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Enterprise reflecting discussions  
held on key national issues

## **SOUTH AFRICA'S PUBLIC SERVICE**

### **Learning from success**

**T**HE PUBLIC service plays a key role in creating an environment in which citizens can flourish and benefit from their ingenuity and industry. The essential services for which the state is responsible are prerequisites for the economic growth that alone can bring about lasting prosperity, and enable future improvements in state services.

In order to set up this virtuous circle, a balance needs to be struck between providing public servants with secure and rewarding careers and making them accountable to citizens. By contrast, poor public service contributes to a vicious circle of frustrated citizens and poorly motivated and inefficient public servants.

Democratic South Africa has a long way to go to establish the virtuous circle of higher levels of economic growth and better public services. There are disturbing signs that poor service is well-established in many parts of the state. While there are some striking success stories in specific areas, the general picture is deeply disappointing, and of considerable concern to the vast majority of South Africans.

At the end of March 2008 the public service employed 1 204 525 people (including members of the South African National Defence Force). Of these, 63 per cent were employed in the social services sector (health, social development, education, and home affairs), followed by 20 per cent in the criminal justice sector.<sup>1</sup>

The size and variety of employment in the public service points to the challenges of organisational and human resource management confronting the government. Public sector employment is highly unionised – public sector affiliates account for about 36 per cent of COSATU's membership – and industrial relations in the public sector have been a contentious and highly politicised issue within the ruling ANC Alliance since at least 1996. The public sector strike of 2007 was one of the most costly in recent years.

However, human resource problems are not confined to pay and occupational structures. Transformation and the adopted approach to affirmative action is a recurrent theme throughout all discussions of capacity and skills shortages, while political

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## Participants

**David Beretti**, executive director: corporate services, City of Cape Town Metropolitan Municipality

**Dr Ivor Chipkin**, chief research specialist, Human Sciences Research Council

**Melanie Da Costa**, director: strategy and health policy, Netcare

**Dr Simon Dagut**, senior manager: research and projects, CDE

**Amira El Ibiary**, project officer, Friedrich-Naumann-Stiftung

**Dr Brian Figaji**, director, CDE

**Paul Graham**, executive director, Institute for Democracy in South Africa

**Prof Douglas Irvine**, director, policy programmes and research, SBP

**Capt Colin Jordaan**, CEO, South African Civil Aviation Authority

**HE Han-soo Kim**, Ambassador, Republic of Korea

**Kallie Kriel**, CEO, Afriforum

**Etienne Le Roux**, chief economist, Rand Merchant Bank

**Megan MacGarry**, researcher, CDE

**Dr Neva Makgetla**, lead economist: research and information, Development Bank of Southern Africa

**Velly Makasana Manzini**, Member of the Provincial Legislature, Mpumalanga

**Jean-Francois Mercier**, chief economist, Citigroup

**Sibongile Mkhabela**, chief executive officer, Nelson Mandela Children's Fund

**Prof Job Tebogo Mokgoro**, managing director, ECI Africa

**Mavuso Msimang**, director-general, Department of Home Affairs

**Indran Naidoo**, deputy director-general: monitoring and evaluation, Public Service Commission

**HE Toshiro Ozawa**, Ambassador, Japan

**HE Geoff Randal**, High Commissioner, New Zealand

**Dr Gary Reid**, lead public sector management specialist, World Bank

**Dawie Roodt**, chief economist, Efficient Group

**Prof Robert Schrire**, professor and head, department of political studies, University of Cape Town

**Francie Shonhiwa**, social transformation manager, Pretoria Portland Cement

**Ryan Short**, consultant, Genesis Analytics

**Ernest Sigasa**, special advisor: office of the executive mayor, Ekurhuleni Metropolitan Municipality

**Jabulani Sikhakhane**, editor-in-chief, *Destiny*

**Andile Sokomani**, researcher, Institute for Security Studies

**Prof Roger Southall**, professor, department of sociology, University of the Witwatersrand

**Prof David Spurrett**, consultant, CDE

**Hans van der Merwe**, executive director, AgriSA

**Hennie van Vuuren**, head: corruption and governance programme, Institute for Security Studies

**Hubertus von Welck**, regional director, Friedrich-Naumann-Stiftung

**Prof Jennifer Widner**, professor of politics and international affairs, Princeton University

**Martin Wust**, head: public sector programme, FeverTree Consulting

patronage is increasingly recognised as a dead weight that drags down performance across many parts of the public service.

There is too much inefficiency, too much corruption, and too little basic administrative competence. This is indicated by the shockingly low rate of clean audits for municipalities (less than half are financially unqualified and 20 per cent of national and provincial departments receive adverse or qualified audits). This shows that basic failures of administration and governance, as well as improper or wasteful expenditure, infect much of the public service. Another source of evidence is the Public Service Commission, which reports that more than half of national public service departments perform more poorly than they should. Recent community protests about service delivery are another worrying indicator of state failure and public frustration.

Against this background, the importance of improving the public service is clear. If we are to realise South Africa's potential for economic growth, a top priority is to have better (and constantly improving) public services for all citizens.

In September 2009 CDE brought together a col-

lection of local and international experts to engage in frank and open discussion on how the public service can work in smarter, faster and more accountable ways to meet the country's growth and development needs.

We did not underestimate the challenges we have sketched above, and they were always present in the discussions and presentations. But there are also success stories and positive models that point the way to improvement.

We decided to emphasise examples of successful initiatives in public services in order to focus on solutions and not recriminations. Participants heard and discussed stories and lessons from other countries, and from particular departments and other state entities in South Africa. Some key insights emerged – including the need for sound political leadership, good management practices, and openness to effective partnerships with private enterprise – which are spelled out at the end of the document.

They will not be easy to implement, especially across such a populous and diverse empire as the public service, and hard choices and tradeoffs will need to be made. However, we can start well by learning from success.

## Abbreviations and acronyms

<b>ANC</b>	African National Congress	<b>ICAO</b>	International Civil Aviation Organisation
<b>ATNS</b>	air traffic and navigation services	<b>ICU</b>	intensive care unit
<b>BEE</b>	black economic empowerment	<b>ISO</b>	International Organisation for Standardisation
<b>CAA</b>	Civil Aviation Authority	<b>M&amp;E</b>	monitoring and evaluation
<b>CBD</b>	central business district	<b>MTSF</b>	The SA government's Medium Term Strategic Framework
<b>DBSA</b>	Development Bank of Southern Africa	<b>NHS</b>	National Health Service (United Kingdom)
<b>DG</b>	Director General	<b>PSC</b>	Public Service Commission
<b>FAA</b>	Federal Aviation Authority (United States of America)	<b>PFMA</b>	Public Finance Management Act
<b>IATA</b>	International Air Transport Association	<b>PPP</b>	public-private partnership

## What's wrong with the public service, and why?

### Robert Schrire

*Professor of political studies,  
University of Cape Town*

I want to talk about how political dynamics influence the performance of the public service. The civil service does not operate in a vacuum. Three aspects of the political environment are vital for understanding the public service, namely major historical inequalities between various racial and ethnic groups; single-party dominance; and a racialised public discourse, which impedes understanding and action.

There are four possible explanations of public sector failures, which are often combined:

- incompetent people have been appointed to various positions;
- public service institutions have poor management systems;
- the state is overambitious in the sense that its objectives exceed its capacities; and
- the political context is not conducive to an efficient system.

The 'by-product' theory of delivery holds that individuals and organisations do not deliver as a matter of altruism or idealism, but as a by-product of the incentives at play in their particular environment. We don't expect monopolists to care as much about quality products as companies that compete for market share. The same principle operates in government – a monopoly government will not be as motivated to provide good services as a competitive one.

We have two pernicious forces at work. The first is that the same party has been in power for 15 years. The second is the expectation by both those in government and in opposition that that party will remain in power for at least another 15 years. As a result, there is a very weak relationship between performance and consequences in South African politics.

There is also no balancing mechanism. Citizens do not seem to show any outrage where it would count most, namely at the ballot box. Many people seem to be frustrated with the ANC, but still support

it. Part of our racial discourse is that criticism of the ANC is largely deflected: it's rejected because it supposedly comes from racist whites in opposition, and so on. We tend not to look seriously at the merits of the objection, but at who the messenger is. Instead, we need to take action where policies are not working.

Given this, we need to focus on incentives if we want this situation to change. We need to create a system with incentives for good governance and efficient delivery, rather than patronage or parasitism. We need to work out how, given the reality of single-party dominance, to create a sense of urgency without political or social turmoil; we don't want to see urgency conveyed by violent protests only. And we need to examine trade-offs, and whether the potential benefits of our actions are really worth the real costs.

And the right notion of cost in this respect is the opportunity cost: not just the rand value, but the cost of giving up other things we might have gained from spending our resources differently. The greatest crime in this context is to waste human resources. In this respect we need to move beyond transformation, and recognise that every loss of growth through politically correct measures actually hurts the poorest. Those who get a good start, including a decent education, always thrive, and rise to the top. We need to realise that, if measures such as affirmative action impact negatively on economic growth, they actually hurt the poor.

### Roger Southall

*Professor of sociology, University  
of the Witwatersrand*

According to Max Weber, modern bureaucracies have six major characteristics:

- a rational, defined allocation of jobs;
- a clear division of labour;
- a chain of command and accountability;
- a consistent system of abstract rules and defined limits of authority;

## Service delivery protests

During July 2009, protests against poor service delivery erupted once again in townships across South Africa. According to Municipal IQ, a research unit which monitors municipal services, these protests are mounting; dissatisfied South Africans embarked on 24 major protests between January and July this year, compared to a total of 27 in 2008.<sup>2</sup>

Some of the biggest and most violent protests occurred in Thokoza township on the East Rand; the overcrowded Diepsloot informal settlement north of Johannesburg; and Sakhile township near Standerton in Mpumalanga.

These protests have added to pressures on President Jacob Zuma's cabinet to deliver on government promises to improve services that help to alleviate poverty at the municipal level.

During the September 2009 protests in Sakhile, protesters refused to end their marches against corruption, fraud and maladministration by local government officials unless national government addressed their concerns.<sup>3</sup> Similarly, residents from several informal settlements on the East Rand gave the Ekurhuleni

mayor seven days to respond to their demands after marching to the municipality's office in October.<sup>4</sup>

The citizens of a democracy with regular elections and many official channels for expressing dissatisfaction should not feel driven to engage in protests, especially violent ones, over basic delivery of public services. The protests indicate a failure of delivery, and also of communication between the government and public. The failures of delivery are extensively documented.

A recent Public Service Commission review of 16 government departments found, among other things, that only 25 per cent of departments have public participation policies and guidelines, and that few of the staff responsible for public participation have been appropriately trained.

As the PSC noted in a major report on public participation last year: 'Without proper public participation mechanisms, citizens are likely to find other ways to mobilise and express themselves.'<sup>5</sup>

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- the impersonal application of rules and appointment of officials on the basis of competence, training and knowledge (meritocracy); and
- the separation of private and official income.

This projects one ideal image of a public service: a rule-based system that operates fairly and rationally to perform certain functions, or deliver certain services. The current public discourse in South Africa often projects a different and more pessimistic image of the public service, one in which, among other things:

- the ruling party is superior to the state and the constitution, and loyalty trumps public accountability;
- affirmative action devalues technical competence and merit;
- working for the state is viewed as a route to wealth;
- rules are not impartially applied; and

- there is favouritism and corruption.

Neither of these images is accurate; we're somewhere in between, and I want to draw attention to four general features of our situation which we need to take into account when trying to plan any interventions.

The first is the nature of the post-colonial state. Pre-democratic South Africa wasn't a colony, but had some colonial features. In post-colonial states marked by significant levels of poverty, the public service often becomes a vehicle of class formation and wealth accumulation. South Africa needed to embark on a deliberate programme of correcting racial wealth imbalances.

Perhaps this was not done in the best possible way, but then one has to ask: how else should it have been done? And if one adopts this approach, how does one avoid people thinking of public service employment primarily as a means of transferring

wealth rather than being responsible for providing a service to members of the public?

Second, our transition to democracy involved an implicit racial bargain. Put simplistically, it was understood that black control over the state would be balanced by continued white domination of the economy. Of course, since then numerous measures – notably BEE – have been introduced in order to change unequal participation in the economy. But race remains important for our understanding of South Africa and the workings of the public service.

### How do we avoid people thinking of public service employment primarily as a wealth transfer?

The third relevant factor is the notion of breaking a social contract. The political philosopher Thomas Hobbes created a model in terms of which individuals exchange some freedoms in return for the state providing them with safety and security. But we all know that the South African state is failing to meet the basic needs, including the physical safety, of many of its citizens. When state services fail they are often replaced with private services, but these are invariably very expensive, and only available to a privileged minority. So major parts of our society are effectively left without functional government.

The last factor we need to take into account is the declining coherence in our society. This has been identified by the Presidential Review Commission which has expressed its concern about visible inequalities, disappointed expectations, the pressures of a consumer society, high unemployment, and much more. We seem to lack a sense of common citizenship, of shared values across class and racial divides. Among other things, this means that public servants don't often have a strong sense of the public interest; instead, they believe they are free to pursue their private interests, and corruption becomes part of the job description.

At the local government level, particularly in very poor communities in which many people are jobless, being elected to the local council or getting a

job in a local administration is an immediate route to betterment.

There are no easy responses to any of these issues, but there are things we need to try to figure out. Can we move towards deracialising the debate when opportunities are still so racially skewed? Can we tackle that racial bargain? Can we improve accountability to ensure a renewal of the social contract? Can business embrace the training and upward mobility of black people, and the public service the continued upward mobility of whites? How do we foster a sense of commonality across racial and class divides?

And, to echo a point made by Robert Schrire, can we match capacity to ambition? This has become a key question, because the ANC has embraced the notion of a developmental state, which implies the state playing a more active role in regulating the economy. Yet the public service is already unable to perform many of its current functions, and deliver many of the services it is meant to deliver today.

## Paul Graham

*Executive director, IDASA*

I'm going to talk about three things: public service, public confusion, and performance.

As regards the public service, is it really clear what the South African Police Service, the Department of Education, and the Department of Home Affairs have to do with one another? They all provide public services; however, they differ very significantly from one another, and in trying to improve them we should be careful not to treat them in the same way.

If we want to build a public service that will reflect and serve our society as a whole, we need to rethink the issues of affirmative action and diversity. Clearly, it should recruit people from all sectors of our society.

As regards public confusion, the public service is not well understood by the public it is meant to serve. Our Afrobarometer, based on research conducted in 18 African countries including South Africa, shows that many people are confused about whether specific government functions are the responsibility of central government, local government, or traditional leaders. If citizens are confused about which level of

government is or should be responsible for something, it is hardly surprising that it is difficult for them to exercise any oversight over public bodies.

This also explains why public discontent, including service delivery riots, is sometimes aimed at inappropriate state representatives or institutions. Many protests are aimed at elected councillors who are not involved in actual service delivery – or at local governments over services, such as housing, that are actually national competencies.

It is difficult to discern fundamental improvements in service delivery, but the fact that ministers are now visiting communities to talk to people involved in protests against poor service delivery is a welcome change. Previously, we saw too much denial and delegitimation of citizen protests.

Third, it is significant that we are able to monitor performance in South Africa because of reasonably good transparency about some aspects of government. Consider the budget. IDASA has been concerned for years about the extent of underspending and resultant fiscal dumping (hasty end-of-year spending in order to avoid accusations of under-spend). The Treasury provides this data every quarter. However, in the first quarter of this year most provincial departments had indeed spent about a quarter of their annual budget. This suggests that there has been a real improvement.

Other important indicators are provided by the Auditor-General, which audits the accounts of all state and parastatal entities. It performed 463 audits in the last reporting period, and only 23 per cent of these were clean. Among other things it means that there are problems, some small and some major, in the ways in which many departments and municipalities are dealing with the Public and Municipal Finance Management Regulations, which is – or should be – a major source of concern.

Only about one per cent of municipalities have clean audits. Of course, the problems range from minor technical failures to truly egregious ones. But one per cent is still a very small number. Moreover, some 70 per cent of the adverse opinions occur in only four provinces, namely the Eastern Cape, Limpopo, North West, and Northern Cape. This shows that, if we have the will to act on them, these reports provide us with the means to address the problems in

the public service in a far more focused and therefore far more effective way.

## Discussion

Participants pointed out that the pre-1994 public service was also defective in various ways. It was never in the business of providing efficient services to all citizens. Numerous parts of the state played an active role in enforcing the apartheid order, and parts of it were riddled with corruption. South Africa now faces the challenge of building something it has never had before: a public service that serves the entire population.

Mavuso Msimang, director-general of Home Affairs, recalled that corruption in the Department of Home Affairs started during the old social order when black people living in the 'homelands' started to bribe officials to help them gain access to the major urban areas. Today, the system was being subverted by a new group of people who wanted to acquire South African citizenship.

If citizens are confused about which level of government is responsible for something, it's difficult for them to exercise oversight

Other points made include:

- While affirmative action has the laudable goals of making the public service more representative, and building a black middle class, it extracts a considerable price in the form of reduced efficiency because of the loss of large numbers of skilled and experienced personnel. Appointing people solely on the basis of their skin colour, or whom they know, promotes a cynical attitude. Moving away from the 'deployment' strategy and better placement and training programmes could help to reduce these costs.
- The public service is not directly answerable to the public, and any improvement will require high-level political intervention. Only high-ranking politicians have the authority to introduce

reform programmes, and only the Presidency is able to resolve territorial conflicts between ministries or departments. Therefore, pressures on the government to step up public service reform need to be increased. Service delivery protests are one source of pressure, but violent protests are clearly not desirable.

South Africa will only be able to restructure its civil service if it achieves higher levels of economic growth

- Improving or reforming a public service can be very expensive. While some money could be saved by cutting staff, the delivery and infrastructure shortfalls require additional investment. These funds have to come from somewhere. Ultimately, South Africa will only be able to restructure its civil service if it achieves higher levels of economic growth, and the civil service at all levels should work to enable this as well. Should this be achieved, the public service will effectively pay for itself. Without higher levels of economic growth, the situation is likely to worsen.
- Efficient service delivery depends on motivated civil servants. This is threatened when loyalties are primarily political. Appointments based on

political patronage can actively harm performance, and the fact that jobs are seen as political tends to shield bad performers from being held to account. This is occurring in many parts of the South African public service, and needs to be dealt with. The ANC's deployment strategy systematically places loyalty ahead of merit and even of competence, and is therefore a serious obstacle to an efficient public service.

- Public confusion about the responsibilities of different levels of government is a challenge. South Africans need to understand which parts of government are responsible for which functions, and should have avenues for expressing their dissatisfaction which will lead to visible action, thus reducing or obviating the need for destructive violent protests. Of course, elections are the most important ways in which communities and individuals can express their dissatisfaction with their governments' performance. The bizarre situation has arisen where people vote for a particular political party and almost immediately start to protest about the performance of its representatives and the officials appointed by them in their areas.
- There have to be serious consequences for proven instances of corruption, including termination of employment or removal from office. The current culture of patronage is playing a significant role in failures to identify and act against corruption, and must be urgently addressed.

## Lessons from international experience

### Gary Reid

*Lead public sector management specialist,  
World Bank*

The political economy of implementing a reform is inseparable from its technical aspects; therefore, it's important to tailor the technical design of your reform to your specific political economy challenges. I will make some general observations, and then say a little about Albania, where I've done a lot of work.

It's useful to distinguish political economy challenges from results challenges. The main political economy challenges are:

- understanding why a 'sub-optimal equilibrium' exists;
- figuring out how a 'winning coalition' for reform can be created and nurtured; and
- figuring out how likely sources of resistance can be addressed.

The main results challenges are:

- ensuring that reform efforts actually deliver the



## Public Service Commission documents state failings

The Public Service Commission has monitored and evaluated the performance of the public service since 2000. It does so mainly by assessing the extent to which national and provincial government departments comply with the nine values and principles of public administration stipulated in the constitution, namely professional ethics; efficiency, economy and effectiveness; development orientation; impartiality and fairness; public participation in policy-making; accountability; transparency; good human resource management and career development practices; and representivity.

The programme proceeds in two-year research cycles. The most recent report covers the 2007/8 research cycle and was published in 2008.<sup>6</sup> Not all departments are assessed in each cycle. A total of 22 departments – five national and 17 provincial – were studied in the 2007/8 cycle, bringing the number

of departments assessed since the inception of the programme to 75. Each department is given a score ranging from 0 to five for each value: the lower the score, the worse the performance.

Only one – the national Department of Public Service and Administration – received an average score higher than 4 (good to excellent performance on most or all standards); eight received average scores between 3 and 4 (adequate performance on some standards); 11 received average scores between 2 and 3 (development needed in most standards); and two received average scores between 1 and 2 (development needed in all standards). The overall average was 55 per cent; however, it was the best achieved since the inception of the project, progressing from 28 per cent in 2005/6 and 48 per cent in 2006/7.

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intended or promised results; and

- ensuring that reform efforts adjust strategically to changing conditions.

Starting with the political economy challenges, a 'sub-optimal equilibrium' is achieved when a system is stuck in an unsatisfactory state. To understand why a system get stuck in a state we don't like, we need to do at least three things.

The first is to figure out who benefits, and why. Stakeholder analysis is often use to achieve this. Suppose you're looking at the specific delivery of a particular service. If it's education, the stakeholders are headmasters, teachers, administrators, parents, and students, among others. Then you need to consider why they behave in the way they do, and what benefits they receive for doing so.

Second, you need to figure out the rules of the game, whether formal or informal, and how they permit or reinforce the sub-optimal equilibrium. This is tricky, but important – to change the system you'll need to change the rules, and informal rules may not respond to formal changes. A regulation that teachers

should be at school may have no effect unless headmasters are motivated to enforce it.

Third, you need to work out what strengths and weaknesses make it difficult to break out of an existing sub-optimal equilibrium. Issues here can include capacity problems, such as skills shortages, but helpful individuals may also lack the authority or motive to improve the situation. Assessing the capacity of various agents to influence things is important.

My second and third political economy challenges – creating a 'winning coalition' for reform, and likely sources of resistance – are less applicable to South Africa because it is dominated by one party, and the winning coalition is the ANC. So the question is rather, what does the ANC want to do, and how can one design a reform programme which is consistent with its objectives?

A winning coalition needs to get a few things right. One is to keep the scope of reform proportional to the base of support. You can only achieve a lot if you have a lot of support. Trying to change too much at once is a recipe for failure. Rather get something

smaller right, and then try to duplicate successes. Another is to track results. Also, the information you gather should be used to build support, advertise achievements, and adjust the course of the reform programme – to figure out what's working, what isn't, and how to make strategic adjustments.

Similar points go for dealing with likely sources of resistance. You need to identify the important stakeholders, and sometimes divide and conquer. If you expect a lot of opposition, one option is to reduce the initial scope of reform so that it is perceived to threaten only a small group of anti-reform interests. Again, you need to track results, and use them to continuously address criticisms of the reform effort.

### Trying to change too much at once is a recipe for failure

Turning to results challenges, there are three things you need to do to ensure that reform programmes actually deliver their intended or promised results. First, you need to know what you're trying to achieve, in a way that you could measure, so that you can generate systematic evidence on whether you're making progress. This means identifying specific shorter-term goals, such as getting the time it takes to issue a passport down to a specific number of days, over and above the popular broad ones such as 'we're going to improve the efficiency of the public service' or 'we're going to reduce the corruption of the public sector'. And you need to make these measurements.

Then you need to ensure accountability for results. Obviously, if you don't have any systematic evidence, you can't do it at all. But if you have, you can work out whether you need to tweak the reforms, reallocate resources, or – in extreme cases – deciding that the leader you've got in a particular position is not delivering, and can't be helped or persuaded to deliver, so you need to get rid of him or her.

Albania illustrates many of these points. We started working with the Albanian government in the late 1990s, and at the time they did not have a history of a Weber-style bureaucracy; instead, they had ministries which were fiefdoms of the minister con-

cerned. Each minister who came into power hired everybody in the ministry, so all ministry staff served at his pleasure. Public employees had very little protection against rights abuses, and could be sacked for any reason. Low salaries further contributed to the unattractiveness of public sector jobs.

The Albanian government then set out to achieve the following objectives:

- create a depoliticised civil service, managed on merit,
- ensure equitable and independent redress for civil servants; and
- attract skilled people, partly by raising salaries.

They have made significant progress towards achieving these goals, and how they did so illustrates a number of my more general points.

It was possible to track depoliticisation by watching quarterly turnover rates and seeing if they spiked following a change in political leadership. We tracked those for both civil servants and for political appointees over time, and saw some positive progress. We suffered major setback when a new party was elected to power, and roughly a third of civil servants were dismissed. However, many of them sought legal redress, and were successful in the courts. This was possible because the reform programme had changed the rules of the game – mistreated employees had rights they had not previously enjoyed.

Improved salaries also led to a significant increase in the number of qualified applicants for advertised positions. Again, we had systematic data which showed us that change was having the desired effect.

Lastly, it was very helpful that the technical leader of the reform process (the person in charge of the Department of Public Administration) was capable and committed, and that she had the support of the prime minister, which enabled political obstacles – including resistance from other ministers – to be overcome.

## Discussion

Participants said the situation surrounding single party dominance in South Africa differed in one important respect from that described by Reid. The ANC is electorally very powerful but far from internally homogenous, and is also involved in a volatile

alliance with the South African Communist Party and COSATU, neither of which directly contest elections. On issues such as public service reform, elected politicians might gain from improved service delivery, but face opposition from trade unions with an interest in the status quo. Therefore, civil service reformers cannot rely on the dominance of the ANC, and need to build winning coalitions in favour of each reform they hope to achieve.

In response to questions, Reid made the following additional points:

- Whatever the vision and aspirations of an organisation, it takes work to get people to understand their roles. Gaining clarity on job descriptions and the allocation of responsibilities is helpful. The relationships between political appointees and civil servants also present specific challenges which need to be properly handled. To make things work takes consultation, and explicit guidelines on the specific roles of different players. Sometimes organisational design needs to change, so that the different roles can relate in a coherent way.
- The scope of the Albanian reforms was deliberately narrow, focusing on two per cent of the personnel. But the intended consequences were large, because the people and positions tar-

geted were all managerial and professional, and located throughout the public service. Improving managerial and professional capacity is the best short-term investment in longer-term gains.

- Performance evaluation also presents a number of challenges. Systems should not be cumber-

### Relationships between political appointees and civil servants present specific challenges

some. Thorough annual evaluations are important, but good management requires more frequent (typically weekly) feedback to staff. Independent performance measures can be useful, and public servants can be held accountable to them, but because other factors often impact such indicators, they must be treated with care. When evaluations depend on judgements made by individuals, there is a danger of systematically biased scores. This initially happened in Albania, where to start with almost everyone was rated as 'excellent'. It takes time and work to get honest appraisals.

## Learning from African successes

### Jennifer Widner

*Professor of politics and international affairs,  
Princeton University and director,  
Mamdouha S. Bobst Center for Peace and Justice*

I run a programme at Princeton on innovations for successful societies. We look for cases of successful reform, and try to share those experiences where they might be useful. Reform is a difficult process. We've heard a lot about how important it is to get the politics right, but it's still hard even when you do. Reform needs a lot of managerial expertise, and a lot of attention.

Tanzania is an important example. I think reform is actually getting off the ground there. A little over a decade ago Tanzania's leaders began to think very hard about how they could improve the capacity of central government, and ideally of local governments as well.

They realised that their economic policies would have to be far more market-oriented, and that the civil service was not adapted to this. Moreover, the government had to find a way of paying for an effective civil service. Leaders also knew that many people were dissatisfied with service delivery.

So what did they achieve, and how?

In the first phase of the reform programme, which started in about 1992, they reduced the size of the civil service by 25 per cent, partly by getting rid of ghost workers. This reduced the wage bill, and enabled them to increase salaries and wages. By 2007 the civil service had achieved 90 per cent of its pay targets. In the second phase, the reformers began to refine and streamline job definitions, develop performance standards, and get performance management under way.

The main thing is that reformers sometimes need presidential clout to help resolve a problem

With the help of management consultants, they also created several independent authorities that dramatically improved service delivery in some areas. For example, the time taken to acquire a birth certificate dropped from about three years to a few days. They also reduced the time it takes to register a business and get a licence by about 50 per cent. How did they achieve these results, and what problems remain?

First, the reforms had high-level backing, with the reformers concentrated in the president's office. This meant that those leading the reforms had regular high-level access; if problems emerged in trying to get ministers on board, they could walk into the president's office. They had to tinker with the details about how public service reform interacted with ministers – this is difficult to get right, and the ministers were initially sceptical – but the main thing is that reformers sometimes need presidential clout to help resolve a problem.

Reformers also introduced weekly staff meetings for key players. This was very important for keeping things moving, ironing out problems, and keeping everybody's eye on the ball. Leaders of the reform body were appointed for at least 10 years, which provided continuity.

They worked hard to manage the political impact of downsizing, or right-sizing. This meant figuring out how to remove people, including ghost workers, and then mitigate both anxiety about, and the

actual social cost of the retrenchments and early retirements. This illustrates Gary Reid's point about building coalitions, and anticipating likely sources of resistance. So they embarked on a lot of dialogue and advertising, to explain what they were doing and why – how many employees were being moved to new positions, how many were being retrained in addition to their retrenchment packages, and so on. Equally importantly, they had to ensure that the people they brought in did not become complacent in turn.

The staff cuts created a planning challenge of their own in that they created a generation gap that risked harming the capacity of the public service about 10 years down the line. So in 2008 they had to seek out people with vital skills and fast-track them into management positions.

Before they could embark on meaningful performance management, they had to develop a system to track public employees. We often find that governments don't really know who their employees are, and it took Tanzania years to figure this out.

They also created independent agencies to handle some functions, especially routine services which charged fees, and which had incentives to be efficient. In all cases there were watchdogs, because the agencies were in areas where there were strong public or business constituencies. They were also supervised by boards including members of the public, and the executives were retained on performance-based contracts. These agencies spent portions of their gains from efficiency on increasing salaries.

Streamlining procedures played a key role in reducing corruption. If there are fewer points at which a clerk needs to touch a piece of paper, the corruption rates are likely to go down, just because there are fewer opportunities for it.

Finally, I want to comment on transparency, which is an issue everywhere. You need to report on how well you are doing, as well as justify what you are doing. The Tanzanians put the performance of their local governments up on the web. This can help to get the community on board, and motivate ministers as well. Nigeria is a good example of a place in Africa where justifying policy is taken seriously. Nigerians are emphatic about going to television debates, where ministers face really robust discussion of their policies and performance. And the Hewlett Foundation has

launched a big open budget project in much of Africa, putting a lot of information out in the public domain so people can trace where payments meant for their schools and other public facilities actually went.

## Discussion

Participants asked Professor Widner what strategies were available for dealing with a lack of management capacity. She described a promising Nigerian initiative in terms of which Nigerians working in international corporations outside the country were accepting interns from the Nigerian public service. This required negotiating with the companies and with the donors supporting public service reform programmes.

Under another programme, companies investing in the region were providing six-month internships for public service middle managers. Both initiatives were aimed at exposing public servants to business processes and cultures. However, they ran the risk of people leaving the public service. Further points included:

- Public Service reform benefits from high level political support.
- An inefficient public service can hamper economic growth, thus harming all its citizens.
- Some public service functions can be more efficiently delivered by specialised agencies.
- Although political frameworks and other high level factors are important, much can be gained from relatively simple management practices such as regular staff meetings.

## More than a publicity stunt?

Following promises by Jacob Zuma during last year's election campaign, a Presidential Hotline providing members of the public with a more direct means of communicating with the government was introduced in September.<sup>7</sup>

Calls are fielded by public liaison officers based in the Union Buildings. All enquiries and complaints are meant to be followed up by public liaison officers based in government departments and offices of provincial premiers. Provinces are meant to establish similar services, down to the municipal level.<sup>8</sup>

The hotline was immediately flooded with complaints about electricity, housing, water, corruption and education. After several weeks, it was still very difficult for callers to get connected.

This suggests that many South Africans have com-

plaints about the public service, and that existing channels for expressing their concerns are not working.

The value of the hotline is unclear. There is no shortage of reporting about the shortcomings of the public service; the problem is that little or nothing is done about it. Managers at the municipal, provincial and even national levels have already learned that poor performance, including poor audit results, have minimal consequences.

The rules of the game need to change. If the problems reported by members of the public are verified and acted upon, it could lead to significant improvements in the quality of the public service. If not, we will just have more monitoring without accountability, and even more frustrated citizens.

## South African success stories

### Melanie Da Costa

*Director, strategy and health policy, Netcare*

I want to talk about solutions rather than theory, and explain how we at Netcare have created successful private-public partnerships in South Africa but also in the United Kingdom and Lesotho.

We are involved in a large number of public-private partnerships or initiatives in the United Kingdom and South Africa. One useful way of ranking these initiatives is in terms of their complexity and risk.

At the lowest level of risk you find rental arrangements. In the case of health this might be a matter of the public sector renting beds in private hospitals, or vice versa. One example is a Netcare hospital in Bronkhorstspuit.

The public sector pays to use 15 beds in that facility. Netcare owns and maintains the facility, and provides nursing and other services, but the doctors caring for the public patients are public sector doctors. Private emergency services also sometimes support the public system at major events. This is

Another opportunity for low-risk partnership is training, such as training government nurses or paramedics

also generally low risk – it's just a matter of paying for services.

Another opportunity for low-risk partnership is training, such as training government nurses or paramedics. We recognise the shortage of nursing personnel, and see it as a problem for everyone. So we are trying to find ways of freeing up capacity in private training colleges in order to provide dedicated training for the public sector.

Moving up the risk and complexity ranking, we have facilities management. We have quite a few such PPPs in South Africa under which the public sector

outsources functions such as building, cleaning, laundry, and even pharmaceuticals supply. Even more complicated partnerships involve the management of hospitals. We're starting to see examples of this in South Africa, including a public facility at Matekwene in Mpumalanga which is run by Life Healthcare. Life Healthcare also manages several specialised TB facilities under contract to the government.

The most complicated and risky contracts involve some level of integration in clinical delivery. These include contracts relating to elective surgery waiting lists. Although private hospitals are a fraction of the total infrastructure capacity in South Africa and the United Kingdom, they can make a big impact on public sector delivery.

Netcare started working with the National Health Service (NHS) in the United Kingdom in about 2001. This process began with a contract to complete 45 000 cataract surgeries within five years. This contract was executed from mobile clinics, which we leased to keep capital expenditure low. At the time the NHS had a specialised clinic, the Moorfield Eye Clinic, which, it said, could only perform 10 to 12 cataract procedures a day. We felt we could do 20 to 22 procedures a day. When we got started it was difficult to meet this goal, and our doctors had to work long hours. But by the time we finished the project we were finishing early, and meeting our targets. There was no sacrifice in quality. The NHS is very strict in terms of outcome measurement, and the outcomes of projects are independently analysed. This helps keep everyone happy with the project, and builds trust.

Moreover, these contracts are always done on a cost-neutral basis, which means that we deliver at NHS pricing. So the state got what it wanted, and at the same prices, but much faster.

We did similar things with general surgical waiting lists, and in primary health care. In some cases we added capacity (by adding beds) and in all cases the gain in outcomes at the facility was greater than the raw capacity we added, according to information audited by the NHS itself.

The most difficult aspect of these complicated initiatives was understanding how we could seamlessly fit into the health care system. This means understanding the referral pathways, the entry and the exit points, and how to get the public and private systems sharing the right information at the right times. That's not easy at all, and the contracts can be very complicated.

We are establishing a major project in Lesotho in terms of which the state will outsource about 80 per cent of its health budget. We are building a tertiary hospital, and renovating the three filter clinics. This is a contract worth R1,2 billion, funded partly by the Development Bank of Southern Africa (DBSA), involving various local companies as well as Netcare. There are about 900 pages of contract documentation. We're building a 425-bed hospital, which will have only 35 private beds, maintaining all the facilities, and employing the staff. (In South Africa the only health professionals we can employ are nurses.) The initial contract is for 18 years. This project started in 2009, so it's too early to say whether it will succeed, but it's an example of a PPP at a very high level. Other countries in Africa and the Middle East are watching with interest.

Getting back to South Africa, we started negotiating with hospitals in Bloemfontein in 2001. We've upgraded the Universitas and Pelonomi Hospitals, including a co-location arrangement with private beds operating in some of the public facilities. Public wards are now identical to the private ones, except that they don't have television. We learned a lot from these upgrade projects, and initially lost a lot of money, partly because we didn't control facility management.

At the Universitas Hospital the private beds were on the eighth floor. But two years ago the lifts broke and they still haven't been repaired. So now we insist on managing facilities ourselves.

One big difference between South Africa and the other health systems we work with is that our government is very reluctant to outsource clinical services. But the cases I've described show that this can work, so perhaps we need to reconsider things here.

There are occasional exceptions. Whenever epidemics occur, co-operation between the private and public sectors improve. This happened during a recent cholera epidemic, as well as strikes by public

sector nurses and doctors. In those situations, private sector facilities admit public sector patients at discounted rates. We've repeatedly had to evacuate the ICU wards in public facilities as a result of power failures. In general, though, the higher you go up the public health service, by which I mean the further

### Private companies can take on and deliver contracts on a cost-neutral basis

from the demands at the clinical front line, the less collaboration is considered.

In summary, two crucial points:

- Private companies can take on and deliver contracts on a cost-neutral basis. We've proved this, and it refutes the argument that the private sector cannot compete with the public sector on cost, or always pursues gigantic profits.
- As shown by the figures on our partnerships in the United Kingdom – audited by the NHS – these projects can enhance both access and outcomes.

### David Beretti

*Executive director: corporate services,  
City of Cape Town*

Cape Town is a large and complicated metro, with 3,5 million residents spread across 2 500 square kilometres. It has 23 000 permanent staff members, 210 councillors, 23 subcouncils, and an annual budget of R23 billion. It encompasses numerous vibrant business districts, but also some very poor areas, including more than 200 informal settlements. This is a huge challenge, as is the housing backlog.

As regards service delivery, the metro's competencies include water, electricity, and solid waste. Other services include roads, transport, law enforcement, fire services, emergency services, housing, and health. In many areas, different levels of government co-operate with one another. City law enforcement units collaborate almost continuously with the SAPS, particularly over substance abuse and crime in the

inner city. Another example is preparation for the 2010 World Cup, as well as public transport, including the Rapid Integrated Transport System.

The city has been recognised in a number of ways. In 2008 the then executive mayor, Helen Zille, was named the best mayor in the world, and in 2007 the Department of Environment and Tourism named

Selections are some of the most important decisions you make in an organisation, and they are difficult to reverse

Cape Town as the cleanest metro in the country. A recent testimonial from the National Assembly ranked Cape Town as best city out of the country's 283 municipalities. The city won this award because of the way in which it deals with poverty, access to basic services, economic activity and infrastructure, and because its citizens are well-qualified. Moodie's credit rating for the city is AA2, which is at the high end of the five metros. Cape Town has received unqualified audits for the past five years. Despite its successes, there is still much to do.

How are these successes achieved?

- The city attempts to respond to residents' needs. It engages in extensive public consultation, including a schedule of road shows that produce inputs for its Integrated Development Plan. Residents overwhelmingly say they are concerned about housing, crime, and jobs.
- In the administration, structure follows strategy. Integrating the Unicity of Cape Town from the seven municipalities that preceded it was a huge challenge. There were different organisational cultures, different conditions of service, and sometimes major disparities in salaries for basically the same jobs. This required a large-scale organisational realignment process with clean government as a major goal. The focus was on proper structures, and aligning those structures to the city's strategy. Every staff member was given a clear job description, with reporting lines, responsibilities, a pay scale, and a title. So everybody knew where they were on the organogram.

- The next step is to populate that structure with good people. Selections are some of the most important decisions you make in an organisation, and they are difficult to reverse.
- The city prioritises clean government. Clean and open government will attract investors, who are the creators of wealth and jobs. Clean government comes from accountability, and accountability needs transparency. So all Cape Town Council meetings and Mayoral Committee meetings are open to the public and to the media. That ensures that officials and politicians can be held accountable. In terms of openness for tenders, tender awards, the media, interested parties and the public generally can attend sittings of the Bid Adjudication Tender Award Committee. There is also a fraud hotline, and an external agency checks that reports are properly attended to.
- The focus is very clearly on service delivery, cutting down on peripheral activities. One aspect of this was implementing a system to improve response times. An electronic notification system called C3 was set up. When a complaint is received from one of numerous centres it is logged, and will remain on the system until it is properly closed. Managers have to go to our Portfolio Committee every month, and report on how many logs have not been closed or actioned. When a complaint is logged off, the relevant official is held accountable. Managers are constantly under review to resolve problems reported to the system.
- There is a strong drive for quality management using ISO standards. Processes are reviewed from start to finish to see if there are any wasted resources. Every single business improvement project undertaken over the past two years has either found that things can be done with the same number of employees, or with fewer. So genuine efficiencies have been gained.
- Risks are faced. They are measured, and managed via an enterprise-wide risk management programme. The risk register is presented to the autonomous external audit committee, which assesses how risks are being dealt with.



## Colin Jordaan

*Commissioner of civil aviation and CEO,  
Civil Aviation Authority*

The Civil Aviation Authority (CAA) regulates all aspects of civil aviation in South Africa. We license pilots, flight engineers, maintenance engineers, and air traffic controllers. We approve the operation of airports as well as air traffic and navigation services, and look after the country's aviation security – not by doing it but by ensuring that the necessary standards are in place, and are audited by all the security organisations.

We're responsible for the airspace infrastructure within the country, and for issuing aircraft operator certificates. We also approve maintenance organisations and all aviation training schools. We have a total staff complement of about 410.

Two years ago the CAA had a problem. We were first audited by the International Civil Aviation Organisation (ICAO), and then by the American Federal Aviation Authority (FAA). The CAA had been preparing for the ICAO audit for about 18 months and didn't do too badly compared to many other countries.

However, the FAA audit was a pass-fail audit and South Africa was given 45 days to rectify a large number of deficiencies. If it failed to do so, it would be downgraded to Category 2 status, which meant that South African Airways operations in the United States would be frozen; it would not be allowed to change its schedules, aircraft, or routing. More importantly it would have lost the ability to conduct its code share with United Airlines, which is vital to the success of the Northern American operation. Running up to 2010, that would have been a serious setback.

The Minister of Transport, Jeff Radebe, realised that something had to be done, and put together a task team which examined the various deficiencies identified in the course of the audit. In December 2007 I was appointed to the combined position of commissioner and chief executive officer, previously held by two separate individuals, with the mandate to get us through the FAA re-audit which would take place on 19 December. That gave me nine days to finalise the preparations.

We passed the re-audit against quite long odds.

But the FAA also stated that it would return in six months to check whether we had made good on our promises. In July 2008 we passed a full re-audit with flying colours. To achieve this we had to adopt a new approach. We had to identify our shortcomings, and change our mindset.

The CAA is a Schedule 3 entity in terms of the Public Finance Management Act, and falls under the Department of Transport. Many staff members who came from the old Department of Transport – and even those appointed later – had a civil service mentality, which hampered efforts to create a more effective organisation.

So my first task was to convince senior staff to become proactive, and lead by example. I did that by showing them that it was easier to help solve the industry's problems rather than just saying no. An example of this is dealing with applications for exemptions from certain regulations. Now we try to work out ways of ensuring safety in other ways instead of dogmatically turning down the applications. Industry likes this, partly because it saves them money, and people in the CAA have realised that this is better than simply saying no. This enthusiasm has spread throughout the organisation and we encourage it to this day.

In the course of revising our bureaucratic approach, an external organisation systematically mapped all our business processes, flow-charted them properly, analysed them, and ensured that we had

**My first task was to convince senior staff to become proactive, and lead by example**

systems in place that would enable us to cut down on bureaucratic procedures and improve our efficiency.

Another crucial factor was to stamp out corruption, and we did this by not accepting any hint of corruption whatsoever. Wherever we found it, we called in the police. We now work very closely with the Commercial Crimes Unit, and we have prosecuted a number of people both within and outside the organisation. In the process, we've sent out a very clear message.

We've done a lot to equip our staff for the change in mindset. We've sent people, including management, on coaching courses on how to deal with the public. This had an immediate effect. Suddenly our staff knew how to be friendly, deflect anger and complaints, and deal with the problems that the industry and the public were highlighting. We had a very strong customer service department; it just wasn't empowered to deal with problems at the rockface. And so we empowered the senior manager of that

The fatal accident rate in general aviation so far this year is 50 per cent lower than last year

section to handle problems, deal directly with general managers, and ensure that problems were dealt with directly. This meant devolving some authority.

Devolving authority creates risks. We go back and reinforce the boundaries from time to time, so that members of staff know where their authority begins and ends, so that they don't expose us to liability and litigation.

Organisations typically spend about three per cent of their personnel budgets on training. We spend 6,5 per cent, not only because we are a very technical organisation but because we believe that, given the right training, people become empowered, and know how to deal with particular problems.

Previously, our inspectors would ask inappropriate questions because they hadn't been properly coached about interpreting and enforcing our regulations. Industry complained that inspectors didn't know what they were doing, which harmed our credibility. So we took everybody back in and enrolled the help of international experts, including retired pilots, technicians and engineers. We taught them how to be inspectors, and put them into the field with the youngsters to create a mentoring situation. We also contracted international experts to assist us in areas in which we were deficient, in developing technical materials, approving regulations, on-the-job training, and establishing an effective enforcement team.

I'm very happy to say that the fatal accident rate in general aviation so far this year is 50 per cent lower

than last year. We are currently one of the most compliant countries in the world, probably in the top 10 out of 200. And we still have some way to go.

## Discussion

Much of the discussion centred on getting a clearer idea of what works, and why. Sometimes, the answer was very simple. One participant asked why the private sector could get a hospital lift fixed quickly while the public sector couldn't do it in three years. The answer was that if you don't do your job in the private sector, you will lose it.

Participants asked Melanie Da Costa to expand on why public-private partnerships in the health sector worked better at lower levels. Responding, she said medical personnel at the clinical coalface had more in common, and were willing to swap and share resources. Organisations became more territorial at higher levels, and co-operation began to depend on political will. In Lesotho, a highly motivated minister of health has played a vital role in removing obstacles to public-private partnerships.

Participants also asked her how Netcare dealt with the constant loss of skilled medical personnel, particularly in Lesotho. She acknowledged that this was a constant challenge; however, Netcare had compiled an adequate list of qualified staff available to work in Lesotho, which indicated that private sector work was more attractive to many health professionals.

Participants asked David Beretti to comment on challenges relating to co-operation between different spheres of government. In response, he said the city had worked hard to build a more collaborative relationship with other spheres of government. This included consultations aimed at identifying key areas for collaboration, and clarifying the division of responsibilities. In some cases the city sought to facilitate progress outside its own competencies, for example by asking banks to provide finance in order to fill the gap between the conventional private housing market and government housing.

Participants also asked Beretti to comment on issues surrounding poverty and inequality in Cape Town, especially those arising from economically motivated migration from poorer regions. In

response, he said the city had launched a programme to secure more land for housing, provide poor households with some free water and electricity, and upgrade informal settlements.

Participants asked Colin Jordaan to say more about training at the CAA, as its success in this field contrasted sharply with much of the rest of government, where a lot of money had been spent on training with little benefit. Jordaan explained that money for training was allocated in terms of simple rules. First, in order to be approved, training had to

specifically benefit delivery of the CAA's functions. Training often helped employees to become more skilled and employable without directly helping current job performance or advancement within the organisation, and could therefore end up harming instead of improving delivery. Second, training budgets were aimed at improving internal training capacity. Third, on-the-job training was emphasised. Fourth, the CAA was not afraid to send personnel on international courses when these were of high quality, and added much-needed skills.

## Towards a turnaround

### **Mavuso Msimang**

*Director-general, Department of Home Affairs*

Some three years ago the Department of Home Affairs faced a serious crisis, to the point where the Minister asked her peers to intervene. Among other things, the department had received qualified audits for several years, and had been sharply criticised by the Home Affairs portfolio committee. As a result, the Minister asked her cabinet colleagues to help determine what was wrong with the department, and what could be done to sort it out.

After a six-month investigation they found that management was badly misaligned; staff turnover was too high, with many good staff members leaving while others stayed; corruption was rife; IT systems were used inappropriately; and levels of inefficiency were very high, all of which contributed to poor service delivery.

Emanating from these findings, the Minister appointed a group of consultants with experience in helping government departments to turn themselves around. At that stage the department did not have a director-general. I volunteered for the position, and we got started. For the past two years and three months we've been trying to set things right. While many problems remain, we've made some progress.

First, I agreed to take the position of DG on cer-

tain conditions, notably that the government would hire some top management from the market at market-related salaries, for periods of three years. The idea was that they would help the department to turn around, and then leave. This was very important - this flexible approach has played an important part in the SARS success story.

**The Minister appointed a group of consultants with experience in helping government departments to turn themselves around**

Second, we brought in a large number of consultants and deployed them in specific areas identified as areas of weakness. Consultants are sometimes at a disadvantage because they are only indirectly accountable, and civil servants are very good at knowing who really has the authority to tell them what to do. So we had to build specific relationships in terms of which a senior official would sponsor a programme, and support a consultant, followed by the unit which was meant to implement the particular programme.

We set up several such programmes. The consultants were supposed to ensure the transfer of technical and management skills, and help achieve

measurable outcomes. They were paid partly on the basis of whether these outcomes were met.

We needed to produce some quick wins while working on longer-term solutions. The public would not wait until people had been restructured, workshopped and reprioritised. So we needed to give the public some confidence that the money being invested was worth their while. By re-engineering some of our processes, and implementing other changes, we have achieved some notable successes.

When we started, the average time taken to issue an ID document was more than 120 days. This is

down to about 40 days, which means we've beaten our initial target of getting it down to 60 days, and we should soon have this down to less than a month. Similar improvements have been achieved in issuing other important documents.

A key issue that concerned us was making the changes sustainable once the consultants stepped aside. We wanted to ensure that the good practices continued. This mostly depends on simple things. Before people start their working day, they have a meeting to discuss their performance during the previous day, identify the gaps, and decide how to

## Monitoring and evaluation

Participants repeatedly stressed the need to hold public service entities accountable for their performance. They are extensively monitored, but measures to hold them accountable for the results are lacking. Some of the main monitoring bodies and their functions are listed below.

**Auditor-General:** Audits and reports on the accounts, financial statements and financial management of all national and provincial state departments and administrations, municipalities, and any other institution or accounting entity.<sup>8</sup>

**Department of Public Service and Administration:** Provides professional advice and support to government departments so as to ensure public service excellence.<sup>9</sup>

**Human Rights Commission:** Promotes respect for, protection, development and attainment of human rights, while monitoring and assessing the observance of human rights.<sup>10</sup>

**National Planning Commission:** Acts as the principal agency which drives government's overall long-term planning, from the centre of government and across all departments.<sup>11</sup>

**National Treasury:** Responsible for managing South Africa's national government finances. Supports efficient and sustainable public financial management

for the promotion of economic development and good governance.<sup>12</sup>

**Office of the Accountant General:** Seeks to achieve accountability to the general public by promoting transparency and effectiveness in the delivery of services.<sup>13</sup>

**Parliamentary Portfolio Committees:** Portfolio committees shadow the work of national government departments, consider bills, deal with departmental budget votes, oversee the work of the department they are responsible for, and enquire and make recommendations about any aspect of the department.<sup>14</sup>

**Public Protector:** Investigates any conduct in state affairs, or in the public administration in any sphere of government, that is alleged or suspected to be improper or to result in any impropriety or prejudice. This institution must also report on and take appropriate remedial action against any such conduct.<sup>15</sup>

**Public Service Commission:** Investigates, monitors, and evaluates the organisation and administration of the public service. This mandate also entails the evaluation of achievements, or lack thereof, of government programmes.<sup>16</sup>

deal with them. This may seem simple, but it is very difficult to build disciplined ways of doing things. We have made some progress with transferring these practices, and regular employees getting to take control of better ways of doing things.

Corruption is probably the most difficult area. Essentially, we wanted to achieve three things: provide better services, provide a more friendly service, and reduce corruption. Most of our gains thus far have been in the area of efficiency. Corruption is difficult to deal with – it happens at various places in the processing chain, and it takes time to reorganise these processes to block these opportunities. We still have a long way to go in this area, even though the gains we have made are coming to the attention of the public.

## Discussion

This presentation provoked a lively discussion. Participants acknowledged and praised the recent improvements at the Department of Home Affairs. Key points made include the following:

- Public service departments and other entities differ widely in terms of function and size, which means that while there are some general rules of good management, there is no single solution that can be applied without paying attention to the differences. Key ways in which departments can vary include specific human resource needs (such as needs for special skills), needs for specific kinds of relationship with other departments and entities, and types of management. Entities should be organised in line with their functions rather than a generic bureaucratic template.
- Participants agreed that the very long chains of reporting and decision making (16 levels in the case of Home Affairs) was a direct cause of inefficiency, and that decision making needed to be less cumbersome.
- The tenure of DGs in South Africa should be reconsidered. The current three-year term was too short for incumbents to introduce meaningful improvements, given how long it took to make sense of the situation they find when they start. Most participants felt they should rather serve for five years.

## The need for accountability

### Indran Naidoo

*Deputy director-general,  
Public Service Commission*

I am going to outline the relationship between monitoring and evaluation on the one hand and democracy, accountability and performance on the other, as reflected in the work of the PSC.

The bedrock for monitoring and evaluation is the constitution. Chapter 10 requires the PSC to monitor and evaluate public administration in terms of nine values and principles. We have developed a differentiated M&E programme, which hopefully contributes to good governance. Unfortunately, though, transparency does not necessarily guarantee accountability.

We want our national M&E strategy to help achieve three outputs:

- improving democracy by making information available to civil society;
- improving policy by informing government; and
- improving organisational learning in the public service.

There is a high level of political support for monitoring and evaluation. We see regular pronouncements at the presidential and ministerial level that M&E will be used for accountability. It is not yet clear whether this is actually happening and if so, on what scale. There is some administrative use, because PSC reporting, along with reporting by the National Treasury and the Auditor General, is fed back to departments. The results are also made public. The Presidency publishes a programme of action on its website which the public can engage with. The PSC publishes many of its reports on the performance of departments and on key areas for good govern-

ance on its website. There is inadequate follow-up at different levels on whether oversight reports and recommendations are decisively acted upon.

Does our evaluation and reporting translate into policy change, or improved performance? The flagship report of the PSC, the state of the public service report, is now in its ninth edition, and raises similar issues to those raised five years ago. Little seems to have changed in certain areas. Departments continue to receive qualified audits, and HR practices remain poor. Corruption is extensively reported, but if action is taken against perpetrators, which happens quite often, it is not always publicly known.

The same goes for other forms of reporting. We have a toll-free anti-corruption hotline, which anyone can call anonymously, in any official language. More than 6 000 cases have been reported, but only about 40 per cent have been acted upon. There is a risk that the public will lose confidence in this system if reporting does not lead to change. We need to reduce corruption, not merely increase reporting. This means connecting transparency to accountabil-

ity. There has been some progress, including cases which have led to dismissals, but the information may not have been used as efficiently as it should. In some cases departments lack investigative capacity, and something needs to be done about this too.

One innovation we have introduced to try to improve matters is the use of inspections, both announced and unannounced. This has led to inspections of police stations, branches of home affairs, and other departments, to see whether the batho pele pledge is honoured in practice.

We produce very quick reports to management, and track whether action has been taken. When visits are announced, everyone performs very well, and when they are not, the situation tends to be quite different. Performances also vary significantly across the country.

But these approaches are too expensive to implement on a large scale, and we are a small institution. We need to engage more actively with civil society in order to extend this form of oversight. The service delivery protests in recent months probably point to a lack

## The government's Medium Term Strategic Framework

The Office of the Minister in the Presidency for National Planning recently released a green paper on a medium term strategic framework for the period 2009 to 2014. All ten priority areas identified in the document require improved public service in one or more areas.

The green paper recognises that South Africa is failing in some areas, and notes that, 'apart from a handful of departments and public entities, there is little evidence of long-term planning in the public sector, let alone integration of such plans'. It highlights numerous issues raised by the CDE Round Table:

- A weak public service impedes economic growth. In the present global economic environment, maintaining growth and ensuring it benefits the poor is an especially important challenge.
- Monitoring needs to be related to strategic goals, and the results of monitoring have to be used to

ensure accountability, and not merely reported.

- Despite some recent improvements, different spheres of government are badly co-ordinated. This hampers accountability for service delivery, and needs to be addressed.
- Significant change, including improvements in service delivery, needs to be championed from the highest level of government.

It remains to be seen whether the strategic planning process will result in a coherent programme for reforming the public service. It will also need to be backed by political leaders, and effectively implemented and monitored. This will require hiring the right people, punishing those who are corrupt, rewarding those who succeed, and placing efficiency above political loyalty.

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of contact between departments and communities, something which the PSC has reported on previously.

We have tried to introduce some changes which will create a better chance of our reports being used as they should be, and are trying to reach a better understanding of some aspects of the civil service and public service delivery. We are focusing some of our monitoring on individuals, via performance assessments of senior managers. The idea is that if you focus attention on the highest level of administration, the performance ethos will cascade down into departments. We are making our reports thinner, because we have learned that people do not read bulky reports. We need to know whether compliance leads to improved service delivery, or whether it encourages goal displacement because the indicators we are tracking are not the right ones. Sometimes it is possible to manipulate indicators and become very good on compliance, but still run an ineffective department. We sometimes find that we are giving departments a good rating while civil society gives them a bad rating. We need more work on what standards to apply.

If our reports are to lead to genuine improvements in the state functions we monitor, there needs to be real political will to hold senior people accountable for failures, hold departments accountable for their activities and services, and create a serious focus on performance. The quality of the public service is varied; there are pockets of excellence, but most departments are a mixed bag. Monitoring and evaluation is not a panacea. It operates in a political and managerial context, and we must recognise that performance monitoring on its own does not translate into accountability; political support for reform is required.

## Discussion

Participants made the following points:

- The PSC's reports are not put to good enough use. With occasional exceptions, South Africa is not closing the loop between goals, monitoring, and accountability in its handling of the public service. Until it is, the PSC's extensive reporting will remain practically useless.

- High-level monitoring of the sort conducted by the PSC cannot be expected to do the work of effective internal performance monitoring, with regular local feedback within organisations. This depends largely on human resources in different parts of the public service being made to work effectively, which requires genuine penalties for poor performance.

South Africa is not closing the loop between goals, monitoring, and accountability in its handling of the public service

- The PSC operates as though all departments were the same, and neglects important differences between them. PSC representatives acknowledged this, and said future monitoring and reporting would attempt to pay more attention to these differences.
- Performance contracts need to be carefully designed, so that employees at any level are motivated in ways that fit the strategic goals of the organisation.
- Reporting for monitoring purposes should not be cumbersome and repetitive. Assessments should be as short as possible as well as focused.

## Key insights from the Round Table

### Reform must be affordable

Public services are very large and complex institutions, and reforming them can be very expensive. The two best options for funding reform (which are not mutually exclusive) are through a dividend from economic growth, and from making savings, perhaps by cutting back inefficient services. When an economy shrinks, state revenues also diminish. The recent green paper on national strategic planning emphasises this repeatedly, and correctly so. Policies that threaten or slow economic growth harm the prospects for improving anything, including the public service.

### Reform needs pressure from the top

Every success story about public service reform emphasises the vital role of political leaders, at presidential or ministerial level. Conversely, many failed initiatives have lacked high-level political support. This means that any serious attempt to improve the South African public service as a whole should be championed by the Presidency, and implemented or co-ordinated by a capable state entity answerable to the Presidency.

Attempts to reform any organisation will always antagonise parties with an interest in the status quo

### Reform needs strategic coalitions

Attempts to reform any organisation will always antagonise parties with an interest in the status quo. In the case of the South African public service, this includes trade unions representing public servants, those in and outside the public service who benefit from corruption, and those sheltered from the costs of their incompetence by political loyalty. Anyone seeking to reform an organisation needs to understand who is likely to oppose the reform programme, and why; build alliances of supporters, including

those suffering from poor service delivery; and work to reduce fears about the transition.

### Reform requires clear goals, effective monitoring, and accountability

Successful institutional reform programmes need to meet three basic requirements. They need a clear and realistic set of measurable goals; their progress should be regularly and accurately monitored; and they should be held accountable for their performance. While thorough but infrequent monitoring such as audits and annual reviews are important, efficient delivery needs frequent and local feedback. Monitoring systems should not be cumbersome. Measured against these requirements, the South African public service seems to lack clear goals as well as accountability. However, some successes have been achieved, and the national government has recently acknowledged that it needs to tighten the loop among goals, monitoring and accountability in some areas. Moves in this direction should be recognised and encouraged.

### The ANC's 'deployment' policy should be abandoned

As Maphela Ramphele has noted: 'The deployment policy of the ANC that has packed public services with incompetent politically connected people has undermined the institutional culture of our public service. The good officials are demoralised, and may have left or are leaving the service.'<sup>18</sup> Good services cannot be delivered by personnel who are not qualified to perform their duties, or feel that, given their political loyalty, their competence has little or no bearing on their employment. If the challenge of delivering decent services is to be met, deployment should be conditional on competence, and take account of merit. Ideally, merit should be a primary consideration, and it should be possible to be a dedicated and effective public servant irrespective of political allegiance.



### **Corruption must be fought far more effectively**

Corruption should be taken very seriously. It harms the effectiveness of any institution by distorting hiring, resource allocation, and business processes. Combating it in the public service requires strong political support, systematic monitoring, and effective processes for dealing with offenders. Corrupt individuals weigh up the chances of being caught and punished. Fighting corruption requires changing the rules of the game to make corrupt practices far riskier than they are now.

### **Reform requires good management practices**

Efficiency can be increased by putting processes first, and working out how an institution should be changed to improve key processes. When planners design state institutions they often start with (overcomplicated) organograms, and then begin to think about processes. Many of the success stories presented to the Round Table included periods of 'process re-engineering', often with the temporary help of expert consultants. Consultants can also be used to clarify job descriptions, improve training, and design efficient performance management systems.

### **Reform requires attention to human resources**

Public service institutions need to be staffed by skilled and motivated people. Their managers also need to know whether staff members are performing well. Dealing with these challenges requires paying careful attention to human resources. Procedures need to be developed to identify present and future skills gaps; recruit suitable staff; manage their performance. Very senior managers should probably serve for longer periods. Poorly performing officials should be demoted or dismissed, and corrupt officials or those committing other criminal acts should be prosecuted.

### **Affirmative action should be carefully handled**

Structural inequalities bequeathed by the previous social order should be redressed, and affirmative action is one way of doing so. However, it can have

negative consequences, notably the abrupt loss of skills, experience, and institutional memory. Redress and efficiency need to be carefully balanced, and close attention to human resources and business process issues can help to get this balance right. If processes are simplified, and performance effectively managed, this can help to clarify exactly what people need to do, and how they should be trained.

Relatively small and specialised agencies can be far more efficient than larger government bureaucracies

### **One size doesn't fit all**

Although many of the lessons learnt from the Round Table apply to the whole civil service, it comprises bodies which differ widely in size, function, and technical demands. What works for one won't necessarily work for another. The nature and function of each institution should be considered when designing appropriate reform strategies. The activities of the various state entities should also be properly co-ordinated. South Africa currently falls short in this area, as shown by the many instances of poor co-ordination within and among the various spheres of government raised at the Round Table. The government's new Medium Term Strategic Framework could be a step in the right direction.

### **Focused agencies can be more effective than large bureaucracies**

A number of the success stories from outside South Africa and within it showed that relatively small and specialised agencies can be far more efficient than larger government bureaucracies. In Tanzania a number of agencies were created to perform specific tasks (such as issuing passports) formerly handled by large government departments. The CAA in South Africa was able to turn around so quickly partly because it is relatively small, and has clearly demarcated functions. Many of the services delivered by the public service could be offered in more focused ways, and policy-makers should seriously consider this option.

### **Public-private partnerships can work very well**

While governments need to ensure that certain services are delivered, that does not mean it has to deliver those services itself. Many public service functions can be contracted out to private providers, which will deliver those services far more efficiently than the state itself. As private health care provision in Lesotho shows, getting these partnerships to work requires careful planning, but the gains more than justify the effort.

Any attempt to reform South Africa's public service must be initiated and supported by its most senior political leaders

### **Institutional culture matters**

Not all organisations have performance-oriented cultures. Networks of corruption, and loyalties to goals other than performance, can be deeply entrenched. This means that people may not automatically change their behaviour as a result of decrees. It can take work and time to make employees understand a new set of rules, and to learn to work with new systems for monitoring their performance. Success stories demonstrate the importance of regular and specific monitoring, which can help to entrench a culture of performance.

### **The public must be brought on board**

Service delivery protests indicate a lack of confidence in, or knowledge about, other avenues for participation and criticism. As the ultimate beneficiaries of public services, members of the public should be consulted about services, informed of attempts to improve them, and made aware of channels for communicating with the government at various levels especially about poor services and corrup-

tion. Vitaly, they need a sense that the government is responding to their complaints and suggestions. Citizens who believe that calling a helpline will really help are far less likely to take to the streets.

## **Concluding remarks**

**I**n summary, the technical keys to improving the public service are appropriate and specific goals, accurate monitoring, and effective accountability. Attending to business processes and human resources play vital roles in achieving these three goals.

But technical changes are not enough. Any attempt to reform South Africa's public service must be initiated and supported by its most senior political leaders. This CDE Round Table has demonstrated the importance of closing the loop among goals, monitoring, and accountability. We need to find the political will to close this loop.

In a successful public service, efficient delivery has to matter much more than good political connections, seniority, loyalty, or union power. Public servants in South Africa must be motivated to perform, and made to understand that poor performance will have real consequences.

This is a major challenge. Senior positions in the public service are often held by ANC stalwarts. The public service is heavily unionised, and the ANC is in an alliance with the trade union federation representing most of those civil servants.

Our political leaders will have to face up to this dilemma. It is possible to design some reforms in ways that will reduce the anxiety felt by incumbents. Nevertheless, if our civil service is to be reformed, the President and cabinet will have to choose the interests of the future over those of the present, and the needs of the many over the preferences of the few. The hopes of all South Africans must count for more than the comfort of the bureaucracy. ■

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**CENTRE FOR DEVELOPMENT AND ENTERPRISE**  
Informing South African Policy

Transmedit Place, 5 Eton Road, Parktown, Johannesburg 2193, South Africa  
PO Box 1936, Johannesburg 2000, South Africa  
Tel 2711 482 5140 • Fax 2711 482 5089 • [info@cde.org.za](mailto:info@cde.org.za) • [www.cde.org.za](http://www.cde.org.za)

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