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Government of the Republic of Namibia
Ministry of Regional and Local Government,
Housing and Rural Development

Guidelines for

DEVELOPMENT PLANNING AND BUDGETING UNDER DELEGATION PHASE OF DECENTRALISATION

bringing government closer to the people

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About these Guidelines

Currently, the development planning and budgeting process in Namibia is characterized by a sectoral, top-down approach. The delegation phase of decentralisation marks the beginning of a different, regional bottom-up approach to development planning and budgeting. The purpose of these Guidelines is to facilitate this transition and to pave the way for sustainable development planning and budgeting during the ultimate phase of decentralisation, known as devolution.

This document has been developed by the Cross-Ministerial Task Force on Development Planning and Budgeting. The Guidelines are to be read along with guidelines submitted by other task forces, in particular the Budgeting Guidelines, volume II.

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1. Background

Decentralisation is embedded in the Constitution of Namibia. Thus, the Constitution provides for the establishment of sub-national governments and a system of decentralised government within the confines of a unitary state and national policies, ideals and values. In 1992, regional councils and local authorities came into being through the enactment of the Regional Councils and Local Authorities Acts, and the governing bodies (regional councils) became operational from December 1992, when the first regional councils and local authorities' elections were held. To convert the principles of decentralisation as contained in the Constitution into reality, a policy for decentralisation was formulated and endorsed by Cabinet in 1996 and adopted by Parliament in 1997.

The decentralisation policy identified national development objectives to be addressed though the policy as the following.

- Extend, enhance and guarantee participatory democracy.
- Ensure and safeguard rapid and sustainable development.
- Transfer power to regional councils and local authorities.
- Improve the capacity of regional and local government councils to plan, implement, manage and monitor delivery of services for their constituents.

To this end, the policy framework proposes the creation of co-ordinating structures between NGOs, CBOs, CSOs, traditional authorities and planning at local levels, in the form of development committees. These are the regional development coordinating committees (RDCCs), local authority development coordinating committees (LADCCs), constituency development coordinating committees (CDCCs), settlement development committees (SDCs) and ward development committees (WDCs).

With the adoption of the Policy, Parliament also decided on the implementation strategy. It opted for a gradual implementation process taking into account factors like management capacity at both central and sub-national levels; the need for harmonisation of existing legislation; levels of preparedness amongst key players; ongoing restructuring exercises in some line ministries, and general concerns with regard to the impact on national service delivery standards. Hence a two-phase strategy to implement the reform was adopted, namely a transitional phase of delegation, and finally devolution. During the first phase, **delegation**, regional councils and local authorities will manage and implement certain functions as agents of the central government. During this phase, line ministries are expected to gradually delegate more responsibilities to the regional councils. This process sets the stage for the ultimate phase of **devolution**. Under devolution, political, administrative, financial and planning powers are devolved from central government to sub-national governments, who in turn must execute those powers within the realm of a unitary state and overall national policies and priorities.

The overall aim of decentralisation is to enhance rural livelihoods through the promotion of effective and accountable regional and local government institutions focusing on the alleviation of rural poverty. However, it must be understood that while central government and partner organizations can provide resources and the requisite knowledge, information and skills to enable the rural population to effectively exploit resources, sustainable development must come from the people themselves.

Decentralised development planning aims to involve rural and urban populations in planning in order to improve their living conditions and well-being. However, this process will demand concerted efforts to empower rural populations through education and training.

2. Planning and budgeting in the delegation phase

Development planning must be based on clearly defined national policies and objectives in tandem with development needs identified by the communities at the grass-root level. These needs must be addressed effectively through the development planning process and subsequent implementation. Only in this way can development planning result in improved production, improved infrastructure, improved institutional framework leading to improved income levels, improved self-esteem and improved societal values, integrity and economic mobility of society as a whole.

The challenge is for planners and implementers of development programmes to use available resources, including the development budget - to achieve the stated objectives.

Government allocates resources for national development through the budgeting process. The same process is used to control expenditure. The national budget is therefore a tool for national development. The key institutions in the process include:

Office of the Prime Minister (OPM). Responsible for the overall coordination of government services and the civil service in Namibia. The office retains oversight of all government projects.

Ministry of Finance (MOF). Responsible for the promotion of macroeconomic stability and the coordination of the national budget. Supervises the overall management of government revenues and expenditures.

National Planning Commission (NPC). Plans and directs the course of national development. Ensures equitable development of all the regions. Oversees the formulation and implementation of development policies, plans, projects and programmes at the national, sectoral and regional levels. Prepares the Public Sector Investment programme (PSIP) and the annual development budget and mobilises external resources. Compiles national development reports and statistics.

Ministry of Regional and Local Government, Housing and Rural Development (MRLGHRD). Oversees political and socio-economic activities of regional councils and local authorities and monitors their development activities. Coordinates the development of projects and programmes and is responsible for their funding. Supervises the implementation of projects in the thirteen regions of Namibia. Advocates for the resources of the regions and defends their budgets.

Ministry of Works amd Transport (MWT). Responsible for communication networks and the construction and maintenance of state facilities.

Line ministries. Are responsible for the development of sectoral policies, projects and programmes. Monitor and evaluate in collaboration with the National Planning Commission and the regional councils all projects and programmes under their jurisdiction. Take responsibility for the supervision of all the thirteen regional councils. Supports the regional councils and their management structures as they embark upon decentralisation.

Regional councils. Are the authorities responsible for the development of regional policies and priorities. Prepare regional development policies consistent with the National Development Plan (NDP) and the Public Sector Investment programme (PSIP). Participate in consultations and negotiations pertaining to regional development. Implement all projects and programmes falling under the delegated functions in collaboration with the line ministries and the National Planning Commission. Coordinate all development activities undertaken by the different stakeholders in their respective regions, such as NGOs, CBOs, and CSOs.

Local authorities. Coordinate all development activities undertaken by the different stakeholders in their respective regions. Assist communities in identifying development projects. Prepare the local authorities structures to receive the delegated functions from line ministries in central government, in conformity with the delegation phase of decentralisation.

3. Tools for development planning

The government has put a number of tools in place to facilitate effective and efficient development planning and budgeting. These tools will still be in effect during the delegation phase of decentralisation:

National development plans (NDPs) are the government's medium-term instruments to implement the national development vision. They articulate the goals, objectives and targets to be achieved in a reasonable timeframe. In a decentralized system, the NDP will be based on the regional development plans of all 13 regions. The NDP is approved by the Cabinet and the Parliament. The NPC will draw up the Terms of Reference for the planning units at the regional and local authority councils and oversee their establishment.

Regional development plans (RDPs) are medium-term indicative plans for development. RDPs are intended to guide decision and policy makers as well as potential investors in the regions. They provide regional profiles, sketch a broad outline of regional development potentials and challenges and set forth a programme of action for each sector and sub-sector of the economic, social and institutional structures. These plans are integrated into national development plans and they should be guided by specific sector objectives from line ministries. Line ministries and the NPC must build the capacities of regional councils in development planning and budgeting so that they may significantly contribute to the formulation and implementation of the RDPs.

Medium term expenditure framework. In 2000, the Government introduced the three year rolling development budget (MTEF) consistent with medium-term development objectives, targets and strategies. This budget will be drawn directly from the PSIP. This process will demand that regional councils will have to put in more effort in defining their priorities and costing their projects to be included in the development budget. Line ministries who are currently using different administrative regions will have to align their development plans with the thirteen political regions.

4. Project budgeting during the delegation phase

The development budget and process is project based. This means that the regional development plans as well as sector plans must be translated into projects, which in turn must be costed in order to be incorporated in the development budget.

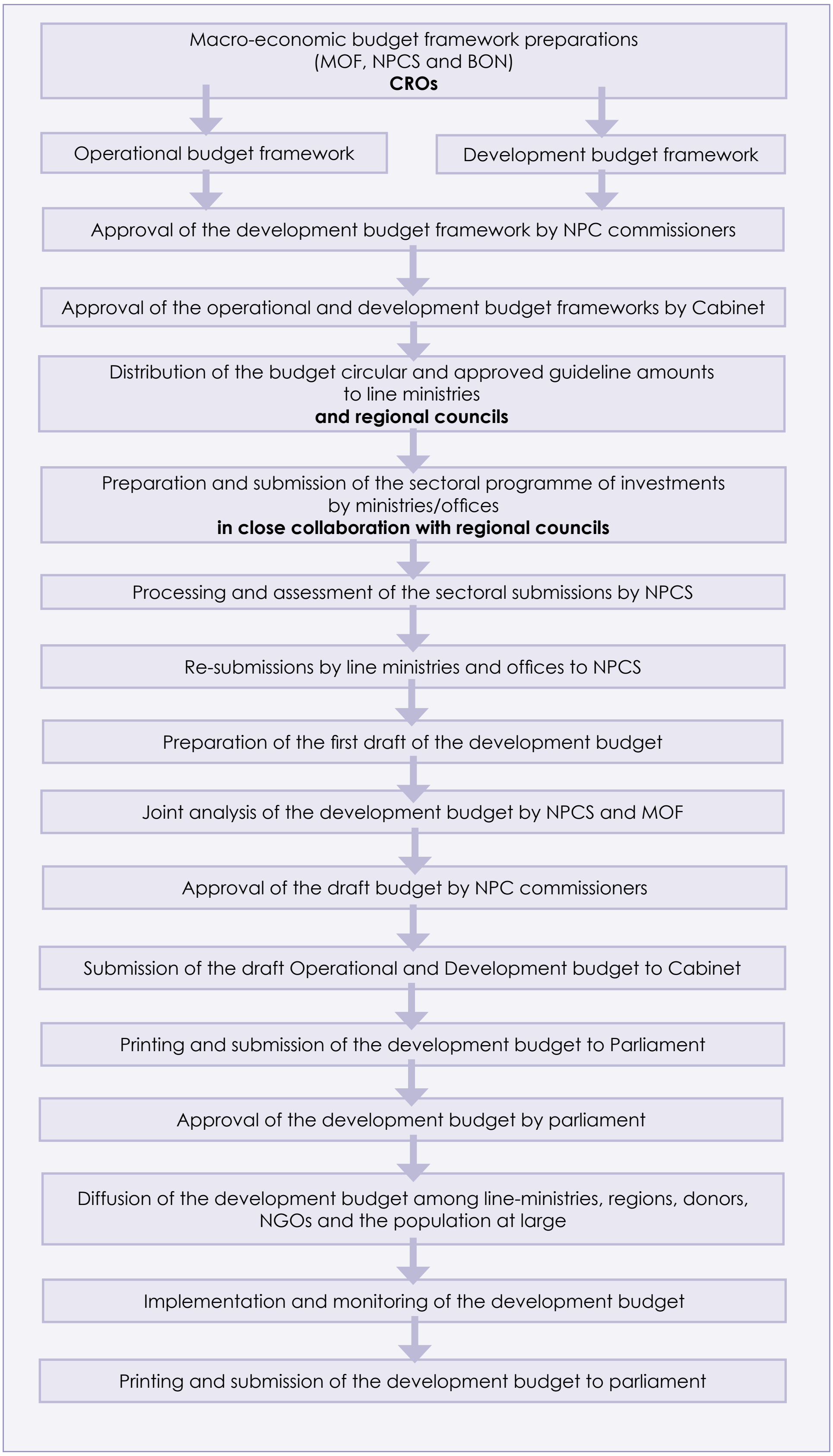
The regional government structures, civil society and communities must be conversant with how the development budget is formulated, and how their inputs can best be accommodated during the process. In the same vein, line ministries as well as the NPC must ensure that regional inputs to the planning process are incorporated in the NDP, which form basis for the development budget for both line ministries and sub-national governments. The inclusion of locally defined development needs and projects in the NDP will help mitigating the perception that the process of developing the national budget is dominated by the centre at the expense of the regions.

The involvement of the regional councils in the development budget process must be prominent and genuine during the delegation phase as this will capacitate the regional councils to take on full planning responsibility under devolution. Hence, they must be involved at all levels – from the formulation of the national development framework to the implementation of projects at community level. The latter includes project planning, procurement, supervision, payment and evaluation, as well as preparation and submission of final project accounts to the Auditor General. Provision will be made for the chief regional officers (CROs) to interact with the Standing Committee on Public Accounts.

Summary of budget calendar in delegation phase

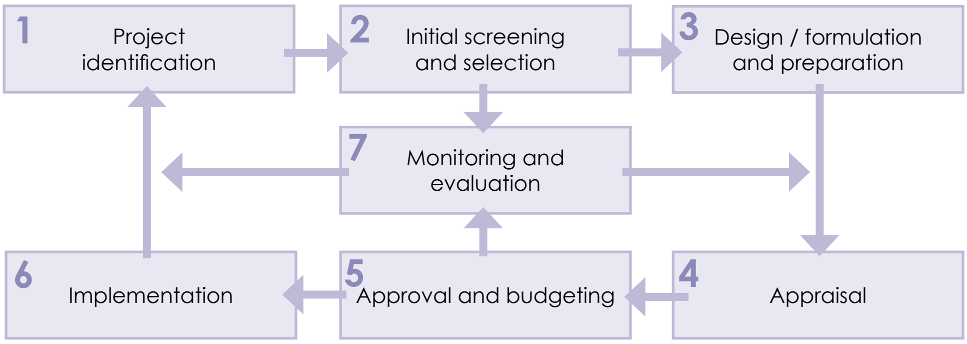
Stage in budget process	Activities	Sectors	Timetable: Main Budget
1. Policy framework	1. Outlines the current/ expected macroeconomic conditions and effect on the budget. 2. Presentation of policy to Cabinet	MOF, NPC, BON; OPM	July July
2. Preparation of preliminary estimates	1. Sector Ministries participate in the preparation of guideline amounts, guided by NDP and coordinated by MOF. 2. Circulates budget to line ministries, prepares and submits estimates. 3. Approval of guideline amounts by Cabinet, with clear indications of regional allocations. 4. Circulate budget with instructions for line ministries to prepare final estimates.	Line ministries; MOF MOF Cabinet MOF; NPC	July July/ Aug Aug/Sept Sept
3. Preparation of final estimates	1. Line ministries prepare final estimates within guidelines, submits to MOF/NPC.	MOF	Oct
4. MOF prepares budget for Parliament	1. Check consistency of estimates and consolidates. 2. Budget document printed; budget speech prepared	MOF; Line ministries, regional councils, NPC MOF	Oct Jan/Feb
5. Legislation	1. Submission of Budget to NA 2. Submission of Budget to NC	MOF MOF	Feb March
6. Implementation	1. Issue of instructions where necessary	MOF; line ministries, CROs	Mar/Apr
7. Auditing	1. Books closed; appropriation accounts drawn up 2. Appropriation accounts and support documents submitted to Auditor General. 3. Auditor General reports to NA/NC	MOF; Line Ministries, CROs MOF, CROs AG	Sep Sep Mar
8. Legislative	1. AG's report referred by NA/NC to Standing Committee on Public Accounts. 2. Standing Committee on Public Accounts reports to NA/NC	NA/NC	

Development budget cycle[1]



[1] Annex 1 is a guide explaining all the steps of the project cycle in detail, to technically guide the reader through these steps.

Project development cycle



1. Project identification

- Planners in the regional councils will facilitate the identification of projects by communities for all delegated functions.
- Line ministries will facilitate the identification of projects by communities and regional planners for those functions still remaining at the centre.

2. Screening and prioritization

- Planners in regional councils will screen and prioritise all projects, guided by the RDCC.
- Projects identified by regions for functions still at the centre will be forwarded to relevant line ministries for design after screening and prioritisation.
- Projects not prioritised by RDCC will not be included in the Development Budget.

3. Design and formulation

- Planners in regional councils will design and formulate projects falling under delegated functions.
- Regional planners will call in the services of technical experts from line ministries to assist with the formulation when necessary.
- Planners from line ministries will design and formulate the projects for which they have facilitated identification and the projects identified by regions for functions still administered at the centre.
- MWT will continue to assist line ministries and regional councils with the design of and documentation for construction projects, which are of a highly technical and specialised nature.

4. Appraisal[2]

- RDCC will appraise and approve all projects.
- Planners in line ministries will appraise their own projects as well as those from the regions.
- RDCC will submit the budget for all approved projects on behalf of their regions to relevant line ministries.

[2] The government criteria for appraisal is attached as Annex 2

- All development projects will reach the NPCS through line ministries during the delegation phase.
- NPCS will appraise and approve all projects for inclusion in the development budget.

5. Budget allocations

- NPCS and MOF in consultation with line ministries will determine the budget allocations/ceilings to line ministries, which will be approved by Cabinet
- Line ministries in consultations with regions will determine the regional budget allocations for their respective votes, which must be distributed to regions well in advance before the budget hearings (A convincing criteria agreed/adopted by all stakeholders will need to be developed by each line ministry, for this purpose)

6. Implementation

- Line ministries will, on request from the regions, release funds for delegated functions on a quarterly basis for the implementation of development projects.
- Regional councils will implement projects falling under delegated functions.
- MWT will remain a key partner in all projects, especially those needing design and infrastructure development projects.
- Line ministries will implement projects falling under functions still administered at the centre.

7. Monitoring and evaluation

- Regional councils will monitor the projects they implement, together with line ministries that delegated the functions.
- Line ministries will monitor the projects they implement, together with the regional councils.
- All projects reports will be forwarded to the NPCS for onward reporting to Cabinet and Parliament.
- NPCS will monitor a representative sample of the projects to inform Cabinet appropriately on the status of development in Namibia.

The submission process

- Regional councils will submit their projects to line ministries.
- Sector ministries will make a comprehensive submission of projects to the NPCS.
- All such submissions must be approved by the RDCC.

5. Role of stakeholders in development planning and budgeting

Stakeholders in development planning are the different institutions, groups and individuals who are affected by and can influence development initiatives. These include, among others:

- Those initiating development projects (line ministries, regional councils, NGOs. CSOs, CBOs, traditional authorities)
- Those likely to implement the projects (line ministries, regional councils, NGOs, CSOs, CBOs, traditional authorities)
- Those likely to benefit from the projects (constituencies and communities)
- Those likely to fund the projects (line ministries, regional councils, national/international donors)

It is crucial that these stakeholders engage in constant consultations as they interact on their lines of responsibilities and duties.

The best way to ensure full participation in development planning and budgeting is through membership in the various development committees. Regional councils should ensure full membership of all development partners in the regional development co-ordinating committees (RDCCs) and line ministries should ensure that their nominated officials participate with a mandate to make commitments to the RDCC. The various stakeholders in the regions should use the RDCCs as platforms for information sharing about the various activities.

In summary, development planning and budgeting under the delegation phase of decentralisation must involve communities, villages, towns, municipalities, regions, line ministries, the National Planning Commission, NGOs and private sector organizations. The importance of MRLGHRD’s coordinating and facilitating role during the planning process cannot be overstated. It goes without saying that a participatory development planning and budgeting process of this magnitude must necessarily take time, as it involves numerous stakeholders.

6. Guide to participatory development planning

Participation of all stakeholders in development planning is key to any meaningful development. It is therefore imperative that all stakeholders are involved in the planning process in an organized and sustainable manner. The table below shows how different stakeholders should interact in a participatory plan preparation process. This exercise should start 18 months before the planning period.

Activities	Responsible unit	Output	Time-frame
Step 1: The NPC in consultation with the regions undertakes studies to identify critical problems confronting the nation. Consults stakeholders and communities in order to identify and assess national needs.	NPC	Needs of regions are assessed in line with national development objectives.	2 months
Step 2: Cabinet approves the national development objectives. NPC issues the policy guidelines for the preparation of the National Development Plan. The guidelines together with national development objectives are discussed with all stakeholders with a view to interpret them and identify the role each has to play.	NPC, line ministries, regional councils, local authorities, NGOs, CBOs, traditional authorities.	Forward, timely and consistent planning & project implementation	2 weeks
Step 3: Sector ministries, RCs/LAs, CBOs/NGOs/traditional authorities prepare their strategic plans in line with national development objectives. These will form the basis for formulating the regional development plans and their corresponding budgets for the planned period.	RCs/LAs, CROs, line ministries.	Progress on development plans and budgets.	6 months
Step 4: The draft Regional Development Plan will be sent to relevant stakeholders for comments.	NPC, CROs, line ministries	Progress on planning.	2 months
Step 5: Regional Council approves the Regional Development Plan before submission to the MRLGHRD and NPC	NPC, CROs, line ministries	Progress toward realising regional development plans.	2 weeks
Step 6: Regional development plans are submitted to the MRLGHRDRD and NPC for inclusion in the National Development Plan (NDP) and the Public Sector Investment Programme.	CROs, MRLGHRD	Progress on development planning.	3 months
Step 7: Cabinet and Parliament respectively deliberate and approve the NDP.	NPC, line ministries, CROs	Approval of regional development planning.	1 month
Step 8: The approved NDP is disseminated to all stakeholders to start implementing the projects in line with the national development objectives within the context of the three-year rolling budget.	Line ministries, CROs, CBOs, NGOs	Implementation of development projects with immediate effect.	1 month

7. Services rendered by the centre during delegation

During the delegation phase the centre will coordinate and monitor the policies. The centre will also ensure adherence by regions to national objectives and standards. The centre will also have to strengthen the capacity of regional councils to perform their functions effectively and efficiently in preparation for the devolution phase. The table below illustrates some of the services the centre will have to render to the regions:

Activities	Responsible sector	Projected output
Review annual work plans and push for the creation of the National Calendar	Line ministries, MRLGHRD, NPC	Efficient project implementation and meeting deadlines.
Provide feedback on matters from consultations with regional planners and implementers.	OPM, MWTC, NPC, line ministries, MRLGHRD	Efficient management, guidance and support
Establish to satisfaction that all levels hold planning meetings/ workshops to deliberate on/approve projects before submission.	OPM, NPC, MWTC, MRLGHRD	Progress on planning and implementation, meeting deadlines
Coordinates regional planning management cycles.	OPM, NPC, MWTC, line ministries, MRLGHRD	Efficient planning and management
Coordinates regional capital development programmes.	OPM, NPC, line ministries; MRLGHRD, MWTC	Timely planning and project implementation
Coordinates development cooperation	NPC, line ministries, CROs	Efficient project implementation, adherence to agreements
Maintain an integrated information management system for the regions.	NPC, OPM, CROs, MRLGHRD.	Efficient communication
Facilitate human resource development and research.	Line ministries, NPC, OPM, MRGLH	Develop knowledge base and capacity to implement projects.
Provide technical support in the design and implementation of regional projects.	Line ministries, NPC, OPM	Ensure consistent growth/ development.
Provide technical support on policy development	Line ministries, NPC, OPM, MRLGHRD.	Ensure consistent policies of quality
Physical facility planning	NPC, line ministries, MWTC, MRLGHRD	Ensure structures in conformity with regional needs and demands.
Coordinates and supports projects in all 13 regions	OPM, NPC, MWTC, MRLGHRD, line mnistries	Efficient management and quality control, education and training.
Coordinates and supports projects in all 13 regions	OPM, NPC, MWTC, MRLGHRD, line mnistries	Efficient management and quality control, education and training.
Responsible for all international relations and protocols.	NPC, OPM, MRLGHRD, MFA, line ministries	Ensure proper understanding, adhere to international protocols and conventions.

8. Concluding observations

Development planning and budgeting during the delegation phase is as critical as it is challenging. During this phase, many modifications must be made to the traditional model of resource allocation. This will have implications on some of the state regulations such as treasury instructions, oversight over the implementation of projects in the regions and others. In this way, modifications will have to be made in order to pave the way for smooth transition from the centre toward final devolution.

When the delegation phase has commenced in all earnest and is functioning smoothly, the stage will be set for final devolution of powers, authorities and services to the regional centres. The challenge is therefore, that all stakeholders must be conversant with the modus operandi and must be oriented toward the minimum expectations that will make for successful decentralisation.

ANNEX 1: Steps of the project cycle

Step 1: Project identification

This stage deals with developing the project concept, including defining objectives and a rough idea of the various options for achieving them. For project identification to be effective there should be negotiation and agreement between:

- Those proposing the project (line ministries, regional councils)
- Those likely to implement the project (line ministries, regional councils)
- Those likely to benefit from the project (communities)
- Those likely to fund the project (line ministries, regional councils, donors)

Step 2: Initial screening and selection

This can only take place once the project concept exists. The purpose is to assess if the project fits in with development objectives and strategies. All projects identified by the various development committees at regional level should be thoroughly scrutinised by the Regional Council/RDCC. This process should answer the following questions.

- What is the likely impact of the project?
- Is the project likely to be technically and institutionally feasible?
- Can it be undertaken within the existing resource constraints?

Step 3: Project design/formulation and preparation

This is undertaken if the project passes the initial screening tests. Design covers a full range of technical, institutional, economic, financial, social and environmental conditions necessary to achieve the project's objectives, together with a plan of operation. Effective project design should consider different ways of achieving the objectives.

Step 4: Project appraisal

This stage involves the deciding whether resources should be allocated for the implementation of the project or not. The resources put into appraisal will reflect the size, complexity and importance of the project. This is the most crucial stage of the project cycle. This process should find answers to the following questions:

- Is the project feasible?
- Can it be implemented under existing conditions?
- Do perceived implementers have the requisite capacities?
- Are the goals consistent with national development priorities?
- How will the project impact on the plight of the target population?

- Is it justifiable to allocate resources to the project given the benefits that are going to be derived from the project (cost-benefit analysis)

Step 6: Project implementation

The respective institution should set up project teams consisting of all stakeholders. These project teams should start with identifying suitable contractors for the implementation of their projects. The project teams should also monitor the implementation of the project by comparing the actual progress to the plan in order to identify remedial action when necessary.

Step 7: Monitoring and evaluation

Evaluation can be viewed as an assessment of the relevance, efficiency, effectiveness, financial viability, sustainability, economic and social impact of a project in the context of its stated objectives and expected results. It allows the planners to use the experiences from one project in the preparation of future projects. The following methods can be used in monitoring and evaluation

- Periodic reports
- Meetings (interviews)
- Field (site) visits (observations)

In the present Guidelines monitoring and evaluation are considered as complementary activities of an integrated system, aiming at controlling and determining whether planned development activities are being implemented as planned (the monitoring part) and an assessment of whether or to what extent the objectives of the development activity have been achieved (the evaluation part).

Objectives and performance targets should meet the following requirements in order for monitoring and evaluation to be successful:

- Objectives and performance targets should be specific
- Objectives and performance targets must be measurable
- Objectives and performance targets should be realistic and achievable
- The action plans should be time-bound

ANNEX 2: Government's criteria for appraising development projects

1. Consistency with National Development Goals, Objectives, Strategies and Targets, as stipulated in the National Development Plan.
2. Consistency with Sector Goals, Objectives, Strategies and Targets.
3. Consistency with Regional Development Goals, Objectives, Strategies and Targets, as stipulated in the Regional Development Plans.
4. Inclusion of the project/ programme in the PSIP
5. Consistency with Namibia's Vision 2030 Goals and Objectives.
6. Adherence of requested budgets to available ceilings
7. Regional equity in terms of resource allocation using the HDI
8. Separation of recurrent expenditure from capital expenditure
9. Recurrent cost implications and sustainability after completion of projects/ programmes
10. Cost-benefit analysis over the three year rolling budget
11. Employment creation
12. Proper completion of project identification forms (PIFs)
13. Provision of completed feasibility studies for all new projects
14. Provision of quarterly progress reports for on-going projects
15. Financial rate of execution including rate of attaining targets
16. Prioritisation of projects/ programmes
17. Timely submission of PIFs

Notes

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