

DEVELOPING SMART TARGETS AND KPI'S



29 JULY 2019

ZEBULA

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PURPOSE OF PRESENTATION

- ▶ To provide for SMART Targets in the SDBIP as per FMPPi (WHAT, WHERE & WHEN)
- ▶ To provide for the Indicators as per FMPPi(Verifiable, Reliable, Cost Effective etc.)

LEGISLATIVE & POLICY CONTEXT-LOCAL GOV'T. MANDATE

- Local Government Transition Act, No. 209 of 1993
- **Constitution of the Republic of South Africa, No. 108 of 1996**
- White Paper on Local Government, 1998
- Local Government: Municipal Demarcation Act, No. 27 of 1998
- Municipal Structures Act, No.117 of 1998
- Municipal Systems Act, No. 32 of 2000
- Municipal Finance Management Act, No. 56 of 2003
- Municipal Property Rates Act, No. 6 of 2004
- Intergovernmental Relations Framework Act, No. 13 of 2005 (applicable to the 3 spheres of government)
- Municipal Fiscal Powers and Functions Act, No. 12 of 2007

White Paper on Local Government, 1998

“**Developmental local government** is local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs and improve the quality of their lives”.

Characteristics of a developmental local government:

- ❖ Maximising social development and economic growth
- ❖ Integrating and coordinating
- ❖ Democratising development, empowering and redistributing
- ❖ Leading and learning

Section 152 - Objects of local government:

- Provision of a democratic and accountable government for local communities
- Provision of services to communities in a sustainable manner
- Promotion of social and economic development
- Promotion of safe and healthy environments
- Encouraging involvement of communities.

THE SMART PRINCIPLES OF THE TARGET

A useful set of criteria for selecting performance targets is the "SMART" criteria:

- ▶ **Specific:** the nature and the required level of performance can be clearly identified
- ▶ **Measurable:** the required performance can be measured
- ▶ **Achievable:** the target is realistic given existing capacity
- ▶ **Relevant:** the required performance is linked to the achievement of a goal
- ▶ **Time-bound:** the time period or deadline for delivery is specified.

THE SMART PRINCIPLES OF THE TARGET

- ▶ Performance targets express a specific level of performance that the institution, programme or individual is aiming to achieve within a given time period.
- ▶ It is of utmost important as organizations to consider the level of performance recorded in the prior year when developing the current year performance targets
- ▶ To have a SMART target in the SDBIP consider answering the three or two W's in most of the external targets to be implemented like projects to be implemented to communities , i.e. the What? What is that we want to do as a Municipality, e.g. Construction of Internal Street .
- ▶ NB: It should be noted that it will depend on the type of Targets one is to develop, some targets might not still answer all the three W's but still to meet a SMART Principle
- ▶ Where? Answer the question in your target, Where is the road going to be constructed? e.g. at Malamulele D extension
- ▶ When? Address the question in your target? When is the road going to be constructed? By 30 June 2022
- ▶ Therefore a SMART target will look like,
- ▶ 1.9 km internal street upgraded at Malamulele D extension 3 by 30 June 2022

THE SMART PRINCIPLES OF THE TARGET CONT...

- ▶ Examples of other targets that did answer the three W's but still meet a SMART principle:

Workshop tools purchased by 30 June 2023 , On this type of Target only two W's are answered, i.e. the What and the When. The activity to be done is clarified that is purchasing of workshop tools, when they must purchased is also addressed that is by 30 June 2023 .

Another example of such target look like the following:

20 posts filled in lign with the approved Organogram by 30 June 2023

12 LLF Meetings convened by 30 June 2023

A GOOD PERFORMANCE INDICATOR SHOULD BE:

- ▶ **Reliable:** the indicator should be accurate enough for its intended use and respond to changes in the level of performance.
- ▶ **Well-defined:** the indicator needs to have a clear, unambiguous definition so that data will be collected consistently, and be easy to understand and use.
- ▶ **Verifiable:** it must be possible to validate the processes and systems that produce the indicator.
- ▶ **Cost-effective:** the usefulness of the indicator must justify the cost of collecting the data.
- ▶ **Appropriate:** the indicator must avoid unintended consequences and encourage service delivery improvements, and not give managers incentives to carry out activities simply to meet a particular target.
- ▶ **Relevant:** the indicator must relate logically and directly to an aspect of the institution's mandate, and the realisation of strategic goals and objectives.

EXAMPLES OF A GOOD INDICATOR

- ▶ Indicators can be developed in a form of Percentage, Numbers or Measurable Objectives
- ▶ Indicators as a measurable Objectives :To develop and review municipal policies and submit to Council for approval by 30 June 2020
- ▶ Indicators in form of a percentage: % litigation cases attended to by 30 June 2023 (Number of Litigation cases received by Number of Litigation Cases attended to)
- ▶ Indicators in form of Numbers: Number of LLF Meetings convened by 30 June 2023

WHAT NEEDS TO BE DONE TO TURN THE SITUATION AROUND?

- ▶ We need to have proper systems in place
- ▶ All stakeholders to play their roles and responsibilities
- ▶ Development and Policies and Implementation of such policies
- ▶ Performance standards and performance targets should be specified prior to the beginning of a service cycle, which may be a strategic planning period or a financial year
- ▶ The institution and its managers know what they are responsible for, and can be held accountable at the end of the cycle
- ▶ Targets need to be set in relation to a specific period.
- ▶ An institution should use standards and targets throughout the organisation, as part of its internal management plans and individual performance management system

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