**3. Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation Report on Budget Vote 8: Department of Public Service and Administration, Dated 16 May 2017**

1. **BACKGROUND**

The Portfolio Committee on Public Service and Administration as well as Planning Monitoring and Evaluation (hereinafter referred to as the Portfolio Committee) having considered the directive of the National Assembly to consider and report on the Strategic Plans, Annual Performance Plans and Budget allocations of the Department of Planning, Monitoring and Evaluation (DPME) and the National Youth Development Agency (NYDA) which was tabled by the Minister of Planning Monitoring and Evaluation in terms of the Public Finance Management Act (Act No 32 of 2003), reports as follows:

1. **INTRODUCTION**

The Public Finance Management Act, section 27 clearly stipulates that the Minister must table the annual budget for a financial year in the National Assembly before the start of the financial year. In terms of section 10 (1) (c) of the Money Bills Amendment Procedures and Related Matters Act, No. 9 of 2009, the relevant members of Cabinet must table updated strategic plan and annual performance plan for each department, public entity or institution, which must be referred to the relevant Committee for consideration and report.

The Portfolio Committee received presentations made by the Acting Director-General of the Department of Planning Monitoring and Evaluation and the Chief Executive Officer of the NYDA on the Annual Performance Plans for 2017/18 financial year. The Department of Planning Monitoring and Evaluation was involved in a process of reconfiguration and revised the mandate which has resulted in the restructuring of the organisational structure, its programmes and budget. This review resulted into significant changes to the organisational structure of the department and a subsequent reconfiguration of the budget programme structure, which has increased the department programmes from five to seven. Annual Performance Plan has been adjusted to provide more focus on outcomes and outputs. The adjustments were required to accommodate new programmes including Operation Phakisa, Socio-Economic Impact Assessment System, and the Youth policy function.

The main priorities of the Department over the next five years will be to ensure departments align their plans and budget with the MTSF and NDP as well as to coordinate, monitor and evaluate the implementation of government departments in achieving the delivery outcomes. More emphasis will be placed on monitoring performance of local government.

1. **OVERVIEW OF THE DEPARTMENT OF PLANNING MONITORING AND EVALUATION**

The Department of Planning, Monitoring and Evaluation plays a direct, guiding role in government’s long term planning, strategic planning and annual performance planning. This role requires providing evidence-based input on cross-cutting issues that have long term implications for development. The revised Green Paper on the National Planning Commission identifies 13 thematic areas requiring a concerted government effort, including employment, food security, energy security and water security. The national income dynamics survey, a longitudinal study implemented in 2008 to monitor human development and poverty transitions in South Africa, is another example of how research is used to inform policy.

The Department contributes to the objective of responsiveness of public servants and accountability to citizens through making announced and unannounced visits to service delivery facilities. Furthermore, the Department evaluates service delivery including response to calls logged with the Presidential Hotline.

1. **LEGISLATIVE MANDATE**

The mandate of the Department is derived from Section 85(2) of the Constitution of the Republic of South Africa which stipulate that “the President exercises the executive authority, together with the other members of the Cabinet, by (b) developing and implementing national policy and (c) coordinating the functions of state departments and administration. Based on the Constitutional mandate embedded in section 85(2), the following are the key mandates of the DPME:

* Facilitating the development of long–term and medium-term plans or delivery agreements for the cross cutting priorities or outcomes of government.
* Monitoring the implementation of the strategic and operational plan as well as delivery agreements.
* Assessing departmental Strategic Plans and Annual Performance Plans to ensure alignment with long term and short term plans of government.
* Monitoring the performance of individual national and provincial departments and municipalities.
* Monitoring frontline service delivery mechanisms.
* Managing the Presidential Hotline, assessing the logs and making referrals to relevant departments.
* Carrying out evaluations of key government programmes.
* Promoting good planning and Monitoring and Evaluation (M&E) practices in government.
  1. **Strategic goals of the Department of Planning, Monitoring and Evaluation**

The strategic priorities of the Department as identified for the 2015/2020 financial year are as follows:

* To ensure an efficient and effective administration that complies with legislation and good corporate governance principles.
* To strengthen the linkages between the planning and monitoring and evaluation functions.
* Policies, plans and budgets of government departments and entities are evidence-based integrated and aligned to the NDP.
* Effective M&E and Supervision of implementation of government policies and plans.
* Broader society is mobilised and engaged in the development and advancement of NDP/MTSF.
* To ensure stronger focus on outcomes of government programmes and impacts on citizens.
* To enhance the implementation of the National Development Plan (NDP 2030).
* To support M&E practices as a means to improve performance of government.
* To ensure synergy and improved use of resources for effectiveness and efficiency.
* To ensure effective and efficient approaches to interacting with departments.
* To improve responsiveness to the needs of the public and enhanced ability of government to deliver its electoral mandate.
* Youth development mainstreamed across government

# Overview of the 2017/2018 financial year

The Department has these activities for 2017/18:

**5.1 Facilitating the development of plans to achieve government priorities**

The Department continues to facilitate the development of plans or delivery agreements for the cross-cutting priorities or outcomes of government, and monitor and evaluate the implementation of these plans. Since the Department has a transversal role within government, it helps departments by facilitating the alignment of service delivery agreements with targeted National Development Plan (NDP) outcomes. The service delivery agreements are set in such a way that they target predetermined development plans. Plans at municipal level had been assessed through the Local Government Management Improvement Model (LGMIM) and the Integrated Development Planning (IDP) process.

**5.2** **Monitoring the performance of provincial and national departments and municipalities**

This strategy is in line with the National Development Plan (NDP) in that a capable state, which is well run and effectively coordinated among different government institutions, operates with the integrity and effectiveness this strategy envisages. The performance of all government entities is measured against specific governance and service delivery criteria. After being monitored and evaluated, the Department issues a consolidated report on all departments relating to their performance on these governance and delivery issues. In this regard, the Operation Phakisa, the Local Government Management Improvement Model (LGMIM) and the Socio-Economic Impact Assessment System (SEAIS) are compiled and released by the Department. Operation Phakisa is a results-driven approach, involving setting clear plans and targets, on-going monitoring of progress and making these results public.

Government discovered and explored a niche market in the economy that had been ignored over the years, which would have hugely benefited the country. One of the flagship projects of Operation Phakisa is the oceans economy, since South Africa has its borders by the ocean on three sides. South Africa identified these economy sectors as its niche areas of exploration: marine transport and manufacturing activities, such as coastal shipping, trans-shipment, boat building, repair and refurbishment; offshore oil and gas exploration; aquaculture and marine protection services and ocean governance.

**5.3** **Managing the Presidential Hotline**

The Presidency introduced the Presidential Hotline in order to allow the public to log in service delivery complaints with the President’s Office. With time since, the establishment of the hotline, it was moved to the Department of Planning, Monitoring and Evaluation when this Ministry in the Presidency became a fully-fledged department. “All calls from the public on the 17737 number are received at the State Information and Technology Centre (SITA) in Centurion (which is the first of line support) where they are screened and general enquiries are attended to and resolved immediately. The calls are logged onto the call logging and tracking platform. Callers are provided with a reference number so that they can follow up if necessary”. Many of the complaint logs on the hotline are satisfactorily referred to specific departments and resolved.

1. **BUDGET ALLOCATION**

The Department of Planning, Monitoring and Evaluation overall budget allocated in 2017/18 financial year is R923.5 million, which increased significantly as compared to the previous financial years. An additional amount of R140 million was allocated to the department as a result of reconfiguration and restructuring of its organisational structure and its programmes in order to adapt and respond effectively to the extended mandate.

Due to the restructuring of the department, there are more additional programmes as compared to the previous financial years. The Department has seven (7) programmes as a result of restructuring impacting on the organisational structure. The new programme structure increased capacity in policy analysis, specialised sector-specific research skill and general administration. Overall expenditure is projected to increase from R797.7 million in 2016/17 to R995.9 million by 2019/20. There is a significant increase on the budget allocated for 2017/18 financial year in programmes 3: Public Sector Monitoring and Capacity Development with R40.1 million from R29.6 million in 2016/17 and Evidence and Knowledge Systems with R109.4 million from R33.8 million in 2016/17.

There is huge reduction of budget in the National Planning programme from R88.9 million in 2016/17 to R54.5 million in 2017/18 financial year. The number of funded posts in the department is set to increase from 350 in 2016/17 to 468 in 2019/20. Budget on compensation of employees is expected to increase from R268.9 million in 2017/18 to R331 million in 2019/20 at an average annual rate of 17.7 per cent.

**Table 1: Budget per programme**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme** | **Revised Estimates** | **Medium-Term Expenditure Estimate** | | |
| **R million** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| Administration | 134.3 | 168.3 | 184.5 | 197.8 |
| National Planning Coordination | 88.9 | 54.5 | 62.4 | 66.2 |
| Sector Planning and Monitoring | 38.2 | 52.1 | 57.9 | 60.9 |
| Public Sector Monitoring and Capacity Development | 29.6 | 40.1 | 45.9 | 48.9 |
| Frontline and Citizen-based Service Delivery Monitoring | 53.0 | 56.9 | 60.8 | 65.4 |
| Evidence and Knowledge Systems | 33.8 | 109.4 | 61.151 | 60.5 |
| National Youth Development | 410.2 | 441.9 | 469.6 | 495.8 |
| **Total** | **788.4** | **923.4** | **942.4** | **995.8** |

Source: Estimates of National Expenditure 2017

1. **PROGRAMME PERFORMANCE**

There are seven programmes; which are as follows:

* 1. **Programme 1: Administration**

The main objective of the programme is to provide strategic leadership, management, administrative, financial and human resource services to enable the Department to achieve its strategic and operational goals. The programme’s key focus is to implement revised organisational structure and recruitment of key personnel, improve the quality of performance information, maintain good financial management practices to sustain clean audit outcomes and strengthen communication around the National Development Plan.

The budget allocated for the programme is R168.3 million as compared to R134.3 million in 2016/17 financial year. The programme received significant budget increase of R34 million in the current financial year. In comparing budget allocated for the 2017/18 financial year with previous allocations on this programme, there is a significant increase on the budget over the MTEF period.

Budget allocated will be spread into three sub-programmes. Large portion of the budget of R127.3 million in these programme is allocated to sub-programme: Corporate Services and Financial Administration. Whilst the budget allocated to the Ministry has been reduced with R1.8 million. The programme has 175 permanent positions. The organogram will increase to 189 over the medium term. The spending focus over the medium term will be to strengthen capacity in administrative and corporate support services and the acquisition of additional office accommodation to cater for the expanded functions of the department.

Amongst the main priorities of the department under the programme is to review and produce first draft of Strategic Plan and Annual Performance Plan and submit to the National Treasury and relevant unit in the Department. The Department is committed to ensure compliance of 100% of valid invoices paid within 30 days. Failure to pay invoices within 30 days constitutes a disciplinary action. Maintaining a 10% vacancy rate is a priority for the department.

Absorbing 5% of interns in the department has been highlighted as a priority over the medium term. Youth as well as people with disability with requisite skills must be given preference in the department when absorbing interns. The department aims to achieve 100% compliance with financial disclosure framework by all designated employees within the prescribed time frames.

* 1. **Programme 2: National Planning Commission**

The purpose of the programme is to facilitate and coordinate macro and transversal planning across government and coordinate planning functions in the department. The key objective of the programme is to institutionalise planning across government by providing guidance on short, medium and long term planning to support the implementation of the National Development Plan Vision 2030. In addition, the programme supports the work of the National Planning Commission (NPC).

The key focus of the department on the programme is to finalise framework on the institutionalisation of long term planning. The revision of planning frameworks and ensuring alignment of strategic plans, annual performance plans and Medium Term Expenditure Framework (MTEF) budget allocations to Medium Term Strategic Framework (MTSF) priorities will be finalised. Furthermore, the Department will work with the Department of Rural Development and Land Reform (DRDLR) to finalise the transfer of the spatial planning to the department. Targeted also is the development of National Spatial Development Framework (NSDF) with the support from the NPC and guide the development of sub-frameworks. Building the capability to develop sector specific plans aligned to the NDP in partnership with relevant sector is planned.

The Department in this programme will work in concurrence with National Treasury to ensure that national budget is directed towards the NDP/MTSF priorities. The Department is also tasked with developing and implementing planning frameworks to align strategic plans and annual performance plans to the frameworks and to ensure the prioritisation of resources. The Department also conducts socio-economic impact assessments on new and existing legislation and regulations to ensure alignment with the NDP and mitigation of unintended new policies.

The budget allocated for the programme is R54.5 million as compared to R88.9 million in 2016/17 financial year. The budget is significantly reduced in this programme. Budget on the compensation of employees increased to R35.0 million. The spending focus on the programme will be on sub-programme: Planning and Coordination. Allocations to the sub-programme was mainly for the remuneration of commissioners of the National Planning Commission and for the research required to support the work of the Commission. There are 46 posts in 2017/18 and set to increase to 51 positions in 2019/20.

There is a significant budget reduction of R36.2 million in the sub-programme as compared to R74.2 million allocated in 2016/17 financial year. Expenditure in the sub-programme is expected to decrease from R74.2 million in 2016/17 to R47.2 million in 2019/20, due to a function shift between programmes in the department.

The Department is planning to pilot implementation framework to facilitate long-term planning, alignment of budget allocations and short term plans. An annual budget priorities paper will be developed and submitted to Cabinet for approval. The Department is committed to producing quarterly reports detailing activities of the National Planning Commission and stakeholder engagement on the NDP. A total of 40 assessment reports on the second draft Annual Performance Plans will be provided to the departments. Signed letters by Department’s Director-General will be sent to national departments and Offices of the Premier. Reporting guidelines will be issued to all national departments.

Over the medium term, the department will focus on institutionalising socio-economic impact assessments in government including by guiding and supporting departments and training officials. Spending on these assessments in the socio-economic impact assessment system sub-programme is expected to increase from R3 million in 2016/17 to R8.7 million in 2019/20. The Department will on quarterly basis report on the Socio-Economic Impact Assessment (SEIA).

* 1. **Programme 3: Sector Planning Monitoring**

The purpose of the programme is to ensure government policy coherence and to develop, facilitate, support and monitor the implementation of sector plans and intervention strategies. The programme consists of the following two sub-programmes: Management Sector Planning and Monitoring and Sector Planning, Monitoring and Intervention Support. The purpose of Sub-programme Sector Planning, Monitoring and Intervention Support is to provide support to sector planning functions and ensure, in its goals, government policy alignment. Prioritised also is to facilitate, support and monitor the implementation of the MTSF, sector plans and of intervention strategies in priority areas.

The focus of the Department in this financial year will be to complete the Midterm review and present to Cabinet Lekgotla in July 2017. The Department will sharpen its monitoring and evaluation instruments and focus on tracking the impacts of government interventions on people lives by June 2017. Moreover, the Department is set to complete the development of integrated systems and instruments to monitor a larger number of sectors at the coal face particularly in water and sanitation, health and basic education, land restitution and mining licenses. The Department will assist and work with departments to develop programme and project plans to accelerate delivery of key NDP targets in the remaining 2.5 years of the current administration.

The Department plans to increase departmental capacity in policy analysis and industry-specific expertise, while actively building development-related coalitions between government and non-governmental agencies. The budget allocation in this programme is R52.1 million for 2017/18 financial year. In comparing budget allocated with the previous financial years, there is a substantial increase on the programme. Additional budget of R49.5 million has been allocated on the Sub-Programme Sector Planning, Monitoring and Intervention Support to ensure among policy alignment and monitor implementation of the MTSF. The programme has 64 posts in 2017/18 and expected to increase to 68 positions in 2019/20. Spending in the programme is expected to increase from R38.2 million in 2016/17 to R61 million in 2019/20.

The programme aims to revise Medium Term Strategic Framework (MTSF) Chapters incorporating findings from the midterm review. The Department will assess alignment of Annual Performance Plans of government to the midterm review completed by April 2018 and provide feedback to the departments. Outcome reports serve as an assessment of the delivery outcomes intending to improve performance in the public service. Departments have adopted the outcomes approach by focusing on measureable results and impacts. The Department will submit the MTSF progress reports to Cabinet on all Outcomes (excluding outcomes 9 and 12).

Operation Phakisa is a presidential initiative seeking to change the manner in which government pursues new and faster ways of delivering services to the citizens. The Department will in addition produce on quarterly basis one Comprehensive Operation Phakisa progress report encompassing performance of all six delivery labs. Operation Phakisa was launched in 2014/15 and aimed at fast-tracking implementation of government programmes. In 2015/16 the department piloted the initiative in the ocean economy. In 2016/17 the department produced Operation Phakisa reports which are in line with the objectives of the National Development Plan in promoting economic growth and boosting job creation.

In addition, the Department will be scaling up and overseeing the implementation of Operation Phakisa. Funding for Operation Phakisa in the Sector Planning and Monitoring programme, is set to increase from R5.6 million in 2016/17 to R7.1 million in 2019/20.

* 1. **Programme 4: Public Sector Monitoring and Capacity Development**

The purpose of the programme is to support the implementation of the NDP/Medium Term Strategic Framework (MTSF) by monitoring and improving the capacity of state institutions to develop and implement plans and provide services. The programme has three sub-programmes: Public Service Monitoring and Support; Local Government Monitoring and Support; and Capacity Development.

Key focus of the department in this programme is to review, monitor and support the implementation of Medium Term Strategic Framework in the public sector and implement strategic interventions to support and unblock implementation. Developing and implementing management performance assessment tools and interventions strategies to unblock implementation challenges in selected NDP targets will also be prioritised. Further, developing and implementing management performance assessment tools and interventions strategies for Metros and Municipalities is in the plan.

The Department will coordinate capacity development programmes to ensure effective development and application of Performance Monitoring and Evaluation policies, tools, systems and guidelines in government. Monitoring a range of indicators of the performance of the public service and reports on these to Forum of South African Directors-General (FOSAD) is targeted. This enables FOSAD to focus on reviewing the extent to which weaknesses in the management of national and provincial departments are being addressed. The quality of management practices in the public service is critical to improving performance, productivity and service delivery.

The budget allocated to the Public Sector Monitoring and Capacity Development programme is R40.1 million for the 2017/18 financial year which has increased significantly as compared to budget (R29.6 million) in 2016/17 financial year. Over the medium term, the budget will increase to provide financial support in fulfilling the objectives of the programme. There is a budget increase of R34 million as compared to R25.2 million of 2016/17 financial year on compensation of employees. The spending focus in the programme is as a result of department continuously striving to improve quality of management practices in government through management performance assessments. The budget is set to increase from R33.8 million in 2016/17 to R57.8 million in 2019/20.

The spending focus will be on the Sub-Programme: Local Government Monitoring and Support in monitoring the quality of management practices in the local government. The Sub-Programme has been allocated R23.7 million to fulfil its objectives. The Department intends to produce quarterly, annually and mid-term review of government performance against the NDP/MTSF. Further, it will facilitate assessment and provide support to build technical and work-place capabilities to deliver on government priorities.

The Department revised the MTSF chapters by incorporating findings from the midterm review. The Department will assess alignment of APPs of Government to the midterm review and provide feedback to departments. Sub-Programme Local Government Monitoring and Support to submit MTSF progress reports outcomes to Cabinet. The Department will complete 95% of the Management Performance Assessment Tool application for national and provincial departments.

* 1. **Programme 5: Frontline and Citizen Based Service Delivery Monitoring**

The purpose of the programme is to facilitate service delivery improvements through frontline and citizen-based monitoring and effective resolution systems. The programme is made of the following Sub-Programmes: Citizen-Based Monitoring, Executive Support Monitoring and Presidential Hotline.

Key focus of the department in this financial year is to expand and maintain frontline monitoring system capable of verifying government performance and implementing strategic interventions to improve performance. Furthermore, the Department will facilitate the implementation of strategic interventions to improve service delivery. Establishing, coordinating and enhancing citizen and community monitoring and complaints resolution system will be pursued.

Budget allocated for the programme is R56.9 million in 2017/18 financial year. The bulk of the budget of R54.4 million is allocated to the sub-programme: Frontline and Citizen-based Service Delivery Monitoring and Complaints Resolution. There is slight increase in the budget for the compensation of employees. A total of R36.6 million was allocated for compensation of employees. The programme has 55 funded posts and expected to increase to 56 positions over medium term. Spending is expected to increase from R51.3 million in 2016/17 to R62.7 million in 2019/20.

The Department anticipates conducting monitoring visits in 400 facilities and further ensuring quality assurance on the sites monitored. The Frontline Service Delivery Monitoring Programme assesses efficiency and quality of services delivered at frontline facilities throughout the country. In monitoring frontline service delivery, the Department will conduct 63 unannounced visits and 100 return visits to service delivery facilities every year over the medium term. There is a huge increase in terms of a number of facilities to be monitored in this current financial year as compared to the previous years.

The Department is responsible for managing the Presidential Hotline on behalf of the Presidency and supporting citizen and community-based monitoring. The Department is committed to achieving 80% on the Annual Presidential Hotline Enhancement Plan. Citizen-based monitoring will be undertaken in three sector departments on annual basis. Moreover, the Department will conduct 10 visits and produce area profiles and briefing notes on Siyahlola and Izimbizo on quarterly basis.

* 1. **Programme 6: Evidence and Knowledge Systems**

The purpose of the programme is to coordinate and support the generation, collation, accessibility and timely use of quality evidence to support performance monitoring and evaluation across government.

The Department will coordinate and support a national evaluation system that ensures the use of evidence from regular and quality evaluations of priority government policies, programmes and systems. Planned is providing centralised research and knowledge management support to develop and maintain an evidence base to inform planning, policy development, implementation, monitoring and review. In addition, providing quality, timely and verified data and analysis of data to support planning, monitoring and evaluation will be the focus.

The budget allocated to the programme is R109.4 million in 2017/18 financial year. There is a significant increase on the allocated budget as compared to the R33.8 million in 2016/17 financial year. Most of the budget allocated (R108.9 million) in the programme will directed to Sub-programme: Evaluation, Research, Knowledge and Data System. Compensation of employee received budget increase from R18.9 million in 2016/17 financial year to R28.3 million in 2017/18 financial year. There are 44 funded posts and further to increase to 49 positions in 2019/20. Spending focus will increase from R33.8 million in 2016/17 to R57.8 million in 2019/20.

The Department intends submitting the National Evaluation Plan (NEP) for approval by Cabinet. Evaluation steering committees will approve eight NEP evaluation reports and improvement plans. In this current financial year, there are 30 departmental evaluation plans for the national departments and 7 plans for the provinces.

Over the medium term, the Department plans to conduct 24 evaluations on policy areas such as entrepreneurship strategy, detective services and crime investigation. The Department will implement knowledge sharing platforms and disseminate knowledge products. Development indicators will be produced and posted on departmental website.

* 1. **Programme 7: National Youth Development Programme**

The purpose of the programme is to oversee the youth development policy and its implementation and transfer funds to the National Youth Development Agency (NYDA). The programme consists of the following sub-programmes: National Youth Development; Youth Development Programmes; and National Youth Development Agency. The sub-programme: NYDA is a conduit for the budget of the National Youth Development Agency.

Key focus in the programme is to implement and review the National Youth Policy and develop supplementary documents. The programme monitors progress on the implementation of the National Youth Policy and supplementary legislation, policies and strategies and frameworks. The programme also develops monitoring and evaluation framework of the National Youth Policy and provides support across government. The programme will provide oversight on the NYDA and institutions responsible for the implementation of youth development initiatives.

The National Youth Development Programme budget allocated is R441.9 million. The bulk of the budget of R432.8 million is transferred to the National Youth Development Agency. There is a significant increase of R5.6 million in the compensation of employees as compared to the previous year, which was R1.5 million. The Department will revise the National Youth Policy and the M&E framework to monitor the implementation of the policy. In addition, the Department will oversee the performance of the NYDA, quality assure the work and transfer payments on a quarterly basis.

1. **NATIONAL YOUTH DEVELOPMENT AGENCY (NYDA)**

The National Youth Development Agency (NYDA) is an agency established primarily to tackle challenges that the nation’s youth are faced with. The Agency was established by an Act of Parliament, Act No 54 of 2008. The NYDA Act (2008) mandates the Agency to develop an Integrated Youth Development Strategy for South Africa, and initiate, design, coordinate, evaluate and monitor all programmes that aim to integrate the youth into the economy and society in general. The Act mandates the Agency to promote a uniform approach to youth development by all organs of state, the private sector and non-government organisations (NGO’s).

* 1. **Budget allocation overview for 2017/18**

The National Youth Development Agency’s (NYDA) receives its budget through transfer vote of the Department of Planning Monitoring and Evaluation, and again through interest and capital repayments from loans issued to its clients prior the introduction of grant funding. The NYDA budget is R441.9 million in 2017/18 financial year. In this current year, the Agency has reduced its functions and placed them elsewhere in relevant government departments.

Second Chance Matric Rewrite Programme has been handed over to the Department of Basic Education while the Health and Wellbeing programme has been transferred to the Department of Health. The savings of approximately R12.5 million have been reprioritised towards the Economic Participation and National Youth Service Programmes. The Agency has restructured its organisation in 2015/2016 financial year reducing its salary bill by R44 million in real terms and reinvesting those funds into Youth Development programmes. Additional savings of R12 million per annum will be noted on the relocation of its Head Office.

The employee costs of the Agency are expected to rise to R153 million in 2017/2018 from R145 million in 2016/2017 in line with inflation expectations. The three-year strategy of funding vacancies and its budget will contribute 35% of the total transfer from the DPME. The strategy of funding vacancies takes cognisance of maintaining a stable salary bill and having a staggered approach to the filling of posts. The expected employee costs over the medium term is expected to be R478 million. The employee cost budget in 2015/2016 prior to restructuring was R189 million.

**Table 2: National Youth Development Agency Budget**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Programme** | **Allocated** | **Medium-Term Expenditure Estimate** | | |
| **R million** | **2016/17** | **2017/18** | **2018/19** | **2019/20** |
| National Youth Development Agency | 405.8 | 432.8 | 457.9 | 483.6 |
| **Total** | **405.8** | **432.8** | **457.9** | **483.6** |

Estimates of National Expenditure 2017

1. **PROGRAMME PERFORMANCE**

There are four programmes, which are as follows:

**9.1** **Programme 1: Economic Participation**

The main goal of the Economic Participation programme is to enhance the participation of young people in the economy through targeted and integrated programmes. The programme aims to facilitate and provide employment opportunities for young people, to enhance the participation of young people in the economy, aimed at increasing job creation, entrepreneurship and skills development and to provide business support to young people.

Over the medium term the programme will be allocated more funding to increase participation of young people in the economy. The budget allocated is R228.0 million which has increased significantly as compared to R55.1 million in 2016/17 financial year. The Agency intends to invest R72 million in the 2017/2018 financial year and R229 million over the medium term. This will result in the Agency funding 800 entrepreneurs through development finance and creating more than 3 000 jobs in numerous sectors. Further, it will assist approximately 18 000 beneficiaries to receive Business Support Services such as Vouchers, registration of new companies, Mentorship and Training at different levels to encourage the development and furtherance of the entrepreneurship agenda.

In the 2017/18 financial year, the Agency targets 840 young people owned enterprises created through Business Development Support Services. Establishment of the entrepreneurship is one of Agency’s programme to enhance the participation of young people in the economy through targeted and integrated programmes. The programme has attracted huge number of young people aspiring to become entrepreneurs in all facets of the economy. Limited financial resources disadvantages many young people aspiring to realise such a dream of entrepreneurship. In order to tackle triple challenges of unemployment, poverty, inequality and other social ills facing young people, more funding in this programme is highly needed.

Over 18,900 beneficiaries with key fundamentals will be supported for their success offered by the Agency. Job creation provides young people with a better foundation to thrive in life. Young people are confronted with high unemployment rate, however creating jobs is not the sole responsibility of the agency as per the NYDA Act. It is therefore critically important for the agency to collaborate with the public, private and non-government organisation to develop integrated youth employment strategy to close the gap of unemployment drastically into an acceptable level. The Agency will create 3,200 jobs sustained through supporting entrepreneurs and enterprises. A total of 5,000 jobs will be facilitated through placements in job opportunities. The Agency has budgeted R48.0 million to provide over 1,5 million young people with youth development information.

**9.2**. **Programme 2: Education and Skills Development**

The main purpose of the programme is to promote, facilitate, and provide education and skills development opportunities to young people to enhance their socio-economic well-being, with the objective of facilitating education opportunities. The aim is to improve access to quality education and to facilitate and implement the Youth Build, job-preparedness training, and the provision of scholarships.

The budget allocated for the programme is R292 million for the 2017/18 financial year for education opportunities, National Youth Service and Skills Development programmes. Over R17 million is budgeted to facilitate and implement skills programmes. In facilitating and implementing the education opportunities, the agency budgeted R46.9 million in order to improve the quality of education attained by the youth. In addition, a total of R228 million is budgeted to engage young people in service activities geared towards fostering patriotism, social cohesion and national building.

The Agency is determined to increase its target to 500 students enrolling through Solomon Mahlangu Scholarship in 2017/18 financial year. The scholarship was introduced to encourage youth from disadvantaged communities to access higher education and further their studies. Young people willing to further their studies are responding positively on the scholarship. During the launching of the scholarship, the agency had low targets, but since the 2015/16 financial year, targets had improved significantly over medium term period.

Certain portion of the budget will be spent in supporting young people through individual and group career guidance interventions, Youth Build, National Youth Service volunteer programmes and job preparedness and job placement. In addition, 64, 500 young people will be provided with Skills Development Training to enable them to pursue job opportunities. The planned expenditure over the medium term is R255 million.

The Agency will coordinate other government departments, civil society and private sector organisations to implement the National Youth Service Programme. The National Youth Service programme serves to provide long-term and effective ways reconstructing the South African society by developing the abilities of young people through service and learning. This includes activities like non-technical training and career development.

**9.3.** **Programme 3: Policy and Research**

The main purpose is to create a body of knowledge and best practice in the youth development sector, and to inform and influence policy development, planning and implementation. The fundamental aim of this area is to ensure that policies and frameworks that drive youth development are developed, based on a body of knowledge and facts that are relevant to the developmental needs of the youth of South Africa.

Knowledge Management programme’s budget allocation is R28 million, which intends to create body of knowledge and best practice in the youth development. The spending focus on this programme will be more on conducting programme evaluations, research articles and knowledge publications. The Agency recognises the need for it to monitor its programmes to measure impact and respond to youth development matters on the ground as well conduct Stakeholder Satisfaction Surveys. The Agency intends to lobby other organs of state in implementing youth development programmes.

**9.4. Programme 4: Governance**

The purpose of the programme is to achieve efficient and effective utilisation of resources through provision of judicious governance, technology and systems, business operations, human capital, financial management systems that adhere to relevant legislative requirements for public funded entities. Governance programme has received R124.9 million for the 2017/18 financial year.

The Agency considers Information Communication and Technology (ICT) as critical to the national goal of more effective and efficient services. This is also in line with the Agency being representative of young people who are seeking faster, smarter and more innovative ways of doing business. The Agency intends to review the NYDA’s Information Technology Systems Architecture. The Agency will implement phase 4 of its ICT Strategy, which will incorporate the implementation of the Enterprise Resource Planning tool. The Agency will ensure payment to service providers within 30 days of the submission of legitimate invoices.

1. **OBSERVATIONS AND KEY FINDINGS**

The Committee observed the following matters in relation to Budget Vote 8:

* 1. The Portfolio Committee takes note of the major strides made since the establishment of the Department of Planning, Monitoring and Evaluation in adding value towards building a capable, responsive and an accountable public service. However, the Committee is of the view that the DPME has to move swiftly into local government and strengthen its monitoring to be visible and produce results.
  2. The Committee recognises that the DPME is developing high level planning framework to guide detailed planning in departments, local government and state owned enterprises.
  3. The Committee requests the Department to in future unpack coherent planning and alignment of objectives of government departments.
  4. Maintaining of the system of monitoring performance of departments and ministers on behalf of the President is a noble initiative. The Committee interrogated the role of the DPME in assessing performance of the Ministers.
  5. The Committee welcomed and noted the Department’s collaboration with the Statistics South Africa on the new programme on Evidence and Knowledge.
  6. The Committee is of the view that the DPME does not have powers and authority to enforce planning, monitoring and evaluation in the public service.
  7. Performance assessment/evaluation at Senior Management Service (in the entire public service) is not properly managed. The Committee found during its oversight visit in Limpopo and Mpumalanga provinces that HODs’ performance agreements were not assessed by the Executive Authority. The function of monitoring the performance agreement and evaluations between the HODs and Executive Authority is coordinated at the DPME. The DPME has to ensure monitoring of performance management is taken seriously in the public service.
  8. The Department should continuously monitor government departments in reviewing their Strategic and Annual Performance Plans to advance the strategic agenda of the State and to ensure that they are aligned with the delivery outcomes and the National Development Plan.
  9. The Portfolio Committee supports the Department on its quest to have the additional posts filled on the need basis in terms of expanded structure.
  10. The Presidential Hotline encourages citizens to contribute in monitoring service delivery. The intention of the Hotline is to contribute to a more accessible and responsive government.
  11. The Portfolio Committee is of the view that the Department should enhance the process of assessing the status of local government through Management Improvement Model and Assessment Tool. The implementation of the model should be realised to assess the quality of the management of local government.
  12. The Portfolio Committee notes with concern the slow pace in realising the need to revolutionise the digital space for effective service delivery.

**National Youth Development Agency (NYDA)**

* 1. The Committee commended the NYDA for the sterling performance in the provinces. The Committee visited branch offices in Limpopo and Mpumalanga provinces for oversight on the Agency programmes. Young people who interacted with the Committee were satisfied with the performance of the NYDA.
  2. The Committee welcomed initiatives by the Office of the Deputy Minister in establishing a forum comprising of other Deputy Ministers in facilitating government departments to prioritise youth development in their respective departments. The Committee emphasised the importance of ensuring coherent planning on youth development in government departments.
  3. The Committee welcomed and noted the signing of the Memorandum of Understanding between the NYDA, South African Local Government Association and the Department of Cooperative Governance in establishing more Agency offices in the municipalities.
  4. The Committee was concerned about the accessibility and visibility of the NYDA offices in Western Cape and KwaZulu Natal provinces and other areas. KwaZulu Natal province is vast geographically, the Agency has only two branches in the province, which are situated in the main cities.
  5. Whilst the Committee recognises the good work done in previous years to cut costs, it remains concerned with the increased staffing, administrative and operational costs of the NYDA amounting to roughly half of the entity's entire budget.

1. **RECOMMENDATIONS**

The Portfolio Committee recommends that the Minister should ensure that:

* 1. Government departments and local government plans consider statistical data in their day to day planning and resource allocation. Alignment of the plans should not only factor the outcomes, but a series of statistical information in relation to respective sector departments and municipalities.
  2. The Department should conduct an evaluation on the high turnover of the Heads of Department in the public service including in the municipalities, as this impacts on the performance of government. The Department must ensure that stability of the Heads of Department is in line with the National Development Plan of characterising best performing institutions in line with the stability of leadership. The new Public Service Regulations of 2016 clearly define the roles and responsibility of the Accounting Officers and the Executive Authority.
  3. The Department should intensify monitoring activities on the Frontline Service Delivery Monitoring and Citizen Based Monitoring, through tangible reporting, as a way of improving efficiency of service delivery in government facilities.
  4. The Department should reinforce its role of assisting the President to assess the performance of the Ministers. The Committee will invite the Department to present the tools used to measure performance of the Ministers with a view to identifying policy gaps in ensuring the effectiveness of the Ministry in this regard.
  5. In light of additional allocation on the compensation of employees, the Department should prioritise the filling of funded vacant posts, especially at a technical level. Recruitment of people with disabilities and women must be prioritised.
  6. The Local Government Management Improved Model and Assessment Tool (LGMIM) should assist the Minister of Cooperative Governance in assessing the quality of management in the municipalities. This assessment tool must identify the success, failures and challenges impeding municipalities in implementing Back to Basics programme. The Department in partnership with Offices of Premier must roll out the assessment tool to all municipalities.
  7. The Department should always ensure follow-ups on the LGMIM outcomes and also ensure that remedial actions suggested are implemented. A template on all outcomes and suggested remedial actions and their implementation must be designed and reported on.
  8. The Department should collaborate with Statistics South Africa more particularly on activities undertaken in the National Planning Programme to ensure their work complements in advancing planning and policy decision making in the country.
  9. The Department should, moving forward, provide statistics regarding the progress made by other departments after the monitoring and evaluation process has been carried out. The Department should also give projected targets in the annual performance plans so that it can be measured accurately whether the Department is improving on its planned activities. Both statistics of progress made in the public service and projected targets of the Department provide a good indication whether progress is being made towards the achievement of the National Development Plan.
  10. The Department is urged to consider conducting an impact assessment on the digital revolution in the public sector. The Department is at the centre of implementation of the NDP, therefore investing in digital revolution is important as the economy is operated on the e-platform.
  11. Since budget on compensation of employees has increased over the medium term, the Department is encouraged to swiftly fill critical vacant posts.
  12. The Committee requests to receive a detailed report on the success, challenges and failures of government departments in adhering to the prescribed response time to referred complaints the Presidential Hotline.
  13. Young people are a major human resource for development, therefore the DPME is urged through its National Youth Development programme to facilitate the public and private sector in mainstreaming and prioritising youth development. The DPME has to play coordinating role and call upon all role players to take youth development seriously.
  14. There is a need for the DPME to develop legislation to strengthen its role of coordinating, planning, monitoring and evaluation functions of the state departments.
  15. The Department has to present to the Committee the performance management tools used to monitor performance of the Ministers and elaborate on its role in the process. From this information, the Committee might be able to identify policy gaps whose solutions would help to reinforce the Ministry’s role in this regard
  16. The DPME as a planning department has to identify government priorities and budget allocations rather than such responsibility being performed by the National Treasury.
  17. The DPME has to ensure alignment of the policies, plans and budget of government departments, local government and entities with the goals of the MTSF/National Development Plan.
  18. The Department and the PSC should forge a close partnership with the Centre for Public Service Innovation so that the challenges they (DPME and PSC) diagnose can be channelled to the CPSI for further innovation to address service delivery bottlenecks
  19. The NYDA should reduce its bureaucratic costs so as to free up funds which can be used to further create development opportunities for young South Africans.

**National Youth Development Agency**

* 1. The NYDA should partner with institutions promoting young people innovation to leverage on unlocking their potentials and link them to relevant opportunities.
  2. The NYDA should expand its services in places where young people are concentrated in order to attract and provide services to youth of this country. The NYDA should utilise youth statistics released by the Stats SA on where young people are concentrated and ensure resources are channelled appropriately.

1. **CONCLUSION**

The Portfolio Committee noted the role the Department of Planning, Monitoring and Evaluation is institutionalising and strengthening planning in government to enhance delivery outcomes contributing to the National Development Plan. The Department of Planning, Monitoring and Evaluation as a custodian of monitoring the implementation of the service delivery agreements should intensify its efforts to foster coordination and collaboration of plans through effective monitoring and evaluation. The Committee notes that outcomes system has now been institutionalised in government, however much still need to achieved in planning, monitoring and evaluating for the advancement of the National Development Plan.

**The Portfolio Committee recommends as follows:**

That the House adopt and approve Budget Vote 8 of the Department of Planning, Monitoring and Evaluation.

Report to be considered.