

TRAINING MODULE 1:

INTRODUCTION TO THE URBAN REFORMS KNOWLEDGE SERIES

Slide 1

The Urban Reforms Knowledge Series comprises reforms in metropolitan municipalities since 2013/2014 – focused on the functions of planning, budgeting, and reporting. These reforms are led by the National Treasury in collaboration with the following departments: Cooperative Governance; Agriculture, Land Reform and Rural Development; Planning, Monitoring & Evaluation; and more recently in 2020, the department of Public Service & Administration. The South African Cities Network is a long-standing partner of the urban reforms programme.

Slide 2

The division of powers and functions in terms of the Constitution is logical and clear. Similarly, the National Development Plan is clear about the need to assign functions (such as passenger rail, and housing) to metropolitan municipalities, however, this has not been done to date.

Even when powers and functions are clear and uncontested between spheres or entities of government, or there is an abundance of money, there is still a need to align and co-ordinate planning, budgeting, implementation, and reporting, for achieving outcomes (rather than outputs only).

Outcomes are good if they make a positive difference to people's daily lives. For example, health and education facilities are provided in close proximity to where people live, work and play – while at the same time being affordable and of good quality. The failure to plan for outcomes (planning only for outputs) can be measured by how easy or difficult it is for people to go about their daily activities in cities. The more difficult it is for people, the higher the incidence of civil protests and increasing inequality and hardship.

Slide 3

Rationale for Planning, Budgeting & Reporting Reforms

The Municipal Systems Act and the Municipal Financial Management Act require alignment between planning, budgeting, and reporting instruments – such as the Integrated Development Plan, Service Delivery and Budget Implementation Plan and Annual report. Similarly, the Spatial Planning and Land Use Management Act requires alignment between planning instruments such as the IDP, Municipal Spatial Development Frameworks, and budgeting.

Development planning policy, legislation, processes, and practices, are currently ineffective in meeting the expected outcomes of a developmental state and developmental local government. The planning regulatory environment is fragmented across various national departments, while at the same time being highly contested.

Intergovernmental planning practice and processes also need to be reformed so that all of government complements each other in achieving its objectives and outcomes.

Metropolitan municipalities and a range of related stakeholders acknowledge that planning, budgeting and reporting reforms need to be complemented by policy and regulatory reform.

Slide 4

Built Environment Value Chain (BEVC)

The urban reform agenda was designed to take a series of deep dives on planning, budgeting and reporting reforms. The reforms learned from the experiences of metropolitan municipalities in producing their BEPPs over seven years – from 2014 to 2021. In line with the Built Environment Value Chain depicted here, their BEPPs contributed to spatial transformation of their cities. The experience of the metropolitan municipalities is documented as part of the Urban Reforms Knowledge Series.

The BEPP was introduced to reform planning, budgeting, and reporting, given that the diagnostic in the National Development Plan identified serious shortcomings in meeting our urban spatial transformation outcomes. That is, addressing the apartheid spatial legacy where poorer people are forced to live on the periphery of cities, and thereby incur increased transport costs and long travelling times, in generally unsafe and unreliable public transport on a daily basis, in order to access social and economic services. Besides the impact on the daily lives of most people in our cities, there were a range of other spatial issues that needed to be addressed – these are: spatial justice, efficiency, sustainability, resilience, and quality.

Slide 5

Joint Collaboration

The BEPP was an additional planning, budgeting, and reporting requirement in the government system from 2014 to 2021, during which time metropolitan municipalities led the reform process, supported by the National Treasury's Cities Support Programme.

The reform was a collaboration with key national sector departments and relevant provincial government departments and state-owned enterprises. It continues to be enabled by the establishment of the Planning Alignment Task Team and more recently, in 2020, by the Joint Steering Committee for Planning, Budgeting and Reporting Reforms, a special IGR structure co-chaired by the National Treasury.

By 2018 there was sufficient evidence and consensus on which reforms worked and which did, and how these lessons could be used to strengthen the key existing legislative planning, budgeting, and reporting instruments. Metropolitan municipalities did their last BEPPs for the 2020/2021 MTREF, and part of their work involved outlining how they were going to institutionalise the approach, method, process, content, and practice in their municipalities.

Progress with the institutionalization process will be a key part of the national oversight function for the next 5 years, and will be complemented with support where required. Support will be provided to all stakeholders in order that the planning reforms are successfully implemented and institutionalised.

The BEPP Guidelines will be turned into a toolkit for outcomes-led planning and spatial targeting, to provide technical guidance for both longer-term and terms-of-office planning. Existing and new knowledge products provide another form of support, as does technical support from the Cities Support Programme.

Work has started on bringing professional institutes on board to promote continuing professional development for municipal finance, planning and engineering officials.

In addition, National Treasury, with the other stakeholders mentioned as part of the collaboration, worked with COGTA in developing metro-specific IDP Guidelines and the complementary IDP Assessment Framework that incorporates the planning, budgeting, and reporting reforms. This has been approved by COGTA for implementation.

Further, on the back of reforms that worked in metropolitan municipalities, the main planning, budgeting, and reporting reforms for Category B municipalities were introduced in the MFMA Circular 88 update in 2020 getting closer to a standardized single set of indicators for all municipalities.

The planning, budgeting, and reporting reforms collaboration continues to work on the reforms to longer term planning during 2021 and continues to use the existing platform which is a special IGR structure called the Joint Steering Committee for Planning, Budgeting and Reporting Reforms.

Slide 3

Overview of the Urban Reforms Training Modules

The module on **Directions in Planning Reform** provides a background to planning approaches in different countries and provides some insight into the reasons those approaches were chosen. This sets the scene for looking at the South African metropolitan experience over the last 7 years, that has been captured in the other modules.

The identification and definition of desired integrated outcomes represents the starting point of the BEVC. One of the key shifts that is required for planning, is the adoption by all of government to an outcomes-led planning approach based on one set of clearly defined outcomes, established at the outset of the planning process. The **Outcomes-Led Planning** module defines what is meant by outcomes-led planning and why it is important. The module teases out the current legislative landscape and notes that there have been attempts by various stakeholders to better realise spatial transformation. The BEPPs have made significant progress in planning and budgeting for interventions and investments that build towards transformation, through their focus on establishing a clear line of sight between setting outcomes and knowing how to measure and report them. These good lessons will be institutionalised in all planning, budgeting and reporting from the 2021/2022 MTREF.

The module on **Infrastructure-led Growth through Spatially Targeted Public Investment** takes a look at intergovernmental alignment in strategy, planning and infrastructure investment programming. The module details lessons learnt by metros within the broader inter-governmental planning context.

The module on **Strategy-Led Budgeting** draws on the successful experiences of the BEPPs to recommend a budgeting approach that depends on a stronger relationship between strategic planning and budgeting. Again, this will be institutionalised in the budgeting process.

The module on **Key Budget, Fiscal and Financial Reforms** reflects on best practices in municipalities that have implemented the principles and methodology of aligning strategy,

planning and budgeting. The module provides a guideline, together with considerations that make up the strategy-led budgeting process. The module also provides lessons learnt from experience at local government level.

The module on the [Rationalisation of Reporting Requirements](#) provides clarification and resolution on inconsistencies in the statutory requirements of the IDP, SDBIP and the performance component of the Annual Report.

All of these training modules are based on The Urban Reforms Knowledge Series, which presents a fuller body of knowledge.