PERFORMANCE MANAGEMENT

AND

INTEGRATED DEVELOPMENT PLANNING

IN

SOUTH AFRICA

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### ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<tr>
<td>AAPAM</td>
<td>African Association for Public Administration and Management</td>
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<td>ABA</td>
<td>Area Based Agencies</td>
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<td>ABDP</td>
<td>Area Based Development Projects</td>
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<td>ABMD</td>
<td>Area Based Management and Development</td>
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<td>ANC</td>
<td>African National Congress</td>
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<td>CMDA</td>
<td>Cato Manor Development Association</td>
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<td>CMDP</td>
<td>Cato Manor Development Project</td>
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<td>DPLG</td>
<td>Department of Provincial and Local Government</td>
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<td>EU</td>
<td>European Union</td>
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<td>GEAR</td>
<td>Growth, Employment and Redistribution</td>
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<td>IDT</td>
<td>Independent Development Trust</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>KZN</td>
<td>KwaZulu Natal</td>
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<td>LED</td>
<td>Local Economic Development</td>
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<td>MBO</td>
<td>Management by Objectives</td>
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<td>PMS</td>
<td>Performance Management Systems</td>
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<td>RDP</td>
<td>Reconstruction and Development</td>
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<td>RSA</td>
<td>Republic of South Africa</td>
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Introduction

This paper gives an account of some recent initiatives in the South African public sector that aim to use a performance management approach in order to enhance the implementation of development plans. The focus is largely on local authorities as they are expected to play key roles in making this initiative a reality on the ground. However, national and provincial government bodies also play significant roles, and these will be duly noted. The authors of this paper draw in part on their own experience as facilitators of a major capacity building programme for local authorities that took place in late 2001 and 2002, as well as on various forms of information and analysis derived from a range of sources. Examples are taken from several parts of the country. We draw particularly on the example of our home province, KwaZulu Natal (KZN). We include some case studies including one related to a major urban development project-Cato Manor-which has involved local government in cooperation with other agencies.

The Reconstruction and Development Programme (RDP), an economic development framework formulated by the African National Congress (ANC) provides a political context to some of the key performance areas that the PMS seeks to translate into indicators at national and municipal level. The RDP’s objective was to meet the ‘basic needs’ of the people; such needs being: “jobs land, housing, water, electricity, telecommunications, transport, a clean environment, nutrition, health care and social services; building the economy; and democratizing our society” (ANC: 1994). This framework was translated into a strategy through the Growth, Employment and Redistribution (GEAR) ‘long run vision’ that set its goals as achieving “a competitive fast-growing economy which creates sufficient jobs for all workers; a redistribution of income and opportunities
in favour of the poor; a society in which sound health, education and other services are available to all; and an environment in which homes are secure and places of work are productive”. (Department of Finance, RSA: 1998)

The problem that this paper explores is thus the need for radical change to eliminate poverty. This concern is allied to the notion that performance management can contribute by enabling state policies to make a better impact. This problem obviously has many strands to it. At its core it is about undoing the legacies of *apartheid*, which still permeate the economy and the society. The continuation of high levels of unemployment, crime, HIV-AIDS and other issues can easily be collectively viewed as a rather depressing picture, and one that requires a response in terms of effective policies. Since 1994, a number of significant initiatives have been observed, but have so far yielded limited results giving rise to the view that implementation was a key weakness requiring remedy (Wallis 2000).

Seen in the above context, the subsequent adoption of the Integrated Development Planning (IDP) and Performance Management Systems (PMS) addresses deep-rooted imperatives to democratize the determination and implementation of developmental priorities and institutionalize the processes for accountability for those employed to deliver public services. The writers of this paper acknowledge that challenges, particularly those related to initial introduction of PMS were anticipated in a series of workshops, held nationwide, aimed at familiarizing municipal officials and councilors with PMS. What could not be anticipated was how implementation of the PMS would proceed on the ground. While recognizing that it is still too early to make any definitive statements about PMS outcomes, the transformational imperatives underlying both the IDP and PMS have spawned a variety of initiatives. The experiences of some of these initiatives
provide valuable glimpses of tendencies and issues indicative of the challenges of implementing PMS and are considered in this paper.

Performance management has emerged in the last five years as one possible way of strengthening the public sector. For example, the introduction of performance contracts and agreements for senior public servants has been seen as a way of pushing for improvement in management by, for example, measuring outputs (Republic of South Africa: 2000A: p 15). Provincial governments are also following this pattern (Office of the Premier KZN 2002). Local government has not been isolated from the changes taking place, as our discussion demonstrates.

Developmental Local Government

As far as Local Government is concerned, the central theme of the 1998 white paper was the need for councils to become more developmental in focus (Republic of South Africa 1998, Parnell and Pieterse 1999). The white paper stressed the related need for performance management. In this context, the emphasis has been placed on individual and institutional performance. It is the latter that is our primary concern in this paper. The performance issues we discuss relate to the performance of local authorities (as a whole or in relation to components of them) rather than to individual officials or councillors. However, in practice it is not realistic to sharply distinguish between the two.

The developmental function envisaged for local government in South Africa stands out as being somewhat in contrast with the pattern in many other parts of Africa where the decentralization of planning has been steered by locally based representatives of the central government (District Commissioners, District Administrators and so on). The role of central government is to operate in sectorally specific areas, such as water and land, but not to play an integrating or
coordination role. This means that, in so far as there is a vacuum created by this structural configuration, the coordination function rests with the municipalities.

Starting in 2000, a system has been created by which it is hoped the performance of local authorities can be improved; the jury is out, however, on how successful this particular innovation has been. Since the mid 1990s, a core concern had been the restructuring of this sphere of government allied to a policy of decentralizing service delivery as far as possible. The 1996 constitution, various white papers and legislation at the start of the millennium all pointed towards improved performance at the level of elected councils with local responsibilities. To give concrete expression to this new developmental direction, a number of initiatives were espoused, including public private partnerships (in a local government context known as municipal service partnerships, see Hlahla 2000), and IDPs; performance management was one strand in this plethora of creativity emanating from national policy makers at this juncture.

Also of importance was the ‘Batho Pele’ (People First) White Paper of 1997 (Republic of South Africa 1997), which highlighted a number of principles, which guided the adoption of performance management in local government (Republic of South Africa 2001). Although issued by the Department of Public Service and Administration, the white paper was to be implemented throughout government including the Department of Provincial and Local Government (DPLG) that is the national department with responsibility for local government.

The main principles of Batho Pele stressed in the performance management context were:

- Maximum possible consultation with citizens on service delivery and quality
• The need for service standards, so that the public will have a clear picture of what to expect.

• A move towards greater equality of access to services, a point of great importance given the inequalities inherited from apartheid

• Courtesy: ‘citizens should be treated with courtesy and consideration’

• Full and accurate information whilst stressing the importance of openness and transparency.

• Redress: the need to have in place procedures by which remedial action can be taken where service standards are not achieved.

• Value for money, highlighting the need for increased emphasis on economy and efficiency.

(Republic of South Africa 2001: p6).

Following the Batho Pele initiative, the white paper on local government appeared (Republic of South Africa: 1998). This included a concern with service delivery in local government, extremely important given the range of services expected of this sphere of government in terms of the 1996 constitution (Republic of South Africa 1996 Ch. 7). In this policy document, performance management is stressed as a method by which:

• The implementation of plans can be ensured.

• Resources can be used with greater efficiency and optimally

• The effects of implementation can be of maximum benefit
The idea of indicators is introduced. Municipalities were expected to introduce **key performance indicators** (KPIs) covering efficiency, human development and other matters. The idea here was that these be set through a process of engagement between management, staff and the communities living in the municipal area. In addition to indicators set by municipalities, there was a requirement that national indicators be set to apply to all local authorities as far as possible. For the DPLG, this would assist in:

- Assessing the overall state of local government
- Monitoring the effectiveness of delivery and development
- Ensuring that scarce resources are utilized effectively

An overriding expectation was that the new PMS would be a tool that would empower communities to determine their needs and assess the performance of their municipalities. It would give credence to the idea of a bottom up approach—an idea of long standing in community development ideology. If implemented, this would be a radical departure from previous policies and practice.

**The Policy Framework**

The pace was set by the DPLG, which endeavoured to ensure that policy and its legislative expression were based on key principles. It was also emphasized that adequate research and consultation had to take place. Some of the key principles were:

- The idea that the new system must be owned by municipalities with the support of the national and provincial spheres (each of the nine provincial governments has a department which includes local government in its...
portfolio—for example, Traditional Affairs and Local Government in the KZN province).

- The idea that communities be at the center of the processes required (the community development ideology again).

- The idea that the system was to be ‘non punitive’: an interesting notion raising the question of the implications, if any, of non-compliance.

- The notion that the system should be regarded as a ‘developing’ one in the sense that a great deal of learning by trial and error was to be expected before the system could become fully workable.

- The PMS had to be linked to the IDP framework and processes that the municipalities were supposed to undertake. Given the syndrome of non implementation of plans to which we referred earlier, the intention is to use performance management as a way of increasing the chances of the IDP processes achieving the desired results.

- The DPLG recognizes the need for the PMS to be flexible because of the capacity variations found amongst local authorities; major urban centres such as Durban have far greater capacity than the typical council serving largely impoverished rural communities in areas such as the former ‘homelands’ in the poorer provinces such as Eastern Cape, KwaZulu Natal and Limpopo. The need for flexibility boils down to two dimensions. First, there is the fact of local authorities’ differing capacities to manage change. Secondly, the strategies needed to develop capacity will vary depending on conditions in the various municipalities.
Finally, the DPLG argues that the system must build, as far as possible, on existing initiatives. In that sense, the approach can be seen as an organic one based on what exists rather than on a distant and possibly unrealistic vision.

**Legislation**

Two pieces of legislation were passed following the white paper to give legal expression to the PMS idea. The first, the Municipal Structures Act, is largely of importance as it requires each municipality to carry out an annual review; this includes its ‘overall performance in achieving the objectives set out in section 152 of the Constitution’ (Republic of South Africa 2001 p 9).

However, it is the Municipal Systems Act that provides the detailed framework within which PMS is to operate. It is this Act that also requires councils to prepare IDPs, reinforcing the requirements of earlier legislation. Implementation of these plans is to be supported by the PMS (Republic of South Africa 2000B)

In acknowledging that institutionalization of PMS will take time, with some municipalities being able to proceed faster than others, Government makes the provision that implementation of PMS should proceed, albeit imperfectly, and that municipalities should learn and strive for continuous improvement. PMS implementation is not punitive.
Procedures for PMS, in the form of an annual cycle, are provided for as follows:


2. These general indicators are then to be incorporated into municipal plans alongside locally developed indicators.

3. Procedures for monitoring actual performance on the ground, involving communities and stakeholders, are to be followed.

4. Municipalities are to then prepare annual reports, and make them available to provincial ministers and to communities.

5. These reports then have to be audited by the Auditor General’s office.

6. Audit reports are then to be compiled.

7. These reports are to be submitted to provincial legislatures.

8. Finally, a national report is compiled and presented to parliament.

The Act also outlines some core components of the PMS. These include setting indicators, including outcomes and impact, linked to the municipality’s IDP, setting measurable targets, monitoring of performance, review, performance improvement and regular reporting.
Performance Management Systems in practice

The introduction of the system depended on a prerequisite, namely the preparation of the IDP. Although elements of performance management can and were introduced in scattered cases, for the most part the sequence was to prepare the IDP first, after which PMS could play a key role in promoting better implementation. For a variety of reasons, few councils had advanced significantly in preparing IDPs until 2002. Lack of capacity and a demarcation process, which in some cases radically, altered local authority boundaries, were factors of some importance here. As of mid 2000, for example, less than half of the municipalities in Mpumulanga province had made significant progress in preparing IDPs, and the problem was particularly severe in small rural councils with lower capacities (NORAD 2000). Much the same was true of the Free State at the end of 2001 (personal communication November 2001).

Taking two IDPs as examples, one from the Western Cape province and one from KZN province, an indication can be obtained of what is being done by stronger municipalities to respond to the new system’s requirements. The Stellenbosch Municipality in the Western Cape produced an interim plan in 2001, in which it made little attempt to link the plan with performance management (Stellenbosch Municipality 2001). However, in the case of eThekwini (Durban), a different picture emerges with a conscious attempt to include in the IDP some of the key elements of performance management (eThekwini Municipality 2002). Each of the various programmes proposed
are discussed in terms of ‘desired outcomes’, ‘measuring performance’ and targets. For instance, in the case of physical infrastructure, the municipality intends to measure performance by the following course of action:

‘Develop and put in place indicators and systems to monitor:

- Actual service delivery vs. agreed Community needs
- Levels of service available to citizens across the Unicity
- Numbers of and locations of citizens with inadequate service levels’

(eThekwini Municipality 2002: 20).

However, in most cases, the general pattern found in KZN and Stellenbosch seems typical. As of October 2002, 97% of the KZN municipalities had prepared and adopted IDPs but had made little progress in linking them to PMS (KZN Provincial Government 2002).

The Challenges of Performance Management Systems

The workshops commissioned by the DPLG towards the end of 2001 and at the beginning of 2002 focused on the implementation of organizational performance management in local government. Councillors and municipal officials attended the workshops. The challenges covered related to the ‘processes’ prescribed for implementing PMS. These are:

1) Setting performance indicators – the challenges here being (a) planning, particularly knowing in what areas it will be important to track performance, (b) defining priority areas, (c) defining objectives (as the municipality deepens and focuses its IDP towards concrete programmes and projects), (d) setting indicators; these being the tools the municipality will require to track
success in the programmes and projects and, therefore, the degree to which they contribute to the municipality’s ability to meet its objectives; and (e) setting targets, i.e. the sharpening of IDP objectives by focusing initiatives around measurable targets.

2) Creating the links between organizational PMS to staff performance – once the targets for the organization have been set, performance indicators and targets must be linked to staff performance commitments.

3) Monitoring performance – involving the routine collection, analysis and use of information to ascertain to what extent the organization is making progress in meeting its performance targets.

4) Determining sources of information and the management of it – the major assumption underpinning performance monitoring is that there is continuously available a stream of performance information to feed the system. Being specific about the sources of information; guaranteeing availability of data from the source – these were some of the considerations. (Jupmet/Simeka 2002)

As part of the training, municipalities were encouraged to make decisions on performance measurement models that they would use. In addition to being introduced to different types of models (Excellence Models, Best Value Models, Balanced Scorecard, a Local Hybrid model that has been prepared for Local Government in South Africa, and the Three Es {economy, efficiency, effectiveness} model); they were advised that the PMS framework they select must cover the following:

a) Process and cycle – “How” and “when” each stage of the performance cycle will take place from planning through monitoring and measuring to evaluating and re-planning for improvement.
b) Content – “What” aspects of performance must be planned, monitored, measured and evaluated in order to form a reliable and adequate picture of how well the organization is performing.

c) A Model – which reflects decisions about content: “what aspects of performance should be managed”.

d) A System – outlining choices on both the process and content. (Jupmet/Simeka 2002)

Although the workshop material was professionally prepared and presented, the technical nature of the matter and the quantity of material covered in 2-3 days made it more confusing than enlightening to many of the participants. A recent consultant report has commented on the general state of some municipalities as well as the circumstances of some participants in the workshops as follows:

“In addition to the lack of infrastructure and human resources some of the councillors are serving their first term of office, and are still adapting to their role as councillors. They are required to form part of and play a leading role in the transformation process. Councillors are being introduced to new local government systems, some of which are highly technical and very difficult to grasp. They are furnished with large volumes of information and there is not enough time to digest and develop in-depth understanding of issues. As a majority of these are in English and the majority of councilors have English as their second language with some having difficulties to understand the language, the potential for confusion is great. This may have serious effects on the performance and morale of Councilors”. (UTHukela District Municipality 2002 p16).
It comes as no surprise, therefore, that as with the IDP process, many municipalities are resorting to hiring consultants to assist with the development of PMS. For the balance of this paper we look at how some entities have defined the challenges of PMS and devised ways of dealing with them.

**Cato Manor Development Project (CMDP)**

The Cato Manor Development Project (CMDP) was one of a series of Special Presidential Lead Projects initiated throughout South Africa in the wake of the democratic general elections (1994). These projects were a key component of the government’s RDP and received substantial funding (Nell and Charlton 2002).

As was mentioned at the opening of this paper, at the core of the PMS is the undoing of the legacy of apartheid. One entity that epitomizes the effects of apartheid planning is Cato Manor, some five kilometers west of the Durban City Center in KwaZulu Natal. It also demonstrates some of the complex issues arising in post apartheid planning.

The turbulent early history of Cato Manor (1845-1989) was characterized by its transition from mainly agricultural land use to a mixed form of dense informal urban development and market gardening. As reported by Robinson (2002), this was accompanied by the emergence of a large shack settlement, mainly with Indian landowners and African tenants, located immediately outside the jurisdiction of the Durban municipality. In 1949 conflicts occurred between Africans and Indians in Cato Manor, and in 1960, between Cato Manor residents and the authorities. Following the promulgation of the Group Areas Act in 1955, the South African central government intervened, applying its apartheid policy through a dramatic, and large-scale forced removal. The entire population was resettled to
formal townships on the metropolitan fringe. Despite being one of the most accessible areas in the Durban metropolitan region, this 2000-hectare site remained largely unoccupied until late 1980s. (Robinson: 2002).

Political changes in South Africa in the early 1990s rekindled interest in the re-development of Cato Manor (Kambuwa and Robinson: 2002). A multi-party negotiating forum was established, to create a policy framework for the development of Cato Manor. The Cato Manor Development Association (CMDA), a Section 21 company, was formed to act as the vehicle for the delivery of the Project as set out in the policy framework. The CMDA was registered in 1993 and attained a full-time staff capacity in 1994. (Robinson: 2002) Its objectives, based on the philosophy of creating an efficient and productive ‘city within a city’ are presented in Box 1.

**Box 1: CMDA Objectives and Targets:**

The Cato Manor Status Report (2000) describes the key strategic objectives of the Project as follows: “to create an efficient and productive ‘city within a city’, targeting mainly the poor and marginalized residents of greater Durban; to provide housing and security of tenure; to reduce prevailing infrastructure and service disparities; and to establish safe and secure living and working environments with ample economic opportunities. These objectives are being achieved through the delivery of housing; social, educational and recreational infrastructure; land reform; local economic development and human skills development. The project targets a yield of 25 000 housing units (accommodating 150 000 people) and creation of 25 000 permanent jobs.

*Source: Robinson and Forster (in Kambuwa and Robinson: 2002p7)*
Box 2 below shows the CMDP’s primary sources of funding, which ranged from the national to provincial government; metropolitan to local council; individual donations to private sector developers; and international development agencies.

**Box 2: Sources of CMDA Funding**

The CMDP funding has been obtained from a number of sources, with the major contribution being made by the Reconstruction and Development Programme (RDP) in 1995 (R130 million) the European Union (EU) in 1997 (R130-150 million depending on the exchange rate), the Provincial Housing Department Board (R67 million) and the Durban Metropolitan Council and South Central Local Council (R27 million). Contributions to earlier phases of the development were made by the United States Agency for International Development (USAID), the Independent Development Trust (IDT) and individual donations. The Metropolitan Council, for a variety of uses supplied bridging finance.

*Source: Robinson and Forster (in Kambuwa and Robinson: 2002 p7)*

By mid-2002, almost all the planning had been completed; most of the infrastructure was in place; and a significant amount of public investment into public building, facilities and capacity building had been achieved. Private investment in the form of housing (with government subsidies) and local economic development is gathering momentum (Robinson and Forster: 2002).

Later in this paper we highlight the challenges to performance management that Cato Manor illustrates. These include managing under shifting policy environments (as the participative requirements of the RDP are set aside in
favour of the GEAR’s emphasis on efficient and fast delivery of services; balancing operational objectives against empowerment and affirmative action requirements; managing private-public initiatives, and others. A key challenge is how Cato Manor adapted its institutional, organizational, as well as operational arrangements to meet pressures from the outer environment.

**Durban Metropolitan Unicity Municipality (eThekwini)**

The constitution of South Africa 1996 (Act 108 of 1996) provides for three categories of municipalities, which are described as follows:

(a) **Category A:** being a municipality that has exclusive municipal executive and legislative authority in its area;

(b) **Category B:** being a municipality that shares municipal executive and legislative authority in its area with a Category C municipality within whose area it falls;

(c) **Category C:** being a municipality that has municipal and legislative authority in an area that includes more than one municipality.

Under the above provision Durban Municipality became one of the few Metropolitan Councils announced by the Municipal Demarcation Board in January 2000. (Others include Greater Johannesburg, Cape Town, East Rand Region, Port Elizabeth and Greater Pretoria). For Durban, being a Category A municipality meant subsuming several local municipalities into the Durban Metropolitan Unicity Municipality (eThekwini). The term ‘operational entity’ was introduced to designate previously self-standing councils. Of interest to this paper is how the Unicity approached the
challenge of performance management under its expanded jurisdiction. Durban’s approach was based on the notion that existing institutional arrangements would not be appropriate to the requirements of the soon to be introduced PMS.

In 2001 the Durban Metropolitan Unicity Municipality (now renamed eThekwini) commissioned research to assess the applicability of Area Based Management and Development (ABMD) to achieving crucial developmental goals in the new Durban Unicity. The terms of reference of the study stated specifically that the research was to explore the extent to which ABMD could deepen and extend democracy, promote integrated development, focus investment resources and rationalize service delivery (eThekwini Unicity Committee: 2000). ABMD was defined as the decentralization of the planning and management of public resources to geographically rather than functionally defined centers of decision making as a means of promoting integrated development and citizen participation. Within this context were identified Area Based Development Projects (ABDP) described as special purpose vehicles for high investment, high impact projects; and Area Based Agencies (ABA) as permanent governance structures charged with the responsibility of co-coordinating service delivery and development at a level below sub-Council (Heller et al: 2001).

Among the findings of the report were the following, which are relevant to this paper in terms of highlighting perceived problems in the current state of local government:
i) The failure to close the substantial gap that exists between local government and citizens, and current trends towards centralization that are making meaningful participation even more difficult

ii) A failure to properly integrate department-driven delivery has resulted in a sub-optimal use of public resources in achieving social and economic goals.

The study concluded that ABMD represents a mode of governance that on the one hand reduces the cost for citizens of engaging with local government (and in particular its service delivery instruments) and as such enhances the scope and efficacy of citizen participation; and on the other hand provides an institutional structure for integrated development and delivery at the meso or micro level, with the Unicity representing the macro-integrative strategic function. (Heller et al: 2001).

These conclusions were subsequently factored into the eThekwini IDP to which reference has already been made (eThekwini Municipality: 2002).

**uThukela District Municipality**

Situated in the western part of KZN and a product of the demarcation exercise, uThukela District Municipality is a Category C municipality, which assumed municipal and legislative authority in an area that includes rural and urban areas, some of which had never been part of a formal local government system before. While three of the municipalities (Umtshezi, Umnambithi and Okhahlamba) were relatively better resourced and able to sustain themselves (these consisted of the former Escourt, Ladysmith, Bergville and Winterton, previously advantaged municipalities in the former regime), two were predominantly rural and traditional (Indaka and
Imbabazane) predominantly rural and traditional, with limited economic resource base and without adequate access to resources. As a result, uThukela District Municipality is obliged to provide human resources support to the less advantaged municipalities. Senior officials from the District Municipality serve as Municipal Managers in these areas.

The essence of the present situation is that apart from its legislative and constitutional functions, uThukela District Municipality is expected to provide primary local government functions in areas that lack administrative capacity; overstretching its own human and financial resources. The remainder of this paper looks at some of the tendencies and issues discernible from the case studies presented earlier in this paper, as well as those from the experiences of other local authorities grappling with PMS implementation.

**Challenges of PMS – Tendencies and Issues**

**Institutional issues**

Implementation of the PMS inevitably has implications for the institutional arrangements of an entity. A less well-endowed entity such as the uThugela District Municipality’s institutional concerns may not be the same as those of, say, Cape Town. For example, an institutional situation analysis carried out by UThukela District Municipality as its PMS development process (in compliance with the Municipal Systems Act) highlighted the following concerns and needs requiring to be addressed:

- Capacity building for Councillors and ongoing training for staff
- Devising effective mechanisms for service delivery
- Strengthening relations with the adjoining municipal and service providers operating in the district
- Promoting increased public participation in local government
- Ensuring that the organizational structure is enabling and facilitates efficiency and effectiveness
- Uncertainty regarding the division of powers and the functions between local municipalities and the district may affect the morale of staff and efficiency of Councilors
- Introduction and adaptation of information technology as a tool and a means to accessing information
- Need to develop by-laws on a range of financial issues
- Need to support local municipalities, especially the ones that are new and lack resources
- Need for an effective communication strategy.

(UThukela District Municipality 2002 p112).

These needs and issues are significant to uThukela considering its unique circumstances. Contrasted with those of a well-endowed and resourced municipality like Cape Town Unicity (which we discuss under organizational issues below) these pale in sophistication.

**Organizational issues – Managing Beyond the Organizational Structure**

The Cape Town Unicity acknowledged from the outset that support services would be significantly affected by the introduction of PMS. Noting that the cost of support services within local government had in the past been “controversial” the Unicity resolved to restructure and tailor these to meet the needs of the users of their services through various ways, including:

(a) The establishment of support service bureaus that enter into internal contracts with other units. This is seen as an important tool for ensuring greater accountability and better service culture.
(b) The benchmarking of the performance of these bureaus against those of the private sector. (The Unicity Commission, Cape Town 2000pp17-18)

Cape Town looked at “shifting and enhancing” its organizational capability to implement a new approach. “The three major areas of change related to organization competence are the need to change the capability profile of the workforce, the need to modernize processes and systems and the need to revitalize the culture of the organization” (The Unicity Commission, Cape Town. 2000p18).

It is worth noting that, in a similar manner, when CMDP faced a crisis of confidence, due to delayed delivery of project outputs it reviewed its organizational set-up and revised its modus operandi. For efficient and speedy delivery, responsibility for detailed planning, design, and implementation on the ground was to be in the hands of a number of consultants, contractors, and development agents appointed by the CMDA management from the private, public and community sectors (Robinson: 2002)

**Human Resource issues**

The way in which uThugela District Municipality has deployed its senior managers as Municipal Managers for lesser-endowed municipalities has been alluded to earlier in this paper. So, too, has the manner in which the CMDP resorted to increased use of consultants, to speed project delivery in the face of criticism by stakeholders. These ways of coping with deficiencies in human capacity are a part of wider human resource issues that municipalities and other entities are grappling with in a significant part owing to the demarcation as well as implementation of IDPs and PMSs. The approach taken by Cape Town Unicity, which reflects the tendencies of other major metropolitan authorities in South Africa, is very sophisticated and based very much on private sector practice. Cape Town’s focus identified the need for a ‘much more flexible workforce’ with many new skills and the capability to work in new ways and in new areas. Very much in the same way as Japanese industry strived to develop its workers. In PMS terms, the challenge becomes one of “…understanding more clearly the new competencies for the future and
the new knowledge areas that will be required by employees such as change management, partnership working, contract management, customer relationship management, e-government and ensuring that the new capabilities are developed” (The Unicity Commission, Cape Town 2000 p18) For many employees, this becomes a double-edged sword since those who cannot make the required changes face uncertain futures. A concern of many participants at our workshops was that PMS was actually an indirect method of retrenching staff, despite the supposedly non-punitive nature of the system.

The modernization of processes and systems would be aimed at ensuring effective and efficient service delivery. PMS introduction and implementation would be one of two major drives, the other one being e-Government. The Cape’s IT enabled Government would serve the following objectives:

- Improved efficiency and effectiveness through reduced costs, improving productivity, increasing revenue and enhancing decision-making;
- Enabling strategic operational and process integration across the Unicity, its directorate and departments and suppliers;
- Ensuring efficient and professional information services for the Unicity including the provision of high level management information.

“An IT enabled Unicity will embrace many new technologies to reach its customers, residents and citizens in a more effective and efficient manner. These will include enterprise-planning systems which automate, integrate and streamline many of the main internal operational processes across an organization from financial accounting to human resource management, to project management to maintenance”(The Unicity Committee, Cape Town. 2000p18).
o Customer relationship management, a range of technologies aimed at reaching customers and citizens more effectively including internet sites, customer self-service, computer integrated telephony, intelligent call routing and call/service centers;

o Supply chain management which is about optimizing a company’s interaction with its partners and suppliers in order to be more efficient and which would include demand forecasting, sourcing and procurement, inventory management and so on. (The Unicity Committee, Cape Town. 2000p18).

Organizational Culture issues

This relates to the need to reorient municipalities’ inward focused bureaucratic culture from inputs to outputs or outcomes. In the case of Cape Town the driving forces of such an orientation are to be a citizen/customer/customer/user focus and continuous improvement; reinforced by a variety of tools and techniques, including increased use of customer surveys, customer care focus training and greater citizen involvement in scrutinizing services via citizens charters. (The Unicity Commission, Cape Town p18).

Private-Public Partnership issues

In the context of Local Economic Development (LED) private-public partnership “…is essentially a process in which local governments and/or community based groups manage their existing resources and enter into partnership arrangements with the private sector, or with each other, to create new jobs and stimulate economic activity in an economic area” (Zaaijer and Sara in Nel, Hill and Eising: 2002). One undisputable fact in a
private-public partnership is that the private partner will avoid risk at all costs. Here is where performance through such partnerships requires skills that many municipalities do not have at this point in time.

The case of Cato Manor illustrates how critical it is that municipalities develop the skills and expertise to deal with private sector partners. Although the private sector was expected to contribute significantly to the development of low-cost housing in Cato Manor, sensitivity to politically driven land invasions in early years led to the withdrawal of private developers from the project, necessitating a change in approach by CMDA. The CMDA changed its role from that of facilitator to that of developer. Withdrawal of private contractors and consultants operating in the field set the pace of delivery back. The expectation that most of the housing delivery would be done by private sector, with CMDP, as facilitator was not met. As Robinson and Forster (2002) observe: “There has been very little delivery in which the private sector has taken full development risk, with the exception perhaps of the bonded housing. Even here, the site development responsibility and risk was assumed by CMDA, where serviced land priced at between R9 500-R16 000 has facilitated the development of credit-linked units by the private sector for about R60 000. This has involved the engagement of a set of project management consultants to manage projects, on a part-time retainer, part-performance remuneration basis, using local consultants for implementation. In terms of this model CMDA takes the development risk” (Robinson and Forster: 2002p22)

Public Participation issues
Chapter 4 of the Municipal Systems Act (Act No 32 of 2000) requires that municipalities involve the public in both the IDP and PMS processes. However, the Act does not prescribe any mechanism, process and procedure to enable the local community to participate in the affairs of a municipality. The ABMD study commissioned by the eThekwini Municipality is one way of attempting to identify an appropriate way and institutional structures to do this. Heller et al observe that: “… contrary to the zero-sum equation implied in the argument that process comes at the expense of product, or delivery at the expense of participation, a very strong case can be made that high levels of participation support more effective interventions, more efficient allocation of resources and greater sustainability. Participation in and of itself, moreover, is most important means of building citizenship” (Heller et al 2001 p31)

The Cato Manor studies, however, raise a note of caution. Commenting on gender participation, Jo Beal et al observe, in respect of gender issues, that: “Greater attention needs to be paid to the social organizational aspects of infrastructure and service delivery…. More recent literature has referred to the ‘tyranny of participation’…and it is increasingly recognized that direct participation and involvement is not always necessary of desired by people involved in or impacted by development programmes. Whether participation means direct involvement or indirect inclusion through representative democracy, a key factor in monitoring it is that counting the number of women present, while important are not sufficient to ensure that their voices are heard and priorities recognized” (Jo Beal et al 2002 p13). Hindson adds a contradiction to participation under the IDP and PMS initiative. According to his findings, in some areas of great need (i.e. less endowed parts of eThekwini Municipality), newly elected councillors perceived independent
civic organizations and direct involvement as redundant or threatening. In others, civic associations were disestablished and replaced by Ward Committees under the chairmanship of councillors. In sum, following a trend that is not uncommon in nascent democracies, the consolidation of representative structures has, to an important degree, come at the expense of nurturing more direct forms of democratic participation (Hindson et al 2002, p16).

Conclusions
Our study has attempted to portray a system in flux. It is in that sense a case study in change management, with the focus being PMS in local government. We have been at pains to stress the difficulty of arriving at definitive judgements at what is an early stage in the process. However, there are some distinct themes that emerge and which we note by way of concluding the paper. The essence of them is the ambitiousness of this project, given the context of the fragility of many local authorities. There are three examples to illustrate this point.

The first is that PMS for local government in South Africa is actually about synthesizing two traditions in the field of development management. On the one hand, there is performance management itself which is an outgrowth of earlier ideas linking objectives to management (often referred to as MBO). On the other hand, there is another tradition from the same era being brought to bear and that is Community Development. What is bravely being attempted in the South African case is an amalgam of these two traditions, both of which can offer much if effectively put into practice.
The second is the difficulty of linking organizational PMS with individual employee concerns. It is probably the case that performance management has mostly connoted a focus on the employee rather than the organization as a whole, but what is different about the case being presented here is that it is seen as spanning both dimensions and, if anything, giving greater emphasis to organizational performance.

The third is the capacity problems that face many local authorities. The uThugela case has been referred to earlier; its experience can be echoed by reference to several other local authorities particularly those situated in rural areas within the ‘homeland’ areas that formed a critical element of the apartheid system-areas like KwaZulu in KZN, Transkei in the Eastern Cape and Gazankulu in the Limpopo province. Whilst a reasonably sophisticated PMS might be viable in some of the bigger and better endowed councils, in these areas the gap between the need to address poverty and the capacity of local authorities to make an impact is stark. This is probably the most fundamental challenge of all.

References


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