ACCREDITATION AND ASSIGNMENT FRAMEWORK FOR MUNICIPALITIES TO ADMINISTER NATIONAL HUMAN SETTLEMENTS PROGRAMMES

Managing the capacitation of municipalities for the assignment of human settlements functions to local government

August 2012
## CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rationale for Accreditation and Assignment</td>
<td>6</td>
</tr>
<tr>
<td>Conceptual Framework</td>
<td>7</td>
</tr>
<tr>
<td>Legislative and Policy Context</td>
<td>8</td>
</tr>
<tr>
<td>Principles of Accreditation and Assignment</td>
<td>12</td>
</tr>
<tr>
<td>Overall Approach</td>
<td>13</td>
</tr>
<tr>
<td><strong>Phase One: Accreditation</strong></td>
<td>15</td>
</tr>
<tr>
<td>Level One Accreditation</td>
<td>15</td>
</tr>
<tr>
<td>Level Two Accreditation</td>
<td>16</td>
</tr>
<tr>
<td>Criteria for Accreditation</td>
<td>17</td>
</tr>
<tr>
<td>Process for Obtaining Accreditation</td>
<td>17</td>
</tr>
<tr>
<td>Resourcing</td>
<td>20</td>
</tr>
<tr>
<td>Formalisation of Accreditation</td>
<td>23</td>
</tr>
<tr>
<td>Roles and Responsibilities</td>
<td>23</td>
</tr>
<tr>
<td>Accreditation Summary</td>
<td>24</td>
</tr>
<tr>
<td><strong>Phase 2: Assignment</strong></td>
<td>26</td>
</tr>
<tr>
<td>Criteria for Assignment</td>
<td>27</td>
</tr>
<tr>
<td>Process for Assignment</td>
<td>28</td>
</tr>
<tr>
<td>Steps Toward Assignment</td>
<td>29</td>
</tr>
<tr>
<td>Resourcing the Assignment</td>
<td>31</td>
</tr>
<tr>
<td>Formalisation of Assignment</td>
<td>31</td>
</tr>
<tr>
<td>Roles and Responsibilities</td>
<td>32</td>
</tr>
<tr>
<td>Accreditation and Assignment Summary</td>
<td>33</td>
</tr>
<tr>
<td><strong>Capacitation and Support</strong></td>
<td>37</td>
</tr>
<tr>
<td>Human Resource and System Capacity Requirements</td>
<td>37</td>
</tr>
<tr>
<td>Subsidy Registration</td>
<td>39</td>
</tr>
<tr>
<td>Capacity and Support Mechanisms</td>
<td>41</td>
</tr>
<tr>
<td>Accreditation/Assignment Units at PDHS Level</td>
<td>43</td>
</tr>
<tr>
<td>Accreditation/Assignment Unit at NDHS Level</td>
<td>43</td>
</tr>
<tr>
<td><strong>Governance and Oversight Arrangements</strong></td>
<td>43</td>
</tr>
<tr>
<td><strong>Reporting and Performance Monitoring</strong></td>
<td>45</td>
</tr>
</tbody>
</table>
Conflict Resolution, Mediation and Arbitration ...................................................... 46

Annexure List ............................................................................................................. 47

Annexure 1: Accreditation Business Plan Guidelines .................................................. 48

Annexure 2 : Human Settlements Accreditation Capacity and Compliance Assessment Tool .................................................................................................................. 70

Annexure 3: Accreditation Compliance Certificate ..................................................... 79

Annexure 4: Municipal Human Settlements Sector Plan Guidelines ....................... 81

Annexure 5: Municipal Capacity and Support Plan for Accreditation ............... 104

Annexure 6: Scope of Work for Technical Assessment to determine Transfer of Staff, Assets & Liabilities from Provinces to Municipalities ......................... 114

Annexure 7a: Implementation Protocol Level One................................................... 119

Annexure 7 (b): Implementation Protocol Level 2 .................................................... 133

Annexure 8: Monthly Progress Report Format for a Level 1 or 2 Implementation Protocol .............................................................................................................. 147

Annexure 9: EXECUTIVE ASSIGNMENT AGREEMENT .............................. 151

List of Figures

Figure 1 National Accreditation & Assignment Framework ..................................... 14
Figure 2 Road Map for Level 1 & 2 Accreditation .................................................... 25
Figure 3 Accreditation and Assignment Responsibilities, Funding and Reporting Lines ..... 36
Figure 4 Shifting HSS processes with Accreditation and Assignment ..................... 40
Figure 5 Governance, Reporting and Oversight Arrangements .............................. 44
List of Tables

Table 1 Outcome 8 Accreditation and Assignment Targets .......................................................... 11
Table 2 Criteria for Accreditation per Level ................................................................................ 17
Table 3 Shifting Roles and Responsibilities through Accreditation ........................................ 24
Table 4 Provincial Functions to be Assigned to Municipalities .................................................. 27
Table 5 Criteria for Assignment .................................................................................................. 28
Table 6 Shifting Roles and Responsibilities through Assignment ............................................. 32
Table 7 Summary of Human Settlements Function Shifts in Accreditation and Assignment 35
Table 8 Capacity Requirements of Accredited and Assigned Municipalities ............................ 37
Table 9 Support Programmes Available for Accredited and Assigned Municipalities ............ 42
## Abbreviations and Definitions

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>ABP</td>
<td>Accreditation Business Plan</td>
</tr>
<tr>
<td>APP</td>
<td>Annual Performance Plan</td>
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<tr>
<td>Delegation</td>
<td>Delegation is the authority to exercise powers of another sphere of government by agreement.</td>
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<tr>
<td>DORA</td>
<td>Division of Revenue Act (Annual)</td>
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<td>HDA</td>
<td>Housing Development Agency</td>
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<tr>
<td>HSS</td>
<td>Housing Subsidy System</td>
</tr>
<tr>
<td>IGRFA</td>
<td>Inter-Governmental Relations Framework Act, 2005</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
</tr>
<tr>
<td>IP</td>
<td>Implementation Protocol</td>
</tr>
<tr>
<td>IT</td>
<td>Information Technology</td>
</tr>
<tr>
<td>IYM</td>
<td>In-Year Monitoring report of expenditure against budget and funds transferred required to be submitted before the 20th of every month in terms of DORA and Treasury requirements</td>
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<tr>
<td>KPA</td>
<td>Key Performance Area</td>
</tr>
<tr>
<td>Level</td>
<td>Level of accreditation applied for. There are two levels of accreditation.</td>
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<tr>
<td>LRA</td>
<td>Labour Relations Act</td>
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<td>MEC</td>
<td>Provincial Member of the Executive Council responsible for housing</td>
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<tr>
<td>MINMEC</td>
<td>Committee of the Housing Minister, the nine housing MECs and a Councillor representing organised local government.</td>
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<tr>
<td>MFMA</td>
<td>Municipal Finance Management Act</td>
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<td>MHC</td>
<td>Municipal Housing Committee delegated responsibility for housing affairs by the municipal council</td>
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<td>MHSP</td>
<td>Municipal Human Settlements Plan</td>
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<td>MIG</td>
<td>Municipal Infrastructure Grant</td>
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<td>MSA</td>
<td>Municipal Systems Act, 2000</td>
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<tr>
<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<tr>
<td>NDHS</td>
<td>National Department of Human Settlements</td>
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<td>NHSDB</td>
<td>National Human Settlements/Housing Subsidy Data Base</td>
</tr>
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<td>PDHS</td>
<td>Provincial Department of Human Settlements</td>
</tr>
<tr>
<td>PFMA</td>
<td>Public Finance Management Act</td>
</tr>
<tr>
<td>PMYHSP</td>
<td>Provincial Multi-Year Human Settlements Plan</td>
</tr>
<tr>
<td>SCM</td>
<td>Supply Chain Management</td>
</tr>
<tr>
<td>TSMA</td>
<td>Transfer of Staff to Municipalities Act, 1998</td>
</tr>
</tbody>
</table>
The new human settlements plan envisages the accreditation [and assignment] of municipalities particularly the metropolitan areas... The framework will address various policy, constitutional and legislative aspects in order to enable municipalities to manage the full range of housing instruments within their areas of jurisdiction. In order to be accredited [and ultimately assigned the functions], municipalities will have to demonstrate their capacity to plan, implement, and maintain both projects and programs that are well integrated within IDPs and within the 3 year rolling capital investment programs mandated by the Municipal Finance Management Act (MFMA).

(Breaking New Ground, Part B, Section 5.2 “Expanding the role of local government”)

The national government and provincial governments must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessarily relates to local government, if (a) that matter would most effectively be administered locally; and (b) the municipality has the capacity to administer it.

(The Constitution of the Republic of South Africa, 1996: Section 156(4))

Rationale for Accreditation and Assignment

Housing is a functional area of concurrent national and provincial legislative competence in terms of Schedule 4, Part A of the Constitution (1996). The Housing Act (1997) details the functions of provincial government and municipalities in relation to housing provision. Whilst municipalities have a clear mandate to ensure the access of communities to adequate housing and services, the specific function of executing national and provincial housing programmes lies with provincial government. The policy intent, however, is to progressively enable municipalities to manage the full range of housing instruments to allow for better co-ordinated and accelerated human settlements delivery. The Housing Act provides for “accreditation” as a capacitation mechanism to allow for the administration of national housing programmes by municipalities. However, if the full responsibility for the administration of national housing programmes is to be transferred, then the Constitutional and legal framework for assignment of powers and functions needs to be followed.

The Constitution envisages that additional powers and functions may be transferred to the local sphere and offers a framework for the assignment of such powers and functions to local government by national or provincial legislatures or executives. The principle of subsidiarity is introduced in terms of Section 156(4) of the Constitution, which determines that a national and provincial government must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 subject to certain criteria. There is legislative and policy convergence that the principle of subsidiarity applies to the housing function and that the intention is to assign to local
government the administration of all the national housing programmes contained within the National Housing Code. Assignment has been emphasised as a key government priority in support of more effective and efficient human settlements delivery.

As indicated earlier, accreditation has been introduced as an instrument to ensure the progressive capacitation of municipalities in order for them to perform the assigned function without compromising delivery capacity in the short term. The accreditation, and ultimately assignment, of municipalities to administer national housing programmes on behalf of provinces seeks to achieve two inter-linked objectives:

- **Coordinated development (horizontal integration):** By locating the decision making authority around the administration of national housing programmes at the local sphere, municipalities can co-ordinate decisions that relate to the broader sustainability of human settlements. Municipalities are a logical site for the effective alignment of inter-departmental and inter-governmental funding streams. With the authority to take such decisions, opportunities for the application of innovative planning principles arise and this contributes to the potential for the development of integrated and sustainable human settlements within municipal jurisdictions. This is a key emphasis of the Comprehensive Plan for the Development of Sustainable Human Settlements, “Breaking New Ground”, as well as the Intergovernmental Relations Framework Act, 2005.

- **Accelerated delivery (vertical integration):** The efficiencies associated with certainty in respect of funding allocations, and decentralising delivery authority to the local sphere, should lead to accelerated delivery and improved expenditure patterns. This should result in a reduced requirement to roll over unspent funds, as well as a more coordinated approach to planning approval and implementation.

**Conceptual Framework**

The instrument of accreditation is specific to the human settlements function. It is therefore necessary to explain in more detail the conceptual background for accreditation, and how it interrelates with the assignment mechanism.

**Accreditation** is the recognition by a provincial MEC responsible for Human Settlements that whilst a municipality has met certain criteria and standards, it requires additional support and capacity prior to assuming full responsibilities for the administration of national housing programmes. Accreditation permits the exercise of functions by a municipality on behalf of the MEC whilst further capacity is being developed. The financial accountability for these functions is retained by the responsible provincial accounting officer. Accreditation in itself does not transfer legal and financial accountability for functions from one sphere of government to

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1 Accreditation and assignment do not detract from any housing functions or powers a municipality may already have, as set out in Part 4, Section 9 of the Housing Act.
another. Legally, accountability for functions can only be transferred from one sphere of government to another through assignment.

**Assignment** involves the formal transfer of the functions related to the administration of national housing programmes from the provincial MEC responsible for Human Settlements to a municipality through the existing Constitutional and legal framework for assignment. Assignment involves the shifting of planning, financial and legal accountability from the assigning to the receiving authority. Assuming financial accountability for a function includes the right to directly receive the funds and the assets necessary to perform the function.

In this Framework, the **accreditation process** is defined as a progressive process of capacitation, evaluated against pre-agreed criteria, leading to eventual assignment of all the functions related to the administration of national housing programmes.

**Legislative and Policy Context**

The legislative framework for the accreditation and assignment of municipalities is rooted in the Constitution of the Republic of South Africa Act, 1996, the Municipal Systems Act, 2000, the Finance and Fiscal Commissions Act, 1997, the Inter-Governmental Relations Framework Act, 2005, the Inter-Governmental Fiscal Relations Act, 1997 and the Housing Act, 1997. Further to this, the annual Division of Revenue Act, the Public Finance Management Act, 1999, and the Municipal Finance Management Act, 2003, are also of relevance.

- **The Constitution of the Republic of South Africa, 1996**: The overall provision for the assignment of functions to municipalities is set out clearly in the Constitution. The Constitution envisages that additional powers and functions may be transferred to local government. It offers a framework for the assignment of additional powers and functions to local government by national or provincial legislatures or executives. A municipality may be assigned an executive power or function either in terms of:

  i. A legislative assignment in terms of section 156 (1) (b) of the Constitution$^2$; or
  
  ii. An executive assignment by agreement in terms of section 126 of the Constitution$^3$.

- **The Municipal Systems Act, 2000$^4$** sets out the process to be followed in terms of assignments to municipalities generally and assignments to specific municipalities in terms of sections 9 and 10 respectively$^5$.

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2 Constitution S 156 (1) A municipality has executive authority in respect of, and has the right to administer –

   (a) The local government matters listed in Part B of Schedule 4 and Part B of Schedule 5; and
   
   (b) Any other matter assigned to it by national or provincial legislation.

3 A member of the Executive Council of a province may assign any power or function that is to be exercised or performed in terms of an Act of Parliament or a provincial Act, to a Municipal Council. An assignment –

   a. Must be in terms of an agreement between the relevant Executive Council member and the Municipal Council;
   
   b. Must be consistent with the Act in terms of which the relevant power or function is exercised or performed; and
   
   c. Takes effect upon proclamation of the Premier.
Assignment of functions or powers to municipalities generally by Acts of Parliament or provincial Acts

(1) A cabinet member or deputy Minister seeking to initiate the assignment of a function or power by way of an Act of Parliament to municipalities in general, or any category of municipalities, must with a reasonable time before the draft Act providing for the Assignment is introduced in parliament –

a. Request the Financial and Fiscal Commission to assess the financial and fiscal implications of the legislation, after informing the FFC of the possible impact of such assignment on-
   i. The future division of revenue between the spheres of government in terms of section 214 of the Constitution;
   ii. The fiscal power, fiscal capacity and efficiency of municipalities or any category of municipalities; and
   iii. The transfer, if any, of employees, assets and liabilities; and

b. Consult the Minister, the Minister of Finance and organized local government representing local government nationally with regard to-
   i. The assessment by the FFC contemplated in paragraph (a);
   ii. The policy goals to be achieved by the assignment and the reasons for utilizing assignment as the preferred option;
   iii. The financial implications of the assignment projected over at least three years;
   iv. Any possible financial liabilities or risks after the three-year period referred to in subparagraph (iii);
   v. The manner in which additional expenditure by municipalities as a result of the assignment will be funded;
   vi. The implications of the assignment for the capacity of municipalities;
   vii. The assistance and support that will be provided to municipalities in respect of the assignment; and
   viii. Any other matter that can be prescribed.

(2) An MEC seeking to initiate the assignment of a function or power by way of a provincial Act to municipalities, or any category of municipalities, in the province must, within a reasonable time before the draft provincial Act providing for the assignment is introduced in the relevant provincial legislature-

a. Request the Financial and Fiscal Commission to assess the financial and fiscal implications of the legislation, after informing the FFC of the possible impact of such assignment on-
   i. The future division of revenue between the spheres of government in terms of section 214 of the Constitution;
   ii. The fiscal power, fiscal capacity and efficiency of municipalities or any category of municipalities; and
   iii. The transfer, if any, of employees, assets and liabilities; and

b. Consult the MEC for local government, the MEC responsible for Finance and organized local government representing local government in the province with regard to-
   i. The assessment by the FFC contemplated in paragraph (a);
   ii. The policy goals to be achieved by the assignment and the reasons for utilizing assignment as the preferred option;
   iii. The financial implications of the assignment projected over at least three years;
   iv. Any possible financial liabilities or risks after the three-year period referred to in subparagraph (iii);
   v. The manner in which additional expenditure by municipalities as a result of the assignment will be funded;
   vi. The implications of the assignment for the capacity of municipalities;
   vii. The assistance and support that will be provided to municipalities in respect of the assignment; and
   viii. Any other matter that can be prescribed.

(3) When draft legislation referred to in subsection (1) or (2) is introduced in Parliament or a provincial legislature, the legislation must be accompanied by-

a. A memorandum-
   i. Giving at least a three-year projection of the financial and fiscal implications of the assignment of that function or power for those municipalities;
   ii. Disclosing any possible financial liabilities or risks after the three-year period;
   iii. Indicating how any additional expenditure by those municipalities will be funded; and
   iv. Indicating the implications of the assignment for the capacity of these municipalities; and
The Financial and Fiscal Commission (FFC) Act, 1997 requires the FFC to be consulted in the instance of both legislative and executive assignments.

The Inter-Governmental Relations Framework Act, 2005 (IGRFA), provides the mechanism for addressing disputes in Chapter 4. In addition, section 35 of the IGRFA sets criteria for consideration of an Implementation Protocol for the performance of powers and functions and regulates the content of such Protocols.

The Inter-Governmental Fiscal Relations Act, 1997 (IGFRA), promotes inter-sphere cooperation on fiscal, budgetary and financial matters. Section 6 prescribes consultation with the Local Government Budget Forum on any legislation, policy or financial matter affecting the local sphere of government.

The Housing Act, 1997 regulates the powers and functions of the three spheres of government in relation to housing. Section 10 of the Act allows for the administration of national housing programmes by municipalities through accreditation.

The Division of Revenue Act (DORA): This is an annual piece of legislation which accompanies the national budget and sets the framework for financing arrangements amongst the various spheres of government. The Division of Revenue Act contains specific provisions relating to the accreditation and assignment of municipalities for the purposes of the administration of national housing programmes.

The Municipal Finance Management Act (MFMA), 2003 regulates the financial affairs of municipalities, sets treasury norms and standards, and clarifies roles and responsibilities of

b. The assessment of the FFC referred to in subsection (1) (a) or 92) (a), as the case may be.

S 10 Assignment of functions or powers to specific municipalities by Acts of executive or by agreement

If a function or power is assigned to any specific municipality in terms of a power contained in an Act of parliament or a provincial Act, or by agreement in terms of section 99 or 126 of the Constitution, the organ of state assigning the function or power must, before assigning the function or power, submit to the Minister and the national treasury a memorandum –

(a) Giving at least a three-year projection of the financial implications of that power or function for the municipality; and

(b) disclosing any possible financial liabilities or risks after the three-year period; and

(c) indicating how any additional expenditure by the municipality will be funded

S10A Funding and capacity building

The Cabinet member, MEC or other organ of state initiating an assignment of a function or power to a municipality in terms of section 9 or 10, must take appropriate steps to ensure sufficient funding, and such capacity-building initiatives as may be needed for the performance of the assigned function or power by the municipality if-

(a) the assignment of the function or power imposes a duty on the municipality;

(b) that duty falls outside the functional areas listed in Part B of Schedule 4 or Part B of Schedule 5 to the Constitution or is not incidental to any of those functional areas; and

(c) the performance of that duty has financial implications for the municipality.
the political and administrative office bearers. The financial management of national housing programmes needs to comply with the relevant sections of the Act.

- **The Public Finance Management Act (PFMA), 1999** regulates financial management within national and provincial government; ensures that all revenue, expenditure, assets and liabilities of those governments are effectively managed, and provides for the responsibilities of financial managers. The management of national housing funds by provinces on behalf of accredited municipalities would need to comply with the relevant provisions within this Act.

- **The Comprehensive Plan for Sustainable Human Settlement, Breaking New Ground Policy (2004)** envisages the accreditation (and assignment) of municipalities, in particular the metros, to administer national housing programmes. In order to be accredited (and ultimately assigned the functions), municipalities will have to demonstrate their capacity to plan, implement, and maintain both projects and programmes that are well integrated within IDPs, and within the 3-year rolling capital investment programmes mandated by the MFMA.

- **The National Housing Code** sets the underlying policy principles, guidelines, norms and standards which apply to government’s various housing assistance programmes introduced and updated since 1994. The Code highlights the important role of the local sphere in terms of national programme delivery.

- **Outcome 8 of Government’s National Programme of Action (2009 – 2014)** positions accreditation as a key instrument to achieve accelerated delivery of housing opportunities and the 2014 target of 400 000 households in well located informal settlements with access to basic services and secure tenure. The specific accreditation and assignment targets for the national departments responsible for human settlements and local government are presented in Table 1 below:

### Table 1 Outcome 8 Accreditation and Assignment Targets

<table>
<thead>
<tr>
<th>Targets</th>
<th>Level One</th>
<th>Level Two</th>
<th>Assignment</th>
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<tr>
<td>2011</td>
<td>8 Metros</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>7 Local / District Municipalities</td>
<td>12 Local / District Municipalities</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td></td>
<td></td>
<td>6 Metros</td>
</tr>
<tr>
<td>Total</td>
<td>7</td>
<td>20</td>
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**Principles of Accreditation and Assignment**

The accreditation framework is based on the following eight key principles:

1. **Efficient and integrated human settlements delivery**: The driving rationale behind accreditation and assignment is that it has potential to make human settlements delivery more efficient and effective and that municipalities will be in a stronger position to undertake integrated planning, urban management and service delivery within their areas of jurisdiction.

2. **Accountability must accompany responsibility and funding follows function**: A key distinction between accreditation and assignment is the location of financial responsibility and the lines of financial accountability. In accreditation, the financial administration of national housing programmes and financial accountability is shared between the provincial accounting officer and the accredited municipality. The municipality is required to report on financial matters to the provincial accounting officer. In assignment, the direct responsibility for financial administration of national housing programmes, and therefore full financial accountability, is transferred to the municipal accounting officer. This shift is realised through direct financial transfers from national to the local sphere and the municipality reporting to the relevant national accounting officer\(^6\).

3. **Accreditation must build capacity**: In order to ensure that human settlements delivery is not interrupted or undermined, accreditation is granted prior to assignment. Accreditation is given on an incremental basis (Level One and Two) dependent on capacity\(^7\) within the applicant municipality. The municipality, the National Department responsible for Human Settlements (NDHS), and the relevant Provincial Department responsible for Human Settlements (PDHS) are jointly responsible to facilitate further capacity development and support in respect of specific municipal requirements. Such capacity and support may be drawn from relevant support instruments within other departments, such as the Department of Co-operative Governance, Provincial and National Treasuries, and the Housing Development Agency. Once adequate capacity is built through the accreditation process, assignment must follow.

4. **Adequate, transparent and realistic resourcing**: Municipalities require adequate resourcing, both financial and non-financial, to perform their accredited or assigned functions. Section 10(4) (b) of the Housing Act requires provincial accounting officers to transfer funds to municipalities for the performance of the accredited housing functions. Section 10(A) of the Municipal Systems Act requires the assigning authority to take appropriate steps to ensure sufficient funding, and such capacity-building initiatives as may be required, for the performance of the assigned function. The Division of Revenue Act

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\(^6\) The NDHS, together with the National Treasury and the Finance and Fiscal Commission will determine the full fiscal and financial implications of an assignment.

\(^7\) Capacity can either be existing or created – it is not a static concept.
regulates both the Equitable Share and grant allocations to the three spheres of government. The intention of the legislation is to ensure transparent and predictable financial flows. There are also implications of accreditation and assignment for non-financial resources such as staff, assets and liabilities given the principle that capacity must follow functions. An independent technical assessment of capacity requirements at both provincial and municipal levels is necessary in order to inform decisions regarding such transfers.

5. **Prioritised universal and flexible application across the country:** The accreditation and assignment framework will be applicable to metropolitan (Category A), local (Category B) and district (Category C) municipalities across South Africa. The criteria for assessing the readiness of a municipality for accreditation will include an assessment of whether the accreditation of a municipality will result in increased integrated and efficient service delivery. For example, if a district municipality requests accreditation the municipality must demonstrate that it will act on behalf of all or some of the local councils that operate in its area of jurisdiction, and that it has the necessary powers and functions and financial responsibilities to ensure integrated and efficient service delivery.

6. **Co-operative Governance:** In keeping with the principles of the Constitution and the IGRFA, a fundamental component of the accreditation and assignment process is that it supports enhanced co-operation amongst the three spheres of government. Notwithstanding the process of accreditation and assignment, all three spheres of government must work together for the successful implementation of human settlements policy. The delivery of integrated human settlements requires the participation and commitment of all three spheres of government across all sectors.

**Overall Approach**

As outlined above, a phased approach is taken to the assignment of the human settlements function of administering national housing programmes. Whilst the intention is the assignment of the function to the local sphere, there is a need to build the capacity of municipalities through accreditation. No municipality may seek assignment without already being accredited for Level Two. A summary of this approach is presented in Figure 1 below:
Figure 1 National Accreditation & Assignment Framework

Phase 1: Accreditation

Levels 1 & 2 Accreditation granted ito S 10(2)(a) of the Housing Act & criteria within the Accreditation Framework

Aim to progressively capacitate municipalities S 10(A) of the MSA

Effected through an Implementation Protocol in terms of S 35 of the IGRFA – clear time-frames

Financial allocations made from Schedule 5 grant to provinces in terms of formula
Municipalities report to provincial accounting officer

Phase 2: Assignment

MEC to assign ito S126 of the Constitution – executive assignment through agreement

S 9 & 10 of the MSA regulates process
FFC Act requires consultation

Financial flows to be adjusted with shift in accountability
Municipality reports directly to national accounting officer
**Phase One: Accreditation**

Given that the capacity of municipalities is not uniform, two levels of accreditation for the administration of national and provincial housing programmes are possible:

- **Accreditation Level One**: Beneficiary management, subsidy budget planning and allocation, and priority programme management and administration

- **Accreditation Level Two**: Full programme management and administration of all housing instruments/programmes [in addition to Level One responsibilities]

Accreditation is applicable to all national and provincial housing programmes, with the exception of individual and relocation subsidy mechanisms, which remain the responsibility of the provincial department responsible for human settlements.

**Level One Accreditation**

Municipalities receiving Level One accreditation will be responsible for:

| Subsidy budget planning and allocation, and priority programme management and administration: | Includes housing subsidy budgetary planning functions across national housing programmes and projects; subsidy/fund allocations, and project identification functions. |
| Priority programme management and administration: | May include the following responsibilities for specific priority programmes where agreed: programme and project evaluation and approvals; and, contract administration; subsidy registration; programme management including cash flow projection and management and technical (construction) quality assurance functions. |

In order to undertake the responsibilities associated with Level One accreditation, municipalities will require the capacity to undertake: integrated planning and budgeting; project identification and assessment; feasibility assessments through appointing professionals (e.g. engineers, town planners or certified project managers); and programme and project administration.

These additional responsibilities will require focused internal capacity to commission, produce and implement human settlement strategies, plans and budgets.

Municipalities with Level One accreditation may, on an annual basis, and in terms of an agreement with the MEC responsible for Human Settlements and a Council decision, progressively increase the complement of priority programmes that they administer, as incremental steps towards Level Two.
Level Two Accreditation

Municipalities receiving Level 2 accreditation will be responsible for all Level 1 functions with the addition of:

| Programme management and administration responsibilities for all national and provincial housing programmes: | this includes project and programme approval and evaluation; contract administration; subsidy registration; programme management including cash flow projection; procure service providers; contract management and technical (construction) quality assurance functions. |

Level 2 accreditation will require the further capacity to: approve projects and programmes; procure service providers and manage contracts; administer subsidies; and conduct quality assurance. Municipalities will require programme administration capability (skills and experience) in line with the scale of activities planned for the municipality including project cash flow management.

Subsidy administration by the municipality requires direct access to the Housing Subsidy System (HSS), which links into into the National Human Settlements Data Base (NHSDB). The national and provincial departments responsible for Human Settlements will need to make this possible.

Accreditation and the Financial Administration of National Housing Programmes

As part of capacitation, municipalities with Levels One and Two accreditation share financial responsibility for the national housing programmes that they administer with the provincial accounting officer. Budgetary allocations by MECs to accredited municipalities are from the provincial Human Settlements Development Grant (HSDG) as contained within Schedule 5 of the annual Division of Revenue Act. Municipalities are required to submit a plan and budget to the MEC for the MTEF period reflecting the programmes and projects to be implemented through this allocation. Municipalities are required to report on the funding in terms of the MFMA and to the provincial accounting officer in terms of the requirements of the PDHS and the DoRA. In terms of the Housing Act, accredited municipalities are required to maintain a separate account into which funds transferred by the MEC is deposited and out of which all

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8 For an application to be approved the following must take place: capture application, edit and verify and then submit for searches. Searches are completed against: (a) the population register to verify the following applicant details: identification number, marital status, whether deceased or living; (b) the NHSDB to determine whether the applicant has benefitted from a previous subsidy or not; (c) deeds database to determine whether there is an existing title deed for the applicant or not; (d) PERSAL to confirm whether the applicant receives a government salary or not; (e) GEPF to check whether the applicant receives a government pension or not; and (f) UIF to verify the applicant’s employment status. The results from the searches are interpreted based on the policy for the specific subsidy type applied for. Records of approved beneficiaries are uploaded automatically from the HSS to the NHSDB.
disbursements in connection with the administration of the national housing programmes are made. Full financial responsibility, and therefore accountability, is only transferred to municipalities through the assignment of the functions.

Criteria for Accreditation

The MEC’s decision for accreditation and the appropriate level accreditation is based on the following criteria as outlined in Table 2 below:

Table 2  Criteria for Accreditation per Level

<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Criteria</th>
</tr>
</thead>
</table>
| LEVEL ONE ACCREDITATION: Subsidy budget planning and allocation process & priority programme administration | • Approved MHSP, plan and budget  
• Accreditation business plan – section for Level One  
• Necessary capacity to be enhanced, confirmed by an auditor, including:  
  o Ability to draft a business plan for Level One accreditation.  
  o Ability to produce and implement housing strategies, plans and budgets, or commission and manage such functions.  
  o Ability to do project identification and assessment  
  o Ability to produce and undertake project feasibility assessments undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for priority programme(s)  
  o Programme administration skills / experience relevant to the priority programme(s) and in line with the scale of activities planned for the municipality. |
| Housing subsidy budget | |
| Subsidy / fund allocations | |
| Project identification | • Priority programme management & administration  
• manage beneficiaries and manage stock |
| LEVEL TWO ACCREDITATION: to undertake Full programme management/ administration | • Approved MHSP, plan and budget  
• Accreditation business plan – section for Level Two  
• HSS in place and ability to undertake subsidy administration (See footnote 8) function  
• Necessary capacity to be enhanced, including:  
  o Ability to draft a business plan for Level Two accreditation  
  o Ability to produce and undertake project feasibility assessments undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for all programmes.  
  o Programme administration skills / experience in line with the scale of activities planned for the municipality. |
| Project / Programme approval | |
| Contract administration | |
| Programme management | |
| Subsidy administration | |
| Technical (construction) quality assurance | |

Process for Obtaining Accreditation

In terms of the Housing Act, 1997, municipalities apply for accreditation and the provincial MEC responsible for Human Settlements will determine, in terms of the criteria set out in this
Framework, whether the applicant municipality will receive accreditation and, if so, to which level. A municipality may seek accreditation in respect of each level on a consecutive or concurrent basis. If the municipality complies with the criteria for the Level/s applied for, then the MEC must accredit the municipality in terms of Section 10(2)(a) of the Act. The assessment of whether the municipality meets the criteria for accreditation will be done through an independent auditor.

MECs may also prioritise specific municipalities in their areas of jurisdiction for accreditation. These municipalities will be invited to apply for accreditation in terms of section 10 of the Housing Act. Priority municipalities will be agreed to, from time to time, within the Human Settlements MINMEC.

The following process will apply:

- **Pre-accreditation preparation:** A municipality communicates its intention to apply for accreditation to the PDHS. The PDHS provides the required formal and targeted technical assistance towards the development of an accreditation business plan (Annexure 1). The business plan must include: the level of accreditation applied for; the objectives of the requested accreditation; the existing capacity for human settlements; and the further capacity that is required for the municipality to perform the accredited functions. It must be supported by a current and future organogram for the human settlements unit (based on an assumption of accreditation) and a costing of the additional operational capacity requirements.

- **Formal Accreditation Application:** A municipality formally applies in writing to the MEC. This application is supported by proof of a Council decision in this regard and the Accreditation Business Plan.

- **Independent Assessment of Municipal Capacity:** The MEC will then request an assessment by an independent assessor/auditor of the capacity of the municipality to meet the criteria for the relevant level of accreditation. The assessment will consider the capacity of the municipality against the criteria for accreditation. Such an assessment will need to take into account the capacity of the municipality as a whole and not simply that of the Human Settlements unit. The reason is two-fold: first, it acknowledges the fact that some or all of the accredited functions will be new functions for the municipality. Secondly, given the cross-functional nature of human
settlements development, it is anticipated that capacity will be drawn from a range of municipal functions e.g. financial, legal, technical, procurement etc. An independent capacity assessment will be undertaken of the Municipality (See Annexure 2) and recommendations will be made to the MEC regarding the Level of Accreditation to be awarded and the capacitation requirements of the municipality. The independent assessment may recommend certain remedial actions within a specified time-frame prior to the granting of accreditation.

- **Compliance Certification:** The MEC confirms accreditation compliance by issuing a compliance certificate. This certificate confirms that the municipality has fulfilled the capacity requirements in terms of the criteria for the accreditation level applied for and is entitled to perform all the related functions. (See Annexure 3)

- **Revision of Municipal Human Settlements Sector Plan:** A revised Municipal Human Settlements Sector Plan (MHSP) is then developed to reflect the additional functions for which the municipality is responsible in terms of the particular level of accreditation awarded. The plan is developed with the technical support of the PDHS where necessary. The MHSP must be aligned with other strategic planning frameworks of the Municipality, such as the Spatial Development Framework, the Infrastructure Master Plan, the Water Services Development Plan, the Built Environment Support Plan, Informal Settlements Management Plan, the Environmental Management Plan and the Integrated Transport Plan. In order to quantify housing demand, municipalities should consult the National Housing Needs Register, Census data and any municipal surveys undertaken in this regard. It must also be integrated into the Municipality’s Performance Management System.

It is then submitted to the MEC to ensure alignment with national priorities and outcomes and the Provincial Multi-Year Human Settlements Plan (PMYHSP) and Annual Performance Plan (APP). The part of the MHSP that addresses the administration of national programmes on behalf of the province must be approved by the relevant MEC. This approval process ensures compliance with section 9(2) (b) of the Housing Act that prohibits an accredited municipality assuming a developer role unless the project has been approved by the MEC. After consultation with the MEC, the MHSP is submitted to Council for approval and is incorporated into the municipality’s strategic planning and budgeting processes. The MHSP forms the revised Housing Sector Plan of the Municipality’s Integrated Development Plan (IDP). The IDP and budget is adopted by Council. A guideline for a MHSP is attached as Annexure 4.

- **Capacitation of the Municipality’s Human Settlements Unit:** The PDHS is to assist the municipality in terms of meeting its operational needs identified in the Accreditation Business Plan and based on the findings of the independent assessment of capacity for accreditation. This will be achieved by: (1) ensuring sufficient operational capital for the performance of the accredited functions; (2) conducting a technical assessment of capacity within the provincial department and identifying staff and assets that should be transferred or seconded to the municipality for the purposes of performing the accredited responsibilities; (3) facilitating access of the municipality to the HSS for Level 2 accreditation; (4) facilitating access by the municipality to new programmes
located in other government departments or agencies; and (5) providing direct capacity and support. A template for a Municipal Capacity and Support Plan is included as Annexure 5.

The final steps in the accreditation process are the resourcing of the function and the formalisation of accreditation through an agreement. Given the significance of these steps, they are discussed in detail below:

**Resourcing**

The relevant PDHS will be responsible for ensuring that the municipality receives adequate resources and capacity to perform the functions for which it has been accredited and to move it towards either the second level of accreditation and/or assignment. The resources are both financial and non-financial.

**Financial Resources**

Funding arrangements relate to the allocation of housing subsidy funds and to the administrative costs associated with the new responsibilities conferred through accreditation. A critical component of accreditation is budgetary certainty, defined on a formula-basis over the MTEF period. The provincial accounting officer will be responsible for applying the formula and gazetting municipal allocations in terms of the DoRA. Budgetary certainty gives municipalities the opportunity to respond creatively to their housing responsibilities and local challenges and to ensure a coordinated and integrated delivery process. Details regarding the funding arrangements are set out below:

**Allocation of Human Settlements Development Funds**

National human settlements development funds to accredited municipalities will be allocated by the MECs responsible for human settlements in terms of a formula, which is equally applied by provinces across all accredited municipalities. These funds will be contained in the DoRA as a Schedule 5 conditional grant. Periodically, the MINMEC responsible for Human Settlements must agree on a universally applicable formula which takes into account the housing backlog, economic growth rate, population growth rate, topographical factors and other agreed and quantifiable factors. An adjustment factor for outdated census data should be allowed. Accredited municipalities are required to submit a plan and budget every year to the provincial accounting officer within the framework of the MTEF.

The municipal budget allocations will be held and administered by the PDHS and disbursed in terms of the meeting of performance targets and an agreed payment schedule.

Where it is apparent that a particular accredited municipality will not be able to utilise the housing subsidy budget allocated to it in a particular budget year, the relevant PDHS shall re-allocate the projected unutilised portion in terms of DoRA conditions. In such an instance, the

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9 A Schedule 5 grant is a special purpose allocation to provinces
re-allocation of funds must be accompanied by targeted capacitation interventions from the PDHS to assist the municipality to overcome its implementation challenges.

Any projects delayed through the re-allocation of funds in a particular year, will have to be financed from the budget allocations in the outer years of the MTEF cycle. Projects already approved should have first call on any municipal housing subsidy allocation unless the particular project is formally cancelled.

**Operational Funding**

It is recognised that in accepting accreditation, municipalities will be incurring higher operational costs. These costs are related to both:

1. Pre-accreditation funding requirements;
2. Capacitating the municipality post-accreditation; and
3. Ongoing operational costs associated with implementation.

Pre-accreditation funding requirements include: the preparation of an Accreditation Business Plan, which requires a capacity assessment of the municipality’s housing unit and the re-design of the unit’s organogram; and, the review of the MHSP.

The operational costs of capacitating the municipality post-accreditation relate to the additional staffing and skills requirements, and associated costs for the administration of national housing programmes at a particular level. Municipalities are required to put in place, or to expand existing, municipal capacity and systems to perform the accredited functions including: budget tracking; document management; reporting; project tracking; cash-flow tracking; and HSS\(^\text{10}\). The operational costs associated with implementation relate to the ongoing costs for the additional capacity developed to perform the accredited functions.

The operational funding will be determined in terms of either a formula or percentage of the human settlements development funds allocated to the municipality. Reporting on expenditure will be done in terms of DoRA, the MFMA and the requirements of the provincial accounting officer.

**Submission of Budgets for Accreditation**

All accredited municipalities will be required to submit annual budgets to the provincial accounting officer based on the three-year MTEF and, reconcile expenditure against these.

The budgeting function includes:

- The costing of an administration and housing projects budget and cash flow projections (based on the subsidy allocation received).

\(^\text{10}\) HSS Online provides users with different reporting options on applications, beneficiaries, claims, project budget and multi-year project expenditure. There are existing guidelines for the filing of subsidy applications as the office of the Auditor General and Special Investigating Unit (SIU) require the original application forms for investigations/ audits.
The review and endorsement of the budget and cash flow by the Human Settlements’ Executive and Human Settlements Committee of the municipality.

Submission of budget and cash flow projections to the PDHS and the review by the PDHS.

In addition, accredited municipalities are responsible for:

Monthly management of the expenditure and cash flow against original budget.

Reporting on expenditure and cash flow against budget.

Non-financial Resources

The PDHS will be required to conduct an independent technical assessment of the implications of accreditation on the staff, assets and liabilities of the provincial department. A scope of work for the conducting of such an assessment is included as Annexure 6 to this Framework. A decision to transfer staff, assets and liabilities to the municipality must be taken in terms of the municipality’s Accreditation Business Plan and the specific needs of the municipality. For example, filling of posts could include the realignment of personnel within the municipality, the new appointment of specific, identified personnel, or the transfer/secondment of PDHS staff to the new posts established within the municipal human settlements unit. The municipality will need to negotiate the approach to be taken with the PDHS, along the parameters defined by the Labour Relations Act, the Public Finance Management Act, Municipal Finance Management Act and any other applicable public service legislation, policy and/or processes.

The transfer of employees by an MEC must be undertaken with the intent of increasing the capacity of the municipality to undertake the effective administration of national housing programmes. This transfer must take place with the consent of the employee concerned and the concurrence of the designated municipality. The transfer is also subject to the Labour Relations Act, 1995. Section 197 of the LRA applies with the implications that:

1. The municipality is automatically substituted in the place of the provincial administration in respect of all contracts of employment immediately prior to the date of transfer;
2. All the rights and obligations of the employer continue in force; and
3. The continuity of employment of the employee is uninterrupted.

The transfer of assets and liabilities should be negotiated between the PDHS and the accredited municipalities. A detailed asset register should be provided by the PDHS. Assets include outstanding debtors. It should be borne in mind that the transfer of property deeds can be cumbersome and that sufficient time should be planned for in this regard.

The accredited municipality should also negotiate acceptance of existing liabilities associated with the function, both of a short and long-term nature. Liabilities include disputes and disciplinary processes, unresolved litigation and outstanding creditors.

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11 This secures issues such as accumulated vacation leave and pension funds.
**Formalisation of Accreditation**

An Implementation Protocol is to be entered into between the MEC and the municipality for the purposes of formalising accreditation in terms of section 35 of the Inter-Governmental Relations Framework Act (IGRFA). The human settlements function meets the criteria set for consideration of an Implementation Protocol, due to the fact that: the delivery of human settlements is regarded as a national priority; national and provincial government are required to build capacity within the local sphere; co-ordination is required amongst organs of state; and capacity needs to be built within an assigned municipality.

In terms of section 35(3) of the IGRFA, an Implementation Protocol must –

(a) Identify any challenges facing the implementation of the statutory function and state how these challenges are to be addressed;
(b) Describe the roles and responsibilities of each organ of state in performing the statutory function;
(c) Give an outline of the priorities, aims and desired outcomes;
(d) Determine indicators to measure the effective implementation of the protocol;
(e) Provide for oversight mechanisms and procedures for monitoring the effective implementation of the protocol;
(f) Determine the required and available resources to implement the protocol and the resources to be contributed by each organ of state with respect to the roles and responsibilities allocated to it;
(g) Provide for dispute-settlement procedures and mechanisms should disputes arise in the implementation of the protocol;
(h) Determine the duration of the protocol; and
(i) Include any other matters on which the parties may agree.

In terms of section 35(4),(5) and (6) of the IGRFA, the Implementation Protocol must be consistent with any provisions of the Constitution and national housing legislation and be in writing and signed by the affected parties after consultation with other affected organs of State. An appropriate intergovernmental forum may co-ordinate the implementation of the protocol. Draft Implementation Protocols for Level 1 and 2 Accreditation have been developed and are attached to this Framework as Annexure 7 (a) and (b). A monthly reporting format for the Implementation Protocol is included as Annexure 8.

**Roles and Responsibilities**

Accreditation of municipalities by the relevant MEC shifts the roles and responsibilities amongst the NDHS, PDHS and municipalities and these are presented in the table below:
Table 3 Shifting Roles and Responsibilities through Accreditation

<table>
<thead>
<tr>
<th>Parties</th>
<th>Roles and Responsibilities</th>
</tr>
</thead>
</table>
| National department responsible for Human Settlements | ● Setting national human settlements policy  
● Setting national human settlements goals and outcomes  
● Monitoring the performance of the human settlements sector against human settlements delivery goals and key indicators  
● Assisting PDHSs’ to develop their administrative capacity and to support and strengthen the capacity of municipalities  
● Promoting effective communication within the human settlements sector |
| MEC responsible for Human Settlements | ● Taking decision on accreditation  
● Issuing accreditation compliance certificates  
● Approving the part of the MHSP that addresses the accredited programmes and projects in compliance with Section 9 (2)(b) of the Housing Act  
● Approving the PMYHSP and APP and ensuring alignment with the MHSP  
● Issuing policy directives to municipalities consistent with national housing policy  
● Facilitating inter-governmental planning and budgeting alignment with the MHSP  
● Entering into Implementation Protocols with municipalities  
● Regularly reviewing the performance of the municipalities  
● Intervening and taking the steps necessary to ensure adequate municipal performance  
● Allocating funds to the accredited municipality in terms of the formula |
| Provincial Department responsible for Human settlements | ● Co-ordinating human settlements development within the province  
| | ▪ Transferring funds to municipalities in terms of approved payment schedules  
| | ▪ Supporting municipalities in the development of MHSPs  
| | ▪ Facilitating inter-governmental alignment of planning and budgeting with the MHSP  
| | ▪ Ensuring reporting compliance in terms of relevant legislation  
| | ▪ Reviewing the performance of municipalities and advising the MEC accordingly  
| | ▪ Ongoing liaison with the Municipalities through its Accreditation Unit  
| | ▪ Undertaking a technical assessment of affected and assets and overseeing a transfer of staff and assets  
| | ▪ Providing the necessary support and capacity to municipalities; and  
| | ▪ Performing duties of the Accounting Officer for monies transferred to municipalities |
| Municipality | ● Undertaking responsibilities as required in terms of the relevant Level of accreditation  
| | ▪ Adoption of a MHSP as part of the IDP and budget  
| | ▪ Capacitation of the Human Settlements Unit and putting in place effective programme and project management systems  
| | ▪ Proactively engage stakeholders regarding land availability and acquisition  
| | ▪ Resource mobilization  
| | ▪ Reporting to province  
| | ▪ Demonstrating commitment towards accelerated service delivery  
| | ▪ Carrying out the policy directives of the MEC  
| | ▪ Reporting allegations of fraud or corruption or other risks associated with accredited functions  
| | ▪ Informing province of support and capacity requirements |

The PDHS must prepare its own Accreditation Business Plan that addresses the shift to its new responsibilities in relation to, and details the plans to resource and capacitate, accredited municipalities. The responsibility of implementing the PDHS’s Accreditation Business Plan must be the responsibility of a PDHS Accreditation Unit.

Accreditation Summary

A Road Map summarising the steps that should be followed for Level 1 and 2 Accreditation is presented on the following page.
Figure 2 Road Map for Level 1 & 2 Accreditation

Municipality

- MHSP prepared & submitted to MEC for HS
- MHSP adopted by Council as IDP Sector Plan & included in Annual Budget &
- Capacitate Housing Unit to perform delegated functions

Province

- Signing of Compliance Certificates and entering into Transitional SLA between province and municipality
- MEC approves accreditation programmes & projects
- MEC approves PMYHSP & APP in alignment with MHSP
- Provincial gazetting of HSDG allocations to
- Provincial APP & Budget adopted
- Technical assessment re transfer of staff & assets
- Signing of Implementation Protocol between province and the municipality

National

- National & provinces to initiate legal processes regarding assignment & re-alignment of financial flows
- Gazetting of municipal HSDG allocations in terms of DORA
- Amendment to National Accreditation Framework to make it consistent with legislative framework re Assignment
- Guidance to be provided to provinces for formula allocation to accredited municipalities for the HSDG
- NDHS to expedite the reconfiguration of the HSS to enable direct accredited municipal access
- National & provinces to provide ongoing support to accredited municipalities & monitor performance
- Provincial reporting on expenditure into DORA
- Ensure capacitation of municipality re HSS
**Phase 2: Assignment**

Assignment entails the formal transfer of the functions of the administration of national housing programmes to a municipality. Legally, assignment of functions or powers from the provincial to local sphere of government may be made:

- a. to municipalities generally, by way of legislation (section 9 of MSA, read with section 156(1)(b) of the Constitution); or
- b. to specific municipalities, by way of:
  - a. legislation (section 9 of the MSA, read with section 156(1)(b) of the Constitution); or
  - b. agreement (section 10 of the MSA, read with section 126 of the Constitution).

Given the need to tailor the terms and conditions of assignments to individual circumstances and the varying capacities of specific municipalities, the mechanism of agreement is the most appropriate manner of assignment for purposes of this framework. The Executive Assignment Agreement will:

- allow for a differentiated approach to municipalities that ensures that individual circumstances and capacities are taken into account;
- ensure that the terms of the assignment are agreed to between province and the municipality as no party can be forced to sign; and
- enable MECs to hold the municipal executive accountable for their commitments within the Agreement and vice-versa.

This assignment will take place in terms of an Executive Assignment Agreement entered into between the MEC for Human Settlements and the Municipality and by proclamation of the Premier.

The functions to be assigned include all functions accredited to municipalities in terms of Level One and Level Two, and the additional responsibility of financial administration for national housing programmes. This includes subsidy payment disbursements, and financial reporting and reconciliation. In order to undertake the functions associated with the financial administration, municipalities will require focused internal financial management and administrative capacity. The functions to be assigned to municipalities are summarised in the Table 4 below.
Table 4 Provincial Functions to be Assigned to Municipalities

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Components and Definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidy budget planning and allocation and priority programme management and administration: This includes housing subsidy budgetary planning across programmes and projects; planning of subsidy/fund allocations, and project identification. It also includes programme management and administration functions for specific, prioritised programme(s) identified co-operatively in consultation with the PDHS. As set out in the Housing Act, municipal responsibilities for local beneficiary management, local housing priorities and the management of public stock remain municipal responsibilities. Programme management and administration: This includes project evaluation and approval, contract administration, subsidy registration, programme management including cash flow projection and management and technical (construction) quality assurance. Assignment and Financial administration: This includes subsidy payment disbursements, and financial reporting and reconciliation, as well as the assignment of all Level One and Level Two functions.</td>
<td></td>
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</tbody>
</table>

The major implication of assignment and the transfer of the financial administration function to municipalities is the shifting of full financial accountability. The municipal accounting officer is now directly accountable to the national accounting officer.

Criteria for Assignment

In terms of section 156(4) of the Constitution a national or provincial government “must assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 or Part A of Schedule 5 which necessarily relates to local government, if –

(a) That matter would most effectively be administered locally; and
(b) The municipality has the capacity to administer it.”

As indicated in the legislative and policy context for this Framework, there is convergence on the issue that the administration of national housing programmes would most effectively be administered locally. The outstanding issue is whether the municipality has the capacity to administer the function. As explained, accreditation is the mechanism for ensuring that this capacity exists in the local sphere. As with Levels One and Two Accreditation, there are specific criteria that must be met in order to assess readiness for assignment. The criteria for assignment are set out in the Table below. It is understood that municipalities that apply for assignment would already have met the criteria for Levels One and Two Accreditation.
Table 5 Criteria for Assignment

| ASSIGNMENT: Additional Financial administration functions | • Approved MHSP and budget  
| • Assignment business plan  
| • Additional capacity in terms of:  
| • Ability to prepare or commission a business plan for Assignment  
| • Financial management with ability to review, report and manage subsidy disbursements and financial reporting and reconciliation  
| • Subsidy disbursements  
| • Financial reporting and reconciliation |

Process for Assignment

The existing Constitutional and legal framework for assignment will be followed for the assignment of the function to administer national housing programmes from the provincial to the local sphere. The Municipal Systems Act, Financial and Fiscal Commission Act, Inter-Governmental Relations Framework Act and the Inter-Governmental Fiscal Relations Act apply.

The assignment is to be undertaken in terms of section 126 of the Constitution, which states that: “A member of the Executive Council of a province may assign any power or function that is to be exercised or performed in terms of an Act of Parliament or a provincial Act, to a Municipal Council. An assignment –

(a) Must be in terms of an agreement between the relevant Executive Council member and the Municipal Council;

(b) Must be consistent with the Act in terms of which the relevant power or function is exercised or performed; and

(c) Takes effect upon proclamation by the Premier”.

This process to be followed in effecting the assignment is detailed below.
The assignment is regulated in terms of section 10 of the Municipal Systems Act. In terms of this Act, prior to the assignment the MEC responsible must submit to the Minister responsible for Human Settlements and the National Treasury a memorandum –

(a) Giving at least a three-year projection of the financial implications of that power or function for the municipality;
(b) disclosing any possible financial liabilities or risks after the three-year period; and
(c) indicating how any additional expenditure by the municipality will be funded.

In order to prepare this memorandum, and in terms of the FFC’s function to advise the three spheres of government on financial and fiscal matters\(^\text{12}\), a similar process is to be followed as that envisaged for legislative assignments in terms of section 9 (2) of the MSA. This process is outlined below.

**Steps Toward Assignment**

- **Assignment Application**: A municipality that has received Level 2 accreditation is able to request assignment of the function to administer national housing programmes from the MEC. The MEC may also seek to initiate assignment.

- **Capacity assessment of the applicant municipality**: Based on the performance of the municipality in terms of its Level 2 accreditation functions and the Implementation Protocol entered into between the MEC and the Executive Mayor of the municipality, a recommendation will be made by an independent assessor to the MEC.

- **Decision by MEC that applicant municipality has the capacity to perform the assigned functions**

\(^{12}\) Financial and Fiscal Commission Act, 1997 Section 3 (2) (a) - This section envisages a role for the FFC in the assignment by national or provincial executives in terms of its function to advise organs of state in the three spheres of government on financial and fiscal matters.
- **Consultation with the Financial and Fiscal Commission:** An MEC initiating the assignment must request the Financial and Fiscal Commission to assess the financial and fiscal implications of the assignment, after informing the FFC of the possible impact of such assignment on-
  i. The future division of revenue between the spheres of government in terms of section 214 of the Constitution;
  ii. The fiscal power, fiscal capacity and efficiency of municipalities or any category of municipalities; and
  iii. The transfer, if any, of employees, assets and liabilities.

The FFC has 180 days to prepare its assessment. It is anticipated that the consultation with the FFC could be conducted jointly by MECs responsible for Human Settlements with the intention to assign in order to ensure uniformity and consistency of approach towards addressing the financial and fiscal implications of assignment.

- **MEC to consult with the MEC for local government, the MEC responsible for Finance and organized local government in the province:** The consultation is with regard to-
  i. The assessment by the FFC referred to above;
  ii. The policy goals to be achieved by the assignment and the reasons for utilizing assignment as the preferred option;
  iii. The financial implications of the assignment projected over at least three years;
  iv. Any possible financial liabilities or risks after the three-year period referred to in subparagraph (iii);
  v. The manner in which additional expenditure by municipalities as a result of the assignment will be funded;
  vi. The implications of the assignment for the capacity of municipalities;
  vii. The assistance and support that will be provided to municipalities in respect of the assignment; and
  viii. Any other matter that can be prescribed.

- **National Minister and the MECs responsible for Human Settlements to jointly consult the Local Government Budget Forum on the financial implications of the assignment:** The consultation is necessary given the financial implications of the assignment of the housing function on the local sphere and is made in terms of the IGFRA.

- **MEC submission to the national Minister responsible for Human Settlements and National Treasury of a memorandum that:**
  i. Gives at least a 3-year projection of the financial implications of that power or function for the municipality;
ii. Discloses any possible financial liabilities or risks after the 3-year period;
and

iii. Indicates how any additional expenditure by the municipality will be funded.

**Resourcing the Assignment**

The formal assignment process is designed to ensure that the national Minister responsible for Human Settlements and the relevant MEC will give municipalities adequate resources and capacity to perform the functions for which they have been assigned. The resources are both financial and non-financial. The financial resources will be addressed during the consultative process outlined above.

**Financial Resources**

The financial implications of assignment and the allocations to municipalities will be decided prior to the signing of an assignment agreement. Funding arrangements relate to the allocation of housing subsidy funds, the administrative costs associated with the new responsibilities conferred through assignment, and adjustments to the Equitable Share of both province and municipalities. A critical component of assignment is budgetary certainty and a shift in financial accountability. The formal assignment process must ensure that the function is adequately financed. Budget allocations must be achieved through an equitable and transparent formula. Both capital and operational costs for the administration of national housing programmes must be addressed.

The municipal allocations will be published within the DoRA and the municipal accounting officer is accountable for ensuring compliance with the Act. The national accounting officer will be responsible for overseeing such compliance by the municipalities of conditions pertaining to the allocations.

The intention of assignment and the re-direction of financial flows directly to municipalities is to ensure that municipalities have the necessary planning and budgeting powers and functions to achieve integrated and accelerated human settlements delivery. Assigned municipalities, therefore, will be expected to utilise such human settlements subsidy funds, together with their other sources of infrastructure and urban services funding, to achieve these outcomes.

**Non-financial Resources**

Assessing the implications of assignment on the transfer of staff, assets and liabilities from the PDHS to the municipality must follow a similar process as to that outlined for accreditation above.

**Formalisation of Assignment**

An Executive Assignment agreement must be entered into between the relevant MEC responsible for Human Settlements and municipality. The agreement will need to address:
a. The roles and responsibilities of each organ of state;
b. The priorities, aims and desired outcomes of the agreement;
c. Determine indicators to measure the effective implementation of the agreement;
d. Provide for oversight mechanisms and procedures for monitoring the effective implementation of the agreement;
e. Determine the required and available resources to implement the agreement and the resources to be contributed by each organ of state;
f. Provide for dispute-settlement procedures and mechanisms;
g. Determine the duration of the agreement; and
h. Include any other matters on which the parties may agree.

The Agreement takes effect upon Proclamation by the Premier. A draft Agreement is included as Annexure 9.

Roles and Responsibilities

Assignment of municipalities by the relevant MEC shifts the roles and responsibilities amongst the NDHS, PDHS and municipalities and these are presented in the table below:

Table 6 Shifting Roles and Responsibilities through Assignment

<table>
<thead>
<tr>
<th>Parties</th>
<th>Roles and Responsibilities</th>
</tr>
</thead>
</table>
| National Department Responsible for Human Settlements | ● Setting national human settlements policy  
  ● Setting national human settlements goals and outcomes  
  ● Monitoring the performance of the human settlements sector against human settlements delivery goals and key indicators  
  ● Assisting PDHSs’ to develop their administrative capacity and to support and strengthen the capacity of municipalities  
  ● Promoting effective communication within the human settlements sector  
  ● Ensuring alignment amongst the MHSP, PMYHSP and national outcomes  
  ● Transferring funds to the municipality based on DoRA allocations & conditions  
  ● Ensuring compliance of the municipality in terms of DoRA  
  ● Withholding payments if appropriate and necessary  
  ● Regularly reviewing the performance of the municipality  
  ● Providing the necessary capacity and support to the municipality  
  ● Intervening to ensure adequate performance of the municipality |
| MEC responsible for Human Settlements | ● Approving the PMYHSP and APP and ensuring alignment with the MHSP  
  ● Issuing policy directives to municipalities consistent with national housing policy  
  ● Facilitating inter-governmental planning and budgeting alignment with the MHSP  
  ● Entering into Executive Assignment agreements with municipalities  
  ● Regularly reviewing the performance of the municipalities  
  ● Intervening and taking the steps necessary to ensure adequate municipal performance |
| Provincial Department responsible for Human Settlements | ● Supporting municipalities in the development of MHSPs  
  ● Facilitating inter-governmental alignment of planning and budgeting with the MHSP  
  ● Ensuring reporting compliance in terms of relevant legislation  
  ● Reviewing the performance of municipalities and advising the MEC accordingly  
  ● Ongoing liaison with the Municipalities  
  ● Co-ordinating human settlements delivery within the province  
  ● Undertaking a technical assessment of affected and assets and overseeing a transfer of staff and assets; and  
  ● Providing the necessary support and capacity to municipalities |
<table>
<thead>
<tr>
<th>Parties</th>
<th>Roles and Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipality</td>
<td>▪ Undertaking responsibilities as required in terms of the assignment</td>
</tr>
<tr>
<td></td>
<td>▪ Adoption of a MHSP as part of the IDP and budget</td>
</tr>
<tr>
<td></td>
<td>▪ Capacitation of the Housing Unit and putting in place effective programme and project and financial management systems</td>
</tr>
<tr>
<td></td>
<td>▪ Proactively engage stakeholders regarding land availability and acquisition</td>
</tr>
<tr>
<td></td>
<td>▪ Resource mobilization</td>
</tr>
<tr>
<td></td>
<td>▪ Reporting in terms of DORA</td>
</tr>
<tr>
<td></td>
<td>▪ Demonstrating commitment towards accelerated service delivery</td>
</tr>
<tr>
<td></td>
<td>▪ Carrying out the policy directives of the MEC and national Minister</td>
</tr>
<tr>
<td></td>
<td>▪ Reporting allegations of fraud or corruption or other risks associated with assigned functions</td>
</tr>
<tr>
<td></td>
<td>▪ Informing national and province of support and capacity requirements</td>
</tr>
</tbody>
</table>

**Accreditation and Assignment Summary**

In terms of non-accredited municipalities, housing subsidy funding is allocated to the PDHS by the NDHS, on the basis of a formula, articulated in the annual DORA. Municipalities, acting in terms of the procurement procedures for the delivery of subsidised housing, may apply to the PDHS to carry out subsidised housing projects.

**Level One accredited municipalities** can identify and plan for local human settlements programmes and projects and allocate human settlements subsidy funds from their annual human settlements subsidy funding allocation to these. This capacitates Level One accreditation municipalities to respond to national housing policy directly.

Level One accredited municipalities develop their MHSPs, which identifies the specific programmes and projects to be undertaken within the MTEF in their municipal area. Municipalities accredited at Level One must submit that part of their MHSP that addresses the specific human settlements projects and budget that will be administered on behalf of province to the MEC for approval. Following the PDHS’s approval the municipality proceeds with implementation on the basis of funding disbursements from the PDHS in terms of an approved payment schedule.

Level One accredited municipalities also have the responsibility for evaluating and approving housing projects in respect of pre-determined priority programme(s).

**Level Two accredited municipalities** have the added responsibility for evaluating and approving specific human settlements projects against pre-determined project criteria and undertaking the human settlements subsidy registration function, for all national human settlements programmes. Responsibility for housing subsidy administration will require that municipalities have direct access to the HSS that will be the extension of the NHSDB.

Municipalities will need to establish their own governance arrangements to allow for the necessary checks and approvals, and these will be among the criteria set out in the guidelines for achieving Level Two accreditation.
Following internal approval of the MHSP the municipality proceeds with implementation on the basis of an approved payment schedule of funding disbursements from the PDHS.

**Assigned municipalities** have the responsibilities for all Level One and Two functions, and the authority and accountability for the financial administration of human settlements development in their area. The human settlement development grant will be disbursed directly from the NDHS to the assigned municipality on the basis of an approved payment schedule. In line with governance arrangements and in compliance with the MFMA the municipality will report directly to the NDHS in respect of housing draw-downs and financial reconciliation.

Table 7 provides a summary of the shifts in responsibilities from province to municipality as per accreditation (per level) and assignment. The new municipal functions are highlighted.$^{13}$

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$^{13}$ The remaining category of functions is not included in the municipal accreditation and assignment programme and therefore remain as currently defined:

- **Subsidy registration – special approvals**: The approval of special applications will continue to be undertaken by the PDHS.
Table 7  Summary of Human Settlements Function Shifts in Accreditation and Assignment

<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Current</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy and planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Settlements strategy: (IDP)</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements plan and budget: (IDP)</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements policies: Procurement, allocation, etc.</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
</tbody>
</table>

**Subsidy budget planning and allocation process and priority programme management / admin**

<table>
<thead>
<tr>
<th>Functions</th>
<th>Current</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Settlements subsidy budget</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy / fund allocations</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Project identification</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Priority programme management / admin</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
</tbody>
</table>

**Full programme management / administration**

<table>
<thead>
<tr>
<th>Functions</th>
<th>Current</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Project / Programme approval</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full contract administration</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full programme management</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy administration</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full technical (construction) quality assurance</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
</tbody>
</table>

**Assignment**

<table>
<thead>
<tr>
<th>Functions</th>
<th>Current</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Subsidy disbursements</td>
<td>PDHS</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Financial reporting and reconciliation</td>
<td>PDHS</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
</tbody>
</table>

**Subsidy & property administration**

<table>
<thead>
<tr>
<th>Functions</th>
<th>Current</th>
<th>Level 1</th>
<th>Level 2</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eligibility check</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy applications</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Allocation of subsidy / house</td>
<td>PDHS</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Project management</td>
<td>PDHS</td>
<td>Municipality</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
</tbody>
</table>
The interaction of the various governmental spheres and the various levels of accreditation and assignment is illustrated in the following diagram. In this diagram, the thick, coloured lines represent funding flows; while the thin dotted lines represent changing lines of reporting, oversight and accountability.

Figure 3 Accreditation and Assignment Responsibilities, Funding and Reporting Lines

It is important to note that in both instances of accreditation and assignment the intention is for human settlements’ projects and programmes to be identified and prioritised by the municipality in order to meet the outcome of better integrated and co-ordinated delivery. The main shift through assignment is the direct financing line from national to assigned municipalities and the direct reporting lines from municipalities to national.
Capacitation and Support

Accreditation implies an enhanced capacity building, support and monitoring role for provincial departments responsible for Human Settlements and Local Government. The national department responsible for Human settlements will need to support the provincial departments in this regard.

Assignment implies an expanded capacity building, support and monitoring role for both the national and provincial departments responsible for Human Settlements as assigned municipalities will be reporting directly to the relevant national officer and to the MEC in terms of a signed Executive Assignment Agreement.

The capacity building, support, monitoring and evaluation programmes of other key stakeholders must be harnessed for both accredited and assigned municipalities. These stakeholders include: National Treasury, Provincial Treasuries, the national Department of Co-operative Government, provincial departments responsible for local government, the Housing Development Agency, and the National Home Builders’ Registration Council.

**Human Resource and System Capacity Requirements**

The new responsibilities associated with the different levels of accreditation, and the function shifts in terms of assignment, require new capacities within municipalities. These capacities are summarized in Table 8 below:

**Table 8  Capacity Requirements of Accredited and Assigned Municipalities**

<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Expected HR capacity, systems &amp; procedures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy and planning</strong></td>
<td></td>
</tr>
<tr>
<td>Housing strategy: (IDP)</td>
<td>No change. Existing systems apply.</td>
</tr>
<tr>
<td>Housing plan and budget: (IDP)</td>
<td></td>
</tr>
<tr>
<td>Housing policies: procurement, allocation, etc.</td>
<td></td>
</tr>
<tr>
<td><strong>Level 1: Subsidy budget planning and allocation process &amp; priority programme management / admin</strong></td>
<td></td>
</tr>
<tr>
<td>Housing subsidy budget</td>
<td>• Ability to draft a business plan for Level One accreditation.</td>
</tr>
<tr>
<td></td>
<td>• Ability to produce and implement housing strategies, plans and budgets, or commission and manage such functions.</td>
</tr>
<tr>
<td></td>
<td>Ability to do project identification and assessment</td>
</tr>
<tr>
<td></td>
<td>The implementation of a</td>
</tr>
<tr>
<td></td>
<td>• <strong>Budget tracking system</strong>, which tracks the total and annual budget allocations from the (1) equitable subsidy allocation and the (2) PDHS subsidy supplement, as well as calculates data required in terms of accessing the accreditation fee for operational funding.</td>
</tr>
</tbody>
</table>

37
<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Expected HR capacity, systems &amp; procedures</th>
</tr>
</thead>
</table>
| **Subsidy / fund allocations** | **Document management system**, which manages all electronic and physical documentation generated in terms of accreditation, including how and where documents are filed and archived. This should be updated as the municipality registers for each successive level of accreditation.  
**Accreditation reporting system**, which accredited municipalities use to report to the PDHS on overall delivery progress and to provide financial reconciliation accounts. |
| **Project identification** | Ability to get **spatial planning information**, via a Geographic Information System (GIS) which tracks the spatial location of programmes, projects and house project data, or some other kind of system (e.g. head or hut count). |
| **Priority programme management / administration** | **Programme management systems** installed. These should include a  
- **Project tracking system** for the priority programme(s)  
- **Procedures and operations manual** for the priority programme(s)  
- Ability to produce and undertake project feasibility assessments for the priority programme(s)  
- Programme administration skills / experience in line with the scale of activities planned for the municipality. |
| **Level 2: Full programme management / administration** | **Programme management systems** installed. These should include a:  
- **Project tracking system**, which tracks the status of all projects from application to close out, providing project data on a regular basis  
- **Procedures and operations manual**, including all the policies, procedures, procedural steps and pro-forma documentation for the entire housing subsidy administration programme. The manual must be updateable and a regular system for updates must be implemented.  
- **Municipal HSS**, which tracks the approved subsidy amount against the project and the payment of the subsidy against project payment milestones. This system should be linked with the NHSDB, the Deeds Register and Population Register. |
| **Level 3: Financial administration** | **Subsidy disbursements**  
- Ability to prepare or commission a business plan for assignment |

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14 Municipalities might also wish to collaborate in accessing a GIS collectively for a region.
 FUNCTIONS | Expected HR capacity, systems & procedures
--- | ---
Financial reporting and reconciliation | • Financial management with ability to review, report and manage subsidy disbursements and financial reporting and reconciliation.
**Financial systems** compliant with specifications from the NDHS and PDHS in place, including a
• **Cash flow tracking system** which tracks cash flow expenditure against budget for each project and programme, also tracking administration costs.
• **Reporting systems**, management information systems, standard accounting procedures, etc.
In respect of these various systems, a standardized system common to all PDHS’s and accredited municipalities must be implemented.

| Subsidy & property administration |  |
--- | ---
Eligibility check |  |
Subsidy applications |  |
Allocation of subsidy / house | No change – existing systems and procedures apply.
Transfer |  |
Project management |  |
Subsidy registration |  |
Approval of special applications | No change – existing systems and procedures apply.

To the extent that a municipality registers for successive levels of accreditation over time, and then assignment, the capacity developed in terms of the previous level must be updated to accommodate any new demands.

Where it is deemed efficient, the NDHS or the PDHS may require that standardised systems, procedures and packages are implemented as a condition of accreditation to ease communication, reporting and monitoring between administrations and spheres of government.

**Subsidy Registration**

Accredited municipalities will need to have direct access to the HSS in order engage with the NHSDSB. The NDHS will assist in this regard. The arrangements are illustrated in Figure 4 below:
The processes for Level 2 accredited and assigned municipalities are detailed below:

- The Level 2 accredited and assigned municipality receives all documentation, checks that this is sufficient and adequate, verifies objective facts, and enters this into a pre-determined electronic application.

- The electronic application, including all the necessary information in the single electronic file is submitted to the system, HSS-Online, which confirms or denies eligibility. The necessary searches are conducted to verify applicant information and the correct nature of the subsidy applied for.

- If the applicant is eligible for the housing subsidy, the Level Two and assigned municipalities will enter the electronic file into its own HSS database which then links with the NHSSDB and assume responsibility for the administration of the HSS\(^\text{15}\). For non-accredited, or Level One accredited municipalities, the PDHS remains responsible for this function. The accredited municipality then allocates and, if necessary, transfers the housing unit to the qualifying beneficiary.

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\(^{15}\) This also applies to Level One accredited municipalities in respect of their priority programmes, to the extent they have agreed with the PDHS that they will administer this function.
A record captured by a municipality directly on the HSS database will then be owned by the municipality. The municipality will assume responsibility during audits conducted on data captured by the municipality and will provide required feedback to the auditing authority.

- Municipalities with direct access to the HSS will log calls to the national support desk for HSS. These calls will then be investigated by national and escalated to SITA if required.

- PDHS’s will audit the management of accredited municipalities of their own HSS and their engagement with the NHSDB to ensure that the integrity of the system is secure.

In instances where an accredited or assigned municipality is seeking approval for non-qualifiers on the basis of an exemption from the qualifying criteria, the PDHS’s will make this decision, irrespective of the level of accreditation or the status of assignment of the particular municipality.

**Capacity and Support Mechanisms**

The capacity building mechanisms for municipalities must take into account the respective accreditation and assignment processes and the requirements of the different levels of accreditation and assignment. The capacity building mechanisms must address the diverse range of capacities amongst municipalities. This is in line with the differentiated approach to capacity building for municipalities championed by the national department responsible for Local Government. As stated earlier, the assessment of capacity for municipal accreditation, and then subsequently assignment, must review the performance of the municipality. The key focus areas for the assessment are:

- inter-governmental relations;
- governance;
- planning;
- subsidy registration and beneficiary management;
- programme and project management; and
- financial management.

The Accreditation Business Plan is to identify the key capacity gaps and support requirements for each municipality. The PDHS must then facilitate “customised packages of support” to municipalities based on a range of instruments located within different sector departments – both within the national and provincial spheres. The capacity mechanisms referred to do not include the resourcing of the functions as addressed in the earlier section on the formal accreditation and assignment processes. They refer to existing support programmes within government that target different aspects of municipal capacity, such as improved municipal systems, skills levels and technical capabilities. Table 9 below illustrates the kinds of support required and the programmes available that can be accessed by municipalities.
Table 9 Support Programmes Available for Accredited and Assigned Municipalities

<table>
<thead>
<tr>
<th>Types of Support</th>
<th>Support Required</th>
<th>Examples of Possible Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pre-Accreditation</td>
<td>Municipal <strong>capacity audit</strong> of human settlements unit</td>
<td>• PDHS’ Accreditation Unit support programmes</td>
</tr>
<tr>
<td></td>
<td>Drafting municipal accreditation plan</td>
<td></td>
</tr>
<tr>
<td>Revision of the MHSP</td>
<td>Planning support – alignment with other municipal strategic planning frameworks</td>
<td>• PDHS’ Accreditation Unit support programmes</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• City Budget Forum(^\text{16}) can assist metros in integrated planning</td>
</tr>
<tr>
<td>Capacitation of the HS Unit</td>
<td>Business Planning, Budgeting, Administrative systems</td>
<td>• Department of Co-operative Governance governance support programmes</td>
</tr>
<tr>
<td>Implementation Support</td>
<td>Technical Implementation, Financial management Reporting</td>
<td>• Siyenza Manje’s technical support component located within the Department of Co-operative Governance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• MIG Support teams within the Department of Co-operative Governance</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Housing Development Agency in terms of land identification, release and acquisition</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• National Treasury’s budget and financial management support to “non-delegated”(^\text{17}) municipalities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Provincial Treasuries budget and financial management support to “delegated” municipalities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• City Budget Forum can support the implementation of the USDG and human settlements grants</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Siyenza Manje’s financial management support component located within the MFMA Unit in the Accountant-General’s office</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• National Treasury’s Technical Assistance Unit can be approached to provide specific support to municipalities</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• The Large Cities Support Programme could also be accessed for support around integrated urban planning and management</td>
</tr>
</tbody>
</table>

The Municipal Capacity and Support Capacity Support Plan must reflect all commitments. The NDHS and PDHSs, together with municipalities, are responsible for ensuring that capacity either exists or is developed in the accreditation and assigned municipalities.

\(^\text{16}\) The City Budget Forum is constituted by the National Treasury, Department of Transport, Department of Co-operative Governance and the metros. Both the USDG and HSDG are reported on within this forum. Forum used to assist metros in addressing spatial inequalities and poverty.

\(^\text{17}\) National Treasury provides direct support to 17 municipalities (non-delegated), namely the 8 metros, 1 district and the secondary cities.
Accreditation/Assignment Units at PDHS Level

In order for PDHS to facilitate the capacity development of municipalities within their area of jurisdiction, they will establish specific accreditation and assignment units. The responsibility of these units will be to:

1. Implement pre-accreditation, accreditation and assignment capacity building and support programmes in terms of specific municipal needs;
2. Resolve any changes in institutional arrangements, staffing and other details that must happen at provincial level as a result of the accreditation and/or assignment of a particular municipality; and
3. Resolve any provincial and municipal blockages to the accreditation and assignment process, identifying and responding to problems as they arise.

PDHS Accreditation and Assignment Units will also be responsible to ensure that all the necessary systems and procedures are in place, both within the PDHS and the accredited/assigned municipality. This unit will need to have the necessary IT, programme and project management, and financial administration capacity to develop the required systems and procedures.

Accreditation/Assignment Unit at NDHS Level

An accreditation and assignment unit will also be established within the NDHS, with the responsibility of facilitating the programme nationally as well as monitoring and evaluating progress of the national accreditation and assignment programme. This unit will interface with the capacity building, monitoring and evaluation, financial and system components within the NDHS’s establishment to ensure the capacity development of prioritised municipalities seeking accreditation and assignment as well as the establishment of the necessary reporting systems.

Governance and Oversight Arrangements

The existing municipal governance, reporting and oversight mechanisms will be used by accredited and assigned municipalities. All municipalities that receive accreditation and/or assignment must have established governance, reporting and oversight arrangements as illustrated in the following diagram:

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18 For more detail, please refer to the Accreditation Guidelines.
The municipal human settlements’ unit will report to its human settlements’ standing committee regarding programme and project prioritisation, subsidy budget planning, project approval and the implementation of other accreditation/assignment-linked functions. An accredited/assigned municipality may wish to invite the PDHS’s official responsible for accreditation/assignment to participate as an observer in its human settlements’ standing committee in order to facilitate improved communication and interaction. Furthermore the accredited/assigned municipality’s human settlements function will be subject to internal audit, risk management and the oversight of the Auditor General in compliance with the MFMA.

At the PDHS and the NDHS’s level, the accreditation and assignment units will oversee the accreditation and assignment processes and perform the necessary functions to ensure that they succeed.

Figure 5 Governance, Reporting and Oversight Arrangements
Reporting and Performance Monitoring

The intention of the municipal accreditation and assignment programme is to improve the coordination and overall rate of human settlements delivery. Ongoing and regular reporting, monitoring and evaluation are therefore fundamental components of the accreditation and assignment programme and critical to its success.

The reporting, monitoring and evaluation system will, at a minimum, encompass the following:

- Compliance with NDHS and PDHS human settlements policy;
- Contribution to national and provincial Human Settlements' Outcomes;
- Achievement of policy objectives of accreditation and/or assignment;
- Implementation of the Council-adopted MHSP and performance against targets;
- Capacitation of the municipality to perform the accredited or assigned responsibilities;
- Performance of the NDHS, PDHS and municipality in terms of new roles and responsibilities;
- Integration of government planning and budgeting;
- Financial reconciliation, management and administration; and
- Critical areas for intervention on outputs and outcomes.

Nationally standardised reporting systems and formats will apply specifically around the following:

- Financial reports and reconciliation\(^{19}\); and
- Delivery progress reports covering outputs and outcomes\(^{20}\).

On an annual basis, an assessment will be conducted of each of the accredited and assigned municipalities to verify compliance, effectiveness and impact of their human settlements’ programme.

The reporting requirements to be applied are as per those specified in the annual DORA, in the PFMA and MFMA, and by the NDHS. As illustrated above, accredited municipalities will report both to their PDHS and the NDHS.

Reporting to the PDHS is required in order to facilitate the PDHS’s oversight role and to ensure that progress is consolidated into the PHD’s year-end report against provincial plans.

Reporting to the NDHS is required by assigned municipalities for accounting purposes and financial reconciliation.

\(^{19}\) In terms of DORA and the MFMA
\(^{20}\) For example, Outcome 8 reporting formats.
Conflict Resolution, Mediation and Arbitration

It is envisioned that conflict may arise between the NDHS and the PDHS, between the NDHS and a municipality, between a PDHS and a municipality, amongst provinces, or between municipalities. Any conflict arising concerning the accreditation and/or assignment of functions which cannot be resolved in accordance with the principles of co-operative government (as set out in Chapter 3 of the Constitution) must follow the conflict resolution procedure as detailed below. The intention of this procedure is to assist in resolving a dispute timeously and without causing undue disruption in respect of the accreditation and assignment programme as a whole. The conflict should be settled in the order as follows:

1. The parties must take all reasonable steps to settle any such difference or dispute through consultation and negotiation.

2. If the difference remains unresolved, then the parties refer the disagreement or dispute in writing to the MEC responsible for Human Settlements in the respective province.

3. The MEC, in consultation with the municipality, will then appoint an independent mediator\(^21\) to attempt to resolve the matter in consultation with the parties.

4. If the parties fail to reach agreement, the MEC for Local Government, requested by and in consultation with the MEC for Human Settlements, must nominate an arbitrator.

5. The arbitrator must conduct the arbitration in a manner that the arbitrator considers appropriate in order to determine the matter fairly and quickly, but must deal with the substantial merits with a minimum of legal formality.

6. The arbitrator’s determination is final and binding on the parties.

7. A determination of the apportionment of the costs of the arbitration shall be made by the Arbitrator, based on considerations of fairness taking into account representations made by the parties in this regard.

If a party is not satisfied with the determination of the arbitrator, Chapter 4 of the Intergovernmental Relations Act will apply to settle a dispute.

\(^{21}\) Such as the Accreditation Capacity and Compliance Assessment Panel
Annexure List

1. Annexure One: Accreditation Business Plan Format
2. Annexure Two: Municipal Capacity Assessment Template
3. Annexure Three: Accreditation Compliance Certificate
4. Annexure Four: Municipal Human Settlement Plan Format
5. Annexure Five: Municipal Capacity and Support Plan Template
6. Annexure Six: Scope of Works for Technical Assessment of the implications of assignment for the Transfer of Staff, Assets and Liabilities
7. Annexure Seven (a): Implementation Protocols for Level One Accreditation
8. Annexure Seven (b): Implementation Protocol for Level Two Accreditation
10. Annexure Nine: Executive Assignment Agreement
Annexure 1: Accreditation Business Plan Guidelines

Level (insert Level) Accreditation Business Plan

Application made by: Insert name of Municipality

Application to: Insert Provincial MEC and Department responsible for Human Settlements

Status: insert current status of application e.g. Draft 1, Approved by Council, Approved by PDHS

Version Control

<table>
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<th>Version No</th>
<th>Date</th>
<th>Revision Made</th>
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Approvals: This document requires the following approvals

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<td>Chairperson of the Human Settlements Committee</td>
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<td>Municipal Mayor</td>
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<td>MEC for Human Settlements</td>
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<tr>
<td>Head of provincial department responsible for Human Settlements</td>
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Prepared by: insert name, function and institution
Purpose of the Accreditation Business Plan

An Accreditation Business Plan (ABP) is required in terms of the National Accreditation and Assignment Framework as a key component of pre-accreditation preparation by a municipality. The purpose of the ABP is to demonstrate how the municipality will perform the accreditation functions that it is applying for, and what support it will require. The business plan is a critical supporting document that will inform a capacity assessment by an independent assessor appointed by the Minister and/or relevant MEC to advise the MEC on compliance of the municipality with the required criteria for accreditation. The ABP will directly inform the Municipal Capacity and Support Plan that will be developed by the relevant provincial department responsible for Human Settlements in consultation with the municipality once accreditation has been awarded by the MEC. The Municipal Capacity and Support Plan is necessary to ensure that the municipality is able to fulfill its obligations in terms of the level of accreditation awarded.

The objectives of the Accreditation Business Plan are, therefore, to:

1. Support the formal application by the municipality for Level (One or Two or both) of accreditation;
2. Indicate how accreditation will support the human settlements’ strategic objectives of the municipality, provincial and national government;
3. Demonstrate existing capacity within the municipality to meet the appropriate accreditation criteria;
4. Identify capacity gaps that will need to be addressed as part of the accreditation process; and
5. Address the high level management of the accreditation process within the municipality.

The guidelines below provide a format for assisting municipalities to ensure that these objectives are met. The required information from the municipality is discussed under each heading below:

Background and Motivation

The municipality must provide a brief background and motivation for its application for accreditation at the desired level. Issues that should be covered are:

- The reasons for the accreditation application by the municipality;
- The Council decision taken supporting the accreditation application;
- The human settlements challenges faced by the municipality and the existing housing demand figures;
- The role of accreditation in enabling the municipality to meet national, provincial and municipal human settlements strategic objectives and targets;
- The planning and consultative process which has been followed to arrive at the ABP;
- The alignment of the ABP to the Municipality’s Human Settlements Plan (MHSP) and other strategic frameworks of the municipality; and
• The municipality’s performance with the implementation of human settlements and infrastructure projects over the past 3 years in terms of both budget and delivery.

Goal and Objectives of Accreditation

The municipality should state its own goal and objectives for accreditation. The goal should present the over-arching reason for the accreditation application. An example of a goal would be “to expedite the delivery of sustainable human settlements within our municipality and to reduce the housing backlog by 50% in 10 years”. The objectives must relate to the goal. Examples of objectives would be to:

• Facilitate integrated human settlements delivery and urban management;
• Ensure the spatial reconfiguration of the municipality through integrated planning;
• Expedite human settlements delivery;
• Capacitate the municipality to meet the criteria for the required level of accreditation; and
• Capacitate the municipality towards the future assignment of the function.

Note: the objectives should be re-phrased to ensure they are “SMART” (i.e. specific, measurable, approved, realistic and time bound) and relate to the targets of the specific municipality.

Strategies to address objectives

Based on the objectives that the municipality has outlined, Table 1 below provides a template with some examples for outlining the high-level strategies and actions that the municipality will embark on in order to meet the objectives of accreditation. The objectives and strategies must relate to the specific municipality applying for accreditation.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Strategies</th>
<th>Activities</th>
<th>Time-Frames</th>
</tr>
</thead>
<tbody>
<tr>
<td>Facilitating Integrated Service Delivery &amp; integrated urban management</td>
<td>e.g. Set up joint planning teams with relevant municipal and sector departments</td>
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<td></td>
<td>Establish cross-functional Human Settlements committee</td>
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<td></td>
<td>Ensure alignment with national &amp; provincial plans</td>
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<td></td>
<td>Implement the municipality’s human settlements plan (MHSP)</td>
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<tr>
<td>Ensure the spatial reconfiguration of the municipality through integrated planning</td>
<td>e.g. Ensure alignment between the SDF, MHSP, LED Strategy, Integrated Transport Plan and Infrastructure Master Plan</td>
<td>Provide mixed housing typologies to promote densification and spatial integration</td>
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<tr>
<td>Expediting Human Settlements delivery</td>
<td>e.g. Put in place clear delegations system</td>
<td>Ensure effective supply chain management</td>
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<td></td>
<td>Ensure budget and planning alignment</td>
<td>Ensure effective management &amp; administration</td>
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<tr>
<td></td>
<td>Expedite land identification &amp; release</td>
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<tr>
<td>Capacitating the municipality to meet the criteria for the level of accreditation applied for</td>
<td>e.g. Ensure filling of new organogram</td>
<td>Undertake necessary recruitment, re-skilling, transferring and training of staff</td>
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<tr>
<td></td>
<td>Put in place necessary management &amp; administrative systems</td>
<td>Put in place necessary management &amp; administrative systems</td>
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<tr>
<td></td>
<td>Put in place necessary monitoring &amp; reporting systems</td>
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<tr>
<td>Capacitating the municipality towards assignment</td>
<td>E.g. Ensure a clean audit for the municipality in the current financial year</td>
<td>Ensure 100% expenditure on MIG for the current financial year</td>
<td></td>
</tr>
</tbody>
</table>

**Table 1: Broad Strategies for Meeting Accreditation Objectives**
Capacity requirements for accreditation

General capacity assessment

The municipality must provide a detailed assessment of its capacity requirements for the specific level of accreditation applied for. This will require the municipality to:

- Describe existing capacity for human settlements delivery (in terms of the Accreditation Level applied for) within the municipality based on current functions performed by the municipality with respect to the entire planning and delivery process. This should include a description of existing infrastructure delivery capacity e.g. expenditure and performance against MIG and other infrastructure grants.
- Detail the current human settlements projects being delivered by the municipality and the role that the municipality performs in relation to such projects.
- Indicate the overall human settlements budget managed by the municipality and provide a breakdown of the funding sources.
- Describe any challenges faced by the municipality in the performance of existing human settlements functions.
- Describe the gap between existing capacity within the municipality to perform the human settlements function in terms of its current mandate and future capacity requirements if accreditation is granted.
- Detail the capacity required for the municipality to perform the responsibilities/functions related to the specific level/s of accreditation applied for? Indicate what of this capacity requirement can be met by the municipality and what external assistance is required?
- Explain the options that have been considered to improve the institutional capacity of the municipality to address the capacity gap (e.g. typical options may include restructuring, re-skilling of individuals, mentoring, recruitment and skilling of new staff, outsourcing, transfer of staff from the PDHS, introducing new management systems etc.).

In order to assist the municipality in packaging this information a series of guidelines and templates has been provided below. The municipality must adapt the templates to its specific needs.

Current human settlements projects being implemented by the municipality

Table 2 provides a proposed format for the presentation of information on the current human settlements projects being implemented by the municipality.
Table 2: Description of Current Projects being implemented by the Municipality

<table>
<thead>
<tr>
<th>Name of Project</th>
<th>Implementing Agent</th>
<th>No. of Sites</th>
<th>No. of Units</th>
<th>Project No.</th>
<th>Budget</th>
<th>Budget Source</th>
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</thead>
<tbody>
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</table>

**Capacity needs assessment for management and administrative systems**

The municipality must state the management and administrative systems that are required to perform the level of accreditation applied for. The municipality should indicate which systems are currently in place and those that are still required by the municipality. A template for a needs assessment of the management and administrative systems required by the municipality to perform the accreditation functions applied for is provided in Table 3 below. It must be noted accreditation is progressive capacitation towards assignment, so capitation requirements may not be limited to the level of accreditation being applied for.
## Hardware Requirements

### Level 1: Subsidy Budget Planning and Allocation

1.1 Developing human settlements strategies, plans & budgets
1.2 Spatial planning system (i.e GIS)
1.3 Budget Allocation tracking system
1.4 Document management system
1.5 HSS (appropriate modules)
1.6 Project feasibility assessments
1.7 Monitoring & Reporting systems
1.8 Community participation systems
1.9 Programme management systems e.g project tracking & procedures & operations manual

### Level 2: Programme Management and Administration

2.1 Project tracking system
2.2 Direct access to HSS
2.3 Linkage to Deeds Register
2.4 Linkage to the department of Home Affairs Population register
2.5 Reporting systems

### Assignment: Financial Administration

3.1 Cash flow tracking system
3.2 Financial reporting & reconciliation
3.3 DORA compliance

<table>
<thead>
<tr>
<th>Hardware Requirements</th>
<th>Software Requirements</th>
<th>Communication &amp; integration Links</th>
<th>Direct Mentorship &amp; Support</th>
<th>Training Requirements</th>
<th>Estimated Cost</th>
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</thead>
<tbody>
<tr>
<td>Level 1: Subsidy Budget Planning and Allocation</td>
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<tr>
<td>1.1 Developing human settlements strategies, plans &amp; budgets</td>
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<tr>
<td>1.2 Spatial planning system (i.e GIS)</td>
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<td>1.3 Budget Allocation tracking system</td>
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<td>1.4 Document management system</td>
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<td>1.5 HSS (appropriate modules)</td>
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<td>1.6 Project feasibility assessments</td>
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<td>1.7 Monitoring &amp; Reporting systems</td>
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<td>1.8 Community participation systems</td>
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<tr>
<td>1.9 Programme management systems e.g project tracking &amp; procedures &amp; operations manual</td>
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<tr>
<td>Level 2: Programme Management and Administration</td>
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<td>2.1 Project tracking system</td>
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<td>2.2 Direct access to HSS</td>
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<tr>
<td>2.3 Linkage to Deeds Register</td>
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<tr>
<td>2.4 Linkage to the department of Home Affairs Population register</td>
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<tr>
<td>2.5 Reporting systems</td>
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<tr>
<td>Assignment: Financial Administration</td>
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<td>3.1 Cash flow tracking system</td>
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<tr>
<td>3.2 Financial reporting &amp; reconciliation</td>
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<td>3.3 DORA compliance</td>
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</table>

Table 3: Accreditation System requirements
**Human resources needs assessment**

Tables 4 – 6 are templates that can be used by the municipality to outline the human resources required and available to perform the accreditation functions applied for.

**Capacitation Plan**

**Organogram**

In addition to the information requested in these tables, the municipality must provide both its current organogram for its Human Settlements Unit and the proposed future organogram for the Unit based on meeting the new demands related to accreditation. The municipality must also identify the human resource capacity in other units within the municipality that will augment the capacity of the Human Settlements Unit e.g. Finance, Legal, Asset Management, Technical Services etc.

**Staffing Plan**

Table 4 below provides a template for an accreditation staffing plan to fill the new organogram by the municipality.

<table>
<thead>
<tr>
<th>Post Requirements</th>
<th>Total No. of staff required per post</th>
<th>No. to be transferred from PDHS</th>
<th>No. to be re-trained</th>
<th>No. to be externally recruited</th>
<th>No. to be re-deployed</th>
<th>No. to be outsourced</th>
<th>Time-Frames for filling posts</th>
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</table>

**Table 4: Staffing Plan for Accreditation**

**Accreditation Skills Development Plan**

The plans of the municipality to develop the required skills to perform the functions related to accreditation can be presented in the format of Table 5. Note that the proposed *Accreditation Skills Development Plan* must be integrated within the municipality’s *Workplace Skills Development Plan* (WSDP) and must be approved by the municipal Workplace Skills Development Committee.
<table>
<thead>
<tr>
<th>Name</th>
<th>Current Position or Function</th>
<th>Grade</th>
<th>Current Responsibilities</th>
<th>Proposed new position/ function</th>
<th>Skills to be provided</th>
<th>Key New Responsibilities</th>
<th>Estimated Cost of Training</th>
</tr>
</thead>
</table>

Table 5: Skills Development Plan for Accreditation
Costing of Human Resource Needs

Table 6 provides a template for the costing of the required human resources.

<table>
<thead>
<tr>
<th>Existing Human Settlements Posts</th>
<th>Total Cost of Package</th>
<th>Funding Source</th>
<th>Required New Human Settlements posts for accreditation</th>
<th>Total Cost of Package</th>
<th>Proposed Funding Source</th>
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</table>

Table 6: Costing of Human Resource Requirements

In addition to this information, the municipality must indicate the total cost of Human Settlements staffing needs for accreditation, the municipality’s own contribution, and the external funding required.

Summary of the Planned Capacitation Programme

Provide a summary work-plan of the actions that will be taken to address these capacity requirements (both management and administrative systems and human resources) and the time-frames attached to them. A format is included as Table 7.
<table>
<thead>
<tr>
<th>No</th>
<th>Focus Area</th>
<th>Activity</th>
<th>Duration</th>
<th>Target Completion Date</th>
<th>Responsibility</th>
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<th>YEAR YY</th>
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</tbody>
</table>

Table 7: Summary Time-Table of the Municipality’s Accreditation Capacitation Programme
Accreditation Business Plan Implementation Process

**Institutional Framework**

Provide the municipality’s institutional arrangement for ensuring the implementation of the ABP. A proposed institutional arrangement is illustrated diagrammatically in Figure 1 below. Amend as appropriate for the specific institutional arrangements of the municipality. The figure must include all key stakeholders, co-ordination forums and functionaries.

---

**Figure 1: Institutional Framework for the Accreditation Business Plan**

---

59
**Roles and Responsibilities**

Use Table 8 below to describe the roles and responsibilities of the various functionaries, stakeholders and co-ordinating forums set out in Figure 1 above.

<table>
<thead>
<tr>
<th>Stakeholder/ Functionary / Co-ordinating Forum</th>
<th>Key Roles and Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>PDHS/ Municipality Accreditation Working Group</td>
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<tr>
<td>PDHS Accreditation Project Manager</td>
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<tr>
<td>Municipal Human Settlements Committee</td>
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<tr>
<td>Municipal Accreditation Steering Committee</td>
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<tr>
<td>Workplace Skills Development Committee</td>
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<td>PSETA</td>
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<tr>
<td>Responsible Line Function Unit</td>
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<tr>
<td>Municipal Accreditation Project Manager</td>
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<tr>
<td>Management &amp; Admin Systems Co-ordinator</td>
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<tr>
<td>HR Co-ordinator</td>
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<tr>
<td>Joint municipal planning teams</td>
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<tr>
<td>Other Stakeholders e.g. Training Institutions, Recruitment Agencies etc</td>
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</tr>
</tbody>
</table>

*Table 8: Roles and Responsibilities Key Stakeholders and Functionaries*
Reporting and Monitoring

Reporting

A proposed reporting structure for the ABP is set out in Figure 2 below. This structure must be amended for the appropriate hierarchy of reports as agreed with the relevant PDHS. The reporting will need to be in line with the reporting requirements of the Division of Revenue Act.

The reporting must comply with DORA requirements in terms of grant expenditure, but must also address progress in meeting the strategic objectives and undertaking the activities of the ABP.
Key Performance Indicators

Some suggested Key Performance Indicators (KPI’s) to be reported on throughout the implementation of the ABP are presented in Table 9 below. The municipality would need to agree on specific targets and time-frames as per these KPIs.

<table>
<thead>
<tr>
<th>Key Performance Area</th>
<th>Key Performance Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning Alignment</td>
<td>Joint municipal and provincial planning teams in place</td>
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<tr>
<td></td>
<td>Alignment of the MHSP with the SDF, ITP, Infrastructure Plans, LED Strategy of the municipality</td>
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<td></td>
<td>Alignment of MHSP with social sector department plans</td>
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<tr>
<td>Institutional Framework in Place</td>
<td>Regular meetings of Municipal Human Settlements Committee</td>
</tr>
<tr>
<td></td>
<td>Municipal Accreditation Steering Committee in place</td>
</tr>
<tr>
<td></td>
<td>Municipal Accreditation Project Manager appointed</td>
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<tr>
<td>Skills development of existing staff and new recruits</td>
<td>% of people trained relative to target set</td>
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<tr>
<td></td>
<td>% of people skilled relative to number required</td>
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<td></td>
<td>No. of suitably skilled people recruited</td>
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<td>% of people recruited relative to number required</td>
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<td>No. of suitably skilled people outsourced</td>
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<tr>
<td></td>
<td>% of people outsourced relative to number required</td>
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<tr>
<td></td>
<td>No. of suitably skilled people transferred from province</td>
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<tr>
<td></td>
<td>% of people transferred from province relative to number required</td>
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<td>% of new organogram filled</td>
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<tr>
<td>Management and Administrative systems</td>
<td>Human Settlements budgets incorporated into municipal accounting system</td>
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<td></td>
<td>HSS installed and fully operational</td>
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<td>Link to Deeds registry installed and fully operational</td>
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<td></td>
<td>Link to population register installed and fully operational</td>
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<td></td>
<td>Annual municipal human settlements plan produced and part of plan addressing accreditation projects approved by the PDHS</td>
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<td></td>
<td>Annual Municipal Human Settlements Budget Allocation prepared and approved by the municipal council and submitted to the PDHS on time</td>
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<td></td>
<td>Adoption of the Municipal Human Settlements Plan and Budget by Council</td>
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<td></td>
<td>Monthly progress reports provided on time by the municipality</td>
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<td></td>
<td>% of Human Settlements budget spent according to plan</td>
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<td></td>
<td>Municipality received unqualified audit</td>
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<td></td>
<td>HSS monthly reporting provided timeously and to quality requirements</td>
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<td>Monthly subsidy reconciliations provided timeously and to quality requirements</td>
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<td>Individual subsidies correctly administered and loaded onto the HSS</td>
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<td>Timeous and quality reporting</td>
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</table>

Table 9: KPIs for Monitoring Implementation of the Accreditation Business Plan
Monitoring and Evaluation

The municipality must indicate systems that will be put in place to ensure performance monitoring and evaluation. Once the Accreditation Project Manager (APM) is appointed s/he will have the responsibility for overseeing the implementation of the ABP. Co-ordination meetings will be required at least monthly or more frequently where circumstances demand with the stakeholders in order to co-ordinate efforts, assess progress, and solve problems. An evaluation mechanism needs to be included that results in continuous improvement of the capacity of the municipality to perform the accredited functions. This mechanism can be used to indicate when the municipality is ready to apply either for the next level of accreditation or assignment.

Risk Management Plan

The municipality must include a Risk Management Plan in the ABP that highlights and prioritises the potential risks associated with accreditation. The Accreditation Project Manager (APM) will be responsible for the implementation of the Risk Management Plan.

Table 10 below provides a format for risk assessment/analysis matrix that must be developed, which focuses on the following key elements:

1. The identification of current internal and external programme risks;
2. The broad categorisation of risks in terms of the stages of the programme;
3. The identification of the consequences of such risk events occurring;
4. The ranking of the risks based on their consequences, as either high, medium or low priority risk events; and
5. The identification of mechanisms for management, mitigation, or prevention of the risk events and their impacts.

Examples of possible risks include:

**Institutional Framework and Arrangements**
- Delayed decision making turnaround times
- Inadequate consultation with stakeholders
- Poorly defined relations between the various role players in the programme.
- Inadequate monitoring and evaluation of training
- Procurement process delays

**Financial Management**
- Budget overruns
- Mismanagement

**Human Resources**
- Inadequate human resources to implement the programme
- Conflict with employees due to their expectations being raised and not being met
- Failure to follow correct legal procedures when transferring provincial staff
- Labour Union resistance
Programme systems
- Inability to use the system on the part of programme office staff
- Failure to get direct access to the HSS

Programme closure
- Poor documentation
- Lost lessons
- No proper closure
- No evaluations

The Risk Assessment Matrix below may be used to develop the Risk Management Plan. Risks appropriate to the specific municipality must be inserted.
The Table Key is as follows: **Likelihood**: Low or Moderate or High **Rank**: 1, 2, 3 etc from 1 highest priority descending

<table>
<thead>
<tr>
<th>Risk Categories</th>
<th>Identified Risks</th>
<th>Risk Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Likelihood</td>
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<td>Consequence</td>
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<td>Rank</td>
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<td>Proposed Actions to Mitigate Risk</td>
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</tbody>
</table>

Table 10: Risk Assessment Matrix
Management of the Accreditation Process

The municipality must indicate its capacity to manage the accreditation process and detail the staff responsible as part of the Municipal Accreditation Steering Committee in Table 11 below:

<table>
<thead>
<tr>
<th>Name of Member</th>
<th>Staff</th>
<th>Position/ Function</th>
<th>Key Responsibilities</th>
<th>Reporting Line</th>
</tr>
</thead>
<tbody>
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</table>

Table 11: Municipal Accreditation Steering Committee

Accreditation Business Plan Budget Costing and Allocations

Tables 12 – 14 below provide templates for presenting the required information on budget costing, allocation and sourcing.

Budget Allocations

The municipality is required to summarise the required MTEF budget allocation for accreditation in the format of Table 12 below.
<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Municipality's Own Commitment R'000</th>
<th>External Funding Required R'000</th>
<th>Total Budget Amount R'000</th>
<th>Year Xx R'000</th>
<th>Year Xx R'000</th>
<th>Year Xx R'000</th>
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<td>Communication requirements</td>
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<td>Mentorship &amp; Support</td>
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<tr>
<td>Institutional arrangements</td>
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<td>Monitoring &amp; reporting systems</td>
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<td>Risk Management</td>
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Table 12: MTEF Operational Budget Requirements for Accreditation

If necessary include sub-budget items or add a detailed budget in the annexures including sub-budget line items.
**Cash Flow Requirements**

The anticipated cash flow requirements for the programme are summarised in Table 13. The budget items must correspond to those in Table 12.

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<thead>
<tr>
<th>No</th>
<th>Budget Item</th>
<th>Year xx Budget</th>
<th>Apr</th>
<th>May</th>
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Table 13: Anticipated Cash Flow Requirements
Ongoing Operational Costs and Accreditation Fee

The accreditation fee payable by the provincial department responsible for human settlements for the ongoing operational costs for carrying out the accreditation functions by the municipality will be a percentage of the human settlements capital grant allocation budget as determined by MINMEC.

Accreditation Fee % = (A. Total annual accreditation operational budget / B. Annual municipal human settlements budget) X 100

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Operational Budget Item</th>
<th>Budget Assumptions</th>
<th>Amount</th>
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Total Annual Accreditation Operational Budget
Annual Municipal Human Settlements Budget Allocated to the Municipality
Accreditation Fee % = (A/B) x 100

Table 14: Annual Accreditation Operational Budget and Accreditation Fee
Annexure 2 : Human Settlements Accreditation Capacity and Compliance Assessment Tool

**Aim of the Assessment Tool:** The aim of this assessment tool is to provide a transparent and uniform basis for a MEC responsible for Human Settlements to make a decision as to whether a municipality applying for accreditation or assignment meets the qualifying criteria as outlined in the National Accreditation and Assignment Framework.

**Approach of the Assessment Tool:** This tool can be used for both Level 1 and 2 Accreditation and Assignment application assessments. The assessment reviews the capacity of the municipality as a whole and not simply that of the Human Settlements unit. The reason for this is two-fold: first, the human settlements function is cross-cutting and will engage the full spectrum of municipal administrative systems related to: planning, technical services, project management, financial management, legal compliance, quality control, supply chain management, monitoring and evaluation etc. Secondly, it cannot be assumed that municipalities applying for accreditation or assignment have performed the accredited or assigned functions previously and, therefore, a capacity assessment cannot be limited to their existing capacity to perform these specific functions. It must rather be based on the proven capacity of the institution to perform as a whole against its broader plans, targets and budgets.

**Objectives of the Assessment Tool:** The objectives of the assessment tool are to:

1. Assess the readiness of an applicant municipality for Accreditation Levels One and/or Two or Assignment in terms of the set criteria; and
2. Identify the capacity and support requirements required by the municipality either to qualify for accreditation (or a different level of accreditation) or assignment or to perform the functions in terms of the level for which it is accredited or assigned.

**Development of the Assessment Tool:** This assessment tool has been developed and piloted by the Capacity and Compliance Assessment Panel appointed by the national Minister of Human Settlements in order to expedite the meeting of the sector’s 2014 performance targets.

**Structure of the Assessment Tool:** The Assessment Tool focuses on 5 key areas of local government performance associated with the delivery of integrated human settlements, namely:

- Intergovernmental co-ordination and alignment
- Municipal good governance
- Subsidy and beneficiary management
- Planning, project and programme management
- Financial management
Within each of the five areas, specific performance issues are identified. Municipalities are assessed based on supporting documentation\textsuperscript{22} that they submit and verbal submissions made to an independent auditor body. Scoring on a scale of 1 – 5 is used to provide a quick overview of the capacity of the municipality, and highlights areas of focus for capacitation and support.

The scoring is allocated as follows: 1 – Do not comply  2 – Partly comply  3 – Mostly comply  4 – Fully comply

\textsuperscript{22} The supporting documentation includes: Accreditation Business Plan, Municipal Human Settlements Plan, Integrated Development Plan, Budget, Audit Plan/Charter, Risk Management Plan, Auditor-General’s Report and Annual report. There may be a need to submit copies of council-approved human settlements policies, local government turn around strategies, infrastructure investment plans, spatial development framework etc on request by the external auditor.
A. INTERGOVERNMENTAL COORDINATION : Is there evidence of inter-governmental co-operation and alignment of plans and budgets? Is there evidence of national and provincial support to the municipality requesting accreditation?

<table>
<thead>
<tr>
<th></th>
<th>Question</th>
<th>Docs</th>
<th>Score</th>
<th>Comments by Assessor</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Is the Municipal Human Settlements Plan aligned with national targets and outcomes as reflected in the provincial Multi-Year Human Settlements Performance Plan and Annual Performance Plan?</td>
<td></td>
<td>X</td>
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<tr>
<td>2</td>
<td>Is there evidence of support and monitoring by province regarding human settlements delivery and accreditation/assignment?</td>
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<tr>
<td>3</td>
<td>Are there structures and processes in place to ensure reporting from accredited/assigned municipalities to province to national on Outcome 8 and in terms of the Division of Revenue Act?</td>
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<td>4</td>
<td>What evidence can be provided to demonstrate that the municipality’s Integrated Development Plan is in line with other state-wide planning instruments such as: a) District IDP, b) Provincial Growth and Development Strategy, c) Provincial Human Settlements Strategies and Plans, d) National Strategies and Plans?</td>
<td></td>
<td>X</td>
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<tr>
<td>5</td>
<td>What specific support did the municipality receive in developing the accreditation business plan? What support is province providing to the accredited municipality? Is there an agreed support programme in place?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Has Council approved the accreditation/assignment application by the municipality? Is there a Council resolution in this regard?</td>
<td></td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

An ‘x’ in this column indicates that documentation should be available from the municipality to provide evidence in response to the question.
<p>| | | | |</p>
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<thead>
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<tbody>
<tr>
<td></td>
<td></td>
<td>Docs</td>
<td>Score</td>
</tr>
<tr>
<td>7</td>
<td>Does the municipality have regular executive and Council meetings?</td>
<td></td>
<td></td>
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<tr>
<td>8</td>
<td>What is the nature of the political/administrative interface?</td>
<td></td>
<td></td>
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<tr>
<td>9</td>
<td>What has been impact of any service delivery protests focusing on human settlements in this municipal area?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Are there Council-approved delegations in place?</td>
<td></td>
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<tr>
<td>11</td>
<td>Has the Municipal Manager put in place delegations to municipal officials, and if so, to what level?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Are all senior managers' performance contracts in place and signed?</td>
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<tr>
<td>13</td>
<td>Is there a functioning Internal Audit Unit in place?</td>
<td></td>
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<tr>
<td>14</td>
<td>Is there a functioning Internal Audit Committee?</td>
<td></td>
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<tr>
<td>15</td>
<td>Is there an Audit Plan/Charter?</td>
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<td></td>
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<tr>
<td>16</td>
<td>Is there Risk Management Plan?</td>
<td></td>
<td></td>
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</tbody>
</table>
C. SUBSIDY AND BENEFICIARY MANAGEMENT (L1): Is there sufficient capacity in the municipality to effectively conduct subsidy budget planning and beneficiary management?

<table>
<thead>
<tr>
<th></th>
<th>Docs</th>
<th>Score</th>
<th>Remarks/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>17</td>
<td>Is there existing capacity to operate the HSS?</td>
<td></td>
<td></td>
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<tr>
<td>18</td>
<td>What support is being provided by province to operationalise the HSS at municipal level?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>Is there sufficient and effective interface between the municipality, community and beneficiaries?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>What is the status of the housing waiting list? (updated, accuracy, coverage, data integrity, checks) Is there an updated and accurate demand database?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>21</td>
<td>Is there an allocations policy in place to ensure fairness and transparency?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>22</td>
<td>Is there sufficient capacity in the municipality to undertake subsidy budget planning?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>23</td>
<td>What is the municipality's own contribution to subsidised housing?</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
D. PROJECT AND PROGRAMME MANAGEMENT (L1 for priority programmes only; L2 for all programmes): Is there sufficient capacity in the municipality to undertake project and programme management (both strategic management and project implementation)?

<table>
<thead>
<tr>
<th></th>
<th>Docs</th>
<th>Score</th>
<th>Remarks/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td>24</td>
<td>Has the municipality conducted research in order to verify housing needs and planning assumptions?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>25</td>
<td>Does the municipality have an in-depth understanding of informal settlements? Does the municipality have a specific informal settlements upgrading programme or plan in place detailing appropriate interventions per settlement?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>26</td>
<td>Does the municipality have a land use management strategy in place to plan human settlements developments? Is there municipal and other state land available for human settlements development?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>27</td>
<td>Is there evidence that the Human Settlements Unit of the municipality has jointly planned with other sector departments for the provision of social facilities in human settlements?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>28</td>
<td>Is there a Council adopted Spatial Development Framework in place and does it inform the human settlements sector plan?</td>
<td>X</td>
<td></td>
</tr>
<tr>
<td>29</td>
<td>Is there a high level of integration between the infrastructure investment master plan, the spatial development framework and the human settlements sector plan?</td>
<td>X</td>
<td></td>
</tr>
</tbody>
</table>

**Project identification and evaluation**

| 30 | What capacity exists for project identification and evaluation |       |                 |
(feasibility studies, Environmental Impact Assessments)? How many qualified town planners, project managers, engineers are there?

<table>
<thead>
<tr>
<th>Project/Programme approval</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 Are there project approval systems in place and is there the relevant programme administration skills/experience required in line with the planned scale of human settlements activities?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Contract administration</th>
</tr>
</thead>
<tbody>
<tr>
<td>32 Are the agreed contract management procedures in place and are they followed with all contractors?</td>
</tr>
<tr>
<td>33 Are contract conditions closely monitored to ensure compliance by contractors and are penalties imposed for non-performance?</td>
</tr>
<tr>
<td>34 Is there evidence of strict adherence to project delivery claims procedure and payments?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cash flow projection and management</th>
</tr>
</thead>
<tbody>
<tr>
<td>35 Are monthly expenditure and cash flow reports for all human settlement projects/programmes distributed in time to decision makers?</td>
</tr>
<tr>
<td>36 Is there close monitoring of actual versus projected cash flow on human settlement programmes/projects?</td>
</tr>
<tr>
<td>37 Is there a fully operational budget tracking system for human settlement projects/programmes?</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Technical quality assurance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
</tbody>
</table>

National Department of Human Settlements: August 2012

76
<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>38</td>
<td>Are there quality control procedures and processes in place that ensure compliance with housing service delivery standards? Are building inspectors/clerk of works employed on projects to monitor the quality of construction?</td>
<td></td>
</tr>
<tr>
<td>39</td>
<td>Are projects registered with relevant regulatory bodies, e.g NHBRC?</td>
<td></td>
</tr>
</tbody>
</table>

**Organisational design**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>40</td>
<td>Is the Human Settlement/Housing unit adequately structured and capacitated to perform its current functions?</td>
<td></td>
</tr>
<tr>
<td>41</td>
<td>Is the proposed new organogram to accommodate accredited/assigned functions adequate?</td>
<td></td>
</tr>
</tbody>
</table>

**Performance monitoring**

<p>| | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>42</td>
<td>Is there an effective performance monitoring system in place that produces up-to-date project and programme progress reports against targets?</td>
<td>X</td>
</tr>
<tr>
<td>43</td>
<td>Are quarterly performance management reviews completed on time by the Human Settlement/Housing units in terms of the Service Delivery Budget Implementation Plan and/or IDP?</td>
<td>X</td>
</tr>
</tbody>
</table>
### E. FINANCIAL MANAGEMENT (L3): Is there sufficient capacity in the municipality for financial management of housing programmes?

<table>
<thead>
<tr>
<th>No.</th>
<th>Question</th>
<th>Docs</th>
<th>Score</th>
<th>Remarks/Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>44</td>
<td>Is there a proper GRAP-compliant financial management system in place?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45</td>
<td>Are all human settlement/housing related queries in the Auditor-General’s report responded to in an adequate and timely manner?</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46</td>
<td>Is there a credible credit policy in place?</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>47</td>
<td>Are the required Section 71 reports produced?</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>48</td>
<td>Is there adherence to DORA reporting requirements?</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>49</td>
<td>Is an annual report produced?</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>50</td>
<td>Is there a Supply Chain Management policy in place?</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td>51</td>
<td>Are the required Supply Chain Management committees in place?</td>
<td>X</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>(bid specification, evaluation and adjudication)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>52</td>
<td>Is the municipality financially viable?</td>
<td>X</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annexure 3: Accreditation Compliance Certificate

This motivation has been prepared by the municipality’s external assessors/auditors to signal that the municipality has complied with the accreditation requirements set down in the National Accreditation and Assignment Framework and is now eligible for full accreditation to the level applied for.

We hereby confirm that we have carried out an independent audit of the capacity of the (insert name) Municipality to carry out the (insert Level of accreditation) functions in terms of the National Department of Human Settlements Accreditation and Assignment Guidelines and the municipality’s Accreditation Business Plan and confirm that in our opinion the municipality has now achieved the capacity needed or has put in place the required actions to achieve the required capacity to perform the functions for the (insert Level of accreditation or assignment) applied for.

Name (s):

Institution:

Function:

Signature:

Date:
## Certification of Compliance with Levels 1 and/or 2 Accreditation

<table>
<thead>
<tr>
<th>Accreditation Levels or Assignment</th>
<th>Compliance Certified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1 Accreditation - Subsidy Budget Planning and Allocation and Priority Programme Management and Administration</td>
<td></td>
</tr>
<tr>
<td>Level 2 Accreditation – Full Programme Management and Administration</td>
<td></td>
</tr>
</tbody>
</table>

I hereby confirm that based on an independent audit of the capacity of the *(insert name)* Municipality to carry out the *(insert Level of accreditation)* functions in terms of the *National Department of Human Settlements Accreditation and Assignment Guidelines* and the municipality’s Accreditation Business Plan, and with the assurance that the required capacity and support measures will be put in place, I am awarding a compliance certificate for *(insert name of Municipality)* to perform the functions for the *(insert Level of accreditation)* applied for.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Name</th>
<th>Signature</th>
<th>Date</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEC responsible for Human Settlements in <em>(insert name of Province)</em></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Annexure 4: Municipal Human Settlements Sector Plan Guidelines

Municipal Human Settlements Sector Plan (MHSP):

*Insert name of Municipality*

**Accreditation Level** *(insert Level)/Assignment:*

*To be included as Housing Chapter of the Municipality’s Integrated Development Plan*

**Status:** *insert current status of plan e.g. Draft 1, Approved by Council*

<table>
<thead>
<tr>
<th>Version Control</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Version No</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
</tr>
</tbody>
</table>

**Approvals:** The Municipal Human Settlements Plan (MHSP) requires the following approval:

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Council Resolution</th>
<th>Date</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Council</td>
<td></td>
<td></td>
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</tbody>
</table>

*Note: The MEC responsible for Human Settlements in the province is required to approve that part of the MHSP that lists the projects that will be undertaken by the municipality on behalf of province as a consequence of accreditation.*

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Name</th>
<th>Signature</th>
<th>Date</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEC responsible for Human Settlements</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Prepared by:** *insert name, function and institution*

---

24 This Guideline is aligned with the provisions of the national Housing Code, 2009 Part 3 Volume 3 Integrated Development Plans
Background
These guidelines are intended to assist municipalities in preparing their Municipal Human Settlements Plans (MHSP) to be adopted by Council as part of their Integrated Development Plans. This guideline is aligned with the provisions of the National Housing Code, 2009 Part 3 Volume 3: Integrated Development Plans.

In terms of Section 25 and 26 of the Municipal Systems Act 2000 (Act No. 32 of 2000), all municipalities are required to compile Integrated Development Plans (IDPs). These plans are single, all inclusive, strategic plans. The Housing Act, 1997 (Act No. 107 of 1997) (“the Housing Act”) states in Section 9 (1) (f) that “Every municipality must, as part of the municipality’s process of integrated development planning, take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to initiate, plan, co-ordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction”. Importantly, this planning should include a local housing strategy and delivery targets. This template sets guidelines for the compilation of Housing / Human Settlements chapters of IDPs.

Whilst housing is a concurrent legislative competence of national and provincial government in terms of Schedule 4, Part A of the Constitution (1996), the pivotal role of the local sphere in ensuring horizontal and vertical integration of human settlement delivery is acknowledged in housing-related legislation and policy. The intention is to locate all national housing instruments at municipal level. As a result, the national accreditation and assignment framework sets out the Constitutional and legislative mechanisms for the decentralization of the administration of national housing programmes. Municipalities are required to take the lead role in negotiating the location of housing supply to facilitate spatial restructuring; facilitate a match between demand and supply of different state-assisted housing typologies; and, ensure alignment of housing delivery, spatial planning, infrastructure investment, land-use planning and management, transportation systems and social services provision. Municipalities are accredited or assigned responsibilities by provinces for the administration of national housing programmes in order to facilitate such integrated planning and delivery.

The MHSP must demonstrate the municipality’s plans, budget and organizational capacity to deliver on this mandate.

Objectives of the Municipal Human Settlements Plan (MHSP)
A MHSP must have clearly defined objectives, such as:

- To ensure that human settlements planning reflects a broad range of community level needs and concerns and is based on credible data;
- To align the municipality’s plans with national and provincial human settlements plans and priorities and to inform provincial multi-year and annual performance plans and budgets;
- To undertake human settlements planning as part of a broader, integrated and proactive urban management strategy of the municipality;
- To provide detailed human settlements project plans within a clear implementation and funding strategy;
To develop an institutional structure and unpack clear roles and responsibilities of relevant stakeholders critical to achieving integrated human settlements planning;
To provide a clear monitoring and evaluation framework for the human settlements function;
To present a proactive risk management strategy; and
To develop a clear communications plan.

Structure of the MHSP

The MHSP is organized into the following main sections: the first section is contextual and it unpacks the legislative and policy context for human settlements. It also deals with the particular planning parameters of the municipality and how alignment of planning occurs. This section assesses the housing demand for the particular municipality. The second section deals with the strategic response of the municipality to this context. It outlines the municipality’s vision and objectives for human settlements delivery and outlines the strategies for the achievement of such. Section Three is only to be completed by municipalities that have received Level 1 or 2 Accreditation in order to ensure compliance with Section 9 of the National Housing Act, whereby the MEC is required to approve projects in an instance where the municipality acts as the developer. Section 4 provides detailed project plans and addresses operational governance and financial management issues.

Section 1: Contextualizing Human Settlements Delivery within the Municipality

Legislative and Policy Environment

The municipality must demonstrate through the MHSP that it is informed of, and aligned to, the relevant legislative and policy imperatives e.g. the Constitution (1996), the Housing Act (1997), the national Housing Code (2009), the Municipal Finance Management Act (2003), Government’s Performance Outcome 8 and the revised National Accreditation and Assignment Framework.

Planning Context

This section of the MHSP outlines the planning context for the municipality at national, provincial and local level.

Municipality’s Roles and responsibilities with regard to Human Settlements’ Planning and Delivery

The municipality must outline its understanding of its roles and responsibilities for integrated human settlements delivery. These roles and responsibilities should address the broader developmental role in human settlements delivery, its roles in terms of the National Housing Act and Code, and the specific role in terms of a signed Implementation Protocol or Executive Assignment Agreement for the administration of national housing programmes.
Alignment with national and provincial planning processes

The MHSP should demonstrate alignment with national human settlement priorities, and in particular with the Provincial Multi-Year Human Settlements Development Plan and the provincial Annual Performance Plan.\(^{25}\)

The table below could be used to demonstrate alignment of targets:

<table>
<thead>
<tr>
<th>Key Performance Area</th>
<th>National Targets</th>
<th>Provincial Targets</th>
<th>Municipal Targets</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Table 1: Aligning Performance Targets

Alignment with Local Government Planning Processes

The municipality must outline its approach to ensuring the integration and alignment of the MHSP with the municipality’s other strategic plans, namely its:

- Integrated Development Plan
- Spatial Development Framework
- Infrastructure Master Plan
- Built Environment Support Plan
- Land Use Management Strategy
- Water Services Development Plan

\(^{25}\) In terms of section 7(2)(g) of the Housing Act “Every provincial government must prepare and maintain a multi-year plan in respect of the execution in the province of every national housing programme and every provincial housing programme”. The provision of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), and the regulations published by National Treasury require provinces to compile and submit five year strategic plans, annual plans and to report quarterly on project progress in respect of the current financial year. The planning processes commence at municipal level, where IDP agreed priorities form the basis for provincial strategic plans and such provincial plans will inform the national plan.
The municipality should state the planning principles that inform its human settlements development within its geographical area of jurisdiction. The Section should outline the anticipated economic and population growth rate and spatial trends within the municipality. It should provide medium to long-term spatial guidelines for human settlements development and demonstrate the infrastructure capacity underpinning these plans.

**Community Consultation Process followed in Preparation of the MHSP**

The municipality should describe the community consultation process followed in the development of the MHSP and the identification of projects and how issues raised during this process have been addressed in the Plan. It should state the ongoing communication mechanisms that are in place to ensure healthy municipal-community relationships.

**Assessing Housing Demand**

This section of the MHSP must describe and quantify housing demand within the municipality taking into account housing backlog figures and population growth projections. Housing demand should be broken down into different categories such as: middle-income housing; gap market housing; subsidy housing; rental stock etc.

It should also quantify the extent of informal settlements within the municipality and the plans that the municipality has in place to eradicate informal housing. The municipality must indicate the sources used to establish the housing demand figures, such as Census 2001, National Housing Demand database, municipal demand database and municipal surveys.

<table>
<thead>
<tr>
<th>Housing Type</th>
<th>Demand</th>
<th>No. of Units Required</th>
<th>Data source</th>
<th>Relevant national housing programme/financing source</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tbody>
</table>

Table 2: Housing Demand

The section should also indicate the progress of the municipality thus far in addressing this backlog, any challenges that have emerged, and how these have been overcome.
Section 2: Strategic Response of the Municipality

**Municipal Vision for Human Settlements**

The municipality must state its long-term goal for human settlements development and how it relates to the broader development vision of the municipality as contained within the IDP.

**Setting Objectives and Formulating Strategies**

The municipality needs to set out its objectives in terms of achieving its vision for human settlements development. Such objectives are specific to the municipality and should address issues such as:

- Ensuring that human settlement planning and delivery contributes to the overall spatial development and integration objectives of the municipality by guiding investment by both government and the private sector;
- Ensuring sustainable human settlements by ensuring inter-governmental and inter-sectoral alignment of programmes and projects;
- Providing human settlement opportunities and options that address a range of housing demand needs;
- Addressing both the short and long-term needs of households within informal settlements and backyards; and
- Contributing towards effective, efficient, integrated and sustainable urban management.

A clear objective should be realistic, feasible, specific and time-bound as to the intended benefit to be achieved. Once an objective has been articulated in relation to a particular priority issue, strategies can then be formulated that are both informed by the local context and the strategic guidelines of the other spheres. Clear and measurable targets and indicators need to be given to each strategy in order to measure the effectiveness of the municipality in implementing the strategy. The strategies must take into account the various national programme instruments available.

Table 3 below provides a template with examples of this approach.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Strategy/Activities</th>
<th>Time-Frames</th>
<th>Indicators/ Targets</th>
<th>Means of Verification</th>
</tr>
</thead>
<tbody>
<tr>
<td>E.g To ensure HS planning &amp; delivery contributes to the spatial development &amp; integration objectives of the municipality by guiding related investment of both govt &amp; private sector</td>
<td>To ensure alignment of the MHSP with the municipal SDF, LUMS, infrastructure plans &amp; ITP</td>
<td>X no. of detailed &amp; integrated HS area-based plans</td>
<td>X no. of detailed &amp; integrated HS area-based plans</td>
<td>X no. of bonds issued within specific areas</td>
</tr>
<tr>
<td></td>
<td>To proactively engage the formal financing sector re gap market financing instruments</td>
<td></td>
<td></td>
<td>X participation rate of national &amp; provincial sector depts.</td>
</tr>
<tr>
<td></td>
<td>To establish a municipal planning forum with relevant national and provincial sector departments to ensure alignment</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To provide X number of well-located, mixed-income &amp; good quality housing opportunities</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To ensure alignment with investment of relevant social and economic sector departments</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To provide human settlement opportunities and options that address a range of housing demand needs</td>
<td>To augment official demand data with an annual municipal survey</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>To access a range of subsidy instruments in order to meet specific housing demand requirements</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>To upgrade x% informal settlements to a minimum level of service</td>
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<td></td>
<td>To develop interventions to improve the quality of backyard accommodation</td>
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<td></td>
<td>To forge strategic partnerships with stakeholders to promote inner city accommodation</td>
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<td></td>
<td>To undertake a hostel upgrade programme for x number of units</td>
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</table>

Table 3: Setting Municipal Human Settlements Objectives and Strategies
**Summary of Informal Settlements and Backyarders’ Plan**

This section is to indicate the location and number of: informal settlements, informal settlements households, and informal backyard dwellers. It is to summarise the plans of the municipality to meet the needs of these households e.g. the provision of services to such households, the formalization of such settlements, the relocation of such households if in high-disaster risk areas etc.

Table 4 provides a template for reflecting the intervention plans for these households.

<table>
<thead>
<tr>
<th>Project</th>
<th>Type of Intervention e.g. incremental upgrade/relocation</th>
<th>Nature of Support e.g. security of tenure, basic service provision, improve quality of dwellings, social services etc</th>
<th>Funding Year 1</th>
<th>Funding Source</th>
<th>Funding Year 2</th>
<th>Funding Source</th>
<th>Funding Year 3</th>
<th>Funding Source</th>
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</table>

Table 4: Informal Settlements and Backyarders' Intervention Plan
**Breakdown of National Housing Subsidy Instruments to be Accessed**

In terms of delivering on its objectives and implementing the stated strategies detailed above, the municipality should indicate which housing subsidy instruments will be accessed and their housing opportunity targets over the MTEF. Table 5 provides a template that could be followed:

<table>
<thead>
<tr>
<th>National Housing Subsidy Instrument</th>
<th>No. of Units Targeted Year 1</th>
<th>No. of Units Targeted Year 2</th>
<th>No. of Units Targeted Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>New subsidy/project linked projects</td>
<td></td>
<td></td>
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<tr>
<td>Social housing</td>
<td></td>
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<tr>
<td>Hostel redevelopment</td>
<td></td>
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<tr>
<td>Upgrading of informal settlements &amp; emergency housing</td>
<td></td>
<td></td>
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<tr>
<td>Land restitution claims</td>
<td></td>
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<tr>
<td>Gap housing</td>
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<td></td>
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<tr>
<td>CRU (rental stock upgrading)</td>
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<tr>
<td>etc</td>
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<tr>
<td><strong>TOTAL</strong></td>
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</tbody>
</table>

Table 5: Municipal Targets per Housing Subsidy Instrument

**Planned Human Settlements Projects and Available Funding**

The municipality should list all its planned human settlements projects related to its objectives and strategies above. It should identify the full array of capital and operating funds available to the municipality to fulfill its mandate of facilitating and developing sustainable human settlements. This includes the Urban Services Development Grant, the Human Settlements Development Grant, other infrastructure grants and any of its own funding.

This section should include a project list indicating available budget:
<table>
<thead>
<tr>
<th>Project Name</th>
<th>Year 1 USDG R</th>
<th>Year 1 HSDG R</th>
<th>Year 1 Municipal Own Funding R</th>
<th>Year 1 Other Funds R</th>
<th>Year 2 USDG R</th>
<th>Year 2 HSDG R</th>
<th>Year 2 Municipal Own Funding R</th>
<th>Year 2 Other Funds R</th>
<th>Year 3 USDG R</th>
<th>Year 3 HSDG R</th>
<th>Year 3 Municipal Own Funding R</th>
<th>Year 3 Other Funds R</th>
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</table>

*Table 6: Comprehensive List of Human Settlements Projects & Funding Sources to be undertaken by the Municipality*
Section 3: To be completed by Municipalities with Accreditation Level 1 and/or 2

Projects to be administered on behalf of province in terms of accreditation

This section of the MHSP specifically lists the projects that will be administered on behalf of the province as per accreditation Levels 1 or 2.

The Human Settlements Development Grant (HSDG) budget provision from province/national (depending on accreditation or assignment respectively) must be reflected per project.

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Year 1 HSDG R</th>
<th>Year 2 HSDG R</th>
<th>Year 3 HSDG R</th>
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</table>

Table 7: List of Human Settlements Projects to be undertaken by the Municipality on behalf of province

A detailed project plan that sets out Key deliverables and targets is attached as Table 8. Payment dates are linked to deliverables and can be agreed to upfront.

The MEC responsible for Human Settlements within the relevant province is required to sign-off this section of the MHSP in order to comply with S 9 (2) (b) of the Housing Act.
<table>
<thead>
<tr>
<th>Project Milestone</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>Year YY</th>
<th>Year ZZ</th>
<th>Payment Due</th>
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</table>

Table 8: Delivery Time-Frames and Agreed Dates for Progress Payments
**Ongoing Operational Costs**

The ongoing operational costs for carrying out the accreditation functions by the municipality will be a percentage of the municipal human settlements allocation budget as determined by the National Department of Human Settlements in consultation with the provinces.

Accreditation/Assignment Fee % = (A. Total annual accreditation/assignment operational budget / B. Annual municipal human settlements budget) X 100

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Operational Budget Item</th>
<th>Budget Assumptions</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
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</tr>
<tr>
<td>A. Total Annual Accreditation/Assignment Operational Budget</td>
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<tr>
<td>B. Annual Municipal Human Settlements Budget Allocated to the Municipality</td>
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<tr>
<td>C. Accreditation Fee % = (A/B) x 100</td>
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</tbody>
</table>

**Table 9: Annual Accreditation/Assignment Operational Budget**

**MEC’s Approval**

I hereby approve the projects listed in Table 7 above as the projects that will be implemented by the municipality in terms of my decision to grant Accreditation Level 1 / Level 2 to Municipality X.

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Name</th>
<th>Signature</th>
<th>Date</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEC responsible for Human Settlements</td>
<td></td>
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</tbody>
</table>
Section 4: Detailed Project Planning

Comprehensive and Detailed Project Plans

This section of the MHSP provides more detailed project planning for all its human settlements projects. The detailed information required in this section will be:

- The extent of integration of projects with other municipal and provincial sector plans;
- A detailed project implementation plan with clear project milestones and time-frames;
- Details of project management systems in place;
- Details on the procurement of required professional services;
- Details of contract management systems in place;
- Details of quality assurance functions; and
- Any other matters deemed reasonable and necessary to ensure meeting project objectives.

Tables 10 and 11 below only provide templates for the reflection of integration of projects with other plans and the detailed project implementation plans. In Table 10 the municipality must reflect whether the project is aligned to or included in its various strategic and investment plans. It must also indicate whether relevant provincial departments have aligned their plans to the various projects as intended. In Table 11 the municipality identified key milestones and time-frames for deliverables for each project to assist in project tracking and management.

The municipality will need to provide information in other formats on the remaining details required for its projects.
<table>
<thead>
<tr>
<th>Project Name</th>
<th>Integrated Development Plan</th>
<th>Spatial Development Framework</th>
<th>Water Services Development Plan</th>
<th>Infrastructure Master Plan</th>
<th>Built Environment Support Plan</th>
<th>Integrated Transport Plan</th>
<th>Local Economic Development</th>
<th>Dept of Education</th>
<th>Dept of Health</th>
<th>Dept of Roads &amp; Transport</th>
<th>Other</th>
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</tbody>
</table>

Table 10: Human Settlements Planning Integration
<table>
<thead>
<tr>
<th>Project</th>
<th>Project Milestone</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Apr</th>
<th>Year YY</th>
<th>Year ZZ</th>
<th>Year AA</th>
</tr>
</thead>
</table>

Table 11: Project Delivery Time-Frames
**Procurement Process**

The municipality must state its procurement procedures in order to demonstrate that they will be fair, equitable and transparent. The municipality can include measures to be taken to prevent and address corruption within the procurement process.

**Accessing Land**

This section must address the processes for the identification, availability, release, acquisition and preparation (i.e. planning, subdivision, land-use zoning, EIAs etc) of land for human settlement delivery. For example, it should detail the process followed for the identification of the land e.g. alignment with the municipality’s SDF and Land Use Management Strategy and its Informal Settlements Strategy/Plan. It should address land demand issues such as, e.g. incremental developments, restitution, social housing, Greenfield developments etc. The availability, or lack thereof, of an updated land audit should be explained. The processes to be followed for the securing of tenure rights must also be outlined. The role of the HDA, if any, should also be included.

**Risk Assessment**

It is important that the municipality conducts a risk assessment upfront and then determines the mitigating actions to address such risks. Clear lines of responsibility are necessary in order to ensure that plan is taken seriously and is implemented. Table 12 provides a template of a risk assessment matrix. Insert risks appropriate to the programme and municipality.

**Key - Likelihood: Low or Moderate or High**

<table>
<thead>
<tr>
<th>Rank</th>
<th>Identified Risks</th>
<th>Likelihood</th>
<th>Consequence</th>
<th>Rank</th>
<th>Proposed Actions to Mitigate Risk</th>
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</table>

Table 12: Risk Assessment Matrix
Communications Plan

A human settlements’ communications plan must be compiled, together with budgeted cost, with agreed objectives, such as:

- Provide effective communication among the various key stakeholders within the programme;
- Provide a structured mechanism to convey to the recipients all appropriate information necessary to ensure that they are kept informed of progress and involved in the development process; and
- Provide the necessary communication channels to ensure the effective implementation of the programme.

A proposed structure for a Communications Plan is as follows:

- **Communication Element/Major Events** - include the communication elements and major events planned and key dates for specific communications.
- **Target Audiences** – identify the target audiences for communication.
- **Message** – formulate the message that must be communicated to each target audience.
- **Medium** – select the medium/s that should be used to communicate the message e.g. news print, reports, workshops with the different target groups etc.
- **Frequency** – state how often communication should take place with the target audience e.g. monthly, quarterly, ad hoc etc.
- **Action Plan** – identify the required actions necessary to communicate with each target audience
- **Responsibility** – identify responsibilities for the communications with the various target groups
- **Risk Assessment** - state the risks associated with communication, how they can be minimised and the Key Success Factors related to communication.
- **Communication Cost** – calculate the cost of the communications elements and for the major events

A template for a Communications Plan is provided in Table 13 below.
<table>
<thead>
<tr>
<th>Communication Element / major Events</th>
<th>Target Audiences</th>
<th>Message – what message do we want to communicate to each target audience</th>
<th>Medium – what medium/s should be used to communicate the message e.g. news print, advertorials, road shows, etc</th>
<th>Frequency – how often should we communicate with the target audience e.g. monthly, quarterly, ad hoc etc</th>
<th>Action Plan – what actions are required to achieve the communications with each target audience</th>
<th>Responsibility – who is responsible for the communications with the various groups</th>
<th>Risk Assessment – what are the risks involved, how can the risks be minimized and what are the key success factors?</th>
<th>Communication Cost – what is the cost of the communications with each target audience and for the major events</th>
</tr>
</thead>
</table>

**Table 13: Municipal Communications Plan**
**Performance Monitoring**

Project indicators should measure the extent to which housing is used to leverage the creation of sustainable human settlements and encourage public investment by other government departments.

Measurable indicators must relate to the objectives of the MHSP and have been included in Table 3 related to the human settlements objectives and strategies of the municipality.

In addition, the municipality may choose to have a number of over-arching key performance indicators that are reported on regularly to Council. For example:

a) The % reduction in the overall housing backlog
b) The % informal upgrade achieved against target
c) The % expenditure of the HSDG achieved according to planned targets
d) The % of human settlement projects with integrated and sustainable plans
e) % compliance with the signed Implementation Protocol/ Executive Assignment Agreement

**Institutional Framework**

The institutional mechanisms for integrated human settlements delivery within the municipality must be outlined in this Section. This should include an organogram of the internal organization structure for human settlements delivery within the municipality and indicate roles and responsibilities of each relevant unit. The municipality must also indicate the workings of any committees involved in managing/monitoring the function e.g. internal audit, risk, port folio etc.

The institutional mechanisms in place to ensure co-ordination with external stakeholders e.g. national and provincial sector departments, parastatals, the formal banking sector, housing sector institutions etc must be outlined.

Lastly, the institutional mechanisms ensuring community participation and accountability of the municipality to the community should be detailed. The institutional framework must demonstrate how the municipality will deliver on its human settlements mandate.
**Total Human Settlement Budget Allocations and Costings**

The total municipal human settlements budget should be provided as part of the MHSP. Table 14 provides a possible format for a summarized MTEF budget allocation.

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Municipality’s Own Commitment R’000</th>
<th>External Funding Required R’000</th>
<th>Total Budget Amount R’000</th>
<th>Year Xx R’000</th>
<th>Year Xx R’000</th>
<th>Year Xx R’000</th>
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<tbody>
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<td>Administration</td>
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<td>Communication requirements</td>
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<td>Mentorship &amp; Support</td>
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<td>Training</td>
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<td><strong>Budget per Human Settlements Programme</strong></td>
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<td>Project linked</td>
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<td>Hostels Upgrading</td>
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<td>Individual Subsidies</td>
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</tbody>
</table>

Table 14: MTEF Human Settlements Budget allocation

*If necessary include sub-budget items or add a detailed budget as an annexure including sub-budget line items*
**Cash Flow Requirements**

The anticipated cash flow requirements for the programme is summarised in Table 15 below.

*Note ensure that the budget items correspond to those in Table 14.*

<table>
<thead>
<tr>
<th>No</th>
<th>Budget Item</th>
<th>Year xx Budget</th>
<th>Apr</th>
<th>May</th>
<th>Jun</th>
<th>Jul</th>
<th>Aug</th>
<th>Sep</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>Year YY</th>
<th>Year ZZ</th>
<th>Total (RM)</th>
</tr>
</thead>
</table>

**Table 15: Anticipated Cash Flow Requirements**
Conclusion

The conclusion should summarise the approach of the municipality to human settlements delivery and highlight the commitment of the municipality to working with other stakeholders in the meeting of its targets. The conclusion should also provide details as to how the MHSP will be reflected within the IDP and Service Delivery and Budget Implementation Plan (SDBIP) of the municipality.
Annexure 5: Municipal Capacity and Support Plan for Accreditation

Level *(insert Level)* Municipal Accreditation Capacity and Support Plan:

*Insert name of Municipality*

**Purpose:** To present a plan of how the capacity and support requirements of the accredited municipality will be addressed by the provincial department responsible for Human Settlements in agreement with the municipality.

**Status:** *insert current status of plan e.g. Draft 1, Approved by Council, Approved by PDHS*

<table>
<thead>
<tr>
<th>Version Control</th>
</tr>
</thead>
<tbody>
<tr>
<td>Version No</td>
</tr>
<tr>
<td>-----------</td>
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</tbody>
</table>

**Approvals:** This document requires the following approvals

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Name</th>
<th>Signature</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Human Settlements Manager</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Municipal Manager</td>
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<td></td>
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<tr>
<td>Head of provincial department responsible for Human Settlements</td>
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<tr>
<td>Head of provincial department responsible for Local Government</td>
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</tbody>
</table>

**Prepared by:** *insert name, function, institution and date.*

---

26 To be included as an Annexure to an Implementation Protocol signed between an MEC responsible for Human Settlements & an Executive Mayor of an Accredited Municipality
Purpose of the Municipal Accreditation Capacity and Support Plan

The purpose of the Municipal Capacity and Support Plan (Capacity Plan) for Accreditation is to state the support that will be provided by the relevant provincial department responsible for human settlements (PDHS) and other stakeholders in addressing the capacity and support needs identified within the municipality’s Accreditation Business Plan (ABP). It will also state the municipality’s commitment to addressing specific capacity gaps. The Capacity Plan is jointly worked out between the municipality and the PDHS.

This Capacity Plan must address the following key questions:
- What CAPACITY or CAPABILITIES will be provided?
- What is the COST of the planned interventions?
- What is the TIMETABLE linked to the programme?
- What ROLES and RESPONSIBILITIES will the various stakeholders play?
- How will the capacitation programme be MANAGED?
- How does the plan INTEGRATE with the municipality’s Workplace Skills Development Plan?

The Capacity Plan for an accredited municipality is fundamental given that accreditation is regarded as a capacitation mechanism towards assignment. There is a direct correlation between the Municipality’s ABP and the Capacity Plan and in many respects the Capacity Plan translates the ABP into an action plan.

Municipal Capacity and Support Plan

Plugging Management and Administrative Systems Gaps

The Capacity Plan must reflect the commitments made by the appropriate institution to addressing the identified management and administrative systems requirements in the ABP. Table 1 provides a template, which may be used for this purpose.
<table>
<thead>
<tr>
<th>Capacity intervention e.g. hardware/software/linkage/me ntorship/training</th>
<th>Capacity Source/Resource / Programme</th>
<th>Responsible Institution &amp; Person</th>
<th>Total Budget</th>
<th>Budget source/s</th>
<th>Time-Frame for Actioning</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.1 Developing human settlements strategies, plans &amp; budgets</td>
<td>E.g. PDHS; City Budget Forum; Large Cities Programme</td>
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<tr>
<td>1.2 Spatial planning system (i.e GIS)</td>
<td>E.g. COGTA</td>
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<tr>
<td>1.3 Budget Allocation tracking system</td>
<td>E.g. National/ Provincial Treasury</td>
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<tr>
<td>1.4 Document management system</td>
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<tr>
<td>1.5 HSS (appropriate modules)</td>
<td>E.g. NDHS</td>
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<tr>
<td>1.6 Project feasibility assessments</td>
<td>E.g. Siyenza Manje</td>
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<td>1.7 Monitoring &amp; Reporting systems</td>
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<td>1.8 Community participation</td>
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</table>

**Level 2: Programme Management and Administration**

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<table>
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<tbody>
<tr>
<td>2.1 Project tracking system</td>
<td></td>
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<tr>
<td>2.2 HSS</td>
<td></td>
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<tr>
<td>2.3 Linkage to Deeds Register</td>
<td></td>
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<tr>
<td>2.4 Linkage to the department of Home Affairs Population register</td>
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<tr>
<td>2.5 Reporting systems</td>
<td></td>
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</tbody>
</table>

**Financial Administration (towards Assignment)**

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<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>3.1 Cash flow tracking system</td>
<td>E.g. National/ Provincial Treasury</td>
</tr>
<tr>
<td>3.2 Financial reporting &amp; reconciliation</td>
<td>E.g. National/ Provincial Treasury</td>
</tr>
<tr>
<td>3.3 DORA compliance</td>
<td></td>
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</tbody>
</table>

Table 1: Management & System Requirements for Accreditation
**Plugging Human Resource Gaps**

Given that accreditation delegates responsibilities for the administration of national housing programmes to municipalities, additional human resource capacity will be required in order for municipalities to effectively perform these new functions. The Capacity Plan must, therefore, address the human resource gaps that have been identified by the municipality in its ABP. Table 2 is the template of the municipal staffing plan contained within the ABP and relates to the proposed new Human Settlements function organogram of the municipality.

<table>
<thead>
<tr>
<th>Post Requirements</th>
<th>Total Number of staff required per post</th>
<th>No. to be seconded from PDHS</th>
<th>No. to be re-trained</th>
<th>No. to be externally recruited</th>
<th>No to be re-deployed</th>
<th>Number to be outsourced</th>
<th>ime-frames for filling of posts</th>
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</table>

**Table 2: Staffing Plan for Accreditation**

Table 3 is an implementation plan for the recruitment of staff as per the staffing plan.
<table>
<thead>
<tr>
<th>Staff Recruitment Method</th>
<th>Target No.</th>
<th>Names of Individuals</th>
<th>Recruited from (current position)</th>
<th>Recruited to (position in new organogram)</th>
<th>Job Title</th>
<th>Total Package</th>
<th>Benefits to be Transferred</th>
<th>Time-Frame</th>
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<tbody>
<tr>
<td>Secondments</td>
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<td>Re-Trained</td>
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<td>Externally Recruited</td>
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<td>Re-Deployed</td>
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<td>Out-Sourced</td>
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</table>

Table 3: Implementation Plan for Staff Recruitment into New Organogram
**Financing of Human Resource Needs**

Table 4 indicates the total human resource hosts for the municipality’s human settlements function and the committed funding sources for these posts.

<table>
<thead>
<tr>
<th>Existing Human Settlements Posts</th>
<th>Total Cost of Package</th>
<th>Funding Source</th>
<th>New Human Settlements posts for accreditation</th>
<th>Total Cost of Package</th>
<th>Funding Source</th>
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Table 4: Financing of Human Resource Requirements
**Skills Development Implementation Plan**

Table 5 provides a template for the implementation of the Skills Development Plan contained in the municipality’s ABP. It is understood that this plan has been integrated within the municipality’s Workplace Skills Development Plan and has thus been approved by the municipality’s Workplace Skills Development Committee.

<table>
<thead>
<tr>
<th>Name</th>
<th>Current Position or Function</th>
<th>Current Responsibilities</th>
<th>Proposed new position/function</th>
<th>Key New Responsibilities</th>
<th>Skills to be provided</th>
<th>Organization/Service Provider</th>
<th>Dates of Training</th>
<th>Cost of Training</th>
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*Table 5: Skills Development Implementation Plan for Accreditation*
Other Support Commitments

The Capacity Plan should reflect any other programmes that have been leveraged to support the municipality in the performance of its accreditation responsibilities. Issues that should be covered are included in Table 6.

<table>
<thead>
<tr>
<th>Support Focus Area</th>
<th>Nature of the Support</th>
<th>Support Programme Leveraged</th>
<th>Responsible Institution &amp; individual</th>
<th>Time-Frame</th>
<th>Cost</th>
<th>Funding Source</th>
</tr>
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Table 6: Other Support Interventions

Summary of the Actual Capacitation Programme

Provide a summary work-plan of the actions that will be taken and the time-frames attached to them. A format is included as Table 7.
<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Activity</th>
<th>Duration</th>
<th>Target Completion Date</th>
<th>Responsibility</th>
<th>YEAR XX</th>
<th>YEAR YY</th>
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</table>

Table 7: Summary Time-Table of the Municipality’s Accreditation Capacitation Programme
Contractual Arrangements

All agreements and contracts applicable to the implementation of the Capacity Plan must be identified and described in this section. The various agreements/contracts are contained in an Annexure to this document and are summarised in Table 8 below.

<table>
<thead>
<tr>
<th>Contract/Agreement Name</th>
<th>Purpose of Agreement/Contract</th>
<th>Parties to the Agreement/Contract</th>
<th>Responsibility for facilitating the Contract</th>
<th>Duration of Agreement/Contract</th>
</tr>
</thead>
<tbody>
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Table 8: Capacitation Contracting Arrangements

Management of the Capacity Plan

The PDHS Accreditation Project Manager and the Municipal Accreditation Project Manager will be jointly responsible for the implementation of the Capacity Plan. The project managers will be required to allocate responsibilities between them. The project managers will report to the PDHS/Municipality Accreditation Working Group on progress regarding the implementation of the Plan.
Annexure 6: Scope of Work for Technical Assessment to determine Transfer of Staff, Assets & Liabilities from Provinces to Municipalities

SCOPE OF WORK

TO DETERMINE THE IMPLICATIONS OF ACCREDITATION LEVEL 2 AND ASSIGNMENT FOR THE TRANSFER OF STAFF, ASSETS AND LIABILITIES FROM PROVINCIAL DEPARTMENTS RESPONSIBLE FOR HUMAN SETTLEMENTS TO SIX METROS

Purpose
The purpose of this project is to appoint (an) independent service provider/s to conduct an independent technical assessment of the implications of Assignment for the transfer of staff, assets and liabilities from provincial departments responsible for Human Settlements to municipalities. This assessment would be used as the basis for the costing of the financial implications of assignment and for the negotiations that will need to take place between affected provinces and municipalities regarding the transfer of staff, assets and liabilities during an assignment process.

Background
Provincial MECs responsible for Human Settlements are required to decide whether to accredit or assign responsibilities to municipalities to administer national housing programmes on their behalf. This is in line with national legislation and policy that recognises greater planning and delivery efficiencies if these responsibilities are performed within the local sphere. Accreditation and assignment are undertaken within existing policy and legislative frameworks. Outcome 8 of government’s performance agreement sets the targets and time-frames for both. Assignment has fiscal and financial implications that have to be addressed prior to the signing of any Executive Assignment Agreements. There are also implications for the personnel, assets and liabilities associated with such responsibilities at provincial level that may need to be shifted to municipalities.
General Principles informing the Technical Assessment

It is acknowledged that the:

- Implications for Accreditation Level 2 and assignment on the transfer of staff and assets from provinces to metros will be similar. The only additional responsibilities awarded the metros following assignment is financial management.
- Implications for the transfer of staff, assets and liabilities between provincial government and municipalities following assignment of housing functions will vary from one province to another and from one assignment to the next.
- The assessment will be complicated by the fact that assignment of the administration of national housing programmes will be an asymmetrical process, with provinces retaining responsibility for the function to the extent that assignment has not yet occurred to a portion of municipalities in the province.
- There can therefore not be a wholesale transfer of staff, assets and liabilities from provincial departments to municipalities. Nor can there be a “one-size-fits-all” approach to such transfers.
- Each assignment to a municipality will need to be considered on its own merits, with negotiation to ensure that allocations are made fairly, equitably and in such a way that the assignment of functions is sustainable from a resource allocation perspective.
- Staff should be transferred based on determination of need and availability, and into an approved organisational structure.
- In any transfer of employment, there must be compliance with the provisions of Section 197 of the Labour Relations Act.
- The general principle of funds follow function is applicable.
- The process of consultation with the affected parties should be fully documented.

Scope of Works

The independent assessment, conducted with the co-operation with the relevant province and metro, will be required to cover the following:

1. Human Resources Assessment
   - Assess the organisational structure of the provincial department (including relevant regional offices) responsible for Human Settlements in terms of staffing: numbers, levels, packages (including benefits) and skills;
   - Identify provincial posts which would become superfluous/under-utilised as a result of the assignment;
   - Assess the proposed changes in the relevant metro/s organisational structure/s and revised personnel requirements in light of the change to their respective scopes of responsibility following assignment;
   - Evaluate identified provincial posts for possible transfer with a view to determining appropriateness to meet the additional personnel requirements of the assigned metro/s. Clear criteria for such an assessment should be stipulated.
e.g. responsibilities associated with the metro account for 50+1 > more of the time of the affected provincial staff member;

- Review the rules of the Government Employees Pension Fund and make proposals for the pension funding arrangements to be put in place by the metros. Assess each member’s accrued interest in the GEPF and assess the financial implications for the transfer of such funds;
- Provide a detailed costing associated with the transfer of personnel, including total package of each affected staff member;
- Develop a proposed personnel transfer plan that is compliant with relevant legislation (e.g. S 197 of the LRA, the PFMA S 42 and the MFMA) and that will require the backing of both parties and organised labour. This plan should include: the setting up of a payroll and employee roll in the affected metro for the personnel to be transferred; a plan for the movement of physical personnel records to the metro; clear details regarding the job title, conditions of employment, and transferring benefits and position in organisational structure for each affected staff member.

2. Asset Assessment

- Assist the metro to develop a detailed schedule of additional assets required for the purposes of carrying out the assigned functions;
- Assist the provincial department to develop a detailed inventory of assets, including the value of such assets, available in respect of the human settlements function – and identify those assets from the inventory which will become superfluous/under-utilised arising from assignment;
- Propose a cut-off date for the right to affected debts and the responsibility for the collection thereof should be agreed;
- Propose the criteria for decisions regarding the transfer of assets e.g. an asset is utilised >50% for the implementation of human settlements programmes within the affected metro;
- Evaluate superfluous/under-utilised assets with a view to determining appropriateness to meet the additional asset requirements of the accredited level 2/assigned metro/s;
- In the instance of land asset transfer, the service provider will be required to:
  - identify the legal framework governing such transfers;
  - identify the relevant transfer mechanisms for the individual parcels of land;
  - state the relevant information required by the metro from the province (e.g. title deed conditions, land claims issues, PTOs, locality and layout maps, land value etc); address the transfer of assets and infrastructure on the identified land portions; and
  - indicate responsibilities for transfer e.g. registration of title deeds and cession of servitudes in the Deeds Registry Office.
- In the instance of property transfer, the service provider will be required to:
- identify the legal framework governing such transfers;
- identify the relevant information required by the metro from the province; and
- indicate responsibilities for transfer e.g. registration of Title Deeds.

- Care should be taken to ensure that all liabilities associated with such assets are clearly identified and disclosed in the negotiation process, as transfer of assets will be made together with liabilities attached to those assets.
- A system for the documentation of the transfer of assets must be proposed.

3. Liabilities Assessment
   - Assist the province in developing a detailed schedule of liabilities, including the value of such liabilities, associated with the human settlements function within the province. Liabilities include disputes and disciplinary processes, unresolved litigation and outstanding creditors.
   - Develop and consult the parties on the criteria for decisions regarding the transfer of liabilities e.g. a liability is related >50% to the implementation of human settlements programmes within the affected metro.
   - A cut-off date for the responsibility for the liabilities and the responsibility for the resolution thereof should be stipulated.

4. Contractual Obligations
   - Any contractual obligations not listed under liabilities that are related to the implementation of human settlements programmes by provinces within the affected metro should be listed.
   - A cut-off date for the responsibility for the contractual obligations and the responsibility for the management thereof should be stipulated.

5. Financial Assessment
   - Assess the capital and operational budgets (i.e. both income (including sources) and expenditure) of both the affected province and metro/s for the human settlements function;
   - Determine the operational funding requirements of the metro/s for the performance of the Assigned functions;
   - Determine the capital funding requirements of the metro/s for the meeting of delivery targets in terms of the proposed Executive Assignment agreements in relation to the capital budget made available by provinces;
   - Determine the operational budget of the affected provincial department responsible for Human Settlements and the portion of the budget currently allocated to the affected municipality/ies;
   - Determine the capital budget for the provincial department and assess the gazetted capital allocation for the affected municipalities in terms of the intention of
Assignment. Indicate what formula or other method was used for determining the municipal allocation.

**Skills requirements for the Service Provider**

The service provider will be required to demonstrate the following knowledge and expertise:

- **Knowledge of:**
  - The human settlements function
  - The Constitutional and legal framework for assignment
  - Inter-governmental relations
  - Relevant legislation governing staff and asset transfers

- **Expertise is required in terms of:**
  - Organisational change management
  - Organisational design and development
  - Human Resources Management
  - Financial management
  - Legal processes involved in staff and asset transfer

In addition, the successful service provider will be required to provide evidence of managing the implementation of Section 197 of the LRA processes in either or both the public and private sector.

**Time-Frame for the Assessment**

The assessment is to be carried out within a one-month period.
Annexure 7 a: Implementation Protocol Level One

BETWEEN THE

MEC OF HUMAN SETTLEMENTS IN

…………………………………………………………… (PROVINCE)

AND THE

EXECUTIVE MAYOR OF ……………………………………………………………….. MUNICIPALITY

On

THE ADMINISTRATION OF NATIONAL HOUSING PROGRAMMES

DATE…………………………………………

PREAMBLE

The Parties:
Having regard to the …………………………….Municipality’s written application to the …………..MEC for Human Settlements to be accredited at Level 1 for the purposes of administering national housing programmes and the issuing of an accreditation compliance certificate,
Recognising the efforts made by the ………………………….Municipality to develop sufficient capacity and a sound Municipal Human Settlements Development Plan,
Acknowledging the role played by the ……………………………………..Department of Human Settlements in supporting the capacitation of the municipality and monitoring the progress made by the Municipality,
Desiring to ensure the accelerated and effective implementation of national housing programmes resulting in integrated human settlements,

And operating within the legal mandate of the MEC, the MEC is formalising the Level 1 accreditation of the ……………………………… Municipality, as contemplated in the National Accreditation Framework for Municipalities to Administer National Housing Programmes (2006), through this Implementation Protocol.

Now therefore the Parties agree as follows:

1. Definitions

For the purpose of this Protocol, unless the context indicates otherwise:

a. “National Accreditation Framework” means the National Accreditation Framework for Municipalities to Administer National Housing Programmes, as published from time to time by the Minister of Human Settlements;

b. “the APP” means the relevant Provincial Annual Performance Plan;

c. “the Department” means the ………………………………Provincial Department responsible for Human Settlements/Housing;

d. “the DORA” means the applicable Division of Revenue Act, as promulgated annually;

e. “the Housing Act” means the Housing Act, 1997, (Act No 107 of 1997);

f. “the funds transferred” refers to the funds transferred by the MEC to the Municipality for the purposes of administering national housing programmes;

g. “the MEC” means the Member of the Executive Council Responsible for Human Settlements of the Provincial Government of………………………………and the Accrediting Authority in terms of this Protocol;

h. “the Municipality” means the …………………………………Municipality being accredited in terms of this Protocol;

i. “the PMYHSP” means the relevant Provincial Multi-Year Human Settlements Plan;

j. “the Sector Plan” means the Municipal Human Settlements Development Plan;

k. “this Protocol” means the agreement set out in this document and the Annexure/s attached hereto.

l. “the national Housing Programmes” means all national housing programmes contained within the National Housing Code, with the exception of individual, relocation
and Finance Linked Individual Subsidy programmes, the administration of which remains the responsibility of the MEC.

m. “the Capacity and Compliance Accreditation Panel” means the panel appointed by the Minister of Human Settlements to advise and assist the Minister and MECs in the pre-accreditation assessment process for municipalities and in post-accreditation support.

2. Objectives of protocol

2.1. The objectives of this Protocol are:

2.1.1. to formalize the MEC’s decision to accredit the ………………………………… Municipality in terms of Section 10 of the Housing Act to administer all the national housing programmes on its behalf, to the extent set out, and subject to those conditions which are stipulated in, this Protocol;

2.1.2. to ensure the capacitation of the Municipality in preparation for it to be granted level 2 accreditation and thereafter to be formally assigned the executive functions of administering national housing programmes; and

2.1.3. to clarify, and ensure the performance of, the respective roles and responsibilities of the parties to this Protocol.

2.2. The Parties agree to act in common in pursuit of these objectives which shall be implemented in accordance with the following terms and principles:

2.2.1. Co-operative governance;

2.2.2. Transparency;

2.2.3. Fairness; and

2.2.4. Good governance.

3. Parties and signatories to the protocol

3.1. The Parties to this Protocol are as follows:

3.1.1. the MEC; and

3.1.2. the Executive Mayor of the Municipality,

and they are responsible for ensuring effective implementation of the terms of this protocol.

3.2. The Head of the Department, and the Municipal Manager of the Municipality are also signatories to this agreement in recognition of the implications of this agreement for the Department and the Municipality respectively.

4. Scope of Accreditation
4.1. The MEC hereby grants Level 1 accreditation to the Municipality, as contemplated by the National Accreditation Framework.

4.2. In terms of this accreditation, the Municipality is authorised, within its municipal area, to manage and administer all national housing programmes to the extent set out in paragraph 7.

5. Roles and responsibilities of the MEC

5.1. The MEC, as the Accrediting Authority, has the following roles and responsibilities:

5.1.1. to approve the Municipality’s Sector Plan and the housing development projects identified therein in order to comply with Section 9 (2)(b) of the Housing Act;

5.1.2. to approve the province’s PMYHSP and APP and ensure alignment with the municipality’s Sector Plan;

5.1.3. to issue policy directives to the Municipality that are consistent with national housing policy, including the rules applicable to the accredited national housing programmes;

5.1.4. to facilitate the involvement of relevant national and provincial sector departments in aligning their plans and budgets with the Municipality’s Sector Plan in order to deliver integrated human settlements;

5.1.5. to regularly review the performance of the municipality against the criteria as set out in the National Accreditation Framework and in terms of the Municipal Sector Plan, and in terms of the Key Performance Indicators set out in paragraph 10;

5.1.6. to intervene and take the steps necessary to ensure adequate performance, if the Municipality fails to perform;

5.1.7. to determine the allocation of funds to the Municipality to perform the accreditation functions in terms of national guidelines;

5.1.8. To ensure the gazetting of the allocation of funds to accredited municipalities in terms of Schedule 5 grant conditions within the DoRA;

5.1.9. to stop payments to the Municipality in the case of clear evidence of financial or programme mismanagement in terms of the DoRA and Municipal Finance Management Act;
5.1.10. to take the necessary steps to ensure adequate performance, and if required to withdraw the accreditation given to the Municipality, in terms of S 10 (3) (c ) (ii) of the Housing Act.

6. Roles and responsibilities of the Department

6.1. The role and responsibilities of the Department are:

6.1.1. to transfer the funds to the municipality in terms of the approved payment schedule as attached as Annexure A to this agreement;

6.1.2. to support the Municipality in the development of its Sector Plan;

6.1.3. to facilitate inter-governmental alignment of planning and budgeting in terms of the Municipality's Sector Plan;

6.1.4. to prepare and ensure alignment between its PMYHSP and APP and the Municipality's Sector Plan;

6.1.5. to ensure both municipal and provincial reporting compliance in terms of the Housing Act, the Public Finance Management Act and the DoRA for funds allocated to the Municipality;

6.1.6. to review the performance of the Municipality against the criteria for accreditation as outlined in the National Accreditation Framework, its approved Sector Plan and the Key Performance Indicators set out in paragraph 10, and to advise the MEC of any non-performance on behalf of the Municipality;

6.1.7. to ensure ongoing liaison with the Municipality through the unit responsible for managing accreditation within the Department;

6.1.8. to undertake a technical assessment of the Department’s staff and assets affected by accreditation in terms of a process outlined in Annexure B and to oversee a transfer of staff and assets to the Municipality, if relevant; and

6.1.9. to provide the necessary support and capacity to assist the Municipality in the performance of its accreditation functions. This support and capacity will be detailed within Annexure C of this Protocol;
6.2. The head of the Department, designated as the accounting officer in terms of section 12(2)(b) of the Housing Act, shall remain the accounting officer in respect of all monies transferred to the Municipality in terms of this Protocol.

6.3. Such accounting officer must, within five months after the end of the financial year, incorporate such financial statements and balance sheets supplied by the Municipality in terms of paragraph 7.4.9 of this Protocol into the financial statements and balance sheets required to be prepared by that officer in terms of any applicable legislation.

7. Roles and responsibilities of the Municipality

7.1. In respect of all national housing programmes, the Municipality shall undertake the functions of subsidy budget planning and allocation including:

7.1.1. housing subsidy budgetary planning functions across national housing programmes and projects;
7.1.2. subsidy allocations; and
7.1.3. project identification.

7.2. In respect of priority programmes specified in clause 7.3 (if applicable), the Municipality shall undertake the functions of programme management and administration, including:

7.2.1. project evaluation and programme approval;
7.2.2. contract administration;
7.2.3. programme management including cash flow projection and management; and
7.2.4. technical quality assurance functions.

7.3. The priority programmes contemplated in clause 7.2 are the following: 27

7.3.1. ______________________________________________________________
7.3.2. ______________________________________________________________
7.3.3. ______________________________________________________________
7.3.4. ______________________________________________________________

7.4. To ensure the effective exercise of these functions, the Municipality has the following roles and responsibilities:

7.4.1. in terms of relevant national guidelines, to prepare, and submit to the MEC for approval, a Sector Plan that is aligned to national human settlements policy objectives, relevant government department investment plans, the PMYHSP and APP, and to ensure that the Sector Plan is:

________________________________________

27 Write N/A in this section if no priority programmes are to be specified.
a. adopted as part of the Municipality’s Integrated Development Plan and budget;

b. integrated into the Municipality’s Performance Management System;

c. aligned with other strategic planning frameworks of the Municipality, such as the Spatial Development Framework, the Infrastructure Master Plan, the Water Services Development Plan, Informal Settlements Management Plan, the Environmental Management Plan and the Integrated Transport Plan;

7.4.2. to put in place the required, or to utilize existing, municipal capacity and systems to perform the accredited functions, including: budget tracking; document management; reporting; project tracking; procedures and operations manual; municipal housing subsidy system; and cash-flow tracking;

7.4.3. to establish and capacitate a dedicated human settlements unit within the Municipality;

7.4.4. to engage proactively regarding appropriate land availability and acquisition for the development of integrated human settlements;

7.4.5. to engage proactively in resource mobilization to ensure the development of integrated human settlements;

7.4.6. to maintain a separate account into which the funds transferred by the MEC in terms of the Housing Act is deposited and out of which all disbursements in connection with the administration of the national housing programmes are made;

7.4.7. to reflect all interest received on these funds as “own revenue” and allocate the funds according to municipal priorities28;

7.4.8. to demonstrate a commitment towards accelerated service delivery and improved expenditure levels;

7.4.9. within two months from 31 March in each year, submit detailed financial statements signed by the Municipal Manager to the provincial accounting officer designated in terms of S 12 (2) (b) of the Housing Act, showing the results of the previous year’s transactions and the balance sheets in respect of the funds transferred to it and expended;

28 See Municipal Budget Circular for the 2009/10 MTREF, 2 March 2009, page 13
7.4.10. to make available at the requirement of the Auditor-General for examination all books, registers and documents in the possession of and under the control of any municipal employee which would facilitate the carrying out of such an audit;

7.4.11. in the performance of its accredited functions, carry out the policy directives of the MEC consistent with national housing policy, including the rules of any applicable national housing programme;

7.4.12. to report to the MEC on the activities of the Municipality in terms of the approved Sector Plan and in terms of any other requirements stipulated by the MEC;

7.4.13. to report in terms of both the DoRA and the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) requirements;

7.4.14. to report to the MEC any allegations of fraud or corruption associated with the administration of national housing programmes on behalf of the MEC;

7.4.15. to report to the MEC any risks associated with the administration of national housing programmes and to inform the MEC of mitigating actions that have been undertaken by the municipality; and

7.4.16. to inform the MEC of any support and capacity requirements for the administration of the national housing programmes.

8. Roles and responsibilities of other key stakeholders

The Parties recognise the roles and responsibilities of other key stakeholders, such as National and Provincial Treasuries, the National Department responsible for Human Settlements, the national Department responsible for Co-operative Governance, the Housing Development Agency, the National Home Builders’ Registration Council and the South African Local Government Association in providing support to, and monitoring the Municipality, within their respective mandates.

9. Workplan

9.1. The Parties agree to the Sector Plan attached as Annexure D. The Sector Plan is reviewed annually in terms of municipal performance and to ensure ongoing alignment with national and provincial outcomes and targets.

9.2. In accordance with the Sector Plan, the Parties agree on the Municipality’s annual Human Settlements workplan, which is contained in the Service Delivery Business Implementation Plan and annual budget of the Municipality.
9.3. The Municipality’s current annual workplan is attached as Annexure E.

9.4. The PMYHSP and APP are attached as Annexure F.

10. Key Performance Indicators

The Parties agree to the following outcome Key Performance Indicators directly linked to the Sector Plan to assist the MEC and department in monitoring the effectiveness of implementation of this Protocol:

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<th>OUTCOME 1:</th>
<th>Indicator</th>
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11. Contributing resources

11.1. The Parties agree to contribute the financial and non-financial resources and associated costs as follows:

11.1.1. The Department:

a. A Medium Term Expenditure Framework Human Settlements Development Grant allocation as follows:

b. An Operating Budget allocation of ______% of the HSDG in terms of national guidelines and the DoRA.
c. The transfer/secondment of the following officials in order to capacitate the Municipality’s Housing Unit

________________________________________________________

______________________________________________________

d. The transfer of the following assets in order to capacitate the municipality to perform the accredited human settlements functions:

________________________________________________________

______________________________________________________

e. Other

11.1.2. The Municipality:

a. Own funding to the amount of R______________________ to contribute towards the operations of the accredited Human Settlements functions;

b. Own staffing to assist in the performance of the Human Settlements function, listed below:

________________________________________________________

______________________________________________________

c. C. Other

11.2. The Department shall make financial transfers to the Municipality in accordance with the payment schedule referred to in 6.1.1.

11.3. In determining the resources to be contributed by the Parties the relevant NDHS Guidelines, DoRA and MINMEC decisions will be taken into account.

12. Managing the Protocol

The Parties undertake to establish the following institutional mechanisms, including their composition and functions, for the effective management and implementation of this Protocol:

12.1. The Municipality will establish a cross-sectoral Human Settlements Committee in terms of S 79 or 80 of the Municipal Systems Act reporting to the Council or Executive Mayor respectively.

12.2. The Municipality will utilise its existing Audit and Risk Management committees, to provide oversight to the Human Settlements functions.

12.3. The Department’s Accreditation Unit will oversee the Implementation Protocol and perform the necessary functions to ensure that it succeeds.

13. Good faith and reasonableness

In their dealings with each other for purposes of this Protocol, the Parties –
13.1. undertake to act in good faith and reasonably; and

13.2. warrant that they shall not do anything or shall refrain from doing anything that might prejudice or detract from the powers or functions of each other.

14. Dispute resolution

14.1. Any disagreement or dispute arising between the Parties with regard to implementation, application, interpretation or breach of this Protocol shall be settled in the order as follows:

14.1.1. The Parties must take all reasonable steps to settle any such difference or dispute through consultation and negotiation.

14.1.2. If the difference remains unresolved, then the parties refer the disagreement or dispute in writing to the MEC.

14.1.3. The MEC will then appoint the Accreditation Capacity and Compliance Assessment Panel to act as a mediator to attempt to resolve the matter in consultation with the Parties.

14.1.4. If the Parties fail to reach agreement, the MEC for Local Government, requested by and in consultation with the MEC for Human Settlements, must nominate an arbitrator.

14.1.5. The arbitrator must conduct the arbitration in a manner that the arbitrator considers appropriate in order to determine the matter fairly and quickly, but must deal with the substantial merits with a minimum of legal formality.

14.1.6. The arbitrator’s determination is final and binding on the Parties.

14.1.7. A determination of the apportionment of the costs of the arbitration shall be made by the Arbitrator, based on considerations of fairness taking into account representations made by the Parties in this regard.

14.1.8. If a Party is not satisfied with the determination of the arbitrator, Chapter 4 of the Intergovernmental Relations Act will apply to settle a dispute.

15. Confidentiality

15.1. Any Party shall treat information furnished by another Party for purposes of the execution of this Protocol, as confidential.

15.2. Subject to this clause, the Party(ies) so furnished with information shall not disclose such information to another person without the prior written consent of the other Party and shall take reasonable steps to ensure that such information is not disclosed to another person.

16. Duration, execution and amending the protocol

16.1. This Protocol will commence on the date of its signing and will remain in effect for a period of three years linked to the Medium Term Expenditure Framework of the Municipality.

16.2. A decision regarding an extension or amendment to the Protocol will be made in terms of a performance assessment of the Municipality in terms of the Sector Plan and budget. This performance assessment may be conducted during or at the end of the three-year implementation period of the Protocol.

16.3. If a Municipality has demonstrated its capacity to administer national housing programmes effectively, then accreditation at level 2 or assignment of the functions must be considered by the MEC. If the Municipality has failed to perform satisfactorily, then the Protocol must be amended to include the revised Sector Plan, targets and capacitation needs of the Municipality.

16.4. This Protocol including the Annexure/s attached hereto constitutes the whole agreement between the Parties relating to the subject matter of this Protocol. There are no other conditions, representations, whether oral or written and whether expressed or implied, applicable to this Protocol, save for those contained in this Protocol.

16.5. No amendment, alteration, addition or variation of this Protocol shall be of any force or effect unless reduced to writing and signed by the Parties. Such changes shall be incorporated as an Addendum to this Protocol.

17. Domicilium

17.1. The Parties choose the physical addresses set out hereunder as their domicilia citandi et executandi for all purposes under this Protocol:

Name of Party: .................................................................
17.2. Notice of change of address must be given in writing, by the Party concerned and delivered by registered mail to the other Parties.

18 Miscellaneous provisions
The Parties agree to the following miscellaneous provisions:

18.1

18.2

LEGAL CERTIFICATION
To the best of my knowledge, this Protocol adheres to acceptable legal rules and is consistent with the exercise of statutory powers or the performance of statutory functions of the Parties to this Protocol.

This Protocol is hereby certified and signed by ........................................... of the Department of Human Settlements in his/her capacity as the .................................................................having been duly authorized thereto at ...........................................on this.....................day of.....20....

NAME .....................................................

DEPARTMENT ..................................................
SIGNATURES

Thus done and signed by ................................................................. in his/her capacity as the Member of the .......................Provincial Executive responsible for Human Settlements on this...................day of.....20....

Signature .................................................................

As Witnesses:
  1. .................................................................
  2. .................................................................

Thus done and signed by .................................................................of the .........................................Municipality in his/her capacity as the Executive Mayor having been duly authorized thereto at .................................................................on this...................day of.....20....

Signature .................................................................

As Witnesses:
  1. .................................................................
  2. .................................................................

The contents of this Protocol are duly noted by .................................................................of the .........................................Department of Human Settlements in his/her capacity as the Head of Department having been duly authorized thereto at .................................................................on this...................day of.....20....

Signature.................................................................

As Witnesses:
  1. .................................................................
  2. .................................................................

The contents of this Protocol are duly noted by .................................................................of the .........................................Municipality in his/her capacity as the Municipal manager having been duly authorized thereto at .................................................................on this...................day of.....20....

Signature.................................................................

As Witnesses:
  1. .................................................................
  2. .................................................................
Annexure 7 (b): Implementation Protocol Level 2

BETWEEN THE

MEC OF HUMAN SETTLEMENTS IN …………………………………………………………………………….
(province)

AND THE

EXECUTIVE MAYOR OF ……………………………………………………………………………..…. MUNICIPALITY

On

THE ADMINISTRATION OF NATIONAL HOUSING PROGRAMMES

DATE…………………………………………

PREAMBLE

The Parties:

Having regard to the ………………………………………Municipality’s written application to the ……………………MEC for Human Settlements to be accredited at Level 2 for the purposes of administering national housing programmes and the issuing of an accreditation compliance certificate,

Recognising the efforts made by the ………………………………………Municipality to develop sufficient capacity and a sound Municipal Human Settlements Development Plan,

Acknowledging the role played by the ……………………………………..Department of Human Settlements in supporting the capacitation of the municipality and monitoring the progress made by the Municipality,

Desiring to ensure the accelerated and effective implementation of national housing programmes resulting in integrated human settlements,
And operating within the legal mandate of the MEC, the MEC is formalising the Level 2 accreditation of the …………………………… Municipality, as contemplated in the National Accreditation Framework for Municipalities to Administer National Housing Programmes (2006), through this Implementation Protocol.

Now therefore the Parties agree as follows:

1. Definitions

For the purpose of this Protocol, unless the context indicates otherwise:

a. “National Accreditation Framework” means the National Accreditation Framework for Municipalities to Administer National Housing Programmes, as published from time to time by the Minister of Human Settlements;

b. “the APP” means the relevant Provincial Annual Performance Plan;

c. “the Department” means the ……………………………Provincial Department responsible for Human Settlements/Housing;

d. “the DORA” means the applicable Division of Revenue Act, as promulgated annually;

e. “the Housing Act” means the Housing Act, 1997, (Act No 107 of 1997);

f. “the funds transferred” refers to the funds transferred by the MEC to the Municipality for the purposes of administering national housing programmes;

g. “the MEC” means the Member of the Executive Council Responsible for Human Settlements of the Provincial Government of……………………….. and the Accrediting Authority in terms of this Protocol;

h. “the Municipality” means the ……………………………Municipality being accredited in terms of this Protocol;

i. “the PMYHSP” means the relevant Provincial Multi-Year Human Settlements Plan;

j. “the Sector Plan” means the Municipal Human Settlements Development Plan;

k. “this Protocol” means the agreement set out in this document and the Annexure/s attached hereto.

l. “the national Housing Programmes” means all national housing programmes contained within the National Housing Code, with the exception of individual, relocation
and Finance Linked Individual Subsidy programmes\textsuperscript{29}, the administration of which remains the responsibility of the MEC.

m. “the Capacity and Compliance Accreditation Panel” means the panel appointed by the Minister of Human Settlements to advise and assist the Minister and MECs in the pre-accreditation assessment process for municipalities and in post-accreditation support.

2. Objectives of protocol

2.1. The objectives of this Protocol are:

2.1.1. to formalize the MEC’s decision to accredit the Municipality in terms of Section 10 of the Housing Act to administer all the national housing programmes on its behalf, subject to those conditions which are stipulated in this Protocol;

2.1.2. to ensure the capacitation of the Municipality in preparation for it to be formally assigned the executive functions of administering national housing programmes; and

2.1.3. to clarify, and ensure the performance of, the respective roles and responsibilities of the parties to this Protocol.

2.2. The Parties agree to act in common in pursuit of these objectives which shall be implemented in accordance with the following terms and principles:

2.2.1. Co-operative governance;

2.2.2. Transparency;

2.2.3. Fairness; and

2.2.4. Good governance.

3. Parties and signatories to the protocol

3.1. The Parties to this Protocol are as follows:

3.1.1. the MEC; and

3.1.2. the Executive Mayor of the Municipality,

and they are responsible for ensuring effective implementation of the terms of this protocol.

3.2. The Head of the Department, and the Municipal Manager of the Municipality are also signatories to this agreement in recognition of the implications of this agreement for the Department and the Municipality respectively.
4. **Scope of Accreditation**

4.1. The MEC hereby grants Level 2 accreditation to the Municipality, as contemplated by the National Accreditation Framework.

4.2. In terms of this accreditation, the Municipality is authorised, within its municipal area, to manage and administer all national housing programmes.

5. **Roles and responsibilities of the MEC**

5.1. The MEC, as the Accrediting Authority, has the following roles and responsibilities:

   5.1.1. to approve the Municipality’s Sector Plan and the housing development projects identified therein in order to comply with Section 9 (2)(b) of the Housing Act;

   5.1.2. to approve the province’s PMYHSP and APP and ensure alignment with the municipality's Sector Plan;

   5.1.3. to issue policy directives to the Municipality that are consistent with national housing policy, including the rules applicable to the accredited national housing programmes;

   5.1.4. to facilitate the involvement of relevant national and provincial sector departments in aligning their plans and budgets with the Municipality’s Sector Plan in order to deliver integrated human settlements;

   5.1.5. to regularly review the performance of the municipality against the criteria as set out in the National Accreditation Framework and in terms of the Municipal Sector Plan, and in terms of the Key Performance Indicators set out in paragraph 10;

   5.1.6. to intervene and take the steps necessary to ensure adequate performance, if the Municipality fails to perform;

   5.1.7. to determine the allocation of funds to the Municipality to perform the accreditation functions in terms of national guidelines;

   5.1.8. To ensure the gazetting of the allocation of funds to accredited municipalities in terms of Schedule 5 grant conditions within the DoRA;

   5.1.9. to stop payments to the Municipality in the case of clear evidence of financial or programme mismanagement in terms of the DoRA and Municipal Finance Management Act;
5.1.10. to take the necessary steps to ensure adequate performance, and if required to withdraw the accreditation given to the Municipality, in terms of S 10 (3) (c ) (ii) of the Housing Act.

6. Roles and responsibilities of the Department

6.1. The role and responsibilities of the Department are:

6.1.1. to transfer the funds to the municipality in terms of the approved payment schedule as attached as Annexure A to this agreement;

6.1.2. to support the Municipality in the development of its Sector Plan;

6.1.3. to facilitate inter-governmental alignment of planning and budgeting in terms of the Municipality’s Sector Plan;

6.1.4. to prepare and ensure alignment between its PMYHSP and APP and the Municipality’s Sector Plan;

6.1.5. to ensure both municipal and provincial reporting compliance in terms of the Housing Act, the Public Finance Management Act and the DoRA for funds allocated to the Municipality;

6.1.6. to review the performance of the Municipality against the criteria for accreditation as outlined in the National Accreditation Framework, its approved Sector Plan and the Key Performance Indicators set out in paragraph 10, and to advise the MEC of any non-performance on behalf of the Municipality;

6.1.7. to ensure ongoing liaison with the Municipality through the unit responsible for managing accreditation within the Department;

6.1.8. to undertake a technical assessment of the Department’s staff and assets affected by accreditation in terms of a process outlined in Annexure B and to oversee a transfer of staff and assets to the Municipality, if relevant; and

6.1.9. to provide the necessary support and capacity to assist the Municipality in the performance of its accreditation functions. This support and capacity will be detailed within Annexure C of this Protocol;

6.2. The head of the Department, designated as the accounting officer in terms of section 12(2)(b) of the Housing Act, shall remain the accounting officer in respect of all monies transferred to the Municipality in terms of this Protocol.
6.3. Such accounting officer must, within five months after the end of the financial year, incorporate such financial statements and balance sheets supplied by the Municipality in terms of paragraph 7.4.9 of this Protocol into the financial statements and balance sheets required to be prepared by that officer in terms of any applicable legislation.

7. Roles and responsibilities of the Municipality

7.1. In respect of the national housing programmes for which it has been accredited, the Municipality shall undertake the following functions:

7.1.1. subsidy budget planning and allocation, and priority programme management and administration, including:
   a. housing subsidy budgetary planning functions across national housing programmes and projects;
   b. subsidy allocations; and
   c. project identification;

7.1.2. programme management and administration, including:
   a. programme and project evaluation and approval;
   b. contract administration;
   c. subsidy registration\(^{30}\);
   d. programme management including cash flow projection and management; and
   e. technical quality assurance functions.

7.2. To ensure the effective exercise of these functions, the Municipality has the following roles and responsibilities:

7.2.1. in terms of relevant national guidelines, to prepare, and submit to the MEC for approval, a Sector Plan that is aligned to national human settlements policy objectives, relevant government department investment plans, the PMYHSP and APP, and to ensure that the Sector Plan is:
   a. adopted as part of the Municipality’s Integrated Development Plan and budget;
   b. integrated into the Municipality’s Performance Management System;
   c. aligned with other strategic planning frameworks of the Municipality, such as the Spatial Development Framework, the Infrastructure Master Plan, the Water Services Development Plan, Informal Settlements

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\(^{30}\) This responsibility will be given to the Municipality once direct access to the Housing Subsidy System is secured.
Management Plan, the Environmental Management Plan and the Integrated Transport Plan;

7.2.2. to put in place the required, or to utilize existing, municipal capacity and systems to perform the accredited functions, including: budget tracking; document management; reporting; project tracking; procedures and operations manual; municipal housing subsidy system; and cash-flow tracking;

7.2.3. to establish and capacitate a dedicated human settlements unit within the Municipality;

7.2.4. to engage proactively regarding appropriate land availability and acquisition for the development of integrated human settlements;

7.2.5. to engage proactively in resource mobilization to ensure the development of integrated human settlements;

7.2.6. to maintain a separate account into which the funds transferred by the MEC in terms of the Housing Act is deposited and out of which all disbursements in connection with the administration of the national housing programmes are made;

7.2.7. to reflect all interest received on these funds as “own revenue” and allocate the funds according to municipal priorities;\(^\text{31}\);

7.2.8. to demonstrate a commitment towards accelerated service delivery and improved expenditure levels;

7.2.9. within two months from 31 March in each year, submit detailed financial statements signed by the Municipal Manager to the provincial accounting officer designated in terms of S 12 (2) (b) of the Housing Act, showing the results of the previous year’s transactions and the balance sheets in respect of the funds transferred to it and expended;

7.2.10. to make available at the requirement of the Auditor-General for examination all books, registers and documents in the possession of and under the control of any municipal employee which would facilitate the carrying out of such an audit;

7.2.11. in the performance of its accredited functions, carry out the policy directives of the MEC consistent with national housing policy, including the rules of any applicable national housing programme;

\(^{31}\) See Municipal Budget Circular for the 2009/10 MTREF, 2 March 2009, page 13
7.2.12. to report to the MEC on the activities of the Municipality in terms of the approved Sector Plan and in terms of any other requirements stipulated by the MEC;

7.2.13. to report in terms of both the DoRA and the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003) requirements;

7.2.14. to report to the MEC any allegations of fraud or corruption associated with the administration of national housing programmes on behalf of the MEC;

7.2.15. to report to the MEC any risks associated with the administration of national housing programmes and to inform the MEC of mitigating actions that have been undertaken by the municipality; and

7.2.16. to inform the MEC of any support and capacity requirements for the administration of the national housing programmes.

8. Roles and responsibilities of other key stakeholders

The Parties recognise the roles and responsibilities of other key stakeholders, such as National and Provincial Treasuries, the National Department responsible for Human Settlements, the national Department responsible for Co-operative Governance, the Housing Development Agency, the National Home Builders’ Registration Council and the South African Local Government Association in providing support to, and monitoring the Municipality, within their respective mandates.

9. Workplan

9.1. The Parties agree to the Sector Plan attached as Annexure D. The Sector Plan is reviewed annually in terms of municipal performance and to ensure ongoing alignment with national and provincial outcomes and targets.

9.2. In accordance with the Sector Plan, the Parties agree on the Municipality’s annual Human Settlements workplan, which is contained in the Service Delivery Business Implementation Plan and annual budget of the Municipality.

9.3. The Municipality’s current annual workplan is attached as Annexure E.

9.4. The PMYHSP and APP are attached as Annexure F.
10. Key Performance Indicators

The Parties agree to the following outcome Key Performance Indicators directly linked to the Sector Plan to assist the MEC and department in monitoring the effectiveness of implementation of this Protocol:

<table>
<thead>
<tr>
<th>OUTCOME 1:</th>
<th>Indicator</th>
<th>Target</th>
<th>Timeframe</th>
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<th>OUTCOME 2:</th>
<th>Indicator</th>
<th>Target</th>
<th>Timeframe</th>
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<table>
<thead>
<tr>
<th>OUTCOME 3:</th>
<th>Indicator</th>
<th>Target</th>
<th>Timeframe</th>
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</table>

11. Contributing resources

11.1. The Parties agree to contribute the financial and non-financial resources and associated costs as follows:

11.1.1. The Department:
   a. A Medium Term Expenditure Framework Human Settlements Development Grant allocation as follows:
   b. An Operating Budget allocation of ______% of the HSDG in terms of national guidelines and the DoRA.
   c. The transfer/secondment of the following officials in order to capacitate the Municipality’s Housing Unit
d. The transfer of the following assets in order to capacitate the municipality to perform the accredited human settlements functions: ______________________________________________________

e. Other

11.1.2. The Municipality:
   a. Own funding to the amount of R______________________ to contribute towards the operations of the accredited Human Settlements functions;
   b. Own staffing to assist in the performance of the Human Settlements function, as listed below: _______________________________________________________
   c. C. Other

11.2. The Department shall make financial transfers to the Municipality in accordance with the payment schedule referred to in 6.1.1.
11.3. In determining the resources to be contributed by the Parties the relevant NDHS Guidelines, DoRA and MINMEC decisions will be taken into account.

12. Managing the Protocol

The Parties undertake to establish the following institutional mechanisms, including their composition and functions, for the effective management and implementation of this Protocol:

12.1. The Municipality will establish a cross-sectoral Human Settlements Committee in terms of S 79 or 80 of the Municipal Systems Act reporting to the Council or Executive Mayor respectively.

12.2. The Municipality will utilise its existing Audit and Risk Management committees, to provide oversight to the Human Settlements functions.

12.3. The Department’s Accreditation Unit will oversee the Implementation Protocol and perform the necessary functions to ensure that it succeeds.

13. Good faith and reasonableness

In their dealings with each other for purposes of this Protocol, the Parties –

13.1. undertake to act in good faith and reasonably; and
13.2. warrant that they shall not do anything or shall refrain from doing anything that might prejudice or detract from the powers or functions of each other.

14. Dispute resolution

14.1. Any disagreement or dispute arising between the Parties with regard to implementation, application, interpretation or breach of this Protocol shall be settled in the order as follows:

14.1.1. The Parties must take all reasonable steps to settle any such difference or dispute through consultation and negotiation.

14.1.2. If the difference remains unresolved, then the parties refer the disagreement or dispute in writing to the MEC.

14.1.3. The MEC will then appoint the Accreditation Capacity and Compliance Assessment Panel to act as a mediator to attempt to resolve the matter in consultation with the Parties.

14.1.4. If the Parties fail to reach agreement, the MEC for Local Government, requested by and in consultation with the MEC for Human Settlements, must nominate an arbitrator.

14.1.5. The arbitrator must conduct the arbitration in a manner that the arbitrator considers appropriate in order to determine the matter fairly and quickly, but must deal with the substantial merits with a minimum of legal formality.

14.1.6. The arbitrator’s determination is final and binding on the Parties.

14.1.7. A determination of the apportionment of the costs of the arbitration shall be made by the Arbitrator, based on considerations of fairness taking into account representations made by the Parties in this regard.

14.1.8. If a Party is not satisfied with the determination of the arbitrator, Chapter 4 of the Intergovernmental Relations Act will apply to settle a dispute.


15. Confidentiality
15.1. Any Party shall treat information furnished by another Party for purposes of the execution of this Protocol, as confidential.

15.2. Subject to this clause, the Party(ies) so furnished with information shall not disclose such information to another person without the prior written consent of the other Party and shall take reasonable steps to ensure that such information is not disclosed to another person.

16. Duration, execution and amending the protocol

16.1. This Protocol will commence on the date of its signing and will remain in effect for a period of three years linked to the Medium Term Expenditure Framework of the Municipality.

16.2. A decision regarding an extension or amendment to the Protocol will be made in terms of a performance assessment of the Municipality in terms of the Sector Plan and budget. This performance assessment may be conducted during or at the end of the three-year implementation period of the Protocol.

16.3. If a Municipality has demonstrated its capacity to administer national housing programmes effectively, then assignment of the functions must be considered by the MEC. If the Municipality has failed to perform satisfactorily, then the Protocol must be amended to include the revised Sector Plan, targets and capacitation needs of the Municipality.

16.4. This Protocol including the Annexure/s attached hereto constitutes the whole agreement between the Parties relating to the subject matter of this Protocol. There are no other conditions, representations, whether oral or written and whether expressed or implied, applicable to this Protocol, save for those contained in this Protocol.

16.5. No amendment, alteration, addition or variation of this Protocol shall be of any force or effect unless reduced to writing and signed by the Parties. Such changes shall be incorporated as an Addendum to this Protocol.

17. Domicilium

17.1. The Parties choose the physical addresses set out hereunder as their domicilia citandi et executandi for all purposes under this Protocol:

Name of Party: ………………………………………………………………..

Physical address: ………………………………………………………………..
17.2. Notice of change of address must be given in writing, by the Party concerned and delivered by registered mail to the other Parties.

18 Miscellaneous provisions
The Parties agree to the following miscellaneous provisions:

18.1
18.2

LEGAL CERTIFICATION
To the best of my knowledge, this Protocol adheres to acceptable legal rules and is consistent with the exercise of statutory powers or the performance of statutory functions of the Parties to this Protocol.

This Protocol is hereby certified and signed by ........................................ of the Department of Human Settlements in his/her capacity as the ..................................................having been duly authorized thereto at ..................................................on this.......................day of....20....

NAME ........................................
DEPARTMENT ........................................
SIGNATURES

Thus done and signed by ........................................................................ in his/her capacity as the Member of the .......................Provincial Executive responsible for Human Settlements on this.....................day of.....20....

Signature .................................................................

As Witnesses:

1. .................................................................
2. .................................................................

Thus done and signed by ................................................................. of the ........................................Municipality in his/her capacity as the Executive Mayor having been duly authorized thereto at .................................................................on this.....................day of.....20....

Signature .................................................................

As Witnesses:

1. .................................................................
2. .................................................................

The contents of this Protocol are duly noted by ................................................................. of the ........................................Department of Human Settlements in his/her capacity as the Head of Department having been duly authorized thereto at .................................................................on this.....................day of.....20....

Signature .................................................................

As Witnesses:

1. .................................................................
2. .................................................................

The contents of this Protocol are duly noted by ................................................................. of the ..............................Municipality in his/her capacity as the Municipal manager having been duly authorized thereto at .................................................................on this.....................day of.....20....

Signature .................................................................

As Witnesses:

1. .................................................................
2. .................................................................
Annexure 8*: Monthly Progress Report Format for a Level 1 or 2 Implementation Protocol

**Municipality:** (insert name)

**Province:**

*(insert provincial department responsible for human settlements)*

**Report for Month ending:**

*(insert month for which information is provided)*

**Reported by:**

*(insert name of Head of Human Settlements within the municipality)*

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*This is a simple format for reporting on progress made by municipalities in implementing their accreditation responsibilities in terms of a signed Implementation Protocol by a provincial department responsible for human settlements. The aim of the report is to put in place an early warning system for provinces of non-delivery. Additional reporting requirements by the provinces and in terms of the Division of Revenue Act need to be complied with.*
### Summary of progress

**Progress Against Deliverables/Indicators**

<table>
<thead>
<tr>
<th>Outcome</th>
<th>Indicator</th>
<th>Target</th>
<th>Time-Frame for Target</th>
<th>Current Progress Against Indicator</th>
<th>Colour coding of progress: green, orange or red</th>
<th>% of Milestone Achieved</th>
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Deliverables need to speak to the key performance indicators contained within the signed Implementation Protocol between the relevant provincial Department responsible for Human Settlements and the municipality.
## Financial Progress

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Total Budget</th>
<th>Target Expenditure by Date of Report</th>
<th>Actual Expenditure by Date of Report</th>
<th>% Total Expenditure</th>
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<tbody>
<tr>
<td>CAPITAL</td>
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<td>TOTALS</td>
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</table>

In addition, to the information requested in the table above, DORA reporting requirements will need to be complied with.

## Problems and Actions Taken to Resolve Problems

<table>
<thead>
<tr>
<th>Problem</th>
<th>Proposed Action to Resolve Problem</th>
<th>By When</th>
<th>By Whom</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Describe the problem – what, where, why, how?)</td>
<td>(Describe the action steps to resolve the problem and who is required to carry out the action, by when?)</td>
<td>(By when will the problem be solved?)</td>
<td>(Who is responsible for each action?)</td>
</tr>
</tbody>
</table>
Information Required

List any information required – *i.e. what information is required, from whom, by when*

Success stories

Provide DETAILS of success stories of the programme implementation thus far that could be used as part of a municipal or provincial human settlements communication campaign.
Annexure 9: EXECUTIVE ASSIGNMENT AGREEMENT

BETWEEN THE

MEC OF HUMAN SETTLEMENTS IN …………………………………………………
(PROVINCE)
(herinafter referred to as “the MEC”)

AND THE MUNICIPAL COUNCIL OF

……………………………………………………………………………………….. MUNICIPALITY
(herinafter referred to as “the Municipality”)

On

THE ADMINISTRATION OF NATIONAL HOUSING PROGRAMMES

DATE…………………………………………

PREAMBLE

Recognising that –

- the Municipality has already been accredited at level two to administer national housing programmes in terms of the National Accreditation Framework;

- in the administration of those national housing programmes for which it has been accredited, the municipality has demonstrated the necessary capacity to satisfactorily administer such programmes;

- the municipality has the necessary capacity in terms of financial management, human resources, systems and governance to assume responsibility for the accounting and
reporting associated with the administration of, and accountability for, such programmes;

Desiring to ensure the accelerated and effective implementation of national housing programmes resulting in integrated human settlements,

Recognising that the housing functions as specified in this Agreement would most effectively be performed by the Municipality;

And operating within the legal mandate of the MEC, the MEC is assigning these functions to the Municipality and formalizing the conditions for the assignment within this Agreement.

Now therefore the Parties agree as follows:

1. Definitions

For the purpose of this Agreement, unless the context indicates otherwise:

a. “National Accreditation Framework” means the framework for the accreditation of municipalities to administer national housing programmes, as published from time to time by the Cabinet member responsible for human settlements;

b. “national housing programme” means a national housing programme as defined in section 1 of the Housing Act, 1997 (Act No. 107 of 1997);

c. “the APP” means the relevant Provincial Annual Performance Plan;

d. “the DORA” means the applicable Division of Revenue Act, as promulgated from time to time;

e. “the MEC” means the Member of the ………………….Provincial Executive responsible for Human Settlements;

f. “the MHSP” means the Municipality’s Municipal Human Settlements Plan;

g. “the Municipality” means the …………………………………Municipality being accredited in terms of this Agreement;

h. “the national Department” means the national Department responsible for Human Settlements;

i. “the PMYHSP” means the relevant Provincial Multi-Year Human Settlements Plan;

j. “the provincial Department” means the …………………………………Provincial Department responsible for Human Settlements;

k. “this Agreement” means the agreement set out in this document and the Annexure/s attached hereto.
2. Parties and signatories to the Agreement

2.1. The Parties to this Agreement are as follows:

2.1.1. the MEC; and

2.1.2. the Executive Mayor on behalf of the Municipal Council of the Municipality.

2.2. Duly authorised representatives of the provincial Department and the Head of the national Department are also signatories to this Agreement in recognition of the implications of this Agreement for the provincial Department and the national Department respectively.

3. Assignment of Powers and Functions

3.1. The MEC, in terms of the provisions of section 126 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and subject to the conditions set out in this Agreement, hereby assigns to the Municipality:

3.1.1. the function of administration, including financial administration, of the following national housing programmes:\n  a) \[\text{List of national housing programmes}\]
  b) \[\text{List of national housing programmes}\]
  c) \[\text{List of national housing programmes}\]

3.1.2. such executive powers as are reasonably necessary for the performance of those functions.

3.2. The assigned powers and functions contemplated in clause 2.1 shall encompass –

3.2.1. **Subsidy budget planning and allocation**, including:
  a) housing subsidy budgetary planning across programmes and projects;
  b) planning of subsidy/fund allocations; and
  c) project identification;

3.2.2. **Programme management and administration**, including: project evaluation and approval, contract administration, subsidy registration, programme management including cash flow projection and management and technical (construction) quality assurance; and

\[\text{Note: the listed programmes shall exclude individual, relocation and finance-linked individual subsidy programmes.}\]
3.2.3. **Financial administration**, including: subsidy payment disbursements, and financial reporting and reconciliation.

3.3. This assignment applies to the performance of these functions and the exercise of these powers within the municipal boundaries of the Municipality.

3.4. This assignment shall not affect the Municipality’s existing responsibilities for local beneficiary management, local housing priorities and the management of public stock.

4. **Roles and Responsibilities of the Parties**

4.1. The Municipality shall be responsible for –

4.1.1. undertaking responsibilities as required in terms of the assignment;

4.1.2. adoption of an MHSP as part of the Integrated Development Plan and budget;

4.1.3. capacitation of the Housing Unit and putting in place effective programme and project and financial management systems;

4.1.4. proactive engagement with stakeholders regarding land availability and acquisition;

4.1.5. resource mobilization;

4.1.6. reporting in terms of the DORA and in terms of this Agreement;

4.1.7. demonstrating commitment towards accelerated service delivery;

4.1.8. carrying out the policy directives of the MEC and national Minister;

4.1.9. reporting allegations of fraud or corruption or other risks associated with assigned functions; and

4.1.10. informing the national and provincial Departments of support and capacity requirements.

4.2. The MEC shall be responsible for –

4.2.1. approving the PMYHSP and APP and ensuring alignment with the MHSP;

4.2.2. issuing policy directives to the Municipality consistent with national housing policy;

4.2.3. facilitating inter-governmental planning and budgeting alignment with the MHSP;
4.2.4. regularly reviewing the performance of the Municipality;

4.2.5. intervening and taking the steps necessary to ensure adequate performance of the Municipality in terms of this Agreement.

5. Recognition of roles and responsibilities of other stakeholders

In implementing this Agreement, the Parties will recognise and cooperate with other relevant stakeholders, in particular –

5.1. the national Department, whose roles and responsibilities include:

5.1.1. setting national human settlements policy;

5.1.2. setting national human settlements goals and outcomes;

5.1.3. monitoring the performance of the human settlements sector against human settlements delivery goals and key indicators;

5.1.4. assisting the provincial Department to develop its administrative capacity and to support and strengthen the capacity of municipalities;

5.1.5. promoting effective communication within the human settlements sector;

5.1.6. ensuring alignment amongst the MHSP, PMYHSP and national outcomes;

5.1.7. transferring funds to the Municipality based on DORA allocations & conditions;

5.1.8. ensuring compliance of the Municipality in terms of DORA;

5.1.9. withholding payments if appropriate and necessary;

5.1.10. regularly reviewing the performance of the Municipality;

5.1.11. providing the necessary capacity and support to the Municipality; and

5.1.12. intervening to ensure adequate performance of the municipality;

5.2. the provincial Department, whose roles and responsibilities include:

5.2.1. supporting the Municipality in the development of its MHSP;

5.2.2. facilitating inter-governmental alignment of planning and budgeting with the MHSP;

5.2.3. ensuring reporting compliance in terms of relevant legislation;
5.2.4. reviewing the performance of the Municipalities and advising the MEC accordingly;

5.2.5. ongoing liaison with the Municipality;

5.2.6. co-ordinating human settlements delivery within the province;

5.2.7. undertaking a technical assessment of affected staff and assets and overseeing a transfer of staff and assets; and

5.2.8. providing the necessary support and capacity to municipalities;

6. Workplan

6.1. The Parties agree to the MHSP attached as annexure A. The MHSP is reviewed annually.

6.2. In accordance with the MHSP, the Parties agree on the Municipality’s annual workplan, which is contained in its Service Delivery Business Implementation Plan and annual budget.

6.3. The Municipality’s current annual workplan is attached as Annexure B.

7. Transfer of staff and assets

To support the Municipality in the performance of the assigned functions, the MEC shall –

7.1. in accordance with applicable labour legislation, ensure the transfer/secondment of the staff from the provincial Department to the Municipality, in terms of the following conditions and arrangements:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________

7.2. ensure the transfer of assets from the provincial Department to the Municipality, in terms of the following conditions and arrangements:

________________________________________________________________________

________________________________________________________________________

________________________________________________________________________
8. Financial transfers and accountability

8.1. This Agreement is conditional on the accounting officer of the national Department allocating and transferring to the Municipality such amounts which are due to that municipality for both capital expenditure and operational expenditure in respect of the assigned functions, in terms of the requirements of the relevant annual Division of Revenue Act.

8.2. The municipal manager of the Municipality shall be the accounting officer in respect of all functions assigned to the municipality in terms of this Agreement and funds transferred to the municipality in terms of clause 4.1.

8.3. The Municipality will maintain separate accounts into which money transferred in terms of clause 4.1 must be deposited and out of which all disbursements in connection with the assigned functions must be made.

8.4. The municipal manager of the Municipality will –

8.4.1. within two months after the end of the financial year of the municipality, submit detailed financial statements signed by that officer showing the results of the previous year’s transactions and the balance sheets in respect of the accounts referred to in clause 4.3 to the accounting officer of the national Department; and

8.4.2. incorporate such financial statements and balance sheets into the financial statements and balance sheets required to be prepared by that officer in terms of the Municipal Finance Management Act, No. 56 of 2003.

9. Reporting and monitoring

9.1. It shall be a condition of this Agreement that the Municipality shall provide the following reports to the provincial Department and/or the national Department, as the case may be for purposes of monitoring of implementation of this Agreement:

<table>
<thead>
<tr>
<th>5.1.1 Subsidy Budget Planning and Allocation Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Annual Municipal Human Settlements Budget Allocation Report – progress during formulation to be provided on a monthly basis to the provincial Department.</td>
</tr>
<tr>
<td>b) Monthly Reporting – to the provincial Department on any changes proposed to allocations as well as the motivation for such changes.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>5.1.2 Programme Management and Administration</th>
</tr>
</thead>
</table>
9.2. The performance of the Municipality in respect of the assigned functions will be routinely monitored against the following Key Performance Indicators by the provincial Department, which will advise the MEC accordingly:

### Subsidy Budget Planning and Allocation Process

| a) Annual Municipal Human Settlements Development Plan produced and approved by the municipality and submitted to provincial Department. |
| b) Annual Municipal Human Settlements Budget Allocation Plan prepared and approved by the municipal council and submitted to provincial Department on time. |
| c) All Municipal Human Settlements budget allocations to programmes and projects according to the time and projections set down in the budget allocation plan. |
| d) Monthly progress reports provided on time by the municipality. |
| e) Annual Human Settlements Plan as set out below, for priority programme(s). |

### Programme Management and Administration
a) Annual Municipal Human Settlements Development Plan produced and approved by the municipality and submitted to the PDHS on time.
b) Monthly and annual subsidy targets achieved.
c) Monthly and annual expenditure achieved.
d) Cash flow projections achieved.
e) Quality of housing products acceptable and to specification.
f) Monthly progress reports provided on time by the municipality.
g) Individual beneficiary subsidy applications correctly registered on the HSS with correct supporting documentation.

Financial Administration

a) Municipality received unqualified audit for housing function.
b) Housing Subsidy System monthly reporting provided on time and to quality requirements.
c) Monthly subsidy reconciliations provided on time and to quality requirements.
d) Monthly reports provided on time and to quality requirements.
e) Project completion reconciliations undertaken timeously.

10. Unsatisfactory Performance

10.1. If the MEC has reason to believe that the Municipality is –

10.1.1. not meeting its reporting obligations in terms of this Agreement;

10.1.2. not performing satisfactorily in terms of the Key Performance Indicators listed in clause 5.2;

10.1.3. is otherwise failing to satisfactorily perform the assigned functions; or

10.1.4. is otherwise acting in material breach of this Agreement,

the MEC shall advise the Municipal Council in writing of the concerns and of remedial measures that must be taken by the Municipality within a reasonable time.

10.2. If the Municipality fails to satisfactorily take the remedial measures contemplated in clause 6.1 within the stipulated time period, the MEC may, with reasonable notice to the Municipality, terminate this Agreement and revoke the assignment contemplated herein, provided that the necessary measures are put in place to ensure the effective continuity of the assigned functions.
11. Governance of this Agreement

11.1. The Municipality will establish a Human Settlements Port Folio Committee reporting to Council.

11.2. The Municipality will utilize its existing committees, such as Internal Audit, External Audit and Risk Management, to provide oversight to the Human Settlements functions.

11.3. In giving effect to this assignment, the Parties agree to act in common in pursuit of these objectives which shall be implemented in accordance with the principles of: good faith; reasonableness; co-operative governance; transparency; fairness; and good governance.

11.4. In their dealings with each other for purposes of this Agreement, the Parties warrant that they shall not do anything or shall refrain from doing anything that might prejudice or detract from the powers or functions of each other.

12. Dispute resolution

12.1. Any disagreement or dispute arising between the Parties with regard to implementation, application, interpretation or breach of this Agreement shall be settled as follows:

12.1.1. A disagreement or dispute must be initiated in writing.

12.1.2. The Parties must initially make all reasonable efforts to settle any such difference or dispute through consultation and negotiation.

12.1.3. If the difference remains unresolved, any Party may refer it for arbitration by an arbitrator agreed to by the Parties.

12.1.4. If the Parties fail to reach agreement on the appointment of an arbitrator, the cabinet member responsible for provincial and local government must be requested to nominate an arbitrator.

12.1.5. The arbitrator must conduct the arbitration in a manner that the arbitrator considers appropriate in order to determine the matter fairly and quickly, but must deal with the substantial merits with a minimum of legal formality.

12.1.6. The arbitrator’s determination is final and binding on the Parties.

12.1.7. The Parties to the disagreement/dispute must share the costs of the arbitration equally.

12.1.8. If a Party is not satisfied with the determination of the arbitrator, Chapter 4 of the Intergovernmental Relations Act will apply to settle a dispute.

13. Confidentiality

13.1. Any Party shall treat information furnished by another Party for purposes of the execution of this Agreement, as confidential.

13.2. Subject to this clause, the Party(ies) so furnished with information shall not disclose such information to another person without the prior written consent of the other Party and shall take reasonable steps to ensure that such information is not disclosed to another person.

14. Duration, execution and amending this Agreement

14.1. This Agreement will commence on the _____ day of _________ 20___, and will remain in effect for a period of three years, unless:

14.1.1. the MEC terminates this Agreement in terms of clause 10.2;

14.1.2. either party terminates this Agreement with at least 6 months’ notice prior to the commencement of a financial year of the Municipality;

14.2. A decision regarding an extension or amendment to the Agreement will be made in terms of a performance assessment of the Municipality in terms of this Agreement.

14.3. This Agreement including the Annexure/s attached hereto constitutes the whole agreement between the Parties relating to the subject matter of this Agreement. There are no other conditions, representations, whether oral or written and whether expressed or implied, applicable to this Agreement, save for those contained in this Agreement.

14.4. No amendment, alteration, addition or variation of this Agreement shall be of any force or effect unless reduced to writing and signed by the Parties. Such changes shall be incorporated as an Addendum to this Agreement.

15. Domicilium

15.1. The Parties choose the physical addresses set out hereunder as their domicilia citandi et executandi for all purposes under this Agreement:

Name of Party: .................................................................

Physical address: .................................................................
15.2. Notice of change of address must be given in writing, by the Party concerned and delivered by registered mail to the other Parties.

16 Miscellaneous provisions
The Parties agree to the following miscellaneous provisions:
16.1
16.2

LEGAL CERTIFICATION
To the best of my knowledge, this Agreement adheres to acceptable legal rules and is consistent with the exercise of statutory powers or the performance of statutory functions of the Parties to this Agreement.

This Agreement is hereby certified and signed by ........................................ of the Department of Human Settlements in his/her capacity as the .............................................................. having been duly authorized thereto at ........................................... on this ...................... day of........ 20...

NAME ........................................
DEPARTMENT ........................................

NOTING OF CONTENTS

The contents of this Agreement are duly noted by:

a) ............................................................., duly authorised in his/her capacity as the ............................................................. of the provincial Department on this ...................... day of........ 20...

NAME ........................................
DEPARTMENT ........................................

As Witnesses:
3. ........................................
4. ........................................

b) ............................................................... duly authorised in his/her capacity as the ............................................................... of the national Department on this..............................day of............ 20....

NAME .........................................................
DEPARTMENT .............................................
As Witnesses:
   1. ........................................
   2. ........................................

SIGNATURES OF THE PARTIES

Thus done and signed by ............................................................... in his/her capacity as the Member of the ......................... Provincial Executive responsible for Human Settlements on this......................day of....20...

NAME .........................................................
DEPARTMENT .............................................
As Witnesses:
   1. ........................................
   2. ........................................

Thus done and signed by ............................................................... of the Municipal Council of the Municipality in his/her capacity as the ............................................................... having been duly authorized thereto at ...............................................................on this......................day of.....20....

NAME .........................................................
DEPARTMENT .............................................
As Witnesses:
   1. ........................................
   2. ........................................