



THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA

# GREEN PAPER: NATIONAL STRATEGIC PLANNING





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September 2009

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# PREFACE

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We need a long term perspective, focus and determination to realise our vision.

Growth and development, strengthening institutions, nation-building and the making of a developmental state are long term projects. They do not happen overnight. A single term of government is too short a time to complete our project of building a prosperous, non-racial, non-sexist and democratic South Africa, where all citizens can share in the fruits of opportunity. Our efforts to massively reduce poverty and roll back the extreme inequalities of the apartheid era have only begun to take effect.

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.

This Government is determined to fix these weaknesses. Critically, it will work with all social partners to mobilise society in pursuit of objectives that are broadly accepted and enshrined in our Constitution. More focus on planning and more attention to coordination are related interventions to remedy what has not worked.

Government's initial ideas on planning and coordination are set out in this paper. It describes the planning process and discusses the planning outputs. It details the institutions involved and outlines the broader environment in which planning occurs. In all these matters it draws both on our own history and on lessons from other countries that have coordinated planning to aid their development.

We are proposing the establishment of a National Planning Commission. It will consist of independent experts and strategic thinkers. Its purpose is to prevent government from being trapped in its own institutional preconceptions. Commissioners will be expected to ask challenging questions about our plans, and not to rest until we have provided satisfactory responses.

In the pages that follow there is more than a hint of what issues a national plan is likely to deal with. Such a plan will deal with the long term transitions needed to create a truly non-racial, non-sexist, prosperous and democratic society where opportunities are not coloured by the shadow of history. Meaningful change to realise these ideals must be the ultimate outcome of that process.

Since the plan must be truly national, we must ensure consultation and interaction in planning. We need broad consensus not just on the outcomes of development but also on the strategies and tradeoffs needed in building the society we all desire.

Alongside a national strategic plan, other products of the planning commission and The Presidency are proposed. We will continue to produce the Medium Term Strategic Framework (our five year strategic plan) but with more attention to measurable objectives and timetables. The annual Programme of Action will remain an important planning tool, but it too will focus more on measurable objectives. Finally, we propose a series of special reports on key issues that influence planning, or need to be reviewed in the light of concerns about the effectiveness of current policies and programmes.

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The Green Paper: National Strategic Planning is being tabled alongside a discussion paper on performance monitoring and evaluation. Together, they make clear that planning, coordination and performance management are interrelated. These functions call for close interaction and collaboration.

We are publishing this paper as a platform to test ideas, to consult the public, to broaden the debate and build consensus. It is not policy but its purpose is to shape government's approach.

The Executive and Parliament will strive to ensure that all voices are heard on the issues raised. The final policy on national strategic planning will draw on the best ideas put forward in the discussion which begins with the release of this paper.

A handwritten signature in dark blue ink, reading "Manuel". The signature is written in a cursive style with a horizontal line underneath.

**Trevor A Manuel, MP**  
Minister in The Presidency: National Planning

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# EXECUTIVE SUMMARY

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Growth and development require a long term perspective to frame shorter term trade-offs. A long term plan helps focus government and society to deal with the inevitable short term turbulences in a nation's progress.

Over the past fifteen years, government has made significant progress, most critically in establishing sound and credible institutions and in extending basic services to millions deprived too long of these necessities. A stable economic platform has enabled rising investment, rising employment and a steady reduction in the proportion of people living in poverty. Nevertheless, the challenges remain monumental. Unemployment remains unacceptably high, poverty is rife and opportunities are still skewed. Two striking weaknesses in government are the lack of a coherent plan and poor coordination.

There is a need for better long term planning to inform shorter term plans, resource allocation, trade-offs and the sequencing of policies. The rationale derives both from our own context and the lessons of international experience.

The paper sets out an institutional framework for planning and describes the outputs of planning.

A National Planning Commission is proposed, consisting of respected intellectuals and experts outside of government. It would work under the guidance of the Minister in The Presidency for National Planning to produce a long term plan for South Africa. Only the Executive can take policy decisions that are binding on government. So the minister must facilitate close interaction between the commission and the Executive. A secretariat, based in The Presidency, will support the commission's work. The minister would also lead interaction with broader civil society on the development of the plan.

The key outputs of planning include the development of a long term vision and plan for South Africa. The Presidency, led by the Minister in The Presidency for National Planning, will produce a Medium Term Strategic Framework (MTSF) every five years. The MTSF will be more detailed than it has been until now, complete with high level outcomes and targets for priority functions. These outcomes and targets will be a key input into the performance management component of The Presidency's work. The annual Programme of Action will be derived from the MTSF. There will also be a series of papers on thematic, cross-cutting areas that impact on development and on government's policies; areas on which The Presidency will provide ongoing leadership.

These outputs would play a role in shaping policies and programmes, budgets and resource allocation. The planning ministry would also help enhance the capacity of government, including state owned enterprises and public entities, to plan more effectively.

A long term plan has to be informed by breaking down the country's high level aspirations into focused strategies. These would deal with such issues as economic development, human resource development, building a developmental state, enhancing regional stability and so forth. A plan has to take into account environmental factors such as the global economy, climate change, demographic trends and regional peace and stability. Long term cross cutting issues such as food, energy and water security would also have to be factored in.

Effective national strategic planning requires clarity on the role of the planning ministry and the National Planning Commission, as well as capacity to support the planning process. It requires the building of a developmental state with the capacity to lead the process of national development.

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## II INTRODUCTION

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A green paper is a consultation document setting out a proposed policy position, in this case the position of national government on planning at the centre of government. This Green Paper: National Strategic Planning is being tabled alongside a discussion document on performance monitoring and evaluation. The papers jointly signal how key functions undertaken by The Presidency are interconnected and complement each other.

It is critical at the outset to emphasise that planning and performance monitoring and evaluation do not exist for their own sake. At the centre of this Government's organisational initiatives— be it the reconfiguration of ministries and departments or a new culture and style of governance — is the motivation to improve the human condition, so that all South Africans, especially the poor and vulnerable, can experience a better life.

This means pursuing: economic growth whose benefits are equitably shared; decent jobs and sustainable livelihoods; accessible quality education and skills development; reduction of poverty and inequality; rural development; improved health care for all; community safety and social cohesion in a united nation.

In addition to many other functions, The Presidency is responsible for policy coherence and policy coordination. Policy coherence is promoted by a process that produces a clear and coherent plan for the country. Policy coordination is about ensuring that the plan informs the work of all government departments, entities, spheres and agencies. It is about ensuring that government's priorities are given due attention in allocating resources and responsibilities throughout government. These functions are intimately linked to performance management which monitors outputs, outcomes and impacts and intervenes to unblock rigidities that inhibit better service delivery.

This paper deals with the role and functions of the National Planning Commission, the Ministry for National Planning and Cabinet. It identifies institutional forms for planning and coordination. It describes the institutional linkages within and outside of government and proposes structures that would be tasked with meeting the mandate for better planning and coordination.

National strategic planning is about defining clearly the objectives a country sets itself. It assesses at a macro-level where a country is in relation to those objectives and describes the policies, programmes, options and trade-offs required to achieve those objectives. The outputs of the national planning process are high level in nature but somewhat detailed in describing the desired outcomes.

At the same time, various institutions in government are meant to play specific interconnected roles in the dynamic of strategic, sectoral and operational planning.

We proceed from the premise that South Africa has made significant advances since the advent of democracy in improving people's quality of life. Various indicators of human development reflect the progress. They include: democratisation; legitimacy of state institutions; economic growth; employment; poverty-reduction; access to opportunities and social services; and South Africa's role in international affairs.



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However, in virtually all of these areas, we have not made enough progress towards erasing the fault-lines that derive from apartheid colonialism's hierarchy of social exclusion and neglect. Too often, the extent to which individuals benefit from democracy, reconstruction and development is still defined by race, gender and social status. In too many areas, such as inequality and the scourges of violent crime and corruption, our nation has been found wanting.

South Africans are agreed that the weaknesses cannot be put right through the spontaneous agency of the market. Nor can they be successfully addressed by one sector of society acting apart from others. To succeed we need a partnership between public and private sectors; leadership in development by the State; and an active citizenry from whom the State and the Government derive authority and legitimacy.

The ideals enshrined in our Constitution – straddling political, social, economic and environmental areas of human endeavour – cannot be pursued in an ad hoc manner. Nor can a focus on short-term gratification at all costs guarantee progress towards mutually beneficial and shared national objectives. If we are to succeed we must agree on ultimate social objectives and spell them out clearly in as much detail as possible. We must then identify milestones as frames of reference on our journey to a united, non-racial, non-sexist, democratic and prosperous society.

Guided by a strategic vision and plan, society will more effectively unite in action. The proposed planning system, processes and structures are meant to help achieve such united action. Attached to strategic planning, it is argued, should be principles to guide coordination and integration of government's work and indeed the efforts of society at large. Similarly, performance monitoring and evaluation, and effective structures to rectify weaknesses as they arise, are critical links in the chain of single-minded pursuit of agreed objectives.

The proposed approach will impact on the entire development planning system within government. However, this paper focuses in the main on systems and structures of national strategic planning in The Presidency – as the nerve centre of government – and on how these relate to the rest of government across the spheres. It raises matters of principle at a high level; and does not deal with details of structures and relationships among specific ministries, spheres and departments.

The main outputs of planning include a long-term vision and plan, a five-year strategic framework, an annual Programme of Action, spatial perspectives and occasional research. They also include ongoing leadership in the management of major social dynamics and key drivers of social development.

# III. NOTION AND NECESSITY

## 1. *Where are we as a nation?*

The Constitution of the Republic of South Africa enjoins us to:

*“Heal the divisions of the past and establish a society based on democratic values, social justice and fundamental human rights;*

*“Lay the foundations for a democratic and open society in which government is based on the will of the people and every citizen is equally protected by law;*

*“Improve the quality of life of citizens and free the potential of each person; and*

*“Build a united and democratic South Africa able to take its rightful place as a sovereign state in the family of nations.”<sup>1</sup>*

These ideals will take a long time to achieve. To ensure constant focus, we have to set the milestones and targets that will mark our movement towards the ideals. Our experience over the 15 years of democracy has taught us that milestones and targets should be set out in an integrated plan of the nation as a whole, to guide our actions and orient our posture.

As elaborated in the Fifteen Year Review<sup>2</sup> published by government in 2008, our growth has been largely pedestrian. The structure of our economy has not changed significantly in a hundred years. It is still dominated by extractive and related industries. Even the five years of faster growth (2003–2008) exposed systemic weaknesses. Structural unemployment sees many young and unskilled people unable to find jobs. When it comes to electricity, water and transport, our infrastructure is insufficient and inefficient. Our manufacturing base has been weakening; our private sector has not responded adequately to domestic and global opportunities; we have a persistently low savings rate and we rely too much on short-term capital inflows.

Ours is a society in which poverty levels have declined but inequality has not significantly decreased. In part this reflects problems of access to labour markets, ineffective education and skills development programmes. It is also the effect of persistent marginalisation in terms of gender, social status, spatial settlement patterns and vulnerabilities based on age and disability. For the bulk of the population, history still skews opportunities to better education, health care, public transport, basic house-hold amenities and most critically to decent employment.

Ours is a society in which divisions based on race have declined, but in which social cohesion is undermined by residues of racism, a value system shaped by selfish interest and the social stresses and strains deriving from violent crime.

Ours is a state that has focused its attention on the needs of all South Africans and which enjoys improved legitimacy. But stateled partnership has not been effective and tensions in society have threatened to weaken some state institutions. Coordination among departments and spheres of government has been inadequate and the central machinery needed to drive collective action has been weak.

1. *The Constitution of the Republic of South Africa, extract from the Preamble*

2. *The Presidency 2008, Towards a Fifteen Year Review. www.thepresidency.gov.za.*

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## 2. *Blazing a new trail*

What kinds of issues must we consider in charting the country's long-term future?

For our society to achieve the ideals in our Constitution, it needs a coherent plan that can shape its programmes, priorities and budgets. But it needs more than that. It needs a capable and effective state, sound institutions, an active electorate and strong partnerships between social actors. In other words, we should aim to build a developmental state with strategic, political, administrative and technical capacities to lead the nation in social development.

It will take decades to change our economy's structure towards one that is more inclusive and labour intensive, more equitable, more productive, more diverse and appropriately integrated into the world economy. It will take decades to eliminate poverty and reduce inequality.

Markets on their own cannot initiate and lead such fundamental change. The State has to play a leading role in reshaping the economy so that it is better able to meet the needs of the majority. This has to be done in partnership with all social forces.

On the one hand, the State should provide services in an effective, efficient and cost-effective manner. Its signals should be clear to all socio-economic actors and their response should reinforce the collective effort. On the other hand, all social partners should fully appreciate their role and contribute, jointly and severally, to lifting growth and development to a higher trajectory.

This position proceeds from the premise that all social sectors, including vulnerable groups such as women, children and people with disability, stand to benefit from rising economic growth and prosperity, lower unemployment, less inequality and more equitable access to opportunities. In the same measure, there would be moments in which various components of society have to make sacrifices for the common good.

There are also substantial weaknesses in the capabilities of the state, and state failures are as harmful to poverty-reduction as are market failures. The construction of a developmental state cannot happen by decree, nor is it a single event. It is an ongoing process of building intelligent public institutions. It is about building a culture of caring public services, of prudent conduct and honest interaction with society.

South Africa does not exist in isolation. We operate in a global environment that provides both opportunities and constraints to what we can do as a nation. We rely, to a significant extent, on the rest of the world for markets, capital and technology.

Similarly, there are forces and trends, both international and local, over which we have little influence but which influence the path of our development. These include: global climate change; demographic trends; peace and stability in our region and further afield; and the health and robustness of the world economy.

Countries that have developed rapidly have had three critical characteristics which any development plan would have to deal with:

- rapid economic growth
- education and skills development of high quality strong and credible public and private institutions.

If we are to change the structure of our economy, several issues would have to be navigated and critical choices would have to be made:

- How do we increase national savings and investment in the long term?

- How do we reduce levels of poverty and inequality in a comprehensive and integrated manner?
- How do we create jobs for the millions of – mainly young – people many of whom have a poor set of skills?
- How do we minimise the risks that the global economy poses for our development?
- How do we take full advantage of the opportunities it may present?
- How can the State be more effective in intervening to address market failures or guide private sector activity?
- How can we minimise the impact of government failure on our development path?

The quality and credibility of institutions for long-term development cannot be over-emphasised. Therefore, a key feature of the environment in which a plan would be developed is the capability of the State.

### 3. *The need for strategic planning*

The economist James K Galbraith sets out the argument for planning thus:

*“The experience of the wider world—even that of the most despised countries—provides no general case against economic planning and also none in favor of unfettered markets as a substitute for a planning system. On the contrary, it shows that in a properly designed system, planning and markets do not contradict each other. They are not mutually exclusive. Rather, the choice of one or another for any particular problem is a matter of what works best for the purpose: it’s a question of a social and political division of labor, of what tools are needed for what goal . . .*

*“Planning, properly conceived, deals with the use of today’s resources to meet tomorrow’s needs. It specifically tackles issues markets cannot solve: the choice of how much in the aggregate to invest (and therefore to save), the directions to be taken by new technology, the question of how much weight and urgency are to be given to environmental issues, the role of education, of scientific knowledge, and of culture. Decisions on these matters involve representing the interests of the future — interests that are poorly represented by markets. And in the modern world, planning happens: it is what corporations exist to do. The only issue, therefore, is whether the planning function is to be left entirely in the hands of private corporations... or whether the government and the larger public are entitled to play a role.”*

Over and above these considerations is the ethos of our government that humanity’s social endeavours should be about improving the quality of people’s lives. Indeed, left on their own and without a clear national vision and plan, markets can distort sectoral and spatial development patterns, widen the gap between the rich and the poor, and even expand the multitudes mired in poverty.

Modern societies face complex challenges. The temptation to respond to these challenges in an ad-hoc and fragmented way can be quite strong. And yet there can be enormous risks and dangers in ad-hoc solutions which are not thought through. Their effect on the economy and the fabric of society can be quite damaging. A long-term national development plan that has the support and backing of all sectors of society would help ensure that society shares common broad ideals. That would encourage various social actors to work jointly and severally to attain them.

To change a society’s social and economic structure and culture takes a long time. Policies to bring about such changes often take a long time to bear fruit. Long lead times often require long-term planning.

3. James K Galbraith, August 2008, *The Predator State*, Chapter 12

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They require leading social actors to remain steadfast and focussed so that the policies can bear their intended results. A popular national development plan helps make these things happen.

Countries that have grown rapidly over two or three generations have often had clear strategies which demanded strategic choices and careful sequencing of policies and implementation. Often, long-run growth and development require a long-term vision of an ultimate goal, and corresponding investment in people, in infrastructure and the productive base, and in democratic institutions. Making choices implies making difficult trade-offs. It means sequencing programmes in a way that, in successive periods, gives one objective precedence over others. It means continually identifying the activities that will act as key drivers to reaching the ultimate objective.

Governments in democracies tend to focus on policies that provide benefits within a single term of office. Yet many challenges that confront societies require a much longer time frame, in which short and medium-term programmes serve as stepping stones.

In our situation, as in many others, strategic planning also means strengthening the relationship between state and society. This relationship extends beyond the imperatives of electoral cycles and mandates of governments of the day. The State needs to foster an environment of mutual trust with the public. It needs to ensure, through an active citizenry, a culture in which the public enriches both policy development and implementation by the State. Achieving this requires the creation of sustainable institutions.

Through the planning processes and outcomes, the State can lead the development effort and win public acceptance as the leader of societal efforts. It can also identify the self-interest of various sectors and, where practicable, synthesise these into a common national interest – informed above all by the imperative to improve the conditions of particularly marginalised sectors.

As Galbraith argues, through strategic planning the State also defines its systemic relationship with the markets. This concerns such issues as:

- providing public goods including basic services such as water, electricity, education and health
- using the fiscus as an instrument of redistribution through taxation and provision of basic public services and comprehensive social security
- regulating market activity by such means as licensing in relevant industries, ensuring competitive behaviour, consumer protection and so on
- promoting structural enhancement of the economy through an industrial strategy
- adopting macroeconomic policies that promote investment and creation of sustainable jobs
- providing efficient and competitively-priced economic infrastructure.

In brief, as a matter of principle and as a condition for effective action, in a well designed system planning and markets need not be antagonistic.

#### **4. *What type of planning is envisaged?***

Planning means many things to many people. It is found in most fields from transportation and urban development to defence matters. All organisations conduct planning of some form. The construction of a bridge requires planning and so does the delivery of study material to schools. Firms plan and so do governments.

The type of planning this paper addresses is mainly high level national strategic planning. The question such planning seeks to answer is: what type of country do we desire and how do we get there? For instance, how do we reduce poverty; what does a job-creating growth path entail; what strategies do we use to improve our skills? What capacity do we need to ensure that we have water, energy or food in decades to come? How do we deal with the demographic consequences of HIV and AIDS? How do we ensure that programmes facilitate the elimination of apartheid spa-tial settlement and development patterns?

Operational planning and detailed infrastructure planning belongs in appropriate organisations at appropriate levels. Operational plans must take account of the broader national plan. The development of a national plan would not remove the need for the police service to continue to plan for the reduction of crime or for water authorities to continue to plan to supply water to economic centres and households.

Each department, sphere of government and state agency should therefore have planning capacity. The outcomes of their planning would feed into the development of the national strategic plan. The national strategic plan would, in turn, define high level outcomes and impacts. Sector plans would take account of the national plan and define what role sectors would play in achieving the outcomes defined in the na-tional plan.

To illustrate, take examples of planning in respect of energy and social security.

### ***Example 1: Strategic planning and energy security***

South Africa has to make a key choice in the next few years on energy sources. Given the lead times, the nature of network industries, environmental externalities and the costs of producing energy on a large scale, long-term strategic planning will be critical. Seminal choices will have to be made early on.

A national planning process would help guide these decisions by clearly prioritising objectives. This would make it easier to resolve trade-offs where there are competing objectives. It would also signal clear choices about long term energy options, including the sequencing of decisions required. It would provide a policy framework for pricing regulated network services. It would set targets for green house gas emissions and for the energy intensity of our economy in general.

Developing such a plan calls for detailed research including projections on energy demand and supply. That would take into account such factors as the nature of economic growth, demographics and income mobility, build programmes across the sub continent, research and development on new energy sources, spatial development dynamics and so on. The Departments of Energy and Public Enterprises and ESKOM would be critical to this; as would National Treasury and the Departments of Trade and Industry, Economic Development and Transport. A critical role would also be played by other departments, such as those dealing with mining and other economic sectors, water, the environment, international relations, science and technology. This is besides external research, academic and private sector bodies.

So inputs would be received from various quarters, both in preparing the national strategic plan and in developing the Medium Term Strategic Framework and occasional research papers.

On the other hand, within the framework of the national strategic plan adopted by Cabinet, departments would develop detailed policies. Together with the state owned enterprises and regulators, they would take operational decisions. The national plan would provide the parameters for the Departments of Energy and Public Enterprises and Eskom to make certain choices. It would also signal key areas of research that further public research funding could be channelled into.

### ***Example 2: Social security reform***

Social security reform has implications for all South Africans and for future generations. Decisions on social security reform require long-term perspectives - as seen in many advanced countries, getting the design wrong can bankrupt countries in two or three generations. Secondly, social security reform involves several areas of government's work from regulating the financial services sector to national health insurance initiatives and managing of the Road Accident Fund. Several government agencies are involved in implementing policy decisions on such matters, from the South African Revenue Service and the South African Social Security Agency to the Unemployment Insurance Fund

A national plan with clear objectives and priorities will ease their task. It would provide clear guidance on the sequence of decisions needed and their possible timing. It would provide a consensus view of long-term demographic trends which are critical in social security reform. It would answer such questions as, how important it is to introduce a contributory social security system, who should pay and who should benefit, and by when each specific objective should be achieved.

Departments would contribute to research in their areas of specialisation and make proposals on targets and milestones for purposes of the national strategic plan. They would need to come up with detailed plans on several fronts: retirement reform; the future shape of unemployment insurance; post retirement health care funding; taxation systems; IT and administrative systems; long term fiscal plans and so on. The existing institutions, working together, are best placed to fulfil these tasks. The national plan would set parameters and milestones for the detailed work.

The approach illustrated in these two sectors can be extended to other line functions. This is so whether they have cross-cutting implications or not; or whether they are concurrent functions or not. The basic principles, elaborated on in the next section, are mainly about partnership in conceptualisation, collective decision-making, leadership by The Presidency and accountability in implementation.

## ***5. Planning and policy-making; leadership and collective responsibility***

The distinction between plans and policies varies in different contexts. In some contexts, a plan is a detailed account of how to implement a policy – with the latter deriving from electoral mandates and ensuing choices of the Executive and/or legislatures. In this context, planning means translating policies into long-, medium- and short-term objectives, prioritising the objectives and sequencing implementation.

However, in some ways the distinction is less clear cut. It could be argued that the very act of developing a vision and setting long-term objectives is part of the essence of policy-making. In addition, implementing a strategic plan necessarily exposes critical policy gaps, giving impetus to policy reform.

This is not the place to resolve this philosophical debate. The planning process described here is mainly about providing a coherent vision and strategic outcomes around which policies and programmes need to be developed, enhanced or applied to attain intended objectives. Two principles are critical to this understanding:

- the planning process will be supervised by, and its outcomes approved by, the Executive.
- while strategic planning can help achieve national goals, poorly-conceived policies can retard development, with or without a national plan.

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We proceed from the understanding that governance consists of a continuum of related activities which feed into one another:

- policy development
- strategic and operational planning
- resource allocation
- implementation
- performance monitoring and evaluation.

All departments and spheres of government undertake elements of each of these activities. But just how prominent or extensive they are in a particular department or sphere depends on functions and responsibilities defined in the Constitution or delegated by the President, Premier or Mayor.

As far as The Presidency is concerned, it has a core responsibility to ensure policy coherence, policy coordination and performance monitoring and evaluation. In doing these things, it will ensure iterative processes among all role-players. However, it will not shirk its responsibility to lead, especially in crystallising government's strategic posture, eliminating fragmentation and resolving disputes of the kind which have in the past led to paralysis.

Planning, of course, is dynamic. Plans must be adaptable and change from time to time in response to a changing environment. Frequent assessments of capacity and resources also lead to plans being adjusted. What this paper focuses on is the architecture of national strategic planning and the process and delivery of its outputs, for which The Presidency must take responsibility. Implementation of the plan, on the other hand, is the collective responsibility of Cabinet, of all of Government and in some cases, all of society.

## **6. *Why the need for better coordination?***

Governments are highly complex institutions. Interaction among governments, citizens, markets and the international community increases the complexity even further. Since the attainment of democracy government has set up systems and structures to coordinate and integrate its work. As implementation processes mature, the task of coordinating and integrating government work becomes still more complex. At the same time, formal systems and structures cannot on their own guarantee an integrative approach to the work of departments and spheres of government.

Fragmented policy making can lead to duplication of effort and contradictory outcomes. Given the Constitution's allocation of roles and responsibilities to different spheres, uncoordinated actions can undermine the achievement of social and economic objectives.

Coordination is essentially about ensuring that government as a whole can develop and effectively pursue its objectives and priorities through the myriad of institutions, spheres, agencies and public corporations.

Many if not all of government's major objectives – for instance, increasing employment, reducing poverty and improving skills – require the interaction of several departments, all three spheres, numerous public entities and state owned enterprises. The Presidency has responsibility to facilitate greater cooperation within government in order to achieve its objectives. Responsibility for coordination goes beyond the responsibilities of planning, but it is nevertheless a critical role of the centre of government.



## **7. Gaps in our system – problem statement**

South Africa has a set of medium-term objectives that are specified in the five-year Medium Term Strategic Framework. Various sectors and departments, as well as some spheres of government do have long-term objectives set out in white papers, strategies, policy frameworks and other instruments. Coordination and joint planning is meant to be facilitated by Legislation such as the Development Facilitation Act, 1995 (Act 67 of 1995), Intergovernmental Relations Framework Act, 2005 (Act 13 of 2005), and the Land-Use Management Bill along with guidelines on spatial planning.

But there is no overall long-term vision for the country. Government lacks an integrated long-term plan which outlines in specific terms the kind of society and economy that we aim for, say, in 15 years or more. There has not been enough systematic effort to ensure that the visions and strategies of departments, sectors and spheres of government articulate with one another.

There has been no agency to drive planning and overall monitoring and evaluation from the centre of government. Programmes are not articulated within a coherent spatial frame of reference. This is in marked contrast to those developing countries that have grown rapidly in the past three decades.

Since the Reconstruction and Development Programme, which galvanised large parts of our society, there has not been a mobilising vision that has clear understanding by all sectors of society and their commitment to contribute to its realisation.

Our country can boast a high level of citizen awareness and activism. We have formal structures of consultation such as the National Economic Development and Labour Council (NEDLAC) hardly equalled anywhere in the world. But each social sector has tended to pursue narrow interests, often at the expense of longer-term objectives. Attempts at developing joint strategic objectives have usually become negotiations, and the outcome has often been a minimum common denominator rather than an approach that helps society as a whole to transcend the conventional wisdom and standard frameworks of the day.

In broader society, the balance between rights and responsibilities has hardly been appropriately struck. The dictum that development derives from hard work – and at times self-imposed sacrifices – is barely applied in actual practice.

It can justifiably be argued that a society with our kind of history – with fundamental fault-lines of race, gender and socio-economic status – would battle to define common objectives and collectively pursue them. But it is precisely because of these fault-lines, which have profound implications for social stability and social cohesion, that the leadership of all sectors should pursue a common vision and mobilise their constituencies around it.

In brief, we must overcome several deficiencies in the current planning system:

- We need an agreed vision about the country's direction and an ideal objective or 'end-state', with mechanisms to ensure the country stays on track.
- We need to attend to the tendency towards voluntarism and short-termism that has in many respects marked activities of government, state entities, the business community and civil society.
- The various strategies and plans, frameworks, perspectives and white papers need to speak to one another and should be informed by a strategic national development plan.

- Our government still faces serious challenges in intergovernmental coordination, even though there have been significant advances over the past decade. Interdepartmental and intergovernmental coordination and integration should be prioritised in the systems of accountability of the Executive, the administration and the legislatures.
- We need an agency that can authoritatively and forcefully drive planning, monitoring and evaluation and institutional improvements.
- We need a clear mechanism for weighing options and making hard choices in the context of fiscal limitations and where policies are contested.

Apart from a handful of departments and public entities, there is little evidence of long-term planning in the public sector, let alone integration of such plans. The centre of government needs to build the capacity of departments and entities to do long term planning, within the framework of a long-term development plan.

## **8. *Some lessons from international experience***

Apart from a handful of Long-term planning is common practice in many countries and among major corporations. The Presidency conducted research in the form of country studies, and in some instances visits, on planning in a range of other countries: Malaysia, South Korea, Brazil, India, Botswana, Tunisia, Nigeria, Chile and Sudan. The research showed that the rationale for national strategic planning in countries comparable to ours, stems largely from the considerations cited earlier. These include the complex challenges faced by modern societies; uncertainty and turbulence in the global environment; and the long lead times required to transform a society's socio-economic structure and culture.

Most of the countries studied took a conscious decision to adopt strategic planning in order to set coherent visions backed by clear and measurable programmes and targets. The emphasis on long-term planning did not mean that medium and short-term planning was less important. Indeed, the intention was to situate medium-term planning within a longer-term (10 to 30 year) horizon.

Annexure I deals in more detail with the experiences of countries that have adopted long-term strategic planning. Critical lessons from their experience include the following:

- Strategic planning and better management of development processes require quality institutions that give leadership, including resolving problems that are barriers to inclusive growth and development.
- The systems, institutions and processes of strategic planning vary considerably from country to country. They are informed by the history, socio-economic conditions and culture of each country.
- Success in ensuring sustained growth and development depends largely on mobilising the public service and all of society behind a long-term vision.
- The quality of strategic plans and success in their implementation depend on the quality of policies and the strategic choices made.
- There should be a recognised institutional centre (at the apex of government) for nationwide planning with advanced strategic, political, organisational and technical capabilities for successful implementation.
- Administrative and technical support to planning can be located within the apex of government or in semi-autonomous development institutions.

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Taken together, the generic lesson is that planning is not a panacea. It does not guarantee good outcomes. There are many countries where planning had directly led to poor outcomes. This was either because the scope of planning was beyond government's capability or because planning introduced rigidities into both government and the economy that limited progress, change and innovation. An example of how planning can go horribly wrong is found in the Chinese Great Leap Forward. It took many years to reverse the devastation it brought and place China on its current remarkable growth and development trajectory. Similarly, while former Soviet Republics were successful in some respects, their form of central planning led to economic inefficiencies that eventually undermined the State and system of government.

Good development planning outcomes require:

- solid institutions
- a highly capable state
- strong relationships between the major social forces
- clear focus on the strategic objective across the board.

Critically, the systems and institutions that support planning must take account of the country's historical, political, social and economic context.

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## IV. OUTCOMES AND PROCESSES

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What will be the products or outcomes of planning? How will they be developed?

### 9. *A long-term vision for development*

A National Planning Commission, headed by the Minister in The Presidency for National Planning, will lead in the development of a long-term national strategic plan. International best practice suggests that a fifteen-year time horizon is near enough to allow for realistic assumptions and distant enough to allow for the creative engagement that leads to the formulation of a common vision. It could well be that 15 years are too short a time to make enough progress in meeting the objectives and that a longer time horizon can be considered. On the other hand, a plan with too distant a horizon may lead to such generalities that it becomes practically meaningless for modelling, projections and social mobilisation.

Why do we need a vision and a long-term strategic plan?

- **The mobilisation of society** around a commonly agreed set of long-term goals is a key aspect of a successful developmental state.
- **Greater coherence in government's work** can only be achieved if there is a common understanding in enough detail of the long-term objectives and direction of our society.
- **Longer term planning is good for South Africa** for all parts of government – from national to local – and for the private sector – from big businesses to small. A national vision that is widely understood and agreed on will encourage a longer term view from all key institutions, allowing them to invest with greater confidence in buildings, equipment and their employees.

In this context, the long-term plan, South Africa Vision 2025, will spell out where South Africa wants to be as a society in 2025:

- How far will we have reduced poverty and inequality?
- How many people will be employed in what kind of jobs, and how will we care for the remaining unemployed?
- How much lower will the rate of violent crime be, and how will we have achieved that objective?
- How will our health be cared for, and how low will TB and HIV and AIDS infection rates have fallen?
- How many children will finish school and how many will go to colleges and universities?
- How many of us will need private vehicles to get to school and to work, and how will our public transport system operate?
- Where will we be living? How much more urbanisation do we expect and plan for? Conversely, by how much do we expect the output and wealth of our rural areas to improve?
- What will be the underlying growth rate, on average, that will allow us to achieve our other goals, and how will we reach that growth rate?

Therefore, as stated in the Medium Term Strategic Framework, in broad terms, South Africa Vision 2025 could project a society in which:

- A democratic and legitimate state based on values of the Constitution works with all sectors of society to improve the human condition.

- People are united in their diversity, fully appreciating the common interest that binds them as a nation.
- Conditions have been created for the full participation of women in all critical areas of human endeavour.
- There are effective programmes to reduce poverty and inequality and protect the most vulnerable in society, including youth, children, people with disability and the elderly.
- The country's natural wealth and its human resources are harnessed to ensure a growing economy which benefits all, and which uses natural resources and modern technology in a beneficial and sustainable manner.
- The private sector is afforded an environment to invest and make competitive returns while promoting the common interests of the nation.
- The State is efficient in providing services and gives leadership to the programme of national development.
- Able-bodied citizens and all work-seekers have access to decent jobs, workers' rights are protected and social security measures are comprehensive enough to cover all citizens in need.
- Individuals and communities at work and at leisure are informed by a value system of mutual respect and human solidarity.
- The State and all sectors of society work with their counterparts in Africa and across the globe to build a better world.

Developing the vision will involve several activities, some in sequence and some in parallel. It will include commissioning new research and the collation of existing research and planning material. It will involve discussion within government and interactions with experts. It will involve extensive consultations with a wide range of stakeholders and agencies. That will include worker and business leaders, religious and other non-governmental organisation leaders, and representatives of women, people with disability, young people and marginalised sectors. At the end of the discussion and consultation a common vision will be compiled and presented to the nation and made widely accessible. It will then act as a framework for planning by all institutions. It will be regularly reviewed, say every five years.

Such a vision with concrete objectives would reflect more than just government's intentions, activities and projects. Developed in dialogue among social partners, it should also encompass a broad outline of how all major role-players would contribute to its realisation.

### ***A possible outline of the vision— a national strategic plan***

- Preamble—a message from the President
- The purpose of a national vision
- The process that led to the vision
- Defining the challenges
- Our key goals
- Strategic thrusts
- Key national programmes and the entities responsible
- Monitoring process
- Review and communication

It is intended that our first national vision is presented to the nation within a year of this green paper being published.

## 10. *Medium Term Strategic Framework and Programme of Action*

The Medium Term Strategic Framework for 2009–2014: Together Doing More and Better, based on the national electoral mandate, has been adopted and published. It is a framework that identifies priorities and a few key programmes for the five-year term of office of the Government. It will be reviewed annually, in the light of a changing environment and experience in implementation. Ideally, besides the electoral mandate, a medium-term programme of government should draw its posture and content from the long-term plan. The annual review of the base Medium Term Strategic Framework document in 2010 should ensure such alignment with the long-term plan, without detracting from the electoral mandate.

The development of the Medium Term Strategic Framework and its annual update will be led by the Minister in The Presidency for National Planning working with the Ministerial Committee on Planning. It will take on board inputs from government departments, clusters, provinces, municipalities and state owned enterprises.

The current annual planning cycle, which will need to be improved, is as follows:

- The **base five-year Medium Term Strategic Framework** is adopted at the beginning of the mandate period. **The annual update of the framework** is adopted by Cabinet at the July Cabinet lekgotla. It is then circulated to government departments and provinces; by which time they would have finalised their **initial budget submissions**, which are forwarded to National Treasury during the same month of July.
- The Medium Term Budget Policy Statement is presented to Parliament in October.
- In December, the integration of detailed programmes for the following year begins; and these are adopted at the January Cabinet lekgotla and articulated in the President's State of the Nation Address in February. In other words, the detailed programme for the year contains items that are already budgeted for.
- The **Programme of Action** is an annual statement of government's priorities for the year. It is informed by the Medium Term Strategic Framework, the deliberations of the January Cabinet lekgotla and the President's State of the Nation Address.

## 11. *Anticipating and addressing strategic issues and trends*

A core role of The Presidency's planning function is the preparation of the three key products of the planning cycle:

- the long term product (National Strategic Vision)
- the medium term product (Medium Term Strategic Framework) the short term product (Programme of Action).

A further core activity will be to initiate focussed reflection by the Executive and/or society at large on major areas of government work. Specific areas of policy research would be identified – mainly the kinds of issues that are key drivers of the nation's development trajectory, that have major macro-social implications and that are therefore critical for long-term planning. The Presidency will ensure monitoring of trends in these areas as well as coordination and leadership in their management.

### **National planning issues that could be the subject of ad hoc investigations:**

- Long-term macro social and demographic trends
- Long-term availability of water
- Energy consumption and production
- Conservation, biodiversity and climate change mitigation and adaptation
- Local economic development and spatial settlements trends
- Food security and sustainable rural development
- Innovation, technology and equitable economic growth
- Public transport: medium and long term choices
- Poverty, inequality and the challenge of social cohesion
- National health profile and developmental health care strategies
- Defence industry and long-term defence capabilities
- Regional, continental and global dynamics and their long-term implications
- Industrial development trends and changing structure of the economy
- Capability and performance of the public service
- Advancing human resources for national development.

Such investigations would be done under the supervision of the Minister for National Planning, working with the National Planning Commission. They would be carried out in partnership with relevant departments, clusters and specialist agencies outside of government. The results of the investigations will be published and their findings presented to the relevant organs of government and Parliament, and prepared for decisions where appropriate.

## **12. Spatial dimensions of development**

National spatial guidelines are tools for bringing about coordinated government action and alignment. They will be developed under the supervision of the Minister for National Planning, working with the National Planning Commission and in partnership with relevant departments, clusters and specialist agencies outside of government. A spatial dimension to planning is critical to reversing the legacies of apartheid's bantustan policies and our fragmented urban areas. International best practice suggests that spatial planning instruments are being increasingly used to pursue and achieve alignment. They include spatial development perspectives and guidelines for infrastructure investment and social spending.<sup>4</sup>

These overarching instruments do not predetermine from the centre what should happen where, when and how. That is what earlier examples tended to do, but now it is rather a matter of utilising space as a common backdrop against which investment and spending decisions can be considered. Their key purpose is to bring about synergy and complementarities in the spatial effects of government action. The ultimate aim is to maximise the social and economic returns on government development spending. These perspectives would also help guide and complement private sector planning.

A major argument for national spatial guidelines is that the many policies and actions of government impacting on geographic places need to be coordinated, but within a clear frame of reference.<sup>5</sup> From this point of view, setting the frame of reference becomes the fundamental task of national spatial guidelines, which are focused on the "systematic coordination of various policies and activities aimed at influencing future developments".<sup>6</sup>

National spatial perspectives are therefore crucial instruments to support the development of regions by coordinating policies and programmes according to set principles and guidelines.

4 See in this regard Faludi, A. 2003a, "The application of the European spatial development perspective", introduction to the special issue of *Town Planning Review*, Vol.74 (1): 1-9; Faludi, A. 2003b, "Unfinished business: European spatial planning in the 2000s", *Town Planning Review*, Vol. 74(1): 121-140; and Faludi, A. & Waterhout, B. 2002, *The making of the European spatial development perspective: No masterplan*. Routledge: London.

5 The Presidency 2004, *Harmonising and Aligning the NSDP, PGDS and IDPs*. [www.thepresidency.gov.za](http://www.thepresidency.gov.za)

6 Faludi, A. and Waterhout, B. 2002, *The making of the European spatial development perspective: No masterplan*. Routledge: London.

An overarching spatial framework and guidelines spelling out government's spatial priorities are needed to focus government action and provide the platform for alignment and coordination.<sup>7</sup>

Spatial frameworks establish an overarching mechanism/framework to:

- discuss development of the national space economy;
- provide a principled approach to coordinate and guide policy implementation across government;
- provide a common reference point for interpreting spatial realities and the implications for government intervention and private sector activity.

### **13. What the planning function will not do**

The work of the planning function can be further clarified by saying what it will not do:

- **Micro-planning and sector planning:** Micro-planning and sector planning will not be undertaken in The Presidency. Rather, the Planning Ministry will utilise the capacities of departments, clusters, provinces, municipalities and state agencies to input into national strategic planning. Where necessary, it will identify initiatives that can be undertaken by these institutions or by The Presidency with their support.
- **Gate-keeping:** It would remain a responsibility of The Presidency to try to ensure a high standard of planning by government departments, state-owned enterprises, and provincial and local governments. However, to become a gatekeeper by seeking to approve every detailed plan and programme in government would be undesirable and impractical.
- **Budgeting:** A key objective of national strategic planning is to prioritise the allocation of resources within a broad developmental framework. Another is to ensure greater efficiency in allocating and using resources. But it cannot achieve these objectives by taking over National Treasury's responsibility for budgeting. The Treasury will retain its current responsibilities. The influence of planning over resource allocation will rather be through:
  - its ability to identify strategic priorities over the medium to long-term (including specifically through the Medium Term Strategic Framework, which should guide budget allocations)
  - its ability to interrogate and critique the quality of spending in the short- to medium-term
  - its direct involvement in the committee(s) dealing with budgetary matters.

It should be emphasised though that planning will influence sectoral plans and the allocation of resources through careful identification of priorities, the development of detailed targets for various sectors and other means identified above.

<sup>7</sup> The Presidency 2004, *Harmonising and aligning the NSDP, PGDS and IDPs*. [www.thepresidency.gov.za](http://www.thepresidency.gov.za)



## V. SYSTEMS AND STRUCTURES

What structures and systems, then, will deliver the products outlined above?

The proposed model, based on our own experience as well as the international studies cited above, can be summarised as follows:

- leadership of society by a legitimate and democratic state, with a variety of capacities to lead national development
- the central role of The Presidency, working with the rest of the Executive to lead national strategic planning
- a National Planning Commission (led by the Minister in The Presidency for National Planning) made up of prominent individuals with expertise and intellectual capacity to draft a long-term vision, and to assist in mobilising society around the vision and in other tasks related to strategic planning
- streamlined planning structures and processes across national government, relevant state agencies and the provincial and local spheres
- partnership with research, academic and other institutions.

There are five key planning institutions (recognising that planning is a broad process involving multiple institutions some of which are outside government). Two exist already, namely Cabinet and the President's Coordinating Council, an intergovernmental coordinating forum. Three new institutions are proposed:

- a National Planning Commission consisting of external commissioners
- a Ministerial Committee on Planning to provide guidance and support to the planning function
- a secretariat to support the work of the commission.

Furthermore, the planning ministry, in conjunction with other ministries, would interact with broader societal stakeholders in the development and implementation of a national plan.

### Proposed institutional arrangements



### 14. Cabinet

In our system of government, the President is the ultimate head of government and of the State. The President exercises these responsibilities in Cabinet, which is the collective seat of decision-making. Major policy decisions, including the adoption of medium and long-term plans and development targets, are the collective responsibility of Cabinet. Cabinet is collectively accountable for decisions that it takes and for the high level impacts

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that are achieved. The budget is also a statement of the Executive, linking plans with resources.

Because Cabinet is the key policy making Executive authority in government, it will have to ultimately approve any plan or strategic sectoral plans that are tabled before these have the effect of approved policy. Cabinet will be responsible for the implementation of any national plan, whilst recognising that all South Africans would play a role in achieving the outcomes we seek. The National Planning Commission will from time to time contribute to reviews of implementation or progress in achieving the objectives of a national plan.

Because a national plan would be implemented mainly by government, there has to be structured interaction between Cabinet and the commission. The Minister for National Planning will liaise between the commission and the Government. But wider society including labour, business, civil society and marginalised communities all have a role to play in implementing the plan. Here too, the minister will facilitate between the commission and broader society. The Cabinet, led by the President, would need to take collective ownership of any plan produced and agreed to. It would champion the plan throughout government and society.

### **15. National Planning Commission**

It is proposed that a National Planning Commission would develop a national plan for South Africa in consultation with government and in partnership with broader society. It will consist of respected intellectuals, leaders and experts in our country. Commissioners will be appointed by the President; and the Minister for National Planning will chair the commission. Unencumbered by the constraints of government, and being able to take a longer-term perspective, the commission will produce a draft long-term, overarching plan for the country as a whole.

The Minister for National Planning will be the link between government and the commission. The minister will draw the views and perspectives of government into the work of the commission and advise the commission about the workings of government.

The commissioners will be respected thinkers able to bring fresh insight into the development of a long-term plan for South Africa. They should be able to be critical advisors to government and to represent the long term aspirations of all South Africans for a non-racial, non-sexist, democratic and prosperous future for the country. They must be the voice of the future, putting the interests of long-term development and progress at the centre of their recommendations. Commissioners should collectively have expertise and practical experience in areas such as business, finance, labour, politics, sociology (including matters related to poverty eradication), economics, science, technology, demographics and development.

The commission will be a permanent institution with part-time commissioners. Its mandate will be updated and renewed periodically by the President. While it is envisaged that a national plan will be developed by 2010, planning is a dynamic function that would require regular input from the commission. Furthermore, the minister will work with the commission in conducting research and producing papers on critical trends that would feed into government's policy and planning work.

The minister will also work with the commission to table papers on topics relevant to the long-term development of the country. These papers will highlight the policy implications of specific trends and developments in the world or in South Africa. The commission may

establish expert panels consisting of respected thinkers on any particular topic, both inside and outside government. The expert panels will advise on issues such as food security, water security, energy choices, economic development, poverty and inequality, climate change, human resource development, social cohesion, health profiles and scientific progress.

Because of the standing of its members, the commission will play a critical role in mobilising the country around the vision and strategic plan. It will help identify and acquire human and other resources for national planning. It will contribute to developing international partnerships and networks of expertise.

It is envisaged that, once set up, the commission will initiate research and consultation on the vision and strategic plan. It will be supported in this by departments, spheres of government, clusters, state-owned entities, research institutes as well as sectoral and other organisations within and outside of government. These role-players and others will be expected to make inputs and, where appropriate, to assist with research in their areas of specialisation. In other words, the process will be consultative from the very beginning.

The commission's work will be supported by a secretariat based in The Presidency.

## **16. Ministerial Committee on Planning**

A Ministerial Committee on Planning will be established to provide collective input into planning. It is envisaged that the committee will be appointed by the President, who, with the Deputy President, will be ex officio members. It will be coordinated and chaired by the Minister in The Presidency for National Planning. The minister will feed the work of the National Planning Commission into government and Cabinet through this ministerial committee. The committee's overarching role will be to:

- provide political guidance to the planning process
- support the planning ministry in driving strategic planning
- ensure consistent and integrated policies and programmes across multiple layers of policy-making, planning and implementation.

It will help feed the views of government into the work of the National Planning Commission through the Minister for National Planning.

The development of the Medium Term Strategic Framework will be led by the planning minister with input from this committee before it is tabled in Cabinet. Similarly, the annual update of the Medium Term Strategic Framework will be facilitated by the minister with the support and input of the Ministerial Committee on Planning.

The planning minister – and possibly other members of the Ministerial Committee on Planning – will also be members of the Ministerial Committee on the Budget. The latter committee deals with detailed matters of budgeting and their membership will ensure ongoing osmosis of ideas and approaches beyond the exchange of documents.

## **17. The need for broader societal consultation**

Visions and strategic plans can only find expression in practical life if they enjoy the support of the overwhelming majority in society. In turn, the capacity and effectiveness of states to lead, to transform and to enjoy legitimacy is in large measure dependent on the extent to which they are 'embedded across a broad range of social actors'.<sup>8</sup>

8. Evans, P.B. 2006, *What will the 21st century developmental state look like? Implications for contemporary development theory for the state's role.*

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So there must be structured engagements to forge common cause among a broad range of social actors in articulating a national socio-economic vision and the priority tasks to achieve the vision. In turn there must be appropriate platforms to facilitate social dialogue, agreement and partnership with external stakeholders.

The Minister for National Planning will lead the interaction between the government, the commission and society on the development of a national plan. This consultation will take place through institutions such as the sector forums set up for consultations with the President, NEDLAC and sectoral interest groups. The main aim will be to forge a development vision shared between government and external stakeholders, defining shared national goals and priorities.

We need appropriate and new forms of engagement with social partners to get contributions to the formulation of a national plan and buy-in to the result. However, such interaction should not become a negotiating forum where ideas are watered down to meet the lowest common interest of stakeholders. A national plan must be bold, long-term and coherent, representing the highest aspirations of South Africans.

### **18. *Planning ministry and supporting capacity in The Presidency***

The Government's overarching objective with respect to planning is to enhance South Africa's socio-economic development by improving planning and coordination within government and managing the country's development processes. Acting with the authority, under the guidance of and on behalf of the President, the Minister in The Presidency for National Planning is responsible for coordinating the planning process and will be politically accountable for delivering certain outputs.

The ministry will contain the Secretariat to the National Planning Commission. The Secretariat will support the commission's work and do background work the commission needs to fulfil its objectives. The ministry will also be responsible for ensuring that the plan feeds into the planning of departments, agencies and spheres. This is premised on the understanding that clusters, departments, spheres and relevant state entities would have strategic planning capacity to feed into the making of the generic strategic plan.

The ministry will be tasked with focusing government towards the achievement of clear goals and ensuring synergy across sectors and spheres. To do that it will have to have in place a well-structured and coherent national planning process at the apex of government. That process will have to be backed by a well organised and technically capable institutional machinery infused with a high degree of authority and leverage. The planning ministry is thus intended to be a recognised institutional centre for national strategic planning working under the guidance of the President and Deputy President. It will undertake its mandate in collaboration with the Minister in The Presidency for Performance Monitoring and Evaluation.

The national planning function (which encompasses the planning ministry, the commission, the secretariat and other supportive Executive, consultative, administrative and technical structures) will need to ensure that government has the capacity to direct socio-economic development, working in partnership with all social partners.

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This means that the planning ministry should lead the work of planning across government and in the National Planning Commission.

Firstly, the Minister should lead government's interaction with the commission and the **social partners** in developing a common strategic vision and ensuing detailed targets; identifying common and disparate activities that each of the partners will undertake to pursue these objectives.

Secondly, the planning ministry will be the centre for coordinating government's planning efforts across the spheres and in relevant state agencies. This presumes **political capacity, under the leadership of the President and the Deputy President**, as well as utilisation of the "collegium" of Cabinet and its substructures – proceeding from the understanding that Cabinet is the ultimate repository of national policy-making.

Thirdly, the planning ministry will coordinate national government's interaction on matters of strategic planning with the **other spheres of government**:

- in integrating the input of the other spheres into the national plan
- in the iteration that will be necessary in the development of 'sub-national' strategic plans;
- in the adoption and operationalisation of the national plan.

Furthermore, the planning ministry must help enhance government's capacity to do long-term planning.

Fourthly, the planning ministry will need to be backed up by **administrative and technical capacity**, by a secretariat to the commission within The Presidency. The secretariat will conduct and coordinate research, align planning capacities across government – including by ensuring common methodologies, integrity of data systems and complementarities of planning activities and projects. It will liaise with its administrative and technical counterparts in the departments, provinces, municipalities and state agencies.

Fifthly, the planning ministry will need to develop **networks of knowledge and expertise** in quasistate research centres, academic institutions, civil society, private sector agencies and so on.

Lastly, the planning ministry will have systems of interaction with the **budgeting process, state-owned enterprises and development finance institutions**, to ensure that their plans are in line with national strategies and that their capacities and leverage are optimally deployed to help direct national development.

Several categories of external expertise would be utilised. That would include: state-funded research institutions such as the Human Sciences Research Council, the Council for Scientific and Industrial Research, state-owned enterprises and development finance institutions such as the Development Bank of Southern Africa and the Industrial Development Corporation, specialist institutions in universities, think tanks and private research organisations.

An alternative to this approach could be to follow the South Korean approach and set up an institute or several institutes to provide high quality, independent expert advice to the Government's planning function.

Given the limited availability of skills in the country, it would be more productive and cost-effective for government and society at large to choose the path of building long-term relationships with existing institutions, possibly including the establishment of dedicated units within those institutions.

To facilitate strategic alignment and consolidate partnerships, the Minister for National Planning will attend strategic joint meetings through which the Minister of Public Enterprises interacts with state-owned enterprises. The planning minister would also attend strategic joint meetings of development finance institutions in the proposed DFI Council, through which the Minister of Finance is expected to interact with them. This is besides the direct technical relationships that will be developed between The Presidency's planning function and these institutions.

Overall, planning in The Presidency will be guided by the Cabinet collective. It will benefit from the outcome of planning in the clusters, ministries, spheres of government and relevant state agencies. But it will be more than just a synthesiser and integrator. Rather it will also initiate and/or propose strategic planning activities across government. At all times, planning in The Presidency will be undertaken in iterative processes with affected agencies; but it will always be under the guidance of and with the authority of the President as the head of the government and the State.

## **19. Intergovernmental planning**

What will be the role of sub-national spheres of government in national planning? Specifically, how can provincial and local spheres be actively involved in planning to ensure coherence in intergovernmental planning and policy-making? The key principle is that national strategic planning should not be unidirectional, rigid or top-down. It must inform and be informed by sector plans and provincial and local plans.

The principled approach to this issue is informed by the precepts of the Constitution, particularly Section 41 (1):

"All spheres of government and all organs of state within each sphere must

- a. preserve the peace, national unity and the indivisibility of the Republic;
- b. secure the well-being of the people of the Republic;
- c. provide effective, transparent, accountable and coherent government for the Republic as a whole;
- d. be loyal to the Constitution, the Republic and its people;
- e. respect the Constitutional status, institutions, powers and functions of government in the other spheres;
- f. not assume any power or function except those conferred on them in terms of the Constitution;
- g. exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- h. cooperate with one another in mutual trust and good faith by-
  - i. fostering friendly relations;
  - ii. assisting and supporting one another;
  - iii. informing one another of, and consulting one another on, matters of common interest;
  - iv. coordinating their actions and legislation with one another;
  - v. adhering to agreed procedures; and
  - vi. avoiding legal proceedings against one another." <sup>9</sup>

9. *The Constitution of the Republic of South Africa*

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A number of intergovernmental structures already exist to promote and facilitate cooperative governance and intergovernmental relations between the respective spheres of government. In particular:

- The Extended Cabinet meetings (makgotla) involve all Premiers and provincial directors-general as well as the political and management leadership of the South African Local Government Association (SALGA). This is the forum where the National Strategic Plan, the Medium Term Strategic Framework and the Programme of Action would be discussed and adopted.
- The President's Intergovernmental Forum, akin to the erstwhile President's Coordinating Council, comprises the President; Ministers in The Presidency and any other ministers or deputy ministers invited by the President; the nine Premiers and representatives of local government. It will play a critical role in addressing matters of national strategic planning and performance management that affect the common and disparate interests of the three spheres of government.

The Presidency will also have to develop institutional linkages with counterparts responsible for strategic planning and policy coordination in the provinces and municipalities. Capacity for planning and coordination may need to be strengthened at sub-national levels. However, the temptation to uncritically replicate national structures and processes should be discouraged. Further, within the ambit of the Constitution, the impression of a federation of planning structures across departments and spheres of government should be avoided.

The products of planning— from the national vision, the Medium Term Strategic Framework, provincial growth and development instruments, to municipal development plans and programmes of action – will have to be aligned. Thus, the sub-national structures will need to interact with the planning function in The Presidency.

Similarly, mechanisms of iteration in developing the national strategic plan, in particular, should ensure collective ownership of the final product by all the spheres and commitment to implementing it. As a matter of principle, the national planning institutions and processes, including national planning makgotla (involving all spheres of government) and the outcomes of such planning will enjoy preeminence in relation to sub-national structures, activities and products. The national strategic plan will define the framework for detailed planning and action across all spheres.

## **20. Parliament**

As the role of planning is elevated in government, so too will Parliament need to develop mechanisms to oversee the planning process and to contribute to ensuring successful implementation of a national plan.

It may need to set up cross-cutting and possibly other adhoc committees, firstly, to interact with the Minister in The Presidency for National Planning; secondly, to input into the planning process; and, thirdly, to consider the outputs of the planning process. In this process, it may need to draw on the work of both houses of Parliament and all committees.

As such, Parliament (and through it, political stakeholders) will have an incisive role to play in interrogating and enriching the vision, and in ensuring that it is embraced by broader society.

At the same time, a variety of platforms may need to be identified for the planning ministry to interact directly with communities, particularly in development of the vision. Other instruments, such as opinion surveys may stand the planning function in good stead in this regard.

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## **21. *Milestones of performance monitoring and evaluation and feedback loop***

The planning function and the monitoring and evaluation function in The Presidency are intimately linked, in two fundamental ways:

- Good planning should provide excellent criteria to judge progress. Planning is meaningless without long-term objectives and milestones on the road to those objectives. For these reasons, the monitoring and evaluation function in The Presidency will have to be involved in finalising planning instruments (including the vision, the Medium Term Strategic Framework, and programme of action).
- There is a feedback loop between monitoring and evaluation, and planning. performance monitoring and evaluation will assess progress, identify constraints, weaknesses and failures in implementation, and effect mechanisms of correction or enhancement. The processes and results of monitoring and evaluation will be critical to planning and may result in modified sequencing of programmes. If problems are systemic or successes extraordinary, the products of monitoring and evaluation could even lead to the adjustment of medium and long-term plans.

For these reasons, there ought to be a systemic and ongoing relationship between the planning system and the monitoring and evaluation system. This will be facilitated by the location of both systems at the apex in The Presidency.



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## VI. CONCLUSION

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Our proposals derive from lessons learnt over the fifteen years of democratic government. They are informed by the need to improve the quality of life of all the people of our country, proceeding from the understanding that government does not exist for its own sake but to lead and to serve.

To play this role effectively, government should develop strategic and institutional capacity and work with all social partners and with society at large to identify our nation's long-term objectives and the path towards attaining them. The planning function is tasked with developing a national plan and other, shorter-term, products.

Together with the discussion paper on performance monitoring and evaluation, this paper is intended to initiate public discussion on the systems and structures required to improve government performance through better policy coordination, planning and implementation.

The proposals are informed by the country's Constitutional and legal framework. In the future, in the light of practical experience, government working with all social partners will determine whether, if at all, any new legal instruments are needed to ensure the realisation of the objectives set out in the paper.

Critically, the proposals are informed by the understanding that our success as a nation depends on the involvement of citizens in identifying the nation's vision and working together to realise it.

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# ANNEXURE I - Lessons from international experience

A report prepared for The Presidency on country studies into national planning summarises the history of planning in the following way:

“Development planning is a determinedly 20th century concept. It still has resonance in the 21st century because it has been modernised to reflect new ideas about the nation state in an increasingly global society as well as about effective processes of communication and behavioural management in large organizations and complex societies.

“It also reflects new understandings of ‘development’, which was initially essentially an economic concept, albeit one concerned with distribution of wealth and income and not just with its growth. As our understanding of the objectives of society have become more clearly expressed, social, environmental and political dimensions have been added to the economic concept of development. These reflect considerations of the quality of life as well as an understanding that the achievement of political voice helps to enable social priorities to be translated into public action. For this review, development is thus understood to reflect the quality of economic growth. Twentieth century development planning was essentially a product of socialism.

“Planning provided the formal mechanism to allocate capital as well as to guide the distribution of goods and productive resources in state-controlled economies where the means of production were socialised and markets controlled. As such, it is important to distinguish between the ownership of the means of production and the mechanism through which decisions were taken within that system.

“The apparent success of the instruments of central planning in the first decades of the Soviet Union saw them adopted and promoted in the mixed economies of Western Europe and seized upon with enthusiasm in the early years of independence by their former colonies.

“In both cases, they were adapted to provide a framework through which national governments could address the particular challenges of their times; the management of demand to achieve full employment and welfare objectives in Europe; the mobilisation and direction of investment to achieve economic transformation and higher standards of living in newly independent states of Africa and Asia. In the former, planning was associated with economists like Pigou and John Maynard Keynes, in the latter, by the prescriptions of development economists such as W Arthur Lewis and Jan Tinbergen and politicians from Nehru to Nyerere.

“The collapse of the Soviet bloc in the 80s, coupled with the mixed success of the newly independent post-colonial states saw a decline of interest in and the prestige of development planning processes. This coincided with the dominance of what became known as the Washington Consensus, a conservative approach to economic management with a limited role for the State.

“Paradoxically, during this period, growing attention was being paid to long term strategic planning in capitalist firms. They had also discovered that, in complex organisations, it was impossible to make meaningful use of large volumes of detailed information in conditions

of substantial external uncertainty, which became evident at time scales longer than a few years. However, shareholders and managers still needed to guide the evolution of their organizations.

“As a consequence, while formerly centrally planned nations were abandoning structured, planned state intervention, large firms, which were not subject to the same ideological constraints, continued to plan but developed new methodologies that were more appropriate to the complex and uncertain environments in which they operated.

“The planning processes used by large firms evolved from detailed organisation-wide mechanical models that sought to predict future trends to indicative and strategic instruments and processes. These were designed to ensure that organisations could achieve their (admittedly, relatively simple) goals in the face of uncertainty....

“An important part was played in this process by the handful of countries, principally in East Asia, which successfully adopted and applied national development planning to the achievement of national goals in the 60s and 70s but then adapted it to the changing global environment. Their systems reflected many of the broad changes in approach that were evolving in the private sector but also brought with them some of the more useful tools from the earlier period.”<sup>10</sup>

Better strategic planning and the resultant more effective management of development processes require quality institutions that can resolve coordination and integrative problems that constitute barriers to inclusive growth and development. All the countries that realised rapid and sustained development set up institutions and systems at the apex of government to drive the processes of realising commitments of the long-term plan.

The systems, institutions and processes of strategic national development planning in the countries studied vary considerably, mirroring each country’s unique socio-economic and political history. The important lesson to draw from these differences is that a variety of institutional centres are utilised, and there is no ‘single institutional tap root’<sup>11</sup> to drive growth and development.

The success, in particular, of the East Asian countries which experienced explosive and sustained growth highlights the importance of focusing not only on the form of institutions and the capacity of the state, but also on mobilisation of the public service and all of society behind a long-term vision. Strategic long-term planning and the institutions underpinning it should be rooted in the traditions of each society and aimed at its socio-economic imperatives. Clear justification and motivation existed as to why the societies of East Asia embraced certain policies and it was the underlying political and social processes that determined the form and quality of the institutions to drive growth and development.

Japan felt that the only way it could be an important global player was by becoming an industrial power house. In Malaysia, inter-racial tensions which reached their highest point in the 1960s, propelled the country to consider national strategic planning to expand the economic base, and to ensure more equitable distribution of resources and national unity. In the late 1970s and 1980s Thailand’s external security concerns were amongst the incentives for structural transformation.

10. Muller, M. 2007, Report on country studies for The Presidency – *Strategic national development planning in South Korea, India, Brazil, Malaysia*

11. Haggard, S. 2004 “*Institutions and growth in East Asia*”, *Studies in Comparative International Development*, Winter 2004, Vol. 38, No. 4

The outcomes of strategic national development planning have also been vastly different. The Philippines had a higher Gross National Product (GNP) per capita than Malaysia in the 1950s and Thailand in the 1970s. By 1990 Malaysia's GNP per capita was three times and Thailand's almost twice that of the Philippines even though the Philippines also set up a planning and coordination machinery. Instructively, in the Philippines, the core decision-making structures comprised four oversight agencies responsible for economic policy-making with little coordination between them. In contrast Malaysia, Thailand and South Korea have much stronger interagency coordination to plan and execute the development plan concentrated in the office of the head of government.

A common striking feature of the successful states, particularly Malaysia, has been effective coordination and linking of the central coordinating agencies into the machinery of the development planning process – the Ministries of Finance, Industry and Public Service and Administration for example are closely linked to the bodies responsible for planning and implementation coordination in the Prime Minister's office.

The example of Nigeria highlights why focusing merely on the functions institutions might perform is not sufficient to improve development performance. Nigeria introduced a National Planning Commission through a law enacted in 1993. The principal function of the commission is to draw up national economic priorities and programmes and map out implementation strategies. However, economic performance in Nigeria between 1993 and 2008 was not optimal.

The examples of the Philippines and Nigeria show that development performance will not be improved by focusing just on planning without sufficient attention to policy development and political and administrative institutions that support planning and drive implementation.

All the successful cases show that a recognised institutional centre for nationwide planning with advanced strategic, political, organisational and technical capabilities is critical for successful implementation. Also fundamental is the articulation of national plans with sector, provincial and municipal plans. In all the cases, including Brazil, strategic development planning has historically been located in the office of the head of government. Even in the case of India, which has a National Planning Commission, the Prime Minister is the champion and leader of the strategic national development planning process.

There is however a variety of approaches towards the location of the administrative and technical support to the planning process. The Korean Government combined internal and external technical capability to support planning, enlisting the semi-independent Korean Development Institute. In Malaysia and India, significant technical support is located internally in India's National Planning Commission and Malaysia's Economic Planning Unit – both located in the Prime Minister's Office.

Countries also have varied approaches to the focus of planning. Some such as South Korea identified economic development as the singular goal of their strategic plan in the early period. This included supporting particular industrial sectors in order to reach that goal. Others, such as Malaysia, combined the imperative of economic development with that of social development. Today planning almost universally serves as the basis for implementing both social and economic policy. The countries studied show that, properly applied, national strategic planning can lead to the achievement of national goals and objectives.

A clear distinction should be made between social and economic policy-making and planning.

Planning is not policy-making: it is a process to inform and then realise the objectives of that policy. The East Asian experience demonstrates that where national development planning is properly adopted and applied it can lead to the achievement of national goals and objectives. In contrast where planning was used to legitimise poorly conceived policies, planning retarded development.

The examples highlight the fact that the task of national development planning should also be about mobilising all sections of society to embrace a clear vision about the kind of society that should be built. Having set this broad vision about the direction and destination of society, a national development plan identifies specific areas that the nation wants to prioritise to achieve its vision. The imperative for setting priorities arises from a simple realisation that societies face constraints – these are constraints of limited resources and sometimes limited opportunities. Constraints demand that governments think carefully not only about where they want to intervene, but also about how to prioritise and sequence such interventions and the trade-offs entailed.

Involving social actors in the development of a national vision is fundamental. The collective process ensures that national plans enjoy popular support and legitimacy. This is the role of development strategies and plans as consensus-builders. Each successful planning process built consensus in ways appropriate to its own history, culture and institutions.

There is however much more to national planning than building consensus: it is also about coordinating and integrating the actions and plans of social actors so that they work towards the same goals. This kind of national planning mobilises all sectors of society behind a collectively developed vision for the country, and the effect of this inclusive planning is that it transforms the plan from being just a government plan into a societal plan. South Korea and Malaysia were highly effective in developing relationships with the private sector in particular, with very positive effects on growth.

Developmentally successful countries such as South Korea were able to ensure that national development planning enabled resource allocation and investment to be coordinated and undertaken in a spatially targeted way, i.e. national development planning occurs within a paradigm of regional development.

Lastly, in understanding these international experiences, a number of qualifications are in order. For some of these countries, the qualifications include:

- the global environment in which these states and their plans evolved, not least of which are the geo-political dynamics of the Cold War era;
- the regional environment including the size of regional markets and the trajectories of development in neighbouring states;
- the forms of government which, in some cases, entailed authoritarian command of resources and actions of some of the social partners; and
- the size and level of advancement of the private sector and the extent of global integration in the earlier years.

This however does not subtract from the variety of positive features in some of these countries which rendered high rates of growth and development possible. For our part, South Africa has chosen a course characterised, in the main, by attributes and capacities that allow for state leadership in the context of voluntary social partnerships, equitable economic growth, social programmes underpinned by efforts towards comprehensive social security and popular democracy.

In other words, the Government will forge a distinctly South African approach to strategic planning.



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