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# Outline

- Introduction
- Background
- Methodology
- Requirements for the implementation of the NDP
- Reporting system for monitoring performance and expenditure
- Performance and expenditure monitoring and evaluation
- Integration of the budget with the MTSF outcomes
- Analysis of the integration of budgets with plans
- The way forward

# Introduction

- The Parliamentary Budget Office (PBO) offers independent and objective advice and analysis to the Finance and Appropriations committees in both Houses of Parliament on money bills and other bills with financial implications
- The PBO assists other committees on request depending on work load
- To assist members with their oversight role, the PBO assessed whether the current performance and expenditure management systems allow for monitoring and evaluation of the implementation of the NDP
- This presentation provides the methodology used to do the assessment
- It further presents the findings of the assessments

# Background

- The MTSF is structured around 14 priority outcomes
- Detailed 5-year implementation plans should enable monitoring of implementation and drive performance
- The MTSF is the mechanism through which all plans of government institutions should align to the NDP
- MTSF seeks to ensure policy coherence, alignment and coordination across government plans and budgets
- Cabinet uses the MTSF to monitor the implementation of the NDP across government
- It enables Parliament, provincial legislatures and the public to monitor the overall impact of implementing the MTSF on society

# Background

- The PBO started a process of analysis and assessments, which include the:
  - Analysis of the performance on the achievement of the MTSF targets for the 2014/15 financial year.
  - Assessment of the alignment of the 2014-2019 MTSFs of government with the actions and objectives of the NDP
  - Assessment of the reporting systems for performance, monitoring and evaluation
  - Assessment of the budget allocations that contribute to the implementation of the NDP
  - Assessment of the conditional grant allocations towards the achievement of the 14 outcomes
  - An assessment of the alignment of the composition of the management structures of the 14 outcomes with the budget function groups

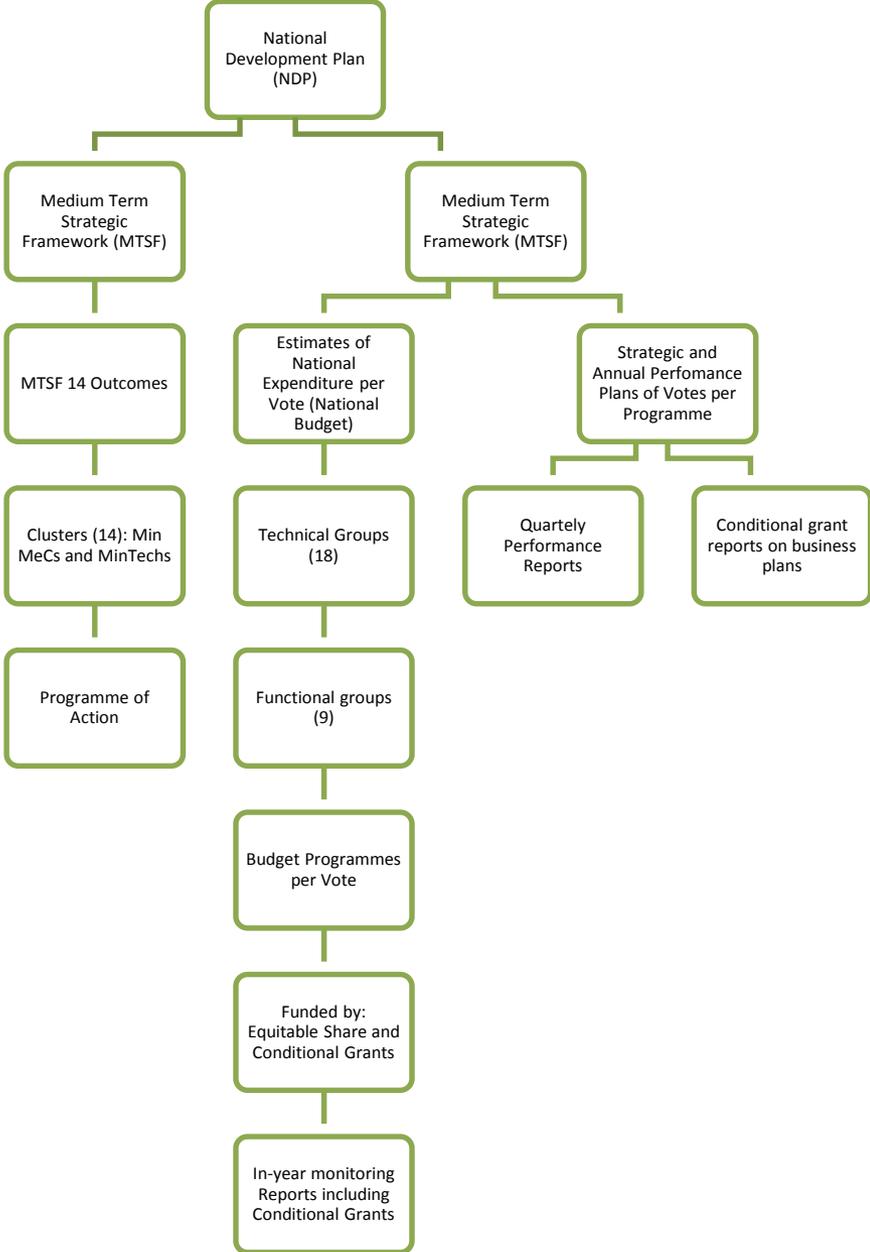
# Methodology

- 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 alignment between them
- The departments categorised within the budget function groups were further compared with the departments responsible for conditional 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

# Requirements for the implementation of the NDP

- The formulation of the 2014-2019 MTSF
  - a process of breaking down the plan into key outputs and activities to be implemented by individual departments or groups of departments
- The clarification of roles and responsibilities
- The alignment of plans and budgets
- The develop 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
- Continuously improvement of implementation
- Parliament holds the government answerable for how taxpayers' money is spent.

# Reporting system for monitoring performance and expenditure



# Performance and expenditure monitoring and evaluation

- The Legislature, depend on the different performance and expenditure reports to do oversight
- It is therefore important that these reports reflect expenditure and performance on:
  - Mandated programmes
  - Shared objectives and outcomes of the NDP
- This integration depends on successful intergovernmental planning and budgeting processes

# Integration of the budget with the MTSF outcomes

- To align budgets to the 14 National Outcomes as reflected in the MTSF, departmental and entity budgets are categorised within nine budget function groups F
- A comparison of the function groups with the management structures of the MTSF shows that these structures are not always comprised of the same departments
- The suggestion of these findings are that:
  - Departments producing outputs to implement the outcomes of the MTSF are not aligned to the budget function groups linked to the MTSF outcomes
  - Actions taken by departments towards the implementation of the MTSF outcomes do not require funding
- The concern is that departmental budgets are categorised within a group without contributing to an outcome

# Analysis of the integration of budgets with plans shows.....

<b>14 MTSF OUTCOMES</b>	<b>MTSF outputs and Departmental budgets</b>	<b>Number of Departments</b>
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	Outputs	3
	Budget	1
Outcome 6: An efficient, competitive and responsive economic	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	Outputs	4
	Budget	5
Outcome 9: Responsive, accountable, effective and efficient developmental	Outputs	13
	Budget	4
Outcome 10: Protect and enhance our environmental assets and natural	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	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

# Analysis of the integration of conditional grants with plans

- Conditional grants fund specific policies and programmes, which are implemented on behalf of national departments
- Conditional allocations vary between 22.6 per cent in 2015/16 and 25 per cent in 2018/19 of national budget allocations
- Due to the purpose 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
- The finding is that conditional grants that contribute to a specific MTSF outcome are not categorised within a function group linked to the outcome

# 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 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 Reports
  - Assessments on departmental APP alignment to the NDP outcomes

# Thank You

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