key stakeholders it needed to bring on board, which enabled an ongoing iterative process so that, rather than the state seeking to define all details in advance, it could respond to specific issues as they arose.

Similar lessons have emerged from recent experiences. For example, Malaysia's "Big Fast Results" methodology, which informed the inauguration of Operation Phakisa in South Africa, focuses on resolving seemingly intractable problems by bringing key stakeholders together to work through specific details. A similar point emerges from China's experience of promoting alignment between key priorities in its national five year plans and the activities of subnational government. In order to ensure national targets are taken seriously, there is often intensive engagement and negotiation with local government with a view to identifying locally contextualised versions of the national target (see the case study on China).

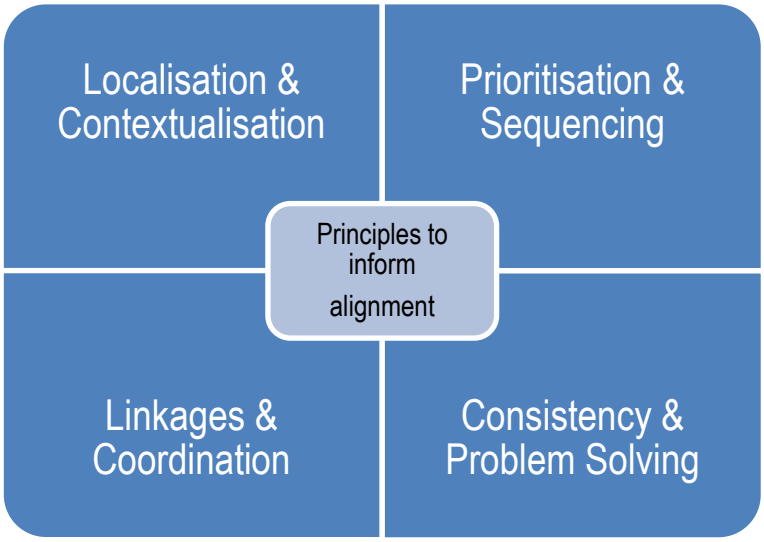
These examples suggest we are unlikely to achieve effective alignment if it is approached as a once off event or if it is treated only as a high-level requirement. However, in many cases, too little attention is given to the entry points and policy levers through which specific objectives can be achieved. A key objective of the institutionalisation of planning should be to develop the strategic capacity at the centre

[8] PDG (2014) "Development of the Intergovernmental Planning Framework: Status Quo Report", draft report for the Department of Cooperative Governance, 7 April 2014.

to identify these levers and entry points that will promote alignment around specific developmental objectives.

To minimise potential perverse incentives while achieving the developmental objectives of focusing on alignment, particular attention needs to be given to the following principles:

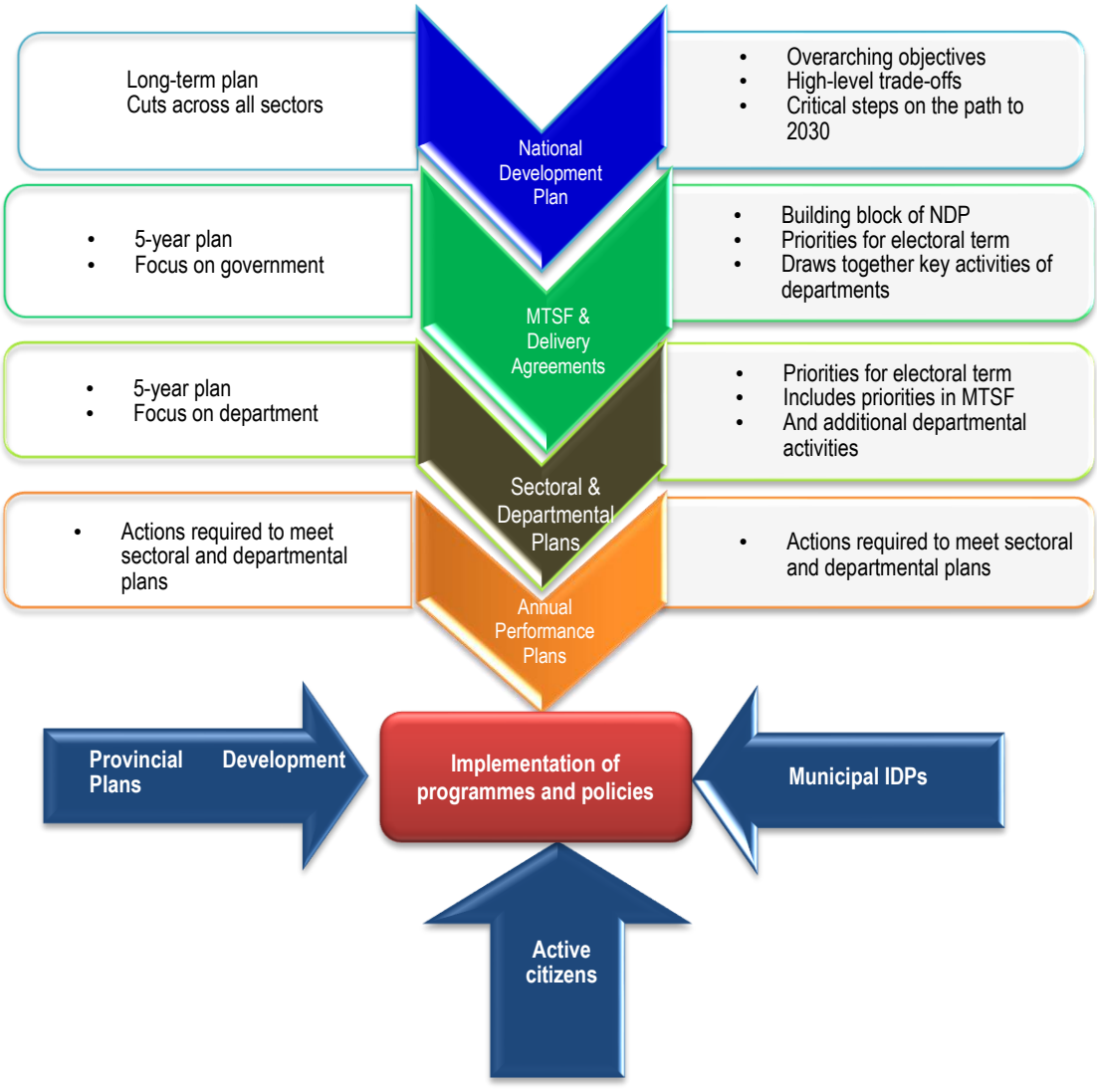
- **Harmonisation and localisation** – High-level priorities need to feed through into grounded plans in all spheres of government. However, this should not become a narrow compliance exercise. It requires careful consideration of the implications of local context for how specific priorities are taken forward.
- **Prioritisation and sequencing** – The implementation of a long-term plan requires a focus on identifying priorities and the order in which actions need to be taken. This will help to ensure plans are more grounded and more realistic, sometimes requiring careful consideration of the order in which things need to be done.
- **Consistency and problem-solving** – The implementation of a long-term plan also requires giving sustained attention to specific issues so that obstacles to effective implementation can be identified and tackled on an ongoing basis.
- **Linkages and coordination** – Planning has an important role to play in facilitating focused coordination through identifying linkages and bringing key stakeholders together. Planning could therefore make an important contribution to the NDP's proposals around developing a less hierarchical approach to coordination. In this way it could also help to improve intergovernmental coordination between the spheres of government.



These principles provide the basis for an approach to conceptualising alignment as an ongoing process. Alignment is not primarily about structures and should not become an exercise in copying from one plan into another plan. Meaningful alignment can only be achieved through an iterative process. This requires a shift from viewing alignment as an overarching objective towards focusing on what needs to be aligned in specific areas. The central challenge is to pay greater attention to which linkages matter, when they matter and how they matter. This will then make it easier to manage specific areas of overlap between different plans.

This approach to alignment should also inform the approach to ensuring alignment to the NDP. The NDP was informed by the existing work of government and in many cases the focus is on giving additional impetus to existing priorities and activities. As a long-term plan, it cannot simply be copied into medium-term plans but needs to be subject to careful prioritisation and sequencing, usually requiring more detailed planning than in the preparation of the NDP. This necessitates careful consideration of the respective roles of different plans. It also means that planning should not just be a periodic event linked to the production of documents but needs to be seen as an ongoing process that is integral to facilitating effective implementation through the identification and resolution of problems. This requires greater attention to ensuring planning and coordination mechanisms are used to support implementation on an ongoing basis.

Alignment means reflecting on and strengthening the distinctive roles of different plans



Text Box 3: Case study: China – crossing the river by feeling for the stones

China's rapid transition in recent years has been achieved through a heterodox set of policies that defy many of the standard dichotomies and have forced reconsideration of much commonly accepted thinking on how development takes place. China's reforms have sustained a strong role for state planning while gradually introducing a greater role for market mechanisms. This process of phased implementation with a strong emphasis on experimentation and piloting to find out what would work in the Chinese context differs from more standard approaches to reform that seek to implement a preconceived model, often borrowed unchanged from another part of the world. It allows the space to iteratively and incrementally develop approaches that will work in the specific social, economic and political context. This approach was famously summarised by the former Chinese leader Deng Xiaoping as "crossing the river by feeling for the stones".

The approach remains relevant today. China's national five year plans are used to draw together key government priorities, which are then updated throughout the process of implementation:

> Although most consider the five year plan to be a single document, the five year plan represents a complex web of Chinese policy-making, containing previously-implemented regional and long-term development plans and hundreds of targeted policy initiatives, all of which undergo constant review and revision over the course of the five-year cycle. Though this process might seem rather chaotic, the five year plan process is increasingly standardised, open and subject to significant oversight within the wider bureaucracy".[9]

The adaptive and iterative approach also informs how national priorities are fed through into sub-national levels. National targets provide broad signals of which priorities to focus on, but the details and division of responsibility are constantly negotiated and renegotiated between the different levels of government in order to ensure national priorities are suitably tailored to the local context. Where there is too much pressure to reach specific targets this iterative process can break down and be replaced by manipulation of data and the creation of perverse incentives that result from efforts to enforce compliance with targets that may not be appropriate for the specific context (see text box below on target-setting).

2.6. Dimensions of planning

Achieving the full developmental benefits of alignment requires careful consideration of the role of different plans and planning processes. Planning is a broad field, ranging from the high-level and long-term to detailed day-to-day operational planning. This means that, throughout government, a broad range of plans are produced with guidance and oversight provided by different parts of the government system.

This can create an impression of an overwhelming array of plans and suggest a degree of incoherence. However, it is important to bear in mind that these plans serve distinct purposes and that different aspects of planning need to be dealt with at different levels depending on the strategic importance and level of operational detail required. The challenge is to ensure that we do not lose sight of the distinctive roles of these different plans. Too often planning becomes about duplicating material across different documents, which undermines the potential value of the planning process and can result in a degree of cynicism.

[9] APCO Worldwide (2010) "China's 12th Five-Year Plan: How it actually works and what's in store for the next five years", 10 December 2010.

Text Case study: Brazil – focused support for implementation[10]

In Brazil the Ministry of Planning and Budgeting, together with other central coordinating agencies, typically played a largely hands-off role. However, in the absence of effective mechanisms for achieving coordination, there were often difficulties in implementing projects that involved multiple different agencies or cut across levels of government. As a result, in the late 1990s, the role of the Ministry of Planning and Budgeting moved towards a greater focus on facilitating the implementation of a small number of strategic projects. While responsibility for project management was located within a particular department or state-owned entity, the Planning Ministry played a proactive role in identifying and resolving obstacles to the implementation of these projects, through a Presidential programme called Brazil in Action.

The approach emerged because the new Minister of Planning asked, on his first day in office, for updates on the projects that had been included in the country's multi-year plans. When he was provided with the updates the following day, the Minister concluded that the department had a "mountain of totally useless data" that was "patchy, out of date and obtained from dubious sources". The Minister suggested that what was needed was "up-to-date information, provided by individuals with project responsibility, on a selection of important undertakings". The Minister concluded that "three conditions were necessary for implementing projects: to have money guaranteed, mechanisms of communication, and people who thought about their projects 24 hours a day".

A project manager was assigned for each project with responsibility for anticipating and resolving problems. The project managers were located within the department or state-owned company responsible for leading each project, but were selected in consultation with the Ministry of Planning and Budgeting. All of the project managers were introduced at a media event. The media were told which project manager was responsible for which project and given the contact details of the project managers. While these project managers "did not have sufficient formal authority to be responsible for projects in a conventional administrative sense", they were told that "if a project went badly and the manager had not made the planning secretariat aware of the difficulties in time to overcome them, they would be considered personally at fault". The project managers were advised that:

"If you don't put the correct information in the hands of those who want your project to move ahead, [they] won't be in a position to deal with those who oppose the project. And, remember, the Ministry of Planning is able to stimulate other actors, who are not directly part of the project, to resolve the problems you face".

This enabled the Ministry to develop a routine of "reporting accurate and timely information about the status and problems of the Brazil in Action projects".

The Ministry played a coordinating role, which included ensuring there was a regular flow of information on progress and blockages, and promoting a "philosophy of anticipating problems and eliminating foreseen constraints". This approach focused on driving key priorities through targeted use of the coordinating and problem solving capacity of the centre, rather than trying to change the way whole departments worked. Although the status of Presidential projects provided visible high-level ownership of the Brazil in Action projects, in most cases "the secretariat managed to find satisfactory solutions to problems without elevating them to higher levels".

[10] Case study based on M. Barzelay and E. Shvets (2004) "Improvising the Practices of Project-Centered Strategic Planning and Delivery: The Case of 'BRAZIL in Action'" , paper presented at conference on *Third Generation Reform in Brazil and Other Nations*, Rio de Janeiro, 17-20 November 2004.

Planning needs to fulfil four major roles that can be conceptualised in terms of a spectrum from the visionary to the technocratic, with different plans contributing to different parts of this spectrum:

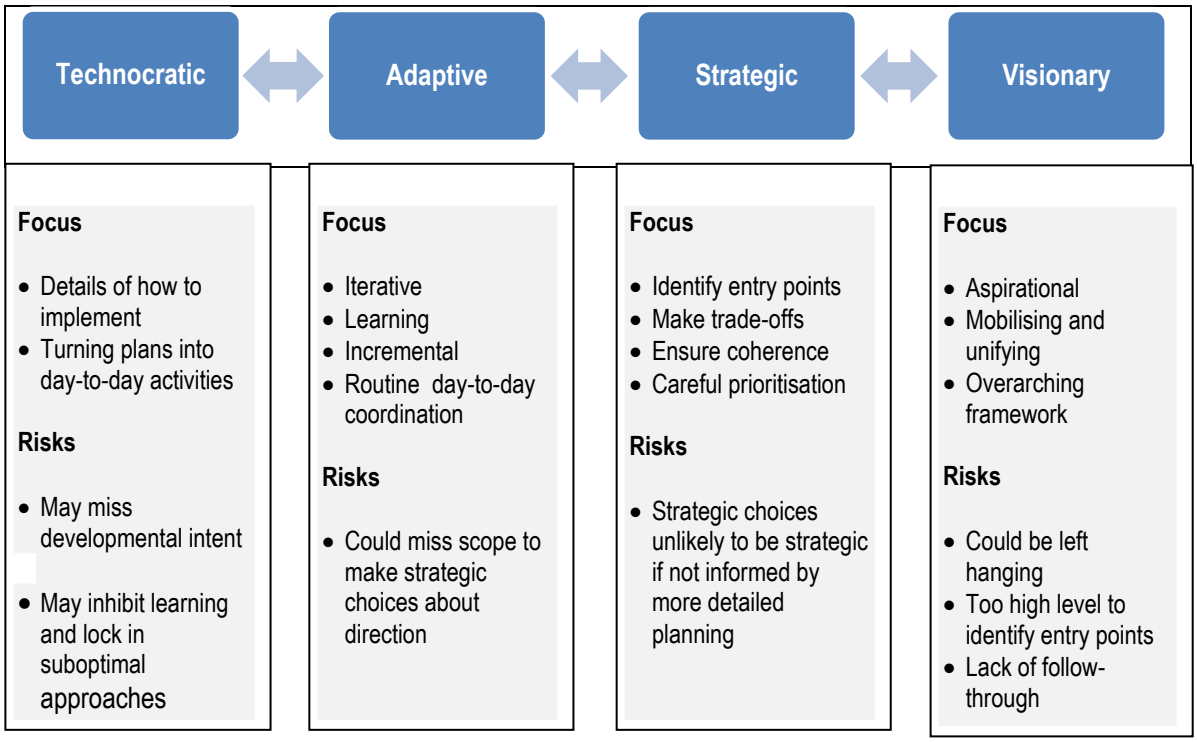
- **Visionary:** Visionary planning provides a long-term perspective and a common vision that different stakeholders can mobilise around. While a vision is partly aspirational, its credibility is likely to depend on the plan providing sufficient detail to be seen as credible and plausible. Visionary planning may make use of scenarios and projections to focus attention on the likely future consequences of policy decisions.[11]
- **Strategic:** Strategic planning grounds a high-level vision in specific choices and trade-offs. It is an important element in linking a long-term vision to current actions and policy choices, particularly for areas with long lead times.[12]
- **Adaptive:** Adaptive planning focuses on working through specific problems and challenges in order to ensure effective implementation. The need for adaptive planning arises from the complexity of many government activities where effective implementation depends upon ongoing learning from experience and making improvements during the process of implementation. Adaptive planning has received increased attention in recent years and focuses on the dynamic and iterative interaction between planning and implementation. This is an important counter-balance to earlier visions of planning that separated the planning phase from a subsequent implementation phase.
- **Technocratic:** Technocratic planning provides the details of how implementation will take place; for example, through the preparation of operational plans. Governments often neglect this dimension of planning, which is one of the reasons why visionary and strategic plans are sometimes not implemented. However, an over-emphasis on the technocratic dimension brings its own risks by inhibiting the adaptive approaches that enable improvement over time.

[11] A study by the Institute for Security Studies (ISS) highlights that South Africa has made extensive use of scenario planning during the past 20 years:

> "A scenario is a story about the future, a sequence of events that unfold over time, and that are coherent, internally consistent and plausible. … Scenario development (of various types) has been an important party of South Africa's recent history. The 1991/92 Mont Fleur scenario exercise … brought a range of South Africans together from across different sectors in the midst of huge uncertainty. … COSATU's September Commission released its sceanrios on the future of the unions in August 1997. … In September 2008 … the South African Presidency released a report entitled 'South Africa scenarios 2025: The future we chose?' … The following year, in 2009, … an impressively diverse group of South Africans from all political walks come together to develop the Dinokeng Scenarios" (Jakkie Cilliers, "South African Futures 2030: How Bafana Bafana made Mandela Magic", *Institute for Security Studies Paper* 253, February 2014).

[12] Strategic planning can therefore include long-term decisions. For example, some large water projects can take 15-20 years from planning to execution, and planning of water resources needs to operate with longer timeframes than this.

Text Box 4: The dimensions of planning



These different dimensions of planning should reinforce one another, but sometimes one form of planning can take place at the expense of another. The South African planning system emphasises the two ends of this spectrum but pays insufficient attention to adaptive and strategic planning. Plans are sometimes left hanging at the level of stating broad aspiration and intent without the follow-up and legwork to turn these into workable programmes of action.[13] In response to these challenges, increased emphasis has been placed on technocratic approaches to specifying specific targets and timeframes, and using standardised templates to highlight key commitments. However, this can result in planning becoming a compliance exercise focused on ensuring the required documents are submitted by the relevant deadlines. As Edgar Pieterse warned in 2004, these technocratic approaches can result in planning systems being "emptied of transformative political content".[14] The strategic and adaptive dimensions of planning are particularly important for enabling political principals to exercise effective leadership and neglecting these aspects of planning is likely to make it much more difficult for effective leadership to be provided.[15]

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[13] This problem is not unique to South Africa but is a common feature of many planning systems and was the motivation for the Malaysian approach to developing implementation-level plans ("3 foot plans"). The Malaysian experience has informed the development of Operation Phakisa in South Africa.

[14] Philip Harrison (2008) "The Origins and Outcomes of South Africa's Integrated Development Plans" in M. van Donk, M. Swilling, E. Pieterse and S. Parnell (eds) *Consolidating Developmental Local Government: Lessons from the South African Experience.*

[15] The challenge of balancing the different objectives of planning has been noted in the context of municipal IDPs but has received little discussion in other aspects of the government planning system. As Philip Harrison notes in writing about IDPs, there has been a tension between the participatory and technocratic aspects of planning:

Tex Box 5: Case study: Basic education – the role of different plans

National and provincial education departments, district offices and schools invest significant time and resources into planning. The Department of Basic Education has a large branch focused on planning and there are regular working groups (called Head of Education Sub-Committees) where national and provincial representatives discuss planning issues.

An extensive planning system has also been instituted at the district and school levels. The National Education Evaluation and Development Unit's (NEEDU) National Report for 2013 referred to School Improvement Plans flowing up into Circuit Improvement Plans, District Improvement Plans and Provincial Improvement Plans and a range of other plans (School Development Plans, Learner Academic Improvement Plans and ANA Improvement Plans). The question is whether these plans support one another or create an excessive planning burden, and how effectively these plans are used to work through the challenges to improving the quality of education.

Text Box 6: Case study: Skills shortages in local government – the result of too much "strategic" planning?[16]

Municipal planning needs to be visionary and strategic to drive transformation and promote development, but it also needs to deal effectively with basic operational issues such as infrastructure maintenance or ensuring the right balance of skills are in place. A recent study by the Public Affairs Research Institute (PARI) on local government suggests that the emphasis on "leadership, policy, strategy and vision" has sometimes come "at the expense of operation and/or administrative quality and issues". In particular, the PARI report suggests technical skills are sometimes neglected as a result of the emphasis on strategy and that savings sometimes get made by cutting junior technical posts. In the long term, this can result in municipalities having insufficient people to fulfil their core operational roles.

> "It is clear that if planning is to challenge sociospatial inequality, then a far higher level of social mobilisation is required – government must be constantly called to account, and the voices of the socially marginalised must have weight. However, it is equally necessary for government to have effective systems that are able to deliver services to its citizens, and so a focus only on mobilisation without having given serious attention to the efficacy of government is, arguably, a limited perspective" (Harrison 2008).

[16] This case study is based on Public Affairs Research Institute (PARI) (2014) *Where have all the people gone? Exploring local government water and sanitation service delivery*.

3. South Africa's Planning System

3.1. Major elements of the planning system

A broad range of plans are produced in different areas and for different purposes. These include:

- **National Development Plan**: The National Development Plan provides the long-term vision and developmental trajectory for the country. The Plan is broader than just government and requires the active involvement of different sectors of society.
- **Medium Term Strategic Framework (MTSF):** The MTSF is the overarching strategic plan of national government. Produced every five years, it identifies the strategic priorities for each administration. Since the adoption of the NDP, the MTSF is the main vehicle for translating the long-term objectives of the NDP into government actions through a process of prioritisation and sequencing.
- **Delivery agreements for government's priority outcomes:** Since 2009 delivery agreements have been produced for each of government's 12 (now 14) outcomes. In 2014 these were released as appendices to the MTSF. The delivery agreements are cross-cutting plans that bring together the key departments that share responsibility for specific priorities.
- **Sector plans:** A broad range of plans exist covering different sectoral areas. This includes both cross-cutting plans such as the New Growth Path and sector specific plans such as in education and energy.
- **Provincial development plans/provincial growth and development strategies**: Some provinces produce medium to long-term plans that set out the core developmental priorities of the province.
- **Municipal integrated development plans (IDPs)**: IDPs are the main statutory planning instrument at municipal level and set out the core developmental objectives for the period of each administration. Municipalities also produce annual service delivery budget implementation plans (which are the equivalent of departmental annual performance plans (APPs)). Some metros and districts have developed long term plans, such as Joburg 2040 or Tshwane 2055, that extend beyond the timeframe of their current IDPs. These are particularly relevant for the development of infrastructure in urban areas, which involves long-term commitments.
- **Departmental strategic plans:** The Public Service Regulations require each department to prepare a strategic plan "stating the department's core objectives, based on Constitutional and other legislative mandates, functional mandates and the service delivery improvement programme". National Treasury Regulations require that a department's strategic plan be submitted to parliament or the provincial legislature in order to inform the discussion on a department's budget vote.

- **Departmental annual performance plans (APPs)**: Departments are also required to produce annual performance plans setting out the key actions that will be taken each year together with indicators to assist in tracking progress.
- **Programme plans**: In response to identified weaknesses in programme-level planning, DPME developed initial guidelines on programme planning in 2013. These guidelines emphasise the importance of clarifying the logic and approach of an implementation programme, identifying who in the relevant department is responsible for the programme and clarity on the budget allocated to the programme. The guidelines also highlight the potential for careful programme planning to improve the coordination of programmes that require interdepartmental collaboration.
- **Service delivery improvement plans**: The Public Service Regulations set out a requirement for each department to have a service delivery improvement programme and to publish annually its commitments on service standards and how these will be achieved.

The list of plans that departments and municipalities are expected to produce has grown over time and there is a need to assess whether all of them are still necessary. A range of measures have been introduced to promote coherence across these different plans, however, there is a need to identify overlaps that may need to be addressed to avoid planning becoming a burdensome exercise with no developmental benefit.

The development of cross-cutting plans (such as the National Development Plan, National Spatial Development Perspective and New Growth Path) and the preparation of the Medium Term Strategic Framework as a cross-cutting strategic plan for each administration provide important mechanisms for drawing together government activities in different areas and informing key priorities. As a long-term plan, the NDP is also intended to enable a smoother transition between planning cycles with each five-year planning cycle becoming a consecutive building block of the NDP.

Text Box 7: The four broad objectives of the NDP as a long-term vision and plan

- Providing overarching goals to be achieved by 2030.
- Building consensus on the key obstacles and specific actions to be undertaken,
- Providing a common framework for detailed planning.
- Creating a basis for making choices about how best to use limited resources.

3.2. Departmental strategic planning and annual performance plans

A major focus of planning at national and provincial level is on the preparation of departmental strategic plans and annual performance plans. The requirement for departments to undertake strategic planning is set out in the Public Service Regulations as well as Treasury regulations. The regulations require departments to produce a five year strategic plan and annual performance plan as well as to identify performance indicators and targets and to report against these on a quarterly basis. Guidance is provided by National Treasury through the Framework for Strategic Plans and Annual Performance Plans, and the Framework for Managing Programme Performance Information.

Government has put considerable effort into developing this system. Performance information is audited by the Auditor General, which has put pressure on departments to comply with the requirements particularly regarding how they set and report against performance indicators. The 2013/14 Auditor General's report notes "an increase in auditees with no material findings on the quality of their annual performance reports". This progress is the result of sustained hard work by departments to ensure that their performance indicators and targets are realistic and appropriately crafted.[17] It also reflects the work done by the Auditor General in creating the pressure for departments to improve their performance indicators and target setting and of National Treasury in providing support and advice to departments on performance information.

However, the progress achieved in improving technical aspects of indicator definition does not address the more fundamental question of whether the strategic planning system is adequately serving government's developmental objectives. To date, the management of the system has been based largely on ensuring technical compliance and improved technical rigour. This has brought some benefits in terms of performance management. However, it has also created significant challenges and perverse incentives including an excessive focus on compliance for its own sake, an over-emphasis on measurement, and insufficient attention to the fundamental aspects of planning such as analysing trends and developing consensus on key priorities and how they are to be pursued.[18] As a result, there are concerns that the strategic planning process is becoming a ritual that departments follow but has limited impact on a department's strategic direction or the country's development.

The strategic planning system was developed at a time when there was a strong emphasis, both in South Africa and in international thinking, on target-based performance management systems. As a result, the system is heavily geared towards defining targets against which departmental performance can be assessed. In recent years, there has been increasing scepticism regarding the potential perverse incentives created by indiscriminate use of such target-driven approaches (see the examples in the text box below).[19] While performance data remains an important tool in government planning systems and can help to promote accountability and transparency, the evidence suggests it is best

[17] The relevance of targets to a department's strategic purpose has also generally improved. For example, some departments used to include indicators such as the number of Christmas cards distributed or the organisation of an end of year event.

[18] National Treasury's primary focus on budgeting and controlling public spending can also contribute to the neglect of these other considerations. Indeed, departments may be less likely to discuss some of these issues openly given that it could impact adversely on future budgetary requests.

[19] In summarising the literature on the use of targets Matt Andrews notes that while targets clearly work well in some cases, "targets can generate distortions when the outcomes being targeted are ambiguous, difficult to measure, involve multiple agents and political relationships engaging in uncertain and unclear processes, over long periods of time", suggesting that measurable targets should be used selectively and not automatically applied in all areas (Matt Andrews (2015) "Benefits and Costs of the Governance & Institutions Targets for the Post-2015 Development Agenda Post-2015 Consensus", working paper available at:

http://www.copenhagenconsensus.com/sites/default/files/governance_perspective_-_andrews_0.pdf).

used selectively and should not be used in isolation from other means of analysing progress. [20] A similar reevaluation needs to be applied to the South African system in order to ensure that performance data is used appropriately and supports the broader developmental objectives of the planning system.

3.2.1. Strategic plans are often not backed up by effective operational planning

The Framework for Strategic Plans and Annual Performance Plans indicates that an institution's strategic plan should provide an overview of specific plans and programmes, and should not replace these more detailed plans:

> Strategic Plans do not replace project plans or programme and policy plans appropriate to the activities or responsibilities of an institution. A Strategic Plan should draw on these and other plans or project proposals, and should indicate the likely sequencing of implementation in the period ahead.[21]

However, a paper commissioned by DPME raised a concern that the focus on strategic plans and annual performance plans could be diverting attention from the importance of strong operational planning:

> The Strategic Plan and the APP have become the planning documents of departments, rather than documents that bring the other long and short term plans of departments together in a strategic statement of what the department intends doing. The implication of this is that many departments are not focussing on implementation/operational planning, and not doing enough implementation planning.
>
> This will inevitably have grave implications for (a) the quality of information set out in the Strategic Plans and APPs and (b) the ability of departments to actually deliver against what they commit to in their Strategic Plans and APPs (given the absence of implementation plans).[22]

In addressing this challenge, it is important to recognise the limits to what we can know upfront as seeking to define too much detail too early could lock-in unrealistic approaches. It would therefore be counter-productive to seek to standardise the approach to operational planning, which could easily become inflexible and compliance oriented, thereby discouraging the adaptive aspects of planning that are central to effective implementation. One option is to use the strategic planning process to develop a clear narrative explanation of how actions will be implemented. This would help to promote discussion

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[20] An evaluation being commissioned by DPME will investigate the effectiveness of the strategic planning system. The evaluation will provide an opportunity to reflect on departments' experiences of the current system and may deepen our understanding of some of the challenges set out in this document.

[21] Similarly, the Framework for Managing Programme Performance Information is clear that the setting of performance indicators is a tool to facilitate the broader process of planning.

[22] Conrad Barberton (2012) "Budget Programmes and Implementation Programmes with reference to a study of four implementation programmes in the education sector", paper commissioned by DPME, 23 October 2012.

and reflection without removing the scope for flexibility. It would also improve the credibility of government plans by demonstrating that departments have a plan for how they are going to move towards their key indicators and targets. The reporting process could then also increasingly be geared towards reflection and be used to inform the development of future plans.

3.2.2. Perverse incentives created by over-emphasising measurable targets - examples

(a) Education

In South Africa, there have been accounts that the level of emphasis placed on the matric pass rate results in fewer students being admitted for the matric exam. A report produced by the Department of Basic Education noted that there was "a queuing phenomenon in grades 10 and 11: more children are nowadays retained in the school system until grades 10 and 11 but at that point the impending matric examination induces many schools to not promote weak students any further" and that "many such students spend a few years in grades 10 and 11 before dropping out".[23] Similarly education experts suggest that "schools are steering learners to the softer subject options like maths literacy instead of maths because there's so much pressure on schools to show an improvement in their pass rates".[24]

(b) Crime and policing

Strict monitoring of targets for reducing crime rates can result in police stations being reluctant to record some crimes that are reported. In South Africa, the Centre for the Study of Violence and Reconciliation (CSVR) noted in 2010 that "there ha[d] been persistent reports in the press about the 'cooking of crime statistics' by police" with accounts of police stations not recording crimes that would be more difficult to investigate or downgrading the severity of crimes. The CSVR suggested that this underreporting resulted from the perverse incentives created by the use of performance incentives linked to reductions in reported crime rates: "due to the fact that these were targets that government had committed to, police management had a strong motivation to ensure that they were achieved, for fear of embarrassing government and incurring the displeasure of senior politicians" and so that "senior management was more concerned with reducing recorded crime than with how this reduction was achieved".[25]

Similar concerns were raised in the UK where significant pressure was put on police stations to meet targets for reducing crime levels. A report by a parliamentary committee found that "numerical targets for individual police officers and police forces as a whole, based on PRC data, and set by senior police officers or Police and Crime Commissioners (PCCs), drive perverse incentives to misrecord crime, tend to affect attitudes and erode data quality". The report cites the example of one police station that either

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[23] Department of Basic Education (2013) "The Internal Efficiency of the School System: A Report on Selected Aspects of Access to Education, Grade Repetition and Learner Performance, 2013".

[24] Claire Bisseker (2014) "Matric results: the shadow of success", *Financial Mail*, 16 January 2014, available at: http://www.financialmail.co.za/features/2014/01/16/matric-results-the-shadow-of-success

[25] David Bruce (2010) "'The ones in the pile were the ones going down': The reliability of violent crime statistics", *SA Crime Quarterly*, 31 March 2010.

did not record or downgraded sexual offences because they "felt under pressure to improve performance and meet targets", as well as cases where crimes were prioritized for investigation based on how easy they would be to solve rather than the severity of the crime. More generally, the report highlights that "data integrity in any organisation is at risk of being compromised if the people responsible for generating data are subject to performance appraisal and political pressure based on the trends shown by that data". Although the British government "has sought to shift the emphasis away from the use of centrally-imposed targets as a means of assessing police performance", the report found that "the legacy of centrally-imposed performance targets has played an unhelpful role in helping to entrench a 'target culture' within forces – and that the problem of target culture persists to this day".[26]

(c) Health

In the UK, there were concerns that the way targets were used in the health sector was prompting administrative concerns about targets to override medical priorities about which patients most needed treating. This included reports that a target for all patients to be given an appointment with their GP within two working days had resulted in many practices refusing to take advance bookings. In one hospital ophthalmology department, targets for in-hospital treatment were met by "cancelling and delaying follow-up outpatient appointments (which had no target)".[27] There were also accounts of hospitals meeting the target for waiting times by keeping patients "in lines of ambulances outside emergency rooms until the hospital in question was confident that the patient could be seen within a four-hour waiting target". A study "found evidence that in one third of ambulance organisations, response times for [emergency] calls had been 'corrected' to less than eight minutes in ways that could not be readily explained. One senior civil servant described the impact of targets on the British health service as "hitting the target and missing the point".[28]

(d) Energy efficiency[29]

In China, strong incentives for meeting targets, including in terms of an individual's career advancement, can play an important role in driving national priorities but can also create a range of perverse incentives. Government officials and the media sometimes refer to reporting against targets as playing "the numbers game". Data is often manipulated with local government having no incentive to check the validity of data as this could prevent them being able to report the required progress. One

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[26] House of Commons Public Administration Select Committee (PASC) (2014) *Caught red-handed: Why we can't count on Police Recorded Crime Statistics*, available at:

www.publications.parliament.uk/pa/cm201314/cmselect/.../760/760.pdf

[27] Gwyn Bevan and Christopher Hood (2006) "Have targets improved performance in the English NHS?", *British Medical Journal* 332(18), available at:

http://www.lse.ac.uk/intranet/LSEServices/communications/pressAndInformationOffice/PDF/GwynBevanBMJFeb06pdf.pdf

[28] Christopher Hood (2006) "Gaming in Targetworld: The targets approach to managing British Public Services", *Public Administration Review* 66(4): 515-521.

[29] This case study is based on G. Kostka "China's Evolving Green Planning System: Are Targets the Answer?", *Frankfurt School of Finance & Management Working Paper Series*, No. 201.

locality reported energy savings from companies that had already gone bankrupt and, in another, factories were relocated to a neighbouring locality so they would not have to be included in energy efficiency figures. A locality that had managed to exceed its target chose not to report this in order to avoid being placed under additional pressure in future targets.

A further problem arises because of the time-bound nature of targets, which "triggers frequent cyclical behaviour ... which may lead to manipulated statistics or, worse, drastic and short-sighted responses". For example, Kostka found cases of last-minute measures being introduced to meet energy intensity targets in ways that were "harmful to the public interest": She describes how "one local government cut off electricity to homes and rural villages, even to the extent that one hospital was forced to close once every four days", while another introduced "a 'work-5-stop-10' power rationing practice for large businesses, which was equivalent to working 10 days per month" and meant that "some companies switched to diesel-operated generators, which actually increased pollution".

Part of the challenge arises from the "vast amount of high quality information" that is required to make decisions about how target commitments should be divided between different localities, which can result in the setting of illogical or unachievable targets. For example, a locality that included a large area of coastal wetland was set the same target for forestry cover as its neighbouring localities even though most trees do not grow in the salty land of the coastal wetland area. In some cases targets are set to impress rather than based on an understanding of what is likely to be achievable.

3.2.3. Perverse incentives created by indiscriminate use of standardised templates and measurable targets

The Framework for Strategic Plans and Annual Performance Plans and the Framework for Managing Programme Performance Information both focus on the use of measurable indicators and targets as a means to promote accountability for performance. As indicated above, there has been progress in departments' ability to achieve their targets. Some of this is due to the pressure created by clear targets, which can be an effective means of driving improvements in priority areas, but some of the progress reflects departments' increased skill at setting targets in ways that are easier to achieve without delivering any additional developmental benefit.

The focus on measurable targets can create an incentive to focus only on the things that are being measured and result in neglect of ongoing activities and departmental functionality by emphasising measurable indicators over other (sometimes more intuitive) methods of tracking progress and assessing impact. These concerns are not new. The Presidential Review Commission on the Transformation of the Public Service (1998) highlighted concerns about the unintended consequences of over-reliance on, and indiscriminate use of, measurable targets:

> Although the use of performance measures can form an indispensable part of an effective system of planning and review, the [Presidential Review] Commission recognises from its investigations that there are a number of major problems in their use. These include:
>
> - The over-reliance on quantitative data (which is easier to measure) at the expense of what is often more useful qualitative information;

- The tendency to try and measure too much, resulting in a mass of data that is hard to disaggregate and interpret;

- The tendency for public servants to concentrate only on those aspects of their work which they know will be measured".[30]

Challenges also arise from the way targets need to be set. In particular, the guidelines include a requirement that every target should be "SMART" (specific, measurable, achievable, relevant and time-bound), which can result in more attention being given to the formulation of the indicator than the appropriateness of the action.

The Framework for Managing Programme Performance Information suggests that performance standards should be set at the minimum acceptable level. By equating a failure to meet targets with under-performance this creates an incentive for departments to scale back ambition and set modest targets in order to avoid the negative consequences of failing to meet their targets. It also incentivises the creation of opaque targets that undermine public accountability and the developmental focus of planning. This can result in a great deal of attention at senior administrative and political levels being given to the pursuit of fairly arbitrary targets. It also limits the scope for learning by failing to differentiate between areas where progress has been made, even if targets have not been met, and areas where no progress has been made.

Even if a target has not been met, the progress towards the target may still constitute a significant achievement, and reporting should recognise this progress while noting where further work is needed. This would also help to promote greater policy stability in areas where it takes time to achieve results by highlighting what progress has been made. In some areas it could be more beneficial for departments to set ambitious long-term objectives that represent a desired end state and then track progress against them.

The emphasis on accountability for targets can also divert attention from other means of improving performance and therefore restrict efforts to improve government performance to a narrow set of tools. In particular, the motivation and logic for specific actions are often obscured by the use of standardised templates that focus on setting out indicators, targets and timeframes. This has diverted attention from the need to provide a strong narrative setting out key priorities and a clear explanation of the motivation for specific actions as well as how they will be carried out. The absence of clear explanation makes effective oversight more difficult and also means plans are less likely to be read by key stakeholders. Greater attention should therefore be given to developing a clear narrative and justification for the actions identified in strategic plans.

The process of reporting against targets is not always helping to promote reflection on problems or drive improvements. The MPAT assessments of all 156 national and provincial departments for 2012 indicated that in only 34% of departments were management engaging with their quarterly progress reports against the APP and using the reports to inform improvements. The system can disincentivise

[30] Presidential Review Commission (1998) *Report of the Presidential Review Commission on the Reform and Transformation of the Public Service*

frank reporting by turning targets into an accountability mechanism rather than a mechanism for learning and identifying blockages.

Reporting should not primarily be used to answer yes/no questions about whether or not targets are being achieved but rather to track progress and build consensus. One way to address this would be to differentiate between public reporting on progress against targets and internal management reports that analyse what is happening and why. If such reports are produced in a collaborative and consultative way it could help to strengthen the role of a thinking centre of government that promotes strategic reflection on progress against key priorities. It would also help to inform decisions by political principals on how they can use their leadership positions to overcome any obstacles.

The Framework for Strategic Plans and Annual Performance Plans and the Framework for Managing Programme Performance Information are strongly related. Both Frameworks focus mainly on performance information with insufficient attention paid to the planning processes or the broader strategic objectives. One option to address this would be to create a clearer division between the two Frameworks, with the Framework for Strategic Plans and Annual Performance Plans focusing on strategic planning and issues relating to performance information being dealt with in the Framework for Managing Programme Performance Information. Alternatively, the Framework for Managing Programme Performance Information could be consolidated into a revised Framework for Strategic Plans and Annual Performance Plans which would include a fuller focus on the developmental role of strategic planning in order to address the issues set out in this discussion document.

Text Box 8: Case study: Department of Home Affairs – avoiding the compliance culture[31]

In January 2008, the Department of Home Affairs began a reform process that reduced the time a citizen had to wait for an identity book from over four months to less than six weeks. This was achieved by promoting greater collaboration, clearly outlining achievable and relevant targets, frequently measuring performance and ensuring employees understood the entire process and the importance of their role in it. The identity document production process was simplified. Senior staff became more visibly involved, which boosted morale and fostered a culture of unity and service. The result was a clean audit, improved service and citizens' growing recognition of the department's achievements.

The turnaround strategy began with three months spent assessing the status quo to identify scope for improvements. This was used as the basis for producing "a plan that worked within the constraints of strong unions, civil service rules and labor law". Therefore, "the turnaround plan was designed to work without retrenchment, recruitment and large-scale changes in human resources policy" and focused instead on "simplifying business processes and improving performance management by mid- and low-level managers". The shift towards a more collaborative way of working "occurred not through formal policy or strategy change, but rather through repeated, detailed attention to the specific tasks of each employee and manager".

[31] This case study is based on D. Hausman (2010) "Reforming without Hiring or Firing: Identity Document Production in South Africa, 2007-2009", *Innovations for Successful Societies*, Princeton; as well as a study commissioned by DPME (2011) "Public Service Frontline Service Delivery Improvement: Department of Home Affairs – A Good Practice Case Study".

Lessons from the Home Affairs Turnaround Strategy have highlighted the importance of allowing space for an evolving approach to achieving key objectives. While the turnaround strategy involved sustained attention to improving performance, this was done outside the formal performance management system in order to allow space for an adaptive and reflective approach. A report commissioned by DPME identified that "the idea was to de-link the performance management process from the formal performance assessment process and to make performance management motivating and not punitive". This reduced the scope for perverse incentives: "because the performance management initiatives were not linked to a formal policy of punishment or reward, employees had fewer incentives to resist them, and managers were able to apply them more objectively".

3.2.4. Strategic planning processes are not used to build the relationships required for implementation and planning is not well embedded within the government machinery

Although strategic plans and annual performance plans are public documents, they often play a peripheral role within departments. The official responsible for compiling them does not usually have the mandate or authority to cut across the interests of different branches and strategic plans can therefore end up replicating the silos within a department. Similarly, the planning process does not facilitate collaborative planning across departments on areas of overlapping responsibility meaning that departmental plans can run in parallel or sometimes be contradictory. This is a missed opportunity as one of the purposes of the strategic planning system should be to identify and work through coordination issues. This is unlikely to happen without significant engagement from the centre on the policy content of departmental strategic plans. The system should therefore be designed to give more attention to the planning process and proposed activities of departments rather than simply how documents are structured and targets set.

The support provided to departments tends to focus on developing performance indicators,[32] but with less attention given to the planning process and the identification of priorities. To address this shortcoming, the function is now being administered by DPME with National Treasury sharing the responsibility.

This shared approach needs to be replicated at provincial level where concerns have been raised that some Offices of the Premiers may find it difficult to fulfil all aspects of the function. It is important that the new arrangement is used as an opportunity to address some of the gaps in the existing process and not simply to replicate the approaches that were previously administered by National Treasury. As part of the current administration's commitment to institutionalise planning, DPME will need to pay attention to how to put planning back at the heart of the strategic planning process through a stronger focus on using planning processes to identify priorities, build consensus and address specific coordination issues.

As identified above, an important step would be to shift the balance of emphasis in the Frameworks and how they are applied in order to address the relative over-emphasis on target-setting. However,

[32] The 2013-14 Auditor General's report noted that "the roles and responsibilities of oversight institutions to provide performance management and reporting guidance and oversight were not clear [and that] some oversight institutions did not: guide and assist departments in developing performance indicators and performance reporting systems, monitor and evaluate the accountability documents of departments, assist departments that underperformed by recommending and monitoring corrective action".

effective planning is not just about perfecting the guidelines. The planning process needs to provide space for structured dialogue with departments on the policy priorities and approaches to implementation contained in their plans.

Although departments are required to submit draft plans to National Treasury and DPME, they do not generally receive substantive feedback on the policy content of these plans. Written feedback to departments is an effective means for raising concerns about the quality of indicators and targets but is unlikely to be conducive to promoting constructive dialogue on the identification of priorities or approaches to implementation.

To address this gap, DPME could convene strategic planning forums for departments to discuss key strategic priorities in the process of drafting their strategic plans and annual performance plans. These forums could be used to elevate and interrogate how departments intend to take forward key priorities, such as those contained in the NDP and MTSF. These forums could be structured according to either the functional groupings of the budgeting process or the cluster system, which would then also help departments with similar responsibilities to identify areas of duplication as well as potential for collaboration. These forums could provide for a depth of engagement on major planning priorities that is not possible through the process of providing written comments on draft plans. This process could also help to address concerns raised by the Auditor General on the need to strengthen the links between planning and budgeting by ensuring that budgetary requests are backed up by more rigorous planning and scrutiny of policy prioritisation.

As part of the budgeting process, departments currently make presentations to National Treasury setting out their budgetary requirements. These forums are structured around functional groupings made up of departments with similar priorities, and so both provide an opportunity for dialogue between departments and National Treasury, and for departments with similar responsibilities to become aware of other departments' activities. However, the forums often become about departments making the case for extra funding and National Treasury seeking to manage demands on public resources. The focus is therefore on how much money is needed not what activities should be prioritised or how they should be implemented. In addition, submissions to National Treasury are typically owned by the chief financial officers (CFOs) within departments, who may not be the best people to engage with wider aspects of planning.

The planning forums would fulfil a different role to the delivery forums that operate as part of the outcomes approach. For each of government's 14 priority outcomes, administrative (technical) and ministerial forums monitor progress against the objectives and targets set out in the outcomes. These are important mechanisms for tracking progress and promoting accountability, but their primary role is in monitoring progress on a broad range of activities. Planning forums would fulfil a different role by allowing for detailed discussion of proposed activities. This would help to ensure credible plans are developed that can subsequently be monitored through the delivery forums.

3.2.5. The role of the Auditor General

The Auditor General is mandated, in terms of the Auditor General Act, to audit performance reporting against predetermined objectives. In doing so, the Auditor General treats the Framework for Strategic

Plans and Annual Performance Plans and the Framework for Managing Programme Performance Information as requirements, with departments being deemed to have fallen short where they do not follow the frameworks. However, as frameworks, these are intended to have greater flexibility than regulations; indeed, the Framework for Strategic Plans and Annual Performance Plans states that the template provided in the Framework "should be adapted by each institution to suit its requirements" and that "each sector will customise this generic guide under the leadership of the relevant national department".

A study commissioned by DPME suggested that the "approach adopted by the Auditor-General to monitoring 'compliance' with these example formats … has turned them into de facto legal requirements".[33] However, it is not always clear how much flexibility departments are meant to have. At times the wording of the frameworks implies that the scope for departments to exercise discretion is very limited – for example, the Framework for Strategic Plans and Annual Performance Plans makes the problematic suggestion that all indicators should be "SMART" (see above), which seems to conflict with the level of flexibility implied by other parts of the Framework and contributes to some of the perverse incentives identified above.

The focus of the Auditor General has helped to improve the precision of indicators and targets, as well as data collection and reporting. However, it can also result in departments viewing planning as a compliance exercise and create a perverse incentive for departments to choose indicators and targets that are easily measurable. As a result, the planning process can become focused on satisfying the requirements of the Auditor General. Without diluting the pressure on departments to report on performance, these perverse incentives need to be addressed. This could be done by treating the Frameworks as principles intended to inform departmental planning processes and that departments are expected to follow rather than apply rigidly. However, for the Auditor General to take this approach, it would be helpful for the Frameworks to be amended to make it explicit where departments can exercise discretion. As indicated above, this should take account of the increased appreciation internationally of the potential side-effects of over-emphasising the importance of measurable targets (see examples in text box above) and so the Frameworks should enable the Auditor General to expect a better balance between the use of templates and the provision of an adequate narrative and explanation. In time, this could result in audits assessing the clarity of explanation, which would be an important tool for strengthening public accountability.

3.2.6. Recommendations for strengthening the developmental focus of departmental strategic planning

The work done to date on departmental strategic planning has created an important basis by developing a system that is taken seriously by departments. However, it is questionable whether the current system delivers benefits commensurate with the level of effort involved. It is also clear that more could be done to mitigate the potential for perverse incentives. The challenge going forward is therefore to build on the existing system by putting greater emphasis on the developmental and transformative

[33] Conrad Barberton (2012) "Budget Programmes and Implementation Programmes with reference to a study of four implementation programmes in the education sector", report commissioned by DPME, 23 October 2012.

potential of departmental strategic planning, and put planning back at the heart of the strategic planning process.

(a) Convene strategic planning forums during the process of drafting strategic plans and annual performance plans for departments to present on how they intend to address key priorities

A greater focus is needed on promoting discussion of planning priorities within government. The potential benefits of presenting, explaining and defending proposals cannot be replicated through the current process of providing written comments on draft documents. As part of the institutionalisation of planning, DPME could convene planning forums where groups of departments are expected to present and explain the key proposals contained in their draft plans. These could mirror either the functional groupings of the budgeting process or the cluster arrangement.

(b) Amend the frameworks to introduce greater flexibility and put greater weight on non-measurable aspects of strategic plans and annual performance plans

The overlap between the Framework for Strategic Plans and Annual Performance Plans and the Framework for Managing Programme Performance Information should be addressed either by using a revised Framework for Strategic Plans and Annual Performance Plans to address broader aspects of planning or by combining them into one document with a section focused on planning and a section on performance information. Whichever approach is taken, the framework(s) should be amended to make the scope for flexibility clearer, to encourage a greater emphasis on the use of narrative and explanation, and to promote a more selective approach to the use of measurable targets.

(c) Reduce the perverse incentives of target setting by tracking and analysing progress towards targets, rather than just whether or not targets are met

Rather than just reporting on whether or not targets have been met, departments should be expected to report on their progress towards targets, analyse whether they believe adequate progress is being achieved and, if not, what needs to be done. This could include providing updates and predictions of likely scenarios for achieving the targets. Such an approach could retain the current emphasis on departments being accountable for progress against key objectives but also promote more open reflection on progress, obstacles and trends.

(d) Ensure the strategic planning function remains a joint responsibility of DPME and National Treasury with responsibility at provincial level shared between Offices of the Premiers and provincial treasuries

The division of responsibilities should reflect the need for expertise both in the definition of performance indicators and in wider aspects of planning, including expertise on specific policy areas. It should also take account of the need to strengthen the linkages between planning and budgeting.

Text Box 9: Case study: UK – improving departmental planning by prioritising engagement and rigour over standardisation[34]

South Africa's concerns about the weakness of departmental planning are far from unique. At the beginning of the second term of Tony Blair's Labour government, the British government wanted to shift from the rather nebulous priorities of the first, which emphasised efforts to coordinate and join up government, to a greater emphasis on delivery. Michael Barber, an established Labour activist with a reputation for delivering results, was brought in to establish the Prime Minister's Delivery Unit.

The Delivery Unit worked with departments to set and track high-level targets for a small number of government priorities. Barber was often mocked by the British media for his commitment to tracking and reporting on data, but in fact he attributes most of the success that was achieved to the increased rigour his unit sought to bring to planning and problem solving for these key priority areas. Several of his observations echo common concerns about the South African planning system.

A tendency to focus on constraints rather than opportunities

As in many countries, departments in the UK have to influence activities over which they do not have full control, either because the responsibility for implementation sits with a different level of government or, in recent years, because the responsibility has been outsourced. Barber and his team found these were often used as an excuse with departments focusing on the limitations on their authority rather than the areas they could influence. He notes that "some officials wallowed in this powerlessness because it enabled them to abdicate responsibility".

A lack of implementation-level plans

When the Delivery Unit asked departments for plans for how they were going to achieve key priorities, they found there were no detailed plans in place. The bureaucracy was producing general documents and not using planning to work through problems:

"when asked for a plan, Whitehall's traditional response is to write some thoughtful prose, and if it really wants to impress the recipient, to enclose the prose in a glossy cover. … We wanted real, messy, practical, operational plans with folds and creases, scribbled notes in the margins and coffee stains. This incidentally, was why we decided firmly not to offer a template for a plan which departments could just fill in. This would have made their job too easy, too perfunctory, whereas we wanted them to engage with the harsh reality of getting something done. Helpfully, we could argue that by not offering a template we were responding to their plea that we should not micro-manage them."

The decision not to provide standard templates where departments simply had to fill in a series of boxes but to focus on encouraging an iterative process of departments developing multiple drafts of these plans provides an important indication of how Barber sought to avoid planning becoming a mere compliance exercise. He describes how multiple interactions took place. The Delivery Unit "examined draft delivery plans", provided feedback based on which departments resubmitted their plans, and arranged for departments "to present their thinking to panels of experts from inside and outside government". Throughout this process officials from the Delivery Unit worked closely with the relevant officials in the departments.

[34] This case study is based on Michael Barber (2007) *Instruction to Deliver: Tony Blair, Public Service and the Challenge of Achieving Targets*.

The emphasis therefore was not on whether or not plans were followed, but rather on using these plans to facilitate learning and adaptation:

> On the implementation of complex programmes designed to achieve rapid, large-scale performance improvement, 'making it up as you go along' – learning, in other words – is essential because it is not possible to know everything you need to know at the outset. There is a jargon to describe this, enshrined in the words of Harvard professor Ron Heifetz, who argues that complex adaptive problems require 'adaptive' leadership. President Eisenhower made a similar point in simpler language: 'The plan is nothing; the planning is everything".

Part of the purpose was to be able to identify key responsibilities in order to provide targeted support:

> We also asked them to identify the 'single named official' who was personally responsible for the delivery of each priority. 'This should be the person who spends most of his/her time on the priority and has sleepless nights, worrying about hitting the targets' … The idea was not just that these people should be held to account but that in addition we would organise a series of master classes in delivery for this select group. There would, in other words, be support as well as pressure. We also asked departments to show us how they were organising themselves to deliver, and finally in relation to each of the specific priorities offered specific practical comments and suggestions to help them improve their plans next time.

A key principle, as also emerges from the experiences of both Brazil and Malaysia, is that a centre that engages in a sustained way with selected key priorities can play a valuable role in supporting departments on key objectives.

Using targets and trajectories as a vehicle for analysis and reflection

The weak planning processes made it difficult to agree on credible targets and even weaker accountability systems meant that targets could not form an effective tool for promoting accountability. However, the Delivery Unit saw value in identifying possible trajectories and using them as a tool to drive more effective planning through promoting greater analysis and reflection:

> As part of the planning process, we asked the relevant officials to connect, with a single line on a graph, the point indicating current performance to the point where the target suggested it should be in three, four or five years' time (depending on the timetable for achieving the target). This request was intended to ensure that, in the planning process, officials thought about the relationship between the actions they proposed and the outcomes the targets required them to achieve …. it is better, we argued, to make the best informed guess you can and then to see what in fact happens. You can then review the assumptions behind the guess in the light of the real data as it comes in and refine the analysis. In other words, the combination of the trajectory and the actual data enables constant learning.

Thus, targets were designed to focus attention and provide a mechanism for learning. Given the arbitrary way in which targets were set, the question of whether or not a particular target was met was peripheral to the methodology (although, in practice, political and media attention sometimes made this into a bigger issue than what progress had been achieved).

This learning was promoted through joint teams from the department and the Delivery Unit who would work together to analyse what was happening and why:

> For any given target, a joint review team of five or six people from the relevant department and the Delivery Unit would be established. They would rapidly pull together all the data they could assemble on the issue and generate some hypotheses and answer the key questions: Were we on track to deliver the target? If so, what were the risks? If not, what could be done to fix the problems? Armed with the background analysis and their hypotheses, the team

> would then go and see for themselves the reality on the ground. Often they would visit a place where progress was good and ask why, and a place where it was poor and ask the same question.

On a regular basis, reports were produced for the Prime Minister, ministers and permanent secretaries (the equivalent of DGs) explaining what progress had been achieved and providing advice on what needed to be done. Barber describes these reports as "the engine room of delivery", but also notes that preparing the reports was very time consuming. In order to be able to maintain both this depth of engagement and the small size of the Unit, which never grew beyond 50, Barber consistently had to resist efforts to expand the Unit's mandate.

Forging constructive and routine interactions despite sporadic political engagement

The Delivery Unit had strong backing from the Prime Minister who convened occasional meetings with the relevant Ministers to interrogate officials on a particular issue. These meetings were important in overcoming blockages. However, much of the time the Prime Minister's schedule meant he was absent or had not been able to engage with the issues prior to the meeting. Barber reports that:

> Sometimes my staff were elated by the Prime Minister's engagement, and sometimes disappointed by his lack of it, but I kept telling them that we had to take the rough with the smooth. The demands on a Prime Minister can be overwhelming and sometimes his mind will be elsewhere. Anyway, I would remind them, the Prime Minister's attention on a given day wasn't the main point; it was the routine itself that mattered.

With clear political support, but in the absence of consistent political involvement, Barber concluded that "the key [for the delivery unit] was to put the power [of the PM] to good effect". To do this, he established regular routines and found that: "successful delivery often lay not in the big decisions, but in the everyday routine; the endless micro-decisions and interactions with officials, partners and stakeholders". Indeed, he argues that: "well-established routines are as important to the exercise of prime ministerial power and the delivery of results as major decisions on strategy or people".

3.3. Provincial planning

Provincial planning has an important role to play in the achievement of the country's key developmental priorities. The NDP emphasises the importance of improving the quality of a range of public services, such as education and health, where delivery is the responsibility of provincial government. It also emphasises more general improvements in the effectiveness of the public service, which is particularly important for provinces as most public servants are employed at provincial level. Finally, provincial planning processes have an important role to play in identifying and driving forward key developmental priorities in areas such as economic development and spatial transformation.

3.3.1. The focus of provincial planning[35]

The value and contribution of provincial planning depends on a clear understanding of the role of provincial planning. Provincial planning does not take place in a vacuum. It needs to take account of national planning processes and sectoral plans without merely replicating national planning. There are two major risks facing the provincial planning process – overreaching into areas that are outside the

[35] Provincial departments are subject to the same strategic planning system as at national level. This section therefore focuses on the role of cross-cutting provincial planning.

control of the province, and planning becoming a mere compliance exercise. Both would undermine the effectiveness of provincial planning. There is also a danger of creating conflicting messages if adequate attention is not given to the areas of overlap between national and provincial planning processes.

There are many areas where the NDP highlights the need for provinces to focus on improving the quality of existing programmes. These are not proposals that can be implemented and ticked off, but rather areas where careful consideration needs to be given to analysing how to improve over time. Provincial planning processes should therefore be used to focus attention on areas where improvements need to be made and establish the necessary steps that need to be taken to deliver those improvements. In the process, each province has the opportunity to lead the way in demonstrating the potential to use the implementation of the NDP to improve the quality of what we do.

One of the peculiarities of provincial planning is that provinces plan for many issues over which they have limited control. On the one hand, provinces spend the majority of their budgets on a few core functions, particularly education and health. On the other hand, provincial planning has an important role to play in relation to economic development and spatial transformation over which the province has limited direct control but where a clear regional perspective is important. In these areas, the effectiveness of the provincial planning process depends on engagement with other spheres as well as using provincial planning processes to bring different stakeholders together and build consensus on how to achieve key national or provincial objectives. This convening role will often be most effective if focused on specific projects or programmes, where it can bring benefits through improved coordination, including developing synergies across provincial and local government.

To play this role effectively, planning processes need to be sufficiently focused to work through specific issues in detail including bringing key stakeholders together. This applies not only to the preparation of the plan but also to driving implementation and ensuring obstacles to implementation are addressed.

3.3.2. Institutional arrangements for provincial planning

The responsibility for provincial planning lies with the Offices of the Premiers, who work with provincial departments in order to develop provincial plans. They also need to ensure close engagement with provincial treasuries in order to ensure consistency between planning and budgeting. For concurrent functions, there needs to be ongoing interaction between national departments and their provincial counterparts.

The provincial plan represents a public commitment by the political leadership of the province, led by the Premier, to specific priorities and objectives. This means the Premier needs to be able to draw on effective support mechanisms from within the Office of the Premier and the rest of provincial government to ensure plan commitments are achievable, monitor progress and use its leadership role to help identify and overcome obstacles to implementation. This will generally be best done through existing coordination and oversight structures.[36]

[36] KwaZulu Natal has 18 Action Working Groups that focus on issues affecting implementation. They feed into the Cabinet Cluster system, with progress reports from Action Working Groups being a standing item on the agenda of the relevant Clusters. The Cabinet Cluster progress reports to Cabinet Lekgotla are then derived from the progress reports

Planning processes should be able to bring on board stakeholders from outside government where necessary either to work through specific problems or to ensure broad ownership and support for the planning process. Premiers and MECs, as leaders of their provinces, have important roles to play in securing public buy-in and bringing key stakeholders on board.

Some provinces have established advisory structures at provincial level to bring together prominent experts to advise on the developmental challenges facing the province. It is important that these structures do not displace or confuse the primary role of provincial planning in ensuring sustained focus on effective implementation. This requires that provincial planning is institutionalised within the machinery of government, which is why the Offices of the Premiers are responsible for overseeing and coordinating provincial planning. Where new advisory structures have been created, they should therefore feed into and reinforce the role played by the Offices of the Premiers.[37]

As discussed above, the principal responsibility for overseeing provincial departments' strategic plans and annual performance plans has been transferred from provincial treasuries to Offices of the Premiers. This is intended to give Offices of the Premiers more effective oversight over provincial planning processes. However, there are some concerns about whether Offices of the Premiers will have the necessary capacity to fulfil this additional responsibility and it will be important that they continue to draw on the relevant expertise in provincial treasuries.

3.3.3. National engagement with provincial planning[38]

The former Policy Coordination and Advisory Services (PCAS) in the Presidency and Department of Provincial and Local Government used to produce Provincial Growth and Development Strategy Guidelines setting out the role of provincial plans in grounding national priorities in the provincial context and promoting a focus on key strategic priorities. The guidelines also indicated how provincial plans should be constructed. The guidelines identified the need for provincial plans to promote spatial transformation by building on the NSDP and engaging with municipalities within the province, set out provincial development programmes, provide a framework for public and private sector investment, and focus on identifying key implementation blockages.

Importantly, the Guidelines identified the need for flexibility in how provinces interpreted the guidelines so that they could plan in accordance with local context:

> Each province will have to consider these characteristics in the context of its own existing plans and strategies. It is not intended that the PGDS should duplicate work already

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of the Action Working Groups. This approach to implementation focuses on strengthening existing coordination mechanisms rather than building new systems. Other plans, such as the Strategic Integrated Projects (SIPs) of the National Infrastructure Plan, can be dealt with through the same process and are assigned to different Action Working Groups. The effectiveness of such an approach depends on the areas of focus being as specific as possible and there being clear responsibility for driving the process.

[37] This relationship is more complex in the Eastern Cape where the Eastern Cape Planning Commission is positioned within the Department of Planning and Treasury. This risks creating confusion and duplication with the Department of Planning and Treasury and the Office of the Premier carrying out similar planning processes linked to different timeframes.

[38] The relationship between provincial and municipal planning is discussed in the next section.

> undertaken. The key principle is that provinces take up the challenge of proactively and contextually advancing and deepening national development goals and directions.[39]

As the Guidelines indicate, the central challenge for provincial planning is to ensure it adds to the existing work of government. However, in practice, provinces have often struggled to develop plans or get them approved. There is a degree of dependence on consultants by some provincial governments, which can result in duplication and work of variable quality, as well as an over-emphasis on research rather than planning. Part of the problem is that too much emphasis has been placed on the production of plans rather than seeing planning as an ongoing process.

There is lack of clarity about how guidance is provided to provinces regarding all matters relating to planning. Although the NPC engaged extensively with provinces regarding the NDP and the Commission provided guidance through reports and presentations by the Secretariat to the President's Coordinating Council, this has not been adequately backed up by regular interactions at an administrative level and it has become clear that more detailed guidance is expected. The creation of the new Department of Planning, Monitoring and Evaluation should help to address this gap.

However, simply reintroducing the system of guidelines used previously will not enhance the developmental impact of provincial planning. The existence of a long-term National Development Plan means there is now a common overarching framework that can inform the preparation of provincial plans. The role of national government should therefore extend beyond guiding the process and structure of provincial plans, and place greater emphasis on the policy priorities and strategies for implementation contained in these plans. As identified elsewhere in this discussion document, this should include a role for national government in analysing and disaggregating data to inform provincial planning.

Careful consideration should also be given to the role national government can play in providing informal technical support to provincial planning entities when requested. This could include providing informal 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.

There is also a need to reintroduce an administrative forum to bring different provincial planning entities together so that the Presidency and Offices of the Premiers have a forum to interact on major planning issues. To avoid these forums becoming additional meetings for their own sake, it is recommended that the forum focus on specific policy issues, rather than planning processes and structures. This will require provincial planning officials to bring in officials from provincial departments with the relevant policy expertise.

[39] The Presidency and DPLG (2005) "Provincial Growth and Development Strategy Guidelines", July 2005.

3.3.4. Recommendations

(a) Strengthen interaction between national and provincial planning entities through re-establishing a forum for regular interactions. This forum will work most effectively if each meeting is dedicated to discussing a specific policy priority.
(b) National government should disaggregate, analyse and disseminate relevant data with a view to informing provincial planning processes.
(c) There is a need for some form of guidance to be provided to inform provincial planning. This should not only relate to planning processes but should also cover substantive content and policy priorities within the context of the NDP.

Text Box 11: Linking national and sub-national plans - international comparisons

International experience provides important insights into how to ensure a national plan is taken forward at the sub-national level and that national planning is informed by the perspectives and concerns of the other spheres of government. Analysis of a range of different countries highlights that alignment cannot be taken for granted and cannot be assumed to be a one way process. Effective planning between different levels or spheres of government always requires an iterative process of ongoing engagement, although the way this is done can vary substantially depending on the political arrangements and policy priorities of each country.[40]

China

China's five year plans are drawn up following inputs from departments and other entities, which in turn draw in relevant inputs from sub-national government. The Chinese system is characterised by relatively high degrees of autonomy at the sub-national level but with incentives and sanctions being used to ensure that key national priorities are taken seriously at the sub-national level. Given the wide level of variation in the developmental level and socioeconomic condition of China's provinces, these targets are not set in a uniform way but are intended to be tailored to the context of each province. The emphasis on targets is also sometimes problematic introducing excessive rigidity as well as creating the temptation to manipulate data.

India

India's planning system is based on the production of national five year plans and equivalent plans for each state (the equivalent of South Africa's provinces). The process begins with the preparation of an approach paper, which is used as the basis for consultation and helps to inform the preparation of state plans. The Indian Planning Ministry has a division dedicated to handling the engagement processes including interacting with the state governments and the Ministry of Finance. The finalisation is done through a meeting led by the Deputy Chairman with each state. India is seen as having a poor record of turning policies into practice, raising questions about whether the planning process focuses sufficiently on the challenges of implementation.

[40] There is significant variation in the information that is available on different countries' planning systems and, in some cases, the only available information comes from official sources, making it difficult to reach a balanced view on the effectiveness of the approaches described.

The implications of the decision of the current Indian Prime Minister, Narendra Modi, to replace the Indian Planning Commission with a new structure (the National Institution for Transforming India (NITI Aayog)) are yet to become fully clear. However, the change has partly been justified by the need to pay increased attention to recognising and responding to the varying circumstances of India's different states. NITI is intended to provide a vehicle for the states to participate in the formulation of national policy through "cooperative and competitive federalism", as well as developing a "shared national agenda" and being "states' best friend at the centre" by "support[ing] states in addressing their own challenges". NITI also emphasises "decentralised planning" focusing on a "bottom-up model" where subnational plans "are progressively aggregated up the higher levels of government".[41]

Kenya

Kenya's Vision 2030 was officially launched in 2008. The Kenyan Government has created a Vision Delivery Board and Secretariat, which provides strategic leadership and direction in the realisation of the Vision 2030 goals. According to the government of Kenya, the Board has clear institutional linkages with both the public and private sectors. Representatives from particular sectors and counties are brought in to provide expert advice where appropriate. The Kenya Vision 2030 is being implemented through successive five year Medium-Term Plans, with the first such plan covering the period 2008-12. The monitoring and review of the 2008-12 medium-term plan informed the development and implementation of the plan for 2013-17. At the subnational level, Kenya is divided into counties (previously called districts). The County Government Act of 2012 legislates for the preparation of county plans (called County Integrated Development Plans). The Integrated Development Plans form the basis for county expenditure.

Nigeria

Nigeria adopted Vision 20:2020 in 2009. The implementation is being driven through a sequence of three medium term development plans that set out specific goals, strategies and performance targets. The first phase took place from 2010-2013.The plans are developed through what is described as an inclusive process involving a broad range of stakeholders. The national plans draw on the plans of the different states, and state-level monitoring and evaluation units are responsible for monitoring progress in each state.

3.4. Municipal planning

The main planning mechanism at municipal level is the integrated development plan (IDP), which is intended to give effect to the developmental and participatory mandate of local government. Under the Municipal Systems Act, municipalities are required to develop their IDP as "a single, inclusive and strategic plan for the development of the municipality". The Act requires that the IDP: "links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality; aligns the resources and capacity of the municipality with the implementation of the plan; forms the policy framework and general basis on which annual budgets must be based; ... and is compatible with national and provincial development plans and planning".

The wide range of issues the IDP must cover are set out in more detail in other clauses. These include:

[41] NITI Aayog (2015) "From Planning to NITI: Transforming India's Development Agenda", Government of India, 8 February 2015

- "the municipal council's vision for the long term development of the municipality with special emphasis on the municipality's most critical development and internal transformation needs;
- an assessment of the existing level of development in the municipality, which must include an identification of communities which do not have access to basic municipal services;
- the council's development priorities and objectives for its elected term, including its local economic development aims and its internal transformation needs;
- the council's development strategies which must be aligned with any national or provincial sectoral plans and planning requirements binding on the municipality in terms of legislation;
- a spatial development framework which must include the provision of basic guidelines for a land use management system for the municipality;
- the council's operational strategies;
- applicable disaster management plans;
- a financial plan, which must include a budget projection for at least the next three years; and
- the key performance indicators and performance targets determined in terms of [the Act]".

In addition to the production of IDPs, municipalities have to set out in their annual service delivery and budget improvement plan the performance indicators and targets that they are aiming to achieve based on the strategic objectives contained in their IDP. Municipalities produce reports on their performance against these targets, which are audited by the Auditor General.

The Act sets out ambitious expectations for municipal IDPs, reflecting the ambitious vision for developmental local government. In practice, there have been serious concerns about the quality and developmental benefit of many IDPs. The NDP notes that "municipal integrated development plans (IDPs) vary in quality" and that "many municipalities are still struggling to produce credible IDPs". Specific concerns relate to how far IDPs are serving their developmental and participatory objectives. Other related concerns include how far municipal planning is used as a vehicle for prioritising and developing realistic strategies, as well as planning capacity and the level of reliance on consultants.

3.4.1. Planning capacity at municipal level

Concerns have been raised about whether municipalities have the necessary capacity to run the IDP process and produce IDPs that advance the developmental objectives of local government. For example, the NPC's Diagnostic Report noted that "the capacity of municipalities to plan effectively is a significant challenge that needs to be addressed, supported by the efforts of national and provincial government".[42]

As with other areas of local government, it is important to ensure that there are strategies in place to develop and expand planning capacity over time. However, it is also important that the approach to municipal planning is realistic about the existing capacity, and particularly about the large variations in capacity between municipalities. A differentiated approach that recognises the variation in capacity and responsibilities between different municipalities is essential both in terms of what is expected of

[42] NPC (2011) *Diagnostic Overview*, available at: https://nationalplanningcommission.org.za

municipalities and in terms of the level of support available to them. It is also important to consider whether the current approach to municipal planning is overly capacity intensive, and to identify steps that provincial and national government can take to inform and support municipal planning processes. In particular, consideration needs to be given to how realistic it is to expect municipalities to align to broad principles, particularly when this entails balancing the competing demands of multiple plans and policies at national and provincial levels. As indicated in the section on spatial planning, there is scope for national planning processes to pay more attention to identifying the policy instruments and entry points municipalities could use to begin to align with key principles and priorities.

3.4.2. Linkages and alignment

One of the greatest challenges for municipal planning is the need to ensure the coherence of IDPs with multiple different provincial and national plans. A study conducted by PDG for the Department of Cooperative Governance noted "a quite serious failure of communication between sector departments and municipalities", which it attributed primarily to a lack of support from sector departments for municipal planning processes. This includes "the absence of purposeful interaction with the province and provincial sector departments", and sector departments "not inform[ing] municipalities of their planning intentions early enough in the municipal IDP planning process, meaning municipalities cannot plan for the sector plans in their areas". This leaves municipalities dependent "on looking to the PGDS, Provincial Programme/Plan of Action and other provincial planning instruments to guide which provincial priorities and programmes should be planned for".[43]

Achieving alignment is a complex exercise and unlikely to be achieved simply by municipalities reading provincial plans. It is therefore not surprising that alignment is often only "on paper" and does not feed through into implementation. The study found that, "where provincial sector departments participate in municipal IDP structures and present their priorities and programmes", municipalities are more likely to include provincial programmes and priorities in their IDPs. A further concern raised in the study was that "the province does not take municipal IDPs into account when developing the sector APPs" and the study therefore highlighted that:

> sector departments need to change their perception that IDPs and their structures are municipal planning tools/documents and realise that IDP processes are about integrated planning for the geographical area of the municipality.

The challenge of addressing linkages and achieving alignment is made more difficult by the lack of emphasis given to routine planning outside the IDP process. One of the issues is the lack of more detailed planning to inform and ground municipal IDPs. The local government section (Outcome 9) of the MTSF for 2014-19 states that:

> one of the challenges noted in the provincial IDP assessment reports is weak development planning capacity in municipalities; resulting in municipalities [being] unable to develop quality sector plans which are a cornerstone for the development of quality five year IDPs. In order to

[43] PDG (2014) "Development of the Intergovernmental Planning Framework: Status Quo Report", draft report for the Department of Cooperative Governance, 7 April 2014.

improve the next generation of IDPs, municipalities must be supported to improve their development planning capacity to develop credible sector plans.

This means a small team responsible for the IDP is expected to address a broad range of issues and cannot fully get to grips with the coordination issues in each area. It also means priorities included in the IDP are often not backed up by ongoing work in the relevant sectoral areas.

3.4.3. Citizen participation

Local government is intended to be the most participatory sphere of government. Citizen participation is seen as having the potential to deliver multiple benefits including building consensus on key priorities and on how best to make use of limited resources. Drawing on participatory planning experiences in other countries, the IDP process is therefore intended to include a strong participatory element. However, concerns have been raised that processes for citizen participation often become formulaic. The NDP highlights that "participation in IDP processes needs to be deliberative and engage communities in prioritising and making trade-offs", but in practice IDPs often end up producing long lists of priorities that exceed a municipality's resources and capacity.

One of the consequences of the combination of a demanding IDP process and weaknesses in planning capacity at municipal level is that the IDP process often ends up being driven by consultants. While consultants may be able to provide valuable external insights to support the planning process, they are unlikely to be able to fulfil the coordinating and participatory roles required by the IDP process. As noted in the NDP, a consultant-driven process "reduces the likelihood of councillors and municipal employees being fully committed to delivering on the commitments in the IDP and so also reduces the incentives for citizens to engage with the process".

3.4.4. Recommendations for municipal planning

It is important that the institutionalisation of planning at the national level is used as an opportunity to reflect on how national and provincial government can support municipal planning processes. As the NDP argues, the objectives of the IDP process "will be easier to achieve if IDPs are more narrowly focused on the core priorities of local government". The overarching framework provided by the National Development Plan together with the steps to institutionalise planning through the creation of the Department of Planning, Monitoring and Evaluation provide an opportunity for national government to carry out research and policy work that informs municipal planning, including through focusing on specific policy areas in accordance with the priorities of the NDP.

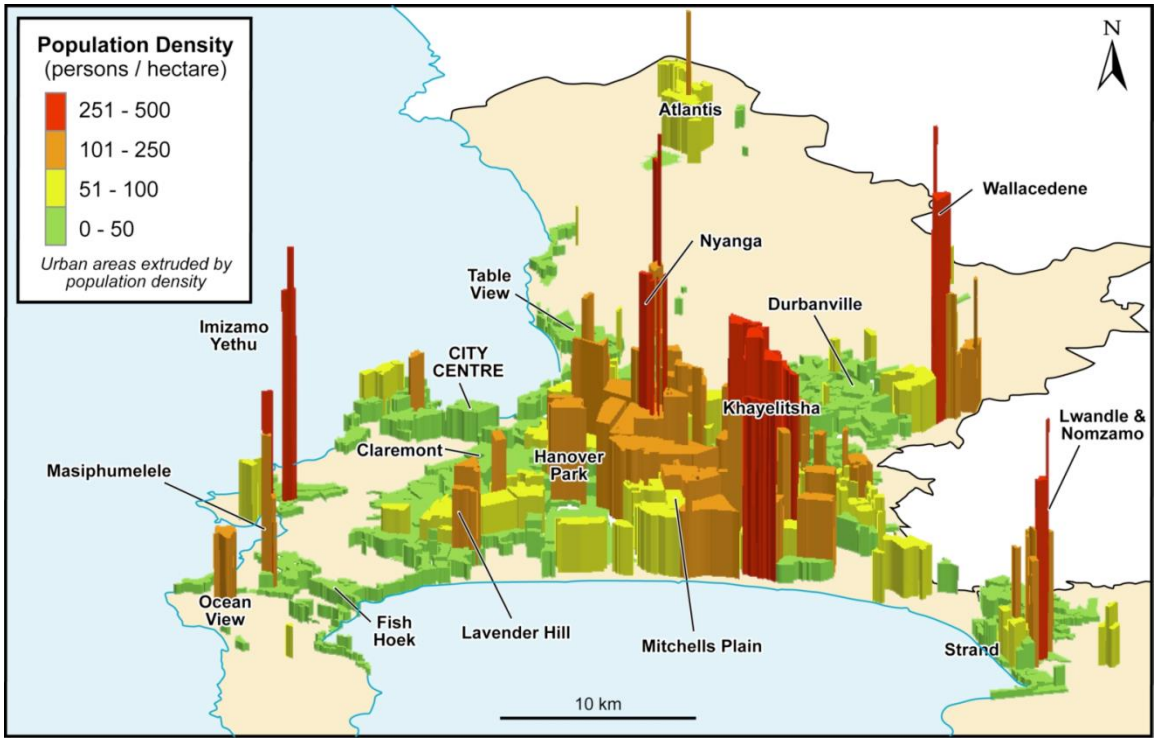
(a) The former Department of Provincial and Local Government produced guidelines to inform the preparation of municipal IDPs and convened forums to discuss municipalities' plans. This work is important and should continue or be reintroduced where necessary.
(b) Guidance for municipal IDPs should promote greater selectivity on what is focused on based on the responsibilities of local government and the priorities of the NDP. This means providing guidance on substantive content and policy priorities not just on the processes to be followed.
(c) National government should help to inform municipal planning processes, through the disaggregation, analysis and dissemination of relevant data.

(d) Interaction between municipalities and national/provincial sector departments needs to become more focused and effective. In accordance with the NDP priority to strengthen routine day-to-day coordination, these interactions should as far as possible be structured around particular issues where there are overlapping responsibilities.

4. SPATIAL PLANNING

Spatial divisions are one of the most intractable legacies of apartheid, impacting adversely on the poor, on the economy and on the environment.[44] Without deliberate and focused efforts to change the spatial configuration, public and private sector spending can exacerbate existing spatial divisions and reinforce economic exclusion. Chapter 8 of the National Development Plan builds on earlier policy work, particularly the National Spatial Development Perspective (NSDP), in order to identify the steps needed to drive spatial transformation. This section explores the planning approaches that can help to take forward the objectives of the NDP, the NSDP and the Spatial Planning and Land Use Management Act (SPLUMA).

Distorted spatial patterns: population density map of Cape Town[45]



[44] The draft Integrated Urban Development Framework (IUDF) begins with the observation that: "South Africa's cities and towns are shaped by the apartheid legacy of racial segregation, poverty and exclusion from social and economic opportunities. High levels of inefficiency and wasteful use of scarce resources (especially land and infrastructure networks) characterise the country's towns and cities".

[45] I. Turok and K. Sinclair-Smith (2009) Technical Report: Spatial Development Framework - City of Cape Town, as reproduced in National Planning Commission (2011) Material Conditions Diagnostic, available at: https://nationalplanningcommission.org.za

Text Box 11: Impact of apartheid spatial patterns on the poor

"A single mother of four children … lives in Tembisa with her mother. She spends nearly five hours each day commuting to and from work in the Pretoria suburb of Brummeria, where she is an office cleaner. The journeys cost nearly 40 percent of her monthly salary of R1 900. She leaves home at 05:00 to be at the office at 07:30, starting with a 2 kilometre walk to the taxi stand, which takes her to the train station. In Pretoria, she takes another taxi to Brummeria. After leaving work at 16:00, she may not get home until 19:00, as the trains are often late. She spends over R700 a month on transport and nearly 100 hours on the road" (NDP).

Spatial planning seeks to bring together interventions from different sectors in a way that maximises spending efficiencies. Effective spatial planning can therefore deliver substantial developmental benefits and have significant impacts on other sectoral areas by coordinating investment decisions of various actors. For example, if we increase urban densities and allow for mixed land use, we can bring housing, work opportunities and services closer together, reduce the cost of transport and the wider cost of living, and improve business competitiveness. Spatial planning can also deliver significant environmental benefits by enabling greater energy efficiency through increasing densification and reducing distances for commuting.

Text Box 12: Key objectives of spatial planning as set out in the NDP

- Tackle inherited spatial divisions that perpetuate exclusion;
- Unlock development potential through targeted investment in economic and social infrastructure and institutional support;
- Guide and inform infrastructure investment and prioritization to support growth and inform the long-term infrastructure investment strategy;
- Manage contemporary economic and demographic shifts; and
- Facilitate coordination between government and other agents.

Post-1994, the South African government has sought to use spatial planning, with different levels of success, to attempt to reverse the legacy of apartheid and drive spatial transformation. The first piece of spatial planning legislation introduced after 1994 was the Development Facilitation Act (1995) to take forward the RDP goal of "breaking down apartheid geography". The Act also introduced land development objectives, which were the predecessor of the integrated development plans introduced by the Municipal Systems Act in 2000.

The National Spatial Development Perspective (NSDP), which was approved by Cabinet in 2003 and updated in 2006, emphasised that spatial planning should take account of the relative availability of resources and opportunities in different parts of the country. It identified the need for provinces and municipalities to analyse the development potential of different areas and develop provincial and municipal plans accordingly. It also highlighted the importance of these plans being used to inform infrastructure spending.

In 2012 the NDP made the case for a National Spatial Framework, which was subsequently legislated for by the Spatial Planning and Land Use Management Act (2013). The Act clarifies the requirements for Municipal Spatial Development Frameworks (a legal requirement in terms of the Municipal Systems Act), and introduces spatial frameworks at national and provincial levels.

4.1. Challenges

All plans have spatial implications and government has recognised that "the spatial perspective [is at] the centre of alignment and coordination".[46] However, in practice spatial considerations have generally not been well integrated across the different areas of government activity.[47] As a result, despite good intentions, spatial transformation has often proved elusive and much of the public sector investment since 1994 has done little to advance spatial transformation, in some cases even exacerbating apartheid spatial patterns.

The marginalisation of spatial objectives is partly due to the lack of pragmatic policy thinking on the entry points and policy levers that will unlock processes of spatial transformation. This can manifest itself in a range of specific challenges including difficulties ensuring sufficient commonality of interest between sectors and spheres, insufficient attention to negotiating and managing trade-offs, spatial plans not being adequately grounded in economic and social conditions, and insufficient attention to the impact of spatial and non-spatial investment by government and the private sector, especially with regard to the spatial impact and influence of non-spatial policies.

The NDP notes that spatial planning cannot be effective if left in a silo and that spatial policy needs to be "integrated with plans for tangible public and private investment that are sustained over time, and carefully adapted to the needs and opportunities of specific places". The NDP stresses that "there are no quick fixes" in this area as spatial transformation has to be achieved through the combined effect of multiple separate policy decisions. Spatial processes are the outcome of both spatial explicit policies and programmes, and of processes and policies that are not explicitly spatial but have major spatial implications (such as housing or trade policy). This means effective spatial planning needs to influence policy-making in other sectoral areas and focus attention on the spatial impact of these other areas of government policy.

Drawing on the NDP, the human settlements section (Outcome 8) of the 2014-19 MTSF sets out a vision of using "effectively coordinated spatial planning systems" to "transform human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with

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[46] The Presidency (2006) "Annexure D: Executive Summary of the January 2005 Harmonising and Aligning Report", *National Spatial Development Perspective*.

[47] For example, the draft Integrated Urban Development Framework (IUDF) highlights that other spheres often do not take adequate account of municipal plans in deciding where to build infrastructure or provide services:

> "despite municipalities developing SDFs, investments by other government partners tend to ignore these plans, resulting in the proliferation of sectoral plans, where individual sectors develop their own spatial plan without integration between sectors. In some cases, even municipal investments are not guided and informed by the SDF. Private sector investments frequently also fail to align to public sector plans, possibly as a consequence of a perceived lack of robust and consistent spatial directives".

access to social facilities and necessary infrastructure". However, there is currently insufficient clarity on the policy mechanisms that will deliver these changes.

The challenges in dealing with linkages between the different spheres of government as well as across different departments are often particularly apparent at municipal level. For example, the NDP highlights the challenge of linking human settlements to the provision of basic services and notes that "municipal spatial planning is often inadequately linked to investment decisions around bulk infrastructure". In recognition of these challenges, the human settlements section of the 2014-19 MTSF identifies the need for "an improved interface of the housing and human settlement planning elements with the spatial planning frameworks driven within other parts of government, to guide investment decisions so that they result in more integrated human settlements."

Managing the linkages between different programmes is inherently complex and much of the hard work needs to be done at municipal level, but it is important to look at how best national and provincial government can guide and support effective spatial planning. This includes paying closer attention to how to ensure effective coordination around specific areas of overlap between the responsibilities of different spheres or departments. The focus should not be on setting up structures but rather on working through specific issues in accordance with the NDP's emphasis on the need to pay more attention to routine day-to-day coordination. It is therefore important to identify the most appropriate policy levers to incentivise other policies and programmes to take account of spatial considerations.

In addition to the impact of public sector investment, it is equally important, and even more challenging, to ensure that private sector investment contributes to spatial transformation. As the draft IUDF highlights:

> One of the consequences of weak spatial governance is that spatial planning has tended to follow patterns set up by private sector investment. While the private sector has a role to play, the overall pattern of spatial development should be shaped by the long-term public interest, and so the capability of the state to engage with the private sector must be improved.

Spatial transformation depends on harnessing the energies of the private sector as well as government, but little consideration has been given to how private sector buy-in can best be secured partly because spatial plans are often insufficiently grounded in social and economic realities. As was highlighted above, developmental states combined a strong vision with the ability to ensure different stakeholders could contribute to key priority areas. This was done by using policy tools to shape the incentives of key stakeholders in order to ensure sufficient commonality of interest around key priorities. Greater attention needs to be given to identifying such policy levers and entry points to incentivise key stakeholders to pay attention to the spatial implications of their activities and contribute to spatial transformation.

Text Box 13: Managing complexity

Managing the linkages between the spatial impact of different programmes is inherently complex and much of the hard work has to be done at municipal level.

National and provincial government need to guide and support effective spatial planning at the municipal level including by identifying and developing the policy levers and entry points that can help to unlock processes of spatial transformation.

Effective coordination around areas of overlap between the responsibilities of different spheres or departments requires greater attention to routine day-to-day coordination around specific issues, which is likely to be more effective than creating new coordinating structures.

4.2. A dynamic approach to spatial planning

Planning provides an important tool for driving spatial transformation and grounding sectoral activities within agreed spatial objectives. Spatial planning is a cross-cutting, multi-disciplinary field that needs to be undertaken at various scales, from a very local level up to regional, national and supra-national scales. It is also an area where transformation is often hindered by significant vested interests, poor coordination and a lack of imaginative policy making particularly regarding the policy levers that can drive spatial transformation. It is important that a national spatial development provides the necessary policy guidance.

The UN draft International Guidelines on Urban and Territorial Planning highlight the need for different areas of focus at different levels of spatial planning. At the transnational level the focus is on multinational or regional strategies that seek to address global issues such as climate change or development of cross-border areas. At the national level the focus includes major infrastructure decisions, identifying key areas of economic opportunity, balancing the priorities of different regions and altering certain development patterns that are considered undesirable. At the local government level it includes more detailed consideration of how areas of land are used and how they fit together.

4.3. Instruments and drivers of spatial transformation

The need for trade-offs to be made on an ongoing basis makes spatial planning a capacity intensive process. It is inevitable that capacity constraints together with the genuine challenges in balancing competing priorities will impact on the effectiveness of spatial planning particularly at provincial and municipal levels. It is therefore important that national government gives careful consideration to its role in these processes.

National government has played an important role in developing principles to inform spatial planning, but the complexity of spatial transformation requires national government to move beyond developing

guiding principles towards a greater role in the identification of effective policy instruments to take those principles forward.

The temptation can be for national government to talk about alignment only in terms of structures and processes, without engaging with questions of policy content or specific policy levers. However, national government needs to be actively involved in a range of areas including analysing data, identifying trends, and developing policy levers that can be used at provincial and municipal level. National government needs to inform provincial and municipal planning processes by routinely analysing and disseminating data on key trends, and ensuring that data is sufficiently disaggregated to inform planning at municipal level. For example, the draft IUDF highlights the need to "support municipalities in building and using economic intelligence" and suggests that "government should begin by packaging and using its own information bases better".

As discussed above, one of the most effective ways of promoting alignment around a particular policy objective is to find ways of bringing potentially competing interests sufficiently into line on a particular issue. This requires close engagement with key stakeholders on specific issues. It also requires closer attention to the specific policy instruments and incentives that can be used to steer spatial development. The core focus of a national framework should be on identifying these policy instruments, ensuring that they are coordinated and form the basis for adjudicating competing land uses. Although SPLUMA makes provision for spatial frameworks and land use schemes, there are other instruments that could potentially be used to drive spatial transformation. In each case, careful consideration of must be given to the instruments most suited to the spatial challenges that are being addressed.

For spatial planning to be an effective driver of transformation it is important that there is a strong link between spatial planning and broader strategic planning, driven by a strong developmental commitment to spatial transformation and a clear vision of what this means in particular localities. This needs to be informed by an understanding of the major processes affecting spatial trends. As identified above, this means ensuring major spatial objectives are carried forward through the planning of different spheres and sectors, including development planning, housing policy, transport planning, infrastructure planning, land management, and environmental management. Spatial planning cannot fulfil this role without identifying the policy levers and entry points that will drive processes of spatial transformation, and to do this effectively it needs sustained communication across spheres and sectors as well as with key non-state actors.

A study looking at city management in Brazil, Canada, China and India noted how national governments can use their influence over specific sectors to drive wider spatial changes:

> A noticeable trend is for countries to pursue integrated spatial development through adopting a sector-led investment approach encouraged by national government. In China and India, strong support for public transport infrastructure investments is in effect exercising a coordinating function at the city level. In Brazil, a city led approach to slum upgrading plays a similar role. This highlights the power of specific, limited national priorities to guide city investments and provide incentives for integration across sectors. It has allowed a break with historical patterns of investment, particularly with the tendency to prioritise investment in roads at the expense of public transport. This has begun to encourage greater integration in

the overall spatial management of cities that is particularly noticeable in China and Brazil, as well as the more progressive cities in India.[48]

These experiences suggest that substantial benefits could come from national government identifying the entry points that can be used to trigger wider spatial transformation. In South Africa these entry points could include transport infrastructure, sustainable human settlements and environmental impact.

Coordination will also be easier to achieve if coordination mechanisms are built around key policy priorities. For example the establishment of the City Budget Forum emerged from a series of engagements between National Treasury and metropolitan municipalities on core challenges in infrastructure provision and financing.

As with other forms of planning, it is important that consideration is given to the distinctive purpose of the spatial frameworks developed by each sphere, so that these frameworks do not duplicate one another but rather fit with the role of each sphere. SPLUMA provides some direction on the content of spatial frameworks of different spheres. Based on the SPLUMA and other sources, including the UN draft International Guidelines on Urban and Territorial Planning, the areas of focus for each sphere should be in line with the mandate and responsibilities of that sphere. For example:

- A national spatial framework could focus primarily on:
    a. A high-level account of national government's perspective (drawn iteratively from provincial and municipal plans) on the needs and opportunities across the national territory.
    b. Areas of national importance that require national attention, policy intervention or support.[49]
    c. How to take advantage of existing and planned economic hubs and large infrastructure investment.
    d. The identification of specific policy tools and levers that can be used to advance the principles for spatial development (as outlined in SPLUMA and the NDP).
    e. The identification of specific sectoral areas and catalytic projects that can help to spark spatial transformation.

- A provincial spatial framework could focus primarily on:
    a. Provincial economic development opportunities, in particular promoting regional economies of scale and agglomeration, increasing prosperity, strengthening urban-rural linkages and intervention strategies for rapidly growing or declining areas.
    b. Regional considerations, particularly regarding regional areas that overlap municipal boundaries.

- A municipal spatial framework could focus primarily on:

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[48] National Treasury (2011) *Local Government Budgets and Expenditure Review*, available at:

http://www.treasury.gov.za/publications/igfr/2011/lg/02.%202011%20LGBER%20-%20Final%20-%2013%20Sept%202011%20%28renumbered%29.pdf

[49] For example, the logistics corridor between Durban and Gauteng (which also links up with the North-South Corridor between Durban and Dar es Salaam), major water catchments, the energy hub on the Mpumalanga Highveld and biodiversity. Also, areas of major development pressure of national importance (such as the new mining industrial complex in the Waterberg) or economic/employment decline

a. Spatial implications of public and private sector investment.
b. Capital investment priority areas.
c. Priority areas for densification, intensification of use and spatial restructuring.
d. Specific incentives in accordance with local economic development priorities.
e. Upgrading of priority areas to promote more socially integrated communities.
f. Resources for implementation of sectoral plans and infrastructure investments.

Text Box 13: Targeted policy instruments – the example of corridors

One of the ways of focusing attention and breaking down the complexity of coordination problems has been to identify particular "corridors" through which priorities are pursued. The NSDP highlighted the potential of prioritising densification in and around corridors that link key economic hubs. This approach can both enable people to live closer to work opportunities and enable improvements in public transport through substantial investment in these corridors. The NSDP highlighted that densification along these corridors could be promoted through policy instruments such as "reworking of the subsidy formulae, and by changing the incentive and control systems governing urban land-use". Given that each corridor will have different needs, they cannot be developed in line with a single blue-print. However, there is scope to develop policy instruments, such as those described in the NSDP, that incentivise targeted approaches to densification.

Cross-border corridors – regional integration

The potential benefits of greater regional integration have been discussed for decades. However, the scale of the challenge has often been an obstacle to turning words into substantive action. In this context, the development of priority corridors presents an example of how regional integration can be pursued through particular initiatives. In South Africa, there has been increased attention to transnational corridor development. The NDP notes that "corridors in southern Africa have mainly been east-west, linking port cities to resource extraction in the interior, for example, the Maputo corridor, Coast2Coast, the Beira development corridor and the Lobito development corridor". However, it highlights that increased importance is now being placed on "the north-south corridors, including the recently identified development corridor from Durban to Dar es Salaam, which extends through Gauteng, Limpopo, Zimbabwe and Zambia". Another example is the Maputo corridor where the focus was on increasing investment in Maputo, but which involved significant infrastructure development and private sector investment in South Africa along the feeder corridor. This involved contributions from all three spheres of government, as well as the private sector. It is important for provinces and municipalities that fall within such a corridor to take account of the potential impact of these regional corridors on their development potential.

Local corridors – Corridors of Freedom

Corridors can also be developed at a more localised level, particularly with a view to overcoming the spatial divisions of apartheid. The Corridors of Freedom in Johannesburg aims to promote densification and social integration. The leadership and vision is primarily driven by the metro, but other spheres of government also have an important role to play. For example, health and education facilities are needed along the corridors, and this requires the relevant provincial departments to support the municipality's objectives in the way they provide these facilities. It also requires national departments to ensure the policy tools and levers they develop allow for the objectives of spatial transformation including in the norms and standards for education and health facilities. For example, the Corridors of Freedom was able to draw on the guidelines developed by National Treasury as part of the Urban Networks Strategy.

4.4. Recommendations

(a) Government should prioritise a strong commitment to spatial transformation and identify specific policy instruments and incentives that can serve as the entry points to initiate processes of transformation.
(b) National, provincial and municipal governments need to focus their spatial frameworks on areas that they can either control or reasonably influence. This requires a clearer distinction between what the frameworks produced by each sphere should focus on, as indicated above.
(c) National government needs to identify and develop specific policy instruments that can create entry points for spatial transformation, for example through fiscal incentives, tax incentives or planning regulations. This should help to promote greater alignment between spatial planning and broader strategic planning as well as budgeting. It should also help to improve alignment between the different spheres.
(d) National government needs to analyse, disaggregate and disseminate data to inform spatial planning.
(e) At the national sphere, the responsibility for the formulation of the national spatial development framework as contemplated in the SPLUMA should be assigned to an entity responsible for the national planning function to ensure that spatial planning plays its coordinating role effectively.

5. DATA AND PLANNING

An important part of planning is to analyse relevant data to identify emerging trends. Effective data systems therefore provide important building blocks for planning. Government collects data through multiple different sources for a range of purposes and at a variety of levels. These sources of data can be divided into two categories – surveys and administrative data.

The most well-known and comprehensive survey is the Census, which is complemented by more regular but less comprehensive surveys conducted by Stats SA such as the General Household Survey. In addition, the National Income Dynamics Study (NIDS) tracks a panel of people over time, thus providing a tool to analyse trends and how these affect different population groups.

Administrative data is collected by government in the course of its work and covers a wide range of areas relating to both compliance with regulatory requirements, and performance and impact. It is also likely to be updated more regularly, but as its primary purpose is administrative not statistical it may have lower levels of accuracy.

A significant portion of administrative data is collected from departments by DPME in the process of monitoring progress with the outcomes approach. However, this data is mainly used to establish whether or not targets have been met rather than tracking progress and analysing the reasons behind major trends.[50]

Significant gains could be achieved through thinking about how to make better use of existing data sources. This is particularly important at provincial and municipal level, where the national planning function has an important role to play in looking at how data can best be made available to inform provincial and municipal planning processes.

Text Box 14: Case study: Administrative data in the education sector

Effective management of the education system requires an ability to keep track of progress in individual schools, so that education districts and provincial and national departments of basic education can identify areas where interventions are needed. The size of the education system means it is not possible for provincial and national departments to have detailed day-to-day knowledge of what is happening in every school. A range of administrative data has therefore been developed over time in the education sector in order to track progress and identify potential problem areas, while census data and population projections from Stats SA help to anticipate and plan for future learner numbers.

[50] This shortcoming is not unique to South Africa. A report produced by the Overseas Development Institute (ODI) in 2014 found that insufficient attention is often given to "turning data into information for policymaking and action".

The Education Management Information System (or EMIS) is used to collect information on the number of institutions, learners and teachers, the subjects being taught, and learner achievements and drop-out rates. This information is made available to administrators for management purposes including to generate data for reporting requirements. Following concerns about the reliability and accessibility of the data on education, the Department of Basic Education has been developing strategies to improve the quality of the data. This includes the development of the South African Schools Administration and Management System (SASAMS) and the Learner Unit Record and Tracking System (LURITS). In addition, the Annual National Assessments (ANAs) were introduced to generate data on learner progress at regular intervals. The results of the ANAs have not only confirmed concerns about the quality of education outcomes, but also helped to inform targeted support interventions. While there is a long way to go in terms of how the data is used in education planning and increasing the reliability of data, the education sector is starting to show how data sources can be used to inform and strengthen strategies for driving improvements.

5.1. The role of quantitative data in planning

The main roles of quantitative data in planning include:

- **Providing the basis for identifying and anticipating major trends**: One of the most important objectives of planning is to identify and anticipate major trends in the country, the region and the world.
- **Imagining alternatives and shifting priorities**: Data can also be used to help reflect on different possibilities by identifying opportunities and constraints, plotting different scenarios and elevating important issues. Projections can play an important role, particularly for areas with long lead times and lock-ins, such as infrastructure and spatial planning.
- **Tracking progress**: The ability to track progress in key priority areas is essential to effective planning. Even if targets are not fully met, careful tracking of progress makes it possible to differentiate between areas where the trend is in a positive direction from areas where new approaches need to be considered. This is particularly important for areas where it is likely to take time to deliver results, such as improving education outcomes, as the ability to identify initial progress can help to sustain commitment for policies that are beginning to deliver results and so avoid unnecessary policy instability.
- **Linking planning to budgeting and monitoring and evaluation (M&E)**: Data can provide the level of detail required to ensure the necessary links between planning, budgeting and M&E. For example, data is needed to identify the budgetary implications of particular plans, and effective tracking and monitoring of implementation requires that careful consideration is given to what forms of data should be tracked through M&E processes.

Text Box 15: Case study: Data as a powerful tool to inform work on gender equality

Statistical data can provide an important tool for analysing trends in gender relations and informing and empowering efforts to promote gender equality. Statistics South Africa (StatsSA) has produced several reports that outline key trends relating to gender. The latest report (Gender statistics in South Africa, 2011) analyses data from the Census, Household Surveys and Quarterly Labour Force Surveys. The data highlights stark inequalities including higher rates of unemployment for women. Gender analyses also need to extend beyond mere disaggregation of data between male and female, to look at how gender intersects with other aspects of identity such as race, age and geographical location. For example, while the 2011 gender statistics publication reveals that 12.3 percent of women had a qualification greater than grade 12 compared to 12.6 percent of men, it also reveals that race has a much bigger impact on education outcomes – less than 10 percent of African women had a qualification higher than grade 12, compared to 35.3 percent of white women.

Other sources of data can also provide important insights into gender dynamics. For example, the 2014 tax statistics indicate that female tax payers earned on average 28 percent less than men, while the Higher Education Management Information System (HEMIS) provides a mechanism for tracking the number of men and women enrolling in higher education each year, revealing higher enrolment rates for women than for men.

5.2. The role of qualitative data in planning

While quantitative data is important for identifying major trends, qualitative research is often needed to analyse the reasons behind these trends. Government procures a large quantity of qualitative research while a broad range of other research is done independently in universities and research centres. Despite the money spent on commissioning research, there is often a challenge in feeding this research through into government policy making. Part of the difficulty lies in the way research is commissioned and managed. Researchers from outside government can analyse issues and produce knowledge but are unlikely to be able to identify which issues will resonate within government or how to ensure research findings gain traction. It is therefore important that there is the capacity within government to assimilate research that is produced with a view to analysing and synthesising key findings. This often does not happen due to weak oversight of commissioned research by officials with relevant policy expertise, which means that research is often only managed in terms of procurement requirements and not policy requirements.

In this context, the National Planning Commission has an important role to play in analysing and putting forward key research findings. The experience of the first Commission suggests that a body of independent experts is well placed to analyse key findings from academic and policy research and draw out policy implications. The Revised Green Paper setting out the mandate of the NPC identified one of the roles of the Commission as being to "produce research reports and discussion papers on key cross cutting issues that affect our development". Such papers can be used to provide detailed analysis of specific issues affecting the country's development.

5.3. Key challenges and opportunities for how we use data

Government produces vast amounts of data. Although concerns get raised about levels of accuracy, our data systems are often good enough to provide meaningful information and data can be credible

without being completely accurate as the level of accuracy required depends on the purpose for which the data is to be used.

- **Demand for data is an effective way of improving supply:** Problems in data quality are more likely to be picked up when data gets used, which helps to promote constructive criticism of what is there, which can then stimulate improvements in the quality, relevance and availability of data.
- **Availability and dissemination of data:** The way we produce and publish data often does not lend itself to effective use either inside or outside government. For example, few departmental websites make it easy to access and interpret the department's main data sources. Given the importance of securing broad buy-in for the National Development Plan, the NPC gave consideration to how to use data to focus attention on key trends. For example, the challenges in the education system and resulting inequalities of opportunity were told through the story of an African woman, Thandi. Thandi's chances of passing through the education system and how this would impact on her future employment opportunities were illustrated through an animated video and in powerpoint presentations. Telling Thandi's story helped to give clear context to the NDP and to focus attention on a specific priority within the Plan. An important lesson is that it is not sufficient to have data. If a core function of planning is to build consensus on key priorities, then it is important to look at how to communicate key trends in an accessible way.
- **Prioritisation:** Our planning and M&E system has created a highly data intensive system. Some of this data is important but some is collected only for compliance purposes and may not contribute to an understanding of major trends. It is therefore important to look at ways of extracting and elevating the most relevant and insightful data.

- **Effective disaggregation:** It is important for national government to play a proactive role in analysing and disaggregating data in a way that helps to inform provincial and municipal planning. Municipalities often struggle to find appropriate data speaking to their particular circumstances with national-level data often masking variations between different places. In the absence of effective data analysis and support from national or provincial government, municipalities mostly seem to procure data from a limited number of service providers, which can raise issues of quality and appropriateness.

5.4. Recommendations on improving the use of data in planning

(a) Planning should make greater use of existing data

Where weaknesses in the availability or reliability of data are identified, these limitations should be acknowledged and used as a basis for making improvements.

(b) Use data to spot opportunities

Many problems appear intractable when approached at a generic level. However, when the same issues are approached in a specific geographic location there is greater scope to identify targeted interventions. The use of disaggregated data has an important role to play in spotting such opportunities. It can also help to build consensus across different spheres of government and with other stakeholders regarding specific interventions to be prioritised.

(c) National departments responsible for concurrent functions should take responsibility for disaggregating data to the provincial and/or municipal level

This will help to inform municipal and provincial planning processes. It will also help to drive greater improvements in the quality of data as inaccuracies are more likely to be picked up in data that has been disaggregated.

(d) **Transversal departments should pay greater attention to the accessibility of the data they produce**

National Treasury and DPME in particular collect and generate large quantities of data, but much of this data is not easily accessible or interpretable.

(e) **Good quality planning requires a shift from using monitoring to assess whether or not targets have been met towards tracking progress and identifying trends**

This will make it easier to differentiate between cases where government is making progress and needs to sustain its focus from areas where it is off-track and needs to significantly rethink its approach.

(f) Be more strategic and selective in the use of quantitative targets

Quantitative data can be generated for any aspect of government work, but the greatest benefits come from areas of work that clearly lend themselves to measurement. Focusing on making best use of the available quantitative data will achieve more than trying to identify potentially convoluted quantitative measures for every aspect of government activity.

(g) Future planning commissions should use their research role to analyse data in ways that help to inform planning throughout all spheres of government

This could include, for example, synthesising and analysing data from overlapping sources such as the Census, Quarterly Labour Force Survey and National Income Dynamics Study (NIDS). The planning function has an important role to play in spotting and analysing trends in order to inform planning processes across government. This includes bringing together different sources of data and analysing their implications. This could be done by releasing a report periodically that analyses trends and disaggregates data with a view to informing planning and policy making processes across government.

(h) Future planning commissions should also pay attention to how data is presented

As the inaugural NPC demonstrated, the use of pictures, graphs, infographics and other visual tools to depict key trends can help to focus attention on specific challenges and opportunities in ways that raw data is unlikely to achieve.

6. INSTITUTIONALISATION OF PLANNING

It is important that the national planning function is a centre of learning, innovation, experimentation and research, and that it interacts not only with all spheres of government, but across a wider range of institutions including business, labour, academia and civil society. This will enable the national planning function to play a catalytic and innovative role that constitutes a valuable addition to the types of planning done at departmental level as well as influence planning in other sectors.

To play this developmental role, the planning function needs to operate differently to standard bureaucratic structures so that it can contribute to the strategic leadership, coordination and policy innovation roles of the centre of government.

Although much progress has been made in the past 20 years in developing our national planning system, there are areas of continued weakness where further development is required. These weaknesses relate to (a) the societal reach and ethos of planning; (b) technical deficiencies; and (c) deficiencies in the technical capacity.

In terms of the societal reach and ethos of planning, there is a challenge of building a planning system that is state-led but that is also truly societal, bringing together the different segments of society in a genuinely participatory and collaborative process.

In addition, there is a need to address persisting weaknesses at the more technical level that include:

- The continued lack of alignment of plans to the NDP (some of these, admittedly, preceding the NDP) or, alternatively, only superficial or rhetorical alignment;
- The lack of legislation that would properly institutionalize the emergent planning system and formally clarify the roles and functions of different plans and planning bodies;
- The continued incoherence in the spatial planning system within national government with the resultant confusion of spatial priorities across sectors;
- The misalignment of planning cycles and planning horizons across the three spheres of government;
- The still poorly developed mechanisms for aligning planning across the spheres of government.

Finally, the capacity for undertaking planning, and for the analysis and participatory processes that accompany planning also requires attention. To ensure that the planning system serves the country's developmental objectives, careful consideration needs to be given to the role of the centre of government in taking forward the main recommendations set out in this document.

6.1. Mandate of the planning function

The mandate of the national planning function is derived from the Constitution, which states that the "the executive authority of the Republic is vested in the President" (Section 85(1)) and that the President exercises this authority together with Cabinet (Section 85(2)). This includes "developing and implementing national policy" and "coordinating the functions of state departments and administrations" (Section 85(2)). The mandate therefore rests on the strategic and coordinating authority of the Presidency rather than legislated authority, which would be more narrowly demarcated. This reliance on positional authority is consistent with the experience of many other countries, which indicate 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 is however taking place many years after some departments have been in existence. This requires that the function be carefully defined taking into account the roles of other departments as set out in sectoral legislation. In this context some legislative reform may be necessary to ensure that the centre of government is adequately empowered to undertake some specific types of planning such as spatial planning and address existing gaps in the assignment of some functions. There is a need for a thorough assessment of areas where legislative reform would be necessary to properly institutionalise the emergent planning function.

In the majority of cases, the planning function would need to exercise positional authority in a number of ways. This includes the production of overarching plans that elevate key national priorities and provide strategic direction to inform other plans. Positional authority can also involve using the convening authority of the centre to bring key stakeholders together and build consensus, as well as informing public discourse and building broader public support through its think tank role in developing and disseminating new ideas. The planning function can also exercise positional authority through its participation in key government processes such as the cluster system and the Medium Term Expenditure Committee (MTEC), which enables it to ensure budgetary decisions are in line with key developmental objectives. Finally, and perhaps most importantly, the positioning of the planning function enables it to provide ongoing advice to the President and Cabinet. This can be done either through specific reports such as an annual report on the state of the country's development or by commenting on departmental submissions to Cabinet in terms of how they contribute to the country's developmental objectives including the NDP.

As described in the earlier sections of this discussion document, the greatest developmental benefits are likely to come from a selective and intensive focus on a small number of key developmental priorities. Over time, this will also promote a stronger consensus on the role of planning than an attempt to predetermine every detail of the planning function. The Revised Green Paper: National Planning Commission was therefore in line with international experiences of planning when it made the case for a flexible approach in order to allow the planning function to develop and evolve over time:

> This is a learning process and government is likely to make mistakes along the way. It is not necessary to first construct a complete six lane highway before one can embark on a journey.

The degree of formality would increase gradually as our approach evolves and becomes more institutionalised.

The experience of the National Planning Commission and the National Development Plan provide scope to build on the functions set out in the Green Paper. However, this should continue to be done through an evolving approach that focuses on learning by doing rather than seeking to predetermine every detail of the planning function.

6.2. Role of legislation

A need for a legislative framework to guide planning has been highlighted by various stakeholders in response to the continuing challenges highlighted throughout this document. The first step towards this should be to use this discussion document as the basis for developing a White Paper on planning. While a White Paper could address the planning system broadly, the legislation should focus on the broad structures (such as the existence, method of appointment and length of terms of the National Planning Commission) and outline the key functions while allowing scope for flexibility and learning by doing. It is important to ensure that processes designed to further define the planning function do not come at the expense of actual planning, and that they allow space for the iterative and evolutionary approach advocated throughout this document.

6.3. Different roles of the national planning function

The institutionalisation of planning should not be confused with centralisation of responsibility for planning or policy making, but rather focus on coordination, problem solving and strategic leadership. Departments have responsibility for planning in their own sectoral areas, while different national departments oversee specific aspects of the planning system related to their own areas of responsibility (for example, National Treasury has responsibility for budgeting while DPSA has responsibility for service delivery improvement plans). This allows the national planning function to focus on the areas where it can best add value and engage in-depth with key priorities without running the risk of stretching itself too thinly.

There are two main roles to be played by the national planning function:

- Leading processes of national planning – the pilot agency or government think tank role.
- Custodian of the planning system – providing guidance and oversight to planning processes in departments, provinces and municipalities.

Although there are overlaps between these two roles, they also require different approaches. Leading processes of national planning requires a long-term perspective and a selectivity of focus, while the custodian role requires more comprehensive and systematic engagement with established planning processes.

6.3.1. The role of a pilot agency or government think tank in leading national planning

A dedicated planning entity at the centre of government with responsibility for driving key government priorities was central to the dramatic progress made by developmental states. Developmental states used the planning function as a "pilot agency"[51] or think tank at the centre of government to identify developmental opportunities and then ensure key stakeholders in both the public and private sector played their role in realising those opportunities. In Japan, this role was played by the Ministry of International Trade and Industry (MITI), which was "a relatively small unit" that "acted as a 'think tank'".[52] In South Korea, the equivalent role was played by the Economic Planning Board (EPB).

The other case studies in this discussion document illustrate that important aspects of this strategic leadership role have been used effectively in many other countries including Brazil, China, Malaysia and the United Kingdom. In both India and Indonesia the planning ministries are currently moving away from responsibility for budgeting towards a greater focus on supporting the strategic leadership role of the centre of government with a greater focus on promoting problem solving, prioritisation and policy innovation. In all these examples, the developmental impact of the centre of government has depended on the ability to focus on a small subset of priorities in which it can play a leadership and coordinating role in providing strategic direction and tackling specific problems. These roles are often referred to as a pilot agency, government think tank or strategy unit.

A study[53] carried out for the Indonesian National Development Planning Agency (BAPPENAS) identified some of the distinctive benefits of having a strategic think tank at the centre of government. These include "their strong understanding of government programs and priorities (which helps them to tailor advice to actual needs) and an ability to coordinate across government departments". The study highlighted that government think tanks should not only speak to government but should also seek to influence public thinking in order to develop broader societal support for key priorities. It also highlighted the risk that "government think tanks can become 'briefing machines' focused solely on reacting to requests, rather than producing analysis and strategy that help inform policy" and found that a "long-term focus helps to create an institutional identity".

Text Box 16: Benefits of government think tanks as identified in a study for the Indonesian planning agency BAPPENAS

- A strong understanding of government programs and priorities, so advice is tailored to actual needs.
- An awareness of the actual timeframes and entry points for advice which leads to it having real impact, and actual uptake in the system.

[51] The term "pilot agency" refers to the fact that it identifies and drives key priorities, and should not be confused with responsibility for implementing pilot projects.

[52] William Gumede (2014) "Comparative Development Planning", Wits School of Governance, University of the Witwatersrand, July 2014

[53] Jessica Mackenzie, Arnaldo Pellini, Widya Sutiyo (March 2015) "Establishing Government Think Tanks: An Overview of Comparative Models", Australian Aid Knowledge Sector Initiative Working Paper 4

- Longevity and ability to attract high-quality staff due to long-term secured funding.
- Prestige, with leadership and access that goes to the highest levels of government.
- A practical understanding of the policymaking process.
- An ability to secure strong networks and international input given the government endorsement of the institution.
- Being seen by policymakers as 'one of us' rather than 'one of them'.
- An ability to provide frank and critical advice privately without needing to criticise the government using public channels or forums.
- An ability to coordinate across government departments in a way that external think tanks could not.[54]

Text Box 17: Case study: India – the government think tank[55]

The Indian Planning Commission, which was created shortly after independence, has historically played a central role in India's development with wide ranging responsibilities and substantial technical expertise. However, its role is currently being redesigned to place greater emphasis on strategic leadership and policy innovation and less involvement in budgetary allocation.

The current Indian Prime Minister, Narendra Modi, rebranded the Indian Planning Commission as the National Institution for Transforming India (NITI Aayog). There is significant overlap between the mandate of the old Planning Commission and the new NITI, but also an important difference of emphasis. NITI is described as a government "think tank" that is intended "to separate as well as energize the distinct 'strategy' element of governance from the usual 'process' and 'implementation' element". It is intended to "provide specialised inputs – strategic, functional and technical – to the Prime Minister and the Government ... on matters critical to the fulfilment of the national development agenda". This includes a focus on "vision and scenario planning", through the "design [of] medium and long-term strategic frameworks". It is also intended to be "an in-house sounding board whetting and refining government positions, through objective criticisms and comprehensive counter-views".

To fulfil these roles, NITI is intended to have sectoral expertise "to assist Ministries of the Central and State governments in their respective development planning as well as problem solving", and "offer an internal consultancy function to central and state governments". It is also intended to provide a "knowledge and innovation hub" and develop a "network of expertise" by bringing "external ideas and expertise into government policies and programmes through a collaborative community of national and international experts, practitioners and other partners". The institutional structure will include a research wing "that will develop in-house sectoral expertise as a dedicated think tank" and a consultancy wing "that will provide ... panels of expertise and funding, for Central and State Governments to tap into" and help match them with the relevant expertise from either inside or outside government.

[54] Jessica Mackenzie, Arnaldo Pellini, Widya Sutiyo (March 2015) "Establishing Government Think Tanks: An Overview of Comparative Models", *Australian Aid Knowledge Sector Initiative Working Paper 4*

[55] This case study is based on NITI Aayog (2015) "From Planning to NITI: Transforming India's Development Agenda", Government of India, 8 February 2015, available at: http://pmindia.gov.in/wp-content/uploads/2015/05/NITI-08.02.2015.pdf

Text Box 18: Key lessons from case studies on the role of the centre of government[56]

Brazil – Brazil's experience demonstrates the benefits of using the authority of the centre of government to engage intensively with a set of specific priorities where it can play a sustained role in facilitating progress and unblocking obstacles to implementation.

China – China's approach to planning highlights the importance of an adaptive approach. The national plan sets out the priorities to be pursued throughout government and the national planning function seeks to ensure these issues are taken seriously throughout government. Sustained interaction allows for ongoing engagement regarding what different parts of government are expected to achieve in contributing to national objectives.

India – India's experience with national planning highlights the potential benefits of a dedicated central agency in improving the quality of policy analysis. It also highlights the limitations of planning processes that focus on the production of policy without intensive engagement with implementation. The current trend is towards a greater focus on strategy with the planning entity playing a think tank role and engaging with subnational levels of government, particularly with the states (the equivalent of South Africa's provinces).

UK – A range of different entities at the centre of government are involved in strategic planning processes. The centre engages selectively but intensively with a few specific issues in order to promote prioritisation, problem solving and policy innovation.

6.3.2. The coordination role of national planning

The centre of government always has a difficult balance to strike. Its responsibility is not to implement but rather to provide strategic direction and coordination.[57] There are three common mistakes made by centres of government globally. The first is only to engage at such a high-level that it becomes irrelevant, the second is to get so immersed in detail that it is seen as disrupting the work of departments and gets accused of micromanagement, and the third is to focus too much of its attention on how the system is structured rather than identifying the entry points it can use to drive change.

The National Development Plan's discussion of decentralisation provides important insights that can help to inform thinking on how to avoid these risks. The NDP suggested that:

> The state has tended to assume that it has to choose between centralisation and decentralisation, but this is a false dichotomy. Decisions can be taken at the lowest possible level in order to strengthen the link between decision making and implementation. However, this does not preclude a central role in building the systems of a capable, developmental and ethical public service.

[56] See the more detailed case studies in the other sections of this document for a fuller discussion of the approach taken in each country.

[57] The literature on this topic is wide-ranging. For a comparative discussion on the role of the centre of government see B. Guy Peters (1998) "Managing Horizontal Coordination: The Politics of Coordination", *Public Administration* 76.

The same point applies for planning where it is possible to recognise that much planning needs to be done at a decentralised level while still providing guidance, engagement and support. In addition, high quality national plans can have an important mobilising and inspirational effect that leads to improvements in the quality of other plans, while the creation of cross-cutting plans such as the National Development Plan and Medium Term Strategic Framework can inform the developmental priorities of departmental plans.

While the planning function should never displace departments' responsibilities for sectoral planning, it needs to engage closely with these processes in order to ensure sectoral strategies can inform the content of national plans. This entails intensive engagement with intractable or high priority challenges that warrant the direct attention of the centre of government, as well as cross-cutting issues that cannot be addressed by a single department in isolation. The key to fulfilling this role effectively is to recognise that the centre of government will never be able to address complex problems on its own but should rather use its position and authority to play a convening, coordinating and problem solving role as well as providing strategic direction.

6.3.3. Role of national planning in strategy setting

The national planning function has a unique role to play in analysing trends, identifying priorities and promoting innovation in tackling key challenges. This is done in part through the preparation of national plans such as the National Development Plan and Medium Term Strategic Framework (MTSF), which provide the formal mechanism for elevating key government priorities. The preparation of these medium and long-term plans needs to be backed up by more detailed sectoral work in particular areas, as well as periodic broader analyses of the country's developmental trajectory, including through the preparation of five yearly reviews.

To fulfil this strategic role effectively, the national planning function needs to have strong research capacity that enables it to generate new ideas and bring key insights from external research into government thinking. Government procures a large quantity of research while a broad range of other research is done independently in universities and research centres. Despite the money spent on commissioning research, there is often a challenge in feeding this research through into government policy making. Part of the difficulty lies in the way research is commissioned and managed. Researchers from outside government can analyse issues and produce knowledge but are unlikely to be able to identify which issues will resonate within government or how to ensure research findings gain traction. It is therefore important that there is the capacity within government to assimilate research that is produced with a view to analysing and synthesising key findings. This often does not happen due to weak oversight of commissioned research, which means that research is frequently only managed in terms of procurement rules and not policy requirements.

In this context, the National Planning Commission has an important role to play in analysing and putting forward key research findings. The experience of the first Commission suggests that a body of independent experts is well placed to analyse key findings from academic and policy research and draw out policy implications. The Revised Green Paper setting out the mandate of the NPC identified one of the roles of the Commission as being to "produce research reports and discussion papers on key cross cutting issues that affect our development". Such papers can be used to provide detailed

analysis of specific issues affecting the country's development. These research papers can be used as a vehicle to test out new ideas and build consensus for ideas that may subsequently be taken forward through medium or long term plans.

The production of the NDP has demonstrated the benefits of long-term planning. The National Planning Commission should therefore continue to fulfil an important role in carrying out analysis of long-term trends to inform government planning. In addition to producing sectoral papers, future Planning Commissions could consider the possibility of producing an annual report on the state of the country's development. Currently, National Treasury produces regular analyses of the state of the economy and the Public Service Commission produces an annual report on the state of the public service, but there is no mechanism for reflecting on the country's overall development until the production of the five yearly reviews. An annual report could provide space for reflection on progress with the implementation of the NDP as well as addressing specific sectoral issues. The Commission could consider the possibility of publishing thematic and sectoral studies as chapters or annexures of this annual report or these could be treated as standalone papers. Such a process would also provide a natural mechanism for building on the NDP, thereby ensuring that fresh thinking is continually brought to inform the implementation of the country's national plan. These reports would then also help to inform the production of the Medium-Term Strategic Frameworks for 2019-2024 and beyond, which will form the future building blocks of the NDP. This would help to ensure that planning, and the implementation of the NDP, remains a dynamic and iterative process.

6.3.4. Custodian of the planning system

The role of custodian of the planning system entails interacting with the planning processes that take place at national, provincial and local level through the provision of guidance and support. To ensure that this role also contributes to the developmental agenda, it is important that the role of the national planning function focuses on ensuring the planning system serves developmental objectives rather than merely ensuring compliance. This means reconceptualising how the centre of government engages with departmental planning processes to move beyond the current level of reliance on guidelines, templates and targets, towards a system that engages more effectively with the policy content of departmental plans, including the identification of priorities and the approach to implementation. Part of the role as custodian of the planning system would therefore be for the national planning function to interrogate and contribute to innovative thinking on the best approach to achieving specific objectives as well as identifying specific policy mechanisms and levers that can serve as entry points towards achieving broader priorities.

6.4. Structures of national planning agencies

Lessons from international case studies show that if a planning agency is to be established within the highest office of the land, it needs to be set up in a way that ensures success. The success factors in relation to the planning structures and functions include:

- The highest possible level of political support and authority, and of institutional location;
- The best professional talent available in the land;
- A clear focus on strategic planning (without the distraction of multiple special projects);

- High quality data, research and analytical support;
- Mechanisms to integrate long-range strategic planning with integrative spatial planning, sector planning, short- to medium-term and operational planning;
- The capability and willingness to work collaboratively across the sectors and spheres of government; and,
- The capability and willingness to build coalitions and mobilize support beyond government.

Planning entities are typically divided between lean structures and large bureaucracies depending on the scope of their mandate. The largest planning entities can include responsibility for budgeting and statistics, while smaller entities are liberated from these departmental responsibilities and focus on cross-cutting issues relating to strategy, vision and coordination. There is no evidence to suggest that one of these approaches is more effective than the other. However, there is clear evidence that a planning function needs to be able to rely on either the budgeting authority of the ministry of finance or the coordinating authority of the centre of government, with the trend being increasingly towards the latter.

In many cases planning responsibilities have been divided across multiple different agencies. For example, in Malaysia, the Office of the Prime Minister includes multiple entities responsible for different aspects of planning. While the Economic Planning Unit (EPU), situated in the Office of the Prime Minister, has the overall responsibility for planning the country's future, the Office of the Prime Minister also includes the Performance Management and Delivery Unit (Pemandu), Special Innovation Unit (UNIK), and Administrative Modernisation and Management Planning Unit (MAMPU), amongst other agencies. Similarly, the planning entities operating in the UK during Tony Blair's time as Prime Minister included both a Strategy Unit and a Delivery Unit with overlapping but distinct responsibilities. While this can make the structures appear confusing, the existence of multiple agencies can be beneficial by allowing the national planning function to be selective in what it focuses on and reducing the risks of it becoming overstretched.

The risk of planning functions being expected to take on too many different responsibilities, and so of their capacity being stretched too thinly, was highlighted in a comparative study by William Gumede:

> Most countries in the developing world outside the East Asian tigers that established central planning institutions gave these units complex, unwieldy structures. Their mandates were equally complex, for example the cases of India and Brazil before the 1990s. Their development plans would often be very broad, setting out an elaborate vision without any specific targets or delivery timelines. Some countries had planning units that were too small and insignificant, staffed perhaps by a few individuals, with an office in some obscure part of government, where the incumbents typically had little power to enforce proposals. ... The more successful planning structures have the political backing of the president or prime minister. In the cases where there is no political backing for planning units, they usually fail. The make-up of these planning structures is crucial. A characteristic of the more successful ones was that they made a point of appointing the best individuals in the country. Those that did not, and used the planning

structures to appoint mediocre talent, paid the price by muddling through, at best, and development failure, at worst.[58]

6.5. Capacity of the planning function

The experience of other countries indicates that an effective planning function requires strong dedicated expertise in key policy areas, but that this need not mean creating a large structure. Indeed, the creation of a large bureaucratic structure can make it harder for a planning function to play an effective developmental role.

To ensure close links between planning and implementation and that planning gains traction with key stakeholders, comparative experiences, and particularly the example of developmental states, demonstrate the importance of ensuring close and regular interaction between planning officials and the relevant sectoral areas both in and outside government. The planning function needs to be able to provide long-term consistency and rise above sectional interests without becoming distanced from realities on the ground. This means the question of how the planning entity interacts with the rest of government and wider society is more important to achieving impact than its size or formal legal mandate.

To play an innovative and strategic role in policy processes, and be equipped to focus on different sectoral issues at different points in time, the planning entity will need a core basic structure that includes permanent sectoral expertise and the scope to draw in dedicated expertise to work on specific time-bound projects through secondments from departments, universities, consultancy firms, civil society and the private sector.

By insourcing key skills it should be possible to bring together experts from different sectors, departments and spheres of government to work together on a particular policy document or process. These experts would need to be employed by the planning function for the duration of the policy process so that they are expected to follow the leadership and direction of the planning function, but with the ability to contribute their own perspectives and liaise with their own networks. This approach would provide a way to bring together expertise and perspectives from different sectors while still ensuring clear leadership and ownership by the national planning function. It will be important to ensure that these teams, once constituted, are protected from routine activities so that they can concentrate on the specific policy process that they are established to work on. While outsourcing will sometimes be appropriate for in-depth pieces of research, this insourcing of expertise is most likely to simulate the developmental qualities of embedded autonomy.

To ensure that planning processes are adequately embedded within relevant government and societal processes, it is therefore important that staff can be brought in on fixed term contracts for particular policy processes. Mechanisms could be created for high performers within departments to be seconded to the planning function to work on a particular project within their area of expertise. A secondment to

[58] Gumede, W. (2014) "Comparative Country Long-Term Development Planning: Lessons for South Africa", Background research paper for the "How to implement the NDP" debate, Wits School of Governance, available at: http://www.wsg.wits.ac.za/wp-content/uploads/2014/10/Prof-William-Gumede-Comparative-development-planning-2.pdf

the planning function could also be considered for high achievers within the graduate recruitment scheme proposed by the NDP. Departments should be encouraged to see such secondments as an opportunity to have their priorities taken forward at the highest level. Fixed term appointments or consultancy contracts could also be used to bring in key experts and stakeholders from other sectors.

The Public Service Act provides scope for such appointments through the greater degree of flexibility allowed for temporary appointments as well as the specific provision for appointments to be made "on grounds of policy considerations". The Revised Green Paper: National Planning Commission made specific reference to the need for a flexible staffing approach:

> The National Planning Commission will have a secretariat based in the Presidency tasked with supporting the work of the Commission and the Minister. This secretariat will be composed of capable people who can manage complex research processes, consultative processes and who are skilled enough to help draft reports.
>
> The secretariat will work with key centres of excellence in planning such as the Human Science Research Council, the Development Bank of Southern Africa, the Council for Scientific and Industrial Research, universities, research institutions and think tanks.
>
> The typical person employed in the secretariat may not be a career bureaucrat but instead the secretariat may include people who are brought in for limited periods of time (public sector, including secondment from government departments, agencies and universities) to work on the outputs that the Commission is tasked with producing.

It is also important that there is regular collaboration between planning, budgeting and monitoring and evaluation. This will help to ensure synergy and effective feedback loops. It will also help to avoid duplication, which is important in the context of current budgetary constraints as well as the limited availability of specialist policy skills. However, for these synergies to be realised, the planning function needs to have sufficient capacity to engage meaningfully with budgeting and monitoring and evaluation processes.

6.6. Recommendations on the key functions of the planning function in the DPME

The National Planning Commission and the Planning Branch in the DPME constitute the national planning function as discussed throughout this discussion documents. These two entities will be responsible for performing different functions assigned to the national planning function based on the nature of the function and the entity best positioned to perform it.

The mandate, roles and responsibilities of the Commission will be determined by the President until such time that a legislative framework for planning is in place. In the case of the Planning Branch, its roles and responsibilities will also evolve over time and will be defined through legislation, policy and practice.

6.6.1. Broad functions of the National Planning Commission

The adoption of the NDP was a significant step in putting in place elements of a national planning system. The functions of future commissions will have to take into account that we now have the NDP

and the focus needs to shift towards supporting implementation, deepening the practice of planning, learning by doing and refinement of plans where necessary. It is proposed that the Commission should perform the following broad functions:

- promoting and advancing the implementation of the National Development Plan across different sectors of society;
- undertaking detailed planning in a selected number of sectors to be determined from time to time;
- conducting regular engagements with various sectors of society on all matters pertaining to the long-term development of the country;
- facilitating stakeholder engagements aimed at forging a social compact towards more effective implementation of the National Development Plan;
- taking a cross-cutting view, undertake research into long-term trends, analyse implementation of short to medium term plans with a view to recommend improvements to Government as well as produce reports to inform policy and planning; and
- contributing to development of international partnerships and networks on national planning.

6.6.2. Key functions of the Planning Branch

Guided by the experience of developmental states, South Africa's experience to date and existing institutional realities in government, it is proposed that the Planning Branch should perform the following broad functions:

- Provide ongoing support to the National Planning Commission in its various responsibilities;
- Provide strategic oversight and co-ordination of initiatives in government that relate to the collection, compilation, distribution and analysis of data for the purposes of development planning;
- Undertake or commission strategic research that would support national development planning (including analysis of long-term trends and development forecasts);
- Actively engage with long term strategic planning in key sectors (e.g. energy, water, economy, infrastructure, environment, skills) working to ensure co-ordination across sectors;
- Take responsibility for long-range strategic spatial planning in national government, including the preparation of the National Spatial Development Framework, and co-ordination of spatial planning and policies across different sectors;
- Actively build development-related coalitions involving governmental and non-governmental agencies, and ensure full participation of non-governmental agencies in planning processes;
- Assess policy and legislation on an on-going basis in terms of its consistency with the NDP;
- On-going liaison with, and advice to, the planning structures within provincial, districts and metropolitan government;

- Work systematically to achieve stronger alignment in planning across the spheres, including the alignment of planning cycles;
- Transnational planning coordination including with planning agencies in neighbouring states, structures such as the SADC and AU, and multi-lateral development agencies;
- Provide periodic assessment of the implementation of the NDP and play a strategic convening role in addressing identified blockages to implementation.

6.7. Principles and recommendations to inform the institutionalisation of planning

Based on South Africa's experience to date as well as the experience of other countries, particularly developmental states, it is proposed that the following principles should inform the approach to institutionalising a planning function at the centre of government:[59]

- **Rely primarily on positional authority derived from the Constitutional mandate of the Presidency**: The experience of a broad range of other countries indicates that national planning functions, and particularly those with a strategic focus, operate primarily through the positional authority derived from their position at the centre of government rather than legislated authority. This allows the planning function the flexibility to prioritise different issues at different points in time in response to the country's developmental priorities.
- **Legislative reforms**: Undertake legislative reforms where necessary to empower the planning function and address gaps in the legislative framework governing planning
- **Engage selectively with key developmental priorities**: It is imperative that a national planning function is able to engage with a small number of key developmental priorities rather than being expected to cover all possible issues. This selectivity of focus allows it to engage with a particular issue in detail, develop the depth of expertise required to have credibility with major stakeholders in that issue area, and so carry out its policy innovation, convening and problem solving roles.
- **Lean and flat structure**: A strategic planning function should avoid becoming a large bureaucracy. It is better to develop a small team with the resources and authority to draw in specific expertise as required. This means combining dedicated policy expertise with strong links with budgeting and M&E, and the capacity to bring in sectoral expertise in order to contribute to time-bound work on specific policy areas.

[59] The conclusion to each of the preceding sections of the discussion document includes recommendations for specific roles and activities that could be taken on by the national planning function. The principles and recommendations covered in this section therefore relate solely to the mandate, structure and capacity of a national planning function.

7. CONCLUSION AND RECOMMENDATIONS

Substantial progress has been made over the past 20 years in developing South Africa's planning system. South Africa has an established system for the development of plans in departments and municipalities. It now has a long-term plan to guide the development of medium and short-term plans. However, questions have been asked about whether the planning system is serving its developmental objectives with concerns being raised that much planning has been reduced to a compliance exercise that occupies large quantities of time but delivers limited developmental impact.

The focus of the current administration on institutionalising planning provides a valuable opportunity to build on the system that has been developed by introducing a stronger and more explicit developmental focus. The objective should be to shift the planning system away from a compliance focus towards a more dynamic process better suited to strategising on how to further our developmental objectives.

The most important step to achieve this is to reconceptualise how the centre of government engages with departmental planning, to move beyond the current level of reliance on guidelines, templates and targets, towards a system that engages more effectively with the policy content of departmental plans, including the identification of priorities and the approach to implementation. This requires the national planning function to play a strategic thought leadership role captured in other countries by descriptions of planning entities as pilot agencies or government think tanks.

This discussion document contains a number of key messages that should help to inform this developmental focus. These include:

- The production of good plans with compelling narratives has an important mobilising effect. It is therefore important that planning should not be confined to setting indicators and targets.
- Planning needs to be seen as an ongoing process and should not be reduced to the production of documents. This means putting analysis, discussion, dialogue and debate at the heart of planning.
- Planning should include space for reflection on past trends in order to ensure effective learning from existing practices. This also means reflecting on the role of research in planning.
- Greater attention needs to be given to the respective roles of different types of plan in order to avoid mechanistic approaches to alignment or the creation of an excessive planning burden.
- If the focus on alignment is to deliver its developmental potential, it is important to focus efforts to achieve alignment on specific priority areas of overlapping responsibility.
- The planning process should be used to identify specific policy mechanisms and levers that can serve as entry points towards achieving broader objectives and thereby help to promote alignment.

To fulfil this role, a national planning function needs to operate differently to standard bureaucratic structures so that it can operate as a think tank at the centre of government.

- There is potential to focus on some flagship plans that inspire (and raise the bar for) other plans. This means acknowledging the potential trade-offs between the frequency and depth of plans.
- The compliance focus of some planning processes is becoming counter-productive. The strategic planning system needs to break with the compliance culture by embracing ambitious and stretching targets. This requires consideration of how best to report on progress and trends not just whether or not targets are met. This will sometimes require a "glass half full" approach that recognises positive progress even where targets are not fully met.
- Planning processes need to make better use of available data, even when it is imperfect, as increasing use of data is likely to be one of the most effective ways of improving the quality of data that is produced. National government should also look at how data can be analysed and made available to inform provincial and local government planning processes.

Planning entails identifying priority areas that need to be addressed and building consensus on the approach to implementation. This is done by anticipating future challenges through consultation and research, studying emerging practices and trends, bringing key stakeholders together and building consensus on the way forward. It is therefore important that the national planning function is a centre of learning, innovation, experimentation and research, and that it interacts not only with all spheres of government, but across a wider range of institutions including business, labour, academia and civil society. This will enable the national planning function to play a catalytic and innovative role that constitutes a valuable addition to the types of planning done at departmental level.