



VERSION 1
2025



MUNICIPAL PERFORMANCE MANAGEMENT TECHNICAL DIGEST

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BACKGROUND



COMPACT research posits that performance management systems are underdeveloped in many municipalities, resulting in low accountability and consequence management and poor service delivery. The link between performance goals and the IDP/SDBIP is often weak, with limited community involvement in monitoring outcomes. Enhanced community oversight could strengthen accountability in municipalities and provide a complement to formal performance management systems.

Summary of key findings:

- **Performance management systems:** Many municipalities lack effective performance management systems, leading to poor accountability and service delivery.
- **Linkages with IDP and SDBIP:** There is often misalignment between performance management and the IDP/SDBIP.
- **Community monitoring:** Limited involvement of communities in monitoring performance.

Proposed areas of action and recommendations:

- **Effective Performance Management to enhance accountability:** Implement robust performance management systems at all levels.

- **Align performance management with IDP and SDBIP:** Ensure that performance management is linked to the IDP and SDBIP.
- **Involve communities in monitoring:** Engage communities in monitoring performance to improve accountability and service delivery.

Following the COMPACT toolbox workshop, it was recommended that a tool that speaks to the identified Performance Management issues needs to be developed and because the focus of the tool development was not only focused on tangible tools but also on targeted and easily accessible information as an empowerment tool.

This technical digest comes as a part of COMPACT's response to action the recommendation that performance management at all levels be prioritised through the provision of sufficient information and support to councillors and municipal employees. This is for them to understand their roles and responsibilities in the municipal accountability value chain and to perform their duties to ensure service delivery to communities. Community and ward committee monitoring of performance in municipalities also requires empowerment through information.



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PERFORMANCE MANAGEMENT FUNDAMENTALS



Performance management is a deliberate, continuous process focused on aligning organizational activities and outcomes with established goals to maximize efficiency and effectiveness. It encompasses various levels, including organizational, departmental, and individual employee performance, and aims to support organizational objectives through the ongoing development and management of behavior.

Municipal performance management is a structured approach to monitoring, evaluating, and ensuring municipal service delivery and strategic goal alignment. In South Africa, Section 152 of the Constitution (1996) underpins performance management for local governments, mandating an “accountable government” as a core objective, which serves as the foundation for performance management practices.

Chapter 6 of the Local Government: Municipal Systems Act (MSA) (2000) mandates that local governments develop a performance management system (PMS) that includes setting targets, monitoring performance, and evaluating outcomes based on indicators linked to the Integrated Development Plan (IDP).

Municipalities must establish systems tailored to their resources and needs, fostering a performance-driven culture across political and administrative structures. This PMS must include key performance indicators (KPIs), measurable targets, and a review and reporting process involving municipal staff, council, the public, and government bodies.



LEGISLATIVE AND POLICY FRAMEWORKS

The performance management framework for municipalities is supported by various legislative requirements such as:

1. *The Constitution of South Africa (1996)*: Section 152 defines local government's objectives, prioritizing accountable governance.
2. *Municipal Systems Act (MSA) (2000)*: Chapters 4 and 6 require municipalities to involve communities in PMS development and set up a structured performance management system aligned with the IDP.
3. *Municipal Finance Management Act (MFMA) (2003)*: Outlines financial oversight requirements, specifying consequences for non-compliance in meeting performance targets, with corrective measures reported to oversight bodies.
4. *Municipal Structures Act (2000)*: Section 39 assigns responsibility for PMS development to executive leadership and mandates regular oversight by municipal managers.
5. *Municipal Staff Regulations (2021)* chapter 4 outlines the Performance Management System for municipal employees ensuring alignment with service delivery goals and the Integrated Development Plan to enhance governance and administration effectiveness.



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KEY COMPONENTS OF THE MUNICIPAL PERFORMANCE MANAGEMENT SYSTEM

01

IDP

Integrated Development Plan (IDP): Central to municipal planning, the IDP ensures that financial resources are aligned with developmental targets, forming the basis for quarterly, mid-year, and annual performance reviews. These reports assess alignment with strategic goals, and underperformance against IDP targets prompts consequence management actions.

02

SDBIP

Service Delivery and Budget Implementation Plan (SDBIP): A crucial tool linking the budget to the IDP, the SDBIP outlines the expected service delivery outputs and assists in tracking progress.

03

Consequence Management

Consequence Management: The MFMA enforces accountability through consequence management, requiring municipalities to address underperformance identified in reports, with measures to rectify issues or face potential legal and financial repercussions.

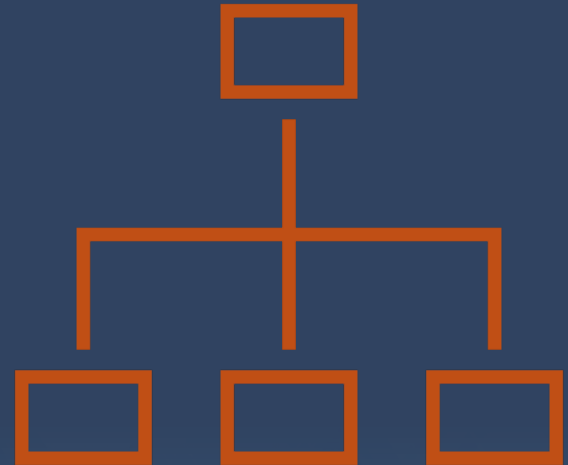
KEY ROLE PLAYERS

Effective municipal performance management involves multiple stakeholders, including the Municipal Council, Executive Mayor, Municipal Manager, Council Committees, Performance Management Unit, Strategic Executives, CFOs, Risk & Internal Audit, Audit Committees, and the Auditor-General. The Municipal Structures Act (2000) prescribes the PMS responsibilities for each role player, ensuring that all functions contribute to transparency, accountability, and compliance. Sections 16 and 17 of the MSA (2000) emphasize the community's right to engage in municipal planning and performance processes. Municipalities are required to create conditions for active community participation in developing, implementing, and reviewing the PMS.

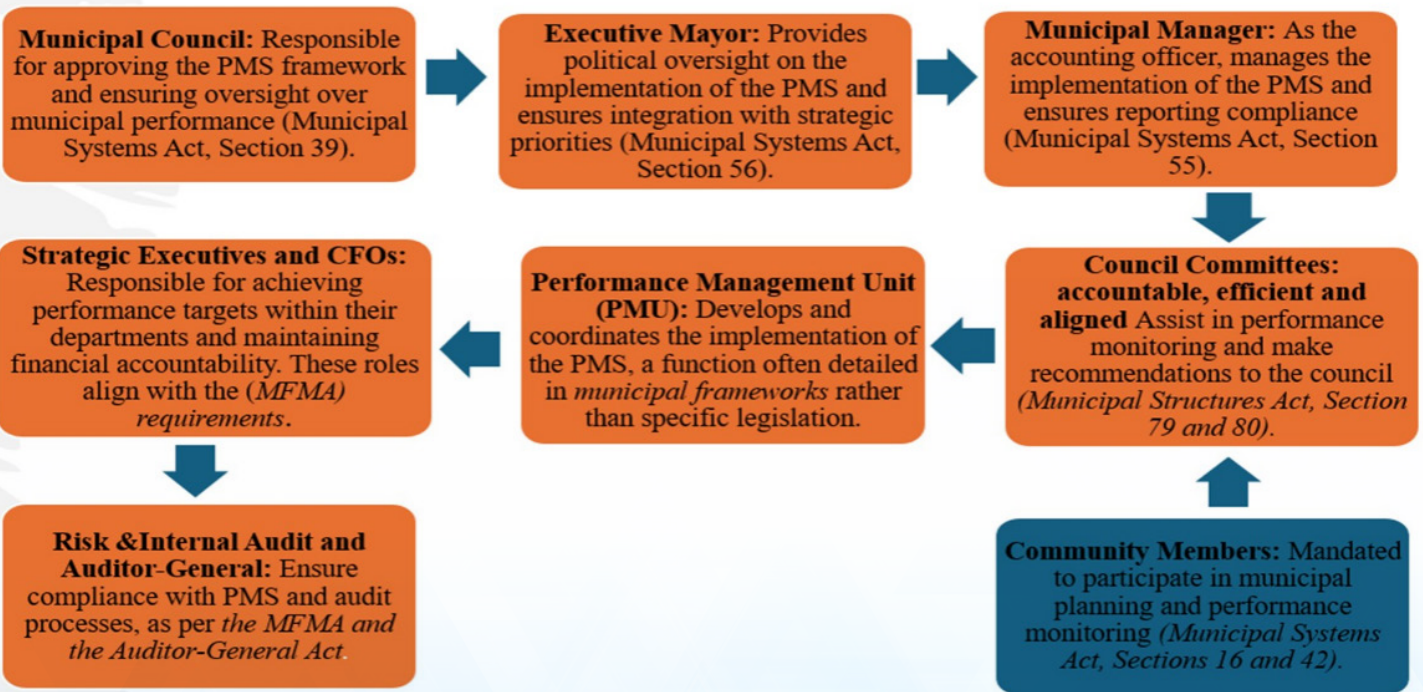
Community involvement is very vital for the enhancement of the following:

- **Transparency:** By providing insight into municipal operations, fostering trust.
- **Accountability:** Enabling communities to hold municipalities responsible for service delivery.
- **Inclusivity:** Ensuring that services are designed to meet the specific needs of community members.

Communities participate by contributing to the development of the IDP and KPIs, as well as providing feedback on the budget and performance outcomes.



MUNICIPAL PERFORMANCE VALUE CHAIN DIAGRAM



ENHANCING PERFORMANCE MANAGEMENT IN MUNICIPALITIES: GOOD PRACTICES

South African municipalities are progressively integrating innovative practices to strengthen performance management, with public participation as a cornerstone. This aligns with the Municipal Systems Act, which underscores the importance of citizen engagement in municipal governance.

In Ekurhuleni Metropolitan Municipality, ward-based Integrated Development Plan (IDP) forums have been instrumental in fostering collaboration between communities and municipal officials. These forums provide structured opportunities for residents to contribute to priority-setting and performance target development while allowing for regular feedback on service delivery progress. This approach ensures that municipal plans are aligned with the lived realities of citizens, promoting accountability and trust.

Similarly, the City of Cape Town has adopted Community Satisfaction Surveys as a key performance management tool. These surveys systematically capture resident feedback on municipal services, offering a data-driven basis for evaluating performance and addressing service delivery challenges. The integration of these insights into municipal planning and monitoring processes exemplifies how public input can directly influence governance outcomes.

*SAFLII. Municipal Frameworks and Best Practices for Public Participation
Nelson Mandela Bay Municipality. Performance Management and Monitoring Guidelines*

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Other municipalities, such as uMhlathuze and Stellenbosch, provide further lessons. uMhlathuze's participatory budgeting approach empowers residents to directly influence resource allocation, linking public priorities with financial planning and execution. Meanwhile, Stellenbosch hosts open council sessions where community members can review municipal performance reports, fostering transparency and enabling constructive dialogue on service delivery improvements.

To advance the current performance management framework, municipalities can leverage the Citizen-Based Monitoring (CBM) approach. CBM positions citizens as active monitors of government performance, complementing traditional evaluation mechanisms. Practical tools such as community scorecards, mobile apps for real-time service feedback, and citizen report-back meetings could enhance responsiveness and accountability. For instance, a municipal app enabling residents to report service issues or rate services could facilitate immediate corrective action while building trust. Community-led performance audits could also ensure an independent and inclusive evaluation of municipal services.

Integrating CBM into existing performance management frameworks not only strengthens accountability but also enhances citizen ownership of governance processes. By embedding public participation at every stage, municipalities can foster a culture of transparency, trust, and continuous improvement, aligning with the principles of good governance and sustainable development.

*SAFLII. Municipal Frameworks and Best Practices for Public Participation
Nelson Mandela Bay Municipality. Performance Management and Monitoring Guidelines*

CITIZEN BASED MONITORING

Citizen-Based Monitoring (CBM) empowers trained Ward Committee Members, known as Citizen Monitors, to oversee public infrastructure projects in their communities. They assess project quality, gather resident feedback through interviews, and upload data via KoboToolbox, ensuring real-time accessibility for officials and the public.

When issues arise, Citizen Monitors escalate them through Ward Committee Meetings for resolution. Findings are also documented in a manual reporting template, bridging communication gaps between municipalities, Councillors, ward committees, and residents. This process fosters transparency, keeps stakeholders informed, and promotes collective problem-solving.

CBM is currently being piloted in Kouga and Oudtshoorn Local Municipalities, focusing on water and sanitation infrastructure.

<https://pari.org.za/wpcontent/uploads/2024/04/COMPACT-Factsheet-3-v2.pdf>



CONCLUSION

Public participation is a cornerstone of effective performance management, reinforcing the alignment of municipal goals with community priorities. By engaging residents in the planning and evaluation process, municipalities can enhance accountability, drive sustainable development, and foster more responsive local governments.



QUICK REFERENCE GUIDES (QRGS)

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