

Rethinking national planning institutions

A critical appraisal
of the Green Paper

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Planning agencies, often referred to as super-ministries, are vital institutions of developmental states. Over recent decades, every state that aspired to become a developmental state established a planning agency within the state. In light of this, the release of the Green Paper on National Strategic Planning for South Africa is a welcome development as it represents an attempt by the government to give expression to its commitment to construct a developmental state.

This input seeks to provide both an honest assessment and a critical appraisal of the institutional architecture that is proposed in the Green Paper that will underpin South Africa's strategic planning. It argues that South Africa needs a super-ministry in the Presidency, headed by the deputy president and supported by a minister of planning, and not a commission made up of experts, leaders and intellectuals. This will enhance the organisational and technical capacities of the state to develop and implement a coherent development plan and ensure effective co-ordination and allocation of resources.

It further suggests that such a super-ministry needs to be insulated to avoid its capture by sectional interest groups. Consequently, it proposes that the department of economic development (DED) and line ministries lead a national social dialogue around economic and sectoral issues. Their input should then be channelled into the national plan. It also suggests that, instead of a ministerial committee on planning,



a presidential planning committee (PPC) is required, also headed by the deputy president and comprised of a minister of planning and key ministers in the social and economic clusters. This committee, it is suggested, should be the highest cabinet committee on planning.

A SUPER-MINISTRY FOR PLANNING

The Green Paper proposes the establishment of a national planning commission (NPC) made up of experts, leaders and intellectuals. The proposed NPC “would develop a national plan for South Africa in consultation with government in partnership with broader society”. This proposal for a body largely made up of people outside government to develop South Africa’s national development plan is *tantamount to the state and government outsourcing their planning responsibilities and authority*. It will undermine the quest for a developmental state in South Africa as, by their very definition, developmental states lead development.

One of the unfortunate aspects of the Green Paper is that, even where it is partly based on research, it seems not to have drawn from comparable international experience. While South Africa needs to design institutional arrangements that respond to its context, it needs to draw lessons from what has been shown to work best over time in successful countries.

Building the requisite technical capacity of a super-ministry would require attracting the best and brightest South Africans, totally committed to the broad developmental vision.

In most developmental states, the planning responsibility lies with a super-ministry or planning agency within the state composed of technocrats working under the supervision of their political principals: e.g. the Economic Planning Board (EPB) of South Korea; the Economic Planning Unit (EPU) in Malaysia; the Economic Development Board (EDB) in Singapore; and the National Economic and Social Development Board (NESDB) in Thailand. In some cases, the deputy head of government, supported by a minister of planning, is responsible for the formulation of a national development plan.

In particular, the South Korean EPB:

had a broad mandate over planning, budgetary and economic management. This enabled it to ensure that the government’s policies, programmes and spending were synchronised, thereby avoiding an overheating of the economy. Policy co-ordination in Thailand and

Malaysia was much more fragmented than, say, the most autonomous country... South Korea, where the economic teams were co-ordinated and led by clearly identified ‘economic czars’ – the deputy prime minister and minister of the Economic Planning Board (Edigheji, 2007: 133).

The Malaysian EPU provides a good case study of the leadership role played by super-ministries. According to two authoritative scholars:

the Economic Planning Unit (EPU) in the prime minister’s department, which is charged with the preparations for the government’s medium- and long-term plans and mid-term plan reviews, has been the key institution for development planning. It is the deciding authority on critical issues surrounding economic activities, including those affecting investment selections and development budgeting...

The EPU is regarded as the super-ministry, and has a command over the alignment of policies and resources with development priorities. The ministry of finance works closely with the EPU to realise the vision for long- and medium-term development plans. The EPU plays a central role in deciding the allocation of development expenditure, as well as enforcing aggregate and sectoral ceilings of development expenditures throughout the plan period, and also selecting priority public investment projects (Ohno and Shimamura, 2007: 33, 77).

These two quotes highlight the extensive role of a super-ministry and its political leadership that could provide some guidance as South Africa attempts to craft the institutional architecture for national strategic planning.

Most of the super-ministries in developmental states are located in the office of the head of government: the nerve centre of development planning and policy-making. Super-ministries are not the only agencies shaping economic direction. There is always a division of labour between the super-ministry and line ministries, and such relationships are not tension-free. But super-ministries are usually the leading state actors on economic management.

It needs to be stressed that line departments could in some instances draft major plans with national implications. As an example, the ministry of international trade and industry drafted Malaysia’s Industrial Master Plan (IMP2) for 1996–2005. Following this logic, the South African DED could still lead the co-ordination and/or drafting of macro-economic policy, but within the broad parameters set by the PPC, which – as discussed below – should be the highest cabinet committee on planning.

The establishment of a planning agency in developmental states is partly necessitated by the need for the state to have in-house capacity to generate and analyse information, on the basis of which it formulates its national development plan. This critical task is not outsourced to experts and intellectuals as is currently proposed in the Green Paper.



ESSENTIAL ELEMENTS

Thus, rather than have an NPC of “experts, leaders and intellectuals”, South Africa needs a super-ministry in the Presidency. This can be the ministry of planning¹, which needs to be well staffed with highly qualified and competent personnel (public servants). However, building the requisite technical capacity of a super-ministry would require attracting the best and brightest South Africans, totally committed to the broad developmental vision.

A competent economic bureaucracy is an essential element of any successful strategic planning. In the developmental states of Asia, this was achieved by ensuring that senior bureaucrats had long-term, rewarding career paths. In some cases, compensation for senior bureaucrats in the planning agency was commensurate with their counterparts in the private sector; in some instances, they were paid more and had better working conditions than their private sector equivalents. To attract and retain the best and brightest would require that the senior bureaucrats in the super-ministry are placed outside the civil service salary structure, as was done with the South African Revenue Service.

This proposal is tantamount to the state and government outsourcing their planning responsibilities and authority.

The technical capacity within an established super-ministry should then be supported by a dedicated state-sponsored research institute to allow for evidence-based policy development. It might be useful for the government to either establish a new research institute or to realign an existing state-funded institute, which should be devoted to providing dedicated research support to the super-ministry. Such a research institute needs to be semi-autonomous in order to provide critical and independent advice.

This proposal implies that the secretariat proposed in the Green Paper should be the nucleus of the planning ministry, and that it needs to be well staffed to perform the planning function in conjunction with its political principals. It would be anomalous for personnel of the state to work for an outside agency, as the NPC is conceptualised in the Green Paper. The Green Paper proposes that the NPC’s secretariat should be staff in the Presidency, but this is like suggesting that the secretariat of NEDLAC should be staff of the Presidency or the department of labour. As a consultative body of external actors, the NPC is not an internal organ of the state. A super-ministry in the Presidency rather needs to have its own staff dedicated to its work.

International experience suggests a division of labour between the staff of planning agencies and their political



principals. These elected officials set broad developmental and policy parameters and objectives and the bureaucrats in the agency find the policy tools to meet the preset national objectives. Therefore, unlike the recommendations in the Green Paper, elected officials (not experts and intellectuals) should define the national vision.

VISION FIRST

Another weakness of the Green Paper is that it conflates vision and plan. National visions are set by a hegemonic political class and its leaders, who mobilise society around their vision. They use and deploy state machineries to develop national plans to realise that vision. The vision describes the goal; the national plan is the means to achieve the goal.

The Malaysian case is illustrative here. The leaders of UMNO (the ruling party) set out the vision in their “Look East” policy and the concept of “Malaysia Inc.”, which signified mutually supportive co-operation between the public and private sectors. The prime ministers and UMNO were seen to possess a sound vision, a strong sense of commitment and a dedication to ensuring their success, and thus, “the Malaysian bureaucracy was supportive of initiatives set forth by political leaders and obligingly engaged itself at multiple levels to make these visions a reality” (Ohno and Shimamura, 2007: 33). This suggests that the elected political formation in South Africa should define a national vision. It can then use state resources – such as parliament and other structures – to mobilise society and to build a national consensus, which in turn should set the parameters for the national plan.

AVOIDING CAPTURE

The Green Paper's proposal also negates one of the reasons to establish planning ministries or agencies: namely, the need to avoid state capture by narrow and sectional interests.

Private interests are not just business interests, but include intellectuals and civil society. There is nothing in theory or practice to suggest that intellectuals and experts do not have narrow interests. Hence, to entrust them with the task of setting a national vision and developing a national plan is unlikely to result in achieving broad developmental goals that will serve the needs of all South Africans.

Super-ministries are, however, insulated from the immediate pressures of interest groups by their political principals, enabling the state to take independent action. This insulation will become a source of state autonomy, allowing the agency to respond swiftly and effectively to South Africa's developmental challenges.

Thus, one of the likely dangers of an NPC made up of actors external to the state is that it could result in a development plan that advances a narrow agenda. If, as noted above, autonomy is a core institutional characteristic of a developmental state, such an NPC would undermine the quest for a developmental state in South Africa.

Therefore, rather than having an NPC made up of intellectuals, experts and leaders, South Africa needs a super-ministry, whether a ministry of planning or a department of economic development (DED), necessarily located in the Presidency and with the deputy president as the political head, having the main responsibility for economic and social development. The deputy president could then be supported by the minister of planning who would take responsibility for the day-to-day management of the planning agency.

Experiences elsewhere show a two-fold logic for establishing the deputy president as the political head. First, the president is saddled with too many functions of the state. The deputy president, as the next most senior government official, can be delegated the responsibility for social and economic development and management. The second reason is that the deputy president is *primus inter pares* (first among equals) among cabinet colleagues. The deputy president undeniably has greater authority than the minister of planning to ensure

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that ministers fit their proposals within the national plan. The deputy president can bring ministers to order, unlike a minister of planning who is only "one among equals" in the cabinet.

PRESIDENTIAL PLANNING COMMITTEE

The Green Paper contains other conceptual flaws. At one level, the NPC "would develop a national plan for South Africa". At another, it is an advisory body undertaking consultation in the development of the plan. At another, the government will make inputs into the work of this "advisory body". One body that will develop a plan, consult with stakeholders and advise government! And yet, the Green Paper recognises the cabinet as the executive decision-making body.

These conceptual problems raise many questions. In the event that the NPC rejects the views of the government, what happens? At what stage are the views of the government – which has been mandated by South Africans to govern – incorporated into the plan? The underlying point is that the NPC, as a structure composed mostly of people outside government, will be ill suited to lead the development of a national plan for the country. That task should be the responsibility of an internal organ of the state. Again, this critique supports the proposal for a super-ministry, in line with the experiences of most developmental states.

Instead of a ministerial committee on planning, it might be desirable to have a presidential planning committee (PPC), also headed by the deputy president. This is one way to ensure that the deputy president has oversight over the planning ministry. Such a structure, higher than a ministerial



committee, is better suited to perform the role of providing “political guidance to the planning processes”. Membership of the PPC should be based on the positions of ministers. For example, all ministers in the economic and social clusters should automatically be members.

This suggestion is consistent with the experiences of the Asian developmental states, where line ministers attended meetings of the super-ministry. Ohno and Shimamura (2007: 34) describe the Malaysian planning system as a two-way interactive process between the EPU, line ministries, agencies and state governments. The EPU plays the key role in matching micro-level projects with macro-level plans by combining “top-down” and “bottom-up” approaches. From the top down, macro-level parameters are determined in the inter-agency planning groups (IAPGs). The EPU serves as the secretariat for each of the IAPGs, whose work precedes the formulation of any development plan. Planning from the bottom up, on the other hand, involves the line ministries, agencies and the state governments who translate sectoral master plans into specific programmes and projects.

International experience suggests a division of labour between the staff of planning agencies and their political principals.

The creation of a PPC could help to resolve one of the controversies generated by the release of the Green Paper, namely the role of the DED. As an automatic member of the PPC, the minister of economic development could be charged with co-ordinating the inputs of departments in the economic cluster into the development of the national plan. It should have responsibility to align and harmonise trade, industrial and macro-economic policy.

This proposal also resolves the question of whether the DED can be tasked with macro-economic policy, which some argue is the constitutional responsibility of the National Treasury. A co-ordinating role will still give the DED a function in macro-economic policy. It could veto proposals from the National Treasury if it feels that such proposals will not promote the broad development agenda, including advancing micro-economic development. Given the numerous stakeholders in the economic sector, DED should also be constituted as the lead department to undertake social dialogue with economic agents and at NEDLAC.

A similar co-ordinating department needs to be identified in each cluster, especially social and infrastructure. The co-ordinating department in each cluster could then feed inputs from their cluster into the national plan allowing the clusters to become central elements of national strategic planning.

The PPC should have the key role of integrating and synchronising all the inputs that feed into the super-ministry and the final proposals tabled in cabinet by the minister of planning. Such an arrangement is likely to ensure the credibility and predictability of development planning and policies, and to resolve jurisdictional problems between the ministry of planning and the DED. One advantage of having the PPC, as a structure of the super-ministry, co-ordinate these inputs is that it will ensure that plans for economic development and plans for social development complement each other.

In addition, the technical staff in the super-ministry can, where required, provide transversal planning and policy capacity to clusters. Perhaps with the exception of the economic cluster, a cluster secretariat needs to be established, comprised of presidential planning secretariat staff and professional staff from line departments.

SEPARATE PLANNING AND DIALOGUE FUNCTIONS

The Green Paper seems to also confuse the roles of a planning agency and a consultative or social dialogue institution. In most developmental states, there is a clear distinction between the internal organisational structures of the state and those of consultative and advisory bodies. A planning agency is an internal institutional structure of the state, while a consultative structure is outside the state and does not develop national development plans.

A good example is Thailand, where the National Economic and Social Development Board (NESDB) is the planning agency and the Joint Public-Private Consultative Committee (JPPCC) is a structure for consultation between the state and society. The same is true of Malaysia where, as far back as the early 1970s, the Economic Planning Unit (EPU) in the office of the prime minister was established as the super-ministry. The Malaysian Business Council (MBC) was formed much later, in 1991, as the highest national social dialogue institution. The MBC was composed of the prime minister as chairman, the deputy prime minister as vice-chairman, 10 cabinet ministers and 11 senior civil servants who were appointed in ex officio capacities. Representations of the private sector were selected so that the composition reflected variations in age, ethnicity, economic sectors, geographic location, and types of firms, i.e., private,

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state-owned and state economic development corporations. There was token representation of labour, media and NGOs.

The JPPCC and MBC were not substitutes for the organisational and technical capacities of the state. They were consultative structures that enabled the state to dialogue with stakeholders and build consensus around its development vision, which gave credibility to development policies and their outcomes. This analysis suggests that a consultative structure is not a substitute for a fully-fledged super-ministry for planning located in the Presidency.

Even if there is a need for a reconfigured social dialogue institution, the NPC, as currently conceived, is ill suited to perform such a role. Any such institution would need representation from government, business, trade unions, experts and intellectuals, civil society groups and community formations. Moreover, the role of such a consultative structure should not be to develop a national plan or to negotiate socio-economic policy but to provide a platform for government to generate national consensus around its development vision and plans.

The point is this: the planning body and the national consultative body should be different and should have distinctive roles. To be sure, external advisors – the commissioners of the NPC – should not be entrusted with the task of developing a national plan. That task belongs with the government in particular and the state in general.

In Malaysia and Thailand, in addition to these national consultative structures, line ministries consulted on a regular basis with stakeholders in their sectors, such as the annual pre-budget dialogues organised by the ministry of finance and the industrial policy dialogues organised by the ministry of international trade and industry (MITI) in Malaysia. In this way, line ministries were able to feed the concerns of various interest groups into the national plan and policy.

The planning ministry should not engage in consultation with stakeholders on economic and social issues. As noted above, this task can be entrusted to the DED. Other line departments should be responsible for sectoral consultations. Therefore, the South African national plan should draw on inputs from line ministries, which in turn incorporate the concerns of interest groups. Because the planning ministry will work at a distance from such groupings, it can objectively assess the various contributions and integrate them into a coherent

national plan to meet the developmental objectives of South Africa.

Comparative experiences suggest that super-ministries should be insulated from interest groups. They keep some distance from immediate societal pressures in order to avoid state capture and to avoid the state's developmental project being derailed or diluted by special interests. Although consultations are largely done by line ministries, the head of government also has formal and informal structures to consult with societal groups. In South Africa, the president can establish both formal and informal processes for engagement with non-state actors – the presidential working groups being a case in point.

The central point, however, is that the responsibility for consulting with stakeholders should not lie with the super-ministry. If the ministry of planning in the Presidency is envisaged as such a ministry, then it needs to be insulated from interest groups. Hence it will not be suited to lead consultations at NEDLAC and at sector level. Except where the president is involved, it might be more appropriate for the DED to be the lead ministry for national social dialogue on economic and social development. It then has to feed the inputs into the work of the super-ministry in the development of the national plan. This arrangement will make the super-ministry an objective arbiter when accessing development proposals and policies from line ministries.

In the event that the NPC rejects the views of the government, what happens?

Line ministries have to be appropriately capacitated to contribute effectively to the planning process. The Green Paper is relatively silent on this issue. The purposes of having a centralised planning agency will not be achieved if line ministries have weak or limited planning capacity. Therefore, strengthening the planning and implementation capacities of line ministries will be key to South Africa's success.

THE EMBEDDED STATE

While the planning ministry needs to be relatively distanced from immediate pressures, the state in general must be enmeshed with stakeholders through government networks that regularly interact, consult and solicit inputs from society. To be sure, the point is not to have technocrats making policy, but to ensure that the organisational and technical capacities of the state are combined with consultative processes that enable broader society to contribute to the develop agenda.



This symbiotic relationship between state “autonomy” and “embeddedness”² is relevant as South Africa thinks about how to define its developmental vision, formulate national plans, and articulate and implement policy to achieve that vision.

Insulation is not the same as isolation. Insulation is possible only if the relationship between the policy-making process and the wider political economy permits the effective regulations of both ‘the state’ and ‘civil society’ within certain broadly acceptable parameters. Effective insulation from immediate pressures of special interests enables policy-makers to respond swiftly and effectively to new circumstances; but the capacity to identify and implement appropriate policies to promote effective medium- and longer-term development requires the maintenance of strategic relations with wider civil society (Seddon and Belton-Jones, 1995: 326).

Consultative processes will enable the state to build national consensus around its developmental vision and give legitimacy to its plan and policies. But another way of ensuring this objective is through inclusive political processes so that the views of all segments of society are reflected in the development of a national plan and incorporated into social and economic policy. In this regard, parliament has to become a critical player in the development of the national plan. In the same vein, the government and the president can informally consult with other stakeholders, including experts. In Malaysia in the 1980s, for example, the prime minister regularly consulted an informal “panel of economists”, composed of businesspeople and academics, on matters of economic policy formation. The president can also be directly involved in other formal, institutional consultative processes, as in the example of the Malaysian MBC.

CONCLUSION

The need for national strategic planning to ensure policy coherence and co-ordination and the effective allocation of resources to meet South Africa’s developmental needs cannot be overemphasised. However, the institutional architecture proposed in the Green Paper is unlikely to achieve that goal and could undermine South Africa’s efforts to become a developmental state.

Consequently, this paper suggests that, instead of an NPC made up of experts, leaders and intellectuals, South Africa needs a super-ministry in the Presidency headed by the deputy president and supported by the minister of planning. It needs to be well staffed to perform its function. It also needs to be insulated from immediate societal pressures in order to avoid being captured and the state’s developmental project derailed by narrow sectional interests. Consequently, the responsibility to lead consultations with stakeholders on economic matters should fall to the DED, and line ministries should be responsible for consultations around sector issues.

The input from both sets of consultations as well as those led by the president could then be fed into the national plan that is developed by the super-ministry. The insulation of the super-ministry will enable it to be an objective assessor of these inputs. Furthermore, it is suggested that a presidential planning committee (PPC) is needed as the highest cabinet committee on planning, rather than a ministerial committee of planning. It should be composed of key ministers in the economic and social clusters.

Finally, getting the institutional design right for South Africa’s national strategic planning is as important as the government’s policy orientation. The best-intended plans and policies are likely to fail without properly designed institutions to formulate and implement them. Also, given that institutions tend not to change much over time, getting the institutional design right will be a *sine qua non* for successful development in South Africa. 𠄎

NOTES

1. One of the implications of this proposal is that the title of Minister in the Presidency for the Planning Commission might be changed to Minister of Planning in the Presidency. Following this logic, I will refer to the minister/ministry of planning in what follows.
2. “Autonomy” means the ability of the state to behave as a coherent collective actor that is able to identify and implement developmental goals. As a result, the state is not overwhelmed by sectional interest groups. “Embeddedness” means that the state forges strong and institutional ties/relationships with society which become a basis for the negotiation and renegotiation of developmental goals and programmes.

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