

DEVELOPMENT PLANNING INDABA

OVERVIEW PAPER

ADDRESS BY THE DIRECTOR GENERAL:

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29-30 MARCH 2004



BACKGROUND

The purpose of the paper is to give an overview of development planning and its progress over the last decade of freedom, the challenges and opportunities it has presented and its implications for inter-governmental planning across all three spheres of government over the next decade of freedom. The paper will further attempt to highlight why strengthening inter-governmental planning is a prerequisite for successful implementation at the local level.

INTRODUCTION

Government has put in place a suite of legislation and inter-governmental structures over the last ten years to ensure that priority setting, resource allocation and implementation takes place in a programmatic, integrated, effective and sustainable manner. In the first five years of democratic governance, building governmental structures at national and provincial level was an area of priority focus. It was only in the latter part of our democratic government that local government has transformed and matured to be in a position to accelerate service delivery to their communities. This maturity was born out of a new way of thinking and planning.

It is especially in the arena of municipal planning that the Integrated Development Planning process has attempted and to some extent succeeded in bringing together the actions of all three spheres of government through inter-governmental collaboration.

Inter-governmental Planning is a critical component of the delivery process and in order to achieve inter-governmental prioritization, resource allocation and implementation requires all role players across government to integrate their actions for improved service delivery.

TEN YEARS OF DEMOCRACY – A SHIFT IN PARADIGM

Since 1994, government has been engaged in a tireless process of transformation, which meant a new Constitution, transformation of the functioning of the state and changes to policies and legal frameworks in pursuit of establishing a democratic society.

With the prescripts of the new Constitution, new policies and programmes have been put in place to dramatically improve the quality of life of all the people. The last decade of freedom has seen a distinct paradigm shift in planning in its quest to improve the quality of life of all South Africans. In response to our newly elected democratic government, planning was to play a major role in shaping the new functioning government. Municipal planning took development to new heights where the country observed for the first time in its history a more participatory, community-informed process on key local priorities.

Challenges

Despite the achievements, the state of inter-governmental priority setting, resource allocation and implementation is still facing challenges such as:

- A lack of a shared focus on key national strategic priorities
- Previous hierarchical relations between spheres
- Insufficient sharing of information
- Lack of emphasis on cross-cutting issues
- Lack of capacity
- Irregular participation in co-ordination structures
- Inadequate enforcement and performance management
- Institutional un-preparedness for implementation

ROLE OF INTER-GOVERNMENTAL PLANNING IN THE NEXT DECADE OF FREEDOM

While significant improvements have been made in the lives of millions of South Africans during the first decade of democracy, government still has to effectively align, co-ordinate and integrate actions within and between the three spheres of government. To date there has been little evidence of inter-governmental dialogue to ensure that national and provincial programmes link to municipal priorities as captured in the IDPs. It is clear that there is a need for improved engagement between provincial (including sectors) and local government. It is in response to this reality that the Presidency has released a key document called "*National Planning Framework*" to strengthen inter-governmental dialogue and engagement.

The Department of Provincial and Local Government and the Presidency are primarily responsible for developing and putting in place a system of intergovernmental development planning and to strengthen the role that development planning plays across the three spheres of government.

The development planning system consists of strategic decision making mechanisms and plans born out in the Medium Strategic Framework (MTSF), the Provincial Growth and Development Strategies (PGDS) of provinces and the Integrated Development Plans (IDPs) of local government.

In addition to the various planning frameworks that are required for successful implementation, resources are imperative in the equation. The 2004/5 Medium Term Expenditure Framework builds on the sound policy framework that evolved over the first decade of democracy and provides for further deepening and consolidation of social services (health, education, welfare, housing).

In pursuit of strengthening the inter-governmental planning system, government has in the new financial year (2004/5) allocated R 26,3 billion (56,8% of provincial share) additional spending in the provincial sphere towards social services, education, health and housing. In addition, strong growth in equitable share gives provinces the flexibility to align budgets and priorities.

The local government capacity grant, which currently flows from the provinces, is allocated R220 million in 2004/5 and will gradually be phased into the local government equitable share thereafter.

South Africa has a dual economy wherein highly modern, competitive and globally interconnected sectors (the 1st Economy) coexist with mass poverty and huge service delivery backlogs (the 2nd Economy). The state must progressively integrate the two economies while meeting both their needs. Closing the gap between Government's social and economic development programs and the poor will be a key measure of state performance in the 2nd Decade of Freedom.

The 2nd Economy represents, in the words of the President in his 2004 State of the Nation Address, "the structural manifestation of poverty, underdevelopment and marginalisation in our country."¹ The Minister of Finance, in his 2004 Budget Speech, echoed this view when he said "too many South Africans are trapped in the second economy, characterized by poverty, inadequate shelter, uncertain incomes and the despair of joblessness."²

The root causes of this human tragedy lie in the long shadow of South Africa's colonial and apartheid past. Our country's black poor, women, youth and disabled continue to live in this shadow whose disabling effect is to deprive human beings of freedom, opportunity and dignity.

¹ President Mbeki, State of the Nation Address to Parliament 2004.

² The Minister of Finance, 2004 Budget Speech to the National Assembly

Redressing poverty, underdevelopment and marginalisation “is a national task that calls for the mobilization of the whole nation into a united people’s action, into a partnership with government for progressive change and a better life for all, for a common effort to build a winning nation.”³

Government must provide a seamless and expanding web of services to poor communities throughout the country and to do that it must achieve “a seamless cooperation both within and among all spheres of government.”⁴

Short of Constitutional reform, this national vision must be realized through our three-sphere system of government, which gives the provincial and local spheres of government relative autonomy in critical areas of social delivery.

In practice, this task will demand decision and leadership, forging stronger forms of collaboration and partnership between the spheres when needed, boosting performance and accountability across the board, entrenching a service ethos in all areas of public service, constituting core capability within the state, and finding simpler, faster and more effective ways to get things done.

It will also require stable, predictable intergovernmental machinery that is flexible, performance-focused and capable of achieving outcomes in key areas of national priority, with the conditions for partnership and collaboration clear to all state institutions.

In less than ten years, a highly evolved system of intergovernmental relations has taken root. It is an immensely complex system of government. In 2004, its elements are still in places either unpredictable or operationally ineffective. Given the extraordinary amount of time, resources and effort that intergovernmental relations demands of officials in all spheres of government

³ President Mbeki Ibid

⁴ President Mbeki Ibid

unless the basic machinery for intergovernmental relations works well, and works predictably, the overall performance of the state is unlikely to rise to meet expectations.

It is important that we do not mystify concepts like development planning and intergovernmental relations, nor the instruments that we use to give them expression. Our instruments must always serve our greater goal, which is improving the lives of ordinary people and pushing back the legacy of poverty that affects so many millions of our people.

Setting and executing key development priorities and strategies is a key function of government in all spheres. When we talk about development planning what we mean is that the three spheres can act in concert and work together to delivery on these commitments.

If there is basic uncertainty in the system - about how national priorities are determined, how provinces and municipalities shape those priorities and policy in general, and how sustainable public programs are directed to the poor despite the jurisdictional boundaries of spheres - the stronger more unified forms of state action required for a sustained focus on the 2nd Economy are unlikely to materialize.

Because South Africa has a three-sphere system of government, intergovernmental relations is at the forefront of any debate about how to improve the performance of the state in key areas of social delivery. The extent to which all three spheres successfully perform their functions, find common ground for joint action, and productively reconcile difference, diversity, and autonomy in pursuing common objectives will be the crucial yardstick for measuring overall state performance in the next decade.

It is for this reason that national government, in particular the Department of Provincial and Local Government, through the Governance and Development Framework will propose a National Framework on Intergovernmental Relations in 2004 with the purpose of bringing greater predictability to intergovernmental development planning in particular and intergovernmental relations in general.

The indicators for successful intergovernmental institutions must be derived from the principles upon which the Constitution and state were built, the broader goal of extending social services and opportunities for economic development to the poor, and Government's current policy framework. For that reason the utility of particular techniques and institutional practices should be assessed against the ten main objectives of our intergovernmental system that are common goals for all institutions of state and Government. I want to share some of these with you today, namely –

1. Achieving key national policy goals, whose objectives are clear to all state agencies, and whose design parameters are informed by provincial and local circumstances;

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2. Cost effective and sustainable service provision that is responsive to the needs of communities and accessible to people;

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3. Areas of responsibility and accountability for achieving national objectives that are clearly demarcated for every state institution;

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4. Carefully, deliberately and cautiously managing further devolution to provincial and local government and exploring asymmetrical options for devolution when poor capacity is a factor;

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5. Unlocking the creativity and energy of collaboration and partnership whilst strengthening the performance and accountability of distinctive institutions;

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6. Maintaining the hard constraint of the single budget process and fiscal policy in policy and program planning at all levels within Government;

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7. Eliminating unnecessary and wasteful role duplication and equally unnecessary jurisdictional contest;

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8. Constituting performance-based practices and institutions that flexibly but predictably accommodate sector-specific and crosscutting concerns and issues, and promote consultation and information sharing between spheres of government;

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9. Empowering communities to participate in processes of governance; and

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10. Monitoring and assessing performance through uniform impact indicators and management systems that detect the signs of failure early on and result in prompt preventative or corrective intervention.

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National Planning Focus

The Medium Term Strategic Framework provides guidance to development planning in the provincial and local spheres. The MTSF is thus a powerful tool to in the alignment of provincial and local objectives and plans. To facilitate the alignment role of the MTSF process, the National Planning Framework is aimed at providing a strategic role for national departments, provinces and sector departments to assist in ensuring that municipal input into the annual cycle is achieved.

The National Planning Framework ensures that:

- Key policy decisions taken by the national Cabinet directly informs planning and budgeting exercises across all three spheres of government
- Medium-term planning through the identification of medium-term priorities are improved
- Key elements of government's priority programmes are linked

Provincial Planning Focus

Each province is expected to draw up a Provincial Growth and Development Strategy (PGDS) .The PGDS is prepared within the framework provided by:

- the national development objectives,
- the sector department's strategic plans,
- the principles and guidelines as captured in the legal and policy framework
- the priorities, resource and support requirements outlined in the IDPs

The preparation of the PGDS should facilitate and align sector and local plans and provide an arena for intergovernmental debate regarding the implications of national, sector and local plans and programmes. A PGDS should contain an indication of the various developmental potentials of the composite district areas, the province's proposed economic growth trajectory and indicate the areas of comparative advantages for investment.

In summary to contribute effectively within the inter-governmental planning framework, a PGDS has to:

- provide strategic direction for local development
- integrate national and provincial objectives
- facilitate the alignment of sector and national plans
- enable integrated service delivery

It is recognized that five provinces have completed their PGDS' and attempts have been made to incorporate IDP priorities to a varying degree. In absence of a clear policy framework to assist provinces to align local priorities to their provincial plans and programmes the department is in the process of engaging with various role players to develop a support strategy that will assist provinces in this regard.

Local Planning Focus

The IDP itself is one of the most important instruments of co-ordination between provincial and local government. Service delivery by all spheres of government comes together in a focal point of co-ordination and alignment at local government. Local government is increasingly being seen as a point of integration and co-ordination and the implications of this realization is vast and needs dialogue with all the relevant role players such as those present here today.

Municipal planning for the first time promoted community participation in the planning and prioritization process. Communities have taken a key interest in the decisions, programmes and processes of the areas they live in. Within a period of just three years the local government sphere has already established its credentials as a significant role player with respect to attending to government priorities and improving the quality of lives of communities.

Development planning, especially as portrayed in the South African local context, has been recognized internationally as best practice. The IDP strongly relates to the international Local Agenda 21 (LA 21) principles that aim to undertake local development in a sustainable manner- economically, socially and environmentally. There is a strong correlation between the IDPs participatory and integrative approach and the LA 21 multi-sectoral and partnership approach. The IDP approach was much acclaimed during the World Summit on Sustainable

Development in 2002 and the Common Wealth Local Government Forum in 2003 as a best practice model, especially for other African countries and local government structures worldwide.

Notwithstanding, municipalities have faced difficulties arising from the transition process of local governance. Municipalities have experienced increasing demands and expectations to accelerate service delivery to a larger number of communities. Institutional preparedness remains a problem and the lack of adequate capacity to realign their operations with a range of sectoral policies and programmes are some of the major challenges faced by municipalities.

It is with this important role as custodians of local integrated planning in mind and the capacity challenges recognized at the local level that the department has realized that tools to **facilitate, assist, guide** and **support** this process is of critical importance. The following interventions will be key to compliment the process:

- Support instruments for the implementation of local integrated development planning from national, provincial and the local level itself
- Alignment of the local planning process to provincial strategies and national planning systems
- The role of inter-governmental relations as a key component of a developmental state

In his nation address the President has succinctly articulated the important role of the local sphere in the service delivery process. What needs to be showcased during the service delivery process is the improvement of lives of communities in a practical, visible way. One of the key projects behind the Motherwell urban renewal programme is the upgrading of the NU 2 Sports Stadium, which is a municipal asset but with a poor maintenance record. As part of the upgrading, the municipality undertook detailed designs and availed bulk services to the site at its expense. As part of its support to the Urban Renewal Program the Eastern

Cape provincial department of Housing, Local Government and Traditional Affairs made R 3.2 million available in the 2003/2004 financial year for phase 1 of the upgrading, which included the construction of a perimeter wall around the site. Phase 1 of the stadium is now completed. The stadium is scheduled for completion in the next two to three years, in time to be used not only by the Nelson Mandela Metro Municipal residents, but also during the 2010 soccer world cup, should South Africa win the bid.

INTER-GOVERNMENTAL PLANNING SUPPORT STRATEGY

Amidst a wide range of developmental pressures, government and local government in particular are also facing challenges such as the relevant infancy of the current local government system, the establishment of a sound system of co-operative governance and the strengthening of IDPs – a key planning and budgeting tool that were put in place as part of a broader development planning system across all three spheres of government.

The Department (**dplg**) has been instrumental in setting up a number of interventions to address some of these challenges, such as the PIMS centres, IDP Nerve Centre, provincial IDP co-ordinating structures and various capacity building and support initiatives. In addition to these interventions, the **dplg** has set in place a process of municipal IDP Support in order to address municipal and developmental realities and to provide support to the respective provinces and municipalities through a range of interventions, within the context of a broader National Capacity Building Strategy for local government.

In general, a number of challenges in support initiatives have resulted from the lack of a suitable framework for managing capacity building and support initiatives. These challenges include:

- Poor co-ordination of capacity building support provided by multiple agencies, resulting in a great deal of duplication and wasted effort;
- A lack of responsiveness to municipalities own expressed needs for support;
- A lack of differentiation or stratification in the support provided. On the whole, capacity building does not yet take into account the differential needs of municipalities;
- Poor consolidation of capacity support provided. The residues of past capacity building programmes clearly remain as long as staff and systems stay in municipalities. However, capacity building resources put into municipalities do not often result in benefits that are spread to other municipalities. The outcomes are also rarely remembered, retained and built upon over time.

These challenges provide opportunities for the support strategy to improve on in the next decade of freedom. This support project will deliver meaningful contribution to implementation of planned initiatives (such as IDPs and PGDS), if it is responsive to municipal demand and needs and well co-ordinated with other support initiatives from provinces and sector departments.

CONCLUSION

In order for government to achieve effective intergovernmental developmental objectives in an efficient manner, an intergovernmental relations system is imperative and asking all role players across the three spheres of government to perform their allocated tasks independently but in an integrated manner.

Successful implementation will mean that role players must improve inter-governmental dialogue and institutionally prepare themselves for the biggest challenge in the next decade of freedom – that of implementation. Support tools are available and are being developed to assist with this challenge.

A sound institutional preparedness is required for the complex set of activities and interactions on which the implementation of inter-governmental planning depends.