

**PUBLIC FINANCIAL PERFORMANCE MANAGEMENT IN SOUTH AFRICA: A
CONCEPTUAL APPROACH**

by

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LIST OF ABBREVIATIONS

AfDB	African Development Bank
Aids	acquired immune deficiency syndrome
AG	Auditor-General
AsgiSA	Accelerated and Shared Growth Initiative for South Africa
AU	African Union
AusAID	Australian Agency for International Development
BAS	Basic Accounting System
CABRI	Collaborative Africa Budget Reform Initiative
CMTF	Consolidated Municipal Transformation Programme
COFOG	United Nations Classification of the Functions of Government
COMESA	Common Market for Eastern and Southern Africa
CPI	consumer price index
CPI	corruption perception index
DFID	Department for International Development (UK)
DG	Director-General
DORA	Division of Revenue Act
ESAAAG	Eastern and Southern African Association of Accountant Generals
G8	Group of Eight (Canada, France, Germany, Italy, Japan, the United Kingdom, the United States and Russia)
GFS	Government Finance Statistics
GPFS	General purpose financial statements
GRAP	Generally recognised accounting practice
GTZ	German Technical Corporation
IBP	International Budget Project
IFMS	Integrated financial management system
IMF	International Monetary Fund
IPSAS	International public sector accounting standards
MFMA	Municipal Finance Management Act (56/1993)
MTBPS	Medium-term budget policy statement
MTEC	Medium-term expenditure committee
MTEF	Medium-term expenditure framework
MTSF	Medium-term strategic framework
NEPAD	New Partnership for Africa's Development
OECD	Organisation for Economic Co-operation and Development

PEFA	public expenditure and financial accountability
PEM	public expenditure management
PEMPAL	Public expenditure management peer assisted learning
PETS	Public expenditure tracking surveys
PFM	Public financial management
PFMA	Public Finance Management Act (1/1999)
PFMRP	Public financial management reform programme
PPBS	Planning programme budgeting system
PSAM	Public service accountability monitor
SA	South Africa
SADC	Southern African Development Community
SAI	Supreme audit institutions
SARB	South African Reserve Bank
SARS	South African Revenue Service
SCOPA	Standing Committee on Public Accounts
SEF	Sector expenditure frameworks
SIGMA	Support for Improvement in Governance and Management
UN	United Nations
UNAIDS	Joint United Nations Programme on HIV/Aids
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNECA	United Nations Economic Commission for Africa
UNEP	United Nations Environment Programme
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNFCCC	United Nations Framework Convention on Climate Change
UNFPA	United Nations Fund for Population Activities
UNGASS	United Nations General Assembly Special Session on HIV/Aids
UNHCR	United Nations High Commission for Refugees
UNHSP	United Nations Human Settlements Programme
UNICEF	United Nations Children's Fund
UNODC	United Nations Office on Drugs and Crime
UNPAN	United Nations Public Administration Network
UNSD	United Nations Statistics Division
USAID	United States Agency for International Development

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.