

Draft National Planning Commission Advisory Note on District Development Model

1. Executive Summary

This note sets out the National Planning Commission's advice on how the District Development Model (DDM) can be used as a mechanism to implement the NDP, improve intergovernmental alignment and coordination, and address failures in service delivery at a local level.

While recognising the importance of alignment of intergovernmental service delivery and a coordinated response, it identifies the challenges with the implementation of the DDM based on research, interactions and engagements. The advisory note provides an analysis of these challenges related to a lack of clarity about objectives, coordination, effective governance, data utilisation, and stakeholder engagement and proposes targeted interventions to ensure that the model facilitates service delivery and achieves the developmental objectives of the NDP.

2. Introduction and Background

The District Development Model (DDM) was introduced in President Ramaphosa's 2019 budget speech, and was subsequently adopted by Cabinet, the Presidential Coordinating Council, and through several MinMECs.

The DDM is envisaged as an approach in which the three spheres of government and state entities coordinate their planning and budgeting into a single plan to improve impact, create greater coherence in service delivery, and have better development outcomes. It is also viewed as a social compact that brings together the key players in district and metropolitan (metro) municipalities to unlock development and economic opportunities.

The introduction of the DDM must be understood in the context of the challenges that arose in the local sphere of government over time. The democratic government ushered in a system of characterised by three distinct, interrelated, and interdependent spheres. Local government, the sphere closest to the people, was tasked with implementing national, provincial, and local policies, promoting democracy, social and economic development, and providing essential services. To achieve these ambitious goals, the municipal structures, boundaries and responsibilities system were reorganised.

The concept of an Integrated Development Plan (IDP) was introduced as a central element of developmental local government to ensure that municipal activities and budgets are focused on its core local goals and priorities. Despite numerous advances since the democratic local

government elections on 5 December 2000, many local governments are in financial distress and face severe governance challenges. The pace and quality of service delivery have fallen, and corruption has increased.¹ This decline led to numerous 'service delivery' protests with communities taking legal action to force municipalities and provincial governments to provide services and fulfil their obligations.

Corruption has resulted in the misallocation of resources away from projects that could benefit communities, service delivery challenges, weakening trust in local government and impacting on economic growth with the most common forms of corruption being bribery, and procurement and employment irregularities. Vacancies in leadership positions, such as municipal manager and chief financial officer, are a significant problem in many municipalities, which are exacerbated by political instability.

Despite numerous interventions by national and provincial governments, including turnaround strategies, training programs, and legislative changes, the situation has not improved significantly. Audit outcomes have instead deteriorated over time.

The DDM was envisaged as a vehicle for the effective implementation of government strategies at the local level while working with business, civil society, and labour formations to develop "one plan, one budget for one district." This model was envisaged to break down government silos, which impeded effective service delivery. The "one plan" for a district or metro municipality aimed to consolidate national and provincial departments' plans and budgets into a comprehensive development plan, budget, and implementation strategy for the specific area.

In 2020 the second National Planning Commission (NPC) resolved that the DDM could serve as an important mechanism for implementing the National Development Plan (NDP). This initiative has been taken forward by the third and current NPC who have undertaken a series of engagements about the DDM to understand how it could improve implementation of the NDP.

The NPC engaged stakeholders including the Department of Cooperative Governance and Traditional Affairs, the South African Local Government Association, and the DDM pilot municipalities. The objective was to get insight into the progress made with the implementation of the DDM and to understand opportunities and blockages, including how the NPC can support the process.

3. Problem statement

The DDM has encountered significant challenges in its implementation in areas such as intergovernmental relationships, service delivery, infrastructure, and the functionality of local government.

¹ Corruption Watch, Local Government Report, 2021. (<https://www.corruptionwatch.org.za/cw-report-reveals-that-most-local-government-corruption-occurs-in-municipal-managers-office/>), Parliamentary Monitoring Group (PMG). 2021. Department of Cooperative Governance on State of Local Government Report – Local government support and interventions package; with Minister. 24 August 2021 (<https://pmg.org.za/committee-meeting/33432/>), National Treasury. 2021. State of Local Government Funding report 2021. (http://mfma.treasury.gov.za/Media_Releases/The%20state%20of%20local%20government%20finances/Document%20s/The%20state%20of%20local%20government%20finances%20and%20financial%20management%20report%20as%20at%2030%20June%202021.pdf)

All roleplayers recognise the need for improved alignment and coordination within government, but the current lack of coordination, spatial and temporal misalignment, and inadequate information flow are major concerns. As many role-players do not understand the DDM's functionality, objectives and processes, it results in ineffective implementation. This has been exacerbated by the lack of clarity between One Plans and IDPs with the DDM being perceived as a compilation of local, provincial, and national plans rather than a coordinated and sequenced approach to improving delivery.

The governance of the DDM in terms of roles and structures is unclear, particularly concerning the authority to ensure effective participation and information sharing among stakeholders.

The DDM's effectiveness has also been limited by access to data and information, and monitoring. While DDM profiles provide extensive data, they lack critical analysis and diagnostic insights into municipal functionality, financial status, and infrastructure needs.

Lastly, strained intergovernmental relations and a general lack of stakeholder engagement undermine the DDM's goals. Trust between government and the private sector is weak, and civil society and community participation is formulaic and ineffective.

4. Reflection from Engagements with DDM Stakeholders

The issues below have emerged from direct engagements about the DDM as well as from general NPC work on intergovernmental relations, the delivery of services and infrastructure, and the functionality of local government.

Lack of clarity on the DDM

The common finding from the engagements, including those undertaken by the previous NPC, was a lack of awareness of how the DDM functions. While statements and documents outline several developmental challenges that the DDM is expected to address, the mechanism for how this will be undertaken is unclear. This lack of understanding of the DDM was evident in all three pilot districts as well as among other roleplayers.

There is also confusion about the roles and responsibilities required to implement and sustain the DDM. This lack of clarity has impacted the support for the DDM and reduced its ability to address the intended stated challenges.

This situation is exacerbated by the assignment of 'Champions' – Ministers and MECs, together with Heads of Department at a provincial and national level – as their roles and responsibilities are not clearly defined, meetings are only held occasionally, and very little coordinated and integrated implementation occurs.

The engagements indicated that while there was a recognition of the broad developmental challenges and the need for action to address them, there was little correlation between the systemic causes of these challenges and the DDM's operational model.

One Plans and One Budget

Many engagements raised concerns about the differentiation and overlap between the One Plan and the district IDPs, particularly as the Municipal Systems Act (2000) defines IDPs as joint development plans across all spheres of government. According to the Act, district IDPs should

bind and align local IDPs. In many instances, while the DDM appeared to combine all the local, provincial, and national plans for the district, it did not streamline, coordinate and sequence them for more targeted and effective delivery.

As the Municipal Systems Act states that IDPs are required to “link, integrate and coordinate plans”, “take into account proposals for the development of the municipality”, and integrate national and provincial sectoral plans and programmes into IDPs, it is already envisaged as the centre of a network of plans. The difficulty, however, as noted by many municipalities, is that other spheres of government either do not provide this information timeously to municipalities or fail to deliver on their promised initiatives. Although the Intergovernmental Relations Framework Act includes provisions to address this shortcoming, it has not been used often. It, therefore, appears that instead of addressing the shortcomings of the IDP process, the DDM introduces a new separate plan, creating confusion about the difference between the two plans and the status of IDPs.

There is also the perception that the DDM competes with IDPs for resources. While the stated aim of the One Plans is to be strategic plans, focussed on catalytic projects only, there are concerns about how ‘catalytic’ is defined. The One Plans reviewed did not appear to be strategic nor focussed on achievable, clear, integrated targets.

Of concern is that the DDM programme has not addressed the potential challenge of funds committed to One Plans or One Budgets from being diverted elsewhere, which may exacerbate the levels of corruption already faced in municipalities.

DDM Governance

There is confusion about the governance roles and structures within the DDM, and concern that the DDM hubs (especially in the initial period when they are located outside of government structures) lack the convening power and authority to ensure the effective participation of all stakeholders as well as information sharing between them.

There is also a concern that the DDM has introduced an additional layer of administrative complexity to already complicated relationships and governance processes.

Information, monitoring and data issues

While DDM profiles have been developed for all districts and metros and provide a significant amount of data, these are generic documents, providing general information often without interpretation. In addition, key information and data are often not provided.

Although the profiles list the projects to be implemented by other spheres of government, it is not clear whether this is a comprehensive list as some do not indicate whether feasibility studies have been done, or details about timeframes, budgets, and responsibilities. It would be useful if these projects included spatialised information to assess the alignment of these.

The profiles do not indicate an understanding of the functionality of the municipalities in the district, their financial status, expenditure profiles, or the status of senior management and political leadership. No information is provided on revenue collections, infrastructure expenditure, maintenance or renewal for the key infrastructural requirements of local or district municipalities. Neither is information provided on the powers and functions exercised by each of

the municipalities. The DDM profiles thus appear to provide extensive information without diagnosing any of the key service delivery problems in the district.

Skills

The lack of staff who possess the required skills and experience has contributed significantly to the poor performance of local government (and other spheres of government). While most metros may have professional and technical staff, local and district municipalities often lack these skills. In addition, the employment of unsuitable, or unskilled people has eroded the capacity of local government. Unfilled senior manager positions create instability and significantly reduce the effectiveness of internal control systems.

There have been some examples of public-private efforts under the DDM to enhance skills: The National Business Initiative and the OR Tambo district municipality entered into an MoU to enhance and secure the delivery of infrastructure spending. Similarly in the Waterberg district, privately funded interventions were implemented to mentor local and district officials and to build joint implementation capacity between government, business and community. In another initiative, the industry association IoPSA provided compliance training to municipal officials to improve compliance, professionalisation and delivery.

Relationships and Engagement Between Roleplayers

The DDM has highlighted concerns around strained intergovernmental relations as well as a general lack of stakeholder engagement and trust. In particular, a lack of trust between government and the private sector was observed. There were, however, some exceptions: the OR Tambo DDM reported holding engagements with traditional leaders, while there was limited engagement with traditional leaders in the Waterberg,

Although improving intergovernmental working relations is a key goal of the DDM, little progress has been made. It is unclear to what extent an understanding of intergovernmental relations has been incorporated into the design of the DDM.

The process for the engagement with and participation of stakeholders, the private sector, and communities, a key element of the DDM's One Plans, has not been outlined. Except for the Waterberg district where there was limited evidence of private sector participation, almost no engagement with citizens or civil society organisations occurred in the other pilot districts.

A common concern raised in the engagements with the pilot districts was the lack of participation by some government sector departments or entities. In some cases, this was attributed to a lack of awareness of the DDM or confusion about its function. There is also concern from national departments that they lacked the human capacity to participate in at least 52 different intergovernmental engagements in each district and metro.

In addition, the legislative requirements and current practice for municipal strategic plans and annual performance plans (APPs) do not align with the DDM requirements. Municipal accounting officers have expressed concern about their responsibilities depending on other departments and spheres of government for delivery.

While the district hubs often cite their lack of authority and convening power as contributing to their lack of success, it is unclear who is responsible for ensuring the participation of different roleplayers. Despite these gaps in active participation, simply improving the flow of information

between roleplayers would assist a great deal in addressing the lack of alignment between spheres of government.

Although the DDM should provide a process or administrative structure to establish and manage formal commitments by intergovernmental roleplayers to participate in, fund, or contribute to priority projects in a district, there has been very little success in this regard.

5. Proposals

The NPC proposes that the following be addressed to enhance the efficacy of the DDM and improve the implementation of the NDP in the local sphere of government.

Clarity in the purpose of the DDM

To provide greater focus and improve the outcomes of the DDM process, it is necessary to ensure a common and clear understanding of the primary purpose of the DDM. There should be clarity about whether it is:

- An initial move towards a single tier of local government,
- A mechanism to allow for an easier/simpler engagement between national/ provincial government and local government (i.e. engaging with 52 units of local government rather than 257),
- A mechanism to improve and augment the alignment of planning and implementation between different spheres by ensuring that the plans of all spheres and sectors are considered, or
- a mechanism to ensure that national and provincial governments have improved oversight of what is being undertaken or planned within each municipality.

While all of these could be valid objectives of the DDM programme, it currently is vague. The NPC proposes that the DDM's purpose is focused on achieving improved alignment in planning and implementation across the different spheres of government. It should be designed to ensure a more efficient mechanism for engagement between the different government sectors and improve the oversight and support provided to local government by national and provincial departments.

One Plans

Clarity is needed on how the One Plans differ from the IDPs. The justification that One Plans are strategic long-term plans is insufficient as IDPs must, by law, include a long-term strategic component and plans from other spheres of government, and district IDPs should align and coordinate with local IDPs. That many IDPs fail to achieve these requirements is an indication that One Plans are likely to face the same challenge in time. The failures of IDPs should instead be addressed more directly and urgently.

The failure of district IDPs should be investigated and addressed to ensure a single strategy at a district level that provides an integrated plan for all spheres of government, the private sector, and civil society including the alignment, management, and monitoring of the activities of all roleplayers. In the short term, One Plans should address the need for a focused, integrated and

strategic document at a district level by addressing district IDP shortcomings and considering how One Plans can be integrated into IDPs.

The process of developing One Plans must actively bring all spheres of government together to engage around local development priorities and plans. An entity must be assigned the responsibility and authority to lead and coordinate this process to ensure that all spheres of government and stakeholders work together to plan and prioritise delivery. A process for engaging with the private sector, community organisations, traditional leaders and other relevant roleplayers should be clearly outlined, particularly in the early phases of the development of One Plans.

One Plans should not be produced by outside consultants. All spheres of government are rapidly losing their ability to plan due to over-reliance on outside consultants and without the active involvement of government officials.

It is equally important, however, that One Plans do not become a workaround to avoid addressing the poor quality and implementation of municipal IDPs in the medium and long term. The NDP calls for IDPs to be revitalised as the guiding plans behind development at a municipal level and to ensure that they are practical and useful instruments. This requires a renewed focus on ensuring that the quality of municipal IDPs is improved and that they address underlying developmental challenges in municipalities, rather than being formulaic documents produced for compliance purposes.

One Budgets

The One Budget initiative should improve coordination and alignment in budgetary planning and implementation, including the financial plans and commitments of the provincial and national governments. The DDM process should ensure that sectoral departments across all spheres of government who have made commitments provide the associated budgetary information to support it including the timing and specific allocations.

Spatialising budgets is an important element in ensuring the spatial alignment of projects. This information must be actively used (not just collected) to analyse and ensure spatial and temporal alignment. This will require spatial planning and analytical skills at a district, provincial or national level.

Governance

All roleplayers must be provided with clarity about the DDM's objectives, institutional arrangements and responsibilities to ensure they understand their roles and responsibilities. As noted, an entity with the responsibility and authority for convening DDM structures must be defined. In addition, DDM governance measures must be simplified and pared down to achieve a few specific goals with minimum administrative complexity. Over time, this should result in officials spending less time in meetings and writing reports, and more on planning and implementation.

Skills and Capacity

The DDM should be used as a tool to ensure that key senior positions in local government are monitored to determine whether positions are filled and whether the incumbent individuals have the necessary skills and capacity. In addition, the DDM should identify the main capacity problems faced in each district. Its focus should be on actively undertaking or facilitating

capacity-building around these issues, including through the sharing of expertise across sectors and spheres within a district, where necessary.

There is also a need to assess Councillors' understanding of the municipal responsibilities and support their skills to ensure appropriate oversight.

Service Delivery

As one of the key functions of local government is the provision of basic services, many of which are dependent on intergovernmental relations, the DDM should improve the alignment of the delivery of human settlements, basic services and social services. In this regard, there must be a clear recognition that the 52 DDM spaces should be the main coordination vehicle for integrating infrastructure implementation by all spheres of government.

Information, data and monitoring

As a multi-sectoral and multi-sphere mechanism, the DDM can ensure an improved flow of information between sectors and spheres, particularly for large-scale strategic initiatives.

There are various areas in which increased monitoring and response is required and a significant amount of data is currently available but not being analysed or responded to. This includes the wide range of data collected under the National Treasury's Section 71 initiative. Much of this data provides an early warning system about where additional oversight or interventions are needed for local government. At a district level ongoing analysis of this information can allow for rapid responses. At a minimum, the DDM's information system should monitor the following:

- Municipal revenue collections,
- Budget expenditure on service delivery,
- Ratio of capital to operating expenditure,
- Ratio of expenditure on maintenance
- Water and energy losses.
- Senior management vacancies and competencies

Over time this should also monitor the quality of expenditure, as opposed to only the quantum. The DDM hubs should identify and address issues hampering service delivery as a standing agenda item. In addition, the budgets and expenditures of other spheres of government, as well as SOEs should be monitored.

There must be continued emphasis on ensuring that plans and spending are spatialised and analysed to ensure spatial and temporal alignment. The lack of reliable information on the status of infrastructure at a local level results in many municipalities being unable to prepare credible infrastructure maintenance and investment plans or budgets.

6. Conclusion

The DDM presents a valuable framework for enhancing coordination and collaboration among various government spheres and stakeholders. However, its implementation has faced significant challenges that must be addressed to achieve its initial goals. These include clarifying

its purpose and objectives, ensuring alignment and coordination between One Plans and IDPs, simplifying governance structures, improving data utilisation, improving intergovernmental relations and stakeholder engagement, addressing skills and capacity gaps, and prioritising service delivery. By addressing these issues, the DDM can serve as an effective mechanism for realising the developmental goals outlined in the NDP.

