

# Planning for the future

Considerations relating to the mandate and bureaucratic context  
of the National Planning Commission's National Development Plan

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## Defining planning

All entities that seek to achieve their goals, and governments in particular, need to plan; there should be an identifiable framework through which the goals can be pursued. Planning involves the framing of rules and principles that must be followed to reveal an order of events. An essential characteristic of order is predictability (i.e. where things or objects can be ordered and configured to unfold in a predictable manner). When order exists, knowledge of the rules and principles makes outcomes more predictable. Also, core to the idea of order and predictability is the knowledge of elements that contribute to a particular ordering of a system.

However, it is difficult to predict the outcomes of a system or a process without having to make strong presumptions about how factors will behave and influence the process leading to the outcome. Planning, as another way of configuring the behaviour of factors in a system, presupposes that the planner has some degree of knowledge regarding how factors will contribute to the outcomes of the system.

It is through planning that the outcomes are predicted and the system can be manipulated (adjusted), beforehand, to achieve a set of outcomes. By configuring the system in a peculiar way, thereby deciding how to shape and motivate the behaviour of factors in a system, the planner minimises the risk of processes going astray. Therefore, the planner can be said to eliminate or minimise the risk of unpredictable behaviour within the system. For this to be accomplished, there needs to be an implementation strategy that is built in to, or that runs concurrently with, the plan. Thus, any plan that does not have a framework for how it is going to be implemented can be said to be 'un-implementable' and, consequently, useless.

By looking at the structure of government in South Africa following the formation of the National Planning Commission (NPC), this briefing paper explores whether the recently released National Development Plan (NDP)<sup>1</sup> provides an adequate framework to sustain its very implementation. Is the plan implementable? What model of institutional arrangement is a prerequisite for a sustained implementation of the plan? This paper does not address the question of whether the priorities and outcomes identified in the plan are possible to achieve, but rather attempts to map whether sufficient co-ordination is possible to ensure the implementation of the plan. When the outcomes of a plan become apparent and are tallied, a planner then assesses whether the plan succeeded, in other words whether a relationship exists between the actual outcome being experienced, on the one hand, and the envisaged outcome and the framework that was adopted to arrive at that outcome, on the other.

## **The implementation environment**

This briefing paper deals with the effectiveness of South Africa's NPC, which was created during Jacob Zuma's first term as President. It assesses the feasibility of national planning as an approach to implementing government priorities. Critical to this point is also how the creation of the NPC and the model of co-ordination or implementation strategy envisaged in the NDP relate to the manner in which government departments function in democratic South Africa. Various approaches can be followed in assessing any planning institution. The first idea that comes to mind is to look at its impacts on the governance model. This is to assess whether the functioning of the commission, in effect, would amount to central planning, invariably weakening the process in which plans are dispersed across different areas of operation along line ministries or departments.

Any effective plan would have to reside at a specific place within the bureaucracy. If a plan is dispersed all over, it runs the risk of losing potency and may end up as a mere mission statement. It is necessary to enquire as to the extent to which the adoption of the NPC and the subsequent implementation of its development plan will impact upon the bureaucracy in South Africa. This is to speculate on the way in which government bureaucracy will have to be adjusted to accommodate the role of the commission and implementation of the plan.

According to the NDP, state capacity is expected to be one of the major obstacles to the implementation of the plan (NPC 2011: 94). It emphasises the need to strengthen government capacity to implement the plan, particularly to ensure that priority areas such as the economy and employment are dealt with. The problem of state capacity is framed rather as a matter of availability of the necessary skills and an effective civil service. There is no doubt that the civil service requires a certain level of technical competency to play a role in implementing the plan. However, there is the more daunting question of state capacity, which hinges on whether government departments are configured in a way that allows for the implementation of a national plan. If the plan recognises this as a challenge, then how does it suggest dealing with the issue? The NPC is part of government bureaucracy, albeit a somewhat superior department (Mathekga 2010). Therefore, its proposals as to how national departments have to relate to each other regarding implementation of the plan may be viewed with suspicion by other departments, which might feel undermined in the implementation of the plan. In a sense, the commission would not be in a position to answer the question of why we need such a commission to fulfil government mandates, in the first place. There is no government department that would be content with the idea that its role is not needed. Each and every

department would think of itself as key to the implementation of government policy. A tough turf war among departments as to where exactly key elements of the plan should reside might be the first problem ahead, as we will see.

Prior to the establishment of the NPC, the so-called 'cluster system' framed the government's planning and implementation activities. As will be shown, this approach has not been effective when it comes to co-ordination and implementation of government programmes. It has never found traction in South Africa.

A preliminary question that needs to be asked is whether it is the goal of the NDP to institutionalise the cluster system? The methods of reporting and accounting required of government departments – as stipulated in Treasury regulations and the Public Finance Management Act 1 of 1999 (PFMA) – do not oblige departments to function in a cluster manner. Departments do not account on a cluster basis; hence, they cannot be expected to function on a cluster basis. The NDP emphasises a sectoral and cluster approach to implementation of the plan, but stops short of explaining how it should be achieved, in a more technical sense. The plan remains diagnostic when it comes to how to ensure that co-ordination takes place; it does not offer any tangible suggestions.

The philosophical aspects of central planning (i.e. impacts on the notion of devolution of powers in governance, and across three different spheres of government) are also underlying issues that need to be tackled. Central co-ordination obviously runs contrary to decentralisation of power. Analytically and to some extent practically, a centrally co-ordinated process requires limiting devolution of power across different spheres of operation (i.e. across departments). Ironically, it is from this point of view that centralisation is considered more effective in terms of policy implementation, since the approach does not have to endure the burden of dispersion of responsibilities, which is known to lead to sluggishness when it comes decision-making. In a centralised system, decisions can be made more swiftly and more coherently. The operation of the NPC and its policy suggestions (thus, the implementation of the plan) could be viewed as undermining democratic process. The question is whether the benefits derived from limiting the devolution of responsibilities – which is aimed at ensuring efficiency in delivery of government services – outweigh the democratic value of deriving plans through a dispersed system.

## **The bureaucratic flow prior the NPC**

It is important to note that the NDP is alive to potential sensitivities to the effect that its implementation might (unintentionally) usurp the roles and responsibilities of other national departments. This is implied in a few assertions made in the plan. Outlining the implementation problem, the NDP identifies 'poor coordination and integration, multiple priorities and an undefined hierarchy of authority among the plethora of government departments involved in the economic sector' (NPC 2011: 133).

The NPC unwittingly has become party to this 'plethora of government departments', and has to preside over this problem. Arguably, the struggle here is between the National Treasury, the Department of Trade and Industry (DTI) and the newly formed Ministry of Economic Development (MED), perhaps even the NPC itself. At times, these departments have been publicly at odds with each other on the appropriate approaches to economic growth and job creation. This has been the case particularly for the National Treasury and MED. The NDP does not overcome this impasse. This also seems to be the case in anticipation of the implementation of the plan.

It is necessary to understand how government bureaucracy functioned before the adoption of the NPC. This exercise will help us to map the space within which the commission will be operating. In that way, it will be possible to see how its operations and the implementation of the plan impact on governance processes, decision-making and implementation. Before the NPC, planning was left to individual departments, thus line ministries. The plan, however, flows from the Medium-Term Strategic Framework (MTSF), which is formulated by Cabinet.

The responsibilities of line departments are to contribute towards the achievement of the MTSF, a five-year plan that outlines government priorities. The MTSF – flowing from the political manifesto – runs parallel to the electoral term. The MTSF is a lower-level refinement of a party manifesto, oriented towards implementable government programmes. Line departments draw their five-year strategic plans from the MTSF and have to demonstrate how their plans speak to the MTSF. Departments ultimately formulate their annual budgets and performance plans from their strategic plans, which draw from the MTSF.

It is, however, important to note how departmental accountability relates to high-level plans. In essence, the level and nature of the accountability required of departments (through the PFMA and Treasury Regulations, for example) does not recognise the need for departments to adhere to higher-level plans like the MTSF. In practice, national departments are required to account to the National Treasury on how their operations have contributed to their annual performance plans and their strategic plans. Perhaps this is because the National Treasury seems to be the only arena that has formulated a clear accountability regime for departments, thus far. The Treasury's mandate in this regard is limited to financial accountability, and is not really concerned with policy effectiveness. It is Parliament that is responsible for expanding on the Treasury's assessment of a department's operations, and for asking whether it is delivering effectively on policies and in terms of a set of outcomes. As things stood before the adoption of the NPC, and prior to the implementation of the NDP, the most coherent requirement in terms of departmental accountability was invoked through the National Treasury and little was asked about how departments contributed to higher-level government plans. If we take seriously the idea that measurements shape behaviour, it is obtuse to attempt to have departments account for outcomes in the absence of a system with which to measure them.

The MTSF is aligned in principle to the electoral mandate, which renders it a medium-term rather than long-term plan. If one factors in 'multipartyism' and political party rotation, the MTSF or government plan would have to change after each political term, or every five years. To date, the nature of the MTSF may not have caused a problem in the form of rapid shifts in government plans every five years; this has nothing to do with the stability or consensus on the substance of planning, but has much to do with the fact that there has not been a change of ruling party and, consequently, policy in the country.

While government plans evolve from the party manifesto, to the MTSF, and then to policies and programmes that are implemented at departmental level, the refinement of plans into programmes also feeds into the process of planning. Thus, plans do not flow from the top down only, but there is also a feed-in mechanism from departments at the bottom of the structure. The process, therefore, is partially from the bottom up.

Under this system, departments or line ministries have autonomy to formulate strategic plans according to the way in which they assess their legislative mandates. As such, departments are accountable, first and foremost, on the basis of their legislative mandate, strategic plans and annual performance plans. This results in the situation where government plans, as implemented across different departments, become fragmented and not well co-ordinated. The NDP highlights this problem. In some areas, there is duplication of programmes among departments. However, this might be an essential element of a decentralised system of governance.

It is difficult for government departments to target high-level outcomes due to poor co-ordination. Commitment to the long-term vision of the government is poor, and no long-term plans exist that effectively reach beyond a political term. The poorly formulated cluster system shows that there is a need for better co-ordination of government plans. The fragmented approach when it comes to implementation of plans, and the failure of departments to work together towards higher-level goals, has resulted in a focus on outputs that do not directly contribute towards higher-level outcomes. Outcomes can be achieved through a functional cluster system where departments co-operate and account for how their functions contribute towards set outcomes. In essence, all of the above

challenges flow from a decentralised approach to implementing the government's mandate. Issues may not be permanently resolved, but they might be better managed.

It is against this background that the need for better co-ordination of government plans is clear, and the NPC is a cogent response. Let us observe now the bureaucratic space that the commission is set to occupy.

## **The NPC: a new space**

The adoption of the NPC in South Africa, as with similar commissions elsewhere, comes against the backdrop of a government structure that is 'not conducive to long-term thinking' (Feurth et al. 2004: 7). In his outline of the mandate for the NPC, President Jacob Zuma stated: 'The mandate of the Commission is to take a broad, cross-cutting, independent and critical view of South Africa, to help define the South Africa we seek to achieve in 20 years time and to map out a path to achieve those objectives.'<sup>2</sup> The Green Paper on the establishment of the commission states that 'lack of a coherent long-term plan has weakened our ability to provide clear and consistent policies' (Presidency n.d.).

The NPC was established with the clear intention that it formulate long-term strategic plans for the government. The Green Paper sets the boundaries (or lack thereof) in terms of the area where the commission will be operating, while stating that 'weaknesses in coordination of government have led to policy inconsistencies'. It states that the commission is aimed at both co-ordinating the implementation of government plans and developing the (longer-term) substance of government plans.

How would the implementation of the NDP affect the manner in which departments operate? Let us consider the example of the National Treasury and the MED, respectively. The National Treasury is understood to be responsible for developing budget formats, while the Department of Economic Development (DED) is responsible for economic development in the country. The DTI, responsible for trade and industry, may be added to the picture here.

These entities contribute directly to economic development. The National Treasury is responsible for managing the finances of the country. This implies that the Treasury has to set 'norms and standards' to ensure efficiency and transparency in the government's use of financial resources. The mandate of the National Treasury is limited to sound financial management, and not to making economic policy. However, the Treasury may make pronouncements as to whether the implementation of government policies or programmes is in line with the transparent and efficient use of financial resources, as required by the Constitution.

As the system stands, it is the DED that is entrusted with developing economic policy approaches. Economic policy requires a solid trade relations policy: the DTI is responsible for developing a trade policy that is necessary and supportive of the economic policy that has been opted for.

The relationship between the National Treasury, DED and DTI is complex, in the sense that their respective mandates connect with each other. If each of the three departments focuses only on its outputs, there is no hope for high-level outcomes, such as economic development and job creation. With the development of the NDP under the NPC, the function of these three departments can be streamlined and co-ordinated to contribute towards a particular set of outcomes in the economic sector. The interlinkage of the mandates of the three departments means that they cannot work totally independently if they are to meaningfully contribute to service delivery. There needs to be some level of centralised co-ordination of their plans, and their operations should draw directly from the same plan and target outcomes.

The National Treasury would have to manage the fiscus in a way that ensures swift implementation of economic policy. The focus will not be only on fiscal prudence and, thus, on ensuring lower

deficits towards that end. The Treasury's contribution to economic growth should be evident. The DED would then ensure that the economic programmes it implements have positive impacts on fiscal prudence. The DTI, on the other hand, would have to implement its mandate together with the other two departments. The scope of co-operation collectively required of individual departments (on a sectoral basis) limits their space for operating individually. Departmental outputs are to be assessed not only on their own, but in relation to their contribution towards higher-level outcomes. This will require a complete shift in terms of the orientation of departmental methods of accountability and operational plans. The NDP should be at the forefront of resolving this problem.

The Green Paper on the NPC does not see an end to the process, where departments engage in their own planning pertaining to their own area of function. Line ministries will still be allowed to plan and feed into the national strategic plan. However, the Green Paper is explicit that the planning scope of line ministries should be limited to formulating 'operational plans'. Therefore, plans developed by the commission will provide long-term objectives, to be translated into short- and medium-term operational plans. Short-term plans would refer to strategic plans, annual operational plans and annual budgets, for example. Due to the inability of short-term plans to develop and commit to a long-term goals, such plans will only be frameworks for implementing national plans, it seems.

Under this system, South Africa would have to adhere to sectoral budgeting or cluster budgeting. This would require a 'pot' of money to be allocated to a set of outcomes, and individual departments within a sector would have to bid for funding to implement specific programmes and projects aimed at attaining selected outcomes. Accordingly, the process of accounting for the use funds by departments would have to follow this route. There is currently no sectoral budgeting in South Africa. Individual departments bid for funding from the National Treasury to implement their specific mandates. Although attempts have been made to encourage sectoral co-operation among departments, the fact that departments are not required to account sectorally (or on how they contribute to sector priorities) renders it unnecessary for them to operate sectorally.

## **Towards an alternative accountability model: implementing the NDP**

Instead of committing to higher-level statements, departments would have to account substantively for how their operations feed into the national plan. Departments' annual targets and operational plans should commit to the NDP in very clear terms, more directly than used to be the case in relation to how their plans contributed to the MTSF. This would require coherent reporting by departments on specified indicators and objectives. Should this procedure be followed, the NPC would have institutionalised government commitment to outcomes, which would compel departments to operate in a way that recognises this new approach to delivery of government services. From this point of view, the commission works towards ensuring 'rational technocratic planning' in the public service (Alexander 2008: 120).

Notwithstanding its technical potential, the operation of the NPC and the implementation of the NDP will have an impact on the flow of power in government. While on paper the commission intends not to thwart the process of consultation and devolution of planning responsibilities across government departments, the operation of the commission may undermine the spirit of a decentralised approach to governance and planning.

## **The cost of efficiency: less consultation**

The NPC could resolve the problem of sluggish implementation of the government's mandate. It could also serve as a gateway for service delivery in South Africa, resolving haphazard plans, and doing away with a string of boondoggles that characterise the public service. The operation of the NPC – and the fact that it is located in the Presidency – has the potential to undermine the devolution of planning power across line ministries.

Centralisation of planning, by way of co-ordination or formulation of plans centrally, often creates a single point of decision-making in a system. The risk of this is that it collapses dispersion of responsibility across different areas of government function (thus, across departments). The process of decision-making that follows in a decentralised system has value in itself, since the decisions made can be assumed to be reflective of the broader complex of challenges confronted by society. This resonates well with the idea that democracy is not only about speedy delivery of material services to the people, but is also about valuing the processes through which decisions are arrived at.

When it comes to the operation of government, national departments have mandates to plan and execute policies in their respective areas of function. Departments carry out plans by reflecting on the relevant factors and stakeholders in their areas. Departments may even consult and engage in a dialogue with the public or stakeholders. This results in policy decisions and plans that are in touch with the reality on the ground. Further, the plans that emerge therefrom are more coherent, in principle, because of the processes and channels through which they were arrived at, as opposed to being imposed on the department from above (through the NPC, for example).

Even if national departments do not really consult in drawing up plans, their plans are formulated near the problem level, and not at the level of the Presidency. Developing national plans through the NPC could bring about efficiency, but may impose solutions that are derived far from where the problems are experienced. The democratic process that underlies the dispersion of planning responsibilities to government departments could be negatively affected by the operation of the NPC. There is benefit in having plans filtering through the departmental process.

The position that the NPC may inhibit the evolutionary function of the democratic process is usually countered with the argument that commissioners are members of the general public, drawn from outside government structures, who are experts in their respective fields. Thus, the commission would operate more democratically because it extends the planning process beyond government bureaucracy. The role of the Presidency, following this argument, is merely that of co-ordinating the planning process and not deciding on the final substance of plans; however, it is difficult to conceive of the role of the Presidency in this limited way. The Green Paper on the NPC emphasises the substance of plans, and does not limit the role of the commission to processes.

There is a problem with the Presidency formulating policy through the plan, which could well be viewed as a severe undermining of the competencies of national departments. For example, the idea that the labour market in South Africa requires more flexibility, as stated in the NDP, may undermine the knowledge base of the Department of Labour on this matter. The plan, as it stands, does not deal sufficiently with the challenge of how it is to be implemented. Perhaps the intention is to have departments identify their respective mandates from the NDP, and then to implement those mandates. However, it is unclear exactly how this would differ from the reigning system in which departments individually implement the government's mandate? Generally, the substance of the content of the NDP is not new. It will be interesting to see how the government bureaucracy has to be ordered to pursue the plan. This is not dealt with satisfactorily in the NDP. In fact, it hardly pronounces itself on strategy.

## **Conclusion**

The creation of the NPC and the subsequent release of its Diagnostic Report and the NDP arise out of real concerns regarding poorly co-ordinated government plans. There is no doubt that South Africa requires a long-term approach to implementing government programmes. Further, line ministries have had limited success in terms of formulating and implementing government plans. The cluster or sectoral system has not been successful as a vehicle for implementing the government's mandate. This is because the cluster system has not been sufficiently institutionalised, and remains a voluntary vehicle. At face value, the creation of the NPC is a logical step in resolving these problems. Yet, at this stage, little is known about how it envisages the implementation of its

objectives, except for passively mentioning the co-ordination problems in government. The question of state capacity is more complex than the way it is captured in the plan. This issue goes beyond skilling and motivating civil servants; it also has to do with ordering how line ministries relate to each other in the process of implementing the plan. As the introduction to the NDP states, it should be interrogated and debated further.

In a sense, the NPC may effectively cluster all government departments under a single entity co-ordinated by the Presidency. Notwithstanding the technical competence of commissioners and advisors serving on the commission, it is not in a position to carry out the planning mandates of all government departments. If the NPC is to function properly without compromising the devolution of responsibilities in government, it should formulate high-level plans, stipulating high-level outcomes that the government needs to adhere to. By doing this, it can co-ordinate and foster co-operation among departments on a cluster basis. Then, the commission would effectively constitute a further institutionalisation of the cluster system.

Perhaps, one of the main areas where the commission can contribute is to construct a sector budgeting system, in terms of which departments are legislatively held to sector outcomes and required to account on that basis. In a sectoral budgeting system, a 'pot' of funding is set for a particular sector and outcomes. Departments then are grouped according to the sectors. The NDP envisages high-level outcomes per sector, and then each department draws plans and refines policies to fulfil their respective outputs, which feed into the sector outcomes. Departmental plans are assessed on the basis of how they realistically feed into the sector, and funding decisions should be decided on that basis.

Ultimately, whichever planning process is decided upon, it should be aligned with the budget formats developed by the National Treasury. The experience in South Africa is such that departments are caught between fulfilling their political mandates and carrying out their mandates in a way that satisfies Treasury requirements in terms of both budgeting and reporting on budget outturns. If the planning system requires that departments deliver on the outcomes set in national plans, the budgeting and reporting framework should follow the same structure. The NDP should address this issue as part of the implementation plan.

## Notes

- 1 The NPC released the NDP on 11 November 2011.
- 2 'Zuma Outlines Sweeping Mandate for National Planning Commission', *Times Live*, 11 May 2010. Available at: <http://blogs.timeslive.co.za/hartley/2010/05/11/zuma-outlines-sweeping-mandate-for-national-planning-commission-full-text/>].

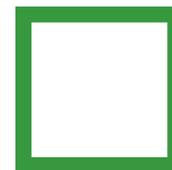
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