PUBLIC FINANCIAL PERFORMANCE MANAGEMENT IN SOUTH AFRICA: A CONCEPTUAL APPROACH

by

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<tbody>
<tr>
<td>AfDB</td>
<td>African Development Bank</td>
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<tr>
<td>Aids</td>
<td>acquired immune deficiency syndrome</td>
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<td>AG</td>
<td>Auditor-General</td>
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<td>AsgiSA</td>
<td>Accelerated and Shared Growth Initiative for South Africa</td>
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<td>AU</td>
<td>African Union</td>
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<td>AusAID</td>
<td>Australian Agency for International Development</td>
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<tr>
<td>BAS</td>
<td>Basic Accounting System</td>
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<td>CABRI</td>
<td>Collaborative Africa Budget Reform Initiative</td>
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<td>CMTP</td>
<td>Consolidated Municipal Transformation Programme</td>
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<tr>
<td>COFOG</td>
<td>United Nations Classification of the Functions of Government</td>
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<td>COMESA</td>
<td>Common Market for Eastern and Southern Africa</td>
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<td>CPI</td>
<td>consumer price index</td>
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<td>CPI</td>
<td>corruption perception index</td>
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<tr>
<td>DFID</td>
<td>Department for International Development (UK)</td>
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<tr>
<td>DG</td>
<td>Director-General</td>
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<tr>
<td>DORA</td>
<td>Division of Revenue Act</td>
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<tr>
<td>ESAAAG</td>
<td>Eastern and Southern African Association of Accountant Generals</td>
</tr>
<tr>
<td>G8</td>
<td>Group of Eight (Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia)</td>
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<tr>
<td>GFS</td>
<td>Government Finance Statistics</td>
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<tr>
<td>GPFS</td>
<td>General purpose financial statements</td>
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<td>GRAP</td>
<td>Generally recognised accounting practice</td>
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<td>GTZ</td>
<td>German Technical Corporation</td>
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<td>IBP</td>
<td>International Budget Project</td>
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<td>IFMS</td>
<td>Integrated financial management system</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPSAS</td>
<td>International public sector accounting standards</td>
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<td>MFMA</td>
<td>Municipal Finance Management Act (56/1993)</td>
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<td>MTBPS</td>
<td>Medium-term budget policy statement</td>
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<td>MTEC</td>
<td>Medium-term expenditure committee</td>
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<td>MTEF</td>
<td>Medium-term expenditure framework</td>
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<td>MTSF</td>
<td>Medium-term strategic framework</td>
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<td>NEPAD</td>
<td>New Partnership for Africa's Development</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>PEFA</td>
<td>public expenditure and financial accountability</td>
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<td>PEM</td>
<td>public expenditure management</td>
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<td>PEMPAL</td>
<td>Public expenditure management peer assisted learning</td>
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<td>PETS</td>
<td>Public expenditure tracking surveys</td>
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<td>PFM</td>
<td>Public financial management</td>
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<td>PFMA</td>
<td>Public Finance Management Act (1/1999)</td>
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<td>PFMRP</td>
<td>Public financial management reform programme</td>
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<td>PPBS</td>
<td>Planning programme budgeting system</td>
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<td>PSAM</td>
<td>Public service accountability monitor</td>
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<td>SA</td>
<td>South Africa</td>
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<td>SADC</td>
<td>Southern African Development Community</td>
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<td>SAI</td>
<td>Supreme audit institutions</td>
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<td>SARB</td>
<td>South African Reserve Bank</td>
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<td>SARS</td>
<td>South African Revenue Service</td>
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<td>SCOPA</td>
<td>Standing Committee on Public Accounts</td>
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<td>SEF</td>
<td>Sector expenditure frameworks</td>
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<td>SIGMA</td>
<td>Support for Improvement in Governance and Management</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNAIDS</td>
<td>Joint United Nations Programme on HIV/AIDS</td>
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<td>UNCTAD</td>
<td>United Nations Conference on Trade and Development</td>
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<td>UNDP</td>
<td>United Nations Development Programme</td>
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<td>UNECA</td>
<td>United Nations Economic Commission for Africa</td>
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<tr>
<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<tr>
<td>UNESCO</td>
<td>United Nations Educational, Scientific and Cultural Organisation</td>
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<tr>
<td>UNFCCC</td>
<td>United Nations Framework Convention on Climate Change</td>
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<tr>
<td>UNFPA</td>
<td>United Nations Fund for Population Activities</td>
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<tr>
<td>UNGASS</td>
<td>United Nations General Assembly Special Session on HIV/AIDS</td>
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<tr>
<td>UNHCR</td>
<td>United Nations High Commission for Refugees</td>
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<tr>
<td>UNHSP</td>
<td>United Nations Human Settlements Programme</td>
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<tr>
<td>UNICEF</td>
<td>United Nations Children's Fund</td>
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<tr>
<td>UNODC</td>
<td>United Nations Office on Drugs and Crime</td>
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<tr>
<td>UNPAN</td>
<td>United Nations Public Administration Network</td>
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<tr>
<td>UNSD</td>
<td>United Nations Statistics Division</td>
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<td>USAID</td>
<td>United States Agency for International Development</td>
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ABSTRACT

The South African Government’s service delivery initiatives do not guarantee quality of life for all citizens of South Africa. An active challenge faced by researchers and practitioners, who do not have adequate solutions available, is based on the fact that government departments are not able to say what they have achieved; only what they have done. The aim of this study was to develop a conceptual approach or framework for public financial performance management, which will pave the way for operational and line managers in public financial management towards world-class performance with specific reference to effectiveness and service delivery outcomes.

The contextualisation of public administration highlights the scientific foundations of public administration and the continuous development of administrative theories and growing administrative thought within the discipline of Public Administration. The development of public administration proves to be dynamic with the emphasis on future trends and emerging concepts of public management and good governance and the need for more efficient and effective service delivery. The state’s role has changed from hands-on management and direct delivery of goods and services to the facilitation of an enabling environment, which provides a framework for private sector participation. Successful development programmes hinge on the effective economic policies, good governance and financial performance management of the facilitator. Due to the fragmentation of policy responsibility in society, the traditional mechanisms of governmental control are no longer workable, or even appropriate. Control is giving way to interaction and involvement with critical implications for the operational manager’s ability to manage, but still to be accountable. The future role of government will be based on governance and stewardship, which can create an enabling environment for all its citizens to enjoy a good life.

Derived from an analysis of the public administration environment, the magnitude of the challenges and the tasks facing African countries, African governments and other stakeholders, especially the international community, must establish capacity to deal with a dynamic and changing environment. A systematic and holistic approach will be needed for the implementation of policy in order to become more effective and responsive to the needs of society. The role of governance as the ideal platform allows for an interactive relationship between the public financial management system and the budget process to be facilitated by various role players in different relationships. Interaction is based on the concept of getting the basics right and is
also aligned with the public financial management system as a series of realistic platforms to accommodate the multiple role players. The result is a financial system that provides the opportunity for financial performance management and effective and optimal budget outcomes.

A high-performing public-sector organisation is results-driven with a sound public financial management system, which allows the government to make the best use of all available resources. This type of organisation will meet the quest to efficiently and effectively utilise public resources to meet the needs of the community in an equitable manner. Public financial performance management must be viewed as the next logical evolution of the field of public management. Public financial performance management must be viewed as an essential component of successful management. This is cultural, operational and human resource management change. The transition will require recognition that rationality is the underlying force of performance management.

The development of public financial performance management capacity is a means and not an end in itself; it is an integral part of the overall development agenda. Consequently, a capacity development strategy must be based on a broader vision of improved financial performance management and increasing organisational effectiveness leading to good governance. While country ownership is critical, the capacity development efforts have to be tailored to match the existing human resources, institutions, legal system, as well as the administrative and political culture. The drive for capacity development should transcend the mode by which it is to be delivered.

**Key words:**

Public Administration; public financial management; public financial performance management; role of the state; good governance; efficiency and effectiveness.