



THE PRESIDENCY  
REPUBLIC OF SOUTH AFRICA

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# IMPROVING GOVERNMENT PERFORMANCE: OUR APPROACH

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# PREFACE

It is with a single and very focused desire to deliver on our mandate to the people of South Africa that we have designed the process described in this Policy Document. The process ensures that we translate our mandate into a very clear set of outcomes and a few crucial output measures that will help us deliver.

To assist us in focusing on a few things and getting them to work better we have identified ten priorities in the Medium Term Strategic Framework. Success in delivering on these priorities will place South Africa on a new developmental path.

To improve our performance we will need to be guided by a few non-negotiable principles:

- Provide principled leadership and making the tough decisions that may be required to deliver on our mandate.
- Strengthen our ability to co-operate across the three levels of government and work as a single delivery machine.
- Build a partnership between government and civil society so that we work together to achieve our goal of a better life.
- Be completely transparent with each other. We must claim no easy victories, just tell the truth and build on what we have achieved.
- Recognize that there will always be limited funding and resources and yet be willing to commit to doing more with less and doing it on time.
- Develop a skilled and well motivated public service that is proud of what it does and receives full recognition for delivering better quality services.

The path of development we have chosen for SA is a long term project that will exceed the five year term of this current administration. Our challenge is to better define that path, set out clearly what can be achieved in the short term and lay a solid foundation for the future. This Policy Document is the start of a challenging and exciting journey. I am encouraging all government departments and public entities to submit their views on which outcomes and outputs they contribute to achieving government's mandate. I invite policy experts, civil society and all South Africans to contribute their ideas.

**Collins Chabane**

**Minister for Performance Management Monitoring and Evaluation**

**The Presidency**

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# EXECUTIVE SUMMARY

Government must be more effective in its actions. It must improve the quality of its services. Since 1994 we have successfully expanded access to services. The quality of services has however often been below standard. Massive increases in expenditure on services have not always brought the results we wanted or our people expected.

While building on work already done, we need to focus more on outcomes as we use our time, money and management. In education the measure is, can our grade 3 children read and write. In health, we must measure whether people are living longer, healthier lives. This requires a shift of focus from inputs – budgets, personnel and equipment - to managing for outcomes.

The President, Cabinet and the rest of Government will agree on 25 to 30 Outcomes, based firmly on the Medium Term Strategic Framework. These will relate to the five priority areas of Education, Health, Jobs, Rural Development and Safety. They will also relate to cross cutting issues like human settlements, public sector capacity, and environmental sustainability; as well as to other areas of Government work. Ideally, we should be able to focus on one catalytic priority, namely Education.

Managing for outcomes requires attention to the Full Delivery Chain. The chain starts with the OUTCOME we want to achieve and then defines the OUTPUT measures that must be used to check if we are on track to deliver. The chain then describes the key ACTIVITIES that need to be successfully carried out to achieve the outputs and closes by listing the crucial INPUTS.

The delivery requirements will be set out in a performance letter from the President to a Minister, group of Ministers or Sector including the MECs. Report-back meetings with the President every six months will evaluate progress and provide guidance on how to overcome obstacles to delivery. Reports will comment on all four aspects of the Delivery Chain – Outcomes; Outputs; Activities and Inputs.

Once performance letters are finalised, each department or group of departments will meet with all institutions and agencies that impact on implementation and delivery. They will meet in a DELIVERY FORUM to negotiate a DELIVERY AGREEMENT that describes roles and responsibilities against timelines and budgets.

We need to understand and accept why we have too often not met our objectives in delivering quality services. The reasons vary in different areas. Amongst them are: lack of political will, inadequate leadership, management weaknesses, inappropriate institutional design and misaligned decision rights. The absence of a strong performance culture with effective rewards and sanctions has also played a part.

It is recommended that a Delivery Unit be created in the Presidency, to intervene in a few carefully selected areas to help improve delivery and create a model for how it can be done and hopefully replicated elsewhere.

# 1 INTRODUCTION

## **1.1 Purpose of the Discussion Document**

This Discussion Document describes the Presidency's approach to Performance Management Monitoring and Evaluation. Essential to the approach is a focus on the priorities we have agreed to in the Medium Term Strategic Framework, derived in turn from the election manifesto of the ruling party. If we achieve progress in those priority areas we will have successfully moved South Africa onto a new development path. If we do so through leadership and coordinated action by all role players, we will be able to talk more convincingly of the developmental state.

The approach taken in developing the outcome and outputs measures in a sector can be an important mobilizing strategy. In the process of establishing output measure in education, the whole sector can be mobilized. An education compact to achieve these targets draws upon 27 000 school principals, 350 000 teachers and 12 million students and their families.

The purpose of the outcome performance system is not limited to measuring outcomes and outputs. It serves as a mechanism to guide the direction of policy implementation – to ensure that we are doing what matters most. The system will serve to assess individuals and collectives of people, to evaluate an institution's effectiveness and even to assess the validity of a policy.

This paper complements the Green Paper on National Strategic Planning which defines the process through which medium and long term plans will be produced in future. The two papers envisage reforms which together will facilitate implementation across all spheres of government.

## **1.2 Why do we need to improve performance?**

In the 2009 elections, the people of South Africa affirmed their confidence in the policies of this government. They renewed its mandate in the belief that the policies would help improve their lives. Since 1994, the public sector has performed reasonably well in implementing government programmes and initiatives. Access to public services has improved, particularly the quality of life in those areas neglected under apartheid.

### **Basic Services indicators :**

- Access to housing has improved. In 2007, 70% of all households were in formal dwellings, up from 64% in 1996 (South African Development Indicators 2007).
- In 2004, 88% of the South African population had access to an improved water source in comparison to 83% in 1990 (South African Development Indicators 2007). In 2007, 73% of the population in South Africa had access to sanitation, up from 50% in 1994.
- 72% of South African households had access to electricity, up from 51% in 1994.

However, it should be acknowledged that the state has not performed optimally in relation to public expectations. Quality and service standards have not always improved, despite massive increases in successive budgets. In some areas service quality and standards have deteriorated.

The pattern of poor quality outcomes despite large growth in real expenditure illustrated in the health and education sectors (which together make up 30% of government expenditure), is unfortunately repeated in some other delivery areas.

### Poor quality education outcomes

- In the 2003 international Trends in International Mathematics and Science Study ranking of 8th grade, mathematics and science performance, South Africa scored:
  - lowest in maths (with a score of 264 compared with the international average of 467 - Korea scored 589, Malaysia 508, Botswana 366 and Ghana 274).
  - lowest in science (with a score of 244 compared to the international average of 474 - Korea scored 558, Malaysia 510, Botswana 365 and Ghana 255).
- In the Progress in International Reading Literacy Study rating for grade 6 literacy, South Africa ranked last of the countries measured, with a score of 302 compared with the international average of 500.
- Compared with other Southern African countries, South Africa's performance has been poor. In the SAQMEC II for grade 6 mathematics in 2000, South Africa scored 486 (Kenya scored 563, Mozambique 530, Tanzania 522 and Uganda 506, even though we spend more than they do).

### Poor quality health outcomes

- HIV/AIDs prevalence is significantly higher than in many other countries. The percentage of the South African population aged 15-45 years infected with HIV/AIDS increased from 15.6% in 2002 to 17% in 2009 (South African Development Indicators 2007). The comparable figure in Kenya in 2006 was 6.1%; and Malaysia 0.5%. (World Development Indicators 2006)
- Reported TB rates have increased. In 1994, the incidence was 309 per 100 000 of the population. In 2006, the comparable figure was 940 per 100 000. (Improved screening may have contributed to the increase.) The comparable figure in Kenya in 2006 was 385 per 100 000; and Malaysia 103. (World Development Indicators 2006)
- Average SA life expectancy at birth was 58 years in 1995. It declined to 51 years in 2006 (South African Development Indicators 2007). The comparable figure in Kenya in 2006 was 53 years and Malaysia 74 years (World Development Indicators 2006).

The transition to democracy fostered hope for a society where all citizens would have the opportunity to realise their full intellectual, physical, social and spiritual potential. This vision was captured in the Constitution which spells out each citizen's entitlement to adequate housing, basic education, health care, food and water and social security. Although the rights are to be realised progressively over time within the available resources, the gap between vision and reality remains large.

South Africa has not been exempt from the effects of the global recession. For more than a decade, tax revenues increased as a result of economic growth and tax collection efficiencies. This made it possible to finance massive increases in social services and social grants while maintaining a prudent fiscal stance with low deficits. In the near and medium term, government will face declining tax revenues and burgeoning expenditure pressures. In this context, the pursuit of value-for-money is imperative if Government is to improve service delivery standards. We must do more with less. The focus has to be on value for money. Wasteful and unproductive expenditure and corruption cannot be afforded.

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This process requires us to convert the inputs we have into those important outputs we want to measure. This part of the process is about improving our efficiency, it is about reducing the unit cost of the service we provide. Ensuring that the outputs deliver the outcomes that have been politically chosen, is a measure on whether government is being effective. Political principals have the responsibility of ensuring appropriate outcomes, and the public service have the responsibility for the outputs.

This calls for a radical change in our approach. Genuine change based on critical self-reflection will be required. That means changes in how we behave, not just superficial adjustments to existing processes, systems and formats. Our approach is guided by three imperatives learnt from international experience:

- the need for prioritization;
- outcomes based planning; and
- performance management with a focus on a few priorities.

## 2 HOW WILL THE OUTCOMES PERFORMANCE MANAGEMENT SYSTEM WORK?

The basic steps required to implement the outcomes performance management system are described below. We chose basic education as an example because it impacts on the lives of 12 million people and their families, uses 20% of our non interest expenditure, and is a recognized priority. A functional and good education system is the only common feature of all successful countries.

### 2.1 Example of performance management system

THE PROCESS	THE EXAMPLE – BASIC EDUCATION
<b>Politically agreed outcomes</b>	
1 The starting point is the MTSF produced by the Planning Process. It will be a five year plan arising from Vision 2025 and other issue-specific policy research.	For the 2009-2010 period we will utilize the MTSF as approved by Cabinet on 19 July 2009. This is the mandate and responsibility of the current administration.
2 The MTSF is converted into 25-30 main OUTCOME indicators, approved by Cabinet. They are a simple and clear way of expressing the Mandate of Government.	One of the OUTCOMES will be to “IMPROVE THE QUALITY OF BASIC EDUCATION” This refers specifically to Grades R to 9, similar measures for the rest of the system.
<b>Outcome measures</b>	
3 We define and agree the most valuable OUTPUT measures that will indicate if we are achieving the outcome. The Presidency will focus on these measures	Improve the pass rate for Grade 3 literacy and numeracy to 65%; Grade 6 maths and literacy to 75%; and grade 9 maths and English to 80% over the five year term. This must be measured in an annual independently moderated test for all students in those grades.
<b>Key activities</b>	
4 The Key ACTIVITIES that will be required to achieve the outputs will be listed: only those without which the output will not be met are listed.	Teachers in class on time teaching 7 hours a day. National workbooks distributed to 80 % of the schools. Curriculum coverage must be 100% of the workbooks and be measured once a year in every school.
<b>Inputs</b>	
5 The Essential INPUTS are identified: only those that form part of the delivery chain for the outputs.	For grades 1,2,3 two workbooks (english, numeracy) uniformly distributed to 80%of schools by national dept. For grades 4,5,6,7 workbooks in five core areas uniformly distributed to 80%of schools by national dept. For grade 10,11,12 seven core textbooks. Independently moderated tests for grades 3, 6 and 9.

### Delivery and Performance Agreements

6 This Delivery Chain is developed into a detailed DELIVERY AGREEMENT at a forum of the key delivery institutions at all levels of Government and any external partners.

The council of education ministers, HEDCom, sample of districts, principals, teachers, and support institutions negotiate a Delivery Agreement specifying what each party will deliver, by when, with what resources.

### Delivery and Performance Agreements

7 The identified OUTCOME, OUTPUTS, ACTIVITIES and INPUTS form the core of the Performance Agreement between the President and the Minister and Sector.

The President confirms the Delivery requirements in a letter to the Council of Education ministers and asks for a report on progress every six months.

## 2.2 Institutional mechanisms for outcomes performance management

Delivery institutions and agencies are those that play a role in delivering an outcome for a sector. They are parts of government whether national, provincial or local, as well as public sector agencies or NGOs. A sector delivery forum brings together those role players that are involved in the actual delivery process.

The key levers of change will include:

- A letter explaining the performance requirement between the President and the Minister or group and of Ministers and MECs
- Sector delivery agreements, negotiated in sector delivery forums
- The Delivery Unit

### 2.2.1 Performance Agreements with Ministers/MECs

The agreement for an outcome such as “improving the quality of basic education” has to be between the President and the sector.

We recognise that there is a national department of Education and nine provincial Education departments. However, we have one education system with a South African challenge to improve learning outcomes. This outcome can only be achieved if all ten departments commit to working together as a seamless delivery machine. The mechanism through which this cooperation can be made real is the Sector Delivery Forums and Agreements which are described below.

The letter which describes the outcomes in education will cover the output activity and input measures. The Minister(s) and MECs in their six monthly meeting with the President will report back on the basis of a one page report.

For example, the first six month report will indicate:

- how many workbooks for grades 1-7 have been distributed;
- what percentage of the curriculum has been covered in the 5 000 schools that should have been visited by then.

In the second six month report, education will report on:

- the extend to which the full curriculum has been covered in all schools,
- the distribution of the next year’s work books, and
- the results of a nationwide literacy/numeracy test for grade 3 and 6.

The third six month report will:

- review in more detail the previous year’s performance and
- begin to identify any major corrective measures that are needed.

### 2.2.2 Sector Delivery Forums

Delivery institutions and agencies are those that play a role in delivering an outcome for a sector. They are parts of government whether national, provincial or local, as well as public sector agencies or NGOs. A sector delivery forum brings together those role players that are involved in the actual delivery process.

A performance management system works only if there is a mechanism to hold the responsible person accountable. The current misalignment between the executive authority (Minister/ MEC) and the head of the department (DG/ HOD), will require attention and may require reform. The PFMA makes the DG/ HOD the accounting officer while the PSA and the political process hold the Minister / MEC accountable. This is further compromised by the process through which DG/ HODs are appointed making them accountable to the President. We need to align the system so that the President who appoints the Minister, holds him or her accountable, while the Minister holds the DG accountable. At a provincial level the same should hold true for Premiers, MECs and HoDs.

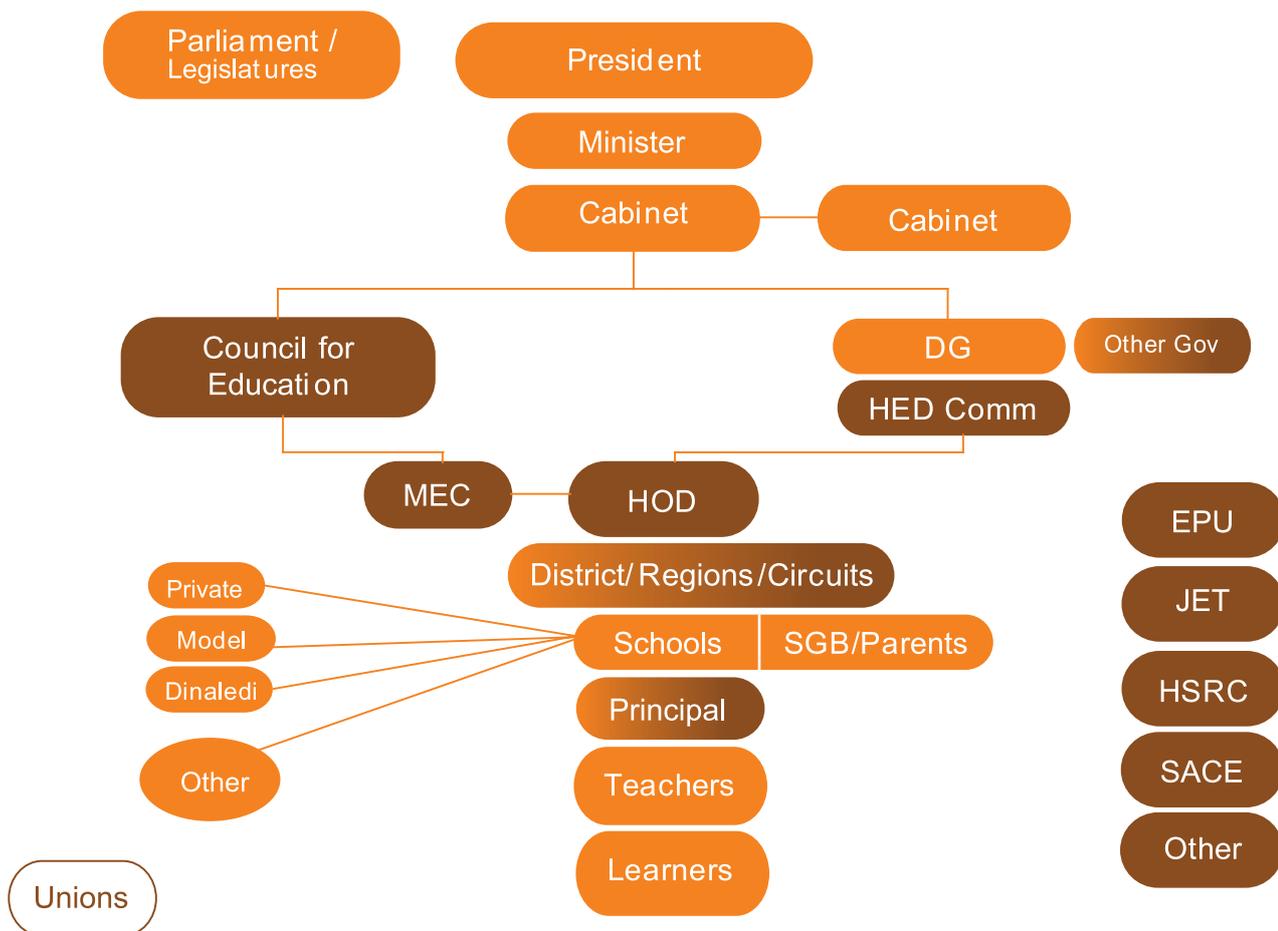
The sector delivery forums should optimally meet for two days of tough negotiations that will broker delivery agreements. The departure point will be the outcomes and outputs required of the sector. The forums will focus on designing and agreeing the implementation process and activities underlying the outcomes/outputs. The forums will specify what each institution or agency is undertaking to implement, within specified time frames and budgets and for which they are fully mandated and willing to be held accountable.

Civil society participates in one of two ways. It can either be directly involved in the Delivery Forum if it contributes directly to delivery. Or, it can be the party with whom we develop a social contract to ensure that the community fully participates in the delivery process. For example parents taking part on the School Governing Board, or taking a keen interest that the school is functioning optimally.

The President's Coordinating Council is a forum that allows the President and Premiers to meet and discuss governance aspects that require intergovernmental coordination. This forum could be fruitfully used to report on progress against outcomes and outputs as discussed in the various service delivery forums. This is the best forum to assess whether inter governmental cooperation is working in each sector. This forum is also seen as strategic in the Green Paper on National Strategic Planning.

This process envisages an oversight and monitoring role for Parliament. The focus on 25-30 outcomes and ten priorities with very clearly articulated outcome and output measures, will allow Parliament to be more effective in this role.

Below is an outline of a typical governance structure. Highlighted in red are those which play a major role in delivery, and which could be an integral part of a service delivery forum.



### 2.2.3 Sector Delivery Agreements

The sector delivery agreement is produced through a process of negotiation in the delivery forum. The implementation of the agreements will typically be financed from budget and budget savings and reprioritization. A part of the delivery agreement relates to producing the M&E information outputs and outcomes. We provide an outline of the minimum requirements that must form the basis of a sector service delivery agreement.

***The outcome the sector is committing to:***

- The desired outcome is described, in relation to the Vision 2025, the Medium term Strategic Framework and other sector policies.

***Measurement:***

- A few output indicators are given through which progress towards achieving the desired outcome will be achieved.
- How will M&E information on activities, outputs and outcomes be reported and analysed? Will it be early enough to permit corrective action? How will we know that we are on track to deliver?

***The delivery strategy:***

- What is the sector's service delivery chain (who does what to ensure delivery)?
- Who are all the relevant role players in the service delivery chain (inside and outside government)?
- Who is accountable at the top and all along the delivery chain?
- What critical activities and outputs are required to achieve the sector outcomes?
- What are the agreed norm and standards for this sector in the delivery of services?
- How will budgets be prioritized to align with the service delivery agreement or saving effected in other areas which could be applied here?
- What are the timelines?
- How will M&E information on activities, outputs and outcomes be reported and analysed? Will it be early enough to permit corrective action? How will it be known that change is happening?
- How much capacity does the sector Ministry have to deliver? Do they require any help?
- In case of disagreements or disputes, how will these be resolved?
- A list of all the likely blockages and the plan to solve them.

***Accountability and governance:***

- What is the role of each stakeholders in the sector, and how will they be held accountable?
- Conflict resolution procedures

***Consultation***

- What processes were followed in negotiating this service delivery agreement?
- Which stakeholders were consulted.

***Detailed measurement information***

- For each of the indicators: the national target, the baseline, the data set used, the data provider , frequency of reporting, data quality officer, minimum movement required for performance assessment

***2.2.4 The Delivery Unit***

In addition to the focus on performance and outcomes, the Presidency recommends creating a Delivery Unit. Its role will be to respond to a few carefully selected areas of blockages in delivery. It will partner the appropriate delivery institutions in working towards a turn around. More importantly its interventions would create models for improving delivery that can be followed by others.

For example, the Delivery Unit might work with a provincial health department on improving health outcomes through institutional reform of the hospital and clinic system. It would take care to do so in such a way that the model could be replicated in other provinces. If the unit were to work in the area of local government it might choose two or three different kinds of local government district to ensure that the lessons learnt are broadly applicable.

# 3 PRINCIPLES OF OUTCOME PERFORMANCE MANAGEMENT

This section highlights what is different about outcomes performance management. It touches on how what is being proposed will build on previous reforms aimed at improving government performance.

## **3.1 What is new about this approach?**

### **3.1.1 Measurement of politically designated outcomes for accountability**

There is a valuable saying in performance management circles, that, “What gets measured, gets done”. If we measure outcomes and monitor the supporting chain of inputs-activities-outputs, then they will get the fullest attention. Scarce resources and management time will be allocated to them. Outcomes are the only thing meaningful to citizens.

Of course, outcomes measurement is by no means easy even from a technical M&E perspective. We need to be careful in choosing outcomes and output target. The unintended consequences of choosing some measure that promotes inappropriate behaviour or malicious compliance can undermine the proposed reform. We would need extensive consultation and iterative re-assessment of the measures to determine if we are on the right track. We can learn much from international experience and indeed from our own reform history since 1994. These technical challenges are taken up more fully in Annexure A.

### **3.1.2 Giving priority to a few sectors**

The Medium Term Strategic Framework lists 10 priorities:

- economic growth:
- infrastructure:
- rural development:
- food security and land reform:
- education:
- health:
- fight against crime:
- cohesive and sustainable communities:
- promotion of a better Africa and better world:
- sustainable resource management:
- and improving the public service.

To be fully effective we would, during a specific period, need to identify an even smaller number than ten. Choosing five priorities that include rural development, health, education, safety and jobs would be more effective. Collectively these five priorities constitute over 60 per cent of our budget. Ideally there should be one top priority. There is only one contender which has the most significant impact on our long term development and can be catalytic in placing the country on a new developmental path. It allows us to impact on the lives of 11 million people and their families and accounts for 20 per cent of our budget.

Government has taken a bold step in elevating only a few priorities. We need to ensure that this effort is not diluted, despite enormous pressures and temptation to do otherwise.

### **3.1.3 Focus on sector rather than department and the intergovernmental implications**

Achieving an outcome (job creation or economic development, for instance) will require prompt actions and effective, complementary service delivery outputs from all relevant public sector institutions. This would include government departments across all three spheres, public entities, NGOs etc. None of them could achieve the outcomes alone. But the outcomes are attainable collectively, as a sector, across the whole of government.

An outcome-orientation could provide a framework for an integrated “whole of government” approach that coordinates the different policy and program areas that contribute to a given outcome. This sectoral and intergovernmental coordination will no longer be simply procedural (i.e. based on processes and forums). It will be substantive. In other words coordination will ensure that plans, activities, budgets and implementation strategies are aligned across spheres and departments in support of outcomes. The institutional mechanism to consolidate this co-operation and give it teeth will be the delivery agreement negotiated by the delivery forum.

A one size fits all approach to the creation of delivery forums and the development of outcomes and outputs measures is not appropriate. It needs to be recognized that sectors that function exclusively within the national sphere are very different from those sectors that operate in an environment of concurrent functions.

In sectors such as education and health that have provincial concurrent functions, the need for vertical co-operation and partnerships is paramount. Although preference will be given to political agreement and voluntary co-operation, various mechanisms to enhance intergovernmental cooperation will be investigated. Approaches that strengthen inter governmental co-operation such as constitutionally derived norms and standards, more explicit policy frameworks as well as fiscal transfer mechanisms will also be investigated.

It is recognized that inter-governmental coordination that includes local government has become overly complex. The coordination of national initiatives at a local level, as well as the need to recognize the wide diversity of local government capacity, will inform the approach to developing outcomes/ output measures and delivery agreements.

### **3.1.4 Emphasis on accountability throughout the service delivery chain**

Traditionally, accountability has focused mainly on compliance with regulation (financial management compliance and managerial accountability via the PFMA of 1999 and PSA of 1994) and less frequently on service delivery outputs. Systems of performance management have operated mainly at the level of department and individual (driven by DPSA). While those are necessary, the proposed new regime shifts the locus of accountability towards outcomes, politically and managerially.

Many previous reform attempts have concentrated mainly on internal hierarchical performance measurement instruments (e.g. vertical reporting within a particular department). While these remain critical, the Discussion Document proposes a diverse range of performance measurement and management instruments, internal and external to Government. These include further strengthening of internal government systems (such as the planning systems and the GWM&E system); enhanced citizen oversight through increased publication of outcomes data; and robust engagement with service delivery partners. Independent processes and moderators or experts will be used whenever feasible to enhance the integrity of the process.

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### **3.1.5 Changing behaviour, values and attitudes**

Reforms, whether in the public or private sector, tend to elicit resistance or inertia that call for change management as part of the inception of any reform process. Past reforms in South Africa, be they planning, budgeting or sectoral policy reforms, have been successful in establishing new systems. But they have been less successful in achieving compliance. Furthermore where there has been compliance, it has at times been “malicious compliance”, namely compliance with the letter of the regulation, but in a way that undermines its spirit.

This Discussion Document acknowledges the organisational challenges in changing deep-rooted performance cultures. It attempts to buttress strong political will for change in the centre with incentives to change the way service is delivered. This is discussed further in Section 4: Creating a performance culture. Incentives are needed to align individual managers' objectives and activities with those of their institution, their sector, and government as a whole.

Performance cannot be achieved through fiat, compulsion or coercion. Buy-in along the entire service delivery chain is absolutely essential, especially from those civil servants in line ministries at the coal face of delivery. Creating a performance culture with a single-minded passion for delivering outcomes relevant to citizens, is a battle for hearts and minds.

### **3.1.6 An improved data architecture**

The proposed performance management system can only function if there is credible, validated, timely information on outcomes and the other elements of the results chain: inputs, budgets, activities, service delivery outputs etc. It is critical to improve government's data architecture to underpin performance management. There should be a free flow of data to the Presidency from across government, rather than the current situation where data is not adequately shared.

It is important that the data that are used in the Performance Monitoring and Evaluation system is accurate and trustworthy. The South African Statistical Quality Assurance Framework outlines the criteria used for evaluating the quality of data against eight dimensions of relevance, accuracy, timeliness, accessibility, interpretability, coherence, methodological soundness, and integrity. This methodology creates transparency in the process of assessing the validity of data.

## **3.2 How does the proposed system build upon previous initiatives?**

As noted earlier, the outcomes performance management system articulates closely with the planning and policy coordination of the Planning Commission, as laid out in the Green Paper on National Strategic Planning. The priority outcomes informing the performance management system will be aligned with the proposed Vision 2025, and the annual Medium Term Strategic Framework. These document will serve as the base, and in the outcomes performance management system, the priorities will be taken to a more detailed level.

As far as possible, existing sectoral and intergovernmental forums and M&E processes will be employed in the priority outcomes areas.

## **3.3 Linking performance monitoring, planning and coordination**

As laid out in the Green Paper on National Strategic Planning, the Planning Ministry would foster policy coherence through planning processes which yield a set of clear, credible plans for the country. The Ministry would promote policy coordination by ensuring that the work of all government departments, spheres, agencies and public entities gives expression to this set of plans.

Outcomes performance management is about singling out a limited number of outcomes which will be monitored periodically and serve as the basis of engagement between the President and Ministers or groups of Ministers and MECs. Policy coordination is therefore at the interface of the planning, performance management and M&E processes. In practice these functions would tend to overlap.

Performance Monitoring and Evaluation must not be an end in itself. We need to use the outcome and output measures to promote a change in behaviour, and create a culture of accountability. We should use the information from the process to help us understand why policies and implementation approaches work, or more importantly, not work so that we can fix them. The data and insights from monitoring and evaluation must loop back into the planning process.

### **3.4 The link with the intergovernmental budgeting cycle**

Many government outcomes can only be attained through the coordinated outputs of different departments across the three spheres as well as other public entities. In the past, this sort of “joint work” (in the form of collaborative programmes, projects and services across the three spheres of government) has often been fragmented, especially in the context of intergovernmental and inter-sectoral coordination.

While the concurrency of functions is often premised on joint planning and implementation, budget accountability has a single focus specific to an organisation. Joint work thus requires new and efficient ways of getting entities to work together while retaining single-point accountability for public expenditure. Outcome orientation with a sectoral rather than an institutional focus, coupled with strong M&E and delivery agreements, is a step in the right direction. This should feed into the intergovernmental budgeting process to ensure that budget allocations from national government are spent on what had been agreed upon with the provinces, rather than being diverted to other lower priority uses.

There has often been misalignment between nationally agreed priorities and provincial budgets for concurrent functions (e.g. in education). Sector planning and budgeting processes are not always sufficiently robust or well-coordinated. They are not always followed through with strong support and oversight measures. Finally the focus has typically been on inputs, rather than outcomes or outputs, let alone impact.

Furthermore, while failure to execute budgets or to comply with financial regulation does have consequences, the same cannot be said of strategic and long term development plans. This creates incentives for organs of state to promise in plans what they may not be able to afford in their budgets. Plans can therefore degenerate into unaffordable “wish lists”. Finite resources may be spread so thin that outcomes are compromised. Due to limitations on performance budgeting and on the monitoring and evaluation system, Budget accountability has focused to date mainly on outputs rather than outcomes and value-for-money.

The Minister of Finance has signaled the need for a Comprehensive Expenditure Review which will completely reassess government’s spending priorities. The aim is to promote cost-effectiveness and phase out or redesign ineffective programmes to ensure greater value for money.

### **3.5 The links with the GWM&E Policy Framework**

This performance management system will initially concentrate only on 10 priority outcomes. The routine monitoring of the Programme of Action and the broader GWM&E system continues. Much has been done in recent years to raise awareness of the importance of M&E. Capacity for M&E has been built and processes established in The Presidency, National Treasury, Department of Public Service and Administration, Public Service Commission, Premier's Offices and line departments. A coordinating forum has produced an M&E policy framework and a framework for managing programme performance information. There is an agreed framework for a "system of systems" that uses existing or improved departmental systems to extract useful data - it can be implemented over the next year. *The South African Statistics Quality Assurance Framework* helps ensure good quality, useable official statistics.

The GWM&E Policy Framework recommended that departments and other organs of state first concentrate on monitoring outputs and immediate outcomes and use this as a platform for evaluation of outcomes and impact. The Presidency and National Treasury will develop an Evaluation Framework and other guidelines and support material to help implement evaluation systems across the spheres of government. The aims of the Evaluations Framework are to:

- encourage government institutions to regularly evaluate their programmes;
- provide guidance on the approach to be adopted when conducting evaluations;
- provide for the publication of the results of evaluations.

Lessons learnt in managing outcomes performance in the priority areas will be invaluable in crafting an evaluation framework to apply more comprehensively across all three spheres. The emphasis of this Discussion Document is on the performance management of key outcomes for the whole of government. This will mean more emphasis on evaluation of outcome and impact in relation to these politically determined results areas. Impact evaluations, however, provide insight into specific kinds of questions. Other types of evaluation would be more appropriate for many other purposes (e.g. process and output evaluations, ethical or value-for-money evaluations). The comprehensive Evaluations Framework of the GWM&E system will outline a menu of evaluations to meet disparate M&E needs of managers, planners and policy makers.

### **3.6 Existing Performance Management System**

An individual performance management system driven by the DPSA already exists. The challenge will be to re-orient it to greater focus on outcomes and to align the incentives of individual managers to sectoral and institutional outcomes. In some areas policy on performance agreements for the senior management service has not been implemented. There is a need for concerted attention to ensure consistent implementation of performance agreements.

### **3.7 Office of the Auditor-General**

The Auditor-General has also begun auditing of non-financial information. This raises the question of the relationship between the A-G's performance auditing and the proposed government outcome performance management system.

Firstly, the Auditor General will focus mainly on validating the credibility of performance information. Secondly, because non-financial information is audited annually, the performance audit would relate mainly to output and input (i.e. financial) rather than outcomes. Finally, the Auditor-General's focus is on a particular institution, rather than a sector.

Given that outcomes and impacts generally take a longer time to become evident and can only be measured outside of a particular institution, they are unlikely to fall within the scope of annual audits of non-financial performance information. They would fit more comfortably in the scope of the Government-wide Monitoring and Evaluation system. Auditors are traditionally more oriented to process and compliance, rather than outcomes. Outcome information differs from financial information. It requires a different management paradigm and set of technical skills from what auditors have traditionally been trained in.

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## 4 CREATING A PERFORMANCE CULTURE

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One should not underestimate the technical M&E challenges of outcome and output-focused government performance management. But they are surmountable. Far more complex are the people leadership and shifts in management mindset that must happen. International experience indicates that re-direction of public service culture is difficult, costly and takes 8 to 10 years of sustained effort. Yet unless people in the public sector (whether elected or appointed) change how they think and work, the reforms outlined in this Discussion Document will not be successful. Service delivery outcomes will fall short of what the poorest and most vulnerable citizens need.

If an outcomes-focused performance improvement programme makes so much sense, how do we ensure that it is enthusiastically adopted in practice?

### **4.1 Getting buy-in and commitment**

The centre of government can provide top-down political impetus and drive that lends legitimacy and urgency to a focus on outcomes. But meaningful change in how civil servants think and work needs bottom-up support, especially from middle management. Without the support of a critical mass of the individuals who actually deliver government services, the contemplated reforms would be illusory. They would become a futile administrative exercise, where “boxes are ticked”, forms filled and reports compiled with little difference in how services are managed or delivered.

Countries which have succeeded in getting commitment to a focus on outcomes have designed and implemented the approach in a flexible and consultative way. Sectors and programme areas have participated in developing an approach that is meaningful for their own context. If staff are not actively involved in developing it, they see little point in investing time and effort into implementing an approach that has no value to them in their work. They are most likely to buy into the process when they recognise its benefits.

For line managers, the benefits could include: more successful programmes and projects and better understanding of how they fit into the bigger picture and how they contribute to creating a better life for all. It would enhance their ability to motivate cogently for additional funding. For HoDs the approach brings greater capacity to advance the department's mandate and mission; better management of programming risk; and more credible accountability mechanisms.

If an outcomes orientation is to be taken seriously, top leadership needs to “walk their talk”. Their actions must be congruent with their speeches and policy statements. They should personally champion the approach rather than delegate it to junior officials. For example, how much attention is given to an outcome approach vis à vis other priorities in senior management meetings? How is it resourced and supported? How much recognition is given to those who commit to a focus on outcome? Perhaps most important of all, how does orientation to outcomes feature in the department's daily business? Does it represent a genuine shift in how management and policy are carried out, or is it perceived as just a paper exercise?

## 5 ROLES AND FUNCTIONS OF THE MINISTRY FOR PERFORMANCE, MONITORING AND EVALUATION

The President will champion a long term vision for development and progress and seek to manage government to achieve its strategic objectives. The Planning Minister will support the President and the executive in this role.

The hallmark of a credible plan is that the planning process should also generate the milestones against which progress is gauged. This is one of the major interfaces between planning and M&E. Accordingly the Ministry of Performance Monitoring and Evaluation and the Planning Ministry will work closely together. They will do so both to finalise planning instruments (including Vision 2025, the MEDIUM TERM STRATEGIC FRAMEWORK, and PoA) and to develop instruments of outcomes-focused performance measurement. Furthermore, M&E findings can provide insights on how the experience on implementation points to a need for revision of plans. Lessons learnt from M&E should feed into planning and budget cycles.

### **5.1 Functions of the Ministry of Performance, Monitoring and Evaluation**

The Ministry of Performance, Monitoring and Evaluation will play an important role in setting expectations of improved outcomes across government. It will drive a results-oriented approach across the three spheres and other organs of state. It will review the data architecture of government so that the required performance information is generated. It will ensure that this information is actually used in intergovernmental planning and resource allocation. The Ministry will also build internal capability in these areas in order to provide guidance and support to sectors.

The three main focus areas of the Ministry of Performance, Monitoring and Evaluation will be:

1. Management of outcomes through Ministerial accountability for improving delivery performance: The Ministry will play a supporting role in establishing the performance agreements with Ministers/MECs and sectoral delivery agreements, focusing on a small set of outcomes and a selected group of outputs. Ministers/MECs would cascade results-focused lines of accountability down to senior officials. This may also include legislation on programme evaluation and other M&E dimensions.
2. Institutionalising the Government-wide Monitoring and Evaluation system: The Ministry's work will build on existing initiatives with a renewed focus on improving input, output and outcome measures. The capacity building strategy for GWM&E will be strengthened to accelerate development of technical skills required for outcomes-focused performance management.
3. Unblocking service delivery: The Delivery Unit will assist in a limited number of institutional environments to help turn around blockages and non delivery.

An appropriate capacity will be established in the Presidency to undertake these three tasks. It will work in tandem with the Planning team to ensure a cohesive approach.

### **5.2 The Delivery Unit**

The Delivery Unit would consist of a small team of experienced officials who can facilitate change at national, provincial or local level. The Unit will analyse failures in delivery and lessons form successes.

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In partnership with all relevant role players, it will identify at most five areas where it will partner with the political head and officials to drive change that brings significant and sustained improvements in delivery. Where priority outcomes transcend a single ministry or sphere, Ministers charged with those priority outcomes would lead change with Delivery Unit support.

Research to date on delivery dysfunction point to the following underlying factors:

- Misalignment of the legislative and regulatory framework (for instance mandates of public sector institutions are not clear and often overlapping);
- Ineffective institutional design of delivery units which does not recognise the need for managerial authority and clear decision making rights to accompany clear lines of accountability for results;
- Lack of strong management and leadership to create a performance culture with measurable objectives, accompanied by sanctions and incentives;
- Absence of political will when tough decisions have to be made; and
- Inadequate inputs (people, technology, and infrastructure).

While the Delivery Unit may initially have to focus on stabilisation and turnaround strategies, the aim would be longer term, sustainable institutional transformation.

The Unit will design and guide the implementation of change, empowering existing structures. For instance, it could choose a single hospital to work with, or at most a province. It would drive change and delivery with a view to gathering performance enhancement insights and good practices which can be emulated in other locations.

Key requirements for this unit's success would be: political will; an experienced team willing to think outside the box; willingness from the chosen priority areas to cooperate with it; and being able to replicate successful models of change.

## **CONCLUSION**

We have described a process for translating government's mandate into a set of measures against which we can hold ourselves accountable. We may consider legislation. Each of you will have a view on what needs to be added to the framework to make it work better.

# ANNEXURE A: TECHNICAL CHALLENGES

A focus on outcomes encourages an integrated approach to performance improvement across government. While the idea of managing outcomes is therefore intuitively appealing, there are some technical M&E challenges which even developed countries are still grappling with.

## ***Outcome measurement***

Outcomes are typically more qualitative and less tangible than resource inputs, delivery activities or service delivery outputs. They are also typically longer term in nature than the outputs which may be produced in a particular year. Outcomes may only come into effect with a lag after the intervention which is difficult to predict. For instance, it is easy to track the number of HIV/AIDS workshops given to secondary school children (an output), but much more difficult to assess whether or when this results in increased awareness (an immediate outcome), behavioural change towards less risky sexual behaviours (an intermediate outcome) and ultimately a reduction in HIV/AIDS infection rates (a long term impact).

If the data does not exist for the outcomes we want to measure, proxy outcomes may have to be tracked. Selection of proxies is an art in itself.

Many outcomes and impacts can only be tracked via censuses and large scale statistical surveys. As such new data may only be available at five or ten year intervals, which may not be sufficiently timely for programme evaluation and planning purposes. Government interventions may also cause unintended outcomes (positive or negative) which had not been anticipated when the policy, programme or project was conceived. Care should be taken when identifying outcome targets and indicators to avoid distorting behaviour and creating perverse incentives.

A further challenge is the timing of outcome measurement. One has to choose the right level of outcome (i.e. immediate or intermediate outcome, or long term impact) at an appropriate point in time or time horizon. Generating development impacts on communities and the economy (i.e. poverty alleviation, economic competitiveness) is a long term endeavour. If central agencies (Presidency, National Treasury etc) demand impact evaluation of a policy, programme or project prematurely, it can be self-defeating and demotivating to implementation staff. It is therefore critical to focus on the entire delivery chain change and to link evaluation to intermediate objectives that are achievable during the period of the government intervention under review.

## ***Causality and attribution of outcomes***

For government, performance management it is essential not only to confirm that desired outcomes have indeed occurred and to quantify them, but also to demonstrate that its policies, programmes and projects have actually been responsible for their achievement in some way. There is therefore a need to show causality between service delivery outputs and the outcomes which are eventually realised. However the linkages in the results chain are complex. They are typically influenced not only by government intervention but also by a number of other factors external to government, as described in the box below.

While many public sector organisations have developed comprehensive indicator sets as part of their planning and reporting processes, analysis of causal effects is currently weak, and the international good practice of theory-based evaluation needs to be strengthened.

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This would require that in the policy development and planning stages a clear conceptual understanding of how, why and when the policy, programme or project will effect change, and how these changes may be measured.

### **Theory based evaluation :**

“Theory-based evaluation has similarities to the logic model approach but allows a much more in-depth understanding of the workings of a program or activity – the “program theory” or “program logic.” In particular, it need not assume simple linear cause-and-effect relationships. ... By mapping out the determining or causal factors judged important for success, and how they might interact, it can be decided which steps should be monitored as the program develops, to see how well they are in fact borne out. This allows the critical success factors to be identified.” (World Bank 2004)

### ***Getting the relevant data and using the data***

The data that is required to inform the Performance Management system will have to be carefully chosen and verified. Much of the groundwork has already been laid during the development of some of the GWM&E strategy. The Presidency will soon launch a major project on plotting the data architecture of government administrative systems and available datasets. This step will focus on improving the quality of the data. In addition there will be strong emphasis on enhancing the analytic and policy analysis capability in government.

### ***Linking financial and non-financial performance***

When assessing government performance, one must consider not only the service-delivery outcomes (e.g. quality, access, equity, timeliness) but also the financial dimensions of performance (effectiveness, efficiency and economy). This is critical in ensuring the sustainability of policies, programmes and projects. It is also essential for creating incentives for innovation and enhancement of service delivery modalities.

