

***SUSTAINABLE FINANCING OF LOCAL
GOVERNMENT: UNDERSTANDING THE
SYMPTOMS AND DRIVERS OF
PERFORMANCE PROBLEMS IN LOCAL
GOVERNMENT”***

LEGISLATIVE FRAMEWORK

- Constitution of the Republic of South Africa, Act 108 of 1996;
- Local Government Municipal Structure Act, No 117 OF 1998;
- Local Government Municipal System Act ,No 32 of 2000
- Local Government Municipal Planning AND Performance Management Regulations 796 of 2001
- Municipal Finance Management Act ,No 56 of 2003
 - MFMA Circular 13 of 2005
 - MFMA Circular 393 of 2009

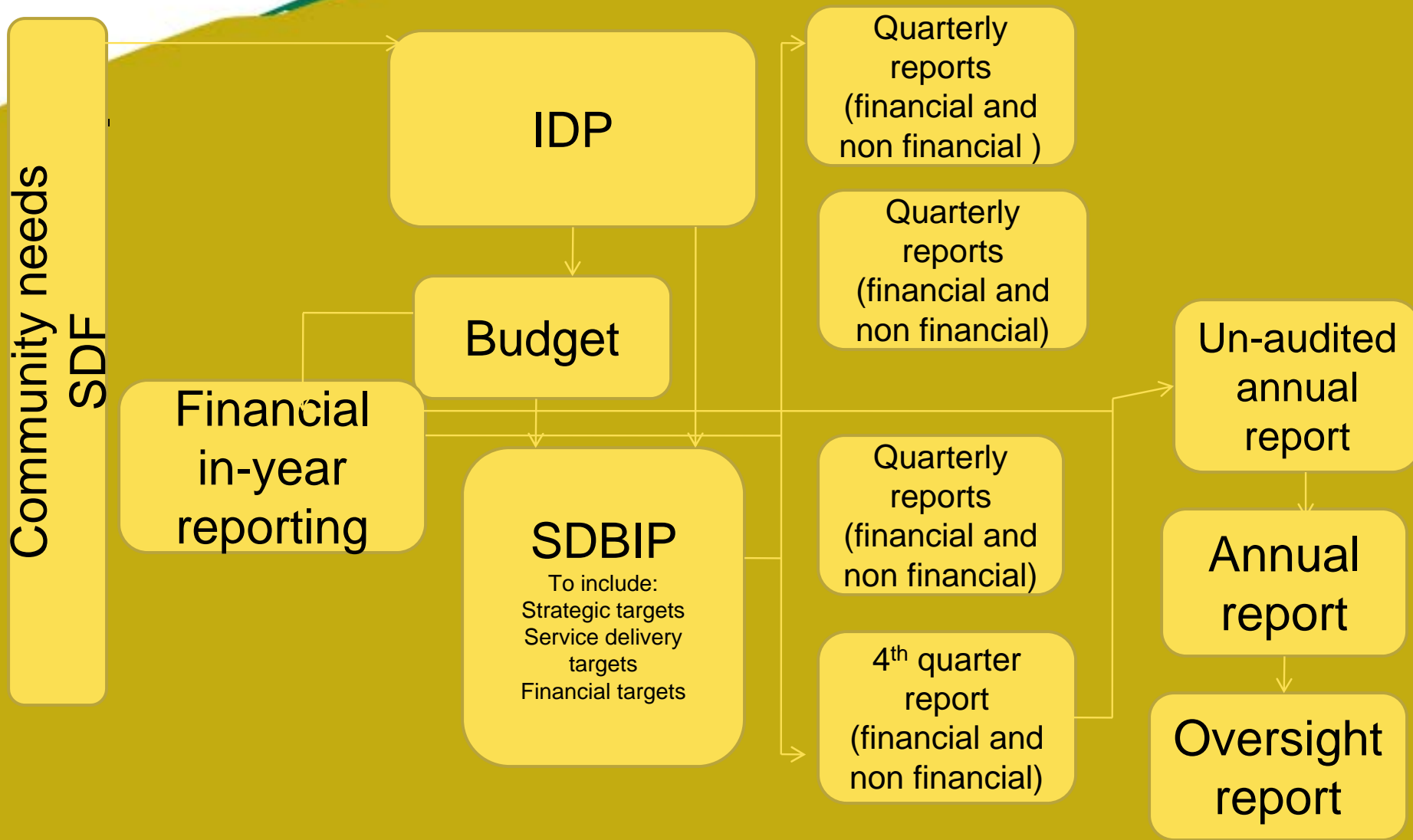
DEFINATIONS

- **“Performance management”** is a process of establishing a shared understanding of what is to be achieved, how it is to be done, and an approach to managing which increases the probability of achieving job-related success .
- **“Performance management system”** involves setting up performance objectives, the measurement of performance against objectives, identification of developmental support and a review process to develop performance and subsequent objectives .
- **Performance budgeting”** is a process for budget preparation and adoption that emphasizes performance management ,allowing decisions about allocation of resources to be made *in part on* the efficiency and the effectiveness of service delivery.

MTERF AND BUDGET PLANNING

- The budget and IDP process should be combined into a single process.
 - MTERF budget must be based on the KPIs and Targets set in the IDP
 - MTERF budget makes the budget plans more predictable, can be aligned to the longer term IDP and highlights priority by showing whether expenditure is increasing or decreasing (evaluation of whether the municipality meet the performance targets set in the IDP)

Local government OPMS



CHALLENGES

- Lack of leadership to manage performance (roles and responsibility clarification);
- Limited involvement of communities in setting municipal KPI and targets;
- Lack of correlation between IDP, PMS and Budget
- Lack of performance measurement systems.
- None aligned oversight from National Treasury and DCoG.



THANK YOU