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MONITORING SYSTEMS IN AFRICA

Caitlin Blaser Mapitsa & Catherine Churchill

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Chapter 4: Monitoring Budgets for Accountability and Outcomes

Pundy Pillay

Historically, in both industrialised and developing countries, Ministries of Finance and their implementing departments were primarily concerned with ensuring that spending departments at the national and sub-national (e.g., provinces, municipalities) levels did not exceed their budgets (and, to a lesser extent, that they did not under-spend). Little attention was paid to the expenditure outcomes and whether spending agencies achieved their policy objectives.

Fortunately, this situation is changing. Increasingly, across both developing and industrialised countries, greater attention is being paid to measuring the outcomes of government expenditure to get a better sense of whether government policy objectives are being achieved.

To achieve the objective of measuring performance and outcomes, the budgeting process itself has undergone a fundamental transformation to measure outputs and outcomes to provide a better sense of what is being achieved in different sectors concerning expenditure performance. This has resulted in a consistent movement away from the focus being solely on budgetary inputs and an increasing focus on outputs and outcomes. Such a transformation in the budgeting process has been essential to inform policymakers about the relationship between budgetary expenditure and outcomes. In this way, policymakers will better understand the extent to which national, departmental, provincial, and local objectives are being attained through the budgeting process. Thus, the transformation of the budgeting process to increasingly reflect the expenditure outcomes has demanded greater accountability from policy implementers regarding their spending policies.

This chapter explores the South African case study of budgeting, accountability, and outcomes. Reference is also made to progress in this regard in OECD countries and in another developing country, namely, Mauritius, where the Performance and Programme-based budgeting system is well-advanced.

The Auditor-General of South Africa, Tsakani Maluleke, drew attention to the relationship between spending and service delivery (Sunday Times 2021). Ms Maluleke

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made the following pertinent points about the relationship between expenditure and performance:

> "Even though in many instances poor audit outcomes are correlated with poor service delivery, this is not always the case. And herein lies the conundrum. An example is the Overstrand District Municipality, which has for at least three consecutive years received the best audit possible, unqualified with no findings. However, when the lived reality of people in the municipality is observed, service delivery is uneven and in some instances poor. As South Africa prepared for the local government elections, instances such as these received much attention. There is understandably a lot of emotion (reflected in service delivery protests) attached to a lack of services, because service delivery is linked to human rights. Failure to deliver services denies people their human rights and the chance to improve their lives. That public money is provided to government departments and entities to deliver services, to restore the dignity and human rights of millions, attests to the commitment of the government to deliver on this mandate. However, without strong leadership and processes, monitoring and evaluation of the money will not be efficient and people will suffer. A clean audit indicates that the basic aspects of accountability and transparency have been met. This determination is based on whether an auditee is able to show what it has done with its funds, how it has performed against the criteria approved by the legislature and whether it has operated within the rules and laws relevant to the management of public funds. A clean audit is an important milestone in the journey towards building an institution that is effective in delivering on its mandate and can be trusted to continue to do so."

As the Auditor-General points out, a clean audit does not necessarily confirm good service delivery. However, it indicates a solid foundation for service delivery that can benefit the people. The debates about audit outcomes, particularly when these do not seem to correlate with the lived experiences of citizens, have led to an increased focus on bringing the two closer to each other.

Types of Budgeting

In this section, the various types of budgets are described to demonstrate the extent to which there are linkages between budgeting, outcomes, and accountability.

Budgeting in the public sector is complex for a variety of reasons. First, the budgeting process has to collect information from various sources. In a politically decentralised system such as South Africa, budgetary data must be gathered from three government spheres: national, provincial, and local. In addition, other

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important actors are interested in the budget, such as the private business sector, trade unions, and other segments of civil society. The budgeting process, therefore, must account for information from multiple sources, diverse interest groups, and different perspectives from within and outside government.

Within the government, there is often tension around the budgeting process between the centre (Ministry of Finance/National Treasury) and line departments. In South Africa, this process may be further complicated by the presence of other coordinating departments in government, such as the Department of Planning, Monitoring and Evaluation (DPME) in the Presidency, and the Department of Cooperative Governance and Traditional Affairs (CoGTA). Furthermore, there are inherent tensions between planners and financial managers within line departments.

The budgeting process is also challenged by allocation issues between different types of spending, for example, current versus capital expenditure.

Unlike the private sector, public sector budgeting is characterised by the absence of a "bottom line", i.e., the need to make profits. Moreover, funding sources can be limited, especially if economic growth is low or slow or the government is reluctant, for whatever reason, to raise taxes. In allocating funds to various departments, there is the added challenge and tension between addressing questions of efficiency versus equity in resource allocation. Finally, there is the issue of political choices versus optimal policy outcomes.

Incremental Budgeting

Given the challenges described above, there is a tendency to resort to "incremental line-item" (ICL) budgeting. Why is ICL budgeting adopted? Budgeting is often very complex, with many interrelated items and competing options. However, ICL budgeting concentrates on changes in various input items, such as personnel and equipment rather than programmes. It involves a narrow range of increases or decreases. For this reason, countries may prefer what they consider a "simpler" system.

In this form of budgeting, decision-making is reduced to concentrating on changes in various input items, such as personnel, equipment, maintenance, utilities, rather than looking at programmes. However, the challenges are many and include departments' overstated funding requests. Where Departments of Finance are not strong, ceilings may not be rigid, and thus may not be taken seriously.

Developing countries sometimes have separate development (capital) and recurrent budgets, often aligned to the type of donor funding, which can become complicated over time. ICL can cause budgets to become unsustainable over time, especially when inflation is high. In developing countries, the scarcity of resources suggests that budgeting must be closely aligned with priorities.

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"Traditional Budgeting" (TB) is very similar to ICL. It is a method of preparation of the budget in which last year's budget is taken as the base. Only those items in traditional budgets that are over and above the previous year's budget need to be justified. This process has some advantages: easy to implement; brings stability to the functionality of the organisation; allows consolidation of projects into one single larger one; and is easy to prepare.

However, there are some disadvantages as well: fixed, rigid budget; less motivation as budgets are prepared by top management (bureaucratic); excessive reliance on past year's data; deliberate increase in budgeting costs; and no priority for allocation of resources.

In summary, incremental line-item or traditional budgeting is less concerned with outputs and outcomes. This suggests, therefore, that there is a weak linkage between budgeting and accountability.

Zero-Based Budgeting

Zero-based budgeting (ZBB) is a process that allocates funding based on programme efficiency and necessity rather than budget history. Budgets are not connected to prior year spending; instead, budgets are tied to specific activities and service levels, and as such, spending increases or cuts are not simply spread evenly across budgets. Funding is targeted more to activities that align with the strategy. ZBB is a method of budgeting in which all expenses must be justified for each new period.

As the term suggests, zero-based budgeting starts from a zero-base and every function within an organisation is analysed for its needs and costs. In the end, evidence suggests that zero-based budgeting is challenging to implement. Also, lower-priority programmes do not necessarily receive lower funding.

Moreover, there is no link between budgeting, outputs, outcomes, and accountability in this form of budgeting.

Programme Budgeting

Programme budgeting, developed initially in the United States, is the budgeting system that, contrary to conventional budgeting, describes and gives the exact costs of every activity or programme to be carried out with a given budget. For example, expected results in a proposed programme are described thoroughly, along with its necessary resources, raw materials, equipment, and personnel costs. The sum of all activities constitutes the Programme Budget, and it is relatively easy to find out what precisely will be carried out, at what cost, and what the expected results are.

The formulation phase of programme budgeting involves the preparation of budget proposals by line ministries in negotiation with the central budget authority. This leads to an appropriations bill detailing annual expenditures to be approved by the

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legislature. How expenditures are presented for approval and eventually executed varies depending on the type of classification.

Across the OECD, there has been a move towards the classification around programmes, which group expenditures with related policy objectives. Compared to an input-based classification, which specifies the inputs required to provide public goods and services, programme budgeting directs resource allocations towards the results of public spending (OECD 2019).

The inputs and programme budget classifications in the health context, for example, can be described as follows:

Inputs: Wages; goods and services; transfers; capital expenses.

Programmes: Health protection and promotion; maternal health; improved hospital service; ministry support services.

The advantages of a programme-based budgeting process such as this are as follows:

- Health ministries can actively engage in the definition of programmes. This shifts the focus away from inputs required to provide health services towards the objectives. Moreover, by engaging health officials, budgetary decisions will more closely align with health sector priorities.
- Rather than rigid output controls, managers have greater flexibility over programme funds so that spending can be redirected as health needs change. Greater control over the choice of inputs for health officials can also increase the efficiency of public spending.
- Programmes provide a framework for accountability by holding programme managers accountable for results. Programmes can also increase the transparency of how public funds are spent (OECD 2019).

However, several factors must be considered for the successful implementation of programme budgeting, for example:

- How should programme budgets be designed?

  OECD countries use a hybrid system to design programmes. In the health sector, programmes are designed around health policy objectives, the type of service, or administrative and support services. In general, disease-specific programmes or interventions are integrated into broader programmes. Ultimately, the design should reflect the priorities and responsibilities of the health ministry or entity, creating a clear link between the funds and the programme activities and objectives.
- What are the risks?

  Programme budgeting reduces the control over inputs for the Ministry of Finance, increasing risk by allowing opportunities to misuse budget funds. To mitigate this concern, some countries that have moved towards programme budgeting have

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maintained separate line-item controls for certain expenditure items, such as the administrative costs of core ministries.

- What are the prerequisites?

  A programme budget does not eliminate the need for other types of classification, and information on inputs must be available to cost programmes fully. Without this, comparing programme alternatives becomes problematic. Programme budgeting also requires strong cooperation of ministries of health, for example, to define the scope of programmes (OECD 2019).

In summary, programme budgeting (PB) represents a major step away from focusing only on inputs to increasing emphasis on programmes and outputs. PB represents an important first step in the evolution of the budgeting process towards greater accountability. This accountability is further strengthened by the development of the performance-based budgeting system.

Performance Budgeting

As Shah and Shen (2007:37) put it,

> "…starting in the 1990s, first in industrialised countries and later in several developing countries, performance management and budgeting reforms have been undertaken to transform public budgeting systems from control of inputs to a focus on outputs or outcomes, in the interest of improving operational efficiency and promoting results-oriented accountability."

Performance-based Budgeting (PBB) is the practice of developing budgets based on the relationship between programme funding levels and expected results from that programme. The PBB process is a tool that programme administrators can use to manage more cost-efficient and effective budgeting outlays.

PBB focuses on the "results" and asks "why the money is spent". Its advantages include: (a) set accountability; (b) clear purpose; (c) improvement in performance; and (d) transparency. Its disadvantages include: (a) it is subjective; (b) it needs a robust system of evaluation; (c) manipulation of data is possible; and (d) it can be difficult for long-term projects.

Box 1 provides an example of performance budgeting in Australia by examining the child-care support programme of the country. The programme shows clearly-defined performance objectives, sub-programmes, and policy measures – the effectiveness of targeting; measures of quality – access and choice; quality assurance; quantity of services provided; and cost.

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Box 1: Performance Budgeting: Australia's Child Care Support Programme

Performance Objectives

- Promote, support, and enhance quality child-are.
- Improve access to childcare for children and families with special or additional needs.
- Support equitable access to childcare for children and families in areas or circumstances where services would not otherwise be available.

Australia's Child Care Support Programme includes the following sub-programmes:

- Child Care Benefit
- Jobs Education and Training Child Care Fee Assistance
- Stronger Families and Communities Strategy – Choice and Flexibility in Child Care
- Support for Child Care

The fourth sub-programme above, Support for Child Care, is funded by payments made directly to providers and the states. This programme was introduced in 1997 to encompass all the ongoing and new programmes the department funds to support childcare.

Table 4.1: Shah and Shen, 2007:143

Measure	Number or percent
Effectiveness: Targeting	
No. of children with additional needs using Australian govt-approved childcare services	126 000
Children with disabilities	16 700
Indigenous children	15 000
Children from non-English backgrounds	95 000
Quality: access and choice	
No. of children with disabilities assisted into mainstream activities	16 700
Quality assurance	
Percentage of centres satisfactorily participating in the Quality Improvement and Accreditation System	90
Percentage of family day care services satisfactorily participating in Family Day Care Quality Assurance	90
Quantity	
Number of Indigenous services	270
Number of services in rural areas	1 200
Price:	$A 18.4 million

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Performance monitoring frameworks are often associated with the introduction of programme budgeting. Indicators track the performance of budget programmes' pre-defined outcomes and strengthen accountability for results. This link between budget programmes and key performance indicators provides a framework for integrating performance and monitoring into the budget. Many analysts now refer to Performance and Programme Based Budgeting (PPBB) for these reasons.

PPBB relates to obtaining measurable results and is more effective for better service delivery and improving value for money in public spending, thus making governments more accountable. An increasing number of African countries are adopting PPBB. The outputs are goods and services that a department or spending agency delivers to its citizens, and the outcomes are the intended impacts of outputs.

Inputs refer to labour, capital goods, and raw materials required to produce outputs. The efficiency of government spending can be measured by the "output-input ratio". The effectiveness of government spending, on the other hand, refers to the extent to which inputs, outputs, and outcomes achieve objectives or impact.

In summary, PPBB is ideal for measuring the linkages between spending, expenditure outcomes, and accountability. PPBB ensures greater accountability on expenditure to both legislatures and taxpayers, and it results in improved resource allocation and management as well as enhanced efficiency in public service delivery. In essence, PPBB moves public budgeting from the control of inputs to focus on outputs and outcomes. PPBB has a two-fold rationale: improving operational efficiency and promoting results-oriented accountability.

Performance budgeting presents the purpose and objectives for which funds are required, the costs of programmes, and the outputs to be produced under each programme. PPBB comprises a results-based chain, such as the following:

- Inputs and intermediate inputs – resources to produce outputs.
- Outputs – quantity and quality of goods and services produced.
- Outcome – progress in achieving program objectives.
- Impact – programme goals.
- Reach – people who benefit or hurt by a programme.

The case of Performance-Based Programme Budgeting can be more clearly illustrated using the example of education (Shah and Shen 2007:144-145):

- Programme objectives – improve quantity, quality, and access to education services.
- Inputs: educational spending by age, gender; urban/rural; spending by grade level; and number of teachers, staff facilities, tools, books.
- Intermediate inputs: enrolment, student-teacher ratio; class size.

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- Outputs – achievement scores; pass/graduation rates, drop-out rates.
- Outcomes – literacy rates, supply of skilled people.
- Impact: informed citizenry; civic engagement; enhanced international competitiveness.
- Reach: winners and losers from government programmes.

To reiterate, the main benefits of PPBB are the following: higher transparency and accountability, more informed budgetary decision-making, improved management in government agencies, and better communication between budget actors and citizenry.

The Medium-Term Expenditure Framework (MTEF)

The Medium-Term Expenditure Framework (MTEF) enables a government to prioritise spending effectively. In South Africa, the MTEF provides budgetary amounts for spending agencies (e.g., national departments, provinces, and municipalities) for three years. The great advantage of an MTEF is that it enables better-planned expenditure (particularly capital expenditure) because spending agencies are provided with indicative spending allocations for three years rather than for one year.

The National Development Plan (NDP) and the Medium-Term Strategic Framework (MTSF)

In South Africa, the long-term development plan is embodied in the National Development Plan (NDP) (NPC 2012), which sets out the development priorities for the country until 2030. The Medium-Term Strategic Framework (MTSF) sets out the government's policy priorities for a five-year period aligned to the electoral cycle. The MTSF is developed by all government spending agencies (national departments and provinces). Provincial MTSFs should be informed by the Integrated Development Plans (IDPs) of municipalities in each province.

Since 2010, the government's planning frameworks (first the MTSF and then the NDP) have increasingly influenced the budgeting process. In other words, the government sets out its priorities which are then funded through the MTEF and the annual budgeting process.

Performance Budgeting in OECD Countries

This section draws from the OECD (2019) publication, *OECD Good Practices for Performance Budgeting*, which provides a comprehensive review of the budgeting processes in OECD countries while emphasising "good practices".

Performance budgeting is defined by the OECD (2019:9) as:

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> "...the systematic use of performance information to inform budget decisions, either as a direct input to budget allocation decisions or as contextual information to inform budget planning, and to instil greater transparency and accountability throughout the budget process, by providing information to legislators and the public on the purposes of spending and the results achieved."

Several "Good Practices" described by the OECD document are summarised below.

Good Practice 1: the rationale and objectives of PB are clearly documented and reflect the interests of key stakeholders (2019:23-27).

- The rationale, objectives, and approach to PB are set out in a strategic document such as an organic budget law of PFM reform programme (e.g., New Zealand).
- The interests and priorities of multiple stakeholders in the budget cycle are reflected in the objectives and design of the PB system (e.g., France, Australia, the United Kingdom).
- PB is championed by political leaders, with support from senior officials (e.g., Canada).
- The introduction of PB is supported by regulations and guidelines (e.g., Australia).

Good Practice 2: PB aligns expenditure with the strategic goals and priorities of the government (2019:29-32).

- Budget proposals are systematically linked to relevant development plans, government programme commitments, and other strategic direction and priority statements.
- Multi-year budget frameworks provide realistic and reliable fiscal parameters for preparing performance budgets.
- Central government activities and budgets support the achievement of complex objectives requiring inter-ministerial collaboration.

In this regard, there are essential factors to note with relevance to South Africa and other developing countries. One of these is the link to strategic plans providing alignment between budget and the government's policy priorities. Another factor to consider is that MTEFs provide "structured approach to integrating fiscal policy and budgeting over a multi-year horizon that links fiscal forecasting, fiscal objectives or rules and planning of multi-year budget estimates. MTEFs can improve the effectiveness of public spending by aligning public expenditure with national priorities and giving government agencies greater certainty of resource availability over multi-year periods, promoting more effective forward planning and resourcing of policies that require an extended time horizon for implementation, such as large capital projects" (OECD 2019).

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Good Practice 3: The PB system incorporates flexibility to handle the varied nature of government activities and the complex relationships between spending and outcomes (2019:33).

- The type and volume of performance information required varies based on the nature of the programme.
- Government uses a mix of performance measures reflecting the multi-dimensional nature of performance in the public sector.
- Programme structures are aligned with the administrative responsibilities and service delivery functions of ministries and agencies.
- Expenditure classification and control frameworks are revised to facilitate programme management and promote accountability for results.

Key to achieving the above is choosing the right mix of performance indicators. The OECD defines good indicators as:

- Limited to a small number for each policy programme or area.
- Clear and easily understood.
- Allow for tracking of results against targets and comparison with international and other benchmarks.
- Make clear the link with government-wide strategic objectives.

A common challenge facing many OECD countries is the identification of a balanced set of indicators that reflect the multi-dimensional character of performance in the public sector (2019:33). Key dimensions of performance that need to be considered in the OECD view are the achievement of key government policy goals, delivery of high-quality public services, value for money, and compliance with internal business rules. France and Australia are good examples in this regard.

Good Practice 4: Government invests in human resources, data, and other infrastructure to support PB (2019:41).

- The Central Budget Authority (CBA, usually the Ministry of Finance) builds capacity, internally and within line ministries, to manage and operate the PB system.
- The CBA regularly reviews and adjusts the operation of the PB system to improve its performance.
- Performance measurement systems are progressively improved to provide quality data on a reliable basis.
- Performance data is governed and managed as a strategic asset to ensure that the data is discoverable, interoperable, standardised, and accessible timeously.

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Good Practice 5: PB facilitates systematic oversight by the legislature and civil society, reinforcing government performance orientation and accountability (2019:47).

- Annual budget and expenditure reports presented to the legislature contain information about performance targets and levels of achievement.
- The supreme audit institutions (SAIs) carry out performance audits, including tests of the accuracy and reliability of reported performance.
- Parliament, supported by the SAI, scrutinises performance-based budgets and financial reports, holding ministers and senior public managers accountable in the event of poor performance or misrepresentation.
- Accessible formats such as online performance portals and citizen budgets help citizens, civil society, and the media to monitor performance.

The United Kingdom, Canada, and Mexico are good examples of the above.

Good Practice 6: Performance budgeting complements other tools designed to improve a performance orientation, including programme evaluation and spending reviews (2019:49).

- Ex ante appraisal of new spending programmes is used to strengthen programme design, including key performance indicators, and to facilitate processes of monitoring and ex post evaluation (e.g., Chile).
- Ex post evaluations of major spending programmes are carried out on a rolling basis and the findings are systematically fed back into the budget preparation process.
- Spending reviews are used in conjunction with PB to review the justification for spending and to identify budgetary savings that can be redirected to support priority goals. A good example of linking performance measurement and evaluation is Canada.

Good Practice 7: Incentives around the performance budgeting system encourage performance-oriented behaviour and learning (2019:53).

- The centre of government promotes a management culture that focuses on performance.
- Performance management comparison and competition between similar entities as a means of improving effectiveness and efficiency in service provision must be encouraged.
- Identified individuals and teams are responsible and accountable for the achievement of performance goals.
- Managers organise structured internal discussions to review financial and operational performance regularly through the year.
- Responses to programme under-performance emphasise learning and problem solving, rather than individual financial rewards and penalties.

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Programme-Based Budgeting in Mauritius

According to CABRI (2013a:1), many African countries follow the international trend of "introducing a performance orientation into annual budget processes and planning budget expenditures over a multi-year period". A major aim in this regard is to closely align strategic socioeconomic planning with annual budgets and medium-term budgetary frameworks (MTBFs). In francophone Africa, programme budgeting has been chosen as the preferred 'model' to performance budgeting. Elsewhere in Africa, although programme-based budgeting is being introduced in some countries, there is greater diversity in the emerging performance-based budget systems (CABRI 2013).

As stated by CABRI (2013), over eighty percent of African countries were introducing, or were committed to introducing, some form of PPBB. In many cases, PPBB reforms were adopted as part of a broader package of public financial management (PFM) reforms. The decision to introduce PPBB often originated in each country because of pressure from regional bodies in Africa or the donor community. PPBB reforms were introduced mainly due to the results-oriented approach to budgeting being perceived as a major means of improving expenditure reallocation, particularly towards social sectors that contribute to poverty reduction.

Mauritius has one of the most advanced forms of budgeting in the developing world. The focus here is on performance in the public sector. A PPBB budgeting system has been adopted, in which the budget management process links resources to clear and agreed outcomes and outputs to ensure greater accountability in terms of performance.

The rationale for the adoption of PPBB involved the assurance of greater efficiency of public expenditure, as well as greater emphasis on transparency and performance. Other intended outcomes included the linking of PBB to a three-year MTEF, focus on programme outcomes and performance, and a shifting of resources to performance areas (CABRI 2013b).

Considerable effort was made in raising awareness of PBB's potential as an effective planning tool to achieve the goals of ministries and departments. In Mauritius, PBB has been built based on an efficient planning and budgeting system. Moreover, the emphasis in Mauritius has been on simplicity and effective functioning. A standard and short format was adopted for the PBB across all ministries, and a simple programmatic classification with an initial focus on outcome indicators was introduced. Mauritius also initiated parallel reforms through a public sector investment programme, procurement, and the development of appropriate human resources.

Three main areas were the focus in the development of the PBB system, these being strategic direction, performance information, and accountability. There was

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a strong strategic orientation in the budgeting process, with better links between planning and budgeting. A results-oriented public financial management system was developed for improved efficiency and effectiveness in resource utilisation. Better transparency and accountability were initiated on the part of ministries and departments who became more involved in budgeting and planning. The role of the National Audit Office, which audits performance information, was also stressed.

While Mauritius appears to have addressed many of the implementation challenges relating to performance-based budgeting, Robinson and Last (2009) draw attention to some of the challenges that continue to plague many other developing countries.

The first point that Robinson and Last (2009:8) make in this regard relates to the failure to view PBB as part of a broader set of reforms, which they consider to be a necessary condition. The reforms they refer to include reforms of the civil service to "increase motivation and incentives of public employees", undertaking "organisational restructuring to increase the focus on service delivery and improve coordination (e.g., creation of agencies and reduction of the number of ministries)", and introducing "institutional and oversight changes to strengthen public accountability for performance".

Linking Budgets to Performance and Accountability – South Africa

Together with Mauritius, South Africa has likely advanced the furthest amongst African countries in the development and implementation of Performance and Programme-based Budgeting. However, there is still a long way to go in South Africa, particularly with respect to measuring performance in relation to spending.

In the Department of Basic Education, for instance, serious efforts are being made in the development of indicators for monitoring attendance at early childhood development facilities, quality of education, grade repetition, school attendance, pass rates, and implementation of the national school feeding programme (DBE 2021). However, there is very little information and data linking these measures to actual spending, so the link between spending, outputs, and performance outcomes is still largely absent.

Similarly, the Department of Health has developed several indicators to monitor performance, which include mortality rates, immunisation coverage, and incidence of HIV/AIDS and tuberculosis (DoH 2021). As described above in the case of education, the link between output, outcomes, and expenditure has not been developed to any significant extent.

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One of the major challenges to the development of appropriate performance measures is the highly decentralised political system that has been developed in South Africa in the post-apartheid era comprising national government, provinces, and municipalities.

A key institutional mechanism for monitoring expenditure and outcomes, inter alia, was created through the establishment of the Department of Planning, Monitoring, and Evaluation (DPME) in the Office of the President in 2010. For the first time in the democratic era, an opportunity arose to implement appropriate structures and mechanisms for more effective measurement of the relationship between expenditure and outcomes in all three spheres, namely, national, provincial, and local. In addition to the national DPME, there are also provincial equivalents established in the Premier's Office providing a strong institutional link in this context between the national and provincial governments.

However, insufficient progress has been made in fully developing the linkages between expenditure, outcomes, and performance. A fundamental reason for this, alluded to earlier, is the constitutional structure of national government, provinces, and municipalities. While the constitution provides for cooperation between the three spheres through the principle of 'cooperative governance', it also ensures a significant degree of autonomy for provinces and municipalities. This is particularly true in the way in which spending priorities are determined, and resources are allocated.

In the education and health sectors, for example, policy is made at the national government level but implemented by the provincial departments whose political heads report to the provincial Premier and not to the national Ministers of Education and Health respectively. In a similar vein, the financial resources for the implementation of education and health policies are determined through the provincial budgeting process. Thus, for those functions that are shared between national and provincial governments (such as education and health), the onus for measuring performance outcomes should be on the implementing agencies (in this case, provinces). However, in most cases, provinces appear to be unprepared, unwilling and/or incapable of undertaking effective measurement of budgeting outcomes at this stage.

The challenge of measuring performance outcomes is even greater at the local government level where the human and institutional capacity to implement policy is severely lacking, making the challenge of measuring outputs and outcomes an even greater one than it is at the national and provincial levels. The inefficiency in this regard has been noted with great eloquence by South Africa's Auditor General. Govender and Reddy (2019) in their case study, cite inappropriately defined projects and programmes as well as unreliable data as major barriers to the development of an effective performance-based budgeting system in the eThekwini metropolitan municipality in KwaZulu-Natal.

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The national government also provides significant funding to both provinces and municipalities in the form of conditional grants. For provinces, funding is provided in this form, inter alia, to the education, health, and agricultural sectors. In local government, large conditional grants are provided for infrastructure. Nevertheless, the measurement of the "performance" of these grants is also a matter of concern given the importance of infrastructure, health, and education, inter alia, for South African development.

In conclusion, while South Africa has made significant progress towards reforming its budgeting processes to reflect a better relationship between inputs, outputs, and outcomes through its adoption of Performance and Programme-Based Budgeting, there is still some way to go to in terms of convincing taxpayers and citizens in general that government is making the best possible use of the financial resources at its disposal. Poor service delivery outcomes at all three spheres of government might suggest otherwise.

As Maluleke (2021:18) put it: "A clean audit is not necessarily a confirmation of good service delivery, but it indicates a solid foundation for service delivery that can benefit the people. The debates about audit outcomes, particularly when these do not seem to correlate with the lived experiences of citizens, have led to increased focus on bringing the two closer to each other".

Conclusion

As noted in the introduction of this chapter, Ministries of Finance and their implementing departments were largely concerned with ensuring that spending at the national and sub-national levels did not exceed their budgets, and that they did not under-spend. Little attention was paid to the outcomes of expenditure and whether spending agencies were achieving their policy objectives.

As has been discussed, a change in this situation can be seen. Greater attention is being paid to measuring the outcomes of government expenditure to get a better sense of whether government policy objectives are being achieved.

This chapter discussed the nature of the complexities associated with public sector budgeting and the tensions between Ministries of Finance and line departments. Various types of budgeting were evaluated, including incremental line-item, traditional, zero-based, programme-based, and performance-based budgeting. The links between the programme- and performance-based approaches and related issues such as the MTEF, the NDP, and the MTSF relating to South Africa were highlighted.

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The experience with performance-based budgeting in OECD countries was examined in some depth with seven sets of good practices described. The successful experience with PPBB in Mauritius was then reflected on, given that this country has one of Africa's most advanced budgeting systems. Section 5 noted the progress made by South Africa in linking budgeting to performance and accountability while underlining some of the ongoing challenges in important sectors such as education and health, and the insufficient progress that has been made in developing the linkages between expenditure outcomes and performance. The complex intergovernmental system comprising national, provincial, and municipal governments and the associated lack of human and institutional capacity are linked to many of these challenges.

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