

Conference for Planning Students and Young Graduates

Monitoring city performance: The case of South Africa

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Abstract

“Cities are hubs for ideas, commerce, culture, science, productivity, social development and much more” is the declaration of UN-Habitat, a sentiment which is echoed by many academics, politicians and urban practitioners. There is significant pressure on cities to perform, and therefore efficient monitoring of this is crucial. Central governments know that cities are crucial to the success of the national economy, and thus place numerous reporting requirements on the cities to ensure that they are functioning, and particularly that any central government transfers are being spent appropriately. In addition, the devolution of responsibilities from national and provincial government requires more monitoring processes and systems. Efficient reporting on well-designed indicators can enable National Government to ensure the city is functioning well, while simultaneously enabling the city to be autonomous and not experience a reporting burden.

This paper provides an overview of effective indicator design using a framework provided by Results Based Management (RBM), in the intergovernmental monitoring context. The paper will describe the different reporting types and responsibilities which are placed on South African metropolitan municipalities. Each reporting set that the municipality should or could possibly report on, was analysed for this paper, and the results are shown graphically. The paper goes on to analyse the reporting items that South African metropolitan municipalities report on, using the results chain.

Currently, metropolitan municipalities are reporting on over 18 000 data items annually. The majority of these were found to measure non-strategic statistics, inputs and activities. This is contradictory to the reporting which should be used by the National Government and its Departments.

A reporting burden can potentially hamper the efficacy of the metropolitan municipality, detracting from the core objectives of the municipality, which are primarily service delivery and enabling economic activity. The indicators which metropolitan municipalities are compelled to report on need to be refined and streamlined into a more nuanced, better designed and cross

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cutting set which will enable the National Government, its Departments, civil society and the municipality itself to make better decisions based on empirical and well-constructed evidence.

Key words: City monitoring, indicator design, urban, South Africa, metropolitan municipality

1. Introduction

“Cities are hubs for ideas, commerce, culture, science, productivity, social development and much more” is the declaration of UN-Habitat, a sentiment which is echoed by many academics, politicians and urban practitioners. There is significant pressure on cities to perform, and therefore efficient monitoring of this is crucial. Central governments know that cities are crucial to the success of the national economy, and thus place numerous reporting requirements on the cities to ensure that they are functioning, and particularly that any central government transfers are being spent appropriately. In addition, the devolution of responsibilities from national and provincial government requires more monitoring processes and systems. Efficient reporting on well-designed indicators can enable National Government to ensure the city is functioning well, while simultaneously enabling the city to be autonomous and not experience a reporting burden.

1.1 Rationale for investigation

In November 2007 National Treasury published a document on the Rationalisation of the Local Government Data Collection Processes. The research undertaken identified weak co-ordination and duplication in reporting, lack of alignment in reporting periods, inefficient technology being used for reporting, a burden of reporting (more than 80 questionnaires annually), limited capacity, skills and insight into how reporting is used.

The findings of this study were reinforced by a Department of Planning, Monitoring and Evaluation (DPME) completed Research into the State and Use of M&E in Five Sectors. Local Government was treated as a sector, but so too were the Human Settlements and Water Services. The study of these three sectors provided insight into intergovernmental reporting done by local government.

These two studies, and the often publicised ‘reporting burden’ placed on municipalities, provide the rationale for National Treasury to develop a conceptual framework for intergovernmental reporting, ensure the relevant authorities buy-in into this framework and apply this framework to the currently reported items. One of the aspects of this framework, the results based management approach to reporting, will be investigated as part of this report.

2. Intergovernmental reporting

2.1 Results based reporting

The majority of the international literature in this area is borne out of drive to establish and implement results-based monitoring & evaluation (M&E) systems. In order to determine what a good indicator would be, an understanding of the general overarching concepts, definitions and thinking around results-based M&E systems internationally, contextualising it locally within South African policy frameworks, and considering the intended application for built environment is required.

The following provides definitions of the concepts that make up an intervention's sequential logic, and provides a useful set of ordinal concepts for showing comparable definitions from Morra Imas & Rist's 'Road to Results' (2010) and the FMPPI (2007).

Table 1: Definitions of the sequential steps of the Results Based Management approach to reporting

Concept	FMPPI (2007)	Morra, Imas & Rist (2010)
Inputs	All the resources that contribute to the production and delivery of outputs. "What we use to do the work," including finances, personnel, equipment and buildings.	Resources that go into a project, program or policy (funding, staffing, equipment, curriculum materials, and so forth)
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe "what we do".	What we do. Activities can be stated with a verb ("market," "provide," "facilitate," "deliver").
Outputs	The final products, or goods and services produced for delivery. Defined as "What we produce or deliver".	What we produce. Outputs are the tangible products or services produced as a result of the activities. They are usually expressed as nouns. They typically do not have modifiers. They are tangible and can be counted.
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes are "what we wish to achieve".	Why we do it. Outcomes are the behavioural changes that result from the project outputs (quit smoking). Outcomes can be increased, decreased, enhanced, improved or maintained.
Impacts	The results of achieving specific outcomes, such as reducing poverty and creating jobs.	Long term changes that result from an accumulation of outcomes. Can be similar to strategic objectives

There are two other steps of the results based management approach which are used to categorise indicators: efficiency and cost-effectiveness. Efficiency is a ratio of an input to an output and cost-effectiveness is a ratio of an input to an outcome.

Figure 1 below captures well the various levels at which indicator measures can be found which can inform this discussion:

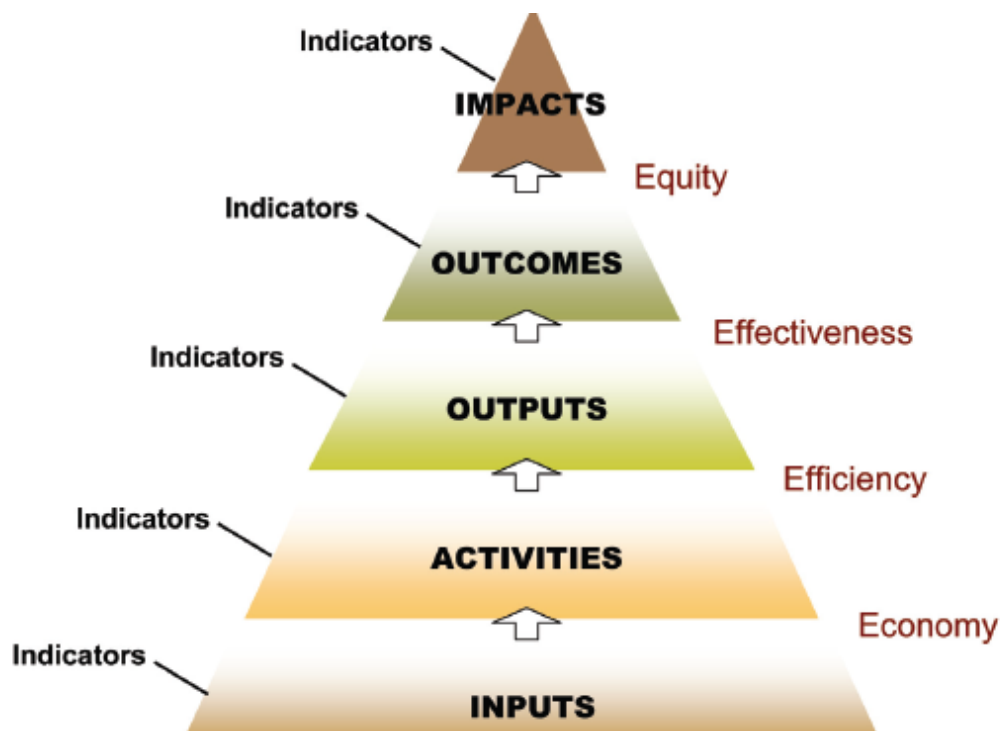


Figure 1: Indicator levels across an intervention and their orientation

2.2 Defining an indicator

Kusek & Rist (2004) define indicators as "... the quantitative or qualitative variables that provide a simple and reliable means to measure achievement, to reflect the changes connected to an intervention, or to help assess the performance of an organization against the stated outcome" (Kusek & Rist, 2004: 65). They can exist on multiple levels, in any number of ways, all with different degrees of utility and relevance depending on the user. The following quote explains:

Indicators should be developed for all levels of the results-based M&E system, meaning that indicators are needed to monitor progress with respect to inputs, activities, outputs, outcomes, and goals. Progress needs to be monitored at all levels of the system to provide feedback on areas of success and areas in which improvement may be required (Kusek & Rist, 2004: 65).

This thinking certainly informed, and resonates with National Treasury's (2007) 'Framework for Managing Programme Performance Information' (FMPPI) where performance information

is introduced as measures relevant to the performance the state. The FMPPI (2007) explains that indicators are "...specified to measure performance in relation to inputs, activities, outputs, outcomes and impacts. The challenge is to specify indicators that measure things that are useful from a management and accountability perspective. This means managers need to be selective when defining indicators" (National Treasury, 2007: 6).

2.3 Characteristics of a good performance indicator

Based on work by Kusek & Rist (2004), National Treasury (2007 and 2013), Morra Imas & Rist (2010) and the Leadership Council for Sustainable Development Solutions Network (2015) the following criteria were proposed to a committee steered by the City Support Programme of National Treasury, and they were agreed to represent characteristics of good indicators:

Precise definition- the indicator needs to have a clear, precise definition that is unambiguous

Cost-effective- the cost of sourcing and collecting the indicator must be commensurate with its utility within the system in relation to other indicators

Relevant- the indicator must relate logically and directly to the overarching goals and results of built environment interventions for people in metros. It must be sufficiently **attributable** to the entity being assessed.

Accuracy- the indicator title, definition and means of sourcing the data must accurately reflect the phenomena it purports to measure

Timeliness- the indicator must be able to be collected at regular intervals without substantial delays interrupting the frequency with which the data is available

Appropriate- the indicator must be useful for guiding improvements in service delivery and have been formulated in a manner that mitigates the risk of unintended consequences or perverse incentives associated with its achievement, and complements the existing indicator set in relation to the overarching goal. It must be **valued** in the most technical sense of the concept i.e. it should be clear which direction constitutes improved performance or declining performance.

Comparable – Performance should be universally comparable across a selected category of municipalities. Indicators that are a comparison with a municipality's own target or previous performance are statistically not comparable across municipalities.

2.4 Principles of efficient intergovernmental reporting

The following are proposed principles for an integrated intergovernmental reporting system for cities.

Results-based

While it will be necessary to measure inputs and activities, on aggregate the collective reporting system for cities should be results-based and ensure an adequate emphasis on outputs, outcomes & impact. Individual systems, owned by different stakeholders are likely to have a specific emphasis in the results chain that is appropriate to their purpose.

Sufficient attention needs to be placed on outcomes in the system. Below is a proposed framework for outcomes that reflects the layering of outcomes in a hierarchy with regard to built environment services:

Diverse yet complementary (and not duplication)

There currently is a plurality of systems and monitoring initiatives. This is not a bad thing, as they will often fulfil different purposes for different stakeholders, diversity in local government monitoring and evaluation should be valued. Duplication and fragmentation should, however, be avoided through proper co-ordination and partnership by stakeholders in the sector to ensure that systems are complementary and that as much integration as possible can be realised, without compromising diversity.

Distinguish performance and capacity

Capacity is the 'means' to achieve goals, whereas performance would be the end result of the municipality's activities. It is important that both of these are measured, as they are related to one another.

Triangulation and balance

Triangulation refers to richness that a measurement or assessment process can have if it relies on utilising multiple sources that are as divergent as possible. Assessments that rely on data reported by managers who have an internal lens on the scenario provide a limited perspective.

A richer assessment is provided when it involves data from politicians, staff, citizens, civil society, other spheres of government, academia and regulators. This is even further enriched when a variety of data collection methodologies is used that covers surveyed perspectives, direct measurement and observations.

International alignment yet homegrown

There are common global expectations from cities who are emerging actors globally. It is important to be able to assess our cities in comparison with other cities, particularly with regards to emerging common expectations such as the Sustainable Development Goals to replace the Millennium Development Goals. International alignment at the same time needs

to be complemented by homegrown indicators of domestic importance where these are not sufficiently addressed in universal global indicators.

Powers and functions focused yet development oriented

Performance reporting for cities and local government in general should be guided by and focused on their authorised powers and functions.

Fit-for-purpose

The purposes of individual systems will differ. Some are intended for exercising accountability, regulation and enforcement. Others are intended to foster learning and improvement.

Appropriate Accountability & Sufficient Attribution

An organisation's inputs, activities and the production of outputs are always within its control, by definition. This does not mean that accountability systems should avoid outcomes and impact. These systems still need to be outcome-based, in order to assess the ability to plan and lead.

Respect & Reciprocation

Respect, particularly intergovernmental respect, is an important principle of these systems. Ad-hoc, urgent crisis and poorly designed reporting, exercised through hierarchical relationships, is a regular example of disrespect. Reciprocation refers to the importance of giving back. Those that are reporting should find both the reporting process and its outcome valuable.

Open & Transparent

It is appreciated that there may be circumstances where performance information should not be made public, particularly where it concerns performance of individuals that are not in leadership positions. The default, however, should be that performance information should always be publically shared or available.

Differentiated yet Universal

It is well known that all municipalities are not alike, and there is a diversity of contextual conditions, warranting differentiation, however, universal systems and approaches are also valued and systems should not be unnecessarily differentiated. Undifferentiated reporting enables the comparison of indicators.

Simple yet Sufficient

Simplicity is highly prized. The ability to focus on fewer, simply constructed indicators that can be used as a proxy for as many issues, is highly aspired to.

Efficiency at scale yet disaggregation

Where similarly specified data needs to be collected at scale larger than cities or across all municipalities, this should ideally be done at higher scale on behalf and in partnership with local government. Particularly Stats SA has a critical role to play of partnering with local government in collecting consistent household information for the measurement of outcomes of the built environment functions.

2.5 Types of reporting

There are two types of reporting, regulated and unregulated reporting. Regulated reporting is legislated by an Act or piece of legislation. An example of such reporting is reporting required by Section 78 of the Municipal Finance Management Act or reporting associated with conditional grants. These grant reporting indicator sets have been investigated separately to the other regulated indicators. Unregulated indicator sets are indicator sets which are not legislated, and are either opt-in reporting sets or are investigated by an external party.

The objectives of the different types of indicator sets are different. The objectives of grant reporting are generally to see that the money is being spent appropriately and whether the intention of the grant is being fulfilled. The objectives of regulated reporting are predominately to ensure the correct functioning of the municipality and to investigate whether the municipality is fulfilling its intended mandate.

3. Methodology

The reporting sets which were identified are shown in Table 2 below.

Table 2: Indicator sets investigated

<i>Grant reporting</i>	<i>Regulated reporting</i>
Neighbourhood development partnership grant	B2B Level 1 indicators
Integrated City Development Grant	B2B Level 2 indicators
Integrated National Electrification Programme Grant	Non-Revenue Water
Infrastructure Skills Development Grant	Catalytic projects reporting
Public Transport Infrastructure Grant	CSP Indicators

Grant reporting	Regulated reporting
Local Government Financial Management Grant	Public Transport Performance Indicators
Public Transport Network Operating Grant	Human settlements in mining towns
Municipal Human Settlements Capacity Grant	Blue Drop
Energy Efficiency and Demand Side Management Grant	Green Drop
Urban Settlements Development Grant	Environmental implementation plans
Expanded public works programme integrated grant	

The results based theory was applied to 1063 of the 2572 reporting items which were identified as part of this process. Unregulated data sets were not considered for the application of the methodology as this was not the target of this research.

The methodology consists of a three step process. The first step of the process was to determine which built environment outcome (community facilities, electricity/energy, finance, governance & administration, housing, ICT, roads, solid waste, spatial planning & land use management, transport or water & sanitation) the reporting item was attempting to measure; the second step of the process was to determine whether or not the reporting item was an indicator. If it was determined that this reporting item was an indicator, then the third step of the process was applied to the indicator, whereby the indicator was located on the Theory of Change to determine the strategic intent of the indicator.

4. Results

The results below represent the application of the three step process described above. The number of indicators are presented as graph points of the right hand axis.

4.1 Built environment function measurement

Each reporting item which forms part of a regulated or grant reporting set of indicators was categorised according to the built environment outcome which it was collecting information on. The results for the regulated indicator sets are presented in Figure 3 below.

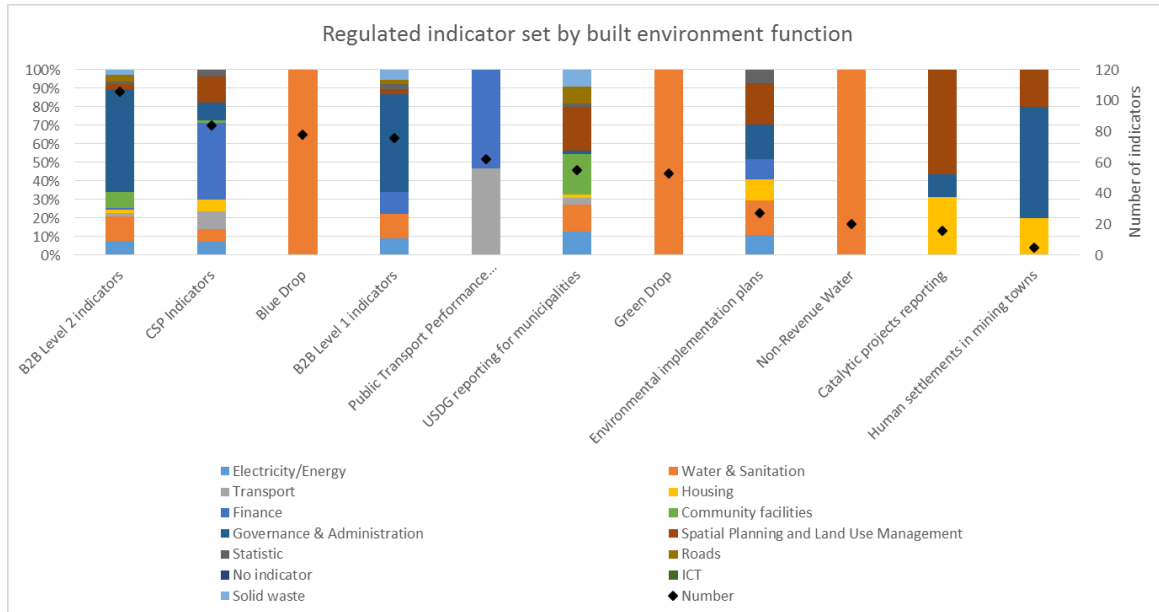


Figure 3: Regulated indicator sets by built environment function

The results of the grant reporting items are shown in Figure 2 below.

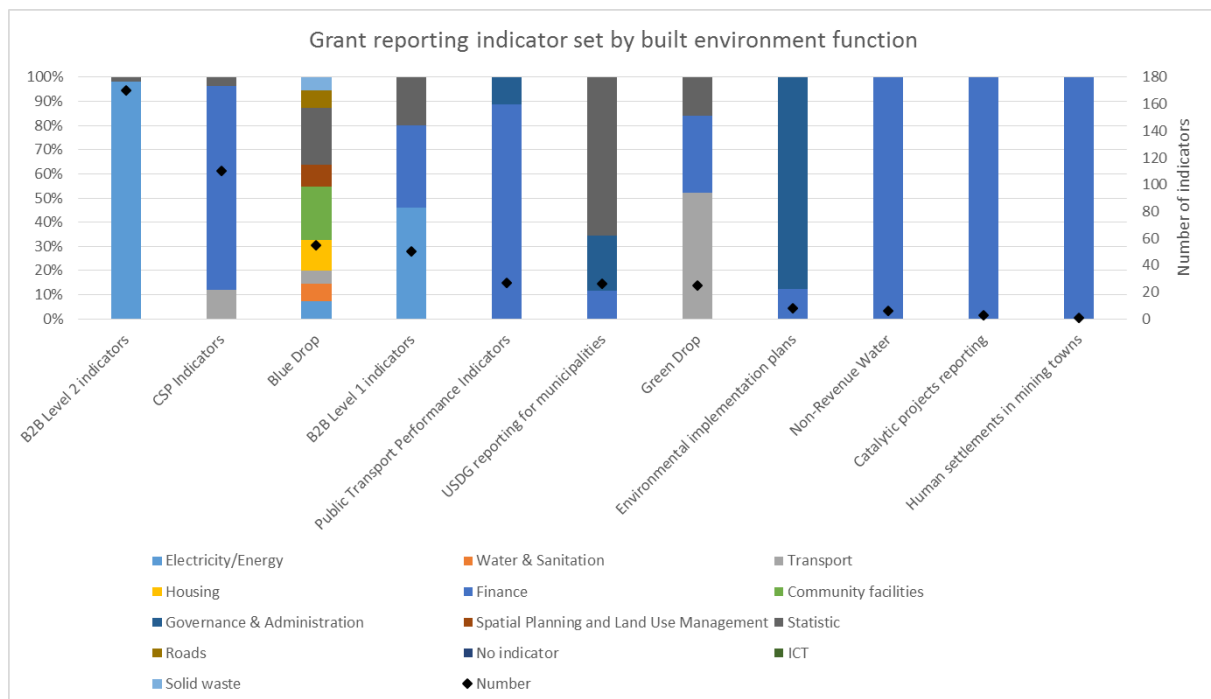


Figure 2: Grant reporting indicator sets by built environment function

4.2 Reporting items as indicators

As described above, the indicator sets contained reporting items which were not determined to be indicators, yet have strategic use. The results based management approach can therefore not be used to analyse these indicators, and they were therefore excluded from the third stage of the analysis. These results are resented in Figure 4.

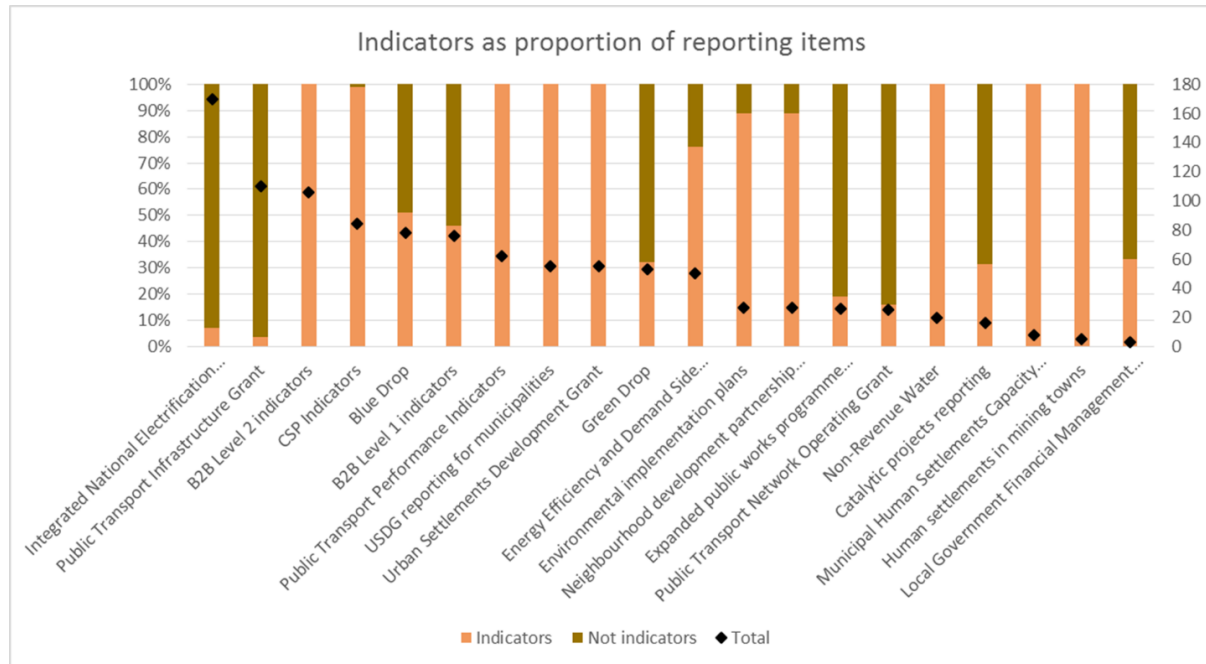


Figure 4: Indicators as a proportion of reporting items per indicator sets

Of the 1063 reporting items, 603 were identified as indicators.

4.3 Indicators as part of results based monitoring

The results based approach to reporting was applied to the reporting items which were determined to be indicators. The results are presented in Figure 5

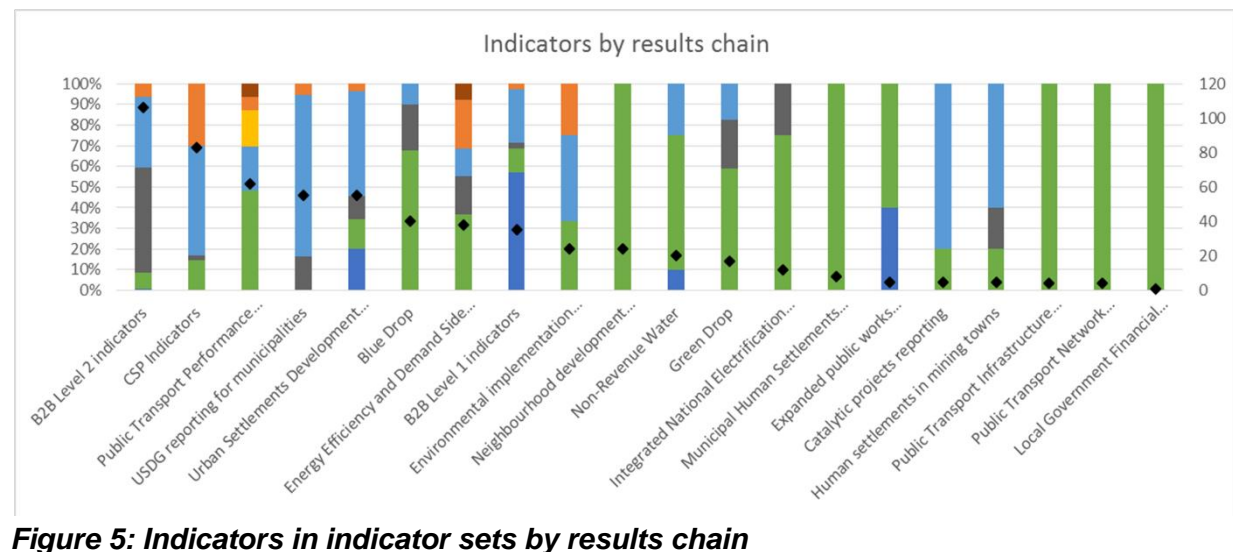


Figure 5: Indicators in indicator sets by results chain

5. Discussion of results

The first stage of the analysis was to determine what types of built environment outcomes the indicator set was investigating. The purpose of this was to understand the objectives of the custodians of the reporting set. As mentioned in Section 2, different reporting sets have different objectives. A cross-cutting reporting set such as the USDG reporting set has a broader mandate of investigation than a very specific reporting set, such as the Blue Drop set which only investigates water as a built environment outcome. From the regulated indicator sets presented in Figure 3, it is evident that there are numerous cross cutting indicator sets, namely CoGTA's B2B indicator sets, the USDG set and the Environmental Implementation Plans set. The remaining indicator sets are investigating largely what is in the mandate of the custodian of that set, with there being a fairly significant amount of financial reporting occurring the CSP and Public Transport Performance Indicators sets. The grant reporting is largely limited to financial reporting as well as reporting on the built environment function that the custodian of the reporting set is responsible for.

The proportion of indicators as part of the total reporting items in the set is investigated. Reporting items which are not indicators can have different objectives to indicators, and are generally presented as a field of used entries. Examples of this are the name and identification number of a person (taken from the Expanded Public Works Programme indicator set) or a qualitative description of the reasons for the failure to achieve a performance target (in numerous indicator sets). Only 57% of the reporting items are found to be indicators. It is not possible to know the objectives of these data entries, but the custodian of that information should ensure that these data entries are being usefully applied and are not adding to the municipalities reporting burden.

It is evident from the final stage of the analysis that there is a heavy tendency towards input and activity measurement. This is particularly evident in the grant reporting indicator sets due to financial reporting which occurs in these sets with the intention being that they are assuring that their grants are being spent correctly. CoGTA's B2B level 2 indicator sets has a tendency towards reporting on activities and outputs, particularly within the governance and administration built environment outcome, which is understandable as the mandate of the indicator set is to ensure the appropriate functioning of the municipality as opposed to the impact of the municipalities functions.

There is also a tendency within some sets to report on outputs. The outputs in the municipal sphere are the results of the activities of the municipality, and are directly attributable to the results of the municipality. The prevalence of outputs within the USDG reporting set can be understood as the custodian investigating the extent to which the money has been spent on infrastructure, which is one of the main outputs of the municipalities' activities. There is also a lot of output reporting in the CSP indicator set and some of the Department of Human Settlements indicator sets.

Outcome reporting is predominately located in the CSP indicator set, the B2B level 2 indicator set and the Energy Efficiency and Demand Side Management set. There are relatively few outcome indicators in other sets.

There are no indicators which measure impacts in the sets that were analysed.

Table 3: Results of indicator analysis by Results Based Management approach to reporting

Step of the Results Based Management approach to reporting	Percentage of indicators
Inputs	31%
Activities	16%
Outputs	34%
Efficiency	2%
Outcomes	9%
Cost-effectiveness	1%
Impacts	0%
Statistic	6%

It is evident from the analysis presented in Table 3 that 53% of the reporting is statistics, inputs and activities, which are generally unstrategic in nature.

6. Way forward

National Treasury's City Support Programme is currently reviewing the reporting requirements which are placed on South Africa's metropolitan municipalities. This process involves the application of the aforementioned criteria and principles to the required reporting, and then in conjunction with the relevant custodians of the reporting sets, refining the indicators to be more strategic and meaningful.

7. References

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