

KPA 1: STRATEGIC MANAGEMENT

Strategic management is the comprehensive collection of on-going activities and processes to systematically coordinate and align resources and actions with mission, vision and strategy throughout the organisation. It goes beyond the development of a strategic plan. Strategic management includes the deployment and implementation of the strategic plan throughout the organisation, the measurement and evaluation of results, and the implementation of improvements based on monitoring and evaluation. Effective strategic management involves using information on the organisation's performance to revise the strategy and inform annual performance plans. Effective monitoring allow for early warning signals.

Compliance with respect to the key performance area of Strategic Management is monitored through three standards. Two of these speak to the broader area of Strategic Planning, which is the existence and quality of Strategic Plans and Annual Performance Plans (APP). The third relates to the larger area of Monitoring and Evaluation (M&E). The cases selected for KPA 1 focus on the M&E standard which is 'the department's ability to do M&E, produce useful and reliable information and use this information to inform performance improvement'. Smart compliance requires evidence of departmental M&E frameworks; links to the APP; no findings by the Auditor-General (AG) in the reliability of performance information; and at least one major evaluation should be conducted or planned.

The Department of Trade and Industry (the dti) registered a solid upward trend with regard to the KPA 1 in 2013. The dti developed its M&E system over a number of years, taking its cue from policy-frameworks emanating from the centre for government. It customised these frameworks to provide for its own complex organisational structure which is split between 8 divisions in the department and 14 public entities that it supports. Their chosen M&E system contains strong elements of decentralisation to the programme and implementation agencies and divisions, while maintaining an effective coordinating capability at the core of the department in the Office of the Director General (DG).

The Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) attracted positive attention by improving its compliance rating with in KPA 1. It improved its compliance from a level 3 to 4 for M&E and moved from a level 2 to 4 in the other two standards. The DEDEAT adopted a different strategy to the dispersed approach evident in the dti. In this department M&E is led by a strong motivated champion whose plan is put the M&E system into place over a period of four years.

The strong message from these cases is that M&E is the thread that ties together strategy, planning, resources planning and management (budgets, financial management and HR); performance management (organisational and individual); as well as governance (reporting and accountability). M&E is not always recognised for the integrative role that it plays in organisations, but when done properly brings together the different parts of the

management and performance endeavour. The challenge is to ensure balance between the different components.

SOME LESSONS FOR GOOD PRACTICE IN MONITORING AND EVALUATION

Policy and planning

M&E is as much part of every manager's responsibility as is the adherence to the Public Finance Management Act (PFMA) with respect to financial management, or the Public Service Act with respect to Human Resources management. It cannot come fully to its right as the system that feeds evidence based decision-making as long as it remains the preserve of a few technical experts. It is when organisations are imbued with evaluative thinking right through all its activities that the benefit of the hard, detailed work regarding quality of information and so forth really pays off.

A professional service and performance culture

M&E is first and foremost about humans. Although methodological considerations and electronic systems tend to dominate in conversations of the M&E technical experts, to institutionalise a successful M&E system the attention needs to turn to those who have to feed the system, maintain the system and validate the system through their regular use and reliance on the system. Leadership, management and staff need to be taken along the journey and must at all times be convinced of the utility of the system, in order for it not to be seen as an additional administrative burden that adds little or no value to the execution of key responsibilities.

A learning culture is conducive to perpetual improvement, as well as problem solving and innovation. Ongoing capacity development is essential. Capacity is, however, not just training. It is also built through experience, open communications and exchange, as well as the confidence that is the side-product of a trusting relationship between professionals.

The role of leadership

Supportive leadership (both politically and administratively) is a sine qua non to make progress with the institutionalisation of a performance management system. Of equal importance is a relationship of trust that has to develop between the leadership and the technical experts/ managerial teams. The choice of champion is critical. Substantive knowledge is necessary, but more importantly commitment, wisdom and grit in the presence of significant resistance is necessary. Introducing an M&E system in any organization is a large scale change management exercise, and all the requisite competence to drive organizational change is also necessary in this situation.

Organising and resourcing

Under-resourced M&E units, often comprising a single person at directors or deputy director's level, make it impossible for those units to provide the necessary support to line-managers to institutionalise M&E throughout departments. Theirs have become a perpetual struggle to coordinate the collection of information and produce the different series of management reports on a monthly, quarterly and yearly basis. As the work of public entities is increasingly integrated into departmental APPs these reporting requirements are not sustainable. Where there is more substantial resources dedicated to

M&E, such as in the decentralised system of the dti much more meaningful development and cultural change can be achieved than mere compliance.

MONITORING AND EVALUATION

DEPARTMENT OF TRADE AND INDUSTRY: M&E AS A DAILY PRACTICE IN A LEARNING ORGANISATION¹

The Department of Trade and Industry (the dti) registered a solid upward trend with regard to the overall KPA of Strategic Management in MPAT 2013. Its ability to meet the requirements level on the Monitoring and Evaluation (M&E) standard warrants a closer look at praxis, structure, systems and culture in the department that allowed it to register this achievement.

The dti has developed its M&E system over a number of years, taking its cue from policy-frameworks emanating from the centre for government. It customised these frameworks to provide for its own complex organisational structure which is split between 8 divisions in the department and 14 public entities that it supports. Their chosen M&E system contains strong elements of decentralisation to the programme and implementation agencies and divisions, while maintaining a very effective co-ordinating capability at the core of the department, in the Office of the Director General.

The dti is in the process of developing a strong culture of “evaluative thinking” across all layers of the organisation, moving M&E thinking to the core of management activity, because of their attention to matters of integration and alignment across various management systems and day-to-day management activity as well as a deep commitment to capacity development. This involves moving beyond the perception that M&E is the reserve and sole responsibility of a small group of technically/ methodologically focussed people, detached from the mainstream day-to-day operational responsibilities of policy making and implementing them through creative programmes and projects.

Taking (i) effective leadership and management; (ii) a learning culture that is striving towards achieving both operational and intellectual excellence; and (iii) excellent internal organisational communications as points of departure, the dti has come up with a number of innovations with respect to institutionalising M&E across the department and the relevant entities. The four notable ones that receive attention in this case study is (a) the publication of its Standard Operating Procedures (SOPS) for Planning and Reporting, ensuring standardisation across the dti family re matters related to strategic management and reporting; (b) its internal rating system that connects the discussion re organisational performance with that of individual performance; (c) the assessments and guidance provided by the Strategy Unit to guide the Operations Committee re realisation of strategy, adaptation to be made as well as lessons to be learnt; and finally (d) its multi-year Evaluation Plan, that allowed it to be one of the early departments out of the blocks when the National Evaluations Plan became a reality.

¹ This case study was written by Hanlie Robertson (and edited by Professor Anne Mc Lennan) from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

Context and background

The Department of Trade and Industry (the dti) is a critical player in achieving South Africa's objectives with respect to economic growth and job creation. It is concerned with transforming the economy into a dynamic and globally competitive one, working towards creating an investment environment, *inter alia* through industrial development, that is attractive from an economic perspective, whilst simultaneously encouraging the broadening of economic participation across different population groups and segments in our society, and a more egalitarian spread of the spoils of such economic growth. As such the dti is geared towards supporting the Minister for Trade and Industry whose delivery and performance agreement relates to Outcome 4 (Decent employment through inclusive growth) in terms of the Government's Programme of Action. The dti has lead department status for sub-output 2.3 *Sector strategies to support growth of labour intensive industries*; sub-output 4.1 *Support for exports and import competing sectors*; sub-output 4.2 *Increased share of World Trade*; as well as sub-output 6.1 *Reduced constraints and improved support to SMMEs and Co-ops* in the Programme of Action.

The dti is responsible for administrating 45 bodies of diverse legislation, including the Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003); the Companies Act, 2008 (Act No. 71 of 2008); the Copyright Act, 1978 (Act No. 98 of 1978), Consumer Protection Act, 2008 (Act No. 68 of 2008); the Liquor Act, 2003 (Act No. 59 of 2003) and the Lotteries Act, 1997 (Act No. 57 of 1997) to mention but a few by way of example.

Much of the work of the dti is done through the running of incentive schemes, e.g. the 12I Tax Incentive, which aims to support investment in manufacturing assets to improve the productivity of the South African manufacturing sector. This scheme alone approved 12 projects to the value of projected investments worth R10.2 billion during the 2012/13 financial year. Likewise, investment worth R1.3 billion was secured from the Business Process Services (BPS) Incentive Programme and 4 500 jobs created through this vehicle. These incentive schemes are responsible for the bulk of the financial expenditure of the department and as such attract significant attention from oversight bodies such as the Office of the Auditor General and Parliament and specifically the Portfolio Committee for Trade and Industry. The need for proper information to use in these accountability processes has therefore been long established, and the utility of information for decision-making is equally well appreciated.

Understanding the practice

Due to its wide remit, the dti is structurally complex. It is organised in eight divisions, and supports 14 public entities. To ensure workability in this complexity its philosophy is one of decentralisation with strong integration capability at the centre of the department. The Group Chief Operating Officer (GCOO) and the various strategy and reporting units situated in her office is a critical part of this integrative capacity.

The dti sets high store at capacity development. This orientation is guided by their Mission Statement in which they set out to "*continually improve the skills and capabilities*" of the department in order to "*effectively deliver on its mandate*". The promotion of a "*professional, ethical, dynamic, competitive and customer-focused working environment*" is elevated to one of the department's strategic objectives. During

the medium-term period covered in this particular reporting cycle “ensuring strengthened leadership and capacitating the department” has been one of the dti’s key focal areas. With a staff retention rate of 94%, and no recent changes at the helm, the dti can be deemed a stable department, with considerable organisational memory and maturity. The organisation has developed a reputation of being an employer of choice in the public sector. As such it attracts high calibre applications and it is able to keep its vacancy rate down to about 8%, notwithstanding the relative small pool in which it is hunting for undersupplied skills, and where it competes in many instances with the private sector for those skills.

The dti has recently revised the organisational values it wants to inculcate. Previously the emphasis was on “delivery”, “trust” (and respect) and “integrity”. Deeming that they have adequately internalised those, the bar has now been raised to focus on “Operational excellence”, “intellectual excellence” and “quality relationships” as key values to be pursued. Terminology used quite widely to describe the culture of the organisation include: learning organisation; continuous improvement, information rich; results-driven; compliant; innovative; and embracing of change/flexible. With qualities in its organisational culture such as these, the dti is no stranger in raking in the awards: Best government department for setting up new systems to improve service delivery; best help desk; best internship programme, etc. etc.

These features obviously serve the department well in terms of scoring well in the MPAT process, a process that has compliance at its core, and is premised on a learning and continual improvement approach. It is the improvement that the dti has shown since the previous cycle in terms of the three standards/ indicators that governs and measures “Strategic Management” that has made it a logical choice to focus on this case for public service-wide learning. With respect to compliance around issues of its Strategic Plan it has improved its performance during the past two cycles from meeting only the level 2 requirements, to meeting the highest level requirements set at level 4.

With respect to issues of the Annual Performance Plan it has moved up from meeting level 2 requirement to level 3 requirements, and with respect to M&E it has moved up from level 3 requirements to the level 4 requirement, i.e. “At least one evaluation of a major programme is conducted or in process or planned”. What has made all the difference with respect to meeting this requirement, is the existence of the department’s multi-year evaluation plan, and that it has subjected, *inter alia*, its Business Process Services Incentive scheme to an evaluation under the National Evaluation Plan, facilitated by the DPME during the period 2012/13.

The three notable innovations with regard to M&E that receive attention in this case study is (a) the publication of its Standard Operating Procedures (SOPS) for Planning and Reporting, ensuring standardisation across the dti family re matters related to strategic management and reporting and providing for an internal rating system that connects the discussion re organisational performance with that of individual performance, (b) the assessments and guidance provided by the Strategy Unit to guide the Operations Committee (Opscom) re realisation of strategy, adaptation to be made as well as lessons to be learnt; and finally (c) its multi-year Evaluation Plan (MYEP), that allowed it to be

one of the early departments out of the blocks when the National Evaluations Plan (NEP) became a reality.

Policy and planning

A number of key documents, the most important of these being are used to achieve alignment and coherence among the in the different planning, performance management and reporting structures and processes of the dti.

- The Departmental Policy for Managing Organisational Performance;
- The Departmental Standard Operating Procedures for Planning and Reporting (SOP); as well as
- The Monitoring and Evaluation Framework for the dti

The Departmental Policy for Managing Organisational Performance seeks to bring about harmonisation, integration and alignment between planning, budgeting as well as performance management and reporting (both organisational and individual) processes. It seeks to align the dti's processes with the prevailing government-wide processes in this regard. The scope of the policy includes strategic plans, annual performance plans, business plans, divisional operational plans as well as individual performance agreements.

Astute enough with regard to policy implementation, the dti did not leave the issue of organisational performance at the policy level, but took the extra step by developing and approving in 2011 *the SOPs for Planning and Reporting* in support of the organisational performance management policy. The SOPs are guidelines to facilitate uniformity with respect to the development of strategic plans, business plans and performance reports within the decentralised system, in order to ensure that the department effectively and efficiently fulfils its legislative mandate and overcoming a silo's mentality, promoting synergy across the organisation. It also firmly paved the way to align individual performance with that of the organisation.

The departmental M&E framework aligns the dti M&E effort with the overall government-wide M&E results-based/ outcomes-based approach. The framework flows from a good analysis re the prevailing M&E practices in 2013, including the fact that M&E practices up to that point was largely driven by the need for compliance with National Treasury regulations, rather than embedded in a desire for service delivery improvement, good management practice and an institutional culture appreciative of the associated learning that comes with M&E.

Leadership and consistency of purpose

The dti has benefitted from a fairly stable leadership over the years, and where changes took place, because of its culture that appreciates flexibility and are quick to adapt to change, any negative effects were quickly mitigated. Officials provide glowing testimony, unprompted, regarding the critical role of the leadership in making the M&E system work in the dti. Leadership gives direction, they cultivate the specific organisational culture and above all, use the information derived from the M&E system for decision-making and learning re its policy areas. In the words of some of the officials:

"We may be ahead of the curve now, but it is because our Minister always believes in continuous improvement..."

“One of the successes we have had in the department is that we have had very supportive leadership. The turn-around times from our DG and Minister are a day or two on average. There is a lot of trust. The assurance that we give them is based on the processes and the credibility of the processes we have going up and down. In return they trust us. There is a lot of trust....”

Because of the commitment of leadership and strong political will to integrating a strongly coordinated approach through the Strategy Unit re strategy and M&E, there is general adherence to timelines and general respect to that office when it requests information.

Questioned about possible reasons for the remarkable organisational culture of professionalism, one of the reasons proffered, and which enjoyed complete support by all participants to the discussion, was that it all boils down to intrinsic motivation. *“People are not forced to comply. The people know what the goal is at the end of the day. They understand that their actions and inactions impact on meeting that goal, as well as the perception re the dti”* - a reputation that is deeply treasured by the employees.

Organising and resourcing

A distinction is made between the operational M&E which is the monitoring of the implementation of the APP, MTSF, etc., and which takes place in the office of the GCOO², more specifically in the Strategy Unit and programme monitoring and evaluation. In terms of the Economic Research Policy Co-ordination Unit that is where the Minister’s agreement on outcome 4 and the Annexure B of the outcomes agreement is actually monitored. That is where the M&E impact assessment unit is also housed.

The evaluation function is structurally separated from the Strategic Planning and Performance Monitoring component, which is responsible for monitoring and reporting on overall organisational performance against the Strategic and Annual Performance Plans. Known as the Impact Assessment Unit (IAU), and lodged together with the Chief Economist, they are responsible for carrying out programmatic evaluations. They work according to a multi-year evaluation plan (MYEP). This invention of the MYEP seeks to address a situation in the department where evaluation studies were commissioned independently by different divisions in the department, without a coordinating central platform that could set standards and provide quality assurance in a systematic way.

This plan is used by the Executive Board of the Department (ExBo - the senior administrative decision-making structure) for selecting those programmes to be proposed for inclusion in the National Evaluation Plan. The IAU now provides technical support to the various divisions with regard to evaluation studies and also assists them with setting up the various decentralised divisional M&E platforms in compliance with the GWM&ES. It is also they who (a) ensure that evaluations feed into the departmental decision-making hierarchy, including divisional ExCos, the Operations Committee (Opscom) and ExBo, and (b) preserve the various evaluation reports for institutional memory.

² A Public Entities Oversight Unit provides a similar service as to quality control and coordination re the 14 public entities’ operational planning and reporting to the Minister, than what the Strategy Unit in the GCOO does for the 8 divisions of the department. In addition they ensure that the public entities’ initiatives are aligned with the Strategic Plan/ strategic objectives of the department.

Capacity and involvement of staff and stakeholders

As already mentioned, the dti appreciates learning and capacity building. With the organisational values now including operational excellence, the organisation is empowering its employees on a large scale, believing that it is only when you are an expert at your job that significant impact on the challenges we face, can flow from that.

The organisation employs well-qualified staff (including MBAs, MBLs, statisticians, economists, experienced administrators and managers) with ample experience (gathered around the interview table in preparation of the case -- at directors and chief directors levels - average relevant experience per individual was in the region of 15 - 20 years, both within the public sector and elsewhere)³. By way of example, as one of the persons involved in M&E and research in the department describes her own career experience:

"I am an old dog here...part of the furniture. I have been 13 years with the dti. Prior to that, I was ten years with the Chamber of Mines as a statistical analyst. Labour statistics on top of that... My background is economic policy. I have been an economist since 2001. I have been part of ALL the micro-economic reform policies in government in the new administration democratic government. From the introduction of the GEAR, the integrated manufacturing strategy, the first draft of the industrial policy in 2005, up to now the new policies now in government. 13 years on... having had that policy experience, I was seconded to the Policy Co-ordination and Advisory Service (PCAS) in the Presidency, to assist with the economic accelerated shared growth initiative (ASGISA). Part of my exposure there was to the early evolvement of the Government-wide Monitoring and Evaluation unit."

And then it sets out empowering employees for their jobs; training; international exposures; sabbaticals; and so forth are the norm.

With respect to M&E, the decentralisation of the M&E functions obviously assists in mobilising additional capacity for M&E, more than the typical arrangement of a small M&E unit attached to the DGs office results in. For example, the IAU, is staffed by a director, two deputy directors and two assistant directors. During the past year the dti has also appointed a CFO as well as a Chief Economists, who, each in their own way, contributes greatly to the overall dti M&E system.

However, the dti goes much further in the deliberate building of capacity for this function, and does so in a particularly strategic and coordinated manner. Personal development plans are completed in April for all employees and then used to plan for coordinated and synchronised learning of groups of employees, aligned with the strategic needs of the organisation. Training opportunities at reputable institutions are pro-actively identified by the Learning Academy. As this approach was illuminated: "*it is not that you go on one course, and I go on another.*"

In the case of M&E, for example, the training provided by the CLEAR facility at Wits P&DM/Wits School of Governance embedded the 10 Step approach to designing and implementing an M&E system in the dti, and indicator development takes place according

³ Around the interview table, at directors and chief directors levels relevant and appropriately senior experience per individual was in the region of 15 - 20 years, gained both within the public and private sector, within the dti and elsewhere in government.

to the training provided by Stellenbosch University regarding that aspect. All M&E practitioners in the dti also belongs to the South African Monitoring and Evaluation Association (SAMEA) to ensure continued professional development and learning also through that network.

External capacity is contracted to undertake Evaluations. Financial support for this has in the past been accessed in some cases from DPME but that tap might have run dry, and evaluations have to be budgeted now in the normal way as departmental activities.

In the philosophy of the dti, M&E is about performance improvement: delivering services better to their user publics, better targeted, perpetually removing obstacles, be that red tape etc. Many of the data collection activities for programme monitoring and evaluations access their "beneficiary" communities directly through surveys, focus group discussions and so forth.

Results

Evidence abounds of thorough institutionalisation of the processes associated with integrated performance management - both within the department, as well as through the political system. Direct feedback from departmental role-players that underlines this perspective, include:

"The systems that have been put in place in the dti since 2009 -- when National Treasury released its guidelines -- to create structure and processes in terms of governance, e.g. reporting and monitoring, have obviously shaped the way that which we use these reports for decision-making."

"These SOPS have become an institutionalised process over the last few years. We are reporting now against our APPs and SPs and the Minister's commitments and there is the internal rating process. It is quite a rigorous process. There are different levels of engagement. It starts from a divisional perspective. They will collate their reports and have a review process with the DDGs to assess their progress, but importantly, 'What is the corrective action if they have not met targets or if they are lagging targets?' ..."

"The culture in the department is that it is a learning organisation - very professional! Because you can take feedback provided in the system of internal rating and say: 'Well, these are the areas that we need to improve on, and these are the corrective actions we have to take in order to improve....' That is what we stress. A lot of the time in other government departments, monitoring is used as a punitive measure. And I think the dti is one of the few departments that use M&E for improved decision-making. When we award incentives, this management information is used to make an assessment and make the right decisions."

"We have a very rigorous Portfolio Committee. The report we generate here, we present to the Committee. These reports range from performance reporting, to implementation of incentives, to matters on legislation and various other aspects. They have been really rigorous in using those reports to check the department and keep it on track. To make sure we are performing..."

Examples are easily come by of where information derived from the various M&E activities are thoroughly used. With regard to the programme M&E it is inter alia used for informing policy change, and for accountability purposes, *vide* the Minister's commitments in terms of the outcomes-based approach. For example, the guidelines with respect to the incentive schemes were rapidly changed on the feedback from the information was clear

that if they continued on the same patch, the objectives originally set for this scheme would not be realized. Parliamentary questions can also now be answered with less running around or looking for the necessary statistics.

The collection and capturing is increasingly tweaked to allow for manipulation of data according to the variables that interest different user groups, e.g. an analysis for the NCOP that comments on how many women in a given province have been assisted through a specific policy intervention. Or reporting regarding Black Economic Empowerment in another province. With the integrated information management system starting to be rolled out, it is just getting better and faster. Obviously once utility for M&E results are established in different internal and external user communities of the organisation, the M&E system virtually starts feeding on its own “successes” and those managing it are becoming savvier in terms of anticipating the needs of the user community, by analysing the trends for use.

Lessons Learned

Supportive leadership (both politically and administratively) is a *sine qua non* for the implementation and integration of an organisation-wide M&E system into any organisation.

“Political will and leadership are crucial. If you get the buy in from leadership, it is easy going from thereon. Then you have to advocate and communicate the importance of M&E.”

The human element is the most important, notwithstanding the perception that technical considerations are dominant re M&E. The dti has stepped back from the brink in an earlier period where, because of different leadership and management approaches, performance was over-emphasised at the cost of the softer issues. That tendency is now firmly in check, with the human element restored as the most vital of considerations. As it was very eloquently put:

“My advice to other departments would be in as much M&E is a focus on the hard issues/ structures, systems and skills, it is also important re leveraging people. The input into your system is dependent on people understanding WHY they are doing it and more importantly why THEY are doing it. How it benefits the department and then that cascades back to how it impact public service as a whole. That bigger picture gets lost, since every one focuses on their minute little area and feels that they are an expert in their area. But it is incumbent on M&E practitioners, to TOGETHER with leadership and management bring that bigger picture back to everybody to understand why we are doing this.”

Capacity building is essential. Training and development is done in a strongly co-ordinated way, building on the annual Personal Development Plans (PDPs) for all staff. Key training partners and service providers are identified by the dti’s Learning Centre. Rather than sending one or two trainees on ad hoc training expeditions, a significant number of participants are sent on courses that meet the organisational needs. Such training cohorts of strategically placed staff that have been exposed to the same training and education finds it easier to embed their learning back into the organisation, since they form a support network to one another. The dti approach to training allows for the building of critical mass, around approaches and systems that are compatible with the overall

direction of the department, and avoids paradigmatic and more superficial clashes in the systems and thinking that are introduced in the department via training opportunities.

Open and frequent communication: Open communication in the department leads to a culture where people are informed and thus empowered.

"We have regular newsflashes – if there is an EXBO meeting, whatever is discussed, a summary, the EXBO Statement is prepared and is e-mailed to everybody - quite an innovation. We keep employees informed, even at OPSCOM level. Other departments I have come from, a lot of these things are not as transparent as you would like them to be..."

A learning culture is conducive to perpetual improvement, as well as problem solving and innovation. As it was communicated:

"With a learning culture there is always innovation....Capacity building is key. If you skill people in your department, nurse the learning culture, you will bring innovation."

Integration and alignment: A golden thread is woven into the fabric that makes up the dti family. Critical in giving direction is the commitments of the Minister to the government priorities. That is translated into the strategic plan and annual performance plans, right through all layers, down to the discussion on personal performance plans. This logic is supported by the necessary structural arrangements. Mechanisms have also been put in place to ensure that the entities who are essentially the implementing arms are included in this logic, e.g. by divisions including some of the public entity key deliverables in their reporting. But it also boils down to complete institutionalisation and integrating M&E with daily work responsibilities. As Busi puts it:

"Look at M&E as a daily thing. It is not a once a month, once a quarter thing where it is an adventure. It should be part of your daily work, because if you do that, you won't find yourself at the end of the year asking 'what happened?' Also, if you have a directorate M&E, you have a strategy person, finance person, the linkages between those three people needs to come into play."

Never satisfied with current levels of performance, and always open to learning from others, the dti is the first to acknowledge that there is still room to improve re its M&E system and praxis. The experience with M&E in East Africa, most notably Kenya, has been identified as a worthy benchmark to aspire towards. The department's move towards establishing a more sophisticated, integrated information management system as well as embracing more complex, but automated electronic systems are taken cautiously, learning from those within the South African system who has already moved down that road, e.g. COGTA KZN, and, being ever mindful re the balance between technical aspects and the "softer" issues, such as the human factor, to consider.

MONITORING AND EVALUATION

EASTERN CAPE DEPARTMENT OF ECONOMIC DEVELOPMENT ENVIRONMENTAL AFFAIRS AND TOURISM (DEDEAT): A MAN WITH A FOUR YEAR PLAN⁴

In round 1.3 of the MPAT assessments, the Eastern Cape Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) attracted positive attention by noticeable improving its compliance rating with respect to the overall Key Performance Area of Strategic Management. It improved its compliance from an already satisfactory level 3 for M&E in the previous year's MPAT assessments, and also raised its performance from a low base (level 2) on the other two strategic management indicators to a level 4. Its ability to score a perfect hat trick this round meeting the requirements of the 4th level on all the strategic management indicators, including the Monitoring and Evaluation standard, must be recognised as remarkable progress over a short space of time. This improvement demands that we scrutinise the DEDEAT experience closer, trying to identify the success factors or levers that drives such improvements.

The underlying philosophy and approach taken in the DEDEAT's *Policy for the management of organisational performance information*, formally adopted in August 2012 is that of the strengthening and auditing of non-financial performance information in order to bring it on par with the strong systems of financial management information and the auditing thereof as embraced in the system of public administration in South Africa.

Context and background

As the name implies, the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) in the Eastern Cape, is responsible for a wide -- but inter-related -- remit and a critical player in the quest to grow the economy of one of the poorest and most under-developed provinces in the country. Six public entities report through the DEDEAT to the Executive and Legislature. As is the case with all provincial departments, the DEDEAT functions within a web of intergovernmental relations and accountability frameworks. Many of the vertical relations include reporting on different hierarchies of policy priorities, as well as compliance with various government rules and regulations pertaining to the Public Service.

Since the configuration and combination of functions at provincial and national departments do not mirror one another exactly, the DEDEAT reports to no less than three different line departments at national level - Economic Development, Environmental Affairs and Tourism. Fortunately, in recent years the reporting burden for provincial departments seems to have been reduced since national departments demands fewer ad hoc reports and are increasingly turning towards National Treasury and StatsSA to draw down the information they need from the provincial departments.

The requirement for a system of reliable performance information in the DEDEAT is seen as an extension of the evolving conversation in government that moves from policy and

⁴ This case study was written by Hanlie Robertson (and edited by Professor Anne Mc Lennan) from the Wits School of Governance (<http://www.wits.ac.za/wsg>).

strategy to implementation and the management thereof. Reliable performance information becomes the medium of interpreting progress against the policy and adopted strategic and operational plans.

In August 2012 a policy that provided for the integration and alignment of strategic planning, performance management and auditing of performance information was formalised in the DEDEAT under the title: *Policy for the management of organisational performance information*. The development thereof was championed by the Office of Strategy and Information Management (OSIM). The adoption of this policy was the start of the upward trajectory in complying with the MPAT requirements with respect to the M&E standard, but also the other two standards pertaining to Strategic Management. It is not only in terms of MPAT that the department's efforts for better management have been recognised. It would appear that financial management has also improved simultaneously.⁵ During the past year the DEDEAT was the only Eastern Cape department to feature among the list of best performing departments compiled by the South African Institute of Government Auditors (SAIGA).

A mere 2 years earlier, the culture in the department with respect to performance management was described as being "horrible", with little to no accountability for non-performance. It is told that there were no rules and procedures, no management controls at that time governing performance management information and nobody was held accountable for non-performance. The Auditor General was forced, for financial year 11/12 to issue a disclaimer on the reliability of the performance information collected by DEDEAT. Some support for performance management was mouthed by the HOD of the time, but with little of that translating into a push from the top to hold people accountable.

Even now, two years later - while formally complying with all MPAT requirements and being recognised for that - the new performance culture is still very fragile and being built one convert at a time. The entire endeavour is largely driven by a very small group of dedicated "believers" - those people who know that for purposes of good governance and performance improvement a reputable performance management system is a *sine qua non* -- in the face of high-levels of resistance to being closely monitored and held accountable for performance on the basis of hard evidence. A clear distinction is made in DEDEAT between individual and organisational performance. This is one of the areas identified for further improvement.

Understanding the practice

⁵ The Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) was the only Eastern Cape department to feature among the list of best performing departments compiled by the South African Institute of Government Auditors (SAIGA). The department was announced as the best performing financially in the category of those concerned with economic development across the country, scoring 92.87% against an average for all provincial departments in this area of 87.56%. DEDEAT also finished 10th out of all departments in terms of the combined score achieved over the past 10 years and had the 19th highest percentage overall of both national and provincial departments for financial administration.

With respect to planning, two years earlier there was only department specific information in the DEDEAT's strategic planning. Nothing from the 6 implementing public agencies filtered into the department's strategic plan. The compulsory indicators from national were not in the APP since it was argued that they belonged to the work of the entities and had nothing to do with the Department. Obviously this practice gave rise to an accountability gap with respect to the work of the public entities and raised questions regarding where their performance information should be kept.

The department, although it has run 5 year policy implementation programmes, for example re industrial policy, has never done any evaluations. Mid-term evaluations for policy and strategy improvement are an unknown process for the DEDEAT.

Policy and Planning

Performance monitoring in the South African system of government can potentially be stimulated from two different sources. The first being the Government-wide Monitoring and Evaluation System (GWM&ES), driven from the Department of Performance Monitoring and Evaluation at the centre of government. The other is from the Office of the Auditor General. The Auditor General is required to conduct audits of performance against pre-determined criteria. In South Africa, the Public Audit Act no. 25 of 2004 makes it clear that the Auditor General must conduct audits of performance information (AOPI) for all organs of state. The Auditor General and National Treasury began phasing in AOPI during the 2005/2006 financial year. The drive for auditing of performance information in the public sector is intended to ensure that results are verified and validated before being presented in the Annual 530I Report. The AOPI process is aimed at enhancing the public confidence in the performance results and improves the overall image of the public sector.

In terms of the Public Finance Management Act (PFMA) (as amended), the Accounting Officer must ensure that the department has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The development and implementation of credible systems in the department that can ensure the effective, efficient, economical and transparent use of resources is an integral part of monitoring the performance of the department.

The underlying philosophy and approach taken in the DEDEAT's *Policy for the management of organisational performance information* is that of the strengthening and auditing of non-financial performance information in order to bring it on par with the strong systems of financial management information and the auditing thereof as embraced in the system of public administration in South Africa.

Interestingly, for all the conceptual understanding of the important role players regarding the connection between Strategy, M&E and Performance, integration between M&E, Performance and Strategic Planning is not specifically mentioned⁶ as one of the benefits to be derived from the implementation of the Departmental policy for the management of organisational performance information. What is highlighted as potential benefits are:

⁶ Although it could conceivably be indirectly implied in terms of "creating a culture of good governance of performance management".

- The establishment of a culture of good governance regarding organisational performance;
- Increased accountability;
- Ensuring credibility, accuracy, completeness, and validity of reporting; as well as
- Creating awareness of the importance of the management of performance information.

The challenges identified in many state organs with the auditing of non-financial information served as inspiration for the development of this policy. The emphasis on performance auditing as emanating from the work of the Auditor General, rather than monitoring and evaluation with a more learning approach as promoted through the GWM&ES more than likely is as a consequence of the professional background of the incumbent General Manager: Strategy and Information Management - Tyron Boucher.

Tyron, trained as an accountant, started out his career in large consultancy firms, attending to both private sector and government clients. He made the move to join the Eastern Cape Provincial Treasury, with responsibility for Public Entity Oversight and governance. In the Provincial Treasury he also assisted with the monitoring and evaluation of provincial budgets, moving to, and running the Strategy Office in the Eastern Cape Treasury - experiencing first hand and learning to appreciate the integrative logic between strategic planning, budgeting and M&E. In the process the Strategy Office - which was at the risk of becoming a "post office" - was turned into a recognised value-adding unit. That stint was a perfect learning opportunity, honing all the skills that he would need to integrate into his role in the DEDEAT, when he joined it 2 years ago, just as MPAT 2012 was being rolled out - strategy, planning, entity oversight, M&E and finance - to mention but a few. However, that is not the only qualities he had to call on. His own commitment is to put in inhumanely long hours of hard work and fighting up-hill battles with colleagues. He hints at what makes him buckle down under adverse circumstances: *"an inner drive to want to succeed at whatever I have committed to ... and I like challenges!"*

Tyron is systematically putting in place a turn-around strategy; the implementation plan of what he thinks will occupy him for four years. The implementation of this turn-around strategy has been planned in four broad stages:

- Establishing credible information for reporting to the public: Putting in place policy and rules, internal controls and procedures regarding performance management information; formulating the technical indicator descriptors and securing managerial sign-offs against those; instituting quarterly reporting on performance according to these and moved on to evidence-based reporting (with strict quality controls instituted and consequences to non-performance) - Year 1;
- Improving the integrated planning process across the department and the six public entities, in order to, inter alia, also make provision for the collection of performance information on the entities. Much work went into fixing the APP. M&E developed as an integral part to the planning process - Year 2;
- To improve the way the organisation reports, specifically with respect to evaluations. Evaluations Policy to be developed and signed off, as well as rolling out to start. 13 Evaluations are planned for the next three years. Getting organisational

commitments accepted as part of managers' personal performance agreements - Year 3;

- Exit strategy: leaving a self-sustaining, capacitated system in place - Year 4.

Leaders make a difference

No individual department in the Eastern Cape Province can be understood and analysed without taking heed of the historical formation of that province from a number of different former entities: Transkei, Ciskei, the Cape Province, and so forth. The province has yet to form a single "cultural" entity and the historical differences are still carried forth in the various government departments. It is also a very political province, where politics reach deep into the "professional" public service.

Nevertheless, in the case of the DEDEAT they have benefitted from stable political leadership who is supportive of the issue of performance management, and the associated activities. The Head of Department (HOD)'s expectation from his Executive Manager is: *"I don't care WHAT you have to do, but the situation has to be fixed"*. A change in HOD at the end of 2012, 6 months into Tyron's appointment, has contributed to a more supportive environment for performance management. The serving HOD, reported to be a "much better" manager with wide public sector experience gained nationally as well as in the Eastern Cape Province, has been instrumental in moving the agenda of aligning the organisational and individual performance management systems forward. The culture of holding people accountable is also growing under his leadership.

Sadly the DEDEAT is not benefitting from the leadership and technical expertise re M&E from the Premier's office. A rather dysfunctional relationship between these two government departments seems to be the order of the day. An opinion voiced on this issue was: *"Frankly, in terms of M&E, the Premier's Office in the Eastern Cape is nowhere... they are trying, but they are trying to do too many things at the same time, and not being focussed"*. Information collection efforts with a view to the formulation of a provincial M&E policy has yet to pay dividends to the departments who have contributed to this process. The Department is proceeding with its initiatives blind-sided in terms of the overall direction that province might be taking.

Organising processes and resources

M&E and strategic planning is closely linked - almost being treated as different sides to the same coin. They report to the same person, and further share the same "open plan" work space. The Unit is located within the Office of the HOD, providing direct strategic support to that office. A Portfolio Management Office (PMO) has also been set up by the HOD, and the M&E unit has close cooperative relations with them as well, and foresee that this will be specifically important re contract management of evaluators once the evaluations will start in full force.

At the moment that unit is also involved in ex ante infrastructure project evaluations and evaluations of other key departmental projects. A system which will include GPS capability is also currently being developed in order to integrate the work of Strategic Management with that of the PMO to have a single line of connection from ground level activities right through to strategic level. This system will also assist with managing

matrix work relations across the department and public entities. Obviously such a system, especially in an under-developed, rural province will prove to be useful for political leadership to account to the citizenry when they are out and about amongst their constituents, e.g. for EXCO outreach events.

A disjoint prevails between officials responsible for performance management and the work undertaken by the Human Resources officials in terms of the personal performance management and development dispensation.

A 3-year evaluation plan has prioritised 13 initiatives that the departments want to evaluate. Two of these is scheduled for the next financial year (one policy evaluation, and the other an organisational evaluation of one of the entities). Money had to be “wrangled” from the departmental budget for these. For the remainder alternative funding has to be secured for those. The Department will inter alia look towards the Presidency for financial support to carry out evaluations. Outside evaluators will be sourced to undertake these evaluations, but there is a desire that the M&E Unit will really be working closely with whichever evaluators get appointed.

Capacity and involvement of staff and stakeholders

The M&E function - completely understaffed, and overcommitted in tasks -- is located in the Office of Strategy and Information Management, in the Strategy Management directorate.⁷ The M&E function is performed by a single manager at deputy director level. The Office also accommodates the IT and Knowledge Management functions. The M&E function entails managing (and often doing) monitoring and reporting on strategic plans and annual performance plans on a quarterly, half-yearly and annual basis (as determined in the reporting schedule) across the department and its six public entities. Given the under-resourcing they are struggling on the M&E side, and the Office as whole has to get quite hands-on during peak periods, e.g. preparing seven quarterly performance reports every three months. This practice is not sustainable. Requests for additional M&E staff have yet to pay off.

Programme managers have started buying-in, seeing the utility/ potential of a performance monitoring system for reporting and decision-making purposes, as well as performance improvement. However, the more prevalent attitude is still one of questioning the purpose for such narrow scrutiny that focusses on outputs and outcomes in relation to strategy. Managers tended to be more inclined with reporting on events and activities largely devoid of linkages made to strategic directions. Now they are compelled to do it differently. The change effort is complicated by some ethnic orientations regarding age and gender, in which it seem that older male employees swallows very hard at being asked by either younger, or female managers to provide evidence re their doings or being reprimanded for lack of performance. They do not take kindly to processes which they deem are “putting them under the microscope”.

⁷ The office of Strategy and Information management comprises of a Director: Strategy Management which in turn is supported by a Manager: Strategic Planning (DD) and one Assistant manager - AD), M&E (1 manager = DD (level 12) PLUS a Director: IT & Knowledge management who is supported by a manager (level 12 DD); 1 Assistant manager level 10 (AD) plus 2 other officials (level 7), who are responsible for managing the resource centre.

Although the primary users of the M&E system is intended to be political and administrative leadership, the DEDEAT is planning to make part of its system also accessible to the citizenry to address their interests re progress in their respective areas.

Lessons to be learned

The perpetual under-capacitated status of M&E in departments can be explained in terms of the historical development in government. Until very recently the emphasis has been on the early parts of the planning process - strategic planning; policy formulation and so forth, but with little attention to the implementation of these plans, and particularly the tracking and management of progress, e.g. through monitoring, and ensuring that the right things are monitored. Consequently most government departments are struggling with M&E units that are grossly under-resourced and under-capacitated.

It is very important to get everything documented and everybody on the same page. For example, in this case it was important that through the development of descriptors, a common understanding is created of what exactly is expected. This common understanding is formalised through a signing off process by all parties, and after that a strict process of monitoring and enforcement according to those agreed standards has to follow. Taking this part of the process forward into people's individual performance agreements is the cherry on the cake.

The prevailing tendency to de-link performance management systems on the organisational and individual levels needs to be addressed and organisational performance and individual performance ought to become integrated. Human Resources Management need to be aligned with the strategic management and organisational performance management systems just as is the case with budgeting and financial management. This year will be the first time in the DEDEAT that SMS member's performance agreements will be aligned to the strategic objectives of the department. On lower levels this is still not the case, and the contracting and signing-off is structured in such a manner that the link towards strategic objectives have been broken. In its current form it gives rise to perverse rewarding of individual performance in the absence of demonstrable organisational performance against set strategic priorities.

When it comes to problems of de-linking it is also problematic that the M&E activities in DEDEAT is not aligned to, nor informed by or guided by a provincial M&E Strategy. It would appear as if the DEDEAT's model is sought by peers as an example to emulate, but it finds itself in a communications vacuum from the side of the Premier's Office on these matters. It raises questions as to whether the DPME's message in its interaction with the Premier's Office is actually filtered down to the provincial line departments.

Advice on success factors:

"The message that needs to be put it there is that it is hard work and too few hours in the day. Roll up your sleeves and wing it. .. And a thick skin. It was an uphill battle. People just did not want to be held responsible."

"When I joined the department I did not know much about MPAT because I was in Treasury, rather than Strategy Management when it was implemented. My goal was

never to get a 4 for MPAT, but I knew that for purposes of good governance and performance improvement we HAD to get a reputable performance management system going. M&E and good governance goes together”.