REVISED

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

March 2017
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<tbody>
<tr>
<td>ABP</td>
<td>Accreditation Business Plan</td>
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<tr>
<td>APP</td>
<td>Annual Performance Plan</td>
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<td>BEPP</td>
<td>Built Environment Performance Plan</td>
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<tr>
<td>CSOS</td>
<td>Community Schemes Ombud Services</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>DHS</td>
<td>Department of Human Settlements (national)</td>
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<td>DORA</td>
<td>Division of Revenue Act (Annual)</td>
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<td>DPME</td>
<td>Department Performance Monitoring and Evaluation</td>
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<td>EAAB</td>
<td>Estate Agency Affairs Board</td>
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<td>HDA</td>
<td>Housing Development Agency</td>
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<td>HSDG</td>
<td>Human Settlements Development Grant</td>
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<td>HSS</td>
<td>Housing Subsidy System</td>
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<td>HSP</td>
<td>Human Settlements Plan</td>
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<td>ICDG</td>
<td>Integrated City Development Grant</td>
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<td>IGRFA</td>
<td>Inter-Governmental Relations Framework Act, 2005</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>IP</td>
<td>Implementation Protocol</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>IYM</td>
<td>In-Year Monitoring</td>
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<td>KPA</td>
<td>Key Performance Area</td>
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<td>LRA</td>
<td>Labour Relations Act</td>
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<td>LUMS</td>
<td>Land Use Management System</td>
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<td>MCSPP</td>
<td>Municipal Capacity and Support Plan</td>
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<td>MDGs</td>
<td>Millennium Development Goals</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>Acronym</td>
<td>Description</td>
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<tr>
<td>MEIA</td>
<td>Monitoring, Evaluation and Impact Assessment</td>
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<td>MFMA</td>
<td>Municipal Finance Management Act</td>
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<td>MINMEC</td>
<td>Committee of the Housing Minister, housing MECs and SALGA</td>
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<td>MHC</td>
<td>Municipal Housing Committee I</td>
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<td>MHCSCG</td>
<td>Municipal Human Settlements Capacity Grant</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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<td>MTEF</td>
<td>Medium Term Expenditure Framework</td>
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<td>MTSF</td>
<td>Medium Term Strategic Framework 2014-2019</td>
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<td>NDP</td>
<td>National Development Plan</td>
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<td>NHFC</td>
<td>National Housing Finance Corporation</td>
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<td>NHSDB</td>
<td>National Housing Subsidy Data Base</td>
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<td>NHSS</td>
<td>National Housing Subsidy System</td>
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<td>NURCHA</td>
<td>National Urban Reconstruction and Housing Agency</td>
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<td>PDHS</td>
<td>Provincial Department of Human Settlements</td>
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<td>PFMA</td>
<td>Public Finance Management Act</td>
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<td>PMYHSP</td>
<td>Provincial Multi-Year Human Settlements Plan</td>
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<td>SCM</td>
<td>Supply Chain Management</td>
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<td>SDBIP</td>
<td>Service Delivery Business Implementation Plan</td>
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<td>SDF</td>
<td>Spatial Development Framework</td>
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<td>SDGs</td>
<td>Sustainable Development Goals</td>
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<td>SHI</td>
<td>Social Housing Institution</td>
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<td>SHRA</td>
<td>Social Housing Regulatory Authority</td>
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<td>SPLUMA</td>
<td>Spatial Planning and Land Use Management Act, 2013</td>
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<td>TSMA</td>
<td>Transfer of Staff to Municipalities Act, 1998</td>
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<tr>
<td>USDG</td>
<td>Urban Settlement and Development Grant</td>
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SECTION ONE: REVISED ACCREDITATION FRAMEWORK

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”)

“By 2050 visible outcomes from effectively co-ordinated spatial planning systems will have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure.

(National Development Plan, 2012)

Purpose

The Revised Accreditation Framework for Municipalities to Administer National Housing Programmes (2017) (hereafter referred to as the “2017 Revised Accreditation Framework”) provides the guideline for enabling the administration of national housing programmes by municipalities. A separate Revised Assignment Framework for Municipalities to Administer National Housing Programmes is available and should be read together with this Framework.

Background

The Accreditation and Assignment Framework for Municipalities to Administer National Housing Programmes was adopted by MINMeC in 2012. In 2014 MINMeC took a decision that the 2012 Framework should be reviewed in terms of:

1. Legislative and policy shifts within the housing and broader urban, human settlements and local government context that impact on the Framework;
2. Lessons that have emerged from the implementation of the 2012 Framework by provinces and municipalities identifying critical success factors and delivery blockages;
3. Clarity on the legal mandate and role of provinces, and provincial MECs responsible for housing, in the accreditation and assignment of municipalities;
4. A proposed shift towards a programmatic approach towards accreditation and assignment that responds to the re-design and complexity of national housing programmes and the need to deliver catalytic-projects; and
5. A stronger focus on an integrated, outcomes-based and demand-driven approach to integrated human settlements delivery.
This review was undertaken and the recommendations were subjected to broad stakeholder discussion. This **2017 Revised Accreditation Framework** is responsive to MINMeC’s directives and reflects broad stakeholder consensus.

Housing is a functional area of concurrent national and provincial legislative competence in terms of Schedule 4, Part A of the Constitution (1996). The efficient and effective delivery of housing is a core component of the achievement of government’s broader human settlement development goals. The human settlements vision articulated in the National Development Plan is that: “By 2050 visible outcomes from effectively co-ordinated spatial planning systems will have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure.”

The **2017 Revised Accreditation Framework** is part of government’s ongoing public sector reform process to achieve the NDP 2050 vision and ensure that all the elements of the broader human settlements delivery system are performing optimally. The concentration of both the economy and South Africa’s population in urban areas underpins the focus on accelerating the development of cities through integrated housing investment, improved public transport, the encouragement of urban enterprise and industrial development, and effective urban management. Delivery at such scale and complexity requires a city to leverage and crowd in public and private investment and resources nationally and globally. A broad range of public, private and community stakeholders are involved in the city-led development process. Clarity regarding roles and responsibilities of, and co-ordination amongst, institutional role-players is necessary.

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 is to progressively enable municipalities to manage a range of national housing programme instruments to allow for better co-ordinated, integrated and accelerated human settlements delivery. This is in recognition of the pivotal planning, land-use management, infrastructure provision, service delivery, settlement governance and inter-governmental co-ordination roles of municipalities. The Housing Act provides for “accreditation” as a capacitation mechanism to allow for the progressive administration of national housing programmes by municipalities on behalf of provinces. The Constitution envisages that additional powers and functions may be transferred to the local sphere and offers a framework for both the delegation or assignment of such powers and functions to local government by national or provincial legislatures or executives. Delegation involves the allocation of certain responsibilities within a function by a delegating authority to a “subordinate” entity in order to achieve results. The final accountability for the performance of the function remains with the delegating authority. Assignment involves the transfer of the authority and hence accountability for the performance of the function to another entity by the assigning authority.

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 if the principle of subsidiarity applies and the municipality has the capacity to perform the function. There is legislative and policy convergence that the principle of subsidiarity applies to the administration of national housing programmes and that
the intention is to assign to local government the administration of national housing programmes contained within the National Housing Code. Accreditation has been introduced as an instrument to ensure the progressive capacitation of municipalities in order for them to perform an assigned function without compromising delivery in the short-term.

The **2017 Revised Accreditation Framework** outlines the rationale for accreditation and the process to be followed for accreditation. A separate **2017 Assignment Framework** is available that outlines the legislated process that must be followed for assignment. Accreditation and assignment are regarded as enablers within the housing delivery system that are consistent with the broader public sector reform agenda. 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):** Through administering national housing programmes on behalf of provinces, municipalities will be in a stronger position to undertake integrated planning, provide effective urban and land management and expedite housing-related infrastructure and service delivery within their areas of jurisdiction. The municipal IDP (and metro BEPP) and Housing Sector Plan become the housing planning and budgeting instruments for all three spheres of government. Municipalities can coordinate decisions – relating to planning, land-use management, public transport, infrastructure investment and service delivery - that relate to the broader sustainability and integration of human settlements.

- **Accelerated delivery (vertical integration):** The efficiencies associated with certainty in respect of funding allocations, and decentralised delivery authority to the local sphere, are intended to result in accelerated housing delivery, budget expenditure alignment, crowding in of public and private investment, and improved expenditure patterns.

## The Human Settlements Legislative and Policy Context

The administration of national housing programmes takes place within the broader context of government’s rights-based framework for human settlement policy and legislation. This Framework responds to law and policy addressing the role of the three spheres of government in relation to the administration of national housing programmes. The relevant legislation and policies are discussed as follows:

- a) The Constitution;
- b) Relevant International Agreements;
- c) South African legislation and policy directly affecting housing programmes;
- d) Broader legislation and policy indirectly affecting housing and human settlements; and
- e) Legislation and policy specific to accreditation and assignment process.

**The Constitution of the Republic of South Africa, 1996:** The right of access to adequate housing is protected by section 26(1) of the Constitution. Adequate housing is recognised as a fundamental human right, and an obligation is imposed on the State to take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right. Section 25 of the Constitution defines property rights. Of particular relevance to human settlement policy is section 25(5), which provides that the “state must take reasonable legislative and other measures, within its available resources, to foster conditions
which enable citizens to gain access to land on an equitable basis.” Other rights associated with housing include those reflected in section 28(1)(c) of the Constitution, which provides that every child has the right to basic nutrition, shelter, basic health care services and social services.

The overall provision for the delegation and 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 and offers a framework for the assignment of additional powers and functions to local government by national or provincial legislatures or executives.

**International Agreements** supporting a rights-based and sustainable approach to housing and urban development are the: International Covenant on Economic, Social and Cultural Rights (1976) signed by South Africa in 1994 and ratified in January 2015; the Vancouver Declaration on Human Settlements (1976); Agenda 21 (1992); Istanbul Declaration on Human Settlements (1996); the United Nations Sustainable Development Goals (2015); the New Urban Agenda known as the “Quito Declaration on Sustainable Cities and Human Settlements for All”, which is an extension of the 2030 Agenda for Sustainable Development; and the Addis Ababa Action Agenda on Financing for Development, 2015.

Since 1994, South Africa has undergone extensive public sector reform processes in line with its Constitution and broader mandates. In the broader human settlements sector, the four key reform levers are housing, planning, public transport and integrated infrastructure financing.

**South African housing-specific legislation and policy**, includes:

- **The Housing Act, 1997** provides for the facilitation of a sustainable housing development process, lays down general principles applicable to housing development in all spheres of government, and defines the functions of national, provincial and local governments. The Act is intended to contribute toward the progressive realisation of the right of access to adequate housing as set out in section 26 of the Constitution.

- **The Comprehensive Plan for Sustainable Human Settlement, Breaking New Ground Policy (BNG) (2004)** emphasises more responsive and effective delivery, and reflects a shift from a focus on the delivery of housing units towards integrated human settlements and a single residential property market. BNG proposes an expansion of the existing state-assisted housing scheme to support lower-middle income groups, and broader housing programme instruments that address incremental in-situ informal settlement upgrading and the scaling up of social housing delivery. The need for a stronger focus on rural housing interventions is recognised, particularly in relation to infrastructure development. Municipalities are granted an enhanced role in the housing process, with the intent for them to assume overall responsibility for housing programmes through accreditation.

- **The National Housing Code (2009)** sets out and regulates the various national housing programmes categorized as: financial, incremental, social and rental, and rural. These incorporate the National Housing Subsidy System (NHSS), which provides a range of beneficiary subsidies to support secure housing ownership. The Code requires a Housing Sector Plan (HSP) as part of the municipal IDP. Provincial housing allocations must be informed by the IDPs and projects not included in IDPs cannot be funded. The framework for accreditation of municipalities to administer national housing programmes
was included in the 2009 revisions to the National Housing Code. The National Housing Code is currently under review.

- **Other relevant housing-related legislation and policy** includes the: Deeds Registries Act (1937); State Land Disposal Act (1961); Subdivision of Agricultural Land Act (1970); Expropriation Act (1975); Estate Agency Affairs Act (1976); National Building Regulations and Building Standards Act (1977); Alienation of Land Act (1981); Sectional Titles Act (1986); Housing Development for Retired Persons Act (1988); Value-Added Tax Act (1991); Upgrading of Tenure Rights Act (1991); Land Titles Adjustment Act (1993); Distribution and Transfer of Certain State Land Act (1993); Land Reform: Provision of Land and Assistance Act (1993); Restitution of Land Rights Act (1994); Land Reform Act (1996); Communal Property Associations Act (1996); Interim Protection of Informal Land Rights Act (1996); Land Survey Act (1997); Extension of Security of Tenure Act (1997); Prevention of Illegal Eviction from and Unlawful Occupation of Land Act (1998); Housebuilding Consumers Protection Measures Act (1998); Rental Housing Act (1999); Home Loan and Mortgage Disclosure Act (2000); Social Housing Act (2008); Housing Development Agency Act (2008); Sectional Title Schemes Management Act (2011); Community Schemes Ombud Service Act (2011); Social Housing Policy for South Africa (2005); Social Contract for Rapid Housing Delivery (2005); and Housing Sector Institution legislation. Related and relevant provincial legislation must also be considered.

- **The Accreditation and Assignment Framework for Municipalities to Administer National Human Settlements Programmes (2012)** addresses certain legal difficulties associated with the framework for accreditation as set out in the National Housing Code. A clear distinction between accreditation and assignment was made and the processes to be followed are clearly differentiated. Accreditation is formalised by way of an Implementation Protocol in terms of section 35 of the Inter-Governmental Relations Framework Act, 2005 and assignment by means of an Executive Assignment Agreement in terms of the Constitution.

- **The Guidelines on Allocation of Additional Powers and Functions to Municipalities, 2007**, published by the Minister for Provincial and Local Government in terms of powers conferred on him by section 120(1)(c) of the Local Government: Municipal Systems Act, 32 of 2000. Except to the extent that the Guidelines restate Constitutional or statutory requirements, compliance with the Guidelines is not obligatory. However, these Guidelines state that they should, in the interest of more effective and practical administration, be followed by executive organs of state when considering and effecting the assignment or delegation of additional powers or functions to municipalities.

- **Government’s Medium Term Strategic Framework (MTSF) Outcome 8** vision is for “sustainable human settlements and improved quality of household life”. To achieve this, the following priorities are determined for 2014-2019:
  - Adequate housing and improved quality living environments, with 1.495 million more households living in new or improved housing conditions by 2019;
  - A functional and equitable residential property market with a target of 110 000 new housing units delivered in the affordable gap market by 2019;
Enhanced institutional capabilities for effective coordination of spatial investment decisions, with a target of 49 municipalities assigned or accredited with the housing function;

The title deeds for all 563,000 new subsidy units as well the backlog of 900,000 title deeds in the integrated residential housing programme will be transferred over the next five years; and

Informal settlement upgrading will be expanded to cover 750,000 households, ensuring basic services and infrastructure in some 2,200 informal settlements.

The MTSF indicates that existing housing subsidy instruments will be reviewed to improve targeting and encourage more efficient spatial development patterns. It envisages: public transport planning aligned with residential development; a multi-segmented social-rental housing programme; barriers to rapid residential construction addressed; and, the broadening of access to housing credit. It recognises the need for significant institutional reforms to improve the coordination of housing and human settlement development. This includes strengthening the role and capacity of metropolitan and larger urban municipalities to integrate the housing and human settlement grants. The MTSF positions accreditation as a key instrument to achieve accelerated delivery of housing opportunities and associated targets.

**Draft Policy Paper on Human Settlements**, entitled “Towards a Policy Foundation for the Development of Human Settlements” is opening the space for housing policy and programmes review in South Africa. Two key approaches in the current draft propose: improving planning, design and the development of human settlements through greater inter-governmental planning alignment and the recognition of the municipal Integrated Development Plan (IDP) and Built Environment Performance Plan (BEPP) as the key instruments; and facilitating adequate housing access to all through a revision of the national housing programmes and the unlocking of community and private sector investment in relevant market segments. The 2017 Revised Accreditation Framework will feed into the housing policy review process.

Currently, planning and public transport reform is largely driven through:

**The National Development Plan 2030 (2012) “Our future – make it work”** sets out the broad public sector reform agenda for South Africa. Chapter 8 of the Plan sets the key objectives for transforming human settlements as:

- Strong and efficient spatial planning systems, well integrated across the spheres of government;
- Upgrade all informal settlements on suitable, well-located land by 2030;
- More people living closer to their places of work;
- Better quality public transport; and
- More jobs in or close to dense, urban townships.

Some of the required actions include: reform the current planning system to improve coordination and eliminate administrative inefficiencies; improve local government planning capabilities; develop a strategy for densification of cities and resource allocation to promote better located housing and settlements; substantial investment to ensure safe, reliable and affordable public transport; support municipalities to provide bulk and link infrastructure for large developments; introduce spatial development
framework norms and standards; conduct a comprehensive review of the grant and subsidy regime for housing to ensure diversity in product and finance options; provide incentives for citizen activity for local planning and development of social compacts; improve the functionality of land markets and make them work more effectively for the poor and support rural and urban livelihoods; enhance the current informal settlements programme; and, incentivize private housing developers for affordable housing delivery in commercial developments.

The intention is to gradually shift the state’s housing role from provider to facilitator that ensures adequate shelter and a wider choice of housing options with greater private sector and community participation. The state’s focus should be to develop public goods through investment in public transport, other economic and social infrastructure, quality public spaces and jobs. The value of land as a marketable commodity, as well as performing a social and environmental function, should be properly acknowledged.

In order to deliver on government development objectives and programme, chapter 13 of the NDP addresses the need to build a capable and developmental state, for example through: a public service immersed in the development agenda and insulated from undue political interference; staff at all levels have the authority, experience, competence and support they need to do their job; and improved intergovernmental relations through a more proactive approach to managing the intergovernmental system. Chapter 14 of the NDP is focused on fighting corruption and sets the objective of a corruption-free society, a high adherence to ethics throughout society and a government that is accountable to its people.

- **The Integrated Urban Development Framework (IUDF)** emerged from the NDP and focuses on the transformation of South African cities and towns. Its vision is: “Liveable, safe, resource-efficient cities and towns that are socially integrated, economically inclusive and globally competitive, where residents actively participate in urban life.” The IUDF incorporates four strategic goals:
  - **Access**: To ensure people have access to social and economic services, opportunities and choices.
  - **Growth**: To harness urban dynamism for inclusive, sustainable economic growth and development.
  - **Governance**: To enhance the capacity of the state and its citizens to work together to achieve social integration.
  - **Spatial Transformation**: To forge new spatial forms in settlement, transport, social and economic areas.

  The plan has eight levers: integrated spatial planning; integrated transport and mobility; integrated and sustainable human settlements; integrated urban infrastructure; efficient land governance and management; inclusive economic development; empowered active communities; and, effective urban governance. The IUDF identifies as a policy priority fast-tracking the devolution of the housing function to local government (in particular metros).

- **The Spatial Planning and Land Use Management Act 2013 (SPLUMA)** is a key legislative development impacting on human settlements development. Municipal powers and responsibilities include, amongst others:
  - the preparation of municipal spatial development frameworks;
  - the adoption of a single land use scheme for its entire area;
• the passage of bylaws aimed at enforcing its land use scheme; and
• the establishment of a Municipal Planning Tribunal to determine land use and
development applications within its municipal area.
Municipalities are required to develop a Capital Investment Framework in alignment with SPLUMA.

• The **Built Environment Performance Plan (BEPP)** was introduced in 2014/15 as a
planning instrument to address the urgent need for spatial transformation in metropolitan
municipalities. The BEPP addresses perceived weaknesses in the integration of government
planning, budgeting, implementation and monitoring systems. The BEPP process is
“outcome-led” and focused on improved performance in terms of inclusivity, productivity and
sustainability. It is based on a spatial approach prioritising capital fund investment in: urban
networks, including Integration Zones and Transit-Oriented Developments (ToD) precincts;
marginalised areas (informal settlements, townships and inner city areas); and growth nodes
(commercial and industrial nodes). The intention to shift metros from planning to the
preparation of a tangible portfolio of intergovernmental investment projects that include
private sector partnerships. There is a shift towards an urban management approach that is
partnership-based, spatially focused and facilitative of development. The BEPP is utilised
as an incremental public sector reform instrument with annual changes to the BEPP
Framework that re-focus metro planning and budgeting.

• The **National Land Transport Act (Act No. 5 of 2009) (NLTA)** addresses the issue of the
concurrency of the public transport function between national and provincial government
and empowers local government to take on extensive public transport responsibilities.
Transport authorities established though the National Land Transport Transition Act (Act No.
22 of 2000) have been dissolved into municipal structures.

• **Other relevant legislation and policy**, which indirectly affect housing and human
settlements include: the National Environmental Management Act (1998); Public Finance
Management Act (1999); Promotion of Access to Information Act (1999); Promotion of
Administrative Justice Act (2000); Preferential Procurement Policy Framework (2000);
Planning Professions Act (2002); Traditional Leaders and Governance Framework Act
(2003); Broad-Based Black Economic Empowerment Act (2003); Municipal Finance
Management Act (2003); Communal Land Rights Act (2004); Prevention and Combating of
Corrupt Activities Act (2004); Government Immovable Asset Management Act (2007);
Consumer Protection Act (2008); Protection of Personal Information Act (2015); Public
Administration Management Act (2014); Expropriation Bill (2016); and the Division of
Revenue Act (annual). Relevant provincial legislation must also be considered.

**Alignment with local government financial policy reform** is an important consideration in the
2017 Framework Revision. The NDP focuses on the role of urban infrastructure finance in
addressing the socio-economic and spatial challenges in the country. Metros and large urban
municipalities require the ability to secure sufficient public resources to finance related
investments and to crowd in private sector investment. Currently, urban infrastructure financing
is fragmented with a large number of capital grant instruments, such as the: Urban Settlements
Development Grant (USDG); the Housing Sector Development Grant (HSDG); the Public
Transport Infrastructure and Systems Grant; the Public Transport Network Operations Grant;
the Integrated National Electrification Programme Grants (INEP); the Integrated City
Development Grant (ICDG); and the Neighbourhood Development Partnership Grant (NDPG).
Each grant is focused on specific outputs linked to sectoral priorities and service standards. The intention is to move towards an integrated urban infrastructure grant.

The USDG and the HSDG are the most significant urban housing financing instruments. The USDG supplements capital revenues of metropolitan municipalities to support national housing development programmes. The USDG is a direct metro grant provided for in Schedule 4, Part B, of the DORA and is allocated in terms of the BEPP. The expected outputs of the USDG are increased: bulk infrastructure capacity; basic services to poor households; land provision for informal settlement upgrading, subsidy housing or mixed use development in support of catalytic projects; access to socio-economic amenities; and urban densities. The USDG has been refined over time in terms of the NDP public sector reform agenda. The HSDG finances the administration and delivery of national housing programmes. This is a Schedule 5 grant within the DORA that is allocated to provinces. The current USDG and HSDG grant formats split responsibility for housing projects between bulk service provision by municipalities and internal services and top structures by provinces. Financial roles and responsibilities for the UISP have been more blurred with some municipalities using own funding and others the HSDG. A lack of policy clarity over whether the provision of basic services in informal settlements is a national housing or local government mandate is unclear and the USDG as a direct transfer to local government is at the heart of this debate.

The accreditation of municipalities is intended to integrate the human settlements delivery processes. Section 10(4)(b) of the Housing Act requires provincial accounting officers to transfer funds to municipalities for the performance of the accredited housing function. The Division of Revenue Act regulates grant allocations to the three spheres of government. The intention of the DoRA is to ensure transparent and predictable financial flows. Provinces are required to gazette HSDG allocations to accredited municipalities. The intention is that the HSDG will be directly allocated to assigned municipalities to support integrated planning and budgeting. A Municipal Human Settlement Capacity Grant (MHSCG) was introduced in the 2014/15 financial year targeting metropolitan municipalities accredited to administer national housing programmes. This grant has, however, been discontinued. In its place, up to 3% of the USDG may be used to fund municipal capacity in the built environment.

The NDP supports a differentiated approach to local government financing reform. The intention in the NDP is to provide an integrated package of infrastructure grant funding, that possibly includes the housing grant, to metros and cities to enable them to extend services to growing urban populations. Incentives and planning requirements will be used as a tool to direct infrastructure investments towards desired urban outcomes. The BEPP instrument is key to ensuring metro planning and budgeting alignment with a major focus on the preparation of an inter-governmental project pipeline that is supported by a multi-sourced capital investment framework from both the public and private sectors. In rural areas with high service delivery backlogs and relatively weak municipal capacity, the grant system will be designed to provide both general and sector-specific funding. A greater emphasis will be placed on the full life cycle of municipal infrastructure management, promoting value for money and reducing corruption.

The legislative framework for the accreditation of municipalities to administer national housing programmes on behalf of provinces is rooted in the Constitution of the Republic of South Africa Act, 1996, 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. These are briefly discussed below:
2017 Revised Accreditation and Assignment Frameworks for Municipalities

- Section 238 of the **Constitution of the Republic of South Africa** allows an executive organ of state in any sphere of government to delegate any power or function that is to be exercised or performed in terms of legislation to another executive organ of State.

- Section 10 of the **Housing Act** makes provision for any municipality to apply to the relevant MEC responsible for housing to be accredited to administer one or more national housing programmes, but for financial accountability for those housing programmes to remain with the provincial accounting officer – a form of delegation of functions to the municipality.

- **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 Division of Revenue Act (DORA):** This is an annual Act, which accompanies the national budget and sets the framework for financing arrangements amongst the spheres of government. Allocations to provincial and local governments, and any conditions attached, are included in the Schedules. The definition section of the annual DoRA must be updated to be aligned to the Revised Accreditation and Assignment Frameworks, especially in so far as it still provides for three levels of accreditation purportedly in terms of section 10(2) of the Housing Act.

- **The Municipal Finance Management Act (MFMA), 2003** regulates the financial affairs of municipalities, sets treasury norms and standards, and clarifies roles and responsibilities of 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 human settlements policy and legislative framework outlined above provide certain principles that inform the **2017 Revised Accreditation Framework**.

1. Any housing or human settlements policy and legislative framework must contribute to the realisation of Constitutionally protected rights to adequate housing.
2. The administration of national housing programmes must be located within the broader public sector urban reform agenda that focuses on the delivery of integrated human settlements through planning and land use management, public transport and housing delivery, integrated urban infrastructure financing and effective urban management.
3. Each sphere of government should play a fundamentally important role in the delivery of a comprehensive and co-ordinated state housing programme, and legislation and policy
must allocate responsibilities and tasks amongst the spheres. The 2017 Revised Accreditation Framework outlines the processes to be followed for the decentralizing of the provincial function to administer national housing programmes.

4. There is legislative and policy commitment to accreditation and assignment of municipalities, and the delivery targets are contained in the MTSF. Urban municipalities should be prioritized to enable the desired integrated urban development outcomes of access, growth, governance and spatial transformation.

5. The legal instruments of delegation, agency and assignment remain the Constitutional and legal instruments for the decentralisation of powers and functions from one sphere of government to another.

6. The provincial MECs responsible for housing are the accrediting or assigning authorities for national housing programmes.

7. A municipal Integrated Development Plan (IDP) is the principal strategic planning instrument which guides and informs government-wide planning, development and investment. The IDP is supported by the BEPP within the metro municipalities. The Housing Sector Plan included within the IDP is the principal planning instrument for housing programme delivery.

8. The urban infrastructure financing regime is under review in terms of the broader public sector reform agenda and the revision of the Framework must be responsive to such changes.

9. Measuring the performance of government must be outcome-focused. The available national housing programmes are regarded as instruments for government to achieve its broader human settlement development goals.

10. National and provincial government have legislated support and monitoring responsibilities with regard to the local sphere. Accreditation is a capacitation mechanism to support the decentralization of the administration of national housing programmes and thus adequate and integrated municipal support is required. Integrated metro and city support is required as part of the broader urban public sector finance reform process.

**Conceptual Framework for Accreditation**

The conceptual framework for municipal accreditation of the function to administer national housing programmes by provinces must be understood within the broader context of the powers and functions of the three spheres of government in housing delivery.

**Role of National Government**

Sections 3(1) to (4) of the Housing Act, 2007, set out the main functions of national government in relation to housing delivery. The national government is responsible for establishing and facilitating a sustainable national housing development process. For this purpose, the Minister responsible for housing must, amongst other things: determine national policy, including national norms and standards; set broad national housing delivery goals and facilitate the setting of provincial and local government goals; support capacity development in provinces and municipalities; and promote consultation on housing development. The Minister also has wide powers to, amongst other things: establish a national institutional and funding framework for housing development; engage in multi-year planning, allocate funds for national housing programmes to provincial governments; obtain funds for land acquisition, infrastructure
development, housing provision and end-user finance; institute and finance national housing programmes; establish and finance national institutions for housing development, and supervise the execution of their mandate; and evaluate the performance of the housing sector.

Role of Provincial Government
The main functions of provincial government are set out in section 7(1) to (3) of the Housing Act. Every provincial government is required to do everything in its power to promote and facilitate the provision of adequate housing within the framework of national housing policy. This includes: determining provincial policy and promoting legislative development in respect of housing development; supporting and strengthening capacity and implementation within municipalities; coordinating housing development; and, preparing multi-year plans in respect of national and provincial housing programmes. In particular, the province is responsible for administering national and provincial housing programmes.

Role of Local Government
Section 9(1) of the Housing Act requires every municipality, as part of its process of integrated development planning, to take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to –

a) ensure that -
   i. the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;
   ii. conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed;
   iii. services in respect of water, sanitation, electricity, roads, stormwater drainage and transport are provided in a manner which is economically efficient;

b) set housing delivery goals in respect of its area of jurisdiction;

c) identify and designate land for housing development;

d) create and maintain a public environment conducive to housing development which is financially and socially viable;

e) promote the resolution of conflicts arising in the housing development process;

f) initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction;

g) provide bulk engineering services, and revenue generating services in so far as such services are not provided by specialist utility suppliers; and

h) plan and manage land use and development.

Section 9(2)(a) of the Housing Act provides for the participation by municipalities in national housing programmes by, amongst other things, acting as a developer in respect of the planning and execution of a housing development project, facilitating and supporting the participation of other role players in the housing development process, or administering any national housing programme in respect of its area of jurisdiction in accordance with section 10 of the Act.

The purpose of accreditation is to enable municipalities to progressively perform an expanded role in the administration of national housing programmes as provided for in the Act and supported in policy. The assignment mechanism would apply once municipalities have demonstrated capacity to administer national housing programmes and the formal transfer of the function from province to qualifying municipalities takes place.
Accreditation is the recognition by the relevant provincial MEC responsible for housing that whilst a municipality has met certain criteria and standards, the municipality requires additional support and capacity prior to assuming full accountability for the administration of all 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 does not transfer legal and financial accountability for functions from one sphere of government to another, but is instead a form of delegation of provincial functions and powers to a municipality. 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 housing 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.

Principles of Accreditation

There are ten key principles informing both accreditation and assignment:

1. **The administration of National Housing Programmes is best performed by the local sphere:** As recognised both in domestic legislation and policy and international agreements, cities and local government have a central role in driving economic growth, effecting spatial transformation and ensuring the delivery of integrated human settlements. As such, the administration of national housing programmes will best be performed by the local sphere.

2. **The accrediting authority is the MEC:** Given that the administration of national housing programmes is a provincial responsibility, the MEC responsible for housing is the legal delegating authority to municipalities.

3. **If accreditation criteria are met, then the MEC must accredit:** there is policy consensus that the administration of national housing programmes would be best performed within the local sphere. Municipalities that are able to demonstrate the capacity to perform this function (in terms of the criteria set out in this Framework) must be accredited the function in terms of the Housing Act.

4. **Credible municipal Housing Sector Plans are the basis for accreditation:** Credible Housing Sector Plans will position the housing sector as a whole to ensure demand and supply-side alignment of housing need and housing programme instruments. National and provincial government must support municipalities in accessing reliable and up-to-date information and in the conducting of municipal research.

5. **Accreditation is an intermediary step to build municipal capacity:** In order to ensure that human settlements delivery is not interrupted or undermined, two levels of accreditation may be granted prior to assignment. A municipality may apply either for Level 1 or Level 2 accreditation depending on a self-assessment of capacity. The accreditation instruments
allow national and provincial government and municipalities to work co-operatively to build capacity for the administration of national housing programmes within the local sphere. Accreditation must be time-bound as a result. Once adequate capacity is demonstrated through the accreditation process, assignment must follow.

6. **Accreditation does not exclude other housing programme Implementing Agents:** Level 2 accredited municipalities are responsible for the administration of national housing programmes and projects. However, this does not exclude them from appointing and overseeing other implementing agents, such as province, private developers or social housing institutions.

7. **Adequate, transparent and realistic resourcing:** Municipalities require adequate and transparent resourcing, both financial and non-financial, to perform their accredited functions. An independent technical assessment of capacity requirements at both provincial and municipal levels is necessary in order to inform decisions regarding non-financial asset transfer.

8. **Prioritised universal and flexible application across the country:** The accreditation mechanism will be applicable to metropolitan (Category A), local (Category B) and district (Category C) municipalities across South Africa. However, the initial focus will be on larger urban and metro municipalities given the urgency of the broader urban public sector reform agenda. If a district municipality requests accreditation, the municipality must demonstrate that it is authorised (as evidenced by a council resolution) by all or a majority of the local municipalities within its jurisdiction to act on behalf of all or some of the local councils, and that it has the necessary powers and functions and financial responsibilities to ensure integrated and efficient service delivery.

9. **Managed 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. All three spheres of government must work together for the successful implementation of human settlements legislation and policy. The three spheres of government must be held accountable for their roles and responsibilities with regard to accreditation and assignment.

10. **Funding follows function:** Adequate capital and operational financial resources must be made available by the accrediting or assigning authority for a municipality to perform the functions that have been allocated to it. The key principle is that funds follow function.

### Implementation of the 2012 Framework

The implementation of the 2012 Accreditation and Assignment Framework has highlighted lessons that have informed the revised Framework. A lack of political decision-making slowed the pace of implementation. This was partly a result of a perception that the 2012 Framework was nationally-driven and that not all affected provinces were ready for assignment of the function to metros. However, where provinces were committed to driving the accreditation process, some critical success factors were highlighted and are summarised in Table 2 under the following headings: planning, Implementation Protocols, implementation processes, land acquisition, financing, monitoring and support. These critical success factors have been built into the revised framework.

#### Table 1 Critical Success Factors for Implementation

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Critical Success Factor</th>
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<tbody>
<tr>
<td>Planning</td>
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<tr>
<td>Implementation Protocols</td>
<td></td>
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<tr>
<td>Implementation Processes</td>
<td></td>
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<tr>
<td>Land Acquisition</td>
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<tr>
<td>Financing</td>
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<tr>
<td>Monitoring</td>
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<tr>
<td>Support</td>
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</table>
2017 Revised Accreditation and Assignment Frameworks for Municipalities

<table>
<thead>
<tr>
<th>Municipal Level</th>
<th>Provincial Level</th>
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<tbody>
<tr>
<td><strong>Planning</strong></td>
<td><strong>Ability to provide technical support</strong></td>
</tr>
<tr>
<td>• Credible HSP adopted as part of the IDP</td>
<td>• MYHSP and APPs informed by the HSP, SDF and IDP</td>
</tr>
<tr>
<td>• Updated and credible SDF, LUMs and infrastructure sector plans informing the HSP</td>
<td>• Ability to facilitate inter-sectoral planning and budgeting alignment</td>
</tr>
<tr>
<td>• HSP aligned with provincial plans</td>
<td></td>
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<tr>
<td>• Migration to the National Housing Needs Register</td>
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<tr>
<td>• Bulk infrastructure capacity</td>
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<tr>
<td><strong>Implementation Protocols</strong></td>
<td><strong>Ability to support HSS functionality</strong></td>
</tr>
<tr>
<td>• IPs signed by both province and municipalities</td>
<td>• Transfer of relevant provincial staff and assets</td>
</tr>
<tr>
<td>• Roles and responsibilities of parties clearly defined in the IPs</td>
<td>• Ability to monitor and leverage support for municipalities</td>
</tr>
<tr>
<td>• IPs implemented by both parties and reviewed regularly</td>
<td>• Re-focusing of the whole department to reflect the status of an accredited municipality</td>
</tr>
<tr>
<td><strong>Implementation Processes</strong></td>
<td><strong>Clear communication</strong></td>
</tr>
<tr>
<td>• Approval and implementation of new housing unit organogram</td>
<td></td>
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<tr>
<td>• Strong senior management support</td>
<td></td>
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<tr>
<td>• Effective governance and administrative systems in place</td>
<td></td>
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<tr>
<td>• HSS accessibility and functionality secured</td>
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<tr>
<td>• Sound procurement systems</td>
<td></td>
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<tr>
<td>• Strong asset management capabilities</td>
<td></td>
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<tr>
<td>• Good cash flow and project management systems</td>
<td></td>
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<tr>
<td>• Contract administration systems in place</td>
<td></td>
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<tr>
<td>• Consultative community structures, processes and systems in place</td>
<td></td>
</tr>
<tr>
<td><strong>Land acquisition</strong></td>
<td><strong>HDA support in place</strong></td>
</tr>
<tr>
<td>• Available finance and support</td>
<td></td>
</tr>
<tr>
<td>• Available well-located public land</td>
<td></td>
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<tr>
<td><strong>Financing</strong></td>
<td><strong>Gazetting of the HSDG and operational funding</strong></td>
</tr>
<tr>
<td>• Funding certainty</td>
<td></td>
</tr>
<tr>
<td>• Sound financial administrative systems</td>
<td></td>
</tr>
<tr>
<td>• Effective revenue collection systems</td>
<td></td>
</tr>
<tr>
<td><strong>Monitoring</strong></td>
<td><strong>Regular municipal site visits</strong></td>
</tr>
<tr>
<td>• Legal compliance with reporting requirements</td>
<td></td>
</tr>
<tr>
<td><strong>Support</strong></td>
<td><strong>Capacity costs included as part of operational funding allocation</strong></td>
</tr>
<tr>
<td>• Capacity Support Plans signed as part of the IPs and implemented</td>
<td>• Provincial Accreditation Unit in place</td>
</tr>
<tr>
<td>• Holistic capacity and support approach</td>
<td></td>
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</tbody>
</table>

Critical success factors at a national level have been highlighted as the:

- Need for the DHS to secure direct municipal HSS access for accredited municipalities;
- Need for the DHS to facilitate accredited municipal access to the National Housing Needs Database;
- Importance of the DHS’s role in overseeing the performance of both provinces and municipalities in the implementation of the revised Accreditation Framework to ensure accountability and legal and policy compliance; and
- The requirement for remedial actions to be implemented as and when required to ensure provincial and municipal responsiveness.

These critical success factors have been built into the 2017 Revised Accreditation Framework in terms of the introduction of:
The positioning of the credible HSP as the pivotal inter-governmental planning and budgeting alignment instrument and the fundamental basis for accreditation;

- Including time-frames where possible for decision-making;
- Introducing an appeal mechanism if an accreditation application is rejected by an MEC to facilitate national consistency and uniformity in approach;
- The inclusion of relevant provincial sector departments in the accreditation assessment panel constituted by the MEC in order to facilitate inter-government co-operation and alignment. The provincial department responsible for human settlements will have observer status on the panel;
- A greater focus on the capacity within provincial departments responsible for human settlements to support and monitor accredited municipalities;
- Accountability mechanisms for all spheres of government in terms of their roles and responsibilities in the implementation of the 2017 Revised Accreditation Framework;
- Enhancing monitoring and evaluation mechanisms; and
- Prioritising urban municipalities where the necessary governance and administration systems are in place.

Revised Approach to Accreditation

Process Overview

The 2017 Revised Accreditation Framework provides a phased, housing value-chain and municipal plan-driven approach to the accreditation of municipalities for the function of administering national housing programmes. It takes into account the complexity of the housing sector and the range of housing programme instruments available. Not all municipalities will have the need or capacity to administer all national housing programmes. Municipalities will only be accredited to administer national housing programmes contained within their Housing Sector Plans (HSPs) included within their IDPs. However, municipalities seeking assignment will have had to demonstrate their capacity to manage a range of national housing programmes and will be assigned to administer all national housing programmes. This is in accordance with Clause 29 of the National Guidelines on Allocation of Additional Powers and Functions to Municipalities (April 2007). No municipality may seek assignment without already being accredited. The approach towards accreditation is outlined below:

1. The municipal IDP is the primary human settlements planning instrument for government as a whole. The IDP includes the municipality’s Spatial Development Framework (SDF), Land Use Management Strategy, Housing Sector Plan (HSP), Integrated Public Transport Plan (ITP), Local Economic Development (LED) plan, Environmental Management Plan (EMP) and infrastructure sector plans. All housing projects must be contained within the IDP and HSP of a municipality. The metro BEPP must be informed by the HSP and reflect integrated human settlements planning.

2. The HSPs must be credible and responsive to local contexts, including: housing demand; available bulk infrastructure capacity; land availability; budget availability; spatial planning; and institutional capacity.

3. The accreditation programme will focus on improving the quality, integrity and credibility of municipal planning instruments through technical support and inter-governmental planning and budgeting alignment and co-ordination.
4. Accreditation is directly linked to the national housing programmes that the municipality requests to administer as part of its HSP. This means that a municipality will not be accredited for all national housing programmes, but only those that are relevant to it and contained within its HSP. This will both enable progressive capacity building within the municipality and incentivize a municipality to be more responsive and demand-driven in terms of community needs through accessing and administering a broader range of national housing programmes.

5. The municipality may include in its HSP national housing programmes that require different implementing agents, for example a private partner, housing sector institution or province. As part of its administrative responsibilities, the accredited municipality will administer the appointment of the implementing agent(s). This will ensure that housing programme delivery remains co-ordinated and in accordance with municipal plans at a local level.

6. There are two levels of accreditation with varying shifts in administrative responsibilities that a municipality may apply for depending on their existing capacity.

7. Integrated performance monitoring for human settlements delivery is enhanced in the 2017 Revised Accreditation Framework linking it to a clear theory of change and the broader human settlements monitoring and evaluation context and desired outcomes.

8. The monitoring and support roles of province are strengthened through the linking of housing accreditation to the HSP as the Implementation Protocols (IPs) are subjected to performance monitoring. All spheres of government must be held accountable for their roles and responsibilities in ensuring the effective and efficient administration of national housing programmes. Processes to ensure the accountability for the roles and responsibilities of all spheres of government are outlined in the 2017 Revised Accreditation Framework.

**National Housing Programmes**

In terms of section 4 of the Housing Act, the Minister is required to publish a National Housing Code, containing national housing policy, as well as administrative or procedural guidelines in respect of the effective implementation of this policy. This Code is binding on provincial and local spheres of government.

Breaking New Ground (2004) laid the basis for the 2009 Housing Code with its shift towards more responsive and effective delivery. Housing objectives included: accelerating the delivery of housing as a key strategy for poverty alleviation; utilising provision of housing as a major job creation strategy; ensuring property could be accessed by all as an asset for wealth creation and empowerment; leveraging growth; supporting the functioning of the entire single residential property market and reduce the duality between the first economy residential property boom and the second economy slump; and utilising housing as an instrument for sustainable human settlements, in support of spatial restructuring. Key approaches include: shifting from product uniformity to demand responsiveness; enhancing the role of the private sector; creating linkages between the primary and secondary residential property market; progressive informal settlement eradication; promoting densification and integration; enhancing the location of new housing projects; developing social and economic infrastructure; and enhancing the housing product.

The National Housing Code was first published in 2000 and substantially revised in 2009. The 2009 National Housing Code sets out the various national housing programmes, which are clustered in the following intervention categories: financial, incremental housing programme,
social and rental housing programme; and rural housing programme. These interventions incorporate the National Housing Subsidy System (NHSS), which provides a range of subsidies to beneficiaries to support them to secure ownership of housing. A further National Housing Code revision process is underway. The various national housing programmes are listed in Table 2.

**Table 2 National Housing Programmes as per the National Housing Code, 2009**

<table>
<thead>
<tr>
<th>Intervention Category</th>
<th>Programme</th>
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| Financial             | Individual housing subsidies  
                         | Extended discount benefit scheme  
                         | Social and economic facilities  
                         | Operational capital budget  
                         | Housing chapters of IDPs  
                         | Rectification of pre-1994 housing stock |
| Incremental housing programme | Integrated residential development programme (IRDP)  
                         | People’s housing process  
                         | Upgrading of informal settlements (UISP)  
                         | Consolidation subsidies  
                         | Emergency housing assistance |
| Social and rental housing programme | Institutional subsidies  
                         | Social housing  
                         | Community residential units |
| Rural housing programme | Rural subsidy: communal land rights  
                         | Farm residents housing assistance programme |

The current policy review process proposes a revised set of strategic interventions to facilitate access to adequate housing and quality living environments. Persistent challenges have been identified with housing delivery, such as: weak spatial planning and governance capabilities; the high cost of well-located land; the inability of the state to adequately respond to the diverse needs of low-middle income households; dysfunctional property market and the inability of the poor to participate; escalating costs; lack of community and civil society involvement; and the narrow focus on performance measurement.

Changes to its national housing programmes are under consideration. It is, however, not clear what the extent of these changes will be and what sort of transitional arrangements will be put in place. The key challenge will be for government to remain responsive to the needs of its citizens in terms of the range of housing programme instruments that are both available and accessed. The programmes will need to be selected, planned and implemented in such a manner that they are responsive to local demand and contribute to government’s broader human settlements objectives. The municipality is the sphere of government that is best located to address this need and the municipal HSP, therefore, becomes the critical instrument in ensuring the selection and alignment of housing policy, programmes and projects at municipal level. The accreditation of municipalities to administer national housing programmes on behalf of provinces, therefore, is a fundamental enabler of government achieving its broader integrated human settlement and urban development goals.
The decision on what national housing programmes to accredit a municipality for will be linked to the municipality’s Housing Sector Plan (HSP). A municipality must analyse its local housing demand, and then identify the relevant national housing programmes that will assist in addressing this demand. The capacity of a municipality will also determine the range of national housing programmes that the municipality may include within its HSP. A municipality seeking Level 1 accreditation may simply be requesting to administer one or two national housing programmes.

A municipality seeking Level 2 accreditation may choose to request accreditation for a broader range of national housing programmes as contained within its HSP. A municipality accredited at Level 2, however, does not have to be the implementing agent for all the national housing programmes for which it has been accredited. A Level 2 accredited municipality has the administrative responsibility of identifying and appointing “Implementing Agents” for all the national housing programmes for which it has been accredited. A municipality may choose to act as an implementing agent for a national housing programme or appoint an implementing agent – such as a Social Housing Institution, community structure, private developer or province – to implement a programme on its behalf.

**HSP-Linked Accreditation**

The HSP-linked programme accreditation is based on a progression model related to the current capacity level of the municipality. It is responsive to the policy and legislative imperatives to recognise the IDP as the pivotal planning instrument of government as a whole, and a key instrument in the achievement of integrated and sustainable human settlements. Planning alignment amongst all three spheres of government will be strengthened through:

1. Requiring municipalities to:
   a) Develop credible HSPs based on:
      i. Sound spatial planning and land-use management;
      ii. Reliable data availability and analysis;
      iii. Alignment with provincial and national planning and strategic frameworks, plans, budgets and processes;
      iv. Promotion of integrated spatial and socio-economic development in compliance with SPLUMA;
      v. Effective stakeholder engagement within the private and community sectors to ensure alignment of planning and investment;
      vi. Offering a range of housing typologies with different forms of tenure that is responsive to local demand;
      vii. A Capital Investment Framework with clear budget linkages between what is planned and budgeted for in the MTEF in terms of the HSDG and other human settlement related funding; and
      viii. Improved monitoring mechanisms for outputs and outcomes.
   b) Establish and implement measures to ensure achievement of human settlement outcomes, goals and targets, including:
      i. Identifying and designating land for human settlements and acquiring land in collaboration with the HDA; and
      ii. Ensuring citizens have access to basic services, health facilities, safety and security and government service centres.
c) Align the HSP with the BEPP instrument in the case of the metropolitan municipalities.

d) Ensuring an annual HSP review in alignment with the IDP Review process to increase the responsiveness of the municipality to local demand conditions. The MEC will need to approve any changes to the housing programme project list during this review process.

2. Requiring provinces to:
   a) Ensure that municipal HSPs are aligned to national human settlements and related policy, delivery targets and available budgets;
   b) Ensure that HSPs are aligned to other municipal planning and budgeting instruments i.e. IDPs, SDFs, LUMS, IPTP, infrastructure sector plans, environmental management plans, BEPPs, SDBIPs etc.;
   c) Gazette HSDG and operational funding allocations to accredited municipalities to inform and enable the implementation of the HSPs;
   d) Utilise municipal IDPs, HSPs and SDFs as the basis for the Provincial Multi-Year Human Settlements Plans (PMYHSP) and Annual Performance Plans (APP);
   e) Establish or utilise an existing provincial municipal inter-sectoral co-ordinating platform to facilitate sectoral alignment with municipal HSPs, especially in support of providing bulk and link infrastructure for large developments;
   f) Improve municipal planning capabilities;
   g) Report to DHS on steps taken to ensure planning alignment; and
   h) Set housing programme spatial planning norms and standards.

3. Requiring the DHS to:
   a) Monitor alignment of PMYHSPs and APPs with HSPs;
   b) Support development of municipal planning capabilities;
   c) Ensure the credibility of the National Housing Needs Register;
   d) Monitor the gazetting of HSDG and operational funding allocations to accredited municipalities;
   e) Take remedial actions against provinces for failure to comply; and
   f) Establish or utilise an existing national inter-sectoral co-ordinating platform to facilitate sectoral planning and budgeting alignment with municipal HSPs through the respective PMYHSPs.

Section 6 of the Housing Act provides for the Director-General: Human Settlements to establish and maintain a national housing data bank, and an associated national housing information system. To give effect to this mandate, the National Department of Human Settlements developed the National Housing Subsidy Database (NHSDB) and the Housing Subsidy System (HSS). The NHSDB fulfils two main functions. It serves as the data bank of all housing subsidy beneficiaries, and it assists with the evaluation and approval of housing subsidy applications by providing a search facility against the population register, the deeds register, and existing records in the NHSDB. The HSS has been developed and is maintained mainly as an operational and administrative tool for the administration of the National Housing Programmes. The DHS must ensure municipal access to these critical housing information systems.

Concerns have, however, been noted about the reliability of data in the HSS. The synergy between the HSS and the DHS’s Monitoring, Evaluation and Impact Assessment (MEIA) framework is unclear. The MEIA work contemplates that the HSS will, through an electronic
interface, populate the MEIA System with information or data on beneficiaries, and human settlements programmes and projects. The availability of credible housing-related planning information is a key weakness that needs to be addressed, primarily at a national and provincial level.

**Housing Programme Administration Value-Chain**

Whilst municipalities are accredited housing administrative functions in relation to the national housing programmes included within their respective HSPs, the level of administrative responsibility devolved will differ in terms of whether the municipality has been awarded:

- Level 1 Accreditation, or
- Level 2 Accreditation.

The differences in the levels are explained in Table 3. The table outlines the housing programme administration value chain and distinguishes the steps in the value-chain that a municipality will be responsible for in terms of its level of accreditation. Level 1 Accreditation focuses on housing programme and budget planning processes as reflected in steps 1 – 7. Level 2 accreditation addresses housing programme planning and implementation as reflected in steps 1 - 12. Assignment will include all level 2 functions as well as the full financial administration functions outlined in step 13.
Table 3 Housing Value Chain and Accreditation Responsibilities

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<tr>
<th>No</th>
<th>Process Step</th>
<th>Definition</th>
<th>Applicable</th>
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<tbody>
<tr>
<td>1</td>
<td>Subsidy Budget Planning</td>
<td>On an annual basis, in advance of and to coincide with both the municipal annual financial year (July to June) and the provincial MTEF budgeting cycle (August of each year), the municipality is required to allocate the municipal housing budget to the various housing programmes and projects as contained within the HSP and include an indicative 3 year allocation in terms of the MTEF budget cycle, taking the following into account: a) The housing priorities reflected in the HSP; b) Performance and constraints in meeting the housing backlogs in the previous year; c) Contractual commitments carried forward on projects &amp; programmes from previous year; d) The availability of MIG/USDG (in the case of metros) funding in support of the infrastructure needs of housing projects; e) Availability of funding and planned implementation of social facilities associated with new housing projects such as schools and community facilities which could pose constraints; and f) Any other factors that will influence the budget allocation. Province approves and gazettes the budget for accredited municipalities. The municipality implements the budget through provincial disbursements in terms of an agreed cash flow plan.</td>
<td>L1 and L2 accreditation</td>
</tr>
<tr>
<td>2</td>
<td>Project and programme approval</td>
<td>Accredited municipalities identify and evaluate housing programmes and projects to be undertaken within the five-year period of the IDP in their HSP in terms of housing demand and housing subsidy budget allocations. Accredited municipalities must submit the housing projects and their plans to the MEC for approval prior to the adoption of the IDP and HSP by Councils.</td>
<td>L1 and L2 accreditation</td>
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</table>
| 3  | Beneficiary management       | Beneficiary management involves:  
  - **Housing assistance registration**: housing subsidy registration (see definition below); maintenance of beneficiary records via the HSS subsidy management system; and the providing of reports and records for planning purposes.  
  - **Housing delivery planning**: the holding of allocation committee meetings to approve allocations; inviting households identified during the allocation process to apply for a housing subsidy; and to obtain the completed subsidy application forms from these households.  
  - **Subsidy management process** (see section below)  
  - **Unit / title deed handover**: this includes a site meeting and the drafting of a snag list; the signing of the tenure letter by the beneficiary; the handover of the tenure certificate to the beneficiary; and conveyancing.  
  - **Beneficiary communication**: this includes an operational Call centre/ Enquiry Desk.                                                                                                                                                                                                                     | L1 and L2 Accreditation          |
<p>| 4  | Housing subsidy registration | HSS registration involves: a) Registration of applications in a batch format; b) Capturing of application details per applicant; c) Searches against NHSDB, Population Register and Deeds databases to prevent double subsidies; d) Searches against the UIF and PERSAL datasets to verify income declared by applicant; e) Editing of application details; f) Verification of application details; g) Tracking of financial dependants that form part of a specific applicant’s household, and h) Approval of subsidy applications.                                                                 | L1 and L2 Accreditation          |
| 5  | Subsidy management           | HSS subsidy management includes: a) Tracking of individual applications submitted for approval to receive a housing subsidy; b) Monitoring the status of an applicant from application until delivery of product; c) | L1 and L2 Accreditation          |</p>
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<th>No</th>
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<th>Definition</th>
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<tr>
<td>29</td>
<td>Capturing of Subsidy Applications; d) Preparing motivations for beneficiary application exceptions to the provincial department for approval of exceptions; e) Monitoring decisions on exceptions from the provincial department and responding with appropriate actions; f) Reconciliation of individual subsidies against projects for all project related subsidies; g) Capturing of payment claims by saving it to a local database and uploading it in batches at a later stage; h) Project Progress Management through online data capturing; i) Drawing down Status Reports (both project and budget) for management to enhance operational efficiency and monitoring; j) Managing of daily search process; k) Filing of all subsidy related documentation both electronically and hard copies of beneficiary subsidy applications and supporting documentation within the subsidy application registry; l) Managing the entry point to HSS BAS Interface. To perform this function, municipalities will require access and full functionality of the Housing Subsidy System (HSS) that acts as an extension of the NHSDB. Municipalities will need governance arrangements to allow for the necessary checks and approvals</td>
<td>Accreditation</td>
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<tr>
<td>6</td>
<td>Reporting</td>
<td>Reporting will be undertaken in terms of the DoRA, Housing Act, MFMA, Municipal Systems Act, MTSF and any additional requirements from departments responsible for housing. Provincial departments may utilise existing municipal reporting mechanisms to extract relevant information. Reporting must address: monthly expenditure, progress, performance, constraints, risks and action plans.</td>
<td>L1 and L2 Accreditation</td>
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<tr>
<td>7</td>
<td>Document management system</td>
<td>A document management system 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 receives either an additional level of accreditation or assignment.</td>
<td>L1 and L2 Accreditation</td>
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<tr>
<td>8</td>
<td>Procurement and appointment of Implementing Agents</td>
<td>Procurement is the transparent, efficient and effective sourcing of service providers and contractors in terms of national and provincial legislation and guidelines and municipal policies. The process of obtaining goods and services includes: project planning; standards determination; specifications development; bid process including supplier research and selection; value analysis; financing; price negotiation; and, appointing the service provider / contractor. It is anticipated that different housing programmes may require different implementing agents. The accredited municipality will need to identify appropriate Implementing Agents and enter into appropriate contractual arrangements with them.</td>
<td>L2 Accreditation</td>
</tr>
<tr>
<td>9</td>
<td>Project/ programme management</td>
<td>Project initiation includes: scoping projects to confirm deliverables and milestones to inform contract management; prepare detailed project plan after contract award; facilitate contract agreements that set performance standards; and, NHBRC project enrolment. Accredited municipalities are responsible for installing the required housing programme management systems. 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; b) 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 updatable and a regular system for updates must be implemented; c) Municipal HSS management. Project progress monitoring will include mediation and conflict resolution amongst parties and meetings with contractors to determine project progress. Project closure involves: verifying certificates and reconciling</td>
<td>L2 Accreditation</td>
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<tr>
<td>No</td>
<td>Process Step</td>
<td>Definition</td>
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<td>10</td>
<td>Contract administration</td>
<td>Contract Management requires the: a) Capturing of project agreement details; b) Capturing of project details pertaining to the payment agreements, number of units, size of units, top structure prices, additional subsidies etc. c) Facilitating of project progress payment milestones per policy requirements and updating thereof to track status of project; d) Monitoring progression of projects against milestones; e) Capturing of information related to companies responsible for infrastructure provisioning; f) Capturing the geographic location of an approved housing project; g) Reflecting previous state expenditure towards the sites in an approved housing project; h) Information related to companies constituting the professional team including profile of company associated with an approved housing project; i) The number of subsidies planned per subsidy bracket; j) Progress inspection information; k) Information related to the status of township establishment; and l) Updating of contract and addendum information. Contract administration involves project inception and progress meetings and the management of variations during the life-cycle of the project or contract.</td>
<td>L2 Accreditation</td>
</tr>
<tr>
<td>11</td>
<td>Technical quality assurance</td>
<td>Technical quality assurance includes compliance with National Building Regulations, enrolment of houses with the NHBRC, compliance with norms and standards within the National Housing Code, 2009, and compliance with EPWP Guidelines. Quality control involves monthly verification of quality performance within each project and programme against quality standards.</td>
<td>L2 Accreditation</td>
</tr>
<tr>
<td>12</td>
<td>Budget management</td>
<td>Budget management involves: a) Setup and review of budget; b) Cash flow management; c) Monitoring expenditure vs. budget; d) Specifying budget cycles; e) Review status of budget allocations; f) Specifying income sources and estimates; and g) Reporting. The HSS facilitates the following processes: a) Capturing of claims against fixed project milestones based on contractual agreements; b) Authorisation of claims against fixed milestones and verifying whether the required documentation was submitted; c) Reconciliation of advance payments; d) Reconciliation of payments on HSS based on information from BAS; and e) Issuing of various reports required for payment approval. Claims Management includes: a) Payment of project funding against approved beneficiaries and companies, payment milestones and contracts; b) Cumulative payment monitoring and recording and reporting of expenditure incorrectly administered; c) Reconciliation of individual subsidies paid to banks; and d) Capturing of General Ledger entries. A budget tracking system tracks the total and annual budget allocations from the Human Settlements Development Grant and any operational funding allocation.</td>
<td>L2 Accreditation</td>
</tr>
<tr>
<td>13</td>
<td>Financial Administration</td>
<td>Financial administration comprises the following key monthly activities: 1) Monthly reconciliation of expenditure against budget for all housing related items including operational costs on the municipal accounting &amp; financial management system; 2) Updating the HSS with the expenditure reflected in the municipal financial accounting and management system; 3) Monthly reporting of expenditure against budget and cash flow for all housing related costs per programme and per project; 4) Preparation of monthly In Year Monitoring (IYM) reports (in terms of DORA) to the national department for incorporation into the</td>
<td>Assignment</td>
</tr>
<tr>
<td>No</td>
<td>Process Step</td>
<td>Definition</td>
<td>Applicable</td>
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<td>department’s IYM report as well as quarterly DORA report; 5) Preparation of monthly report from the HSS to the provincial and national departments in the prescribed format; 6) Final reconciliation and financial close out of completed projects; and 7) Closure and archiving of completed project files. Financial administration includes the requesting for payment after the completion of inspections, the verification of the request for payment based on the outcome of the inspection and supporting documentation; and the approval or declining of the payment request. The payment process includes: importing payment on BAS or other financial systems; verifying payment on BAS or other financial systems; and reconciling payment to BAS or other financial systems. It also includes reconciliation on a monthly, quarterly or annual basis and sign off by the financial manager. Financial systems required to administer national housing programme include: 1) Cash flow tracking system which tracks cash flow expenditure against budget for each project and programme, also tracking administration costs; 2) Financial reporting systems, management information systems, standard accounting procedures, etc.</td>
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</table>
In summary, two levels of accreditation are available that devolve national housing programme administration functions:

- **Accreditation Level One**: Subsidy Budget Planning, submission of identified Housing Projects and Programmes to the MEC for approval, Beneficiary Management, Housing Subsidy Registration, Subsidy Management, Accreditation Reporting and Document Management.

- **Accreditation Level Two**: Subsidy Budget Planning, submission of identified Housing Projects and Programmes to the MEC for approval, Beneficiary Management, Housing Subsidy Registration, Subsidy Management, Accreditation Reporting and Document Management, Procurement and appointment of Implementing Agents, Project/Programme management, Contract Administration, Technical Quality Assurance and Budget Management.

Financial administration responsibilities for national housing programmes only shift to municipalities through assignment.

**Criteria for Accreditation**

In terms of section 10(2)(a) of the Housing Act, the National Minister responsible for Housing, after consultation with the responsible MECs, must determine the criteria for accreditation in terms of section 10(2)(a) of the Housing Act. The adoption of this Accreditation Framework by the Minister in consultation with MinMEC, and in particular the accreditation criteria set out in Table 4, constitutes the determination of accreditation criteria in terms of that section of the Act.

An MEC’s decision on accreditation is based on the applicable criteria per level as outlined in Table 4. An assessment of the municipality’s readiness for accreditation is required to inform the MEC’s decision. The aim of such an assessment is to determine whether the municipality has existing or potential capacity to administer national housing programmes on behalf of provinces. Since the functions to be accredited may be new functions, the intention is not to assess whether the municipality is currently performing these functions, but whether the municipality demonstrates capacity to perform such functions through its broader operations. This implies that the assessment will need to take into account the capacity of the municipality as a whole and not simply that of the unit responsible for housing/human settlements. This also acknowledges the cross-functional nature of housing programme administration and that capacity will be drawn from a range of municipal functions such as finances, legal and technical.
Table 4 Criteria for the Accreditation of Municipalities to Administer National Housing Programmes on behalf of Provinces

<table>
<thead>
<tr>
<th>PERFORMANCE AREAS</th>
<th>FUNCTIONS</th>
<th>Criteria</th>
<th>Applicable Level</th>
</tr>
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</table>
| Integrated and sustainable Human Settlements Planning | Housing Sector Planning | Credible HSPs based on:  
- Sound spatial planning and an adoption of a single land use scheme  
- Sound data and data analysis  
- In-depth understanding of informal settlements and evidence upgrading approach/programme  
- Thorough integration with other municipal, provincial and national planning frameworks and plans  
- Promotion of integrated spatial and socio-economic development in compliance with SPLUMA  
- Planning & development of strategies and goals in coordination with national and provincial planning processes;  
- Clarity re national housing programmes that are demand responsive and appropriate implementing agents  
- Evidence of measures to ensure achievement of human settlement outcomes, goals and targets, including:  
  - Identifying and designating appropriately situated land for human settlements and acquiring land in collaboration with the HDA;  
  - Ensuring citizens have access to basic services, health facilities, safety and security and government service centres; and  
  - Ensuring development of a range of housing typologies different forms of tenure;  
- A Capital Investment Framework with clear budget linkages to the MTEF for the HSDG and related funding  
- Evidence of inter-governmental and cross-sectoral engagement and alignment during the formulation of the HS;  
- Evidence of engagement and alignment with private sector and community stakeholders in the HSP;  
- Mechanisms to improve implementation and monitoring of outputs and outcomes;  
- Adoption of the HSP by Council as part of the IDP and Budget | 1 & 2 |
| Sound municipal governance and administration | Housing Management and Oversight | Municipality demonstrates good governance through:  
- Regular executive and Council meetings  
- Compliance with legislation in terms of executive, legislative and administrative roles  
- Responsiveness to community needs through well-functioning ward committees  
- Council-adopted system of delegations in place  
- Senior management appointed and in compliance with legislated skills requirements  
- Senior management performance management contracts signed  
- Low level of staff vacancy  
- Well-functioning internal audit capability  
- Results of internal and external performance management assessments in the past 2 years  
- Compliance with legislated municipal performance reporting | 1 & 2 |
| Capacitated housing unit | | Municipality demonstrates capacity through:  
- The existence of a Human Settlements/ Housing Unit or Administrative capacity | 1 & 2 |
<table>
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<tr>
<th>PERFORMANCE AREAS</th>
<th>FUNCTIONS</th>
<th>Criteria</th>
<th>Applicable Level</th>
</tr>
</thead>
</table>
| Housing Programme Administration | Programme and Project planning, development and management | Municipality demonstrates capacity to:  
- Identify and develop programmes  
- Identify and evaluate projects  
- Identify appropriately located land parcels  
- Undertake land acquisition / assembly / rehabilitation  
- Design and budget for projects  
- Select and approve projects and budgets  
- Register projects with the NHBRC  
- Undertake transparent and efficient procurement  
- Undertake appropriate site lay out  
- Promote integrated human settlements through designating land for social and economic activities  
- Manage projects, including contract management  
- Ensure technical quality control in compliance with housing delivery standards  
- Plan and implement catalytic projects  
- Plan and implement housing projects/programmes | 2 |
| Beneficiary management | Municipality demonstrates capacity to:  
- Operate the HSS  
- Interface positively with the community and beneficiaries  
- Link to the National Housing Needs Demand Database  
- Allocate subsidies fairly and transparently  
- Process title deeds and PTOs  
- Enter into lease agreements | 1 & 2 |
| Reporting | Municipality demonstrates capacity to:  
- Comply with legislated financial and technical reporting requirements  
- Effectively monitor programme and project implementation and progress  
- Track operational and capital budget spend  
- Undertake effective programme and project performance monitoring | 1 & 2 |
| Subsidy budget planning and allocation | Municipality must demonstrate the capacity to administer the HSDG through:  
- Operating a legally compliant financial management system  
- Delivering a positive audit outcome  
- Responsiveness to internal and AG audit queries  
- Compliance with financial reporting in terms of the MFMA and DoRA  
- Producing and adopting Annual Reports  
- A transparent and effective supply chain management system  
- Preparing a Capital Investment Framework  
- Demonstration of programme and project budget preparation and cash flow projections | 2 |
### PERFORMANCE AREAS | FUNCTIONS | Criteria | Applicable Level
--- | --- | --- | ---
 |  | o Cash flow and expenditure management
 |  | o Capital budget spend
 |  | o Financial viability
 |  | o Grant management
 |  | o Revenue collection and management
Accreditation Process

The same process applies for Levels 1 and 2 accreditation. Municipalities apply to the MEC responsible for human settlements for a specified level of accreditation in terms of the Housing Act. MECs may also prioritise municipalities in their areas of jurisdiction and invite them to apply for accreditation. The MEC determines, in accordance with the criteria set out in this Framework, whether the applicant municipality is to be accredited and at what level and the capacity and support that must be provided. If the accreditation criteria are met, then the MEC _must_ accredit the municipality in terms of Section 10(2)(a) of the Housing Act. The assessment of whether the criteria have been met or not is to be conducted through an Assessment Panel appointed by the relevant MEC and overseen by an independent auditor. The Assessment Panel should include relevant experts and representatives of provincial sector departments.

The following process will apply:

- **Council Adoption of a Housing Sector Plan:** A municipality prepares its HSP as part of its IDP in alignment with other municipal strategic planning documents. (See Annexure 1) The municipality states which national housing programmes and projects will be required in order to deliver on its integrated human settlements strategy and in terms of local housing demand and the available budget. The municipality indicates its intent to be accredited and states which implementing agents will be required for the relevant housing programmes. The HSP is informed by input and technical support of the DHS and PDHS and other relevant sector departments. The HSP is to be adopted by Council as part of the IDP.

- **Preparation of an Accreditation Business Plan:** The Municipal Manager of a municipality communicates the intention to apply for accreditation to the PDHS. The PDHS provides the required technical assistance towards the development of an Accreditation Business Plan (ABP) (Annexure 2). The ABP must include: the objectives of the requested accreditation; the existing capacity for national housing programme administration; and capacity that is required for the municipality to perform the accredited functions. The ABP focuses on the institutional capacity requirements for the performance of the administration of national housing programmes.

- **Formal Accreditation Application:** A formal written request for accreditation is submitted by the Executive Mayor/Mayor to the MEC with the ABP, HSP and a supporting Council decision.
**Assessment of the Municipality against the Accreditation Criteria:** Within 30 days of receiving the formal accreditation application, the MEC will appoint a Panel of a minimum of six people to assess the applicant municipality. If the MEC fails to appoint a Panel within the stipulated time-frames the remedial actions as set out within this Framework will apply.

The panel will be made up equally of independent experts and representatives of relevant provincial/national sector departments (e.g. local government, water and sanitation, public transport, roads, energy, economic development and rural development and land reform). The purpose of the public sector representation will be to ensure input from sector departments with human settlements related functions and that engage, support and monitor the applicant municipalities. The provincial department responsible for human settlements will have observer status on the panel and will be afforded the opportunity of providing a written submission to the Panel. The independent experts must have a range of skills that are relevant to the human settlements and local government sectors. The panel will be overseen by an independent auditor.

The assessment will consider whether the municipality meets the criteria for accreditation. Annexure 3 provides an accreditation capacity assessment template for Levels 1 and 2.

The Panel prepares an explanatory memorandum for the MEC as contemplated within Clause 63 of the 2007 Guidelines on the Allocation of Additional Powers and Functions to Municipalities. The explanatory memorandum should at least cover the following matters:

i. A precise description of the power or function to be accredited to the municipality;

ii. The legislation in terms of which the power or function will be accredited, including any procedures required to be followed in terms of that legislation and this Accreditation Framework;

iii. The views of the affected municipality on the proposed accreditation and any specific terms provisionally agreed upon by the parties;

iv. The reasons why the power or function should / should not be delegated to the municipality;

v. The level of technical and managerial expertise required for the exercise of the power or performance of the function;

vi. The current capacity of the municipality to exercise the accredited power or function;

vii. The impact, if any, of the proposed accreditation on the financial and fiscal capacity of the municipality; and

viii. The measures that the provincial department intends to take to ensure sufficient funding and other capacity within the municipality for the proposed accreditation.

The Panel’s recommendations regarding accreditation and the support requirements of the municipality will be made to the MEC. The panel may recommend certain remedial actions within a specified time-frame prior to the granting of accreditation. The Panel issues a report to the MEC under cover of the Accreditation Compliance Report Memorandum attached as Annexure 4. The Panel must submit its report within 14 working days of undertaking the assessment.

**MEC’s Consultations:** In terms of Clause 64 of the 2007 Guidelines on Allocating Additional Powers and Functions to Municipalities, the MEC should consult with the Minister responsible for provincial and local government, the National Treasury, and the relevant MECs for local government and finance on the municipality’s accreditation application. The MEC may use the explanatory memorandum prepared by the Panel for this purpose.
This step could be undertaken in writing by the MEC requesting input within 20 working days of receiving the MEC’s consultative memorandum.

- **Notice of Accreditation Decision:** The MEC confirms the decision on accreditation by issuing a formal Notice of Accreditation Decision (Annexure 5) within 30 working days of receiving the Accreditation Compliance Report memorandum from the Panel. This notice confirms that the municipality has either met or not met the criteria for accreditation. If the municipality has met the criteria then the notice confirms that the municipality is entitled to administer national housing programmes on behalf of province, subject to the formalization of accreditation by means of an Implementation Protocol. The MEC also then approves that part of the HSP that lists the housing projects to be implemented by the municipality. This approval 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.

- **Appeal Mechanism:** If an MEC declines an accreditation application by a municipality in the notice of accreditation decision, then the Municipality may appeal to the national minister responsible for human settlements. The aim of the appeal mechanism is to ensure the objectivity of the accreditation decision and to promote national consistency. This mechanism is in terms of Section 40 of the Inter-Governmental Framework Relations Act (IGRFA) (2005), which states that all organs of state must make every reasonable effort to settle intergovernmental disputes without proceeding to judicial proceedings. This step would be prior to the consideration of a formal declaration of an inter-governmental dispute in terms of Section 41 of the IGRFA. The national Minister has 30 working days to respond to the appeal of the Municipality.

- **Provincial Capacity and Support Plan:** The Head of the Accreditation Unit within the PDHS is to ensure the preparation of a Capacity and Support Plan for the municipality based on the institutional support needs identified in the ABP and the recommendations of the accreditation assessment panel appointed by the MEC. The support will take the form of adequate financial and non-financial resourcing of the accredited municipality for the performance of the function, and the mobilization of other municipal support programmes within the housing and local government sectors. This is discussed in more detail in following sections of this Framework. A template for a Municipal Capacity and Support Plan is included as Annexure 6. The Head of Department of the PDHS will approve the municipality’s HSDG allocation based on the approved programmes and projects within the HSP. The Accreditation Unit within the PDHS will assist the municipality to engage other implementing agents that they have identified for national housing programmes within its HSP.

- **Signing of an Implementation Protocol:** An Implementation Protocol is to be entered into between the Head of Department of the PDHS and the accredited municipality’s Municipal Manager for the purposes of formalising accreditation in terms of Section 35 of the Inter-Governmental Relations Framework Act (IGRFA). The Implementation Protocol must –
  
  i. Identify any challenges facing the implementation of the function to administer national housing programmes and state how these challenges are to be addressed;
  
  ii. Describe the roles and responsibilities of each organ of state in performing the function;
iii. Give an outline of the priorities, aims and desired outcomes;
iv. Determine indicators to measure the effective implementation of the protocol;
v. Provide for oversight mechanisms and procedures for monitoring the effective implementation of the protocol;
vi. 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;
vii. Provide for dispute-settlement procedures and mechanisms should disputes arise in the implementation of the protocol;
viii. Determine the duration of the protocol; and
ix. 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. The Implementation Protocol must be signed within 60 working days of the MEC’s positive accreditation decision. The aim is for the time-frame of the signed Implementation Protocol to coincide with that of a municipality’s 5-year IDP planning cycle. An Implementation Protocol should be reviewed annually. A new 5-year Implementation Protocol must be entered into prior to the expiry of a previous one. The new Implementation Protocol should be entered into based on a performance assessment of the municipality by the province, and must be aligned with the adoption of the new HSP and IDP. A draft Implementation Protocol for Levels 1 and 2 has been developed and is attached to this Framework as Annexure 8.

Dispute Resolution Procedures

If disputes arise in the process of developing or agreeing upon the Municipal Capacity and Support Plan and/or the Implementation Protocol, the parties to the dispute shall make every reasonable effort to resolve the dispute, failing which the matter shall be referred to the MEC for human settlements for a decision. If the Municipality is aggrieved by the decision of the MEC, then the Municipality may appeal to the National Minister responsible for human settlements. If any party is aggrieved by the decision of the Minister, the dispute resolution mechanisms provided for in Chapter 4 of the Intergovernmental Relations Framework Act, 13 of 2005 will apply (including declaration of a formal intergovernmental dispute).

Once an Implementation Protocol has been signed and is in operation, the dispute resolution procedures provided for in the Protocol will apply – including provision for disputes to be finally settled by arbitration. This is intended to ensure that disputes regarding operationalisation of the agreement can be finally disposed of expeditiously to prevent delays in service delivery.

Shifting Roles and Responsibilities

The signed Implementation Protocol will reflect the roles and responsibilities of province and the accredited municipality for the administration of national housing programmes as reflected in Table 5.

Table 5 Shifting of Roles and Responsibilities through Accreditation

| Parties | Roles and Responsibilities |
### Parties | Roles and Responsibilities
--- | ---
**Provincial Department responsible for Human Settlements** |  
- Communicate national policy and programmes to municipalities  
- Align provincial plans and budgets with the HSP and national goals and targets  
- Co-ordinate inter-government planning, budgeting and implementation alignment with the HSP  
- Support municipalities in the appointment of implementing agents where necessary  
- Mobilize housing finance from public, private and community sectors  
- Oversee the accredited municipalities compliance with national policy, legislation, norms and standards  
- Allocated, gazette and transfer capital and operating funds to municipalities in terms of approved payment schedules  
- Facilitate access to and functionality of the HSS  
- Develop and implement a Municipal Capacity and Support Plan  
- Review and evaluate municipal performance of the municipalities against national targets and outcomes, the HSP and the Implementation Protocol  
- Intervene and take steps necessary to ensure adequate municipal performance  
- Ensure municipal reporting compliance  
- Perform duties of the Accounting Officer for monies transferred to municipalities

**Municipality** |  
- Adopt a credible HSP as part of the IDP and budget  
- Identify and designate land for housing development  
- Administer national housing programmes on behalf of province through undertaking Level 1 or 2 Accreditation functions  
- Liaison with the PDHS in relation to matters such as fiscal transfers for human settlements programmes, deviation from national policy and programmes and prospective intervention where the municipality is unable to deliver  
- Facilitate integrated human settlements delivery  
- Promote the resolution of conflicts in the housing development process  
- Capacitate the municipality to enable it to effectively perform the accredited functions  
- Mobilise resources  
- Report allegations of fraud or corruption or other risks  
- Inform province of ongoing support and capacity requirements

### Provincial Capacity
In order for provincial departments responsible for housing to perform their roles and responsibilities in terms of this Framework they must re-orientate their departments accordingly. The accreditation process will mean that provinces are no longer responsible for administering the national housing programmes in accredited municipalities. The accredited municipalities will in most likelihood represent a substantial portion of housing programme investment given the prioritisation of large, urban centres. This will require an institutional review of the provincial department to:

1. Identify staff and assets that should be transferred / to the accredited municipalities;
2. Assess staff and resource allocation throughout the department in order to re-focus the department on its shifted roles and responsibilities outlined in Table 5;
3. Ensure the departmental administrative units, e.g. finance, HR and legal are geared and capacitated to perform the required roles and responsibilities in relation to accredited municipalities;
4. Ensure the departmental units responsible for municipal support and monitoring are re-focused in terms of the needs of accredited municipalities.

It is proposed that Accreditation Units are established within the provincial departments responsible for:
(1) Implementing pre-accreditation and accreditation capacity building and support programmes in terms of specific municipal needs;

(2) Ensuring the HSDG and operational funding allocations are gazetted for the accredited municipalities;

(3) Undertaking the financial administrative and reporting functions for the accreditation programme;

(4) Resolving any changes in institutional arrangements, staffing and other details that must happen at provincial level as a result of the accreditation of a particular municipality;

(5) Ensuring that all the necessary housing programme administrative systems and procedures are in place within the accredited municipalities;

(6) Resolving any provincial and municipal blockages to the accreditation process, identifying and responding to problems as they arise; and


The Accreditation Units will need to have the necessary IT, programme and project management, and financial administration capacity to develop the required systems and procedures at municipal level. These units are required to facilitate:

i. Meetings with the provincial district/regional offices on programmes and project progress

ii. Monthly project meetings with service providers and Implementing Agents

iii. Project steering and technical committee meetings

Accreditation and Assignment Unit at DHS Level

The Accreditation and Assignment Unit within the DHS is responsible for facilitating the implementation of the 2017 Revised Accreditation Framework and putting in place monitoring and support systems for provinces and municipalities in terms of the Framework. The DHS is responsible for assessing the progress of provincial departments in re-orientating the department and setting up the required capacities for accreditation. Provincial Heads of Department and MECs should report on a regular basis to Technical MINMeC and MINMEC on performance progress in this regard. The remedial actions as set out within the Framework must be applied as and when necessary. The DHS is responsible to ensure that the municipality has the required access to, and full functionality of, the HSS and receives adequate financial and non-financial resources and capacity to perform the administration of the national housing programmes for which it has been accredited.

Adequate Resourcing of the Accredited Municipality

Table 6 illustrates the capacities that a municipality accredited at Level 2 will require. MECs are required to take all reasonable and necessary steps to support municipalities and strengthen their capacity to exercise powers and perform duties relating to housing development in terms of Section 7 (2)(c) and (e) of the Housing Act.

The capacity requirements will be specific to the needs of individual municipalities. These needs are identified during the accreditation assessment processes and will be further unpacked during the negotiations between provinces and municipalities that take place prior to
the signing of Implementation Protocols. A general support need is for the DHS to assist the accredited municipalities with access to the National Housing Database.

A strong emphasis must be placed on the signing and implementation of Municipal Capacity and Support Plans (MCSP) as part of the Implementation Protocols entered into between provinces and municipalities. These MCSPs must be resourced by provinces and municipalities and should include commitments from other relevant sector role-players.

Provinces should facilitate municipal access to support programmes offered by the: Provincial Treasuries (e.g. support to “delegated” municipalities), Department of Co-operative Governance (e.g. Municipal Infrastructure Support Agent), and housing sector institutions (e.g. Housing Development Agency, Social Housing Regulatory Authority and National Home Builders’ Registration Council). The MCSP must reflect all commitments of the different role-players. The DHS and PDHS, together with municipalities, are responsible for ensuring that capacity either exists or is developed in the accredited municipalities.
Table 6 Municipal Capacities Required for Accreditation

<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Expected capacity, systems &amp; procedures</th>
<th>Level</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipal Policy and Planning Capabilities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing Sector Plan: (IDP)</td>
<td>• Credible 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).</td>
<td>Levels 1 &amp; 2</td>
</tr>
<tr>
<td></td>
<td>• Inter-sectoral human settlements planning based on an ability to undertake public, private and community stakeholder consultation and facilitate alignment of plans and budgets.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Capacity for community engagement and participation.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Adequate, transparent and gazetted operational and capital financing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Capital Investment Plan linked to the IDP and HSP that reflects an integrated financing approach to human settlements.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Thorough understanding of the human settlements legal and policy environment.</td>
<td></td>
</tr>
<tr>
<td>Integrated Development Planning (IDP)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Budget and grant alignment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accredited Programme Administration Capabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Housing subsidy budget planning</td>
<td>Capacity required includes a</td>
<td>Levels 1 &amp; 2</td>
</tr>
<tr>
<td></td>
<td>• Budget tracking system, which tracks the total and annual budget allocations from the housing subsidy grant and operational funding.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Document management system, which manages all electronic and physical documentation generated, including how and where documents are filed and archived.</td>
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<tr>
<td></td>
<td>• Reporting system, to report on overall delivery progress and to provide financial reconciliation accounts.</td>
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</tr>
<tr>
<td></td>
<td>• Migration to National Housing Needs Register.</td>
<td></td>
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<tr>
<td></td>
<td>• Municipal housing policies in place.</td>
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<tr>
<td>Beneficiary Management</td>
<td></td>
<td></td>
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<tr>
<td>Subsidy registration</td>
<td></td>
<td></td>
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<tr>
<td>Subsidy management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reporting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Document Tracking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Project identification</td>
<td></td>
<td></td>
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<tr>
<td>Programme management</td>
<td></td>
<td></td>
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<tr>
<td>Project / Programme approval</td>
<td></td>
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<tr>
<td>Contract administration</td>
<td></td>
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<tr>
<td>Technical quality assurance</td>
<td></td>
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<tr>
<td>Programme management systems installed. These should include a:</td>
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<tr>
<td></td>
<td>• Project tracking system, which tracks the status of all projects from application to close-out, providing project data on a regular basis.</td>
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<tr>
<td></td>
<td>• 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 updatable and a</td>
<td></td>
</tr>
<tr>
<td>FUNCTIONS</td>
<td>Expected capacity, systems &amp; procedures</td>
<td>Level</td>
</tr>
<tr>
<td>-----------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
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</tr>
<tr>
<td></td>
<td>regular system for updates must be implemented.</td>
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<tr>
<td></td>
<td>• <strong>HSS access and functionality</strong>, which tracks the approved subsidy amount against the project and the payment of the subsidy against project payment milestones. System linked with the NHSDB, the Deeds Register and Population Register.</td>
<td></td>
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<tr>
<td></td>
<td><strong>Legally compliant financial systems</strong> that includes:</td>
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<tr>
<td></td>
<td>• <strong>A Cash flow tracking system</strong> which tracks cash flow expenditure against budget for each project and programme, also tracking administration costs.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• <strong>Reporting systems</strong>, management information systems, standard accounting procedures, etc.</td>
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</tr>
<tr>
<td></td>
<td>• Ability to be responsive to Internal Audit and Auditor-General queries.</td>
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</tbody>
</table>
HSS Access

Accredited municipalities require direct access to the HSS in order engage with the National Housing Supply Data Base (NHSDDB). The DHS must ensure that the provincial departments provide full functional HSS access to the accredited municipalities within 30 working days of the signing of the Implementation Protocol. The responsibility to ensure additional users on the HSS is vested with the DHS. The province is to facilitate access to HSS Live through its own database via a VPNC link. However, this arrangements still results in limited functionality as the province often chooses to retain certain authorities to limit their own risk and protect the information of other municipalities. Direct municipal HSS access must be regarded as a DHS priority. Provinces must provide HSS support and training to the municipality. The arrangements for HSS registration are illustrated in Figure 1.

The processes for HSS registration by an accredited municipality are detailed below:

1. Accredited municipality receives all documentation, checks that it is adequate, verifies objective facts, and enters the information into a pre-determined electronic application format.
2. 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

![Figure 1 HSS Registration Process](image-url)
searches are conducted to verify applicant information and the correct nature of the subsidy applied for.
3. If the applicant is eligible for the housing subsidy, municipalities will enter the electronic file into the HSS database which links with the NHSDB and assume responsibility for the administration of the HSS. The municipality allocates and, if necessary, transfers the housing unit to the qualifying beneficiary.
4. 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.
5. 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.
6. 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 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 accreditation or the status of assignment of the particular municipality.

Financial Resourcing

Adequate capital grant and operational funding must be provided by the accrediting authority for the municipality to perform. The HSDG is the primary grant addressing access to adequate housing and basic services. The HSDG is provided for in Schedule 5, Part A of the DoRA. Section 10(10) of the DORA, 2016, provides that the transferring officer of the HSDG may only transfer the grant to a province after the relevant provincial receiving officer has complied with the requirements of section 12(6) of that Act. Section 12(6) requires the provincial receiving officer to publish in the Gazette, within 14 days of the DORA taking effect, the planned municipal expenditure from the HSDG for the 2016/17, 2017/18 and 2018/19 financial years through accreditation. Failure to gazette municipal allocations may result in the withholding of the HSDG from the province. Reporting obligations of provinces in respect of grants listed in Schedule 5 of the DORA (including the HSDG) are set out in section 12 of the DORA, 2016.

The expected outputs of the HSDG are:
- Number of residential units delivered in each housing programme;
- Number of serviced sites delivered in each housing programme;
- Number of finance-linked subsidies approved and disbursed;
- Number of households in informal settlements provided with access to services or upgraded services;
- Number of women and youth service providers contracted and employed in programmes and projects;
- Number of properties transferred or title deeds issued;
- Number of hectares of well-located land acquired or released; and
- Number of work opportunities created through related programmes.

The gazetting of municipal HSDG MTEF allocations provides budgetary certainty to enable integrated municipal planning, budgeting and delivery. Municipal HSDG allocations from provinces should be formula-based. Periodically, the MINMEC responsible for Human Settlements must agree on a universally applicable HSDG 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. All accredited municipalities will be required to submit annual plans and budgets to the provincial accounting officer based on the three-year MTEF projections. Municipalities are required to report to National Treasury in terms of Section 71 of MFMA and to the provincial accounting officer in terms of the DoRA. Accredited municipalities are required to maintain a separate account into which funds transferred by the MEC are deposited and out of which all disbursements are made.

The municipal budget allocations will be held and administered by the PDHS and disbursed in terms of performance and an agreed payment schedule. Any budget deviations will be discussed between the two parties to investigate the reasons for such deviations. Where it is apparent that a particular 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 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.

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 such as preparation of the ABP;
2. Capacitating the municipality post-accreditation; and
3. Ongoing operational costs associated with implementation.

Operational funding should be determined in terms of either a formula or percentage of the HSDG allocation to the municipality. The current guidelines are between 3 and 5 percent of the HSDG. Expenditure reporting must be in terms of DoRA, the MFMA and any additional requirements of the provincial accounting officer.

The financing principles that are important for accreditation are:

1. Budgetary allocations for national housing programmes must be commensurate with the agreed national housing programme delivery objectives, targets and project plans contained within the HSP;
2. The HSDG municipal allocations must be formula-based;
3. Operational budgets to accredited municipalities must be realistic in terms of an agreed formula or percentage of the HSDG;
4. The municipal HSDG and operational funding allocations must be gazetted by the province to ensure planning and budgeting alignment, including with the Municipal Infrastructure Grant, land acquisition financing etc.;
5. The HSDG and operational funding allocations transferred to municipalities must match the gazetted allocations in so far as possible and any adjustments must be made in terms of DoRA; and
6. The transfers to municipalities must be timeous and in accordance with an agreed payment schedule.
Non-financial Resourcing

The PDHS will be required to conduct an independent technical assessment of the implications of accreditation on the staff, assets and liabilities on the provincial department. A scope of work for the conducting of such an assessment is included as Annexure 7. A decision to transfer staff, assets and liabilities to the municipality must be taken in terms of the municipality’s ABP and the assessed needs of the municipality. A range of capacitation options must be considered. For example, filling of posts could include: the realignment of personnel within the municipality; new appointments; or the transfer/secondment of PDHS staff to the new posts. The municipality and the PDHS must negotiate an agreement in this regard in compliance with the Labour Relations Act (LRA), the PFMA, MFMA 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 accredited municipality. The transfer is also subject to Section 197 of the LRA in terms of:

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.

Where it is deemed efficient, the DHS 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.
Accreditation Summary

A Road Map summarising the post-accreditation process steps is presented in Figure 2.

**Figure 2 Road Map for implementing Accreditation**

<table>
<thead>
<tr>
<th>Roles and Responsibilities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipality</strong></td>
</tr>
<tr>
<td>Signing of Implementation Protocol between the Province and Municipality</td>
</tr>
<tr>
<td>Capacitate Housing Unit to perform accredited functions</td>
</tr>
<tr>
<td>Align with the National Housing Needs Register</td>
</tr>
<tr>
<td>Secure Access to and Administer the HSS</td>
</tr>
<tr>
<td>Programme &amp; project planning, development and management</td>
</tr>
<tr>
<td>Undertake programme &amp; project management</td>
</tr>
<tr>
<td>Subsidy budget planning, allocations and administration</td>
</tr>
<tr>
<td>Monitoring &amp; reporting to province</td>
</tr>
</tbody>
</table>
The shifting roles and responsibilities as a result of accreditation are illustrated in Table 8.

### Table 7 Shift in Roles and Responsibilities through Accreditation

<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Accreditation Level 1</th>
<th>Accreditation Level 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy and planning</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Human Settlements strategy: (IDP)</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements plan and budget: (IDP and HSP)</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements policies e.g. Procurement, allocation</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements subsidy budget</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy / fund allocations</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Project identification</td>
<td>Municipality</td>
<td>Municipality</td>
</tr>
<tr>
<td>Priority programme management / admin</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full Project / Programme approval</td>
<td>PDHS</td>
<td>PDHS</td>
</tr>
<tr>
<td>Full contract administration</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full programme management</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy administration</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full technical (construction) quality assurance</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy disbursements</td>
<td>PDHS</td>
<td>PDHS</td>
</tr>
<tr>
<td>Financial reporting and reconciliation</td>
<td>PDHS</td>
<td>PDHS</td>
</tr>
<tr>
<td><strong>Subsidy &amp; property administration</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eligibility check</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy applications</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Allocation of subsidy / house</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
<tr>
<td>Transfer</td>
<td>Deeds Office</td>
<td>Deeds Office</td>
</tr>
<tr>
<td>Project management</td>
<td>PDHS</td>
<td>Municipality</td>
</tr>
</tbody>
</table>
Figure 3 illustrates the reporting, financing and accountability lines through Accreditation Levels 1 and 2. The thick, coloured lines represent funding flows; while the thin dotted lines represent changing lines of reporting, oversight and accountability.

**Figure 3 Accreditation Reporting Lines**

**Governance and Oversight Arrangements**

The existing municipal governance, reporting and oversight mechanisms will be used by accredited municipalities. All municipalities that receive accreditation must have established governance, reporting and oversight arrangements as illustrated in Figure 4.

The municipal human settlements/housing programmes will report to the municipal standing committee responsible for human settlements. An accredited municipality may wish to invite the PDHS’s to participate as an observer in its human settlements standing committee in order to facilitate improved communication and interaction. Furthermore the 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.

Figure 4 Governance and Oversight Arrangements for Accredited and Assigned Municipalities

In terms of section 3(2)(c) of the Housing Act, 2007, the Minister of Human Settlements must “monitor the performance of the national government and, in cooperation with every MEC, the performance of provincial and local governments against housing delivery goals and budgetary goals”. Section 3(4)(i) of the Act provides that the Minister may “evaluate the performance of the housing sector against set goals and equitableness and effectiveness requirements”. 10(3)(c)(i) of the Housing Act requires the MEC responsible for Housing to monitor municipalities. Section 10(5)(b) of the Housing Act requires the MEC responsible for human settlements to request reports on activities by municipalities in relation to the administration of national housing programmes for which it is accredited. If a municipality cannot or does not perform a duty the MEC is required to take appropriate steps in terms of Section 139 of the Constitution to ensure the performance of the duty. The intention of municipal accreditation and assignment is to improve the coordination, effectiveness and efficiency of human settlements delivery. Ongoing and regular reporting, monitoring and evaluation are therefore fundamental components of accreditation and critical to the success of the instrument. The Theory of Change...
presented in Figure 6 illustrates that accreditation is regarded as a key instrument in government achieving its desired outcomes and impact for the human settlements sector. The accreditation inputs and activities are intended to lead to specific outputs that will ultimately result in “human settlements transformed into equitable and efficient spaces with citizens living in close proximity to work, with access to social facilities and essential infrastructure.” This theory of change is closely aligned to the broader meta theory of change for human settlements in South Africa.
### INPUTS

- Housing Policy & Legislation
- Provide credible housing sector data
- Human Resource Capacity
- Clear roles and responsibilities
- Adequate & integrated human settlement financing
- Credible and aligned human settlements planning
- Good governance
- Sound housing Administrative systems e.g. HSS
- Finance for land acquisition
- Provincial monitoring & support

### PROVINCIAL ACTIVITIES

- Align PMYHSP & APP with HSP & facilitate inter-governmental planning & co-ordination
- Grant Accreditation / Assignment
- Sign & monitor IPs and Executive Assignment Agreements
- Transfer staff and assets
- Mobilise financial resources
- Gazette & transfer HSDG & operational funding & perform financial administration duties
- Support & monitor accredited / assigned municipalities
- Facilitate functional HSS access by accredited municipalities

### MUNICIPAL ACTIVITIES

- Integrated human settlements planning – alignment of HSP with PMYHSP & APP
- Housing programme administration oversight
- Capacitating the housing unit
- Programme and project planning, development and management
- Beneficiary management
- Reporting
- Subsidy budget planning & allocation
- Data collection, monitoring, reporting & evaluation
- Intersectoral / intergovernmental coordination
- Service provision

### OUTPUTS

- Improved and integrated planning
- Well-located land made available
- Coordinated development
- Ownership / tenure formalised
- Improved management & governance of projects, programmes & settlements
- Basic, social and economic services provided to households
- Institutions developed, aligned & functioning effectively
- Accelerated delivery
- Integrated human settlements financing
- Communities involved and skills transferred

### OUTCOMES

- Spatially and socio-economically integrated settlements, communities and neighbourhoods
- Access to adequate housing and quality living environments
- Human settlements in South Africa transformed into equitable and efficient spaces with citizens living in close proximity to work, with access to social facilities and essential infrastructure
- A functional and equitable property market
- Institutional capacity and capabilities developed

### IMPACT
2017 Revised Accreditation and Assignment Frameworks for Municipalities

In terms of this theory of change municipalities should be monitored by the PHDS and DHS in terms of the:

- Quality and credibility of the HSPs and Capital Investment Frameworks;
- Inter- and intra-governmental planning and budgeting co-ordination;
- Implementation of the HSP;
- Contribution to national and provincial policy imperatives and targets;
- Good governance and oversight;
- Community and private sector participation in the planning and delivery of national housing programmes;
- Capacity to administer national housing programmes;
- Sound subsidy budget planning and allocation;
- Appropriate location of housing projects;
- Effectiveness of programme and project planning, implementation and monitoring;
- Effectiveness of its housing administration systems;
- Sound financial management;
- Effective reporting and monitoring;
- Desired human settlements outcomes; and
- Effective urban management.

Provincial departments responsible for housing should be monitored by the DHS in terms of:

- Compliance with national legislation and policy, in particular implementation of the 2017 Revised Accreditation Framework;
- Accreditation of municipalities formalised through Implementation Protocols and in terms of MTSF targets;
- Accelerated housing delivery;
- Delivery of integrated human settlements;
- Inter-governmental planning and budgeting co-ordination and alignment;
- Achievement of provincial housing delivery targets;
- Well-located land made available;
- Availability of land financing;
- Quality of data collection and analysis;
- Municipal monitoring and support;
- Functional and equity property market; and
- Financial administration of housing programmes for non-accredited and accredited municipalities.

The DHS should be monitored through the MTSF Outcome committee structures in terms of:

- Policy and programme alignment with the broader public sector reform agenda;
- Implementation of the 2017 Revised Accreditation Framework;
- Contribution of housing to broader integrated human settlements and urban development objectives;
- Meeting of national housing targets and objectives;
- Performance of provinces and municipalities with respect to signed Implementation Protocols;
• Legal compliance of provinces e.g. in terms of DoRA and their municipal support and monitoring responsibilities;
• Municipal monitoring and support;
• Adequate financing of accredited municipalities by provinces;
• Effective inter-governmental co-ordination for housing programme and broader integrated human settlements delivery.

In addition to monitoring of roles and responsibilities of the provincial and local spheres in accreditation, it is necessary to strengthen the performance monitoring of the actual delivery of the administered national housing programmes. In terms of the IUDF and MTSF monitoring must be:

a) Outcomes-oriented;
b) Strengthening accountability of all three spheres of government, including entities and their implementing agents;
c) Measuring progress towards desired human settlements and broader development outcomes;
d) Focused at household, settlement and municipality levels;
e) Undertaken in terms of the sector’s norms and standards; and
f) Measuring the contribution of integrated human settlements to government’s broader urban and rural development and spatial objectives.

These principles will need to inform the monitoring instruments and frameworks included in the Implementation Protocols of the respective provinces and municipalities.

The reporting requirements to be applied are as per those specified in the annual DORA, in the PFMA and MFMA, the Municipal Systems Act and by the DHS. Reporting by municipalities to the relevant PDHS is required in order to facilitate the PDHS’s oversight role and to ensure that progress is consolidated into the PHDS’s year-end report against provincial plans. Reporting to the DHS is required by assigned municipalities for accounting purposes and financial reconciliation. On an annual basis, an assessment will be conducted by the PDHS of each of the accredited municipalities in terms of their Implementation Protocols to verify compliance, effectiveness and impact of their human settlements’ programme.

In relation to performance of municipalities, there are a number of statutory reporting obligations of municipalities, outlined in Table 9, which provide opportunities for the collection of data to enable monitoring and evaluation of their performance of their functions in relation to human settlements. The DHS and PDHS are required to draw from these reporting sources in order to perform their municipal monitoring functions.
### Table 8 Statutory Reporting Responsibilities of Municipalities

<table>
<thead>
<tr>
<th>Report or information to be furnished</th>
<th>Party required to furnish report</th>
<th>Party to whom report must be provided</th>
<th>Frequency of reporting</th>
<th>Relevant statutory provisions¹</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing Act, 107 of 1997</strong></td>
<td>Municipality accredited to administer national housing programme(s)</td>
<td>MEC responsible for human settlements</td>
<td>Ad hoc, on request of the MEC responsible for human settlements</td>
<td>S 10(5)(b) HA</td>
</tr>
<tr>
<td>Reports on activities of municipality in relation to administration of national housing programmes for which it is accredited</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Government: Municipal Systems Act, 32 of 2000</strong></td>
<td>Accounting officer of municipality</td>
<td>Provincial department responsible for local government</td>
<td>Annual</td>
<td>s 46 MSA; s 105(3)(a) MSA; s 127(5) MFMA</td>
</tr>
<tr>
<td>Annual performance report</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Such information required by MEC for Local Government in notice in provincial gazette</td>
<td>Municipalities of specified category or type</td>
<td>Specified provincial organ of state</td>
<td>At regular intervals or within a specified time period</td>
<td>s 105(2) MSA</td>
</tr>
<tr>
<td>Additional requests for information for purposes of monitoring</td>
<td>Municipalities</td>
<td>MEC for local government</td>
<td>Ad hoc</td>
<td>s 105(3)(b) MSA</td>
</tr>
<tr>
<td><strong>Municipal Finance Management Act, 56 of 2003</strong></td>
<td>Accounting officer of the municipality</td>
<td>Provincial treasury; prescribed provincial organs of state</td>
<td>Annual</td>
<td>s 22(b), 24(3) &amp; 28(7) MFMA; Reg 15(3), 16(1)(b), 20(2)(b), 24(2), 47 &amp; 53(1)</td>
</tr>
<tr>
<td>Annual budget, adjustment budgets and service delivery and budget improvement and supporting documentation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

¹ Key to legislation abbreviations used in this table:
- **DORA** - Division of Revenue Act, 3 of 2016
- **HA** - Housing Act, 107 of 1997
- **MBRR** - Municipal Budget and Reporting Regulations, 2009 (in terms of MFMA)
- **MSA** - Local Government Municipal Systems Act 32 of 2000
- **MFMA** - Local Government Municipal Finance Management Act 56 of 2003
- **NLTA** - National Land Transport Act 5 of 2009
- **SPLUMA** - Spatial Planning and Land use Management Act 16 of 2013
## 2017 Revised Accreditation and Assignment Frameworks for Municipalities

<table>
<thead>
<tr>
<th>Monthly budget statements</th>
<th>Accounting officer of the municipality</th>
<th>Provincial treasury</th>
<th>Monthly</th>
<th>MBRR; Sched A, B, E &amp; F MBRR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quarterly reports on implementation of budget of a municipality</td>
<td>Municipality</td>
<td>Provincial treasury</td>
<td>Quarterly</td>
<td>MBRR; Sched A, B, E &amp; F MBRR</td>
</tr>
<tr>
<td>Report on mid-year budget and performance assessment</td>
<td>Accounting officer of the municipality</td>
<td>Provincial treasury</td>
<td>Annual</td>
<td>MBRR; Sched A, B, E &amp; F MBRR</td>
</tr>
<tr>
<td>Such information, returns, documents, explanations and motivations as may be prescribed or required</td>
<td>Accounting officer of the municipality</td>
<td>National treasury, provincial treasury, provincial department for local government, Auditor-General</td>
<td>Ad hoc</td>
<td>MBRR; Sched A, B, E &amp; F MBRR</td>
</tr>
<tr>
<td>Minutes of Council or Council committee meetings where annual report was discussed</td>
<td>Accounting officer of the municipality</td>
<td>Provincial treasury, provincial department responsible for local government</td>
<td>Annual</td>
<td>MBRR; Sched A, B, E &amp; F MBRR</td>
</tr>
<tr>
<td>Annual report of each municipality; oversight reports on the annual reports</td>
<td>Accounting officer of the municipality</td>
<td>Provincial legislature</td>
<td>Annual</td>
<td>MBRR; Sched A, B, E &amp; F MBRR</td>
</tr>
</tbody>
</table>

**Spatial Planning and Land Use Management Act, 16 of 2013**

| Information requests in relation to (a) the capacity of municipalities to administer the Act, and (b) the compliance of a municipal spatial development framework and land use scheme with the Act. | Municipality | National or provincial government | Ad hoc | SPLUMA |

**Division of Revenue Act, 3 of 2016**

| Monthly reporting in respect of USDG on financial performance against the municipality’s capital budget and its service delivery and budget implementation plan | Receiving officer of a municipality | Relevant transferring officer, relevant provincial treasury and the National Treasury | When submitting monthly budget statements in terms of s 71 of MFMA | DORA |
| Quarterly reporting in respect of USDG on financial performance against the municipality’s capital budget & SDBIP | Receiving officer of a municipality | Relevant transferring officer and the National Treasury | Within 30 days after the end of each quarter | DORA |
In addition to the statutory reporting requirements of local government, there are various monitoring and evaluation frameworks and instruments that can enhance monitoring of government’s performance in relation to housing and integrated human settlements delivery. There is a strong need to rationalise and integrate monitoring within the sector and the proposal is to identify existing information sources of the information that needs to be collected as opposed to instituting new reporting requirements.

Some of the existing M&E frameworks that need to be considered currently are:

1. The DHS’s MEIA Framework that incorporates the indicator sets and reporting templates as set out in –
   - the Medium Term Strategic Framework (MTSF)
   - the Multi-Year Development Plan Guidelines
   - the Urban Settlements Development Grant (USDG) performance matrix
   - the Municipal Human Settlements Capacity Grant (MHSDG) reporting indicators and targets
   - Catalytic Project reporting indicators and targets
   - Equitable Share reporting indicators and targets
   - Human Settlements Environmental Implementation Plan (EIP) reporting indicators and targets
   - Key performance indicators of specific human settlements institutions, including the National Housing Finance Corporation (NHFC), the National Urban Reconstruction and Housing Agency (NURCHA), Social Housing Regulatory Authority (SHRA) and Rural Housing Loan Fund (RHLF) and Estate Agency Affairs Board (EAAB).

2. The Presidency’s Medium Term Strategic Framework 2014-2019 includes a detailed set of performance indicators to monitor performance of government against the objectives established for Outcome 8 (Sustainable Human Settlements and Improved Quality of Life).

3. The annual publication of Government’s Estimates of National Expenditure, which accompanies the national budget, includes a selected set of a department’s key indicators linked to government’s performance management system, annual performance plans and ministerial service delivery agreements. In relation to Vote 38 (Human Settlements), ten indicators are identified in the 2016 Estimates of National Expenditure and are accompanied by baseline data and projections.

4. The BEPP metro planning instrument that promotes an “outcome-led” approach to improved built environment performance. The BEPP reporting and evaluation system is being continuously refined. Five outcome areas have been identified as: well-governed city; inclusive city; productive city; compact city; and, environmentally sustainable city. Specific results have been allocated to each outcome area.

5. In addition, there are a number of municipal performance assessment tools that are used by different departments, such as the Department of Performance Monitoring and Evaluation’s (DPME) Local Government Management Improvement Model (LGMIM); DeCOG’s Back to Basics Assessment; and the Department of Water and Sanitation’s Municipal Strategic Self-Assessment (MuSSA).
Remedial Actions

The DHS is required to monitor the performance of a province with regard to its accreditation functions and to take remedial actions if the province fails to perform. The monitoring of provinces can be achieved through:

1. Provincial reporting;
2. National accreditation task team meetings; and
3. Municipal reports of provinces failing to meet their obligations. These reports will be submitted only after municipalities have demonstrated that they have attempted to resolve the matter directly with province through:
   i. Discussions within the provincial-municipal accreditation meetings;
   ii. Submission of a letter from the municipal human settlements’ manager to the provincial accreditation manager province detailing the municipality’s concerns;
   iii. Submission of a letter from the Municipal Manager to the Provincial HoD detailing the municipality’s concerns; and
   iv. Letter from the Mayor to the MEC detailing the municipality’s concerns.

A progressive response to the province failing to meet its obligations are:
   i. First-level: letter from the DHS Accreditation Manager to the Provincial Accreditation Manager requesting corrective action within specified time-frames;
   ii. Second-level: letter from the DHS HoD to the provincial HoD requesting corrective action within specified time-frames;
   iii. Third-level: letter from the Minister to the MEC requesting corrective action within specified time-frames;
   iv. Fourth-level: Appointment of an arbitrator in terms of Chapter 4 of the IGRA.
   v. Fifth-Level: Appointment of an Administrator.

A municipality is obliged to implement its commitments within the IP and its HSP. Failure of municipalities to fulfil their obligations will require provinces to take corrective action. This requires the province to monitor the performance of municipalities. An effective system of monitoring can be achieved in several ways:
   i. Reviewing all or some of the statutory reports of accredited or assigned municipalities;
   ii. DoRA reporting;
   iii. IP and HSP reporting;
   iv. Regular provincial municipal accreditation or assignment meetings;
   v. Reviewing sector performance reports;
   vi. Integration with broader DHS human settlements monitoring in terms of the MEIA.

A progressive response to the municipality failing to meet its obligations are:
   i. First-level: letter from the Provincial Accreditation Manager to the Municipal Human Settlements manager requesting corrective action within specified time-frames;
   ii. Second-level: letter from the Provincial HoD to the Municipal Manager requesting corrective action within specified time-frames;
   iii. Third-level: letter from the MEC to the Mayor requesting corrective action within specified time-frames;
   iv. Fourth-level: withholding of the HSDG;
   v. Fifth-level: appointment of an arbitrator in terms of Chapter 4 of the IGRA;
   vi. Final level: intervention.
Annexure 1: Municipal Housing Sector Plan Guidelines

Municipal Housing Sector Plan (HSP):

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

Version Control

<table>
<thead>
<tr>
<th>Version No</th>
<th>Date</th>
<th>Revision Made</th>
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</thead>
<tbody>
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</table>

Approvals: The Municipal Housing Sector Plan (HSP) 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>
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</table>

Note: The MEC responsible for Human Settlements in the province is required to approve that part of the HSP 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>
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</table>

Prepared by: insert name, function and institution

Background

2 This Guideline is aligned with the provisions of the national Housing Code, 2009 Part 3 Volume 3 Integrated Development Plans
These guidelines are intended to assist municipalities in preparing their Municipal Housing Sector Plans (HSP) 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 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 frameworks set 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 HSP must demonstrate the municipality’s plans, budget and organizational capacity to deliver on this mandate.

**Objectives of the Municipal Housing Sector Plan (HSP)**

A HSP must have clearly defined objectives, such as:

- To ensure that human settlements and housing 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 and housing planning as part of a broader, integrated and proactive urban management strategy of the municipality;
- To provide detailed housing 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 HSP

The HSP 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 HSP 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 Frameworks.

Planning Context

This section of the HSP 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 of municipalities, its roles in terms of the National Housing Act and Code, and the specific municipal role in terms of a signed Implementation Protocol or Executive Assignment Agreement for the administration of national housing programmes.
The HSP should demonstrate alignment with national human settlement priorities, and in particular with the Provincial Multi-Year Human Settlements Development Plan and Annual Performance Plans\(^3\).

The template 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>
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</table>

**Alignment with Local Government Planning Processes**

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

- Integrated Development Plan
- Spatial Development Framework
- Infrastructure Master Plan
- Built Environment Support Plan (in the case of a metro)
- Land Use Management Strategy
- Water Services Development Plan
- Environmental Management Plan
- Integrated Transport Plan
- Local Economic Development Plan etc.

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 HSP**

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\(^3\) 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 describe the community consultation process followed in the
development of the HSP 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 HSP 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 Demand Type</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>

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 and how the housing projects will contribute to the achievement of this
vision. 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;
- Providing human settlement opportunities and options that address a range of housing
demand needs;
- Identifying national housing programmes that respond to local housing demand and will
assist the municipality in meeting its strategic human settlements objectives;
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- Addressing both the short and long-term needs of households within informal settlements and backyards;
- Indicating which housing programmes the municipality would like to be accredited for;
- Indicating the implementing agents that would be appropriate for each of the identified national housing programmes and the process to be followed to enter into implementation agreements with external agents;
- Ensuring sustainable human settlements by ensuring inter-governmental and inter-sectoral alignment of programmes and projects; 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.

The template below provides examples of this approach.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Strategy/Activities</th>
<th>Relevant national housing programme</th>
<th>Appropriate Implementing Agent</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></td>
<td></td>
<td></td>
<td>X no. of detailed &amp; integrated HS area-based plans</td>
<td></td>
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<tr>
<td></td>
<td>To proactively engage the formal financing sector re gap market financing instruments</td>
<td></td>
<td></td>
<td></td>
<td>X no. of bonds issued within specific areas</td>
<td></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>
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<td></td>
<td>X participation rate of national &amp; provincial sector depts.</td>
<td></td>
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<tr>
<td></td>
<td>To provide X number of well-located, mixed-income &amp; good quality housing opportunities</td>
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<td></td>
<td>To ensure alignment with investment of relevant social and economic sector departments</td>
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<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>
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<tr>
<td></td>
<td>To access a range of subsidy instruments in order to meet specific housing demand requirements</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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<tr>
<td></td>
<td>To develop interventions to improve the quality of backyard accommodation</td>
<td></td>
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<tr>
<td></td>
<td>To forge strategic partnerships with stakeholders to promote inner city accommodation</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>To undertake a hostel upgrade programme for x number of units</td>
<td></td>
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</tbody>
</table>
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 detail 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.

The table below 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</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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<td>Year 1</td>
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<td></td>
<td>Year 2</td>
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<td>Year 3</td>
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<tr>
<td></td>
<td></td>
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<td>Source</td>
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<td></td>
<td></td>
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<td>Source</td>
</tr>
</tbody>
</table>
| 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. The table below provides a template that could be followed:

<table>
<thead>
<tr>
<th>National Housing Subsidy Instrument</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>New subsidy/project linked projects</td>
<td></td>
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<tr>
<td>Social housing</td>
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<tr>
<td>Hostel redevelopment</td>
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<tr>
<td>Upgrading of informal settlements &amp; emergency housing</td>
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<tr>
<td>Land restitution claims</td>
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<tr>
<td>Gap housing</td>
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<tr>
<td>CRU (rental stock upgrading)</td>
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</table>
**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>USDG</th>
<th>HSDG</th>
<th>Municipal Own Funding</th>
<th>Other funding sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 1 R</td>
<td>Year 2 R</td>
<td>Year 3 R</td>
<td>Year 1 R</td>
</tr>
</tbody>
</table>
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 HSP 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>HSDG Allocation</th>
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<tbody>
<tr>
<td></td>
<td>Year 1</td>
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</tbody>
</table>

A detailed project plan that sets out key deliverables and targets is attached as the table above. 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 HSP in order to comply with S 9 (2) (b) of the Housing Act.
### Delivery Time-Frames & Agreed dates for Progress Payments

**Year XX**

<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>
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<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>
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 % = \( \frac{\text{A. Total annual accreditation/assignment operational budget}}{\text{B. Annual municipal human settlements budget}} \times 100 \)

<table>
<thead>
<tr>
<th>Item No.</th>
<th>Operational Budget Item</th>
<th>Budget Assumptions</th>
<th>Amount</th>
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</thead>
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</table>

Total Annual Accreditation/Assignment Operational Budget
Annual Municipal Human Settlements Budget Allocated to the Municipality

Accreditation Fee % = \( \frac{\text{A}}{\text{B}} \times 100 \)

MEC’s Approval

I hereby approve the projects listed 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>
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</table>
Section 4: Detailed Project Planning

Comprehensive and Detailed Project Plans

This section of the HSP provides more detailed project planning for all its housing 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.

The templates below provide for the reflection of integration of projects with other plans and the detailed project implementation plans. The municipality must indicate 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. The municipality must identify 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.
### 2017 Revised Accreditation and Assignment Frameworks

<table>
<thead>
<tr>
<th>Project Name</th>
<th>IDP</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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<td>Project</td>
<td>Project Milestone</td>
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</table>
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, sub-division, land-use zoning, EIA's 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. The template below provides a risk assessment matrix. Insert risks appropriate to the programme and municipality.

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

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 included below.
## 2017 Revised Accreditation and Assignment Frameworks

<table>
<thead>
<tr>
<th>Communication Element / Major Events</th>
<th>Target Audiences</th>
<th>Message</th>
<th>Medium</th>
<th>Frequency</th>
<th>Action Plan</th>
<th>Responsibility</th>
<th>Risk Assessment</th>
<th>Communication Cost</th>
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<tbody>
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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 HSP and must relate 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:

- The % reduction in the overall housing backlog
- The % informal upgrade achieved against target
- The % expenditure of the HSDG achieved according to planned targets
- The % of human settlement projects with integrated and sustainable plans
- % 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, portfolio 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 HSP. The template below 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>Hardware requirements</td>
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<td>Software requirements</td>
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<td>Communication requirements</td>
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<td>Mentorship &amp; Support Training</td>
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<td>Staffing (breakdown)</td>
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<td>Budget per Human Settlement Programme</td>
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<td>Project linked</td>
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<td>Institutional</td>
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<td>Consolidation</td>
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<td>Hostels Upgrading</td>
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<td>Individual Subsidies</td>
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</table>

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 the template below:

*Note ensure that the budget items correspond to those in the previous template.*

<table>
<thead>
<tr>
<th>Year XX</th>
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<tbody>
<tr>
<td>No</td>
<td>Budget Item</td>
<td>Year xx Budget</td>
<td>Apr</td>
<td>May</td>
<td>Jun</td>
<td>Jul</td>
<td>Aug</td>
<td>Sep</td>
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</table>

Total

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 HSP will be reflected within the IDP and Service Delivery and Budget Implementation Plan (SDBIP) of the municipality.
Annexure 2: Accreditation Business Plan Guidelines

Accreditation Business Plan Template

Application made by: Insert name of Municipality
Application to: PDHS Accreditation Manager
Application for: Level of Accreditation Requested

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

Version Control

<table>
<thead>
<tr>
<th>Version No</th>
<th>Date</th>
<th>Revision Made</th>
</tr>
</thead>
<tbody>
<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>Municipal manager</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head of provincial department responsible for Human Settlements</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Prepared by: insert name, function and institution
Background and Motivation (2 pages)

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

- The reasons for the accreditation application by the municipality;
- The Council decision taken supporting the accreditation application;
- The status of the Municipality’s Human Settlements’ Plan (HSP);
- The role of accreditation in enabling the municipality to implement its HSP and meet national, provincial and municipal human settlements strategic objectives and targets; and
- The municipality’s self-assessment of its capacity to perform the accreditation functions.

Capacity requirements for accreditation (4 pages)

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

- Describe existing capacity for human settlements delivery within the municipality based on its broader operations. This should include a description of existing infrastructure delivery capacity e.g. performance/expenditure against MIG and other infrastructure grants.
- Detail the current housing projects being delivered within the municipality and the role that the municipality performs in relation to such projects.
- Describe any challenges faced by the municipality in the performance of existing housing-related functions.
- Describe the capacity requirements of the municipality to perform the accreditation function.
- Explain the municipality’s approach to strengthening its institutional capacity (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 and administrative systems etc.).

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.
Template 1: Infrastructure grant expenditure levels over the most recent MTEF period

<table>
<thead>
<tr>
<th>Name of Grant</th>
<th>Grant allocation</th>
<th>2014/15</th>
<th>% Expenditure</th>
<th>2015/16</th>
<th>% Expenditure</th>
<th>2016/17</th>
<th>% Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>e.g. MIG</td>
<td></td>
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</tr>
</tbody>
</table>

Template 2: Housing projects being implemented over the MTEF within 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>
<th>Role of Municipality</th>
</tr>
</thead>
<tbody>
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</tbody>
</table>

Template 3: Capacity needs assessment of the Municipality for the Requested Level of Accreditation
<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Expected capacity, systems &amp; procedures</th>
<th>Level</th>
<th>Existing Capacity</th>
<th>Required Support</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal Policy and Planning Capabilities</td>
<td></td>
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</tbody>
</table>
| Housing Sector Plan: (IDP) | • Credible spatial planning information  
• Inter-sectoral human settlements planning  
• Capacity for community engagement and participation.  
• Adequate operational and capital financing  
• Capital Investment Plan linked to the IDP and HSS  
• Understanding of the human settlements legal and policy environment. | Levels 1 & 2 | |
| Integrated Development Planning (IDP) | | | | |
| Budget and grant alignment | | | | |
| Accredited Programme Administration Capabilities | | | | |
| Housing subsidy budget planning | | | | |
| Beneficiary Management | | | | |
| Subsidy registration | | | | |
| Subsidy management | | | | |
| Reporting | | | | |
| Document Tracking | | | | |
| Project identification | | | | |
| Programme management | • Capacity for project feasibility assessments  
• Capacity to administer programmes.  
**Programme management systems.** These include:  
• Project tracking system  
• Procedures and operations manual  
• HSS access and functionality  
**Legally compliant financial systems** that includes:  
• A Cash flow tracking system  
• Reporting systems  
• Ability to be responsive to Internal Audit and Auditor-General queries | Level 2 | |

85
Template 4: Accreditation human resources needs assessment

<table>
<thead>
<tr>
<th>New Requirements</th>
<th>Post</th>
<th>Total Number of Staff required per Post</th>
<th>Method of Filling Posts</th>
<th>Available Budget</th>
<th>Required Budget</th>
</tr>
</thead>
<tbody>
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</table>

In addition, the municipality must provide both its current and future housing function organograms. 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.
Accreditation Business Plan Implementation Process

Provide the municipality’s plan to prepare for accreditation institutional arrangement for ensuring the implementation of the ABP. State the steps that have been undertaken this far and the planned steps e.g. preparation of HSP as part of IDP process; identification of desired housing programmes and projects as part of the HSP; budgeting; adoption of IDP by Council; institutional assessment etc. Clear time-frames must be given.

Risk Assessment and Management Plan

The municipality must include a Risk Management Plan in the ABP that highlights and prioritises the potential risks associated with accreditation. The senior manager within the municipality responsible for housing will be responsible for the implementation of the Risk Management Plan.

The template 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 accreditation risks;
2. The identification of the consequences of such risk events occurring;
3. The ranking of the risks based on their consequences, as either high, medium or low priority risk events; and
4. The identification of mechanisms for management, mitigation, or prevention of the risk events and their impacts.

Examples of possible risks include:

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>Identified Risks</th>
</tr>
</thead>
</table>
| Inter-governmental relations  | • Failure of PDHS to provide support  
|                               | • Failure of MEC to grant accreditation  
|                               | • Poorly defined roles and responsibilities in the accreditation process  
|                               | • Delays in decision making etc.                                                 |
| Capacity and support          | • Failure to put in place necessary administrative systems by municipality  
|                               | • Weak HSS functionality  
|                               | • Inability to access HSS  
|                               | • New organogram not filled etc.                                                 |
| Financing                     | • HSDG allocation not gazette  
|                               | • Inadequate operational funding etc.                                             |
| Other                         |                                                                                  |

The Risk Assessment Matrix template may be used to develop the Risk Management Plan. Risks appropriate to the specific municipality must be inserted.
**Template 5: Risk Assessment Matrix**

The risk **likelihood** can be assessed as: Low or Moderate or High

The risk **rank** can be allocated in terms of priority as: 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>
<td></td>
<td>Likelihood</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consequence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Rank</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Proposed Actions to Mitigate Risk</td>
</tr>
</tbody>
</table>

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88
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.

Template 6: Responsibilities for managing the accreditation process

<table>
<thead>
<tr>
<th>Name of Staff Member</th>
<th>Position/Function</th>
<th>Key Responsibilities within the Accreditation Process</th>
<th>Time- Frames</th>
<th>Reporting Line</th>
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</table>
Annexure 3: Accreditation 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 decide as to whether a municipality qualifies for accreditation at the Level applied for in terms of the 2017 National Accreditation and Assignment Framework.

Approach of the Assessment Tool: This tool can be used for both Level 1 and 2 Accreditation application assessments.

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 in terms of the set criteria; and
2. Identify the capacity and support requirements required by the municipality if granted accreditation.

Structure of the Assessment Tool: The Assessment Tool focuses on 3 key performance areas:
- Performance Area 1: Integrated and sustainable human settlements Planning
- Performance Area 2: Sound municipal governance and administration for housing programme management and oversight
- Performance Area 3: Housing Programme Administration

Scoring System: Within each of three performance areas, specific performance standards are identified. Municipalities are assessed based on supporting documentation that is provided and verbal submissions made to the provincial accreditation and assignment assessment panel appointed by the MEC. Scoring on a scale of 0 – 3 (0 = zero fulfilment, 1 = partial fulfilment, 2 = fulfilment and 3 = exemplary performance), the individual panel members decide on an appropriate municipal score for each performance standard. The maximum scores for each performance area are:

Accreditation Level 1 Scoring Sheet

<table>
<thead>
<tr>
<th>Performance Area Score</th>
<th>Maximum attainable Points</th>
<th>Points Attained by Municipality</th>
<th>Points Interpretation System: Fulfilment of Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Zero fulfilment</td>
</tr>
<tr>
<td>1</td>
<td>18</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>9</td>
<td>0</td>
<td>0</td>
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<tr>
<td>3</td>
<td>15</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>All</td>
<td>42</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
Accreditation Level 2 Scoring Sheet

<table>
<thead>
<tr>
<th>Performance Area Score</th>
<th>Maximum attainable</th>
<th>Points attained by Municipality</th>
<th>Points Interpretation System: Fulfilment of Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Zero fulfilment</td>
</tr>
<tr>
<td>1</td>
<td>18</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>9</td>
<td>0</td>
<td>0</td>
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<tr>
<td>3</td>
<td>18</td>
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<tr>
<td>All</td>
<td>45</td>
<td>0</td>
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</tbody>
</table>

The interpretation of the score is:

- **Zero fulfilment**: Do not recommend Accreditation
- **Partial Fulfilment**: Request Improvement Measures prior to Accreditation
- **Fulfilment**: Unconditional Accreditation and identifying agreed capacity and support measures that will be put in place.
- **Exceeds standard**: Unconditional Accreditation and identifying agreed capacity and support measures that will be put in place.

The Panel must prepare a report substantiating their scoring and decision.

The assessment tool provides a quick overview of the capacity of the municipality, and highlights areas of focus for capacitation and support.
## PERFORMANCE AREA 1: INTEGRATED AND SUSTAINABLE HUMAN SETTLEMENTS PLANNING

<table>
<thead>
<tr>
<th>Accreditation Criteria</th>
<th>Supporting Evidence</th>
<th>Performance Standard Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Standards</td>
<td></td>
<td>Zero Fulfilment = 0</td>
</tr>
<tr>
<td>Evidence of a Credible HSPs based on:</td>
<td></td>
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<tr>
<td>○ Sound spatial planning and an adoption of a single land use scheme</td>
<td></td>
<td></td>
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<tr>
<td>○ Sound data and data analysis</td>
<td></td>
<td></td>
</tr>
<tr>
<td>○ In-depth understanding of informal settlements and evidence of an upgrading approach/programme</td>
<td></td>
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<tr>
<td>○ Thorough integration with other municipal, provincial and national planning frameworks and plans</td>
<td></td>
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<tr>
<td>○ Promotion of integrated spatial and socio-economic development in compliance with SPLUMA</td>
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</tr>
<tr>
<td>○ Clarity re selection of national housing programmes that are demand responsive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>○ Identification of housing programme implementing agents</td>
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<td></td>
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<tr>
<td>○ Adoption of HSP by Council</td>
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<tr>
<td>Evidence of measures to ensure achievement of integrated human settlement outcomes, goals and targets, including:</td>
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<tr>
<td>○ Land identified and designated for human settlements</td>
<td></td>
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<tr>
<td>○ Land acquisition processes underway in collaboration with the HDA;</td>
<td></td>
<td></td>
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<tr>
<td>○ Evidence of progress to ensure citizens have access to basic services, health facilities, safety and security and government service centres; and</td>
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<tr>
<td>○ Evidence of the development of a range of housing typologies and different forms of tenure within the municipality</td>
<td></td>
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</tr>
<tr>
<td>Evidence of a Capital Investment Framework with clear budget linkages to the MTEF for the HSDG and related funding</td>
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</tr>
<tr>
<td>Evidence of inter-governmental and cross-sectoral engagement and alignment during the formulation of the HSP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of engagement and alignment with private sector and community stakeholders in the HSP</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of mechanisms in place to improve implementation and monitoring of outputs and outcomes</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ACCREDITATION LEVELS 1 & 2 PERFORMANCE AREA SCORING**

| TOTAL POINTS...... / MAXIMUM 18 POINTS |
PERFORMANCE AREA 2: SOUND MUNICIPAL GOVERNANCE AND ADMINISTRATION FOR HOUSING PROGRAMME MANAGEMENT AND OVERSIGHT

<table>
<thead>
<tr>
<th>Accreditation Criteria</th>
<th>Supporting Evidence</th>
<th>Performance Standard Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Standards</td>
<td></td>
<td>Zero Fulfilment = 0</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of good governance through:</td>
<td></td>
<td></td>
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<tr>
<td>o Regular executive and Council meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Compliance with legislation in terms of executive, legislative and administrative roles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Council-adopted system of delegations in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Well-functioning internal audit capacity</td>
<td></td>
<td></td>
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<tr>
<td>o Positive audit outcome</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Responsiveness to internal and AG audit queries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Production and adoption of Annual Reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of community engagement and responsiveness through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Well-functioning ward committees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of sound administration through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Senior management positions filled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Senior manager appointments compliant with legislated skills requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Senior management performance management contracts signed</td>
<td></td>
<td></td>
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<tr>
<td>o Low staff vacancy level overall within the municipality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Performance management systems in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Compliance with municipal reporting</td>
<td></td>
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</tr>
</tbody>
</table>

ACCREDITATION LEVELS 1 & 2 PERFORMANCE AREA SCORING

TOTAL POINTS...... / MAXIMUM 9 POINTS
PERFORMANCE AREA 3: HOUSING PROGRAMME ADMINISTRATION

<table>
<thead>
<tr>
<th>Accreditation Criteria</th>
<th>Supporting Evidence</th>
<th>Performance Standard Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance Standards</strong></td>
<td></td>
<td>Zero Fulfilment</td>
</tr>
<tr>
<td>Evidence of housing human resource capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o A Human Settlements/ Housing Unit or Administrative capacity</td>
<td></td>
<td></td>
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<tr>
<td>o Revised organogram for accreditation</td>
<td></td>
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<tr>
<td>Evidence of beneficiary management capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o IDP and other community public participation processes</td>
<td></td>
<td></td>
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<tr>
<td>o Municipal help-desk or call centre in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Community communication mechanisms in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of subsidy budget planning and allocation capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Sound financial management system in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Infrastructure programme and project budget preparation and cash flow projections</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Cash flow and expenditure management</td>
<td></td>
<td></td>
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<tr>
<td>o Capital budget spend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Municipal financial viability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Revenue collection rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of a document tracking system in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of reporting capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Compliance with legislated financial and technical reporting requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Programme and project monitoring systems in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Budget tracking systems in place</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**ACCREDITATION LEVEL 1 PERFORMANCE AREA SCORING SUB TOTAL**

TOTAL POINTS...... / MAXIMUM 15 POINTS

**Evidence of programme and project management capacity through:**

| o Ability to identify, evaluate and implement infrastructure projects | | | | | |
| o Project design and budgeting | | | | | |
| o Sound supply chain management policy and practice | | | | | |
| o Infrastructure project and contract management | | | | | |
| o Technical quality control of infrastructure projects | | | | | |

**ACCREDITATION LEVEL 2 PERFORMANCE AREA SCORING TOTAL**

TOTAL POINTS...... / MAXIMUM 18 POINTS
Annexure 4: Accreditation Compliance Report Memorandum

The Accreditation Assessment Panel appointed by the MEC to undertake an independent assessment of the applicant municipality’s, (state name of municipality), capacity to perform Level xx Accreditation states that:

1. The xx municipality meets / does not meet the accreditation criteria as outlined in the 2017 National Accreditation Framework and, therefore qualifies / does not qualify for Accreditation Level xx.
2. This decision is based on the assessment conducted by the Panel on (insert date) at (insert venue) and an in-depth review of supporting documentary evidence.
3. The full report of the Accreditation Assessment Panel is attached as an annexure.

Name of Chairperson of the Panel: ........................................................................................................
Name and designation of Panel Members:
......................................................................................................................................................
......................................................................................................................................................
......................................................................................................................................................
......................................................................................................................................................
......................................................................................................................................................
......................................................................................................................................................
......................................................................................................................................................
Signature of Chairperson: ....................................................................................................................
Date: ....................................................................................................................................................
Annexure 5: Notice of Accreditation Decision

I, MEC (insert name of MEC) responsible for the (insert name of Ministry) within the (insert province) have decided to accredit / not to accredit at Level 1/2 (insert name of municipality) Municipality. This decision is based on an independent capacity assessment of the Municipality undertaken by an Accreditation Assessment Panel appointed by my Office.

If the decision is to accredit:

Based on the findings of the Assessment Panel, I am satisfied that the municipality has substantially met the criteria for the level of accreditation applied for.

I hereby instruct the Head of Department responsible for housing to:

1. Enter an Implementation Protocol with the Municipal Manager of the municipality to give effect to my decision.
2. Develop a Municipal Capacity and Support Plan that is included as an annexure to the Implementation Protocol that addresses the capacity and support needs of the municipality to effectively perform the accredited functions.
3. Provide me with regular performance reports of the municipality and the provincial department in terms of their roles and responsibilities with regard to accreditation.

If the decision is not to accredit:

Based on the findings of the Assessment Panel, I am not satisfied that the municipality has substantially met the criteria for the level of accreditation applied for. In particular, the following considerations form the basis for my decision:

a) _______________________________

b) _______________________________

c) _______________________________

Signed at _____________________________ on the (date) ______________ by MEC (insert name)___________________________ responsible for housing within the (insert province) _____________________________

MEC’s signature____________________________

Witness 1: _________________________________

Witness 2: _________________________________
Annexure 6: Municipal Capacity and Support Plan for Accreditation

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

Version Control

<table>
<thead>
<tr>
<th>Version No</th>
<th>Date</th>
<th>Revision Made</th>
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<tbody>
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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>Head of PDHS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipal Manager</td>
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</tbody>
</table>

Prepared by: insert name, function, institution and date.
Purpose of the Municipal Capacity and Support Plan

The purpose of the Municipal Capacity and Support Plan (MCSP) is to indicate the support that will be provided by the PDHS whether directly or indirectly through leveraging assistance from relevant institutions. The MCSP is jointly worked out between the municipality and the PDHS.

The MCSP consists of a simple template that looks at:

- What capacity is necessary to perform the accredited functions?
- What capacity gaps exists within the municipality that need to be addressed?
- What support will be provided?
- By whom? E.g. the PDHS, Provincial Treasury, housing institution, another sector department etc.
- What are the time-frames for the support?

The PDHS Accreditation Unit will be responsible for ensuring that the MCSP is implemented and that the various institutions responsible for providing support fulfil their respective obligations in terms of the plan.
### FUNCTIONS

<table>
<thead>
<tr>
<th>Municipal Policy and Planning Capabilities</th>
<th>Expected capacity, systems &amp; procedures</th>
<th>Municipal Support Needs Identified</th>
<th>Support to be Provided</th>
<th>Institution Responsible</th>
<th>Time-Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Housing Sector Plan: (IDP)</td>
<td>- Credible spatial planning information</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>- Inter-sectoral human settlements planning alignment</td>
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<td></td>
<td>- Ability to undertake public, private and community stakeholder consultation</td>
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<td></td>
<td>- Capacity for community engagement and participation.</td>
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<td></td>
<td>- Adequate, transparent and gazetted operational and capital financing</td>
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<tr>
<td></td>
<td>- Capital Investment Plan linked to the IDP and HSP</td>
<td></td>
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<td></td>
<td>- Thorough understanding of the human settlements legal and policy environment.</td>
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<tr>
<td>Integrated Development Planning (IDP)</td>
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<tr>
<td>Budget and grant alignment</td>
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</tbody>
</table>

### Accredited Programme Administration Capabilities

<table>
<thead>
<tr>
<th>Housing subsidy budget planning</th>
<th>Capacity required includes a</th>
<th>Municipal Support Needs Identified</th>
<th>Support to be Provided</th>
<th>Institution Responsible</th>
<th>Time-Frame</th>
</tr>
</thead>
<tbody>
<tr>
<td>Beneficiary Management</td>
<td>- Budget tracking system.</td>
<td></td>
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<tr>
<td>Subsidy registration</td>
<td>- Document management system</td>
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<tr>
<td>Subsidy management</td>
<td>- Reporting system</td>
<td></td>
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<tr>
<td>Reporting</td>
<td>- Migration to National Housing Needs Register.</td>
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<tr>
<td>Document Tracking</td>
<td>- Municipal housing programme policies in place.</td>
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<tr>
<td>Project identification</td>
<td></td>
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<tr>
<td>Programme management</td>
<td>- Capacity to produce and undertake project feasibility assessments for the priority programme(s)</td>
<td></td>
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<tr>
<td></td>
<td>- Capacity to administer programmes.</td>
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<td></td>
<td>- Programme management systems in place, e.g.</td>
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<tr>
<td></td>
<td>- Project tracking system</td>
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<td></td>
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<tr>
<td></td>
<td>- Procedures and operations manual</td>
<td></td>
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</tr>
<tr>
<td>FUNCTIONS</td>
<td>Expected capacity, systems &amp; procedures</td>
<td>Municipal Support</td>
<td>Support to be</td>
<td>Institution</td>
<td>Time-Frame</td>
</tr>
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<tr>
<td></td>
<td>• HSS access and functionality</td>
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<tr>
<td></td>
<td>• Sound financial management systems that includes:</td>
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<tr>
<td></td>
<td>o A Cash flow tracking system</td>
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<tr>
<td></td>
<td>o Reporting systems</td>
<td></td>
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<tr>
<td></td>
<td>o Ability to be responsive to Internal Audit and Auditor-General queries</td>
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<tr>
<td>Other Identified Support Needs</td>
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</tbody>
</table>
Annexure 7: ToR for Transfer Assessment

SCOPE OF WORK

TO DETERMINE THE IMPLICATIONS OF ACCREDITATION FOR THE TRANSFER OF STAFF, ASSETS AND LIABILITIES FROM PROVINCIAL DEPARTMENTS RESPONSIBLE FOR HUMAN SETTLEMENTS TO MUNICIPALITIES

Purpose

The purpose of this project is to appoint an independent service provider to conduct a technical assessment of the implications of accreditation for the transfer of staff, assets and liabilities from a PDHS to municipalities. This assessment would be used as the basis for the costing of the financial implications of accreditation 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 accreditation process.

Background

Provincial MECs responsible for Human Settlements are required to decide whether to accredit municipalities to administer national housing programmes. 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 is undertaken within existing policy and legislative frameworks. Outcome 8 of government’s performance agreement sets the targets and time-frames for both. There are 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 the transfer of staff, assets and liabilities between provincial government and municipalities following accreditation of housing functions will vary from one province to another and from one accreditation to the next.
- The assessment will be complicated by the fact that the accreditation process will be asymmetrical, with provinces retaining responsibility for the function to the extent that accreditation 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 accreditation will require negotiation regarding the resourcing implications thereof.
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 accreditation;
   - Assess the proposed changes in the relevant metro/s organisational structure/s and revised personnel requirements considering the change to their respective scopes of responsibility following accreditation;
   - Evaluate identified provincial posts for possible transfer with a view to determining appropriateness to meet the additional personnel requirements of the accredited municipalities. Clear criteria for such an assessment should be stipulated e.g. responsibilities associated with the municipality account for more than 50% 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 municipalities. 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 municipality 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 municipality to develop a detailed schedule of additional assets required for the purposes of carrying out the accredited 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 accreditation;
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 municipality;

Evaluate superfluous/under-utilised assets with a view to determining appropriateness to meet the additional asset requirements of the accredited municipalities;

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 municipality.

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 municipalities for the human settlements function;
   - Determine the operational funding requirements of the municipalities for the performance of the accredited / assigned functions;
   - Determine the capital funding requirements of the municipalities for the meeting of delivery targets in terms of the proposed Implementation Protocol 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 accreditation. Indicate what formula or other method was using 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 8: Implementation Protocol

BETWEEN THE

HEAD OF DEPARTMENT OF THE DEPARTMENT RESPONSIBLE FOR HUMAN SETTLEMENTS IN …………………………………………………………. (PROVINCE)

AND THE

MUNICIPAL MANAGER 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 / 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 credible Housing Sector Plan,

Acknowledging the assessment undertaken by the Accreditation Assessment Panel appointed by the MEC that recommended that the Municipality be accredited at Level 1 / 2,

Acknowledging the role played by the ……………………………………..Provincial Department responsible for 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 Accounting Officer of the Department is formalising the Level 1 / 2 accreditation of the ………………………….. Municipality, as contemplated in the *2017 Revised National Accreditation Framework*, 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 *2017 Revised 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 Head of Department**” means the Accounting Officer of the Department;

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

g. “**the Housing Sector Plan (HSP)**” means the Housing Sector Plan that forms part of the Municipality’s Integrated Development Plan as required in terms of the Municipal Systems Act, 2000 and formulated in terms of the 2009 National Housing Code.

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

i. “**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;

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

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

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

m. “**the national Housing Programmes**” means all national housing programmes contained within the Municipality’s Housing Sector Plan.
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 as reflected within the HSP of the Municipality;

2.1.2. to ensure the capacitation of the Municipality in preparation for it to be formally assigned the executive functions of administering all 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 Head of Department; and

3.1.2. the Municipal Manager,

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

4. Scope of Accreditation

4.1. The MEC has granted Level 1/2 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 the following national housing programmes as contained within its HSP:

a) ................................................................................................................

b) ................................................................................................................

c) ................................................................................................................
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 HSP;

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 HSP 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 HSP, 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 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 HSP;

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

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

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

6.1.6. to ensure the gazetting of the allocation of funds to accredited municipalities in terms of Schedule 5 grant conditions within the DoRA;
6.1.7. 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;

6.1.8. 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;

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

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

6.1.11. 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

6.1.12. 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 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. Levels 1 and 2 - subsidy budget planning and allocation, and priority programme management and administration, including:

7.1.1.1. Subsidy budget planning;
7.1.1.2. Programme and project approval;
7.1.1.3. Beneficiary management;
7.1.1.4. Housing subsidy registration;
7.1.1.5. Subsidy management;
7.1.1.6. Reporting; and
7.1.1.7. Document management.
7.1.2. Level 2 only - programme management and administration, including:
   7.1.2.1. Procurement and appointment of implementing agents;
   7.1.2.2. Project/programme management;
   7.1.2.3. Contract administration;
   7.1.2.4. Technical quality assurance; and
   7.1.2.5. Budget management.

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 HSP that is aligned to national human settlements policy objectives, relevant government department investment plans, the PMYHSP and APP, and to ensure that the HSP is:
      a. adopted as part of the Municipality’s Integrated Development Plan and budget;
      b. inclusive of a Capital Investment Framework;
      c. integrated into the Municipality’s Performance Management System;
      d. aligned with other strategic planning frameworks of the Municipality, such as the Spatial Development Framework, Land Use Management Strategy, the Infrastructure Master Plan, the Water Services Development Plan, Informal Settlements 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;

   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 Department 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;\(^4\);

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;

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

\(^4\) See Municipal Budget Circular for the 2009/10 MTREF, 2 March 2009, page 13
9.1. The HSP is attached as Annexure D. The HSP is reviewed annually in terms of municipal performance and to ensure ongoing alignment with national and provincial outcomes and targets.

9.2. 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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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. 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.

14.1.4. 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.

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

14.1.6. 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.


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 5 years linked to the Integrated Development Plan 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 HSP, 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: ……………………………………………………………

Name of Party:…………………………………………………………
Physical address: ……………………………………………………………

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 Head of Department having been duly authorized thereto at ……………………………….on this………………….day of…..20….

NAME ……………………………………………
DEPARTMENT …………………………………………….
SIGNATURES
Thus done and signed 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. ............................................................

Thus done and signed 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. ............................................................
SECTION TWO: REVISED ASSIGNMENT FRAMEWORK

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”)

“By 2050 visible outcomes from effectively co-ordinated spatial planning systems will have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure.

(National Development Plan, 2012)

Purpose

The Revised Assignment Framework for Municipalities to Administer National Housing Programmes (2017) (hereafter referred to as the “2017 Revised Assignment Framework”) provides the guideline for enabling the assignment of municipalities for the administration of national housing programmes by municipalities. The assignment process is set out within the Constitution and relevant legislation.

The 2017 Revised Assignment Framework must be read together with the 2017 Revised Accreditation Framework. Accreditation is a capacitation measure towards assignment. The background to the review process, the broader human settlements legislative context and the rationale for accreditation and assignment are all contained within the 2017 Revised Accreditation Framework. It is understood that a municipality that applies for assignment will have been accredited. This document focuses specifically on the Constitutional and legal requirements for assignment and the process that must be followed by the MEC responsible for human settlements in assigning a municipality to administer national housing programmes on behalf of the province.

Background

The Accreditation and Assignment Framework for Municipalities to Administer National Housing Programmes was adopted by MINMeC in 2012. In 2014 MINMeC took a decision that the 2012 Framework should be reviewed in terms of:

6. Legislative and policy shifts within the housing and broader urban, human settlements and local government context that impact on the Framework;
7. Lessons that have emerged from the implementation of the 2012 Framework by provinces and municipalities identifying critical success factors and delivery blockages;
8. Clarity on the legal mandate and role of provinces, and provincial MECs responsible for housing, in the accreditation and assignment of municipalities;
9. A proposed shift towards a programmatic approach towards accreditation and assignment that responds to the re-design and complexity of national housing programmes and the need to deliver catalytic-projects; and
10. A stronger focus on an integrated, outcomes-based and demand-driven approach to integrated human settlements delivery.

This review was undertaken and the recommendations were subjected to broad stakeholder discussion. This 2017 Revised Assignment Framework is responsive to MINMeC’s directives and reflects broad stakeholder consensus.

Housing is a functional area of concurrent national and provincial legislative competence in terms of Schedule 4, Part A of the Constitution (1996). The efficient and effective delivery of housing is a core component of the achievement of government’s broader human settlement development goals. The human settlements vision articulated in the National Development Plan is that: “By 2050 visible outcomes from effectively co-ordinated spatial planning systems will have transformed human settlements in South Africa into equitable and efficient spaces with citizens living in close proximity to work with access to social facilities and essential infrastructure.”

The 2017 Revised Assignment Framework is part of government’s ongoing public sector reform process to achieve the NDP 2050 vision and ensure that all the elements of the broader human settlements delivery system are performing optimally. The concentration of both the economy and South Africa’s population in urban areas underpins the focus on accelerating the development of cities through integrated housing investment, improved public transport, the encouragement of urban enterprise and industrial development, and effective urban management. Delivery at such scale and complexity requires a city to leverage and crowd in public and private investment and resources nationally and globally. A broad range of public, private and community stakeholders are involved in the city-led development process. Clarity regarding roles and responsibilities of, and co-ordination amongst, institutional role-players is necessary.

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 is to progressively enable municipalities to manage a range of national housing programme instruments to allow for better co-ordinated, integrated and accelerated human settlements delivery. This is in recognition of the pivotal planning, land-use management, infrastructure provision, service delivery, settlement governance and inter-governmental co-ordination roles of municipalities. The Housing Act provides for “accreditation” as a capacitation mechanism to allow for the progressive administration of national housing programmes by municipalities on behalf of provinces.

The Constitution envisages that additional powers and functions may be transferred to the local sphere and offers a framework for both the delegation or assignment of such powers and functions to local government by national or provincial legislatures or executives. Delegation involves the allocation of certain responsibilities within a function by a delegating authority to a
“subordinate” entity in order to achieve results. The final accountability for the performance of the function remains with the delegating authority. Assignment involves the transfer of the authority and hence accountability for the performance of the function to another entity by the assigning authority.

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 if the principle of subsidiarity applies and the municipality has the capacity to perform the function. There is legislative and policy convergence that the principle of subsidiarity applies to the administration of national housing programmes and that the intention is to assign to local government the administration of national housing programmes contained within the National Housing Code. Accreditation has been introduced as an instrument to ensure the progressive capacitation of municipalities in order for them to perform an assigned function without compromising delivery in the short-term.

The 2017 Revised Assignment and Accreditation Frameworks outline the rationale for accreditation and assignment and the legislated process that must be followed in both instances. Accreditation and assignment are regarded as enablers within the housing delivery system that are consistent with the broader public sector reform agenda.

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):** Through administering national housing programmes on behalf of provinces, municipalities will be in a stronger position to undertake integrated planning, provide effective urban and land management and expedite housing-related infrastructure and service delivery within their areas of jurisdiction. The municipal IDP (and metro BEPP) and Housing Sector Plan become the housing planning and budgeting instruments for all three spheres of government. Municipalities can coordinate decisions – relating to planning, land-use management, public transport, infrastructure investment and service delivery – that relate to the broader sustainability and integration of human settlements.

- **Accelerated delivery (vertical integration):** The efficiencies associated with certainty in respect of funding allocations, and decentralised delivery authority to the local sphere, are intended to result in accelerated housing delivery, budget expenditure alignment, crowding in of public and private investment, and improved expenditure patterns.

The Legislative Framework for Assignment

The administration of national housing programmes takes place within the broader context of government’s rights-based framework for human settlement policy and legislation. The broader legislation and policy framework for human settlements delivery is discussed in the 2017 Revised Accreditation Framework. The 2017 Revised Assignment Framework specifically addresses the legislative framework for assignment.

The legislative framework for the assignment of municipalities to administer national housing programmes on behalf of provinces 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. These are briefly discussed below:

- **The Constitution of the Republic of South Africa, 1996**, makes provision for the assignment of functions by a provincial government to a municipality. Such assignment can take place by legislation (section 104) or by executive agreement (section 126 or section 156(4)).

Section 126 gives an MEC the discretion to 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, and stipulates certain conditions for such assignment.

Section 156(4) requires the national government and provincial government to assign to a municipality, by agreement and subject to any conditions, the administration of a matter listed in Part A of Schedule 4 (which includes “housing”) 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.

This framework envisages the assignment of the function of administering national housing programmes through a consensual and collaborative process between provincial and local government, culminating in an executive agreement as contemplated by section 126 of the Constitution. It is nevertheless understood that assignment by agreement is peremptory in circumstances contemplated in section 156(4) of the Constitution.

- **The Municipal Systems Act, 2000** 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. Section 10 is particularly relevant to this Framework as it includes provisions applicable to an MEC initiating the assignment of a function or power to a specific municipality by way of agreement in terms of section 126 of the Constitution.

- **The Financial and Fiscal Commission (FFC) Act, 1997** requires the FFC to be consulted in the instance of executive assignments, and provides for conditions related thereto [section 3(2A) to 3(2D)]. Note that consultation with the FFC is also required in the case of legislative assignments in terms of section 9 of the Municipal Systems Act.

- **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.

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5 As amended in the Local Government: Municipal Systems Amendment Act 44 of 2003
The Division of Revenue Act (DORA): This is an annual Act, which accompanies the national budget and sets the framework for financing arrangements amongst the spheres of government. Allocations to provincial and local governments, and any conditions attached, are included in the Schedules. The definition section of the annual DoRA must be updated to be aligned to the Revised Accreditation and Assignment Frameworks, especially in so far as it still provides for three levels of accreditation purportedly in terms of section 10(2) of the Housing Act.

The Municipal Finance Management Act (MFMA), 2003 regulates the financial affairs of municipalities, sets treasury norms and standards, and clarifies roles and responsibilities of 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 Guidelines on Allocation of Additional Powers and Functions to Municipalities, 2007, were published by the Minister for Provincial and Local Government in terms of powers conferred on him by section 120(1)(c) of the Local Government: Municipal Systems Act, 32 of 2000. Except to the extent that the Guidelines restate Constitutional or statutory requirements, compliance with the Guidelines is not obligatory. However, these Guidelines state that they should, in the interest of more effective and practical administration, be followed by executive organs of state when considering and effecting the assignment or delegation of additional powers or functions to municipalities.

The approach underpinning the 2017 Revised Assignment Framework is informed by the broader human settlements, and assignment-specific, policy and legislative framework. The core elements are that:

11. Any housing or human settlements policy and legislative framework must contribute to the realisation of Constitutionally protected rights to adequate housing.
12. The administration of national housing programmes must be located within the broader public sector urban reform agenda that focuses on the delivery of integrated human settlements through planning and land use management, public transport and housing delivery, integrated urban infrastructure financing and effective urban management.
13. Each sphere of government should play a fundamentally important role in the delivery of a comprehensive and co-ordinated state housing programme, and legislation and policy must allocate responsibilities and tasks amongst the spheres. The 2017 Revised Assignment Framework outlines the processes to be followed for the assignment of the provincial function to administer national housing programmes.
14. There is legislative and policy commitment to assignment of municipalities. Urban municipalities should be prioritized to enable the desired integrated urban development outcomes of access, growth, governance and spatial transformation.
15. The provincial MECs responsible for housing are the assigning authorities for national housing programmes.

16. A municipal Integrated Development Plan (IDP) is the principal strategic planning instrument which guides and informs government-wide planning, development and investment. The IDP is supported by the BEPP within the metro municipalities. The Housing Sector Plan included within the IDP is the principal planning instrument for housing programme delivery.

17. The urban infrastructure financing regime is under review in terms of the broader public sector reform agenda and the assignment of the function to administer national housing programmes enables more integrated urban infrastructure financing.

18. Measuring the performance of government must be outcome-focused. The available national housing programmes are regarded as instruments for government to achieve its broader human settlement development goals.

19. National and provincial government have legislated support and monitoring responsibilities with regard to the local sphere. Integrated metro and city support is required as part of the broader urban public sector finance reform process.

Conceptual Framework for Accreditation and Assignment

The conceptual framework for municipal accreditation and assignment of the function to administer national housing programmes by provinces must be understood within the broader context of the powers and functions of the three spheres of government in housing delivery.

Role of National Government

Sections 3(1) to (4) of the Housing Act, 2007, set out the main functions of national government in relation to housing delivery. The national government is responsible for establishing and facilitating a sustainable national housing development process. For this purpose, the Minister responsible for housing must, amongst other things: determine national policy, including national norms and standards; set broad national housing delivery goals and facilitate the setting of provincial and local government goals; support capacity development in provinces and municipalities; and promote consultation on housing development. The Minister also has wide powers to, amongst other things: establish a national institutional and funding framework for housing development; engage in multi-year planning, allocate funds for national housing programmes to provincial governments; obtain funds for land acquisition, infrastructure development, housing provision and end-user finance; institute and finance national housing programmes; establish and finance national institutions for housing development, and supervise the execution of their mandate; and evaluate the performance of the housing sector.

Role of Provincial Government

The main functions of provincial government are set out in section 7(1) to (3) of the Housing Act. Every provincial government is required to do everything in its power to promote and facilitate the provision of adequate housing within the framework of national housing policy. This includes: determining provincial policy and promoting legislative development in respect of housing development; supporting and strengthening capacity and implementation within municipalities; coordinating housing development; and, preparing multi-year plans in respect of
national and provincial housing programmes. In particular, the province is responsible for administering national and provincial housing programmes.

**Role of Local Government**

Section 9(1) of the Housing Act requires every municipality, as part of its process of integrated development planning, to take all reasonable and necessary steps within the framework of national and provincial housing legislation and policy to –

1. ensure that -
   - iv. the inhabitants of its area of jurisdiction have access to adequate housing on a progressive basis;
   - v. conditions not conducive to the health and safety of the inhabitants of its area of jurisdiction are prevented or removed;
   - vi. services in respect of water, sanitation, electricity, roads, stormwater drainage and transport are provided in a manner which is economically efficient;
2. set housing delivery goals in respect of its area of jurisdiction;
3. identify and designate land for housing development;
4. create and maintain a public environment conducive to housing development which is financially and socially viable;
5. promote the resolution of conflicts arising in the housing development process;
6. initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction;
7. provide bulk engineering services, and revenue generating services in so far as such services are not provided by specialist utility suppliers; and
8. plan and manage land use and development.

Section 9(2)(a) of the Housing Act provides for the participation by municipalities in national housing programmes by, amongst other things, acting as a developer in respect of the planning and execution of a housing development project, facilitating and supporting the participation of other role players in the housing development process, or administering any national housing programme in respect of its area of jurisdiction in accordance with section 10 of the Act.

The purpose of accreditation is to enable municipalities to progressively perform an expanded role in the administration of national housing programmes as provided for in the Act and supported in policy. The assignment mechanism would apply once municipalities have demonstrated capacity to administer national housing programmes and the formal transfer of the function from province to qualifying municipalities takes place.

**Accreditation** is the recognition by the relevant provincial MEC responsible for housing that whilst a municipality has met certain criteria and standards, the municipality requires additional support and capacity prior to assuming full accountability for the administration of all 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 does not transfer legal and financial accountability for functions from one sphere of government to another, but is instead a form of delegation of provincial functions and powers to a municipality. 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 housing 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.

**Principles of Assignment**

There are nine key principles informing assignment:

1. **The administration of National Housing Programmes is best performed by the local sphere:** As recognised both in domestic legislation and policy and international agreements, cities and local government have a central role in driving economic growth, effecting spatial transformation and ensuring the delivery of integrated human settlements. As such, the administration of national housing programmes will best be performed by the local sphere.

2. **The assigning authority is the MEC:** Given that the administration of national housing programmes is a provincial responsibility, the MEC responsible for housing is the legal delegating and assigning authority to municipalities.

3. **If assignment criteria are met, then the MEC must assign:** there is policy consensus that the administration of national housing programmes would be best performed within the local sphere. Municipalities that are able to demonstrate the capacity to perform this function (in terms of the criteria set out in this Framework) must be assigned the function in terms of the Constitution and relevant legislation.

4. **Assignment does not exclude other Housing Programme Implementing Agents:** Assigned municipalities are responsible for the implementation of national housing programmes and projects. However, this does not exclude them from appointing and overseeing other implementing agents, such as province, private developers or social housing institutions.

5. **Adequate, transparent and realistic resourcing:** Municipalities require adequate and transparent resourcing, both financial and non-financial, to perform their assigned functions. An independent technical assessment of capacity requirements at both provincial and municipal levels is necessary in order to inform decisions regarding non-financial asset transfers.

6. **Prioritised urban focus for assignment:** The initial focus of assignment will be on larger urban and metro municipalities given the urgency of the broader urban public sector reform agenda.

7. **Managed co-operative governance:** In keeping with the principles of the Constitution and the IGRFA, a fundamental component of the assignment process is that it supports enhanced co-operation amongst the three spheres of government. All three spheres of government must work together for the successful implementation of human settlements.
The three spheres of government must be held accountable for their roles and responsibilities with regard to assignment.

8. **Funding follows function:** adequate capital and operational financial resources must be made available by the assigning authority for a municipality to perform the functions that have been allocated to it. The key principle is that funds follow function.

9. **Financial accountability shifts with responsibility:** An important distinction between accreditation and assignment is the transfer of financial responsibility and the shifting in lines of financial accountability directly to national level through assignment. In assignment, the direct responsibility for financial administration of certain 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. Communities need to be made aware of this distinction in order to hold government to account.

### National Housing Programmes

In terms of section 4 of the Housing Act, the Minister is required to publish a National Housing Code, containing national housing policy, as well as administrative or procedural guidelines in respect of the effective implementation of this policy. This Code is binding on provincial and local spheres of government.

Breaking New Ground (2004) laid the basis for the 2009 Housing Code with its shift towards more responsive and effective delivery. Housing objectives included: accelerating the delivery of housing as a key strategy for poverty alleviation; utilising provision of housing as a major job creation strategy; ensuring property could be accessed by all as an asset for wealth creation and empowerment; leveraging growth; supporting the functioning of the entire single residential property market and reduce the duality between the first economy residential property boom and the second economy slump; and utilising housing as an instrument for sustainable human settlements, in support of spatial restructuring. Key approaches include: shifting from product uniformity to demand responsiveness; enhancing the role of the private sector; creating linkages between the primary and secondary residential property market; progressive informal settlement eradication; promoting densification and integration; enhancing the location of new housing projects; developing social and economic infrastructure; and enhancing the housing product.

The National Housing Code was first published in 2000 and substantially revised in 2009. The 2009 National Housing Code sets out the various national housing programmes, which are clustered in the following intervention categories: financial, incremental housing programme, social and rental housing programme; and rural housing programme. These interventions incorporate the National Housing Subsidy System (NHSS), which provides a range of subsidies to beneficiaries to support them to secure ownership of housing. A further National Housing Code revision process is underway. The various national housing programmes are listed in Table 1.1.

<table>
<thead>
<tr>
<th>Intervention Category</th>
<th>Programme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial</td>
<td>Individual housing subsidies</td>
</tr>
<tr>
<td></td>
<td>Extended discount benefit scheme</td>
</tr>
</tbody>
</table>

Table 1.1 National Housing Programmes as per National Housing Code, 2009
The current policy review process proposes a revised set of strategic interventions to facilitate access to adequate housing and quality living environments. Persistent challenges have been identified with housing delivery, such as: weak spatial planning and governance capabilities; the high cost of well-located land; the inability of the state to adequately respond to the diverse needs of low-middle income households; dysfunctional property market and the inability of the poor to participate; escalating costs; lack of community and civil society involvement; and the narrow focus on performance measurement.

Changes to national housing programmes are under consideration. It is, however, not clear what the extent of these changes will be and what sort of transitional arrangements will be put in place. The key challenge will be for government to remain responsive to the needs of its citizens in terms of the range of housing programme instruments that are both available and accessed. The programmes will need to be selected, planned and implemented in such a manner that they are responsive to local demand and contribute to government’s broader human settlements objectives. The municipality is the sphere of government that is best located to address this need and the municipal HSP, therefore, becomes the critical instrument in ensuring the selection and alignment of housing policy, programmes and projects at municipal level. The assignment of municipalities to administer national housing programmes on behalf of provinces, therefore, is a fundamental enabler of government achieving its broader integrated human settlement and urban development goals.

A municipality will be assigned for the administration of all national housing programmes.

**Housing Programme Administration Value-Chain**

Whilst municipalities are accredited or assigned housing administrative functions in relation to the national housing programmes, the level of administrative responsibility devolved will differ in terms of whether the municipality has been awarded:

- Level 1 Accreditation,
Level 2 Accreditation, or
Assignment

The differences in the levels are explained in Table 1.2. The table outlines the housing programme administration value chain and distinguishes the steps in the value-chain that a municipality will be responsible for in terms of its level of accreditation or assignment. Level 1 Accreditation focuses on housing programme and budget planning processes as reflected in steps 1 – 7. Level 2 accreditation addresses housing programme planning and implementation as reflected in steps 1 - 12. Assignment includes housing programme planning, implementation and the full financial administration functions as outlined in steps 1 – 13.
### Table 12 Housing Value Chain: Accreditation and Assignment Responsibilities

<table>
<thead>
<tr>
<th>No</th>
<th>Process Step</th>
<th>Definition</th>
<th>Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Subsidy Budget Planning</td>
<td>On an annual basis in advance of and to coincide with both the municipal annual financial year (July to June) and the provincial MTEF budgeting cycle (August of each year) the municipality is required to allocate the municipal housing budget to the various housing programmes and projects as contained within the HSP and include an indicative 3 year allocation in terms of the MTEF budget cycle, taking the following into account: a) The housing priorities reflected in the HSP; b) Performance and constraints in meeting the housing backlogs in the previous year; c) Contractual commitments carried forward on projects &amp; programmes from previous year; d) The availability of MIG/USDG (in the case of metros) funding in support of the infrastructure needs of housing projects; e) Availability of funding and planned implementation of social facilities associated with new housing projects such as schools and community facilities which could pose constraints; and f) Any other factors that will influence the budget allocation. Province approves and gazettes the budget for accredited municipalities. The municipality implements the budget through provincial disbursements in terms of an agreed cash flow plan. Assigned municipalities receive their budget allocations as a direct grant from national and report in terms of the DoRA.</td>
<td>L1 and L2 accreditation &amp; Assignment</td>
</tr>
<tr>
<td>2</td>
<td>Project and programme approval</td>
<td>Accredited and assigned municipalities identify and evaluate housing programmes and projects to be undertaken within the five-year period of the IDP in their HSP in terms of housing demand and housing subsidy budget allocations. Accredited municipalities must submit the housing projects and their plans to the MEC for approval prior to the adoption of the IDP and HSP by Councils. The housing programmes and projects are approved by assigned municipalities as part of their IDPs and budgets.</td>
<td>L1 and L2 accreditation (qualified) &amp; Assignment</td>
</tr>
</tbody>
</table>
| 3  | Beneficiary management | Beneficiary management involves:  
- **Housing assistance registration**: housing subsidy registration (see definition below); maintenance of beneficiary records via the HSS subsidy management system; and the providing of reports and records for planning purposes.  
- **Housing delivery planning**: the holding of allocation committee meetings to approve allocations; inviting households identified during the allocation process to apply for a housing subsidy; and to obtain the completed subsidy application forms from these households.  
- **Subsidy management process** (see section below)  
- **Unit / title deed handover**: this includes a site meeting and the drafting of a snag list; the signing of the tenure letter by the beneficiary; the handover of the tenure certificate to the beneficiary; and conveyancing.  
- **Beneficiary communication**: this includes an operational Call centre/Enquiry Desk. | L1 and L2 Accreditation & Assignment             |
<p>| 4  | Housing subsidy registration | HSS registration involves: a) Registration of applications in a batch format; b) Capturing of application details per applicant; c) Searches against NHSDB, Population Register and Deeds databases to prevent double subsidies; d) Searches against the UIF and PERSAL datasets to verify income declared by applicant; e) Editing of application details; f) Verification of application details; g) Tracking of financial dependants that form part of a specific applicant’s household, and h) Approval of subsidy applications. | L1 and L2 Accreditation &amp; Assignment             |</p>
<table>
<thead>
<tr>
<th>No</th>
<th>Process Step</th>
<th>Definition</th>
<th>Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>5</td>
<td>Subsidy management</td>
<td>HSS subsidy management includes: a) Tracking of individual applications submitted for approval to receive a housing subsidy; b) Monitoring the status of an applicant from application until delivering of product; c) Capturing of Subsidy Applications; d) Preparing motivations for beneficiary application exceptions to the provincial department for approval of exceptions; e) Monitoring decisions on exceptions from the provincial department and responding with appropriate actions; f) Reconciliation of individual subsidies against projects for all project related subsidies; g) Capturing of payment claims by saving it to a local database and uploading it in batches at a later stage; h) Project Progress Management through online data capturing; i) Drawing down Status Reports (both project and budget) for management to enhance operational efficiency and monitoring; j) Managing of daily search process; k) Filing of all subsidy related documentation both electronically and hard copies of beneficiary subsidy applications and supporting documentation within the subsidy application registry; l) Managing the entry point to HSS BAS Interface. To perform this function, municipalities will require access and full functionality of the Housing Subsidy System (HSS) that acts as an extension of the NHSDDB. Municipalities will need governance arrangements to allow for the necessary checks and approvals</td>
<td>L1 and L2 Accreditation &amp; Assignment</td>
</tr>
<tr>
<td>6</td>
<td>Reporting</td>
<td>Reporting will be undertaken in terms of the DoRA, Housing Act, MFMA, Municipal Systems Act, MTSF and any additional requirements from departments responsible for housing. Provincial departments may utilise existing municipal reporting mechanisms to extract relevant information. Reporting must address: monthly expenditure, progress, performance, constraints, risks and action plans.</td>
<td>L1 and L2 Accreditation &amp; Assignment</td>
</tr>
<tr>
<td>7</td>
<td>Document management system</td>
<td>A document management system 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 receives either an additional level of accreditation or assignment.</td>
<td>L1 and L2 Accreditation &amp; Assignment</td>
</tr>
<tr>
<td>8</td>
<td>Procurement and appointment of Implementing Agents</td>
<td>Procurement is the transparent, efficient and effective sourcing of service providers and contractors in terms of national and provincial legislation and guidelines and municipal policies. The process of obtaining goods and services includes: project planning; standards determination; specifications development; bid process including supplier research and selection; value analysis; financing; price negotiation; and, appointing the service provider / contractor. It is anticipated that different housing programmes may require different implementing agents. The accredited or assigned municipality will need to identify appropriate Implementing Agents and enter into appropriate contractual arrangements with them.</td>
<td>L2 Accreditation &amp; Assignment</td>
</tr>
<tr>
<td>9</td>
<td>Project/programme management</td>
<td>Project initiation includes: scoping projects to confirm deliverables and milestones to inform contract management; prepare detailed project plan after contract award; facilitate contract agreements that set performance standards; and, NHBRC project enrolment. Accredited and assigned municipalities are responsible for installing the required housing programme management systems. These should include a: a) Project tracking system, which tracks the status of all projects from application to close out, providing project data on a regular basis; (b) Procedures and</td>
<td>L2 accreditation &amp; Assignment</td>
</tr>
<tr>
<td>No</td>
<td>Process Step</td>
<td>Definition</td>
<td>Applicable</td>
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<td>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; (c) Municipal HSS management. Project progress monitoring will include mediation and conflict resolution amongst parties and meetings with contractors to determine project progress. Project closure involves: verifying certificates and reconciling beneficiaries to correct stand numbers and deeds; reconcile project finances; prepare project close-out reports; and ensure the handover of the project to the relevant institution for maintenance and future management of the project.</td>
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<tr>
<td>10</td>
<td>Contract administration</td>
<td>Contract Management requires the: a) Capturing of project agreement details; b) Capturing of project details pertaining to the payment agreements, number of units, size of units, top structure prices, additional subsidies etc. c) Facilitating of project progress payment milestones per policy requirements and updating thereof to track status of project; d) Monitoring progression of projects against milestones; e) Capturing of information related to companies responsible for infrastructure provisioning; f) Capturing the geographic location of an approved housing project; g) Reflecting previous state expenditure towards the sites in an approved housing project; h) Information related to companies constituting the professional team including profile of company associated with an approved housing project; i) The number of subsidies planned per subsidy bracket; j) Progress inspection information; k) Information related to the status of township establishment; and l) The updating of contract and addendum information. Contract administration involves project inception and progress meetings and the management of variations during the life-cycle of the project or contract.</td>
<td>L2 Accreditation &amp; Assignment</td>
</tr>
<tr>
<td>11</td>
<td>Technical quality assurance</td>
<td>Technical quality assurance includes compliance with National Building Regulations, enrolment of houses with the NHBRC, compliance with norms and standards within the National Housing Code, 2009, and compliance with EPWP Guidelines. Quality Control involves monthly verification of quality performance within each project and programme against quality standards.</td>
<td>L2 Accreditation &amp; Assignment</td>
</tr>
<tr>
<td>12</td>
<td>Budget management</td>
<td>Budget management involves: a) Setup and review of budget; b) Cash flow management; c) Monitoring expenditure vs. budget; d) Specifying budget cycles; e) Review status of budget allocations; f) Specifying income sources and estimates; and g) Reporting. The HSS facilitates the following processes: a) Capturing of claims against fixed project milestones based on contractual agreements; b) Authorisation of claims against fixed milestones and verifying whether the required documentation was submitted; c) Reconciliation of advance payments; d) Reconciliation of payments on HSS based on information from BAS; and e) The issuing of various reports required for payment approval. Claims Management includes: a) Payment of project funding against approved beneficiaries and companies, payment milestones and contracts; b) Cumulative payment monitoring and recording and reporting of expenditure incorrectly administered; c) Reconciliation of individual subsidies paid to banks; and d) Capturing of General Ledger entries. A budget tracking system tracks the total and annual budget allocations from the Human Settlements Development Grant and any operational funding allocation.</td>
<td>L2 Accreditation &amp; Assignment</td>
</tr>
</tbody>
</table>
Financial administration comprises the following key monthly activities: 1) Monthly reconciliation of expenditure against budget for all housing related items including operational costs on the municipal accounting & financial management system; 2) Updating the HSS with the expenditure reflected in the municipal financial accounting and management system; 3) Monthly reporting of expenditure against budget and cash flow for all housing related costs per programme and per project; 4) Preparation of monthly In Year Monitoring (IYM) reports (in terms of DORA) to the national department for incorporation into the department’s IYM report as well as quarterly DORA report; 5) Preparation of monthly report from the HSS to the provincial and national departments in the prescribed format; 6) Final reconciliation and financial close out of completed projects; and 7) Closure and archiving of completed project files. Financial administration includes the requesting for payment after the completion of inspections, the verification of the request for payment based on the outcome of the inspection and supporting documentation; and the approval or declining of the payment request. The payment process includes: importing payment on BAS or other financial systems; verifying payment on BAS or other financial systems; and reconciling payment to BAS or other financial systems. It also includes reconciliation on a monthly, quarterly or annual basis and sign off by the financial manager. Financial systems required to administer national housing programme include a: 1) Cash flow tracking system which tracks cash flow expenditure against budget for each project and programme, also tracking administration costs. 2) Financial reporting systems, management information systems, standard accounting procedures, etc.
Assignment Process

Process Overview

Municipalities seeking assignment will have had to demonstrate their capacity to manage a range of national housing programmes and will be assigned to administer all national housing programmes. The assignment for all national housing programmes is in accordance with section 29 of the *National Guidelines on Allocation of Additional Powers and Functions to Municipalities* (April 2007) that argues for comprehensive assignment of functions. No municipality may seek assignment without already being accredited. The approach towards assignment is outlined below:

9. The municipal IDP is the primary human settlements planning instrument for government as a whole. The IDP includes the municipality’s Spatial Development Framework (SDF), Land Use Management Strategy, Housing Sector Plan (HSP) (See Annexure 1), Integrated Public Transport Plan (ITP), Local Economic Development (LED), Environmental Management Plan (EMP) and infrastructure sector plans. All housing projects must be contained within the IDP and HSP of a municipality. The metro BEPP must be informed by the HSP and reflect integrated human settlements planning.

10. The HSPs must be credible and responsive to local contexts, including: housing demand; available bulk infrastructure capacity; land availability; budget availability; spatial planning; and institutional capacity.

11. The municipality may include in its HSP national housing programmes that require different implementing agents, for example a private partner, housing sector institution or province. As part of its administrative responsibilities, the assigned municipality will administer the appointment of the implementing agent/s. This will ensure that housing programme delivery remains co-ordinated and in accordance with municipal plans at a local level.

12. A municipality requesting assignment must demonstrate that it has experience in managing a range of national housing programmes and integrated housing projects. Assignment will cover all national housing programmes.

13. Assignment is formalized through an Executive Assignment Agreement. The municipality’s performance is subject to monitoring and review in terms of national and provincial legislated municipal monitoring and support roles.

14. Integrated performance monitoring for human settlements delivery is enhanced in the 2017 Revised Assignment Framework linking it to a clear theory of change and the broader human settlements monitoring and evaluation context and desired outcomes.

15. All spheres of government must be held accountable for their roles and responsibilities in ensuring the effective and efficient administration of national housing programmes. Processes to ensure the accountability for the roles and responsibilities of all spheres of government are outlined in the 2017 Revised Assignment Framework.
Assignment

Assignment entails the formal transfer of the functions of the administration of all 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 10 of the MSA, read with section 156(1)(b) of the Constitution); or
   b. agreement (section 10 of the MSA, read with section 126 and section 156(4) of the Constitution).

Given the need to tailor the terms and conditions of assignments to individual circumstances and the varying capacities of 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 be formalised in terms of an Executive Assignment Agreement entered into between the MEC for Human Settlements and the (Executive) Mayor of the Municipality and by proclamation of the Premier.

The functions to be assigned include all functions accredited to municipalities and the additional responsibility of financial administration for all national housing programmes.

To undertake these assigned functions, municipalities will need to demonstrate the required financial management and administrative capacity. 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.

An assigning authority is legally required to ensure sufficient funding and capacity building initiatives for the performance of assigned powers or functions in terms of section 10A of the Municipal Systems Act read with section 126 of the Constitution.

Criteria for Assignment

As indicated in the legislative and policy context for this Framework, there is legislative and policy consensus that the administration of national housing programmes would most effectively be administered locally. The outstanding matter is whether an applicant municipality has the capacity to administer the function. The assignment assessment is based on the premise that municipalities have built and demonstrated capacity to manage national housing programmes.
through the accreditation process. The main difference between the criteria for accreditation and assignment, therefore, is that the municipality requesting assignment must demonstrate \textit{actual} capacity to administer national housing programmes together with additional capacity associated with financial administration and accountability. The criteria for assignment as approved by the national Minister in consultation with the MECs are set out in the Table 1.3.
### Table 13 Criteria for Assignment

<table>
<thead>
<tr>
<th>PERFORMANCE AREAS</th>
<th>FUNCTIONS</th>
<th>CRITERIA</th>
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</thead>
</table>
| Integrated and sustainable Human Settlements Planning | Housing Sector Planning | Credible HSPs based on:  
  - Sound spatial planning and an adoption of a single land use scheme;  
  - Sound data and data analysis;  
  - In-depth understanding of informal settlements and evidence upgrading approach/programme;  
  - Thorough integration with other municipal, provincial and national planning frameworks and plans (including the BEPP);  
  - Promotion of integrated spatial and socio-economic development in compliance with SPLUMA;  
  - Planning & development of strategies and goals in coordination with national and provincial planning processes; and  
  - Clarity re national housing programmes that are demand responsive and appropriate implementing agents.  
  - Evidence of measures to ensure achievement of human settlement outcomes, goals and targets, including:  
    - Identifying and designating land for human settlements and acquiring land in collaboration with the HDA;  
    - Ensuring citizens have access to basic services, health facilities, safety and security and government service centres; and  
    - Ensuring development of a range of housing typologies different forms of tenure.  
  - A Capital Investment Framework with clear budget linkages between what is planned and budgeted for in the MTEF for the HSDG and other human settlement related funding;  
  - Evidence of engagement with relevant national and provincial departments and housing sector institutions during the formulation of the HSP to ensure alignment of plans and budgets;  
  - Evidence of engagement with stakeholders within the private and community sectors to ensure alignment of planning and investment with the HSP;  
  - Mechanisms to improve implementation and monitoring of outputs and outcomes; and  
  - Adoption of the HSP by Council as part of the IDP and Budget |
| Sound municipal governance and administration | Housing Management and Oversight | Municipality demonstrates good governance through:  
  - Regular executive and Council meetings  
  - Compliance with legislation in terms of executive, legislative and administrative roles  
  - Responsiveness to community needs through well-functioning ward committees  
  - Council-adopted system of delegations in place  
  - Senior management appointed and in compliance with legislated skills requirements  
  - Senior management performance management contracts signed  
  - Low level of staff vacancy  
  - Well-functioning internal audit capability  
  - Results of internal and external performance management assessments in the past 2 years  
  - Compliance with legislated municipal performance reporting |
| Housing Programme | Capacitated housing unit | Municipality has demonstrated capacity through:  
  - The existence of a Human Settlements/ Housing Unit or Administrative capacity  
  - Adequate human resources and organogram to perform housing programme administration |
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<tr>
<th>PERFORMANCE AREAS</th>
<th>FUNCTIONS</th>
<th>CRITERIA</th>
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</thead>
</table>
| **Administration** | Programme and Project planning, development and management | Municipality has demonstrated capacity to:  
  - Identify and develop housing programmes  
  - Identify and evaluate housing projects  
  - Identify appropriately located land parcels  
  - Undertake land acquisition / assembly / rehabilitation  
  - Design and budget for housing projects  
  - Select and approve housing projects and budgets  
  - Register housing projects with the NHBRC  
  - Undertake transparent and efficient housing procurement  
  - Undertake appropriate site lay out  
  - Promote integrated human settlements through designating land for social and economic activities  
  - Manage housing projects, including contract management  
  - Ensure technical quality control in compliance with housing delivery standards  
  - Plan and implement catalytic projects  
  - Plan and implement a range of housing projects/programmes  
  - Plan and implement complex housing projects that draw from a range of housing programmes |
| **Beneficiary management** | | Municipality has demonstrated capacity to:  
  - Operate the HSS  
  - Interface positively with the community and beneficiaries  
  - Link to the National Housing Needs Demand Database  
  - Allocate subsidies fairly and transparently  
  - Process title deeds and PTOs  
  - Enter into lease agreements |
| **Subsidy budget planning and allocation - financial administration** | | Municipality has demonstrated the capacity to administer the HSDG through:  
  - Operating a legally compliant financial management system  
  - Delivering a positive audit outcome  
  - Responsiveness to internal and AG audit queries  
  - Compliance with financial reporting in terms of the MFMA and DoRA  
  - Producing and adopting Annual Reports  
  - A transparent and effective supply chain management system  
  - Preparing a Capital Investment Framework  
  - Demonstration of programme and project budget preparation and cash flow projections  
  - Cash flow and expenditure management  
  - Capital budget spend  
  - Financial viability  
  - Grant management  
  - Revenue collection and management |
<table>
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<tr>
<th>PERFORMANCE AREAS</th>
<th>FUNCTIONS</th>
<th>CRITERIA</th>
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<tbody>
<tr>
<td></td>
<td>Reporting</td>
<td>Municipality has demonstrated capacity to:</td>
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<tr>
<td></td>
<td></td>
<td>o Comply with legislated financial and technical housing project and grant reporting requirements</td>
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<td></td>
<td></td>
<td>o Effectively monitor housing programme and project implementation and progress</td>
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<td>o Track operational and capital housing budget spend</td>
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<td></td>
<td></td>
<td>o Undertake effective housing programme and project performance monitoring</td>
</tr>
<tr>
<td>Housing</td>
<td>Financial Management</td>
<td>Municipality demonstrates capacity for:</td>
</tr>
<tr>
<td>Programme</td>
<td>&amp; accountability</td>
<td>o Financial management with ability to review, report and manage subsidy disbursements and financial reporting and reconciliation</td>
</tr>
<tr>
<td>Financial</td>
<td></td>
<td>o Subsidy disbursements</td>
</tr>
<tr>
<td>Management</td>
<td></td>
<td>o Financial accountability</td>
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<tr>
<td>Management</td>
<td></td>
<td>o Large infrastructure grant management</td>
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<tr>
<td>Management</td>
<td></td>
<td>o Direct DoRA reporting</td>
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</tbody>
</table>
Process for Assignment
The assignment of the function by provinces to municipalities to administer national housing programmes must be undertaken in terms of the Constitutional and legal framework for assignment. The Municipal Systems Act, Financial and Fiscal Commission Act, Inter-Governmental Relations Framework Act and the Inter-Governmental Fiscal Relations Act apply. In addition, the Guidelines on Allocation of Additional Powers and Functions to Municipalities, 2007 published by the Minister for Provincial and Local Government in terms of section 120 (1)(c) of the Municipal Systems Act bear relevance.

The assignment process is depicted in Figure 1 below
Figure 5: Assignment Process
Process Facilitation

The Guidelines on Allocation of Additional Powers and Functions to Municipalities, 2007 issued by DeCOG, recommend that, given the complexity of the assignment process, an assigning authority designate a suitable state official or other person to facilitate the process. Clauses 38 and 52 set out the proposed roles of the facilitator. In particular, Clause 52 addresses the role of a facilitator in assisting an executive organ of state seeking to assign a power of function to a specific municipality. It states that: “The facilitator should be responsible for –

(a) Driving the process and making all logistical arrangements;
(b) Preparing documentation required for the process;
(c) Conducting preliminary consultations and negotiations with the municipality and other role players;
(d) Giving regular feedback to the MEC initiating the assignment;
(e) Acting as the central contact person for purposes of the process;
(f) Giving information on matters affected by the proposed assignment; and
(g) Assisting in the drafting of any agreement that may be necessary for effecting the assignment.”

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 Local Government 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 Act and the FFC’s function to advise the three spheres of government on financial and fiscal matters, consultation with the FFC is required in terms of section 3(2A) to 3(2D) of the FFC Act.

The steps to be followed towards and within the assignment process are outlined below.

Steps Toward Assignment

- **Assignment Application**: A municipality that has received accreditation is able to request assignment of the function to administer certain national housing programmes from the MEC. The MEC may also initiate assignment. A municipality submits a formal written request for assignment to the MEC, together with the HSP, BEPP and a supporting Council decision.
• **MEC appoints a Facilitator to guide and manage the assignment process** as contemplated within the 2007 Guidelines for Allocating Additional Powers and Functions to Municipalities.

• **Assessment of the Municipality against the Assignment Criteria**: The MEC will request an assessment of the municipality applying for assignment by a panel made up of independent experts and representatives of relevant provincial sector departments within 60 working days of receiving the assignment request from the municipality. The panel will be overseen by an independent auditor together with the assignment facilitator appointed by the MEC. The assessment will consider the credibility of the municipality against the criteria for assignment. Annexure 2 provides an assignment capacity assessment tool. The Panel’s recommendations regarding assignment and any support and capacitation requirements of the municipality will be made to the MEC. The Panel issues the MEC an Assignment Compliance Report Memorandum within 60 working days of being appointed attached as Annexure 3.

• **Decision by MEC that applicant municipality has the capacity to perform the assigned functions**: The MEC must issue a Notice of Compliance Assessment (Annexure 4) within 30 working days of receiving the Panel’s Assignment Compliance Report Memorandum either:

  a) confirming that the municipality has substantially met the capacity criteria for assignment – in which case further consultation processes will follow prior to a decision on assignment being made; or
  b) confirming that the Municipality has failed to substantially meet the capacity criteria, in which case the assignment application is declined at this stage.

**Appeal Mechanism**: In the event of an MEC declining assignment at this stage based on the compliance assessment, an appeal will be made to the national Minister responsible for Human Settlements. The aim is to make the assignment decision more objective and to promote national consistency. If the municipality remains aggrieved by the decision of the Minister, the dispute resolution mechanisms provided for in Chapter 4 of the Intergovernmental Relations Framework Act, 13 of 2005 will apply (including declaration of a formal intergovernmental dispute).

• **Preparation of an explanatory memorandum**: If the assignment process is to proceed, the designated facilitator should prepare an explanatory memorandum on the proposed assignment in terms of section 53 of the 2007 Guidelines on Allocating Additional Powers and Functions to Municipalities. This memorandum is required to cover the following:

  i. The name of the municipality to whom the power of function is to be assigned;
  ii. A precise description of the power or function, and any qualifications as to the exercise of that power or function by the municipality;
  iii. Indicate the legal assignment mechanism in terms of section 126 of the Constitution;
  iv. List the constitutional and statutory provisions that are applicable to the proposed assignment;
  v. State the views of the affected municipality on the proposed assignment and any specific terms provisionally agreed upon by the parties;
  vi. Information required by section 10 of the Municipal Systems Act, viz. –
a. At least a three year projection of the financial and fiscal implications of the assignment for the municipality;
b. Any possible financial liabilities or risks after the three-year period;
c. How any additional expenditure by the municipality will be funded:

vii. Information required by section 3(2A) of the FFC Act, viz. the fiscal and financial implications of the proposed assignment on –
   a. The future division of revenue raised nationally between the spheres of government in terms of section 214 of the Constitution;
b. The fiscal power, fiscal capacity and efficiency of the municipality/ies; and
c. The transfer of employees, assets or liabilities, if any:

viii. An explanation of the policy goals to be achieved by the proposed assignment and a motivation of the reasons for utilising assignment as the preferred option to achieve those policy goals;
ix. An account of the level of technical and managerial expertise required for the exercise of the power or function;
x. An account of the capacity of the municipality for the exercise of the power or function (attaching the Panel’s Assignment Compliance Memorandum and the MEC’s Notice of Compliance Assessment as annexures);
xi. Appropriate steps that should be considered to ensure sufficient funding and other capacity for the performance of the function by the municipality;
xii. Other assistance and support that should be considered for the municipality in respect of the assignment; and
xiii. The proposed implementation time frames for the assignment that will correspond with –
   a. The budgetary processes set out in the MFMA; and

In order to inform the explanatory memorandum an independent technical assessment of the assignment for the transfer of staff, assets and liabilities should be conducted. Annexure 5 provides a terms of reference for such an assessment.

On completion, the designated facilitator will submit the explanatory memorandum to the Executive Mayor of the municipality and the MEC and effect any changes requested within a 10 working day period. The memorandum is approved by the MEC. This memorandum should be updated from time to time, based on inputs from the FFC and other consultative processes and the independent assessment of the implications for the transfer of staff, assets and liabilities.

- **Obtain written approval from the Provincial Treasury for requesting an assignment recommendation from the FFC:** In terms of Section 3(2D) of the FFC Act, the MEC must obtain the written approval of the provincial treasury prior to requesting the recommendation of the FFC. Clause 55(2) of the 2007 Guidelines on Allocating Additional Powers and Functions to Municipalities states that the request to the provincial treasury must include the explanatory memorandum approved by the MEC.

- **Consultation with the Financial and Fiscal Commission (FFC):** An MEC initiating the assignment must request the FFC 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 the municipality/ies requesting assignment; and

iii. The transfer, if any, of employees, assets and liabilities.

The MEC will submit the explanatory memorandum to the FFC. The FFC has 180 days to prepare its assessment. After receipt of the FFC’s recommendations, the MEC must prepare a memorandum explaining to the FFC, the municipality to which the powers and functions are being assigned, the National Treasury and any other functionary responsible for authorising such assignment (which in this case would include the Premier), the extent to which it has considered and taken into account, the FFC’s recommendation.

- **Submission of memorandum by the MEC to the national Ministers responsible for Human Settlements, Local Government and National Treasury 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.

This submission should include a copy of the explanatory memorandum prepared by the designated facilitator and approved by the MEC and a copy of the MEC’s memorandum explaining how the FFC’s recommendations have been taken into consideration.

- **Consultation with the MECs for Local Government and Finance:** The 2007 Guidelines on Allocating Additional Powers and Functions to Municipalities recommend that, whilst not a statutory requirement, the assigning MEC should also consult the MEC for local government and the MEC for finance in the province on the assignment.

- **The MEC responsible for Human Settlements to consult the Local Government Budget Forum on the financial implications of the assignment:** The consultation is necessary given the financial and fiscal implications of the assignment of the housing function on the local sphere and is made in terms of the Intergovernmental Fiscal Relations Act, 97 of 1997.

*It is to be noted that the aforementioned consultation processes need not take place sequentially, but may take place simultaneously taking into account the requirements of the relevant processes.*

- **Decision on assignment:** Within a reasonable period after the various consultations described above have been concluded, the MEC responsible for human settlements will make a decision as to whether or not to assign the national housing programmes to the municipality concerned, and will communicate this decision in writing to the Municipality. If the decision is to decline assignment, the MEC must provide full reasons in writing to the Municipality concerned.

- **Appeal mechanism:** In the event of the MEC declining the assignment following any of the consultation processes, an appeal will lie to the national Minister responsible for Human Settlements. If the municipality remains aggrieved by the decision of the Minister, the
dispute resolution mechanisms provided for in Chapter 4 of the Intergovernmental Relations Framework Act, 13 of 2005 will apply (including declaration of a formal intergovernmental dispute).

- **Executive Assignment Agreement**: An Executive Assignment Agreement (Annexure 6) must be entered into between the 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) Indicators to measure the effective implementation of the agreement;
  (d) Oversight mechanisms and procedures for monitoring the effective implementation of the agreement;
  (e) The required and available resources to implement the agreement and the resources to be contributed by each organ of state;
  (f) Dispute-settlement procedures and mechanisms; and
  (g) Any other matters on which the parties may agree.

The Agreement takes effect upon Proclamation by the Premier.

Whilst an Executive Assignment Agreement may be time-bound, the principle of permanency should be applied as far as possible given the huge fiscal, financial, human resource and delivery implications of revoking such a decision. The performance of a municipality should be monitored on an ongoing basis. Where the municipality fails to perform its obligations in terms of the assignment, provision is made in the Constitution for intervention by provincial government.

**Resourcing the Assignment**

The formal assignment process is designed to ensure that the assigning authority allocates adequate resources and capacity to the municipality to perform the assigned functions. These resources are both financial and non-financial. Furthermore, the MEC must ensure that any applicable labour legislation is complied with during the transfer process.

**Financial Resources**

The fundamental financial principle in assignment is that funds follow function. The financial implications of assignment and the allocations to municipalities must be decided prior to the signing of an Executive Assignment Agreement. Funding arrangements relate to the allocation of housing subsidy funds, the administrative costs associated with the new responsibilities conferred through assignment, and any proposed adjustments to the Equitable Share of both the province and municipality. The critical shift in assignment is the transfer of financial accountability from the province to the municipality. Budget allocations must be undertaken based on an equitable and transparent formula. Both capital and operational costs for the administration of national housing programmes must be addressed.

Section 10A 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.

Section 214(1) of the Constitution stipulates that an Act of Parliament (the annual Division of Revenue Act) must make provision for –

a) the equitable division of revenue raised nationally among the national, provincial and local spheres of government;
b) the determination of each province’s equitable share of the provincial share of that revenue; and

c) any other allocations to provinces, local government or municipalities from the national government’s share of that revenue, and any conditions on which those allocations may be made.

The Division of Revenue Act 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. National revenue for human settlements programmes is transferred from national government to provincial departments and municipalities via the equitable share and conditional grants. The main conditional grants, disbursed by the DHS, are the HSDG and the Urban Settlement Development Grant (USDG). For as long as responsibility for national human settlement programmes is not fully assigned to municipalities, HSDG funds are reflected as provincial allocations provided for in Schedule 5, Part A of the DORA. Once assignment of the function takes place, funds for the HSDG will be transferred directly to the municipality as a Schedule 4 grant. The municipal allocations will be published within the DoRA, the DHS will be the transferring national department and the municipal accounting officer will be accountable for ensuring compliance with the Act. Failure of the DHS to transfer the allocated funds to the assigned municipality may result in the withholding of these funds by the National Treasury.

Operational funding will be determined in terms of either a formula or percentage of the HSDG allocation to the assigned municipality. As with accreditation, the current guidelines are between 3 and 5 per cent of the HSDG.

Once the funds have been transferred, the national accounting officer will be responsible for overseeing municipal compliance with grant conditions. The assigning authority will also perform an oversight agreement in terms of the Executive Assignment Agreement. Failure to perform by a municipality could result in the withholding of the HSDG allocation, or a portion thereof, by the DHS in terms of the DoRA. In the instance of a metropolitan municipality, consideration should be given to linking the transfer of the HSDG to a BEPP submission in the same manner that the USDG is linked in terms of section 14(1) of the DORA, 2016.

The provincial department will still be responsible to ensure that the funds are used in terms of the municipality’s HSP and the Executive Assignment Agreement.

Assignment is intended to position municipalities to co-ordinate and integrate various grant funding sources to ensure that the desired integrated urban development outcomes are achieved. Importantly, it is meant to contribute to addressing the misalignment amongst HSDG, USDG and other infrastructure grant spend currently and assignment is intended to address this shortcoming. Assignment paves the way for integrated urban infrastructure financing and will strengthen the position of the municipalities to crowd in other public and private sector funding.

**Non-financial Resources**

The PDHS will be required to conduct an independent technical assessment of the implications of assignment on the staff, assets and liabilities on the provincial department. A scope of work for the conducting of such an assessment is included as Annexure 5. A decision to transfer staff, assets and liabilities to the municipality must be taken in terms of the Executive Assignment Agreement and the specific needs of the municipality. The assigned municipality
and the PDHS must negotiate an agreement in this regard in compliance with the Labour Relations Act (LRA), the PFMA, MFMA and any other applicable public service legislation, policy and/or processes.

The transfer of employees by the PDHS 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 accredited municipality. The transfer is also subject to Section 197 of the LRA.

The transfer of assets and liabilities should be negotiated between the PDHS and the assigned municipality. 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 assigned municipality should 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.

**Capacitation of the Assigned Municipality**

The City Support Programme (CSP) should be used as the primary support vehicle for assigned municipalities, especially the metropolitan municipalities and secondary cities.

The CSP is driven by National Treasury in partnership with other national sector departments and is particularly relevant for metropolitan municipalities. Working with metropolitan municipalities, the programme seeks to increase the contribution of cities to inclusive economic and urban growth through the unblocking of urban infrastructure bottlenecks; restructuring the apartheid city through the preparation of strategically located catalytic urban development projects, harnessing private sector capital to accelerate infrastructure investment and reducing the cost of doing business. The roll-out of the CSP is linked to the USDG. Given that the intention of assignment is to support integrated urban development financing it would make sense for HSDG also to be linked to the CSP.

**Dispute Resolution Procedures**

Once the MEC has taken a decision to assign, if disputes arise between the Municipality and the PDHS relating to the assignment process prior to conclusion of an Executive Assignment agreement, the parties to the dispute shall make every reasonable effort to resolve the dispute, failing which the matter shall be referred to the MEC for human settlements for a decision. If –

a) the Municipality is aggrieved by the decision of the MEC in resolution of such a dispute between the Municipality and the PDHS, or

b) if the Municipality is aggrieved in relation to any matter pertaining to conclusion of an Assignment Agreement,

then the Municipality may appeal to the national minister responsible for human settlements.

If any party is aggrieved by the decision of the Minister, the dispute resolution mechanisms provided for in Chapter 4 of the Intergovernmental Relations Framework Act, 13 of 2005 will apply (including declaration of a formal intergovernmental dispute). Once an Executive Assignment Agreement has been signed and is in operation, the dispute resolution procedures provided for in the Executive Assignment Agreement will apply – including provision for disputes
to be finally settled by arbitration. This is intended to ensure that disputes regarding operationalisation of the agreement can be finally disposed of expeditiously to prevent delays in service delivery.

The shifting roles and responsibilities as a result of assignment are illustrated in Table 1.4.

Table 1.4 Shift in Roles and Responsibilities through Assignment

<table>
<thead>
<tr>
<th>FUNCTIONS</th>
<th>Assignment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policy and planning</td>
<td></td>
</tr>
<tr>
<td>Human Settlements strategy: (IDP)</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements plan and budget: (IDP and HSP)</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements policies e.g. Procurement, allocation</td>
<td>Municipality</td>
</tr>
<tr>
<td>Human Settlements subsidy budget</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy / fund allocations</td>
<td>Municipality</td>
</tr>
<tr>
<td>Project identification</td>
<td>Municipality</td>
</tr>
<tr>
<td>Priority programme management / admin</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full Project / Programme approval</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full contract administration</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full programme management</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy administration</td>
<td>Municipality</td>
</tr>
<tr>
<td>Full technical (construction) quality assurance</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy disbursements</td>
<td>Municipality</td>
</tr>
<tr>
<td>Financial reporting and reconciliation</td>
<td>Municipality</td>
</tr>
<tr>
<td><strong>Subsidy &amp; property administration</strong></td>
<td></td>
</tr>
<tr>
<td>Eligibility check</td>
<td>Municipality</td>
</tr>
<tr>
<td>Subsidy applications</td>
<td>Municipality</td>
</tr>
<tr>
<td>Allocation of subsidy / house</td>
<td>Municipality</td>
</tr>
<tr>
<td>Transfer</td>
<td>Deeds Office</td>
</tr>
<tr>
<td>Project management</td>
<td>Municipality</td>
</tr>
</tbody>
</table>
Figure 2 illustrates the changing reporting, financing and accountability lines through accreditation and assignment. The interaction of the various governmental spheres and the various levels of accreditation and assignment is illustrated. The thick, coloured lines represent funding flows; while the thin dotted lines represent changing lines of reporting, oversight and accountability. The main shift is that financial reporting and oversight is directly from an assigned municipality to the DHS, although the provincial department retains an oversight role in terms of the broader performance of the municipality in administering national housing programmes on behalf of the province.

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 Figure 3.
The municipal human settlements/housing programmes will report to the municipal standing committee responsible for human settlements. An assigned municipality may wish to invite the PDHS’s to participate as an observer in its human settlements’ standing committee in order to facilitate improved communication and interaction. Furthermore the 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.

Figure 7 Governance and Oversight Arrangements for Accredited and Assigned Municipalities

Performance Monitoring

In terms of section 3(2)(c) of the Housing Act, 2007, the Minister of Human Settlements must “monitor the performance of the national government and, in cooperation with every MEC, the performance of provincial and local governments against housing delivery goals and budgetary goals”. Section 3(4)(i) of the Act provides that the Minister may “evaluate the performance of the housing sector against set goals and equitableness and effectiveness requirements”. 10(3)(c)(i) of the Housing Act requires the MEC responsible for housing to monitor municipalities. If a municipality cannot or does not perform a duty the MEC is required to take appropriate steps in terms of Section 139 of the Constitution to ensure the performance of the duty. The intention of municipal accreditation and assignment is to improve the coordination, effectiveness and efficiency of human settlements delivery. Ongoing and regular reporting, monitoring and evaluation are therefore fundamental components of assignment and critical to the success of the instruments. The Theory of Change presented in Figure 6 illustrates that
accreditation and assignment are regarded as key instruments in government achieving its desired outcomes and impact for the human settlements sector. The inputs and activities are intended to lead to specific outputs that will ultimately result in “human settlements transformed into equitable and efficient spaces with citizens living in close proximity to work, with access to social facilities and essential infrastructure.” This theory of change is closely aligned to the broader meta theory of change for human settlements in South Africa.
2017 Revised Accreditation and Assignment Frameworks

**INPUTS**
- Housing Policy & Legislation
- Provide credible housing sector data
- Human Resource Capacity
- Clear roles and responsibilities
- Adequate & integrated human settlement financing
- Credible and aligned human settlements planning
- Good governance
- Sound housing Administrative systems e.g. HSS
- Finance for land acquisition
- Provincial & national monitoring & support

**PROVINCIAL ACTIVITIES**
- Align PMYHSP & APP with HSP & facilitate intergovernmental planning & co-ordination
- Grant Assignment
- Sign & monitor Executive Assignment Agreements
- Transfer staff and assets
- Mobilise financial resources
- Gazette & transfer HSDG & operational funding & perform financial administration duties
- Support & monitor assigned municipalities
- Facilitate functional HSS access by assigned municipalities

**MUNICIPAL ACTIVITIES**
- Integrated human settlements planning & alignment of HSP with PMYHSP & APP
- Housing programme administration oversight
- Capacitating the housing unit
- Programme and project planning, development and management
- Beneficiary management
- Reporting
- Subsidy budget planning & allocation
- Financial administration
- Data collection, monitoring, reporting & evaluation
- Intersectoral / intergovernmental coordination
- Service provision

**OUTPUTS**
- Improved and integrated planning
- Well-located land made available
- Coordinated development
- Ownership / tenure formalised
- Improved management & governance of projects, programmes & settlements
- Basic, social and economic services provided to households
- Institutions developed. aligned & functioning effectively
- Accelerated delivery
- Integrated human settlements financing
- Communities involved and skills transferred

**OUTCOMES**
- Spatially and socio-economically integrated settlements, communities and neighbourhoods
- Access to adequate housing and quality living environments
- A functional and equitable property market

**IMPACT**
- Human settlements in South Africa transformed into equitable and efficient spaces with citizens living in close proximity to work, with access to social facilities and essential infrastructure

Human settlements in South Africa transformed into equitable and efficient spaces with citizens living in close proximity to work, with access to social facilities and essential infrastructure
In terms of this theory of change municipalities should be monitored by the PHDS and DHS in terms of the:

- Quality and credibility of the HSPs and Capital Investment Frameworks;
- Inter and intra-governmental planning and budgeting co-ordination;
- Implementation of the HSP;
- Contribution to national and provincial policy imperatives and targets;
- Good governance and oversight;
- Community and private sector participation in the planning and delivery of national housing programmes;
- Capacity to administer national housing programmes;
- Sound subsidy budget planning and allocation;
- Appropriate location of housing projects;
- Effectiveness of programme and project planning, implementation and monitoring;
- Sound financial management;
- Effectiveness of its housing administration systems;
- Effective financial administration;
- Effective reporting and monitoring;
- Desired human settlements outcomes; and
- Effective urban management.

Provincial departments responsible for housing should be monitored by the DHS in terms of:

- Compliance with national legislation and policy, in particular implementation of the 2017 Revised Assignment Framework;
- Assignment of municipalities formalised through Executive Assignment Agreements;
- Accelerated housing delivery;
- Delivery of integrated human settlements;
- Inter-governmental planning and budgeting co-ordination and alignment;
- Achievement of provincial housing delivery targets;
- Well-located land made available;
- Availability of land financing;
- Quality of data collection and analysis;
- Municipal monitoring and support;
- Functional and equity property market; and
- Financial administration of housing programmes for non-accredited and accredited municipalities.

The DHS should be monitored through the MTSF Outcome committee structures in terms of:

- Policy and programme alignment with the broader public sector reform agenda;
- Implementation of the 2017 Revised Framework;
- Contribution of housing to broader integrated human settlements and urban development objectives;
- Meeting of national housing targets and objectives;
- Performance of provinces and municipalities with respect to Executive Assignment Agreements;
2017 Revised Accreditation and Assignment Frameworks

- Legal compliance, in terms of DoRA and DHS’s municipal support and monitoring responsibilities;
- Adequate financing of assigned municipalities by provinces;
- Effective inter-governmental co-ordination for housing programme and broader integrated human settlements delivery.

In addition to monitoring of roles and responsibilities of the provincial and local spheres in assignment, it is necessary to strengthen the performance monitoring of the actual delivery of the administered national housing programmes. In terms of the IUDF and MTSF monitoring must be:

- Outcomes-oriented;
- Strengthening accountability of all three spheres of government, including entities and their implementing agents;
- Measuring progress towards desired human settlements and broader development outcomes;
- Focused at household, settlement and municipality levels;
- Undertaken in terms of the sector’s norms and standards; and
- Measuring the contribution of integrated human settlements to government’s broader urban and rural development and spatial objectives.

These principles will need to inform the monitoring instruments and frameworks included in the Executive Assignment Agreements of the respective provinces and municipalities.

The reporting requirements to be applied are as per those specified in the annual DORA, in the PFMA and MFMA, the Municipal Systems Act and by the DHS. Reporting by municipalities to the DHS and relevant PDHS is required in order to facilitate the DHS and PDHS’s oversight role. Reporting to the DHS is required by assigned municipalities for accounting purposes and financial reconciliation. On an annual basis, an assessment will be conducted by the PDHS of each of the assigned municipalities in terms of the Executive Assignment Agreement to verify compliance, effectiveness and impact of their human settlements’ programme.

In relation to performance of municipalities, there are a number of statutory reporting obligations of municipalities, outlined in Table 1.5, which provide opportunities for the collection of data to enable monitoring and evaluation of their performance of their functions in relation to human settlements. The DHS and PDHS are required to draw from these reporting sources in order to perform their municipal monitoring functions.
### Table 15 Statutory Reporting Requirements of Municipalities

<table>
<thead>
<tr>
<th>Report or information to be furnished</th>
<th>Party required to furnish report</th>
<th>Party to whom report must be provided</th>
<th>Frequency of reporting</th>
<th>Relevant statutory provisions[^6]</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Housing Act, 107 of 1997</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reports on activities of municipality in relation to administration of national housing programmes for which it is accredited</td>
<td>Municipality accredited to administer national housing programme(s)</td>
<td>MEC responsible for human settlements</td>
<td>Ad hoc, on request of the MEC responsible for human settlements</td>
<td>S 10(5)(b) HA</td>
</tr>
<tr>
<td><strong>Local Government: Municipal Systems Act, 32 of 2000</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual performance report</td>
<td>Accounting officer of municipality</td>
<td>Provincial treasury; Provincial department responsible for local government</td>
<td>Annual</td>
<td>s 46 MSA; s 105(3)(a) MSA; s 127(5) MFMA</td>
</tr>
<tr>
<td>Such information required by MEC for Local Government in notice in provincial gazette</td>
<td>Municipalities of specified category or type Municipalities of specified category or type</td>
<td>Specified provincial organ of state</td>
<td>At regular intervals or within a specified time period</td>
<td>s 105(2) MSA</td>
</tr>
<tr>
<td>Additional requests for information for purposes of monitoring</td>
<td>Municipalities</td>
<td>MEC for local government</td>
<td>Ad hoc</td>
<td>s 105(3)(b) MSA</td>
</tr>
<tr>
<td><strong>Municipal Finance Management Act, 56 of 2003</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual budget, adjustment budgets and service delivery and budget improvement and supporting documentation</td>
<td>Accounting officer of the municipality</td>
<td>Provincial treasury; prescribed provincial organs of state</td>
<td>Annual</td>
<td>s 22(b), 24(3) &amp; 28(7) MFMA; Reg 15(3), 16(1)(b), 20(2)(b), 24(2), 47 &amp; 53(1)</td>
</tr>
</tbody>
</table>

[^6]: Key to legislation abbreviations used in this table:
- DORA - Division of Revenue Act, 3 of 2016
- HA - Housing Act, 107 of 1997
- MBR - Municipal Budget and Reporting Regulations, 2009 (in terms of MFMA)
- MFMA - Local Government Municipal Finance Management Act 56 of 2003
- NLTA - National Land Transport Act 5 of 2009
- SPLUMA - Spatial Planning and Land use Management Act 16 of 2013
<table>
<thead>
<tr>
<th>Information Category</th>
<th>Responsible Authority</th>
<th>Recipient Authority</th>
<th>Frequency</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Monthly budget statements</strong></td>
<td>Accounting officer of the municipality</td>
<td>Provincial treasury</td>
<td>Monthly</td>
<td>s 71(1) MFMA; Reg 28-30 MBRR; Sched C &amp; F MBRR</td>
</tr>
<tr>
<td><strong>Quarterly reports on implementation of budget of a municipality</strong></td>
<td>Municipality</td>
<td>Provincial treasury</td>
<td>Quarterly</td>
<td>s 52(d) MFMA; Reg 31 &amp; 32 MBRR; Sched C &amp; F MBRR</td>
</tr>
<tr>
<td><strong>Report on mid-year budget and performance assessment</strong></td>
<td>Accounting officer of the municipality</td>
<td>Provincial treasury</td>
<td>Annual</td>
<td>s 72(1)(b) MFMA; Reg 32-35 &amp; 59 MBRR; Sched C &amp; F MBRR</td>
</tr>
<tr>
<td><strong>Such information, returns, documents, explanations and motivations as may be prescribed or required</strong></td>
<td>Accounting officer of the municipality Accounting officer of the municipality</td>
<td>National treasury, provincial treasury, provincial department for local government, Auditor-General</td>
<td>Ad hoc</td>
<td>s 74(1) and 104(1) MFMA</td>
</tr>
<tr>
<td><strong>Minutes of Council or Council committee meetings where annual report was discussed</strong></td>
<td>Accounting officer of the municipality</td>
<td>Provincial treasury; provincial department responsible for local government</td>
<td>Annual</td>
<td>s 129(2)(b) MFMA</td>
</tr>
<tr>
<td><strong>Annual report of each municipality; oversight reports on the annual reports</strong></td>
<td>Accounting officer of the municipality</td>
<td>Provincial legislature</td>
<td>Annual</td>
<td>s 132(1) MFMA</td>
</tr>
</tbody>
</table>

**Spatial Planning and Land Use Management Act, 16 of 2013**

| Information requests in relation to (a) the capacity of municipalities to administer the Act, and (b) the compliance of a municipal spatial development framework and land use scheme with the Act. | Municipality | National or provincial government | Ad hoc | s 11(3) SPLUMA |

**Division of Revenue Act, 3 of 2016**

| Monthly reporting in respect of USDG on financial performance against the municipality’s capital budget and its service delivery and budget implementation plan | Receiving officer of a municipality | Relevant transferring officer, relevant provincial treasury and the National Treasury | When submitting monthly budget statements in terms of s 71 of MFMA | s 11(2)(b) DORA |
| Quarterly reporting in respect of USDG on financial performance against the municipality's capital budget & SDBIP | Receiving officer of a municipality | Relevant transferring officer and the National Treasury | Within 30 days after the end of each quarter | s 11(2)(c) DORA |
In addition to the statutory reporting requirements of local government, there are various monitoring and evaluation frameworks and instruments that can enhance monitoring of government’s performance in relation to housing and integrated human settlements delivery. There is a strong need to rationalise an integrate monitoring within the sector and the proposal is to identify existing information sources of the information that needs to be collected as opposed to instituting new reporting requirements.

Some of the existing M&E frameworks that need to be considered currently are:

6. The DHS’s MEIA Framework that incorporates the indicator sets and reporting templates as set out in –
   - the Medium Term Strategic Framework (MTSF)
   - the Multi-Year Development Plan Guidelines
   - the Urban Settlements Development Grant (USDG) performance matrix
   - the Municipal Human Settlements Capacity Grant (MHSDG) reporting indicators and targets
   - Catalytic Project reporting indicators and targets
   - Equitable Share reporting indicators and targets
   - Human Settlements Environmental Implementation Plan (EIP) reporting indicators and targets
   - Key performance indicators of specific human settlements institutions, including the National Housing Finance Corporation (NHFC), the National Urban Reconstruction and Housing Agency (NURCHA), Social Housing Regulatory Authority (SHRA) and Rural Housing Loan Fund (RHLF) and Estate Agency Affairs Board (EAAB).

7. The Presidency’s Medium Term Strategic Framework 2014-2019 includes a detailed set of performance indicators to monitor performance of government against the objectives established for Outcome 8 (Sustainable Human Settlements and Improved Quality of Life).

8. The annual publication of Government’s Estimates of National Expenditure, which accompanies the national budget, includes a selected set of a department’s key indicators linked to government’s performance management system, annual performance plans and ministerial service delivery agreements. In relation to Vote 38 (Human Settlements), ten indicators are identified in the 2016 Estimates of National Expenditure and are accompanied by baseline data and projections.

9. The BEPP metro planning instrument that promotes an “outcome-led” approach to improved built environment performance. The BEPP reporting and evaluation system is being continuously refined. Five outcome areas have been identified as: well-governed city; inclusive city; productive city; compact city; and, environmentally sustainable city. Specific results have been allocated to each outcome area.

10. In addition, there are a number of municipal performance assessment tools that are used by different departments, such as the Department of Performance Monitoring and Evaluation’s (DPME) Local Government Management Improvement Model (LGMIM); DeCOG’s Back to Basics Assessment; and the Department of Water and Sanitation’s Municipal Strategic Self-Assessment (MuSSA).
Remedial Actions

The DHS is required to monitor the performance of a province with regard to its assignment functions and to take remedial actions if the province fails to perform. The monitoring of provinces can be achieved through:

4. Provincial reporting;
5. National accreditation and assignment task team meetings; and
6. Municipal reports of provinces failing to meet their obligations. These reports will be submitted only after municipalities have demonstrated that they have attempted to resolve the matter directly with province through:
   i. Discussions within the provincial-municipal accreditation/assignment meetings;
   ii. Submission of a letter from the municipal human settlements’ manager to the provincial accreditation manager province detailing the municipality’s concerns;
   iii. Submission of a letter from the Municipal Manager to the Provincial HoD detailing the municipality’s concerns; and
   iv. Letter from the Mayor to the MEC detailing the municipality’s concerns.

A progressive response to the province failing to meet its obligations are:

   vi. First-level: letter from the DHS Accreditation Manager to the Provincial Accreditation Manager requesting corrective action within specified time-frames;
   vii. Second-level: letter from the DHS HoD to the provincial HoD requesting corrective action within specified time-frames;
   viii. Third-level: letter from the Minister to the MEC requesting corrective action within specified time-frames;
   ix. Fourth-level: Appointment of an arbitrator in terms of Chapter 4 of the IGRA.
   x. Fifth-Level: Appointment of an Administrator.

A municipality is obliged to implement its commitments within the Executive Assignment Agreement and its HSP. Failure of municipalities to fulfil their obligations will require provinces to take corrective action. This requires the province to monitor the performance of municipalities. An effective system of monitoring can be achieved in several ways:

   vii. Reviewing all or some of the statutory reports of assigned municipalities;
   viii. DoRA reporting;
   ix. Executive Assignment Agreements and HSP reporting;
   x. Regular provincial municipal accreditation and assignment meetings;
   xi. Reviewing sector performance reports;
   xii. Integration with broader DHS human settlements monitoring in terms of the MEIA.

A progressive response to the municipality failing to meet its obligations are:

   vii. First-level: letter from the Provincial Accreditation Manager to the Municipal Human Settlements manager requesting corrective action within specified time-frames;
   viii. Second-level: letter from the Provincial HoD to the Municipal Manager requesting corrective action within specified time-frames;
   ix. Third-level: letter from the MEC to the Mayor requesting corrective action within specified time-frames;
   x. Fourth-level: withholding of the HSDG;
   xi. Fifth-level: appointment of an arbitrator in terms of Chapter 4 of the IGRA;
   xii. Final level: intervention in terms of section 139 of the Constitution.
Annexure 1: Municipal Housing Sector Plan Guidelines

Municipal Housing Sector Plan (HSP):
 Insert name of Municipality

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

Version Control

<table>
<thead>
<tr>
<th>Version No</th>
<th>Date</th>
<th>Revision Made</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

Approvals: The Municipal Housing Sector Plan (HSP) 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>
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</tbody>
</table>

Prepared by: insert name, function and institution

7 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 Housing Sector Plans (HSP) 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 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 frameworks set 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 HSP must demonstrate the municipality’s plans, budget and organizational capacity to deliver on this mandate.

Objectives of the Municipal Housing Sector Plan (HSP)

A HSP must have clearly defined objectives, such as:

- To ensure that human settlements and housing 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 and housing planning as part of a broader, integrated and proactive urban management strategy of the municipality;
- To provide detailed housing 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;
2017 Revised Accreditation and Assignment Frameworks

- 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 HSP**

The HSP 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 HSP 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 Frameworks.

**Planning Context**

This section of the HSP 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 of municipalities, its roles in terms of the National Housing Act and Code, and the specific municipal 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 HSP should demonstrate alignment with national human settlement priorities, and in particular with the Provincial Multi-Year Human Settlements Development Plan and Annual Performance Plans\(^8\).

The template 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>

Alignment with Local Government Planning Processes

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

- Integrated Development Plan
- Spatial Development Framework
- Infrastructure Master Plan
- Built Environment Support Plan (in the case of a metro)
- Land Use Management Strategy
- Water Services Development Plan
- Environmental Management Plan
- Integrated Transport Plan
- Local Economic Development Plan etc.

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.

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\(^8\) 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.
Community Consultation Process followed in Preparation of the HSP

The municipality should describe the community consultation process followed in the development of the HSP 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 HSP 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 Demand Type</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>

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 and how the housing projects will contribute to the achievement of this vision. 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;
- Providing human settlement opportunities and options that address a range of housing demand needs;
• Identifying national housing programmes that respond to local housing demand and will assist the municipality in meeting its strategic human settlements objectives;
• Addressing both the short and long-term needs of households within informal settlements and backyards;
• Indicating which housing programmes the municipality would like to be accredited for;
• Indicating the implementing agents that would be appropriate for each of the identified national housing programmes and the process to be followed to enter into implementation agreements with external agents;
• Ensuring sustainable human settlements by ensuring inter-governmental and inter-sectoral alignment of programmes and projects; 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.

The template below provides examples of this approach.
<table>
<thead>
<tr>
<th>Objective</th>
<th>Strategy/Activities</th>
<th>Relevant national housing programme</th>
<th>Appropriate Implementing Agent</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></td>
<td></td>
<td></td>
<td>X no. of detailed &amp; integrated HS area-based plans</td>
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<tr>
<td></td>
<td>To proactively engage the formal financing sector re gap market financing instruments</td>
<td></td>
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<td>X no. of bonds issued within specific areas</td>
<td></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>
<td>X participation rate of national &amp; provincial sector depts.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>To provide X number of well-located, mixed-income &amp; good quality housing opportunities</td>
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<tr>
<td></td>
<td>To ensure alignment with investment of relevant social and economic sector departments</td>
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<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>
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<tr>
<td></td>
<td>To access a range of subsidy instruments in order to meet specific housing demand requirements</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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<tr>
<td></td>
<td>To develop interventions to improve the quality of backyard accommodation</td>
<td></td>
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<tr>
<td></td>
<td>To forge strategic partnerships with stakeholders to promote inner city accommodation</td>
<td></td>
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<tr>
<td></td>
<td>To undertake a hostel upgrade programme for x number of units</td>
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</tbody>
</table>
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 detail 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.

The table below 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</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Year 1</td>
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<td></td>
<td></td>
<td></td>
<td>Source</td>
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<td></td>
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<td>Year 2</td>
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<td></td>
<td></td>
<td></td>
<td>Source</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Year 3</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Source</td>
</tr>
</tbody>
</table>

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. The table below provides a template that could be followed:

<table>
<thead>
<tr>
<th>National Housing Subsidy Instrument</th>
<th>No. of Units Targeted</th>
</tr>
</thead>
<tbody>
<tr>
<td>New subsidy/project linked projects</td>
<td></td>
</tr>
<tr>
<td>Social housing</td>
<td>Year 1</td>
</tr>
<tr>
<td>Hostel redevelopment</td>
<td>Year 2</td>
</tr>
<tr>
<td>Upgrading of informal settlements &amp; emergency housing</td>
<td>Year 3</td>
</tr>
<tr>
<td>Land restitution claims</td>
<td></td>
</tr>
<tr>
<td>Gap housing</td>
<td></td>
</tr>
<tr>
<td>CRU (rental stock upgrading)</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td></td>
</tr>
</tbody>
</table>
**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>USDG</th>
<th>HSDG</th>
<th>Municipal Own Funding</th>
<th>Other funding sources</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 1</td>
<td>Year 2</td>
<td>Year 3</td>
<td>Year 1</td>
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<tr>
<td>Project</td>
<td>Project Milestone</td>
<td>Apr</td>
<td>May</td>
<td>Jun</td>
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</tbody>
</table>
Section 4: Detailed Project Planning

Comprehensive and Detailed Project Plans

This section of the HSP provides more detailed project planning for all its housing 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.

The templates below provide for the reflection of integration of projects with other plans and the detailed project implementation plans. The municipality must indicate 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. The municipality must identify 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.
## 2017 Revised Accreditation and Assignment Frameworks

<table>
<thead>
<tr>
<th>Project Name</th>
<th>IDP</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>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Project Name</th>
<th>IDP</th>
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<th>Built Environment Support Plan</th>
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<th>Project Name</th>
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<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>
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</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Project Name</th>
<th>IDP</th>
<th>Spatial Development Framework</th>
<th>Water Services Development Plan</th>
<th>Infrastructure Master Plan</th>
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<th>Integrated Transport Plan</th>
<th>Local Economic Development</th>
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<th>Dept of Roads &amp; Transport</th>
<th>Other</th>
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<th>Project Name</th>
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<th>Spatial Development Framework</th>
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<th>Infrastructure Master Plan</th>
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<th>Other</th>
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<th>Project Name</th>
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<th>Other</th>
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<tr>
<th>Project Name</th>
<th>IDP</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>
</tr>
</thead>
</table>

| Project Name | IDP | Spatial Development Framework | Water Services Development Plan | Infrastructure Master Plan | Built Environment Support Plan | Integrated Transport Plan | Local Economic Development | Dept of Education | Dept of Health | Dept of Roads & Transport | Other |
### Delivery Time-Frames Year XX

<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>
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<th>Year YY</th>
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</table>
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, sub-division, 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. The template below is of a risk assessment matrix. Insert risks appropriate to the programme and municipality.

Key - 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>
<td></td>
<td>Likelihood</td>
</tr>
</tbody>
</table>

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 included:
<table>
<thead>
<tr>
<th>Communication Element / Major Events</th>
<th>Target Audiences</th>
<th>Message</th>
<th>Medium</th>
<th>Frequency</th>
<th>Action Plan</th>
<th>Responsibility</th>
<th>Risk Assessment</th>
<th>Communication Cost</th>
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</table>
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 HSP and must relate 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:

- The % reduction in the overall housing backlog
- The % informal upgrade achieved against target
- The % expenditure of the HSDG achieved according to planned targets
- The % of human settlement projects with integrated and sustainable plans
- % 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, portfolio 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 HSP. The template below 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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</thead>
<tbody>
<tr>
<td>Administration</td>
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<td>Hardware requirements</td>
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<td>Software requirements</td>
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<td>Communication requirements</td>
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<td>Mentorship &amp; Support</td>
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<tr>
<td>Training</td>
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<td>Staffing (breakdown)</td>
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<td>Budget per Human Settlements Programme</td>
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<tr>
<td>Individual Subsidies</td>
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<td>TOTALS</td>
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</table>

If necessary include sub-budget items or add a detailed budget as an annexure including sub-budget line items.
2017 Revised Accreditation and Assignment Frameworks

**Cash Flow Requirements**

The anticipated cash flow requirements for the programme is summarised in the template below:

*Note ensure that the budget items correspond to those in the previous template.*

<table>
<thead>
<tr>
<th>Budget Item</th>
<th>Year xx</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>
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**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 HSP will be reflected within the IDP and Service Delivery and Budget Implementation Plan (SDBIP) of the municipality.
Annexure 2: Assignment 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 decide as to whether a municipality qualifies for Assignment of national housing programmes in terms of the 2017 National Accreditation and Assignment Framework.

Approach of the Assessment Tool: This tool can be used for Assignment application assessments submitted by municipalities which already have Level 2 accreditation.

Objectives of the Assessment Tool: The objectives of the assessment tool are to:
1. Assess the readiness of an applicant municipality for Assignment in terms of the set criteria; and
2. Identify the capacity and support requirements required by the municipality if granted Assignment.

Structure of the Assessment Tool: The Assessment Tool focuses on 4 key performance areas:
- Performance Area 1: Integrated and sustainable human settlements Planning
- Performance Area 2: Sound municipal governance and administration for housing programme management and oversight
- Performance Area 3: Housing Programme Administration
- Performance Area 4: Financial Administration

Scoring System: Within each of four performance areas, specific performance standards are identified. Municipalities are assessed based on supporting documentation that is provided and verbal submissions made to the provincial accreditation and assignment assessment panel appointed by the MEC. Scoring on a scale of 0 – 3 (0 = zero fulfilment, 1 = partial fulfilment, 2 = fulfilment and 3 = exemplary performance), the individual panel members decide on an appropriate municipal score for each performance standard. The maximum scores for each performance area are:

Assignment Scoring Sheet

<table>
<thead>
<tr>
<th>Performance Area Score</th>
<th>Maximum attainable</th>
<th>Points</th>
<th>Points Attained by Municipality</th>
<th>Points Interpretation System: Fulfilment of Standards</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Zero fulfilment</td>
<td>Partial fulfilment</td>
</tr>
<tr>
<td>1</td>
<td>18</td>
<td>0</td>
<td>1-8</td>
<td>9-12</td>
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<td>2</td>
<td>9</td>
<td>0</td>
<td>1-4</td>
<td>5-7</td>
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<td>3</td>
<td>18</td>
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<td>1-7</td>
<td>8-14</td>
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<td>4</td>
<td>6</td>
<td>0</td>
<td>1-2</td>
<td>3-5</td>
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<tr>
<td>All</td>
<td>51</td>
<td>0</td>
<td>1-20</td>
<td>21-40</td>
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</tbody>
</table>
The interpretation of the score is:

- **Zero fulfilment**: Do not recommend Assignment
- **Partial Fulfilment**: Request Improvement Measures prior to Assignment
- **Fulfilment**: Unconditional Assignment and identifying agreed capacity and support measures that will be put in place.
- **Exceeds standard**: Unconditional Assignment and identifying agreed capacity and support measures that will be put in place.

The Panel must prepare a report substantiating their scoring and decision.

The assessment tool provides a quick overview of the capacity of the municipality, and highlights areas of focus for capacitation and support.
PERFORMANCE AREA 1: INTEGRATED AND SUSTAINABLE HUMAN SETTLEMENTS PLANNING

<table>
<thead>
<tr>
<th>Assignment Criteria</th>
<th>Supporting Evidence</th>
<th>Performance Standard Scoring</th>
</tr>
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<tbody>
<tr>
<td><strong>Performance Standards</strong></td>
<td></td>
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<tr>
<td>Evidence of a Credible IDP, HSP and BEPP based on:</td>
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<tr>
<td>▪ Sound spatial planning and an adoption of a single land use scheme</td>
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<tr>
<td>▪ Sound data and data analysis</td>
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<tr>
<td>▪ In-depth understanding of informal settlements and evidence of an upgrading approach/programme</td>
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<tr>
<td>▪ Thorough integration with other municipal, provincial and national planning frameworks and plans</td>
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<tr>
<td>▪ Promotion of integrated spatial and socio-economic development in compliance with SPLUMA</td>
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<tr>
<td>▪ Clarity re selection of national housing programmes that are demand responsive</td>
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<tr>
<td>▪ Identification of housing programme implementing agents</td>
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<td></td>
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<tr>
<td>▪ Adoption of HSP by Council</td>
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<tr>
<td>Evidence of measures to ensure achievement of integrated human settlement outcomes, goals and targets, including:</td>
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<tr>
<td>▪ Land identified and designated for human settlements</td>
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<tr>
<td>▪ Land acquisition processes underway</td>
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<tr>
<td>▪ Evidence of progress to ensure citizens have access to basic services, health facilities, safety and security and government service centres</td>
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<tr>
<td>▪ Evidence of the development of a range of housing typologies and different forms of tenure within the municipality</td>
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<tr>
<td>Evidence of a Capital Investment Framework with clear budget linkages to the MTEF for the HSDG and related funding and BEPP</td>
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<tr>
<td>Evidence of inter-governmental and cross-sectoral engagement and alignment during the formulation of the HSP and BEPP</td>
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<tr>
<td>Evidence of engagement and alignment with private sector and community stakeholders in the HSP &amp; BEPP</td>
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<tr>
<td>Evidence of mechanisms in place to improve implementation and monitoring of outputs and outcomes</td>
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<tr>
<td><strong>PERFORMANCE AREA SCORING</strong></td>
<td><strong>TOTAL POINTS...... / MAXIMUM 18 POINTS</strong></td>
<td><strong>Performance Standard Scoring</strong></td>
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<tr>
<td></td>
<td></td>
<td>Zero Fulfilment = 0</td>
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</tbody>
</table>
PERFORMANCE AREA 2: SOUND MUNICIPAL GOVERNANCE AND ADMINISTRATION FOR HOUSING PROGRAMME MANAGEMENT AND OVERSIGHT

<table>
<thead>
<tr>
<th>Assignment Criteria</th>
<th>Supporting Evidence</th>
<th>Performance Standard Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance Standards</strong></td>
<td></td>
<td>Zero Fulfilment = 0, Partial Fulfilment = 1, Fulfilled = 2, Exemplary = 3</td>
</tr>
<tr>
<td>Evidence of good governance through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Regular executive and Council meetings</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Housing oversight committees in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Compliance with legislation in terms of executive, legislative and administrative roles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Council-adopted system of delegations in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Well-functioning internal audit capacity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Positive audit outcome</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Responsiveness to internal and AG audit queries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Production and adoption of Annual Reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of community engagement and responsiveness through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Well-functioning ward committees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of sound administration through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Senior management positions filled</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Senior manager appointments compliant with legislated skills requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Senior management performance management contracts signed</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Low staff vacancy level overall within the municipality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Performance management systems in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Compliance with municipal reporting</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PERFORMANCE AREA SCORING                                                                                              TOTAL POINTS...... / MAXIMUM 9 POINTS


2017 Revised National Accreditation and Assignment Frameworks

PERFORMANCE AREA 3: HOUSING PROGRAMME ADMINISTRATION

<table>
<thead>
<tr>
<th>Assignment Criteria</th>
<th>Supporting Evidence</th>
<th>Performance Standard Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance Standards</strong></td>
<td></td>
<td>Zero Fulfilment = 0</td>
</tr>
<tr>
<td>Evidence of housing human resource capacity through:</td>
<td></td>
<td>Partial Fulfilment = 1</td>
</tr>
<tr>
<td>o Existing Human Settlements/ Housing Unit or Administrative capacity</td>
<td></td>
<td>Fulfilled = 2</td>
</tr>
<tr>
<td>Evidence of beneficiary management capacity through:</td>
<td></td>
<td>Exemplary = 3</td>
</tr>
<tr>
<td>o Operating of the HSS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Strong community and beneficiary interface</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Link to the NHNDB</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Fair subsidy allocation processes</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Processing of title deeds, PTOs and lease agreements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of subsidy budget planning and allocation capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Sound financial management system in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Infrastructure programme and project budget preparation and cash flow projections</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Cash flow and expenditure management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Capital budget spend</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Municipal financial viability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Revenue collection rate</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of a housing programme document tracking system in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of reporting capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Compliance with legislated financial and technical reporting requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Programme and project monitoring systems in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Budget tracking systems in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evidence of programme and project management capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Ability to identify, evaluate and implement housing projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Housing project design and budgeting</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Sound housing programme supply chain management policy and practice</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Housing project and contract management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Technical quality control of housing projects</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>PERFORMANCE AREA SCORING TOTAL</strong></td>
<td>TOTAL POINTS...... / MAXIMUM 18 POINTS</td>
<td></td>
</tr>
</tbody>
</table>
PERFORMANCE AREA 4: HOUSING PROGRAMME FINANCIAL ADMINISTRATION

<table>
<thead>
<tr>
<th>Assignment Criteria</th>
<th>Supporting Evidence</th>
<th>Performance Standard Scoring</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance Standards</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipality demonstrates financial management capacity through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Effective subsidy planning and allocation processes in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Effective infrastructure grant management</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Compliance with DoRA and MFMA financial reporting requirement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Municipality demonstrates effective financial management through:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o Financial viability</td>
<td></td>
<td></td>
</tr>
<tr>
<td>o GRAP-compliant financial management system in place</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERFORMANCE AREA SCORING TOTAL</td>
<td>TOTAL POINTS...... / MAXIMUM 6 POINTS</td>
<td></td>
</tr>
</tbody>
</table>
Annexure 3: Assignment Compliance Report Memorandum

The Assignment Assessment Panel appointed by the MEC to undertake an independent assessment of the applicant municipality’s, (state name of municipality), capacity to be assigned states that:

4. The xx municipality meets / does not substantially meet the assignment criteria as outlined in the 2017 National Assignment Framework and, therefore qualifies / does not qualify for Assignment.

5. This decision is based on the assessment conducted by the Panel on (insert date) at (insert venue) and an in-depth review of supporting documentary evidence.

6. The full report of the Assignment Assessment Panel is attached as an annexure.

Name of Chairperson of the Panel: ........................................................................................................

Name and designation of Panel Members:
........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................
........................................................................................................................................................................

Signature of Chairperson: ......................................................................................................................

Date:
........................................................................................................................................................................
Annexure 4: Notice of Compliance Assessment: Assignment

Based on an independent capacity assessment of the Municipality undertaken by an Assignment Assessment Assessment Panel appointed by my Office, I am satisfied / not satisfied that (insert name of municipality) Municipality has substantially met the compliance criteria for assignment of national housing programmes, as per its application dated ……..

If satisfied that compliance criteria have been met:
I will now initiate consultation processes in terms of relevant statutory provisions prior to taking a final decision on assignment.

If not satisfied that compliance criteria have been met:
Accordingly, I have taken a decision not to grant assignment to the Municipality. In particular, the following considerations form the basis for my decision:

a) ________________________________
b) ________________________________
c) ________________________________

Signed at _____________________________ on the (date) ____________ by MEC (insert name) _____________________________ responsible for housing within the (insert province) _____________________________

MEC’s signature _____________________________
Witness 1: ________________________________
Witness 2: ________________________________
Annexure 5: ToR for Transfer Assessment

SCOPE OF WORK

TO DETERMINE THE IMPLICATIONS OF ASSIGNMENT FOR THE TRANSFER OF STAFF, ASSETS AND LIABILITIES FROM PROVINCIAL DEPARTMENTS RESPONSIBLE FOR HUMAN SETTLEMENTS

Purpose

The purpose of this project is to appoint an independent service provider to conduct a technical assessment of the implications of assignment for the transfer of staff, assets and liabilities from a PDHS 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 assign responsibilities to municipalities to administer national housing programmes. 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. Assignment is undertaken within existing policy and legislative frameworks. Outcome 8 of government’s performance agreement sets the targets for accreditation and assignment. Assignment has fiscal and financial implications that must 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 accreditation or assignment to the next.
- The assessment will be complicated by the fact that the assignment process 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 will require negotiation regarding the resourcing implications thereof.
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:

6. Human Resources Assessment
   o 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;
   o Identify provincial posts which would become superfluous/under-utilised as a result of the assignment;
   o Assess the proposed changes in the relevant metro/s organisational structure/s and revised personnel requirements considering the change to their respective scopes of responsibility following assignment;
   o Evaluate identified provincial posts for possible transfer with a view to determining appropriateness to meet the additional personnel requirements of the assigned municipalities. Clear criteria for such an assessment should be stipulated e.g. responsibilities associated with the municipality account for more than 50% of the time of the affected provincial staff member;
   o Review the rules of the Government Employees Pension Fund and make proposals for the pension funding arrangements to be put in place by the municipalities. Assess each member’s accrued interest in the GEPF and assess the financial implications for the transfer of such funds;
   o Provide a detailed costing associated with the transfer of personnel, including total package of each affected staff member;
   o 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 municipality 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.

7. Asset Assessment
   o Assist the municipality to develop a detailed schedule of additional assets required for the purposes of carrying out the assigned functions;
   o 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;
   o 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 municipality;

Evaluate superfluous/under-utilised assets with a view to determining appropriateness to meet the additional asset requirements of the assigned municipalities;

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.

8. 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 municipality.

A cut-off date for the responsibility for the liabilities and the responsibility for the resolution thereof should be stipulated.

9. 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.

10. Financial Assessment

Assess the capital and operational budgets (i.e. both income (including sources) and expenditure) of both the affected province and municipalities for the human settlements function;

Determine the operational funding requirements of the municipalities for the performance of the accredited / assigned functions;
Determine the capital funding requirements of the municipalities 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 using 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 6: Executive Assignment Agreement

BETWEEN THE

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

AND THE MUNICIPAL COUNCIL OF

…………………………………………………………………. MUNICIPALITY
(hereinafter 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 Assignment Framework” means the framework for the assignment 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 HSP” means the Municipality’s Housing Sector 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 all national housing programmes; and

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;
3.2.2. Programme and project approval;
3.2.3. Beneficiary management;
3.2.4. Housing subsidy registration;
3.2.5. Subsidy management;
3.2.6. Reporting;
3.2.7. Document management;
3.2.8. Procurement and appointment of implementing agents;
3.2.9. Project/programme management;
3.2.10. Contract administration;
3.2.11. Technical quality assurance;
3.2.12. Budget management;
3.2.13. Financial Administration.

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 HSP as part of the Integrated Development Plan and budget and alignment with the Metro’s Built Environment Performance Plan (BEPP);
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 HSP;
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 HSP;
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 HSP, 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 HSP;
5.2.2. facilitating inter-governmental alignment of planning and budgeting with the HSP;
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 HSP attached as annexure A. The Municipality prepares annual work plans in order to implement the HSP.

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.

8.3. The Municipality will maintain separate accounts into which money transferred in terms of clause 8.1 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 8.3 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 comply with all DoRA and MFMA reporting requirements relating to the transfer of housing funds and any other reporting requirements of the Department or the national Department.

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:

<table>
<thead>
<tr>
<th>Subsidy Budget Planning and Allocation Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Annual HSP Work Plan produced and approved by the municipality and submitted to provincial Department.</td>
</tr>
<tr>
<td>b) MTEF and Annual HSP Budget Allocation Plan prepared and approved by the municipal council and submitted to the Department.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Programme Management and Administration</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th><strong>2017 Revised National Accreditation and Assignment Frameworks</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a)</strong> Monthly and annual subsidy targets achieved.</td>
</tr>
<tr>
<td><strong>b)</strong> Monthly and annual expenditure achieved.</td>
</tr>
<tr>
<td><strong>c)</strong> Cash flow projections achieved.</td>
</tr>
<tr>
<td><strong>d)</strong> Quality of housing products acceptable and to specification.</td>
</tr>
<tr>
<td><strong>e)</strong> Monthly progress reports provided on time by the municipality.</td>
</tr>
<tr>
<td><strong>f)</strong> Individual beneficiary subsidy applications correctly registered on the HSS with correct supporting documentation.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Financial Administration</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>a)</strong> Municipality received unqualified audit for housing function.</td>
</tr>
<tr>
<td><strong>b)</strong> Housing Subsidy System monthly reporting provided on time and to quality requirements.</td>
</tr>
<tr>
<td><strong>c)</strong> Monthly subsidy reconciliations provided on time and to quality requirements.</td>
</tr>
<tr>
<td><strong>d)</strong> Monthly reports provided on time and to quality requirements.</td>
</tr>
<tr>
<td><strong>e)</strong> Project completion reconciliations undertaken timeously.</td>
</tr>
</tbody>
</table>

### 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 9.2;

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 10.1.4 within the stipulated time period, the MEC may, consider an intervention as contemplated within S 139 of the Constitution.

### 11. Governance of this Agreement

11.1. The Municipality will establish a Human Settlements Portfolio 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.


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 indefinitely, unless:

14.1.1. the MEC intervene in terms of this Agreement as contemplated in clause 10.2;

14.2. 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.

14.3. 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: .................................................................

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:
2017 Revised National Accreditation and Assignment Frameworks

a) ................................................................., duly authorised in his/her capacity as the .................................................................................. of the provincial Department on this ....................... day of .......... 20....

NAME ..............................................
DEPARTMENT ..............................................
As Witnesses:
1. ..............................................
2. ..............................................

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. ..............................................