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PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

Monitoring of performance and
expenditure on the outcomes of the
National Development Plan

Parliamentary

Budget
Office

The main objective of the Parliamentary Budget Office (PBO) is to provide independent, objective and professional advice and analysis to Parliament on matters related to the budget and other money Bills. The PBO supports the implementation of the Money Bills Amendment Procedure and Related Matters Act, 2009 (Act no. 9 of 2009) by undertaking research and analysis for the finance and appropriations committees.

The PBO has been requested to assist Members of Parliament with their oversight responsibilities over the implementation of the National Development Plan. This report presents the results of an assessment of the monitoring processes implemented by government for reporting on the budget and national, provincial, departmental and other plans.

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Contents

Purpose	1
Executive Summary	1
Introduction	2
Methodology	2
Background	2
Requirements for the implementation of the NDP	4
Performance and expenditure monitoring and evaluation	5
The Programme of Action	6
In-year monitoring on the implementation of the budget	7
Quarterly performance reports	8
Conditional Grant reporting mechanism	8
Integration of the budget with the MTSF outcomes	8
Analysis of the integration of budgets with plans	8
Division of nationally raised revenue	9
The way forward	10
Annexure	11
Table 1: National departments and Entities categorised into budget function groups linked to the MTSF	11
Table 2: The number of national departments contributing to the outputs and funding of the 14 outcomes	12
Table 3: Division of nationally raised revenue, 2012/13 – 2018/19	13
Table 4: Conditional allocations contributing to the MTSF outcomes, as per the conditional grant frameworks.....	13
Table 5: Comparison of national departments contributing to the outputs with the departments contributing financially to the 14 outcomes of the MTSF	16

Purpose

To provide parliamentary committees with an assessment of possible ways to oversee the performance and expenditure on the objectives of the National Development Plan (NDP). The report aims to identify whether the current performance and expenditure management systems allow for monitoring and evaluation of the implementation of the NDP.

Executive Summary

South Africa's intergovernmental planning, budgeting and reporting frameworks are complex. The 14 outcomes of the National Development Plan (NDP) and Medium Term Strategic Framework (MTSF) aim to integrate policies on a horizontal and also vertical level through the clustering of sectoral line ministries around shared objectives¹. The planning processes carried out by departments and other government entities play a vital role in bringing the vision and proposals contained in the NDP to life. The NDP proposals must, therefore be incorporated into the existing activities of departments and broken down into the short and medium -term plans of government at national, provincial and municipal level.

Nationally raised revenue is further equitably divided (vertically) between the three spheres of government. A further division of funds between these spheres allows for the allocation of funds in the form of an equitable share and conditional grants. In an attempt to more closely align budgets to the 14 National Outcomes as reflected in the MTSF, the national budget is categorised within nine budget function groups.

The successful implementation of the NDP depends on:

- Successful prioritisation and sequencing of actions
- The integration into other government plans
- Identification of areas where policy change is required to ensure consistency and coherence
- The alignment of plans and budgets
- Clear performance indicators for each programme
- The alignment of departmental strategic plans, annual performance plans and programme plans to the NDP
- Monitoring and evaluation to identify obstacles for implementation

One of the oversight roles of Parliament is to hold the government answerable for how taxpayers' money is spent. This happens at different stages of the budget process, from the planning to the evaluation stages. Parliament through the assistance of the Parliamentary Budget Office (PBO) started the process of monitoring and evaluating the implementation of the NDP and to identify obstacles in the implementation of the Plan. Currently the main focus is on the integration of the planning process with the budget.

The PBO analysis identified that more work needs to be done to ensure the alignment of the planning structures with the budget process and allocations.

Departments categorised in a budget function group linked to the implementation of a specific outcome does not always correlate with the departments contributing to the outputs.

¹ The Role of Premiers' Offices in Government-wide Monitoring and Evaluation: A Good Practice Guide July 2008

Introduction

The focus of intergovernmental relations extends beyond financial co-ordination. It focuses towards a greater role for various spheres of government in the policy arena. This brings funding and policy considerations in line with the intergovernmental framework.

To assist Members of Parliament with ensuring that short- to medium-term planning of government is aligned and implements the actions and objectives/targets of the NDP. The Parliamentary Budget Office (PBO) evaluated the alignment of the management structures involved in the 14 outcomes of the MTSF with the functional budget allocations. A separate alignment exercise focussed on conditional grants towards the 14 outcomes of the MTSF. This report assesses the correspondence between the departments categorised within the budget function groups with the departments contributing to the outputs of the different MTSF outcomes. It also includes an assessment of the correspondence between the departments categorised within the budget function groups with the department responsible for conditional grants that reflect linkages (in the grant frameworks attached to the Division of Revenue Bill) to the MTSF outcomes.

The report also intends to show the complexity of the planning, budgeting and reporting process. Understanding the complexity will assist with explaining the importance of the integration of the planning and budgeting processes and identifying the constraints for monitoring and evaluation.

Methodology

To evaluate the correspondence of the management structures involved in the 14 outcomes of the MTSF with the budget, the departments contributing to the MTSF outcomes were compared with the departments categorised within the budget function groups linked to the MTSF outcomes. The number of departments in both categories were counted to get an idea of the correspondence between them.

The departments categorised within the budget function groups were further compared with the departments responsible for conditional grants (as reflected in the conditional grant frameworks) contributing to the MTSF outcomes.

The documents used for the analysis include:

- Medium Term Strategic Frameworks of the 14 outcomes
- The Medium Term Expenditure (MTEF) Technical Guideline for the preparation of expenditure estimates for the 2017 MTEF, National Treasury
- 2016 Budget Review
- The frameworks of conditional grants attached to the 2016 Division of Revenue Bill

Other documents have been consulted to provide detail information describing concepts in the planning, budgeting and monitoring processes.

Background

Performance management in government is based on an outcomes approach. The Guide to the Outcomes Approach, released in 2010 by the Presidency noted that change is not happening as rapidly and effectively as required. Communities are impatient with quality, relevance and adequacy of government services and delivery. Government has increased expenditure and activities steadily since 1994. This has, however, not lead to the outcomes as expected by

government. Improving outcomes means doing things differently in order to increase the impact government has on improving the lives of citizens.

Government cannot continue to do the same things in the same way and expect different outcomes (President Zuma).

In 2009 government adopted the outcomes-based approach to improve the way in which planning and managing work and to realise the society that has always been envisioned. Government identified 12 priority outcomes (in 2009), with measurable outputs, targets and key actions that would contribute to achieving the targets.

In 2014 the Department of Planning, Monitoring and Evaluation issued the Guide (Number 1) for Outcomes Coordination. According to this Guide the understanding was that even if the then 12 outcomes (now 14) were all that government achieved, it would be a successful administration. This emphasises the importance of ensuring the implementation of the 14 outcomes.

In 2014 Cabinet adopted the 2014-2019 Medium-Term Strategic Framework (MTSF). This framework is used as the first 5-year building block towards realising the 2030 Vision of the NDP. Building on the experience of the previous administration, the MTSF is structured around 14 priority outcomes (with two new outcomes added to those outcomes of the 2009-2014 administration), which cover the focus areas identified in the NDP.

The MTSF contains detailed 5-year implementation plans for the 14 outcomes with targets, indicators and timeframes for the implementation of key actions. The MTSF is the mechanism through which all plans of government institutions across the three spheres of government should be aligned to the NDP. Essentially, the MTSF seeks to ensure policy coherence, alignment and coordination across government plans and alignment with budgeting processes. Cabinet uses the MTSF to closely monitor the implementation of the NDP across government, through the monitoring of the detailed actions, indicators and targets. The MTSF is designed to enable Cabinet, Parliament, provincial legislatures and the public to monitor the overall impact of the achievements on society.

Many priorities in the NDP are not about new policies or programmes but are about improving the quality of implementation of existing ones. The MTSF therefore includes measures to:

- Improve capacity in government in key areas of weakness
- Strengthen coordination within government and to make sure that government policies and programmes are better aligned
- Strengthen performance management
- Improve implementation-level planning, including using Operation Phakisa (an adaptation of the Malaysian Big Fast Results methodology)

These measures also relate to the principles of the outcomes-based approach adopted by government to improve government's performance monitoring and evaluation system and the management of performance. According to the Guide to the Outcomes Approach, planning for outcomes and impact starts with identifying the outcomes that will improve lives. This is followed by identifying what outputs are needed to achieve the outcomes, what activities must be performed to achieve the outputs and what resources are needed to perform the activities. Government should be able to connect every resource used and every activity undertaken to a real improvement in people's lives.

To assist Members of Parliament with ensuring that short- to medium-term planning of government is aligned to the budget. The PBO started a process of analysis and assessments, which include:

- An analysis of the performance on the achievement of the MTSF targets for the 2014/15 financial year.
- An assessment of the alignment of the 2014-2019 MTSFs of government with the actions and objectives of the NDP
- An assessment of the reporting systems for performance, monitoring and evaluation
- An assessment of the budget allocations that contribute to the implementation of the NDP
- An assessment of the conditional grant (as part of the budget) allocations towards the achievement of the 14 outcomes
- An assessment of the alignment of the composition of the management/implementation structures of the 14 outcomes with the budget function groups

The findings on the analysis of the performance on the achievement of the MTSF targets for the 2014/15 financial year and the assessment of the alignment of the 2014-2019 MTSFs with the actions and objectives of the NDP were presented to the Standing Committee on Appropriations, the Speakers Forum and the National Planning Commission. This report builds on the previous analysis and assessment. The report includes a diagram that illustrates the complexity of the reporting system to monitor the implementation of the NDP. It further provides the reader with a comparison of the national departments categorised within budget function groups with the national departments contributing to the outputs of the 14 outcomes. The report further includes a comparison of the conditional grant allocations contributing to the 14 outcomes with the national departments contributing the 14 outcomes.

Requirements for the implementation of the NDP

Implementation will take place by prioritisation and sequencing of actions in three broad phases:

- The 2014-2019 planning cycle is viewed as the first in a series of five-year planning cycles that must advance the goals of the NDP. The equivalent planning cycles at local and provincial government levels are equally important.
- The 2019-2024 and 2024-2029 planning cycles will be used to initiate the remaining activities and will build on previous cycles and be informed by the review of performance.

The planning processes of departments and other government entities have a vital role to play in the integration of the vision and proposals contained in the NDP into their own plans and budgets. The NDP proposals must be incorporated into the existing activities of departments and broken down into the short and medium -term plans of government at national, provincial and municipal level.

Government has already started the process of aligning the long term plans of departments with the NDP and to identify areas where policy change is required to ensure consistency and coherence.

Some of the key steps taken to facilitate the integration of the NDP include:

- The formulation of the 2014-2019 MTSF
- The clarification of roles and responsibilities
- The alignment of plans and budgets
- The development of clear performance indicators for each programme
- Alignment of the NDP with departmental strategic plans, annual performance plans and programme plans
- Monitoring and evaluation to identify obstacles to implementation

- Continuous improvement of implementation.

The implementation of the NDP in government requires a process of breaking down the plan into key outputs and activities to be implemented by individual departments or groups of departments².

One of the oversight roles of Parliament is to hold the government answerable to how taxpayers' money is spent. This happens at different stages of the budget process, from the planning to the evaluation stage.

Performance and expenditure monitoring and evaluation

South Africa's intergovernmental planning, budgeting and reporting frameworks are complex. It spans over short -, medium - and long term horizons, cutting across sectors, spheres, geographic and functional areas. Central to national government's planning coherence is the Medium Term Strategic Framework (MTSF). The MTSF aims to integrate policies on a horizontal and also vertical level through the clustering of sectoral line ministries around shared objectives³.

Nationally raised revenue is equitably divided between the three spheres of government. The provincial share is divided amongst provinces and the national government's share is allocated to national votes and further divided into conditional grants allocated to provincial and local government/municipalities.

The diagram below illustrates the complexity and linkages of the performance and expenditure reports available to Parliament for monitoring performance and expenditure, in specific, on the NDP. The NDP provides the golden thread that brings coherence and consistency to the different plans and budgets for all three spheres of government.

The 2014-2019 MTSF is first 5-year building block towards the realising of the 2030 vision of the NDP. It is, however, required that the MTSF should be precise and clear in identifying indicators and targets to be achieved for the NDP outcomes. The Programme of Action, report performance on a quarterly basis on the 2014-2019 MTSF.

All government institutions table their Strategic Plans and Annual Performance Plans in the National Assembly, which contain relevant MTSF commitments and other statutory commitments not reflected in the MTSF. All departments and entities are required to submit quarterly performance reports to the National Treasury and Department of Planning, Monitoring and Evaluation.

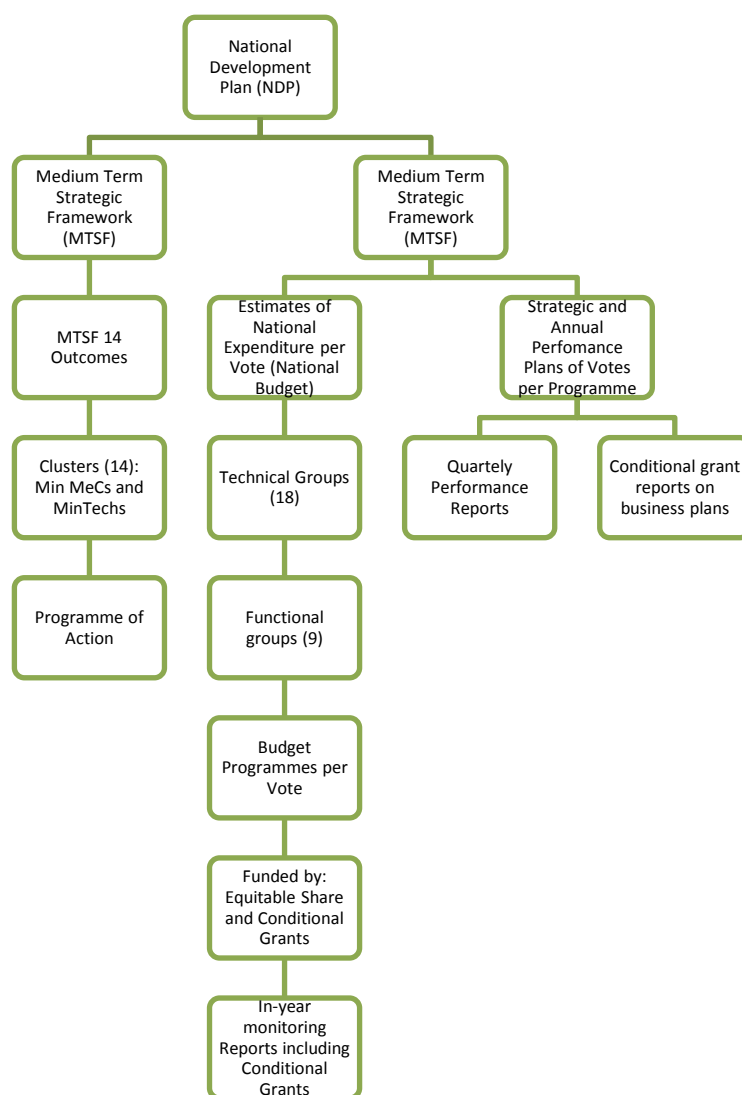
The different performance reports are available to oversight bodies for monitoring performance. In other words, oversight bodies, such as the Legislature, depend on these reports to determine the effective and efficient spending of public finances and service delivery. It is therefore of utmost importance that these reports reflect expenditure and performance on the shared objectives and outcomes of the NDP. This integration depends, however, on successful intergovernmental planning and budgeting processes.

A more detailed discussion of each performance report follow the diagram below.

² The National Development Plan unpacked, South African Government news agency

³ The Role of Premiers' Offices in Government-wide Monitoring and Evaluation: A Good Practice Guide July 2008

Diagram1: Reporting system for monitoring performance and expenditure



Source: PBO

The Programme of Action

The Programme of Action (POA) report presents the performance on the sub-outcomes, actions, performance indicators and targets of the 2014-2019 MTSF (14 outcomes). Programme of Action quarterly reports are produced by the outcome coordinating departments, based on the reports from the relevant departments and entities contributing to the outcome. These reports are published on the Department of Planning, Monitoring and Evaluation's web-site. The Guide on Quarterly Progress Reports on Outcomes⁴ suggests that these reports are published within one month after Cabinet approval of the report (This time frame is currently 6 months, information for 2015/16 annual targets are not yet published).

A previous assessment report by the PBO found that approximately 38 of the recommendations reflected in the NDP have not been prioritised in the 2014-2019 MTSF. Although remaining recommendations were taken-up in the MTSF, the progress report on the MTSF reflects a high

⁴ Department of Planning Monitoring and Evaluation Guide Number 2 (2014). Programme of Action (POA) Quarterly Progress Reports on Outcomes

number of additional actions, performance indicators and targets including operational actions. In total the 2014-2019 MTSF programme of action report set 567 targets for the 2014/15 financial year alone. Annual targets are set until 2018/19.

Other challenges that could influence the implementation of the MTSF and NDP include:

- The absence of systems for collecting data for reporting on the targets in the MTSF
- Departments do not submit progress reports
- Progress reports are not in line with the targets set, which makes evaluation difficult
- Performance indicators are not relevant
- No baseline data available in certain instances
- More than one target set per performance indicator
- The concepts used in the MTSF differ from those in the current performance management system in government
- Too many operational actions developed
- Provincial and other entities' responsibilities not always reflected in the programme of action reports

The progress report on the performance for the 2014/15 financial year shows performance of between 13 and 64 per cent on the 14 outcomes.

In-year monitoring on the implementation of the budget

The National Budget (Estimates for National Expenditure and Budget Review) is organised across four dimensions⁵:

- Functional budgeting clusters institutional activities and resource allocation around policy objectives or outcomes. The process of planning collaboration, negotiation and deciding on resource allocation is aligned within the function group categorisation of expenditure. It further takes budgeting beyond a focus on individual administrative units, recognising that policy outcomes require cooperation between complementary stakeholders. The 14 national outcomes, reflected in the MTSF, are categorised within the nine budget function groups.
- Economic allocations balances resources between inputs such as human resources, goods and services and physical assets.
- Intergovernmental fiscal planning between national, provincial and local government allocate resources towards common objectives.
- Consolidated national and provincial budgets including agencies, entities and other institutions funded by the fiscus.

Accounting Officers/Executive Authorities of National and Provincial Departments and other government institutions submit progress reports on the implementation of the budget on a monthly basis to the relevant treasury. Expenditure information are submitted within 15 days of the end of each month and include:

- The actual revenue and expenditure for that month
- Projections of anticipated expenditure and revenue for the remainder of the financial year
- Information on conditional grants received and actual spending against them
- Information on all transfers
- Any material variances and a summary of actions to ensure that the projected expenditure and revenue remain within the budget

⁵ MTEF Technical Guidelines for 2017. National Treasury, June 2016

All National and Provincial Entities also submit these reports. The National Treasury consolidate the information per national department and per province. The consolidated report is, however, not categorised per functional group.

Quarterly performance reports

Departments and all other government institutions are required to develop strategic and annual performance plans that reflect their goals, strategic objectives with five-year targets. Annual Performance Plans provide details of strategic objectives and indicators with targets for the current year and the medium term period. Targets for the current year are broken down into quarterly targets. Progress are reported on a quarterly basis against quarterly targets (in the Annual Performance Plan) in a quarterly performance report.

In-year monitoring of non-financial performance (quarterly performance reporting) plays an important role in the entire planning and budgeting process. It allows for analysis of variance between initial plans and actual results thereby enabling a change of strategy in order to accelerate service delivery⁶.

Conditional Grant reporting mechanism

Intergovernmental fiscal transfers, in the form of conditional grants, are a dominant feature of provincial and local government finances. The purpose of conditional grants is to influence the fiscal decisions of the sub-national government with the intent of achieving national government objectives. An important feature of conditional grants is the method used to enforce the conditions⁷.

The methodology for enforcing conditional grants is annually legislated. The Division of Revenue Act includes a chapter on the conditional allocations to provinces and municipalities including, amongst others, the duties of the transferring and receiving officers, the withholding of funds, the reporting on the performance, reallocation of funds, requirements in terms of the frameworks of each grant, etc. Detailed frameworks are annually attached to the Division of Revenue Bill for information purposes. These frameworks provide the key areas considered for each grant including responsibilities of the transferring and receiving officers. The process for the approval of business plans, which is part of the method for enforcing conditional grants is also included in the framework⁸.

Integration of the budget with the MTSF outcomes

The National Treasury categorised budgets of departments and entities within nine budget function groups. This categorising is an attempt to more closely align budgets to the 14 national outcomes as reflected in the MTSF. Table 1 in the annexure shows the MTSF outcomes categorised into budget function groups and the departments, programmes and entities contributing to the function group.

Analysis of the integration of budgets with plans

A comparison of departmental funding, contributing to the MTSF outcomes as per the National Treasury categorisation with the management structures of the MTSF shows that these structures are

⁶ Guide for the implementation of Provincial Quarterly Performance Reports, National Treasury of The Republic of South Africa, 1 April 2012

⁷ Financial and Fiscal Commission, Submission for the 2014/15 Division of Revenue.

⁸ Division of Revenue Bill, B2 of 2016

not always comprised of the same departments. Table 2⁹ (see annexure) shows the number of national departments contributing to the outputs of the 14 MTSF outcomes and the number of national departments contributing financially to the 14 outcomes.

In two instances there are a correlation between the number of national departments contributing to the outputs and the number of national departments contributing financially. These relate to outcome 1: Quality basic education and outcome 12: An efficient, effective and development oriented public service. The correlation of the numbers, however, does not mean that it is the same departments contributing to the outputs that receive funding to contribute to the specific outcome. The number of national departments contributing to the management and outputs of the remaining 12 outcomes are in most instances higher than the number of departments that are categorised within the budget function group linked to the outcome. The budgets of five national departments are linked to human settlements, while three of these departments do not contribute to the outputs of outcome 8: Human Settlements. The suggestion of these findings are two-fold. It can provide information on the misalignment of the actions taken by departments to implement the 14 outcomes and the budget linked to it or it can provide information on actions that do not require funding to contribute to the implementation of the 14 outcomes. The concern, however, is that in certain cases departmental budgets are linked to an outcome without contributing to the outputs of that outcome.

The full analysis is attached as table 5 in the annexure.

Division of nationally raised revenue

Table 3 (see annexure) shows the division of nationally raised revenue between the three spheres of government. The funds are transferred from the national sphere to the provincial and local spheres of government in the form of equitable shares and conditional grants. The equitable share of revenue raised nationally enables the provision of basic services and the performance of the functions allocated to the different spheres. The equitable share is an unconditional allocation. Provincial and local governments, being distinct spheres of government, determine the priorities for these funds and are directly accountable for how it is spend. However, provincial and local government spending is largely assigned to functions in which national legislation sets norms and standards.

Provinces and local governments may also receive other allocations from the national share to which the national government may attach conditions. These conditional grants are allocated in addition to their equitable share. Conditional grants fund specific policies and programmes, which are implemented on behalf of national departments. Table 3 shows that conditional allocations, for achieving national government objectives, vary between 22.6 per cent in 2015/16 and 25 per cent in 2018/19 of national allocations.

Due to the purpose of conditional grants and the significant proportion of nationally raised funds allocated towards conditional grants an assessment was done to determine the contribution of these allocations towards the 14 MTSF outcomes.

Table 4 shows the conditional grants in relation to the function groups, MTSF outcomes and national departments. The categorisation of the conditional grants, as per the grant frameworks, shows that not all national departments that transfer conditional grants are categorised within a function group contributing to a specific outcome.

⁹ Summary of Table 5 (see annexure)

The way forward

The PBO plans to continue the analysis and assessments on the integration of the budgeting and planning processes of government. The aim is to continuously identify the obstacles to implement the NDP and to monitor the progress on the targets set.

The next step in the analysis process will include:

- An analysis on programme structures
- A report on the 2015/16 performance as reflected in the Programme of Action Report
- Assessments on departmental APP alignment to the NDP outcomes

Annexures

Table 1: National departments and Entities categorised into budget function groups linked to the MTSF

Function group	MTSF outcomes	National department	Entity included in abridged ENE publication
Basic Education	1, 5	<ul style="list-style-type: none"> Basic Education 	SACE, uMalusi
	14	<ul style="list-style-type: none"> Arts and Culture Sport and Recreation 	FPT, NAC, PanSALB, SAHRA, NHC, Heritage Institutions, Arts, Libraries, Boxing SA, SAIDS
Post-School Education and Training	5	<ul style="list-style-type: none"> Higher Education and Training Sector education and training authorities (consolidated) 	<ul style="list-style-type: none"> National Student Financial Aid Scheme National Skills Fund SETAs, QTCO, SAQA, CHE
Health	2	<ul style="list-style-type: none"> Health 	<ul style="list-style-type: none"> National Health Laboratory Service CMS, MRC
Social Protection	13	<ul style="list-style-type: none"> Social Development 	<ul style="list-style-type: none"> South African Social Security Agency NDA
Defence, Public Order and Safety	3	<ul style="list-style-type: none"> Defence and Military Veterans National Treasury (Programme 10) Home Affairs Police Independent Police Investigative Directorate Civilian Secretariat for Police Justice and Constitutional Development Correctional Services Office of the Chief Justice 	<ul style="list-style-type: none"> Armaments Corporation of South Africa Legal Aid South Africa CCB FIC EC GPW SIU OPP SAHRC
Economic Affairs	4, 5	<ul style="list-style-type: none"> Economic Development Mineral Resources Trade and Industry Tourism Small Business Development Public Works (Programme 4 and construction industry policy regulation) 	SANAS, Mintek, CompTrib, IDC, SATOUR, NEF, SEDA, SABS, NCR, NLB, NAMC, CIDB, PMTE, CTFL, CGS, CBE, EAAB, ECIC, ITAC, NCC, SADB, SDT, CompCom, SEFA, MHSC, SADPMR, CIPC, ECIC, NCT, NGB, NLBDTF, NEMISA, NRCS
	13	<ul style="list-style-type: none"> Labour Public Works (Programme 3) National Treasury (Programme 7) 	CCMA, NEDLAC, PSA, Jobs Fund, UIF, RAF, Compensation Fund
	10	<ul style="list-style-type: none"> Science and Technology Environmental Affairs 	ASSAF, CSIR, HSRC, NRF, SANSa, TIA, SANBI, SANParks, Isimangaliso, WeatherSA
Economic Affairs	6	<ul style="list-style-type: none"> Energy (except programme 4) Transport (except programme 7) Telecommunications and Postal Services Water and Sanitation (except Programmes 3 sub-programme water services infrastructure and P4) 	SANRAL, Ports Regulator, Sentech, USSASA, SAPO, USAF, CEF, NEMISA, ACSA, ATNS, BOCMA, CBRTA, CAA, DLCA, SANEDI, TCTA, NNR, NRWDI, RTIA, RTMC, , SAMSA, SITA, Water Boards, PRASA, RSR, IDT,
Human Settlements and Municipal Infrastructure	8, 9, 12	<ul style="list-style-type: none"> Human Settlements Water and Sanitation (Programmes 3 and 4) Transport (Programme 7) Energy (Programme 4) Cooperative Governance (local and provincial conditional grants) 	National Home Builders Registration Council HDA, NURCHA, NHFC, EDI Holdings , SHRA, RHLF, MISA

Function group	MTSF outcomes	National department	Entity included in abridged ENE publication
Agriculture, Rural Development and Land Reform	7	<ul style="list-style-type: none"> • Agriculture, Forestry and Fisheries • Rural Development and Land Reform 	ALHA, ARC Ingonyama, NAMC, Ncera, OBP, PPECB, Deeds, MLRF
General Public Services	12	<ul style="list-style-type: none"> • The Presidency • Communications • Women • Parliament • Planning, Monitoring and Evaluation • National Treasury (all programmes except programme 6, 7, and 10) • Public Enterprises • Statistics South Africa • Cooperative Governance and Traditional Affairs • Public Service and Administration • Public Works (Programmes 1, 2, and 5) 	MDDA, Brand SA, ICASA, FPB CGE, SABC, NYDA NSG, PSC, FSB, GPAA, PIC, FFC, ASB, CBDA, IRBA, SARS, DBSA, PFA, FAIS, SALGA, CRL, MDB, SASRIA, LandBank, CPSI, GTAC
	11	<ul style="list-style-type: none"> • International Relations and Cooperation • National Treasury (Programme 6) 	AfricREN

Source: National Treasury

Table 2: The number of national departments contributing to the outputs and funding of the 14 outcomes

14 MTSF OUTCOMES	MTSF outputs and Departmental budgets	Number of Departments
Outcome 1: Quality basic education	Outputs	3
	Budget	3
Outcome 2: A long and healthy life for all South Africans	Outputs	9
	Budget	1
Outcome 3: All people in South Africa are and feel safe	Outputs	9
	Budget	6
Outcome 4: Decent employment through inclusive economic growth	Outputs	21
	Budget	6
Outcome 5: A skilled and capable workforce to support an inclusive growth path	Outputs	3
	Budget	1
Outcome 6: An efficient, competitive and responsive economic infrastructure network	Outputs	16
	Budget	4
Outcome 7: Comprehensive rural development and land reform	Outputs	18
	Budget	2
Outcome 8: Sustainable human settlements and improved quality of household life	Outputs	4
	Budget	5
Outcome 9: Responsive, accountable, effective and efficient developmental local	Outputs	13
	Budget	4
Outcome 10: Protect and enhance our environmental assets and natural resources	Outputs	14
	Budget	2
Outcome 11: Create a better South Africa, a better Africa and a better world	Outputs	7
	Budget	2
Outcome 12: An efficient, effective and development oriented public service Public	Outputs	9
	Budget	9
Outcome 13: An inclusive and responsive social protection system	Outputs	5
	Budget	4
Outcome 14: Nation building and social cohesion	Outputs	11
	Budget	2

Source: PBO analysis

Table 3: Division of nationally raised revenue, 2012/13 – 2018/19

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Outcome			Revised estimate	Medium-term estimates		
R billion							
Division of available funds							
National departments	420.2	453.4	490.0	546.8	559.8	594.1	637.8
<i>of which:</i>							
<i>Indirect transfers to provinces</i>	2.3	2.7	5.8	3.2	3.6	1.7	1.8
<i>Indirect transfers to local</i>	5.1	5.9	8.9	10.5	7.8	7.4	7.7
Provinces	380.9	410.6	439.5	471.8	499.8	542.3	582.9
Equitable share	310.7	336.5	359.9	386.5	410.7	441.8	474.9
Conditional grants	70.2	74.1	79.6	85.3	89.1	100.5	108.1
<i>% allocated towards conditional</i>	<i>18.4%</i>	<i>18.0%</i>	<i>18.1%</i>	<i>18.1%</i>	<i>17.8%</i>	<i>18.5%</i>	<i>18.5%</i>
Local government	76.2	82.6	87.7	99.7	104.9	113.3	125.8
Equitable share	37.1	39.0	41.6	50.5	52.6	57.0	61.7
Conditional grants	30.0	34.0	35.9	38.5	41.1	44.5	51.6
<i>% allocated towards conditional</i>	<i>39.4%</i>	<i>41.2%</i>	<i>40.9%</i>	<i>38.6%</i>	<i>39.2%</i>	<i>39.3%</i>	<i>41.0%</i>
Total conditional grants	100.2	108.1	115.5	123.8	130.3	145.1	159.7
<i>Conditional grants as % of national allocations</i>	<i>23.8%</i>	<i>23.8%</i>	<i>23.6%</i>	<i>22.6%</i>	<i>23.3%</i>	<i>24.4%</i>	<i>25.0%</i>

Source: National Treasury

Table 4: Conditional allocations contributing to the MTSF outcomes, as per the conditional grant frameworks

Function group	MTSF outcome	National department	Conditional Grants allocated towards MTSF outcomes
Basic Education	1, 5	<ul style="list-style-type: none"> Basic Education 	<ul style="list-style-type: none"> National School Nutrition Programme Grant HIV and AIDS (Life Skills Education) Grant Maths, Science and Technology Grant Education Infrastructure Grant Education Infrastructure Grant
	14	<ul style="list-style-type: none"> Arts and Culture Sport and Recreation 	<ul style="list-style-type: none"> Arts and Culture: Community Library Services Grant Sport and Recreation: Mass Participation and Sport Development Grant
Post-School Education and Training	5	<ul style="list-style-type: none"> Higher Education and Training Sector education and training authorities (consolidated) 	<ul style="list-style-type: none"> Agriculture: Comprehensive Agricultural Support Programme Grant NT: Infrastructure Skills Development Grant Public Works: Social Sector Expanded Public Works Programme Incentive Grant for Provinces
Health	2	<ul style="list-style-type: none"> Health 	<ul style="list-style-type: none"> Health: National Tertiary Services Grant Health: Comprehensive HIV, AIDS and TB Grant Health: Health Facility Revitalisation Grant Social Development: Substance Abuse Treatment Grant Health: National Health Insurance Grant Health: National Health Insurance Indirect Grant Health: National Health Insurance Indirect Grant: Health Facility Revitalisation Component Health: National Health Insurance Indirect Grant: Health Professionals Contracting Component Health: National Health Insurance Indirect Grant: Human Papillomavirus Vaccine Component Health: National Health Insurance Indirect Grant: Ideal Clinics Component

Function group	MTSF outcome	National department	Conditional Grants allocated towards MTSF outcomes
			<ul style="list-style-type: none"> Health: National Tertiary Services Grant Health: Health Professions Training and Development Grant Education: HIV and AIDS (Life Skills Education) Grant
Social Protection	13	<ul style="list-style-type: none"> Social Development 	<ul style="list-style-type: none"> Provincial Disaster Grant
Defence, Public Order and Safety	3	<ul style="list-style-type: none"> Defence and Military Veterans National Treasury (Programme 10) Police Independent Police Investigative Directorate Civilian Secretariat for Police Justice and Constitutional Development Correctional Services Office of the Chief Justice 	
Economic Affairs	4, 5	<ul style="list-style-type: none"> Economic Development Mineral Resources Trade and Industry Tourism Small Business Development Public Works (Programme 4 and construction industry policy regulation) 	<p>4</p> <ul style="list-style-type: none"> Agriculture: Comprehensive Agricultural Support Programme Grant Agriculture: Ilima/Letsema Projects Grant Agriculture: Land Care Programme Grant: Poverty Relief and Infrastructure Development NT: Neighbourhood Development Partnership Grant Public Works: Expanded Public Works Programme Integrated Grant for Provinces Public Works: Expanded Public Works Programme Integrated Grant for Municipalities Public Works: Social Sector Expanded Public Works Programme Incentive Grant for Provinces <p>5</p> <ul style="list-style-type: none"> Agriculture: Comprehensive Agricultural Support Programme Grant NT: Infrastructure Skills Development Grant Public Works: Social Sector Expanded Public Works Programme Incentive Grant for Provinces
	13	<ul style="list-style-type: none"> Labour Public Works (Programme 3) National Treasury (Programme 7) 	<ul style="list-style-type: none"> Provincial Disaster Grant
	10	<ul style="list-style-type: none"> Science and Technology Environmental Affairs 	<ul style="list-style-type: none"> Agriculture: Ilima/Letsema Projects Grant Agriculture: Land Care Programme Grant: Poverty Relief and Infrastructure Development Energy: Energy Efficiency and Demand Side Management Grant
Economic Affairs	6	<ul style="list-style-type: none"> Energy (except programme 4) Transport (except programme 7) Telecommunications and Postal Services Water and Sanitation (except Programmes 3 sub-programme water services infrastructure and P4) 	<ul style="list-style-type: none"> NT: Integrated City Development Grant Energy: Integrated National Electrification Programme (Municipal) Grant Water and Sanitation: Regional Bulk Infrastructure Grant Transport: Provincial Roads Maintenance Grant Transport: Public Transport Operations Grant Transport: Public Transport Network Grant Transport: Rural Roads Asset Management Systems Grant
Human Settlements and Municipal Infrastructure	8, 9, 12	<ul style="list-style-type: none"> Human Settlements Water and Sanitation (Programmes 3 and 4) Transport (Programme 7) Energy (Programme 4) Cooperative Governance (local and provincial conditional grants) 	<p>8</p> <ul style="list-style-type: none"> Water and Sanitation: Bucket Eradication Programme Grant Water and Sanitation: Water Services Infrastructure Grant NT: Integrated City Development Grant NT: Neighbourhood Development Partnership Grant

Function group	MTSF outcome	National department	Conditional Grants allocated towards MTSF outcomes
			<ul style="list-style-type: none"> Human Settlements: Human Settlements Development Grant Human Settlement: Urban Settlements Development Grant <p>9</p> <ul style="list-style-type: none"> CGTA: Municipal Disaster Grant CGTA: Municipal Demarcation Transition Grant NT: Integrated City Development Grant NT: Neighbourhood Development Partnership Grant Energy: Energy Efficiency and Demand Side Management Grant Water and Sanitation: Bucket Eradication Programme Grant Water and Sanitation: Water Services Infrastructure Grant Human Settlements: Human Settlements Development Grant Human Settlement: Urban Settlements Development Grant Transport: Public Transport Network Grant Transport: Rural Roads Asset Management Systems Grant NT: Infrastructure Skills Development Grant CGTA: Municipal Infrastructure Grant CGTA: Municipal Systems Improvement Grant Energy: Integrated National Electrification Programme (Municipal) Grant Water and Sanitation: Regional Bulk Infrastructure Grant Public Works: Expanded Public Works Programme Integrated Grant for Municipalities NT: Local Government Financial Management Grant <p>12</p> <ul style="list-style-type: none"> Provincial Disaster Grant NT: Local Government Financial Management Grant
Agriculture, Rural Development and Land Reform	7	<ul style="list-style-type: none"> Agriculture, Forestry and Fisheries Rural Development and Land Reform 	<p>7</p> <ul style="list-style-type: none"> Water and Sanitation: Regional Bulk Infrastructure Grant Water and Sanitation: Water Services Infrastructure Grant Water and Sanitation: Water Services Infrastructure Grant Transport: Rural Roads Asset Management Systems Grant Agriculture: Ilima/Letsema Projects Grant Agriculture: Comprehensive Agricultural Support Programme Grant Agriculture: Land Care Programme Grant: Poverty Relief and Infrastructure Development
General Public Services	12	<ul style="list-style-type: none"> The Presidency Communications Women Parliament Planning, Monitoring and Evaluation National Treasury (all programmes except programme 6, 7, and 10) Public Enterprises Statistics South Africa Cooperative Governance and Traditional Affairs Public Service and Administration Public Works (Programmes 1, 2, and 5) 	<p>12</p> <ul style="list-style-type: none"> Provincial Disaster Grant NT: Local Government Financial Management Grant

Function group	MTSF outcome	National department	Conditional Grants allocated towards MTSF outcomes
		<ul style="list-style-type: none"> • Home Affairs 	
	11	<ul style="list-style-type: none"> • International Relations and Cooperation • National Treasury (Programme 6) 	

Table 5: Comparison of national departments contributing to the outputs with the departments contributing financially to the 14 outcomes of the MTSF

Departments contributing to outcomes	Outcome 1: Education		Outcome 2: Health		Outcome 3: Safety		Outcome 4: Economy		Outcome 5: Skills		Outcome 6: Infrastructure		Outcome 7: Rural Development		Outcome 8: Human Settlements		Outcome 9: Local Government		Outcome 10: Environment		Outcome 11: International		Outcome 12: Public Service		Outcome 13: Social Protection		Outcome 14: Nation Building	
Function group	1: Basic Education		3: Health		5: Defence Public Order and Safety		6: Economic Affairs		1: Basic Education and 2: Post School Education and Training 6: Economic Affairs		6: Economic Affairs		8: Agriculture, Rural Development and Land Reform		7: Human Settlement and Municipal Infrastructure		7: Human Settlement and Municipal Infrastructure		6: Economic Affairs		9: General Public Service		9: General Public Service		4: Social Protection and 6: Economic Affairs		1: Basic Education	
Lead Department	Basic Education		Health		Defence and Military Veterans/Police		Trade and Industry		Higher Education		Transport and Public Works		Rural Development and Land Reform		Human Settlements		Cooperative Governance and Traditional Affairs		Environmental Affairs		International Relations and Cooperation, and Trade and Industry		Public Service and Administration		Social Development		Arts and Culture	
	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group
Presidency and/or Premiers					√		PICC						PICC		√				√			√	√				√	
Planning, Monitoring and Evaluation							√														√	√				√		
Parliament/Public Service and Administration																						√	√					
National and Provincial Departments of Basic Education (DBE)	√	√	√								√		√		√							√		√		√		
Higher Education & Training	√		√				√		√	√			√															
Social Development					√		√						√									√		√	√	√		
Economic Development							√	√			√		√				√											
Trade and Industry (DTI)							√	√			√		√				√				√							
Justice			√		√	√														√		√		√		√		
Home Affairs					√	√																√						
Telecommunications & Postal Services/Communication	√		√		√				√		√	√	√							√			√	√		√		
International Relations & Cooperation					√														√		√	√						
Tourism (NDT)							√	√					√							√								
Correctional Services			√		√	√																√		√				
Public Enterprises							√				√								√				√					

Departments contributing to outcomes	Outcome 1: Education		Outcome 2: Health		Outcome 3: Safety		Outcome 4: Economy		Outcome 5: Skills		Outcome 6: Infrastructure		Outcome 7: Rural Development		Outcome 8: Human Settlements		Outcome 9: Local Government		Outcome 10: Environment		Outcome 11: International		Outcome 12: Public Service		Outcome 13: Social Protection		Outcome 14: Nation Building	
Function group	1: Basic Education		3: Health		5: Defence Public Order and Safety		6: Economic Affairs		1: Basic Education and 2: Post School Education and Training 6: Economic Affairs		6: Economic Affairs		8: Agriculture, Rural Development and Land Reform		7: Human Settlement and Municipal Infrastructure		7: Human Settlement and Municipal Infrastructure		6: Economic Affairs		9: General Public Service		9: General Public Service		4: Social Protection and 6: Economic Affairs		1: Basic Education	
Lead Department	Basic Education		Health		Defence and Military Veterans/Police		Trade and Industry		Higher Education		Transport and Public Works		Rural Development and Land Reform		Human Settlements		Cooperative Governance and Traditional Affairs		Environmental Affairs		International Relations and Cooperation, and Trade and Industry		Public Service and Administration		Social Development		Arts and Culture	
	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group	MTSF	NT: Function group
Public Enterprises							√				√								√					√				
Cooperative Governance and Traditional Affairs							√				√		√	√	√	√	√	√					√	√	√		√	
Small Business Development							√	√						√														
Police			√		√	√															√							
National and Provincial Departments of Health, National Health Council, Technical Advisory Committee of the National Health Council			√	√									√						√				√			√		
Mineral Resources							√	√			√						√		√									
Defence & Military Veterans					√	√															√							
Rural Development and Land Reform							√				√		√	√	√		√		√							√		
Agriculture, Food & Fisheries							√						√	√			√		√							√		
Science & Technology							√		√				√					√	√									
Transport			√				√				√	√	√			√		√								√		
National Treasury			√			√	√				√		√			√		√		√	√	√	√	√	√	√	√	√
Arts and Culture (DAC)		√											√													√	√	
Environmental Affairs							√				√		√			√		√	√									
Public Works							√	√			√		√			√						√	√	√	√	√		
Water and Sanitation (DWS)											√	√	√			√	√	√	√									
Labour							√						√													√	√	√
Human Settlements (DHS)							√				√		√		√	√	√	√	√									
Energy							√				√	√	√			√	√	√	√									
Women																								√	√		√	
Sport and Recreation South Africa		√																								√	√	