



public works  
& infrastructure

Department:  
Public Works and Infrastructure  
REPUBLIC OF SOUTH AFRICA

# Presentation to the Portfolio Committee: Progress on the review of the National Infrastructure Maintenance Strategy (NIMS) & Alignment with 5 Case Model

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# 1. INTRODUCTION

- a) The **National Infrastructure Maintenance Strategy (NIMS)** was approved by Cabinet in August 2006 and was launched in May 2008.
- b) The overall aim of NIMS is the improved maintenance of public sector infrastructure in South Africa.
- c) NIMS focuses on four key areas:
  - i. **Strengthening the regulatory framework** governing planning and budgeting for the maintenance of public infrastructure assets;
  - ii. **Assisting institutions with non-financial resources** in respect of the maintenance of public infrastructure assets;
  - iii. **Developing the maintenance industry;** and
  - iv. **Strengthening monitoring, evaluation and reporting** of the maintenance of public infrastructure assets and feeding this into a process of continuous improvement.
- d) The Department of Public Works and Infrastructure (DPW at the time) was tasked with leading the implementation of the NIMS and the Construction Industry Development Board (cidb) was tasked with providing the overall programme management on behalf of the DPWI.



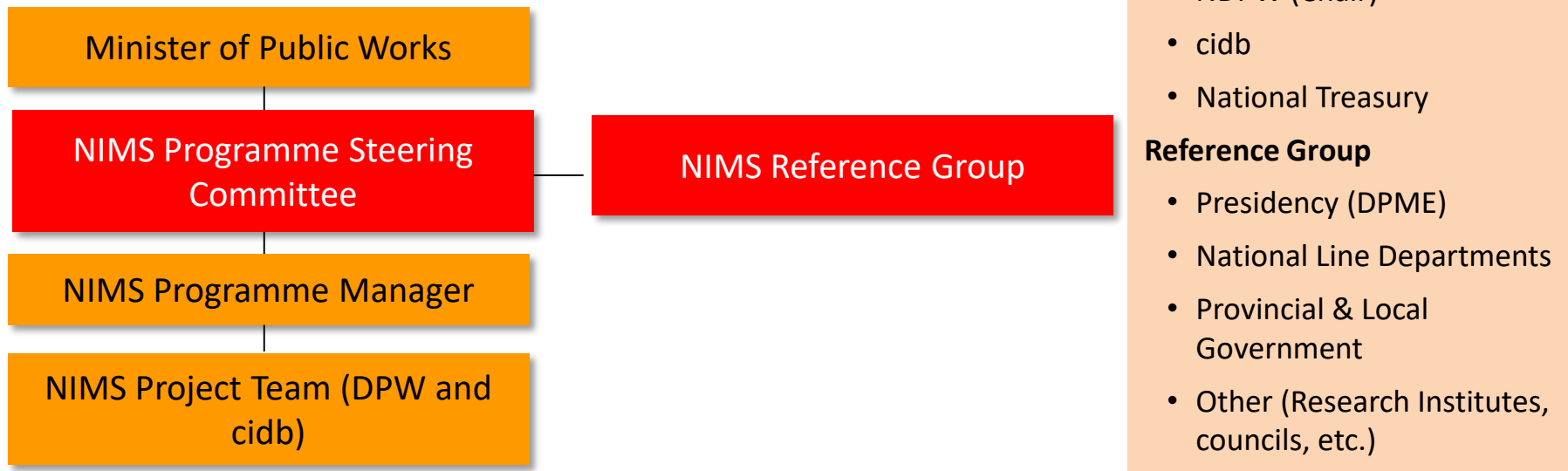
## 2. PROBLEM STATEMENT

- a) All three spheres of government, together with the State Owned Entities (SOEs) manage major portfolios of immovable infrastructure assets.
- b) There is strong evidence that much of the infrastructure of both pre and post 1994 is often not being properly maintained.
- c) Some of the key challenges that undermine maintenance being undertaken include the following:
  - i. Registers of infrastructure immovable assets owned by government are incomplete or not in existence.
  - ii. The focus is on new service delivery and maintenance has not been sufficiently prioritised or required as a responsibility of officials.
  - iii. Public entities often do not have asset management plans that set out activities to be undertaken in respect of maintenance. Often where such plans exist officials are not clearly held accountable to implement them.
  - iv. Budget allocations for maintenance are often inadequate or absent or are not ring fenced and so are often used for other activities when funding is limited.
  - v. There is insufficient skilled capacity both within the public and private sectors to undertake maintenance effectively.



# 3. WORK UNDERTAKEN

- a) In 2011, DPW and cidb agreed the components of work to be undertaken in order to implement NIMS.
- b) Seven components of work were undertaken between August 2013 and June 2015 and resulted in the development of a draft of the National Immovable Asset Maintenance Management Framework (NIAMM Framework).
- c) The work was overseen by a Steering Committee and Reference Group.
- d) There has been an on going consultation with stakeholders from Public Works as well as other sectors.

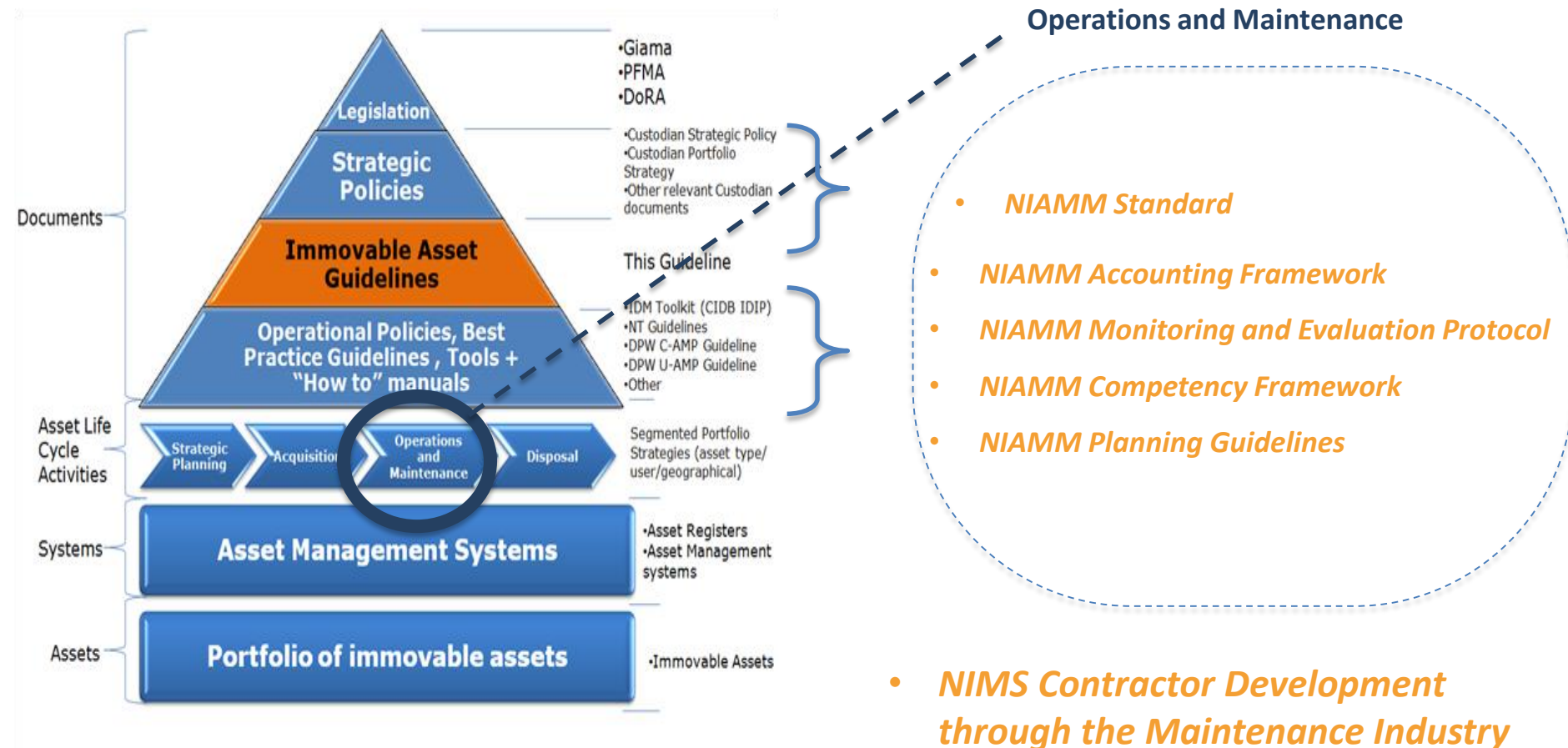


## 4. NIMS and NIAMM alignment

- a) Key documentation reviewed by the NIMS teams during Phase 1 included:
  - i. **Immovable Asset Management Policy**; and
  - ii. **Immovable Asset Life Cycle Management Guideline** for National and Provincial Custodians.
- b) While there were no contradictions to the approach adopted by NIMS in the development of the **National Immovable Asset Maintenances Management (NIAMM)** Framework, there would need to be a process of alignment, clarification and enhancement of the Asset Management principles that are to be applied to immovable assets.
- c) The NIAMM Standard and the supporting documents specifically define and clarify terminology. Terminology, and loose use of terms with various meanings, were identified upfront as one of the key challenges in the development and as such there is an alignment process required across all entities.
- d) Members of the NIMS Reference Group applauded the NIAMM Standard, but emphasised the importance to implement this within a broader asset management framework.

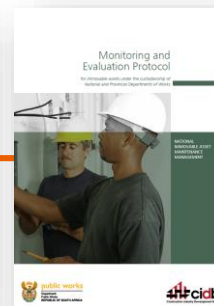
# 4. NIMS and NIAMM alignment

The Immovable Asset Life Cycle Management Guideline for National and Provincial Custodians hierarchically positions legislation, policy and procedures, and other guidelines, tools etc.



# 5. NIAMM Framework

- a) The NIAMM Framework sets out the key principles and practices required for the maintenance of immovable assets through their lifecycle.
- b) The Framework encompasses all immovable assets under the custodianship of the National and Provincial Departments of Works including public buildings, complex facilities and engineering infrastructure.
- c) The principles documented in the Framework are able to be applied to all forms of public sector immovable assets.
- d) The National Immovable Asset Maintenance Management (NIAMM) Framework includes six documents:
  - i. NIAMM Management Standard.
  - ii. NIAMM Accounting Framework.
  - iii. NIAMM Monitoring and Evaluation Protocol.
  - iv. NIAMM Planning Guidelines.
  - v. NIAMM Competency Framework.
  - vi. Contractor Development through the Maintenance Industry.





## 6. FIDPM

In order to establish a common approach to infrastructure delivery across all organs of state, the National Treasury adopted the Standard for Infrastructure Procurement and Delivery Management (SIPDM).

In order to give effect to the SIPDM the following guidelines were issued:

- Treasury Instructions Notes No. 4 of 2015/16 in terms of Public Finance Management Act (PFMA); and
- Circular 77 for Model Supply Chain Management (SCM) policy for infrastructure procurement and delivery management.

The National Treasury, in consultation with relevant stakeholders, conducted the SIPDM review, which resulted in the Framework for Infrastructure Delivery and Procurement Management (FIDPM). The FIDPM prescribes minimum requirement for effective governance of infrastructure delivery and procurement management.

# 6. FIDPM

## SCOPE OF THE FRAMEWORK

The Framework (**FIDPM**) prescribes minimum requirements for the implementation of the **IDMS** through the:

- a) Infrastructure Delivery Management **Processes consisting of Portfolio, Programme, Projects, Operations and Maintenance of Infrastructure; and**
- b) **Infrastructure Procurement Gates.**

## EFFECTIVE DATE

This Treasury Instruction took effect from 1<sup>st</sup> October 2019.

# 6. FIDPM

## Framework for infrastructure delivery

Infrastructure Delivery Management processes consisting of portfolio, programme, projects, operations and maintenance of infrastructure

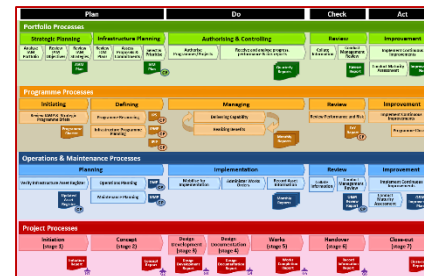


Table 1: Portfolio Processes

Phases	Control Point Deliverable
Infrastructure Planning	Infrastructure Asset Management Plan (IAMP)

Table 2: Programme Processes

Phases	Control Point Deliverable
Defining	Infrastructure Procurement Strategy
	Infrastructure Programme Management Plan (IPMP)
	Infrastructure Programme Implementation Plan (IPIP)
Review	End of Year (EoY) Report

Table 3: Operations and Maintenance

	Control Point Deliverable
	Updated Asset Register (for a Facility or IA Network)
	Operations Management Plan (OMP)
	Maintenance Management Plan (MMP)
	Maintenance Management Review Report (MMRR)

Table 4: Project Processes

Stage	Control Stage Deliverable
1. Initiation	Initiation Report/ Prefeasibility Report
2. Concept	Concept Report / Feasibility Report
3. Design Development	Design Development Report
4. Design Documentation	Design Documentation
5. Works	Completed Works capable of being used or occupied
6. Handover	Works which have been taken over by user or owner
7. Close-Out	Final Completion; Final Account

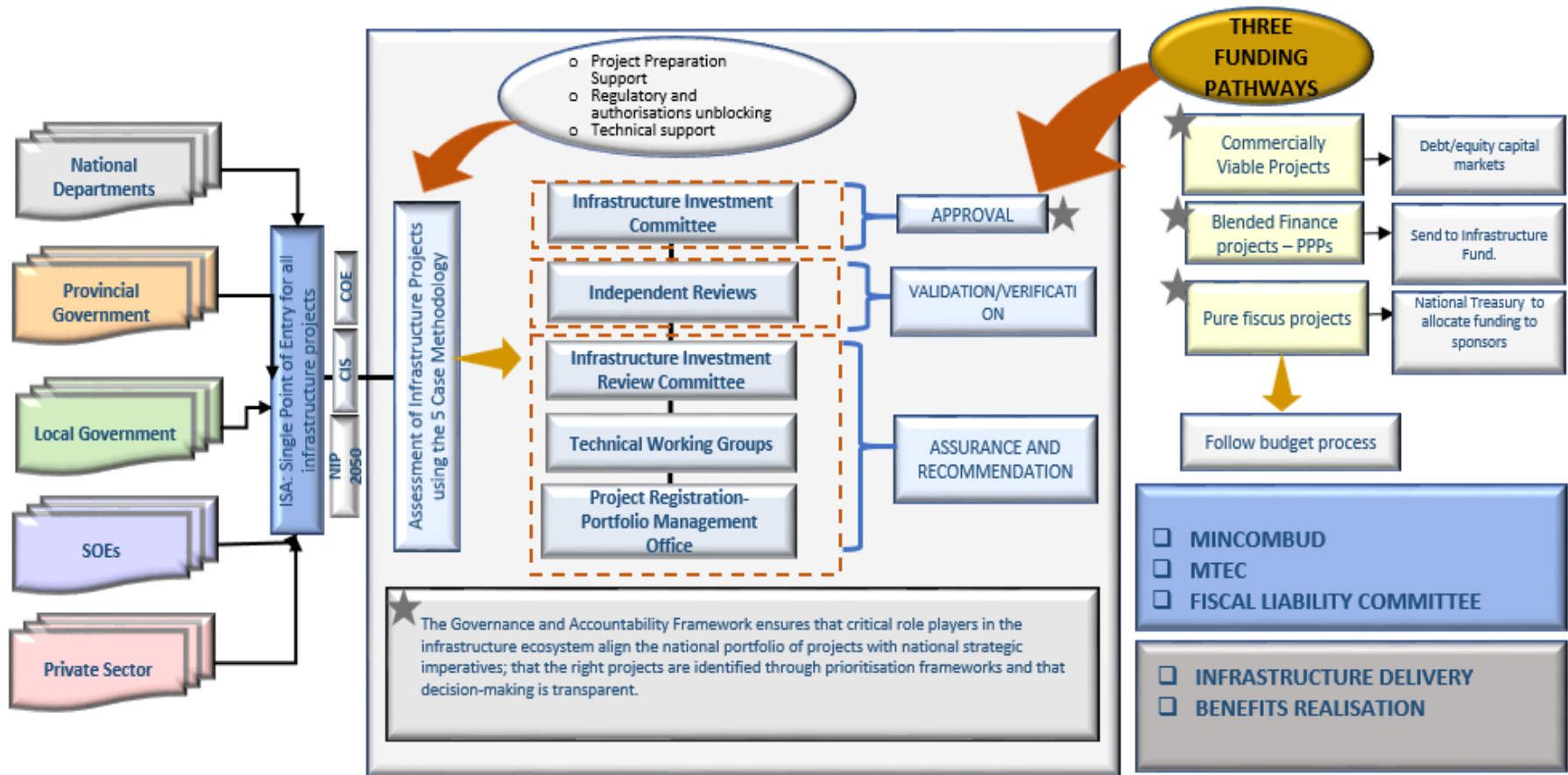
# 6. FIDPM

- The Framework for Infrastructure Delivery and Procurement Management (FIDPM) is primarily focused on governance decision-making points as well as alignment and functions to support good management of infrastructure delivery and procurement processes.
- The FIDPM applies to organs of state, which are subject to the Public Finance Management Act (PFMA) or implement infrastructure projects on behalf of other organs of state in terms of section 238 of the Constitution of the Republic of South Africa, 1996.
- The Framework prescribes minimum requirements for the implementation of the IDMS through the:
  - ✓ Infrastructure Delivery Management processes consisting of portfolio, programme, projects, operations and maintenance of infrastructure; and
  - ✓ Infrastructure Procurement Gates.

This Framework specifies the allocation of clear responsibilities for performing activities and making decisions at control points, stages and procurement gates.

- This Framework promotes the concept 'value for money' by organs of state throughout all the Infrastructure Delivery Management and Infrastructure Procurement Management processes and activities to promote optimal use of resources to achieve the intended outcomes.

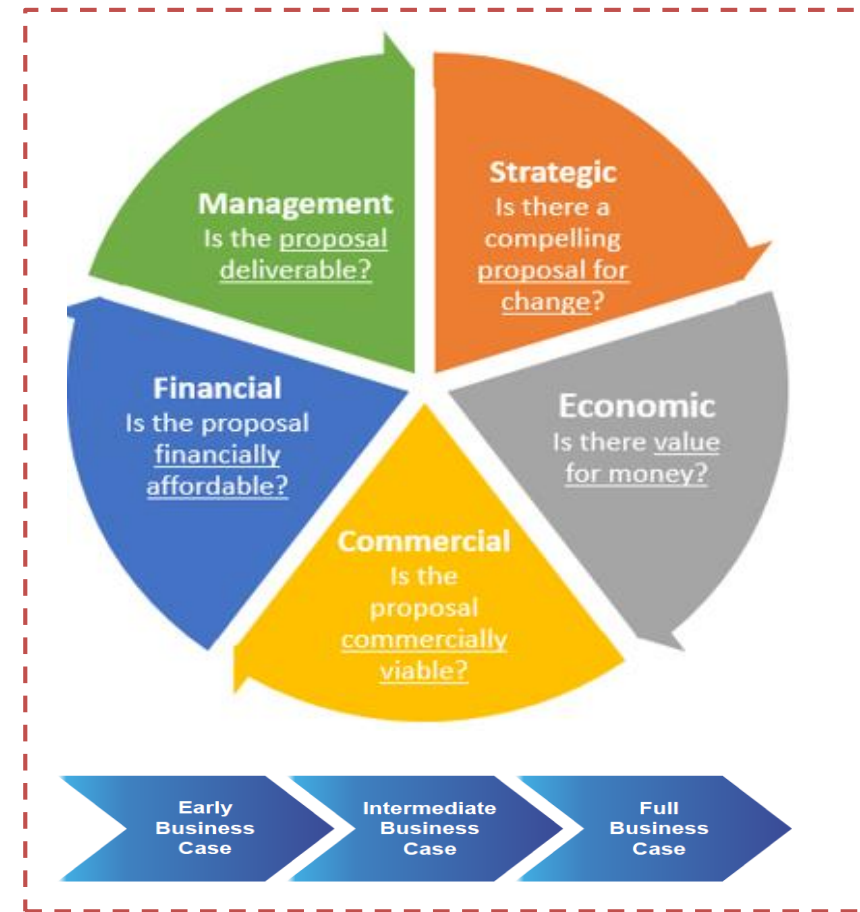
# 7. ISA- PROCESS FOR INFRASTRUCTURE PROJECTS APPRAISAL AND FUNDING



# 7. FIPDM & ALIGNMENT WITH ISA (5-CASE MODEL)

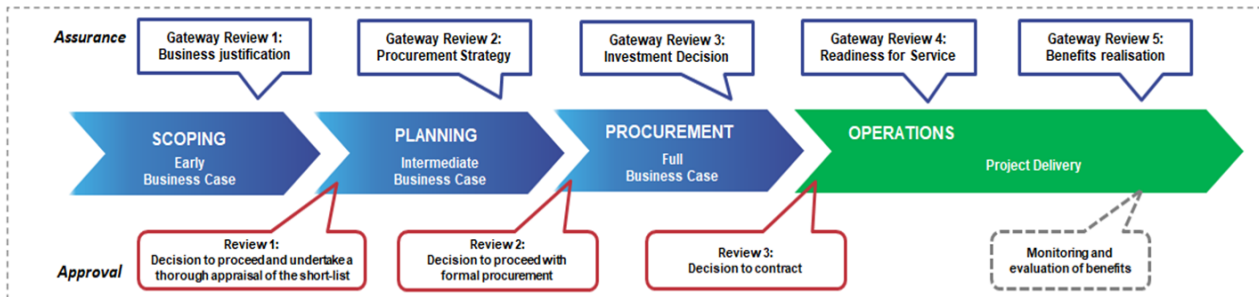
## 5 Case Model - Infrastructure Investments Projects Appraisal and Approvals for Robust Business Case development

- ❑ ISA, through the Ministry of Public Works and Infrastructure, has adopted and customised the “5 Case Model” (5CM) as developed by the Infrastructure and Projects Authority (IPA) of the UK Treasury.
- ❑ The 5CM is endorsed by the G20 for public Infrastructure Projects preparation, appraisals and approvals. It has been made available for global use under UK Open License.
- ❑ The UK Government was requested to support South Africa with a rapid roll-out of 5CM training for all ISA staff, and relevant officials in SOCs, national, provincial and municipal government, that actively prepare and package infrastructure investment projects and programmes.
- ❑ This work is codified in the MOUs that were signed by the Minister of Public Works and Infrastructure in March 2020, and May 2022.
- ❑ Thus far 139 officials have been trained on the 5 Case Model, a programme that was funded by the UK Government through the British High Commission in SA.
- ❑ The 5 Case Model unpacks the feasibility and the bankability of the Projects at planning level and this tie with the Portfolio Management Process of FIDPM

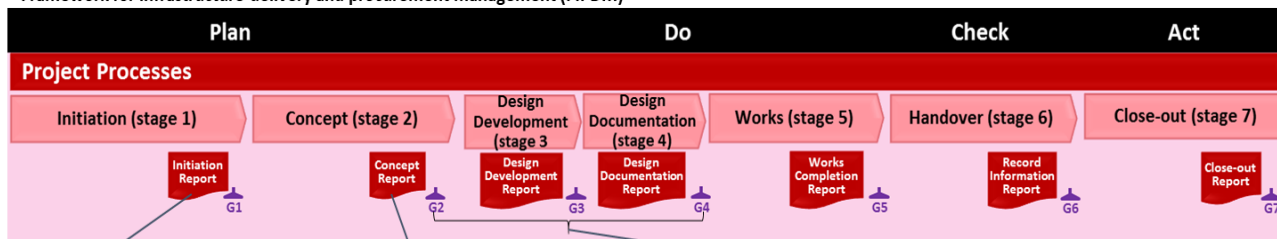


# 7. FIPDM & ALIGNMENT WITH ISA (5-CASE MODEL)

Infrastructure and Projects Authority Five Case Business Model:



Framework for infrastructure delivery and procurement management (FIPDM)



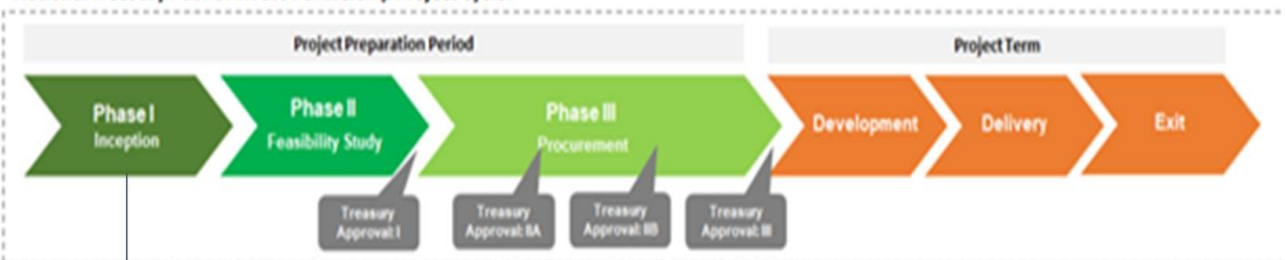
FIPDM	<ul style="list-style-type: none"><li>Initiation report for all projects excluding mega capital projects</li><li>Prefeasibility report for mega capital projects</li></ul>	<ul style="list-style-type: none"><li>Concept report excluding mega capital projects</li><li>Feasibility report for mega capital projects</li></ul>	<ul style="list-style-type: none"><li>Concept</li><li>Design Development and Design documentation</li><li>Procurement</li></ul>	<ul style="list-style-type: none"><li>Works</li><li>Handover</li><li>Close-out</li></ul>
5 CM	<ul style="list-style-type: none"><li>Early business case for projects above *R1bn</li></ul>	<ul style="list-style-type: none"><li>Intermediate business case for projects above *R1bn</li></ul>	<ul style="list-style-type: none"><li>Full business case for projects above *R1bn</li></ul>	<ul style="list-style-type: none"><li>Operations</li></ul>
	<b>Early business case:</b> Establish strategic need; identify wide range of options; Short-list options; define high level costs, risks and benefits	<b>Intermediate business case</b> Cost benefit analysis; Identify preferred option; Establish commercial viability	<b>Intermediate business case</b> Detail procurement process Identify preferred bidder	<b>Operations/Project delivery</b>

Due to the more extensive requirements detailed in the development of such a holistic business case approach, the 5CM is best suited for large scale, high impact, and complex infrastructure projects and programmes..



## 8. 5-CASE MODEL AND PPP PROJECT CYCLE INTERFACE

National Treasury Public Private Partnership Project Cycle:



Propose Early Business Case for projects above R1bn or set criteria

### Key difference between PPP project cycle and 5 case model

PPP Projects are output specification based and the 5 Case model framework is inputs specification.

### Possible considerations

- Propose a requirement for a Early Business case for all projects meeting an agreed criteria.
- The Early business case will form part of the "Project Identification" step. Once concept is selected to continue with PPP methodology

National Treasury's Regulation 16 is not prescriptive of the information required to register a PPP. As such, any ISA prepared project, which has prepared the Early Business Case and which has identified PPP as one of the preferred options for delivery, will already have surpassed the required detail for registration and should ideally only then be registered with the National Treasury as a PPP

Specific engagement with National Treasury is required to establish aligned and efficient process flows with ISA in respect of PPPs that are part of the national priority portfolio of ISA, taking into account amendments being planned by National Treasury to the PPP approval processes and provisions for PPPs in the draft Procurement Bill that is currently in development.



# 9. RECOMMENDATIONS

It is recommended that the Portfolio Committee notes the NIMS journey towards FIDPM and the alignment with 5 Case Model.

# THANK YOU



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