

EMERGING ISSUES IN SECTORAL DEVELOPMENT PLAN COORDINATION,  
MONITORING AND EVALUATION IN NAMIBIA

BY R. M. MBETJIHA

NATIONAL WORKSHOP ON POPULATION AND HUMAN RESOURCE DEVELOPMENT  
SWAKOPMUND  
(17 - 20 MAY, 1994)

This paper discuss the Namibian experience in development planning, policy coordination and implementation, all of which it is hoped will enable an extreme dualistic economy, with a large poor communal agrarian component, to transform itself into a diversified, industrialised and equitable society through sustained growth in the next decade or two.

Section II will describe the process of formulating the First National Development Plan. Study the main points of NDP1, the Macro-economic framework, the sectoral themes, the medium-term budget and the PSIP.

Section III will study the role of NPC, sectoral Ministries, agencies and parastatals, and the private sector in putting together the National Development Plan.

Section IV will discuss the mechanism in place for the monitoring and Plan performance evaluation.

It would conclude by working at some suggestions as to new improvements can be made in the overall process of formulating the National Development Plan.

## 1. Introduction

The role of government in economic development has become one of the most discussed topics in development economics during the last four decades of the post war period. Some argue for the advantages of a smaller government in the economy, others insist that government intervention is necessary and desirable if a less developed country want to accelerate the role of change in the economic and social conditions.

All developing countries, regardless of their ideological differences, engage in some form of development planning. Even the more industrialised Western capitalist countries, also engage in planning, so that their economics receive some form of government intervention. The main rationale for government intervention is to correct market failures and to provide public goods and services for which there is no incentive for private provision.

In developing countries, the private sector is very weak and not very mature, these underdeveloped markets are insufficient in signalling new opportunities, leading to high transaction cost, expensive information and increased uncertainty. An effective communication channel between the public and the private sector would make the development process more efficient.

Carefully prepared and efficiently implemented market conforming development plans has become very important information and management tools with which to strengthen the poor market mechanism and coordinate the national development effort.

The planning exercise can also reduce the risks and uncertainty for the private sector's investments, and hence promote the private sector development.

### What do we mean by planning?

The term planning means different things to different people and it is used in many different contexts.

Generally, however, planning can be defined as:

"a continuous process which involves decisions, or choices, about alternative ways of using available resources, with the aim of achieving particular goals at some time in the future".

This definition emphasises the key elements of planning as we see them namely:

- choosing and prioritising between goals and different ways of achieving those goals;
- allocating resources to achieve chosen goals;
- aiming at definite goals; and
- focusing on the future.

Government as major provider of Education, Health and Housing is a major development agent and plans insofar as they improve the operations and the public resource alleviation mechanisms has a direct influence on the economic and social conditions of the populace.

In sum, two fundamental problems can be diminished by planning in our economies: a) high level of uncertainty and risks due to the lack of favourable "enabling environments"; and b) the problems arising from inefficient resource alleviation mechanisms both public and private.

Planning also provides inter-temporal consistency and reconciles short-run and long-run objectives.

## 2. The process of Plan Formulation

Unfortunately for us, Namibia at independency inherited no tradition of planning, therefore Namibia formally adopted its' Transitional National Development Plan (1990/91 - 1993/94) only in March 1993.

It is estimated that the formulation of a five year plan generally takes roughly 26 months, including the first six months of preparatory stages and the final six months or so of writing up and publication of the document.

However, presently, to avoid the document being available well into the plan period as happened with the TNDP, the First National Development Plan will be completed in approximately 18 months only.

### NDP 1 process

NDP1 preparation process is a continuation of the planning process that was started with the compilation of the TNDP and it will improve on the TNDP in three major ways:

- first it will involve extensive consultation within Government as well as between Government and its social partners;
- second, goals orientation and avoidance of waste; and
- lastly, the plan will set policy linked quantitative targets including a five-year programme for development and recurrent expenditure.

NDP1 will, first and foremost, be a plan of Government's activities for the plan period 1995/96 - 1999/2000. A crucial aspect of this will be a sustainable medium term expenditure programme for Government. It will involve:

- i) assessing the future performance of the economy and its ability to create the resources necessary for the development of the country over a reasonable period of time;

- ii) assessing the resources that Government can expect to receive (own revenue and Official Development Assistance);
- iii) defining and prioritising objectives, strategies, and programmes for Government during the plan period;
- iv) defining and implementing macro-economic policies consistent with Government's economic and social objectives; and
- v) planning Government expenditure to meet the Government's development objectives while maintaining a stable macro-economic environment.

The Plan, is however a National Development Plan, in the sense that it clarifies Governments intentions and serves as the communication channel with the private sector and facilitate the "enabling environment" and secondly by its own right insofar as the social programmes are not only the fruits of development but are its very foundation.

The first steps in preparing NDP1 has already began. This is the preparation of the Keynote Issues Paper (KIP) and the Sector Issues Paper (SIP).

#### Keynote Issues Paper (KIP)

A core element of NDP1 will be the Macro-economic framework. An analysis of the public sector and private sector economy with a view of determining (e.g. growth in GDP and Government Revenue) future prospects and identifying therefore the resources constraints facing Government during the plan period. This will propose overall economic projections and public expenditure ceilings, and other resource requirements including human resources.

#### Sector Issues Paper (SIP)

Ministries in cooperation with their sector specific stakeholders have been invited to identify and formulate their objectives, strategies, programmes and priorities for the plan period. When discussed in view of the constraints set above. Government will be enabled to design an optimum development path or programme, taking into consideration both inter and intra Ministerial trade offs.

The second steps envisaged is the preparation of the Medium-term Budget and the Public Sector Investment Programme.

#### Medium-term Budget

Linked to the Annual Budget exercise, the Medium-term Budget will provide Government with a very important management tool with which to reconcile the short-run objectives to its long-term needs. The Medium-term Budget

with assist Government and individual Ministries in forward planning and keeping within sustainable limits. It will also enable Government to change expenditure patterns over the plan period to ensure that public expenditure is consistent with Government's priorities.

### PSIP

The present Development Budget provides an incomplete picture of the Government's investment and development efforts, since it includes only expenditure programmes financed through the State Revenue Fund. For example, the donor funded projects financed through the SRF constituted only 8% and 11% of the Development Budget and donor commitments for the Financial Year 1993/94 respectively.

A significant part of the development programmes as well as most of the investment of the parastatals therefore remains uncoordinated and not transparent. This information is essential to assess Namibia public investment system and effort and to building up a framework for decision-making.

The PSIP in as much as it will constitute an integrated Government's overall and sectoral economic development programmes will constitute a very important management tool.

### 3. Institutional Mechanisms

Whilst it is difficult to determine the direct causation between the plan and economic performance, it is clear that good plans do not necessarily correspond to positive results. The nature and the political structure that supports the plan is just as important in the process of the formulation and implementation of the plans.

In the process of the preparation of NDP1, NPC relied on existing government structure and communication channels and practises both with the private sector and the NGO community. One of the key coordinating committee whose role needs to be delineated is the Inter Agency-Committee on Economic Planning. (IAC). The IAC is an inter ministerial committee consisting of the Ministry of Finance, the National Planning Commission and the Central Bank of Namibia.

The IAC operates at three levels the working level, the Permanent Secretary level and the Principal level, whose membership is the Honourable Minister of Finance, the Director General of National Planning Commission and Governor of the Central Bank. Though it is in very early stage of existence, the IAC does has the requisite knowledge and expertise required of this type of work. However, it yet to function as unit at the principal level, to be regarded anything like a or key government economic management tool especially in the decision making process on financial and economic matters.

In putting together the Keynote Issues Paper the Government relied on the IAC. Members of the IAC at working level contributed different papers and articles depending on the areas of expertise that went into the making of the KIP. During the early stages much discussion took place between the members of IAC, before the final product was circulated to the line Ministries, private sectors and non-Governmental community.

The process of the Sector Issues Paper was not as extensive as the KIP's. In other countries with long tradition of development planning, the exercise involve the establishment of national tasks forces in all sectors charged with identifying and determining the key issues for the sector during the plan period. This is to ensure that wide consultation takes place and a broad view of sector strategic role in the social and economic conditions of the country is secured. However, in our case the SIP's were I am afraid only formulated by a limited number of civil servants and/or Planning Directorates in each most line Ministries. On one or two occasion the National Planning Commission facilitated this process by preparing the initial drafts for the Ministries.

The development planning process is much more than a technical exercise, it involve political choices and considerations. It is in these critical area that the current planning process lacks the necessary structures. It is already mentioned that an attempt has been made to bring together the Honourable Minister of Finance, Director-General of NPC and the Governor of the Central Bank. Whilst they have met on several occasion the IAC is yet to been as a policy making tool in the area of economic and financial management.

The local authorities structure established after the local elections, are also yet to become effective institutions of Government. There is still grey areas in the respective roles of the local councillors, the Regional Governors and ministries local representatives when it comes to development planning or project formulation. These problems have been compounded by the existence of different Ministerial regions district from the 13 political regions.

Although the Planning Commission Bill was passed only recently through the Parliament, it is yet to be constituted. Thus the present secretariat continue to function after four years of independence without it's board. This robs the secretariat of its necessary political arm.

The successful development planning in the South Eastern Asia tigers has been attributed to the existence of Super Ministries of economic planning. The existence of such super ministries synchronised a closer link between planning and implementation, between the annual budget and the medium-term budget that ensures that the scare national

resources are alleviated to national priorities in the most effective and efficient manner. Even our neighbouring country Botswana boast of long tradition of development planning with the current vice president himself having been a development planner at one stage.

#### 4. Performance Monitoring and Evaluation

The economic performance of a country depends on several agents the government, public enterprises, and the private sector. Economic management or development plans include both the public and private sectors in coverage. In order to improve the efficiency of projects financed and carried out by the Government, a system of monitoring and analysing performance needs to be established within Government. For the parastatals where direct Government intervention in their management is not desirable, a performance evaluation system needs to be instituted as well.

the government can also influence private economic activities by policy - tools. Various tax incentives and provisions of subsidized credit etc. can be used as powerful tools in inducing private resource allocation to sectors and industries preferred by Government.

Until 1993/94 most of the appropriations for development projects were made under the role of the Department of works, Ministry of Transport. Works and Communication. Which was charged with the design, submit projects for tenders and implementation of the projects. The department provide monthly reports basically financial expenditure progress of the projects, many of which are constructions projects handled by private contractors.

The line Ministries therefore relied on the Department of Work for their implementation and information on the progress of their projects. This information was in turn passed on to the NPC and Ministry of Finance, who have instituted no independent means to verify the information, except through the issuance of expenditure warrants in the case of the Ministry of Finance.

As to the private and parastatals the situation has been not different in that many of the parastatals has been operating on their own without no proper guidance and direction from their mother Ministry, be they interns of their social objectives or financial guidance. The present situation where these companies have continued to make huge annual reserves provisions while at same time receiving transfers from Government is a case in point. Except in one or two cases where dividends are paid to Government the rest maintain no clear dividend policy.

In the absence of clear, well researched market interventions or preference for specific sectors and industries, where it is perceived the country may have



comparative advantage, the incentives and tax breaks provided so far may have been in some case been misplaced.

In the absence of clear, well researched market interventions or preference for specific sectors and industries, where it is perceived the country may have comparative advantage, the incentives and tax breaks provided so far may have been in some case been misplaced.

It is hoped that the Sectors Issue Papers that have committed Ministries to identify and formulate their own medium term objectives of establishing proper monitoring and evaluation system for the Government development programme. Up to now many Ministries published while papers mapping out the direction of the respective Ministries, by these at best can only be described as mission statements and could lend themselves to be used as monitoring tools, because they lack clear indicators, targets and yardstick of performance measurement.

The National Planning Commission and Ministry of Finance are int the process of establishing computer based financial and project management online facilities with the line Ministries; to generate the required information.

Economic planning requires extensive data covering all sectors of the economy, such as national income data, input- output relations and production relations for each sector, to name a few.

In the long run it is hoped that these will develop into more integrated approach to monitoring and performance evaluation of the development programme of the country. In countries like Botswana were their most serious constraint is that of lack of capacity, their system emphasis the need to maintain a steady expenditure patterns.

Others like in Malaysia, Korea and Thailand have evolved sophisticated performance evaluation systems. In Korea, the entire bureaucracy from top to bottom was full mobilized to implement the planned programs and projects. With the strong political leadership commitment to economic growth and export expansion, which goals were the ultimate priorities, the appointed heads and high ranking officials government agencies paid special attention to the implementation of planned programmes and projects in their respective regions as well as to the formulation of the formal plan. Depending on the outcomes of such endeavours, the central authority conferred its award in the form of a transfer to better post etc. The system effectively coerced the entire bureaucracy to make concerted effort to plan preparation, implementation and monitoring.

## **5. Summary**

In summary the lesson to be learned from our own experience and those of the other developing countries is that:

Firstly the purpose of planning is not to replace the market, but to enhance the market mechanism and promote the private sector. Government is major economic agent and its operation needs to be clearly planned and made transparent to minimize the negative effect on the rest of the economy.

Secondly the commitment of the top leadership and therefore stronger central resource allocation and planning agencies are vital to the development of the planning system. It is also important that these commitment once given must be sustained so that the system remain endowed with the necessary political strength at all levels and all times.

Thirdly that a central approach is better option to tackle development planning but that the development of a central system should equally match and link itself to similar systems at agency, regional and local levels.

Finally one of the most important lessons gained in our experience is that a developing nation can acquire and expand institutional capabilities to cultivate efficiency in planning over a period of time. This proficiency is particularly important for developing countries where institution building and staff training is not at a level adequate for formulating sophisticated economic development plans and its' effective implementation.