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REVISED FRAMEWORK ON ACCREDITATION OF MUNICIPALITIES TO ADMINISTER NATIONAL HUMAN SETTLEMENTS PROGRAMMES

OCTOBER 2023

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ACRONYMS

ABP	Accreditation Business Plan
APP	Annual Performance Plan
BEPP	Built Environment Performance Plan
BNG	Breaking New Ground: The New Housing Strategy for Sustainable Human Settlements, approved by Cabinet in September 2004
CSOS	Community Schemes Ombud Services
Delegation	Delegation is the authority to exercise powers of another sphere of government by agreement.
NDoHS	Department of Human Settlements (national)
DORA	Division of Revenue Act (Annual)
DPME	Department Performance Monitoring and Evaluation
EAAB	Estate Agency Affairs Board
HDA	Housing Development Agency
HSDG	Human Settlements Development Grant
HSS	Housing Subsidy System
HSSP	Human Settlements Sector Plan
ICM	Intermediate City Municipality
IUDG	Integrated Urban Development Grant
IGRFA	Inter-Governmental Relations Framework Act, 2005
IDP	Integrated Development Plan
ISUPG	Informal Settlements Upgrading Partnership Grant
IP	Implementation Protocol
IT	Information Technology
IYM	In-Year Monitoring

KPA	Key Performance Area
LRA	Labour Relations Act
LUMS	Land Use Management System
MCSP	Municipal Capacity and Support Plan
MDGs	Millennium Development Goals
MEC	Provincial Member of the Executive Council responsible for housing
MEIA	Monitoring, Evaluation and Impact Assessment
MFMA	Municipal Finance Management Act
MINMEC	Committee of the Housing Minister, housing MECs and SALGA
MHC	Municipal Housing Committee
MHSCG	Municipal Human Settlements Capacity Grant
MIG	Municipal Infrastructure Grant
MSA	Municipal Systems Act, 2000
MTEF	Medium-Term Expenditure Framework
MTSF	Medium-Term Strategic Framework 2014-2019
NDP	National Development Plan
NHFC	National Housing Finance Corporation
NHSDB	National Housing Subsidy Data Base
NHSS	National Housing Subsidy System
OPSCAP	Operational Expenditure Budget in Support of the Implementation of National & Provincial Housing Programmes
PDHS	Provincial Department of Human Settlements
PFMA	Public Finance Management Act
PMYHSP	Provincial Multi-Year Human Settlements Plan
SCM	Supply Chain Management
SDBIP	Service Delivery Business Implementation Plan
SDF	Spatial Development Framework
SDGs	Sustainable Development Goals
SHI	Social Housing Institution
SHRA	Social Housing Regulatory Authority
SPLUMA	Spatial Planning and Land Use Management Act, 2013
TSMA	Transfer of Staff to Municipalities Act, 1998
USDG	Urban Settlement and Development Grant

EXECUTIVE SUMMARY

The 2023 Revised Accreditation Programme draws its legislative framework from Section 156(4) of the Constitution which places an obligation to National and Provinces to accredit any function to the Municipality which can better be administered at the local level. Furthermore, Section 10 of the Housing Act provides that any Municipality may apply in writing to the MEC in accordance with the criteria determined by the Minister for the purposes of administering one or more national housing programmes. Accreditation has been introduced as an instrument to ensure the progressive capacitation of municipalities in order for them to perform the delegated function without compromising delivery capacity in the short term. By definition, Accreditation is the recognition by a provincial MEC responsible for Human Settlements that whilst a municipality has met certain criteria and standards, it requires additional support and capacity prior to assuming full responsibilities for the administration of national housing programmes. In 2014 MINMEC took a decision that the 2012 Accreditation Framework should be reviewed and lessons that have emerged from the implementation of the 2012 Accreditation Framework by provinces and municipalities be identified together with the delivery blockages and critical success factors.

Implementation of the 2012 Accreditation Framework has not led to much success as the programme has encountered various implementation challenges in some of the provinces some of which are:
- Implementation protocols in various provinces were signed and not renewed
- Lack of accreditation dedicated units in provinces
- Breakdown in established accreditation governance structures
- Instabilities in various municipalities made the accreditation process difficult
- Poor expenditure of OPSCAP funds
- Lack of provincial capacity
- Funds, not gazette
- Funds allocated and gazette but could not be transferred as IPs are unsigned
- Poor provincial support of municipalities
- Constant provincial management changes negatively affected programme implementation
- Lack of political consensus and support on accreditation

The provinces that performed better displayed the following:
- Political consensus and support between provinces and municipalities
- Accreditation IGR structures in place (e.g., steering committees established within municipalities)
- IPs signed and reviewed every three (3) years
- Funds are gazette and transferred to municipalities
- Provincial support visible and instrumental
- Prevalence of stable and low-risk classified municipalities within the province

The 2023 Revised Accreditation Framework is based on six (6) thrusts which are:

| Programme Based Incremental Approach to Accreditation | A Focus on Intermediate Cities | Streamlined Accreditation Process | Financial Resourcing | Strengthening Provincial & Municipal Accreditation Capacity | Accountability |
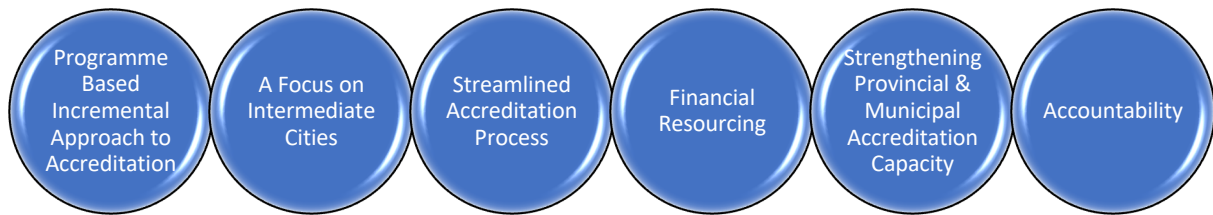
The revised accreditation approach advocates for a programme-based incremental approach to accreditation. Municipalities are to be accredited for implementing a programme or mixture of programmes that are relevant to their capacity and priority needs. The decision on what national housing programmes to accredit a municipality for will be linked to the municipality's Human Settlements Sector Plan (HSSP). Furthermore, the role of intermediate city municipalities (formerly secondary cities) secondary cities in housing delivery and accreditation is highlighted in this revised framework. Secondary cities are seen as important catalysts for more balanced and dispersed growth across the country. Intermediate City Municipalities (ICMs) / Secondary Cities are facing various human settlements challenges due to rapid urbanisation. These challenges negatively impact the implementation of human settlements programmes in these secondary cities and it is imperative that these cities be capacitated, funded and accredited to successfully undertake human settlements programmes thereby addressing the various challenges faced by communities at a local level. An intervention support is proposed in this revised framework for secondary cities which includes amongst other support the following:

- Prioritised Accreditation
- Human Settlements Capacity Cities Support

Municipalities are accredited housing administrative functions in relation to the national housing programmes included within their respective HSSPs, the level of administrative responsibility devolved will differ in terms of whether the municipality has been awarded. The revised accreditation framework proposes the following levels of accreditation:

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.

1. PURPOSE OF THE ACCREDITATION FRAMEWORK

The Revised Accreditation Framework for Municipalities to Administer National Housing Programmes (2023) (hereafter referred to as the " Revised Accreditation Framework 2023") provides the guideline for enabling the administration of national housing programmes by municipalities. This Revised Accreditation Framework 2023 is responsive to MINMEC's directives and resolutions undertaken.

The Revised Accreditation Programme 2023 draws its legislative framework from Section 156(4) of the Constitution which places an obligation to National and Provinces to accredit any function to the Municipality which can better be administered at local level. Section 10 of the Housing Act provides that any Municipality may apply in writing to the MEC in the form determined by the MEC for the purposes of administering one or more national housing programmes. The Housing White Paper (1994), the Comprehensive Plan for the Development of Integrated Sustainable Human Settlements-BNG (2004), the Housing Code (2009), and the Municipal Accreditation Framework (2012) provide the policy framework for the Accreditation Programme. The Accreditation Programme assists the government to incrementally build capacity in strategically identified local government and delegate responsibilities on the human settlements (housing) function to municipalities that meet the criteria that is set by the national Minister in terms of Section 10(2)(a) of the Housing Act. In its conceptual and practical inception, the Programme serves to achieve horizontal and vertical integration as its objectives according to the Municipal Accreditation Framework.

1.1 Rationale for Accreditation

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

The Constitution envisages that additional powers and functions may be transferred to the local sphere and offers a framework for the accreditation of such powers and functions to local government by national or provincial legislatures or executives. Accreditation has been introduced as an instrument to ensure the progressive capacitation of municipalities in order for them to perform the delegated function without compromising delivery capacity in the short term. The accreditation of municipalities to administer national housing programmes on behalf of provinces seeks to achieve two inter-linked objectives:

- Coordinated development (horizontal integration): By locating the decision-making authority around the administration of national housing programmes at the local

sphere, municipalities can co-ordinate decisions that relate to the broader sustainability of human settlements. Municipalities are a logical site for the effective alignment of inter-departmental and inter-governmental funding streams. With the authority to make such decisions, opportunities for the application of innovative planning principles arise and this contributes to the potential for the development of integrated and sustainable human settlements within municipal jurisdictions. This is a key emphasis of the Comprehensive Plan for the Development of Sustainable Human Settlements, "Breaking New Ground", as well as the Intergovernmental Relations Framework Act, 2005.

- Accelerated delivery (vertical integration): The efficiencies associated with certainty in respect of funding allocations, and decentralising delivery authority to the local sphere, should lead to accelerated delivery and improved expenditure patterns. This should result in a reduced requirement to roll over unspent funds, as well as a more coordinated approach to planning approval and implementation. The instrument of accreditation is specific to the human settlements function. It is therefore necessary to explain in more detail the conceptual background for accreditation, and how it interrelates with the accreditation mechanism.

1.2 Conceptual Framework

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

Accreditation involves the formal transfer of the functions related to the administration of national housing programmes from the provincial MEC responsible for Human Settlements to a municipality through the existing Constitutional and legal framework for accreditation.

In this Revised Framework, the mechanism of assignment is not considered as it is not in the Housing Act. The accreditation process is therefore defined as a progressive process of capacitation, evaluated against pre-determined criteria, which ***does not lead*** to eventual **assignment** of all the functions related to the administration of national housing programmes.

1.3 MINMEC Resolutions on Accreditation

The Accreditation and Accreditation 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:

- Identify lessons that have emerged from the implementation of the 2012 Framework by provinces and municipalities identifying critical success factors and delivery blockages
- Provide clarity on the legal mandate and role of provinces, and provincial MECs responsible for housing, in the accreditation of municipalities
- Identify legislative and policy shifts within the housing and broader urban, human settlements and local government context that impact the Framework;
- Propose a shift to a programmatic approach towards accreditation that responds to the re-design and complexity of national housing programmes
- Place a stronger focus on an integrated, outcomes-based and demand-driven approach to integrated human settlements delivery.

MINMEC of 11 May 2023 has resolved that a comprehensive assessment and evaluation of the accreditation programme be undertaken and that a revised accreditation framework be developed and submitted back for approval to MINMEC.

2.   LEGISLATIVE AND POLICY CONTEXT

2.1 Administration of National Housing Programmes

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:
- The Constitution
- Relevant International Agreements
- South African legislation and policy directly affecting housing programmes
- Broader legislation and policy indirectly affecting housing and human settlements; and
- Legislation and policy specific to accreditation and accreditation process.

2.2 Legislative Framework For Accreditation of Municipalities

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:

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 the 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.

Housing Act 107 of 1997 Section 10 Administration of national housing programmes by municipalities
(1) Any municipality may apply in writing to the MEC in the form determined by the MEC to be accredited under subsection (2) for the purposes of administering one or more national housing programmes.
(2) (a) If the MEC is satisfied that the municipality which made an application under subsection (1) complies with the criteria for the accreditation of municipalities as determined by the Minister after consultation with the MEC, the MEC must accredit the municipality for the purposes of administering one or more of the national housing programmes mentioned in the application.
(b) Despite the repeal of the Housing Arrangements Act, 1993 (Act 155 of 1993), by section 20, any criteria determined under section 11B (2) of that Act are regarded to be criteria determined under paragraph (a), until amended or substituted under that paragraph.
(3) (a) Subject to the directions of the MEC consistent with the national housing policy, any municipality that has been accredited under subsection (2) may administer any national housing programme in respect of which accreditation has been granted. (b) For the purposes of such administration, but subject to subsection (4), such municipality may exercise such powers and must perform such duties of the relevant provincial housing development board as are necessary for the administration of such national housing programme. (c) (i) Any municipality accredited under subsection (2) must be regularly reviewed by the MEC based on adequate performance against the criteria for accreditation referred to in that subsection. (ii) If any such municipality fails to so perform, the MEC may intervene and take the steps necessary to ensure adequate performance.

(4) (a) The MEC may, after consultation with the relevant provincial housing development board, out of money paid into the relevant provincial housing development fund as contemplated in section 12 (2), allocate to any municipality accredited under subsection (2) and situated in the province in question such amounts as the MEC considers necessary. (b) The officer designated as the accounting officer as contemplated in section 12 (2) (b) must out of money allocated under paragraph (a) transfer to such municipality such money as required by it for the purposes of the administration of- (i) the Housing Subsidy Scheme referred to in section 3 (5) (a); and (ii) any other national housing programme. (c) Such accounting officer remains the accounting officer in respect of any money
transferred in terms of paragraph (b) (i). (d) A municipality must maintain separate accounts into which money transferred in terms of paragraph (b) (i) and (ii) must be deposited and out of which all disbursements in connection with the administration of the national housing programme in question must be made. (e) Any disbursement of money transferred in terms of paragraph (b) (i) to a vendor as defined in section 1 of the Value-Added Tax Act, 1991 (Act 89 of 1991), must be made by the municipality acting as the agent of the provincial administration in question. (f) (i) The chief executive officer of such municipality must as soon as possible after, but within two months of 31 March in each year, submit detailed 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 paragraph (d) to the officer designated as the accounting officer as contemplated in section 12 (2) (b). (ii) Such accounting officer must, within five months after the end of the financial year, incorporate such statements and balance sheets into the statements and balance sheets required to be prepared by that officer in terms of any applicable provincial legislation. (g) (i) The books and statements of account and balance sheets in respect of the money transferred in terms of paragraph (b) must be audited by the Auditor-General. (ii) The Auditor-General may require any person (including any person in the employ of the municipality in question) to make available for examination all books, registers and documents in his or her possession or under his or her control which would, in the opinion of the Auditor-General, facilitate the carrying out of such audit.
(5) (a) Any municipality accredited under subsection (2) must, in the performance of its functions contemplated in this section, carry out the policy directives of the MEC consistent with national housing policy including the rules of any applicable national housing programme. (b) If requested to do so by the MEC, a municipality accredited under subsection (2) must report to the MEC on the activities of the municipality in terms of this section.

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 Accreditation 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 the 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 of this Act.

2.3 Policy and Legislative Principles

The human settlements policy and legislative framework outlined above provide certain principles that inform the 2023 Revised Accreditation Framework:

i. Any housing or human settlements policy and legislative framework must contribute to the realisation of Constitutionally protected rights to adequate housing.

ii. 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.

iii. Each sphere of government should play a fundamentally important role in the delivery of a comprehensive and coordinated state housing programme legislation and policy must allocate responsibilities and tasks amongst the spheres. The 2023 Revised Accreditation Framework outlines the processes to be followed for the delegation of the provincial function to administer national housing programmes.

iv. There is legislative and policy commitment to accreditation of municipalities, and intermediate cities should be prioritized to enable the desired integrated urban development outcomes of access, growth, governance and spatial transformation.

v. The legal instruments of delegation, agency and accreditation remain the Constitutional and legal instruments for the delegation of functions from one sphere of government to another.

vi. The provincial MECs responsible for housing are the accrediting authorities for national housing programmes.

vii. A municipal Integrated Development Plan (IDP) is the principal strategic planning instrument which guides and informs government-wide planning, development and investment. The Human Settlements Sector Plan included within the IDP is the principal planning instrument for housing programme delivery.

viii. 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.

ix. National and provincial government have legislated capacity support and monitoring responsibilities with regard to the local sphere. Accreditation is a capacitation mechanism to support the delegation 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.

3. LESSONS FROM THE 2012 ACCREDITATION FRAMEWORK IMPLEMENTATION

3.1 Programme Performance

The Accreditation Framework is embedded in the Constitution, the Housing Act, the Housing White Paper, BNG, the Housing Code and the Municipal Accreditation Framework to accredit local government/municipalities and delegate powers to deliver housing, there are however persistent challenges inhibiting municipalities to undertake this Constitutional obligation. Implementation of the 2012 Accreditation Framework has not led to much success as the programme has encountered various implementation challenges in some of the provinces some of which are outlined below:

- Implementation protocols in various provinces were signed and not renewed
- Lack of accreditation dedicated units in provinces
- Breakdown in established accreditation governance structures
- Instabilities in various municipalities made the accreditation process difficult
- Poor expenditure of OPSCAP funds
- Lack of provincial capacity
- Funds, not gazette
- Funds allocated and gazette but could not be transferred as IPs are unsigned
- Poor provincial support of municipalities
- Constant provincial management changes negatively affected programme implementation

The provinces that performed better displayed the following:

- Political consensus and support between provinces and municipalities
- Accreditation IGR structures in place (e.g., steering committees established within municipalities)
- IPs signed and reviewed every three (3) years
- Funds are gazette and transferred to municipalities
- Provincial support visible and instrumental
- Stable and low-risk classified municipalities

3.2 Status of Implementation Protocols

Table 1: Accredited Municipalities and IP

No	Province	Municipality	IP Status (Year Signed)
1	Eastern Cape	Buffalo City Metropolitan Municipality	2013
2		Nelson Mandela Bay Metropolitan	2013
3	Free State	Mangaung Metropolitan Municipality	2016
4	Gauteng	City of Johannesburg	2012
5		City of Tshwane	2012
6		City of Ekurhuleni	2012
7	Kwazulu-Natal	eThekwini Metropolitan Municipality	2023, 2020, 2017, 2013
8		Ray Nkonyeni Local Municipality	2023, 2020, 2017, 2013
9		Newcastle Local Municipality	2023, 2020, 2017, 2013

10		Alfred Duma Local Municipality	2023, 2020, 2017, 2013
11		Kwadukuza Local Municipality	2023, 2020, 2017, 2013
12		Umhlathuze Local Municipality	2023, 2020, 2017, 2013
13		Msunduzi Local Municipality	2023, 2020, 2017, 2013
14	Limpopo	Musina Local Municipality	IP Not Signed
15		Thulamela Local Municipality	IP Not Signed
16		Bela-Bela Local Municipality	IP Not Signed
17		Lephalale Local Municipality	IP Not Signed
18		Polokwane Local Municipality	IP Not Signed
19		Greater Tzaneen Local Municipality	IP Not Signed
20		Makhado Local Municipality	IP Not Signed
21	Mpumalanga	Mbombela Local Municipality	2013
22		Steve Tshwete Local Municipality	2013
23		Emalahleni Local Municipality	2015
24		Govan Mbeki Local Municipality	2014
25	North West	JB Marks Local Municipality	IP Not Signed
26		Rustenburg Local Municipality	IP Not Signed
27	Northern Cape	Frances Baard District Municipality	2012
28		Namakwa District Municipality	2022
29		ZF Mgcawu District Municipality	2022
30		David Kruiper District Municipality	2022
31		John Taolo Gaetsewe District Municipality	2022, 2012
32		Sol Plaatjie Local Municipality	2022, 2012
33		Emthanjeni District Municipality	2022, 2012
34		Pixley Ka Seme District Municipality	2022, 2013
35	Western Cape	City of Cape Town	2021, 2017

The assessment has revealed that the majority of municipalities (63%) are partly performing the accredited functions with only 37% of municipalities performing the full functions which they are accredited for.

3.3 Critical Success Factors For Implementation

The implementation of the 2012 Accreditation and Accreditation Framework has highlighted lessons that have informed the Revised Accreditation Framework 2023. Critical success factors are summarised in the table below covering the following areas: planning, Implementation Protocols, implementation processes, land acquisition, financing, monitoring and support. These critical success factors have been built into the revised framework.

Table 2: Critical Success Factors

Focus Area	Critical Success Factor		
	Municipal Level	**Provincial Level**	**National**
Planning	• SDBIP • BEPP • Credible HSP adopted as part of the IDP • Updated and credible SDF, LUMs and infrastructure sector	• Ability to provide technical support • MYHSP and APPs informed by the HSSP, SDF and IDP • Ability to facilitate inter-sphere	• Approval of Provincial Business plans. • Ability to facilitate inter-sphere and sectoral planning and budgeting alignment

Focus Area	Critical Success Factor		
	Municipal Level	**Provincial Level**	**National**
	plans informing the HSP • HSP aligned with provincial plans • Migration to the National Housing Needs Register • Bulk infrastructure capacity	planning and budgeting alignment	
Implementation Protocols	• IPs signed by both province and municipalities • Roles and responsibilities of parties clearly defined in the IPs • IPs implemented by both parties and reviewed regularly		• Ability and willingness to facilitate the negotiations between the Province and the Municipality • Monitoring of the implementation of the IPs
Implementation Processes	• Approval and implementation of new housing unit organogram • Strong senior management support • Effective governance and administrative systems in place • HSS accessibility and functionality secured • Sound procurement systems • Strong asset management capabilities • Good cash flow and project management systems • Contract administration systems in place • Consultative community structures, processes and systems in place	• Ability to support HSS functionality • Transfer of relevant provincial staff and assets • Ability to monitor and leverage support for municipalities • Re-focusing of the whole department to reflect the status of an accredited municipality • Clear communication	• Willingness and ability to provide policy guidance and support. • Secure direct municipal HSS access for accredited municipalities
Land acquisition	• Available finance and support • Available well-located public land	• IP signed with HDA for the acquisition of the land	• HDA procures land on behalf of the accredited municipalities.
Financing	• Funding certainty • Sound financial administrative systems • Effective revenue collection systems	• Gazetting of the HSDG and operational funding	• Input into the HSDG annual DORA framework
Monitoring	• Legal compliance with reporting requirements	• Regular municipal site visits	• Regular and Quarterly Provincial visits. • Remedial actions to be implemented as and when required to ensure

Focus Area	Critical Success Factor		
	Municipal Level	**Provincial Level**	**National**
			provincial and municipal responsiveness.
Support	• Capacity Support Plans signed as part of the IPs and implemented • Holistic capacity and support approach	• Capacity costs included as part of operational funding allocation • Provincial Accreditation Unit in place	• 3% of the USDG earmarked for capacity

These critical success factors have been built into the 2023 Revised Accreditation Framework in terms of the introduction of:

- The positioning of the credible HSSP as the pivotal inter-governmental planning and budgeting alignment instrument and the fundamental basis for accreditation;
- Including time-frames for decision-making;
- Introducing an appeal mechanism if an accreditation application is rejected by an MEC to facilitate national consistency and uniformity in approach;
- 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 2023 Revised Accreditation Framework;
- Enhancing monitoring and evaluation mechanisms; and
- Prioritising intermediate city municipalities (ICMs).

4. REVISED APPROACH TO ACCREDITATION

4.1 Programme Based Incremental Approach Accreditation (Thrust 1)

Municipalities are to be accredited for implementing a programme or mixture of programmes that are relevant to their capacity and priority needs. The decision on what national housing programmes to accredit a municipality for will be linked to the municipality's Human Settlements Sector Plan (HSSP). A municipality must analyse its local housing demand, and then identify the relevant national housing programmes that will assist in addressing this demand. 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, Human Settlements S Sector Plan (HSSP), 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 HSSP of a municipality.

The capacity of a municipality will also determine the range of national housing programmes that the municipality may include within its HSSP. 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 HSSP. 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. There are two levels of accreditation with varying shifts in administrative responsibilities that a municipality may apply for depending on its existing capacity. Depending on the capacity a municipality may choose to apply for accreditation to implement a chosen programme or a few programmes and then build capacity towards taking on more or all over a period. The various national housing programmes are listed in the table below:

Table 3: National Housing Programmes

Intervention Category	Programme
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 (PHP)
	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

4.2 Role of Secondary Cities / Intermediate City Municipalities (Thrust 2)

Intermediate City Municipalities (ICMs) are seen as important catalysts for more balanced and dispersed growth across the country. As alternative urban centres, they relieve pressure from the country's primate cities, which is especially important in countries where most demographic and economic activity has historically occurred in just one city. They are also catalysts for surrounding areas, acting as markets for agricultural produce, as administrative and service centres, and as links to the primate cities. Many governments have designed specific national policies aimed at nurturing secondary cities / intermediate city municipalities. The international spotlight today is on secondary cities / intermediate cities because they have the fastest population and economic growth. The World Bank's urban and local government strategy, for example, was directed almost exclusively at secondary cities (World Bank, 2009). The European Union funded a major research programme into Europe's secondary cities, with the express intent of finding ways to strengthen them (ESPON 2010, 2011). Private sector think tanks have also paid increasing attention to secondary cities, seeing them as the principal drivers of global economic growth (McKinsey, 2011). Secondary cities are today seen as the principal drivers of global economic growth, with the fastest population and economic growth. A list from Treasury's Cities Support Programme (CSP) dated August 2011 sets out 22 South African cities that are not currently governed by a metropolitan municipality.

Table 4: Secondary Cities and Accreditation Status

	City	Major Town	District	Province	Accreditation Status
1	Matjhabeng	Welkom	Lejweleputswa	Free State	Not Accredited
2	Emfuleni	Vereeniging	Sedibeng	Gauteng	Not Accredited
3	Mogale City	Krugersdorp	West Rand	Gauteng	Not Accredited
4	Msunduzi	Pietermaritzburg	Umgungundlovu	Kwazulu-Natal	Level 1
5	Newcastle	Newcastle	Amajuba	Kwazulu-Natal	Level 1 & 2
6	Umhlathuze	Richards Bay	uThungulu	Kwazulu-Natal	Level 1 & 2
7	Lephalale	Ellisras	Waterberg	Limpopo	Level 1
8	Polokwane	Polokwane	Capricon	Limpopo	Level 1 & 2
9	Emalahleni	Emalahleni	Nkangala	Mpumalanga	Level 1
10	Govan Mbeki	Secunda	Gert Sibande	Mpumalanga	Level 1
11	Mbombela	Mbombela	Enhlanzeni	Mpumalanga	Level 1
12	Steve Tshwete	Middleburg	Nkangala	Mpumalanga	Level 1 & 2
13	City of Matlosana	Klerksdorp	Dr. Kenneth Kaunda	North West	Not Accredited
14	Madibeng	Brits	Bojanala	North West	Not Accredited
15	Mafikeng	Mafikeng	Ngaka Modiri Molema	North West	Not Accredited
16	Rustenburg	Rustenburg	Bojanala	North West	Level 1 & 2
17	JB Marks	Potchefstroom	Dr. Kenneth Kaunda	North West	Level 1
18	Dawid Kruiper	Upington	ZF Mgcawu	Northern Cape	Leve 1 & 2
19	Sol Plaatje	Kimberley	Frances Baard	Northern Cape	Level 1 & 2
20	Drakenstein	Paarl	Cape Winelands	Western Cape	Not Accredited
21	George	George	Garden Route	Western Cape	Not Accredited
22	Stellenbosch		Cape Winelands	Western Cape	Not Accredited
Total Accredited Secondary Cities					**13 (59%)**

Intermediate City Municipalities (ICMs)

The Integrated Urban Development Framework (IUDF) is a government strategy that seeks to foster a shared understanding across government and society about how best to manage urbanization and achieve the goals of economic development, job creation and improved living conditions for the citizens. It is also a response to and builds on various chapters in the NDP especially Chapter 8 "Transforming human settlements and the national space economy". The IUDF therefore aims to guide the development of inclusive and liveable urban settlements, while directly addressing the unique conditions and challenges facing South African cities and towns. The IUDF identifies the following as core implementation partners:

- Metropolitan Municipalities
- Intermediate City Municipalities (ICMs)
- Small and Rural Towns

In this Revised Accreditation Framework (2023), the term "Secondary Cities" is therefore replaced by "Intermediate City Municipalities" and consists of 39 ICMs as indicated in the table below:

Table 5: Intermediate City Municipalities (ICMs)

Large and Semi-diverse	Mining	Manufacturing	Service Centre	Low GVA and High Population Density
Emfuleni	Rustenburg (L1&2)	Mogale City*	Matlosana	Bushbuck Ridge
Msunduzi (L1)	Matjhabeng	Newcastle (L1&2)	Maluti-a-Phofung	Makhado (L1)
Mbombela (L1)	Emalahleni (L1)	Govan Mbeki (L1)	Nkomazi	Greater Tzaneen (L1)
Polokwane* (L1&2)	Madibeng	Umhlathuze* (L1&2)	Thulamela (L1)	Mahikeng
	Rand West	Drakenstein*	Sol Plaatjie* (L1&L2)	Enoch Mgijima
	Steve Tshwete* (L1&2)	KwaDukuza (L1&2)	Mogalakwena	King Sabata Dalindyebo
	Merafong	Alfred Duma L1&2	JB Marks (L1)	
	Greater Tubatse / Fetakgomo	Metsimaholo	George*	
	Ba-Phalaborwa	Stellenbosch*	Greater Giyani	
	Lephalale (L1)		Ray Nkonyeni* (L1)	

*municipality receives IUDG

Dysfunctional	Medium Risk	Low Risk	Stable

Secondary cities / Intermediate city Municipalities in the country are experiencing challenges such as:
- inadequate capacity to manage rapid urbanization which is manifested by mushrooming of informal settlements,
- inadequate and aging infrastructure and limited sources of revenue
- inadequate capacity in spatial planning, land management and enforcement of by-laws,

- governance challenges manifesting through undesirable audit opinions, poor revenue collection etc.

These challenges negatively impact the implementation of human settlements programmes in these secondary cities and it is imperative that these cities be capacitated, funded and accredited to successfully undertake human settlements programmes thereby addressing the various challenges faced by communities at a local level.

An intervention support is proposed in this revised framework for intermediate city municipalities which includes amongst other support the following:

Intervention 1: **Accreditation Drive for Intermediate City Municipalities**

The National Department of Human Settlements shall facilitate the accreditation of intermediate city municipalities / secondary cities. The department shall identify and prioritise secondary cities for accreditation. Furthermore, the National Department shall put in place and implement a rapid capacitation programme for accreditation of current Level 1 accredited secondary cities to achieve Level 2 accreditation.

The accreditation status of the 39 ICMs is broken down as follows: 21x Non Accredited ICMs, 10x Level 1 Accredited ICMs and 8x Level 2 Accredited ICMs. It is recommended that identification and prioritization be made as follows:

- ICMs with a high prevalence of **informal settlements should be prioritised** - Number of informal settlements in non-accredited ICMs is 415), Number of informal settlements in Level 1 Accredited ICMs is 303, Number of informal settlements in Level 2 Accredited ICMs is 129. The estimated total number of informal settlements in ICMs is 847.

Table 6: Prioritisation According to Number of Informal Settlements

Non-Accredited	Non-Accredited	Level 1 Accredited	Level 2 Accredited
Emfuleni (33)	Maluti-a-Phofung (4)	Msunduzi (83)	Polokwane (5)
Matjhabeng (28)	Nkomazi (6)	Mbombela (49)	Rustenburg (23)
Madibeng (31)	Mogalakwena (5)	Emalahleni (72)	Steve Tshwete (30)
Rand West (14)	George (56)	Lephalale (3)	Newcastle (9)
Merafong (33)	Greater Giyani (5)	Govan Mbeki (42)	Umhlathuze (7)
Greater Tubatse / Fetakgomo (7)	Bushbuck Ridge (TBC)	JB Marks (14)	KwaDukuza (20)
Ba-Phalaborwa (1)	Mahikeng (5)	Ray Nkonyeni (5)	Alfred Duma (6)
Mogale City (89)	Enoch Mgijima (20)	Greater Tzannen (9)	Sol Plaatjie (29)
Drakenstein (36)	King Sabata Dalindyebo (12)	Thulamela (3)	
Metsimaholo (4)		Makhado (3)	
Stellenbosch (21)			
Matlosana (5)			
415		**303**	**129**

- **Mining Towns** - 6x ICMs are not accredited (Matjhabeng, Madibeng, Rand West, Merafong, Greater Tubatse / Fetakgomo and Ba-Phalaborwa) while 2x ICMs are accredited at level 1 (Lephalale & Emalahleni).
- **Other criteria** such as low GVA and high population density, manufacturing ICMs, large and semi-diverse and service centre ICMs

Intervention 2: Human Settlements Cities Capacity and Support Programme.

The National Department shall provide pre-accreditation support, accreditation implementation support and ongoing accreditation support to intermediate city municipalities as depicted in the diagram below:

Figure 1: Human Settlements - Cities Capacity and Support Programme
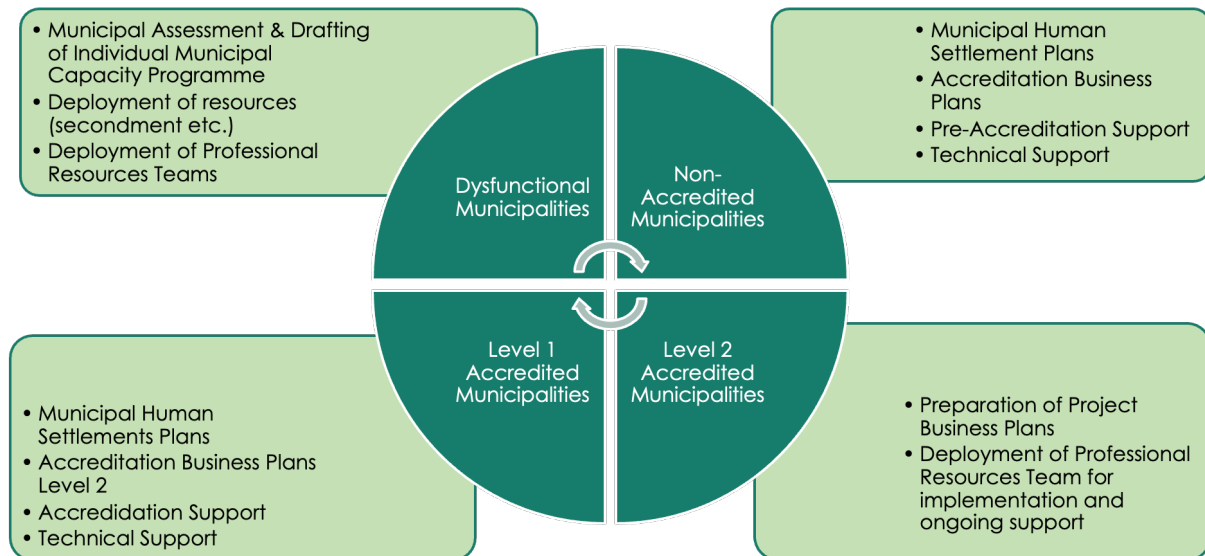
4.3 Accreditation Levels

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

- Level 1 Accreditation, or
- Level 2 Accreditation.

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.

4.4 Accreditation Responsibilities

To achieve level one accreditation a municipality must possess the capacity for:

Subsidy budget planning and allocation, and priority programme management and administration: which includes the delegation of housing subsidy budgetary planning functions across National Housing Programmes and projects; the delegation of subsidy/fund allocations, and the delegation of project identification functions. The annual budget allocation will be published in DORA, providing the municipality with budget certainty. Level One Accredited municipalities must carry out their new responsibilities in addition to, and not instead of, its existing Housing Act 1997 responsibilities. In this regard, beneficiary management, the definition of local housing priorities, and the management of all public housing remain a municipal function even with the addition of Level One accreditation functions. This will include focused internal capacity to commission, produce and implement housing strategies, plans and budgets. The municipality will also be required to do the range of tasks associated with project identification and preliminary project assessments.

To achieve level two accreditation a municipality must possess the capacity for:

Programme management and administration: which includes the delegation of project evaluation and approval functions for National housing programmes, the delegation of contract administration, subsidy registration, programme management including cash flow projection and management and technical (construction) quality assurance functions. This involves the additional delegation of responsibility for programme management and administration of National Housing Programmes expressed in their Human Settlements Sector Plan. In order to undertake the functions associated with this level of accreditation, municipalities will require the necessary capacity to commission, produce and implement project feasibility assessments, which will be undertaken by professional engineers, town planners or certified project managers etc. Municipalities will also require programme administration capability (skills and experience) in line with the scale of activities planned for the municipality including project cash flow management. With Level Two accreditation, subsidy registration via the HSS is also delegated to the municipality. This means that the municipality will be required to install standardized programme management systems and a municipal HSS. Legislative provisions, in DORA, will ensure that Provincial Departments will be obliged to allocate housing subsidy funding as prioritized and programmed by the accredited municipality, in a manner that is both effective and efficient and which does not delay the municipality's ability to operate within their sphere of responsibility.

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.

Table 7: Value Chain and Accreditation Responsibilities

No	Process Step	Definition	Applicable
1	Subsidy Budget Planning	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 HSSP 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 & 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. The 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.	L1 and L2 accreditation
2	Project and programme approval	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 HSSP by Councils.	L1 and L2 accreditation
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
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

No	Process Step	Definition	Applicable
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 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 NHSDB. Municipalities will need governance arrangements to allow for the necessary checks and approvals	L1 and L2 Accreditation
6	Reporting	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.	L1 and L2 Accreditation
7	Document management system	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 accreditation.	L1 and L2 Accreditation
8	Procurement and appointment of Implementing Agents	Procurement is the transparent, efficient and effective sourcing of service providers and contractors in terms of national and provincial legislation, 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.	L2 Accreditation
9	Project/ programme management	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) 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.	L2 Accreditation

No	Process Step	Definition	Applicable
		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.	
10	Contract administration	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.	L2 Accreditation
11	Technical quality assurance	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.	L2 Accreditation
12	Budget management	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.	L2 Accreditation

5. 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 2023 Accreditation Framework by the Minister in consultation with MINMEC, and in particular the accreditation criteria set out in this document, 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.

Municipalities must meet the following specific criteria in order to be accredited for a particular level.

Level One Accreditation:
- Approved housing strategy, plan and budget
- Accreditation business plan – Level One
- Necessary capacity to be enhanced, confirmed by an auditor, including:
- Ability to draft a business plan for Level One accreditation.
- Ability to produce and implement housing strategies, plans and budgets, or commission and manage such functions.
- Ability to do project identification and assessment.
- Ability to produce and undertake project feasibility assessments (undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for priority programme(s).
- Programme administration skills/experience relevant to the priority programme(s) and in line with the scale of activities planned for the municipality.

Level Two Accreditation
- Approved housing strategy, plan and budget
- Accreditation business plan – Level 2
- HSS in place and ability to undertake subsidy registration function
- Necessary capacity to be enhanced, including:

- Ability to produce and undertake project feasibility assessments (undertaken by professional engineers, town planners or certified project managers (in-house or contracted) for all programmes.
- Programme administration skills/experience in line with the scale of activities planned for the municipality as contained in the Human Settlements Sector Plan and National Programme/s applied for.

The table below outlines the criteria for the Accreditation of Municipalities to Administer National Housing Programmes on behalf of Provinces:

Table 8: Criteria For Accreditation of Municipalities

Performance Areas	Functions	Criteria	Applicable Level
Integrated and sustainable Human Settlements Planning	Human Settlements Sector Planning	Credible HSSPs 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 the development of a range of housing typologies and 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	1 & 2

Performance Areas	Functions	Criteria	Applicable Level
		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 Administration	Capacitated housing unit	Municipality demonstrates capacity through: The existence of a Human Settlements/ Housing Unit or Administrative capacity Proposed human resource plans and organogram to perform housing programme administration	1 & 2
	Programme and Project planning, development and management	Municipality demonstrates the 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 layout 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	2

Performance Areas	Functions	Criteria	Applicable Level
		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	

In addition to the above criteria, COGTA State of Local Government Reports together with Municipal Capacity Assessment Reports published by the Municipal Demarcation Board will be utilised in the assessment of municipalities. The following indicators will therefore be considered by the Assessment Panel in assessing municipalities for accreditation:

State of Local Government : Indicators

	Political	Governance	Administrative	Financial Management	Service Delivery
HIGH RISK DYSFUNCTIONAL	• In-fighting in councils • Intra-political party divisions in council • Divisions in caucuses • External political interference in councils • Persistent & frequent section 139 interventions (esp. on dissolution of councils)	• Council not meeting as regulated • Committees of council not meeting • Council taking wrongful decisions No oversight by council on administration Poor and weak decision-making by council • Councilors unduly interfering in administration No consequence management on corruption, maladministration, nepotism & poor performance • Frequent Labour disputes and disruptions • Poor public participation processes	• Vacancies in key positions • Bloated structures • Poor performance management and lack of consequence management • Non-compliance: legislation, regulations and policies	• Unfunded budget • Incapacitated and incompetent Budget & Treasury Offices (BTO) • Excessive salary bills • Non submission or late submission of annual financial statements • Disclaimer & adverse audit outcomes • High debt to utilities and statutory obligations • Flouted SCM processes • Poor collection of revenue	• High basic services backlogs • High number of informal settlements • No maintenance of infrastructure resulting in water and electricity supply interruptions and poor water quality • No technical capacity • Glaring service delivery issues Perennial poor infrastructure grant expenditure • Persistent service delivery protests • Poor response: service delivery complaints • Court actions by interest groups on poor service delivery
MED RISK	• Minimal in-fighting in council • Elements of factionalism • Regular Section 139 interventions	• Council meeting as scheduled with some external interruptions • Reports on maladministration • Oversight conducted not fully effective • Public participation not fully effective	• Vacancies in some key positions • Structure not fully respondent to municipal needs • Compliance to applicable legislation, regulations and policies not fully met	• BTO not fully capacitated – vacancies in some positions • Financial management policies in place, not fully implemented • Weak revenue collection • Debt owed to utilities & statutory obligations not fully services • Annual financial statements late • Qualified audit outcomes	• Basic services backlogs not fully met • Repairs and maintenance not fully executed due to capacity and budget • Infrastructure grants not fully spent • Frequent service delivery protests • Inadequate response to service delivery complaints
LOW RISK	• Robust and functional Council • No intra-party political divisions	• Council meeting as scheduled with no undue external influence • Reports on maladministration identified	• Vacancies in key positions • Structure not respondent to municipal needs • Compliance to applicable legislation, regulations and policies not fully met	• Weak revenue collection • Debt owed to utilities & statutory obligations not fully services • Reliance on consultants for Annual financial statements	• Repairs and maintenance not fully executed due to capacity and budget • Incapacity to response to service delivery complaints
STABLE	• Cohesion in council • Functional caucus • No intra-party political divisions • No section 139 interventions over 5 year period	• Council meeting regularly, as regulated • Council adopts IDP, budget, policies, annual financial statements on an informed and efficient basis • Council provides effective oversight over administration	• Structure fully respondent to municipal needs • No vacancies in key and senior positions (positions occupied by competent individuals) • Full compliance with legislation, regulations and policies	• Fully funded budget • Functional BTO • Effective application of credit control and debt collection policies • No or minimal outstanding debt to utilities & statutory obligations	• Community consultation on service delivery priorities • Well capacitated and efficient infrastructure services department • Uninterrupted delivery of services due to well maintained infrastructure • Quick response and turnaround time to service delivery complaints • Infrequent service delivery protests

6. ACCREDITATION PROCESS (Thrust 3)

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 in line with provincial and national governments growth and development paths 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 National Department and overseen by an independent auditor. An assessment Panel has to be established or appointed to undertake an independent assessment process for municipalities that have been either identified or that have applied for accreditation. The Assessment Panel should include relevant experts. Representatives of provincial sector departments may be invited to form part of the assessment panel.

The following process will apply:

Council Adoption of a Human Settlements Sector Plan: A municipality prepares its HSSP as part of its IDP in alignment with other municipal strategic planning documents. The municipality states which national housing programmes and projects will be required in order to deliver on its integrated human settlements strategy 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 HSSP is informed by input and technical support from the NDoHS, PDHS and other relevant sector departments. The HSSP is to be adopted by the Council as part of the IDP.

Preparation of an Accreditation Business Plan: Once the municipality has indicated its intention to the Province or has been identified by the province for accreditation. The National Department in conjunction with the Province will conduct the **pre-capacitation** of the municipality targeting officials and

political representatives within a period of 30 days. The Provincial Department provides the required technical assistance towards the development of an Accreditation Business Plan (ABP). The ABP must include the objectives of the requested accreditation; the existing capacity for national housing programme administration; and the 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. And once the ABP is approved or drafted by the municipality. The National Department in conjunction with the Province will conduct **pre-assessment** exercises as part of ensuring the state of readiness for identified/prioritised municipalities for accreditation within 30 days of ABP approval. The National Department will provide recommendations in line with the pre-assessment exercises conducted, more especially pointing to the capacity and compliance gaps that need to be dealt with by the municipality and supported by the province prior to municipal assessments.

Formal Accreditation Application: A formal written request for accreditation is submitted by the Executive Mayor/Mayor to the MEC with the ABP, HSSP and a supporting Council decision. The National Department should be notified by the province concerned about such an application within 14 days of receipt of such an application.

Assessment of Municipalities against the Accreditation Criteria: Within _**30 days of receiving the formal accreditation application**_, the National Department of Human Settlements shall deploy a Panel of a minimum of six (6) people to assess the applicant municipality. A provincial department should make both verbal and written inputs to the panel. Attempts should be made by both provincial and national departments to ensure that on the date of assessing the municipality the relevant provincial/national sector departments (e.g. local government, water and sanitation, public transport, roads, energy, economic development and rural development and land reform) are represented. The purpose of the public sector representation will be to ensure that other sector departments with human settlements-related functions provide input, engage, support and monitor the applicant municipalities. The provincial department responsible for human settlements will be afforded the opportunity of providing a verbal and written submission to the Panel in support of the municipality being assessed for accreditation. 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. Once the assessment exercise has been undertaken there will be a written submission by the municipality and on-site spot checks by the panel where applicable. The Panel prepares an Accreditation Compliance Report Memorandum for the MEC as contemplated within Clause 63 of the _2007 Guidelines on the Allocation of Additional Powers and Functions to Municipalities_. The Accreditation Compliance Report Memorandum should at least cover the following matters:

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

- The views of the affected municipality on the proposed accreditation and any specific terms provisionally agreed upon by the parties;
- The reasons why the power or function should / should not be delegated to the municipality;
- The level of technical and managerial expertise required for the exercise of the power or performance of the function;
- The current capacity of the municipality to exercise the accredited power or function;
- The impact, if any, of the proposed accreditation on the financial and fiscal capacity of the municipality; and
- 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 the assessment report to NDoHS within 7 days of undertaking the assessment. The NDoHS must submit to the MEC the Accreditation Compliance Report Memorandum within 30 days.

Municipal Feedback Session: Before the Accreditation Compliance Report Memorandum is sent to the MEC for ratification or approval or disapproval a municipality must be given a fair chance by the panel in making an assessment report available to the Municipality through feedback session with the municipality within the 30 days allowance of submission to the MEC.

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 Accreditation Compliance Report Memorandum prepared by the Panel for this purpose. This step could be undertaken in writing by the MEC requesting input within 30 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 within 21 days of receiving input from consultations. 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 the province, subject to the formalization of accreditation by means of an Implementation Protocol. The MEC also then approves that part of the HSSP that lists the housing projects to be implemented by the municipality. This approval ensures compliance with section 9(2)(b) of the Housing Act which prohibits an accredited municipality from assuming a developer role unless the project has been approved by the MEC.

Appeal Mechanism: If a MEC declines an accreditation application by a municipality in the notice of accreditation decision, then the Municipality may appeal within a period of 30 days 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. The Minister shall establish an Independent Appeals Authority to consider the appeals lodged by municipalities.

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 NDoHS within a period of 30 days. 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. The Head of Department of the PDHS will approve the municipality's HSDG allocation based on the approved programmes and projects within the HSSP. The Accreditation Unit as well as other relevant units dealing with implementing agents within the PDHS will assist the municipality to engage other implementing agents that they have identified for national housing programmes within its HSSP.

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 –

- Identify any challenges facing the implementation of the function to administer national housing programmes and state how these challenges are to be addressed;
- Describe the roles and responsibilities of each organ of state in performing the function;
- Give an outline of the priorities, aims and desired outcomes;
- Determine indicators to measure the effective implementation of the protocol;
- Provide oversight mechanisms and procedures for monitoring the effective implementation of the protocol;
- 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;
- Provide for dispute-settlement procedures and mechanisms should disputes arise in the implementation of the protocol;
- Determine the duration of the protocol; and
- 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 30 days of the MEC's positive accreditation decision. An Implementation Protocol should be reviewed annually. The accreditation of a municipality is for a period of 5 years and the 5-year period should be stipulated in the Implementation Protocol to be signed. 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 Independent Technical Team assembled by the National Department of Human Settlements.

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 the 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 the operationalization of the agreement can be finally disposed of expeditiously to prevent delays in service delivery.

Conditions for withdrawal of accreditation to a municipality

The following condition/s provide grounds for the MEC to consider withdrawal of accreditation granted to a municipality:

- Consistence failure to meet agreed targets (delivery and expenditure) stipulated in the Implementation Protocols
- Consistence failure to comply with reporting and other legislative requirements
- Regress or failure to capacitate the Human Settlements Unit as per the Accreditation Business Plan
- Financial mismanagement of accredited funds
- When Section 139 Intervention is Invoked.

Process of withdrawal of accreditation

i.   The Provincial Department of Human Settlements shall submit written motivation to the National Department of Human Settlements outlining the condition/s for recommending the withdrawal of accreditation to a specific municipality.
ii.   The National Department of Human Settlements shall within 30 days appoint an independent assessment panel to prepare a report in order to determine whether the recommendation to withdraw the accreditation is justified
iii. The Independent Panel shall within 7 days of assessment submit a report for consideration by the NDoHS upon which the NDoHS shall make recommendations to the MEC accordingly.
iv.   If any party is still aggrieved, they shall within 30 days of the receipt of the recommendations, make an appeal to the NDoHS
v.   In that case, the dispute resolution mechanisms provided for in Chapter 4 of the IGRF Act 13 of 2005 shall apply (including the declaration of a formal intergovernmental dispute).

7. FINANCIAL RESOURCING (Thrust 4)

7.1 Financial Resourcing

Funding arrangements relate to the allocation of housing subsidy funds and the administrative costs associated with the new responsibilities conferred through accreditation. At all levels, a critical component of accreditation is budgetary certainty, over the MTEF period. Budgetary certainty gives municipalities the opportunity to respond creatively to their housing responsibilities and local challenges and, ensure a coordinated and integrated delivery process. It is critical that the Human Settlements Sector Plan contain as a critical component, budgetary requirements over the MTEF period.

Adequate capital grant and operational funding must be provided by the accrediting authority for the municipality to perform. Reporting obligations of provinces in respect of grants listed in Schedule 5 of the DoRA are set out in Section 12 of the DoRA. The expected outputs include amongst others the following:

- 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.

As part of compliance with the DoRA provision to gazette, provinces should disaggregate amounts which will be transferred to municipalities and amounts that will be retained by provinces in order to be utilised by provinces to implement projects in those municipalities.
The gazetting of municipal grant allocations provides budgetary certainty to enable integrated municipal planning, budgeting and delivery. It will be fair and transparent if the grant allocations from provinces to municipalities is formula-based where applicable and released in tranches based on performance. The revised applicable grant formula which takes into account the housing backlog, economic growth rate, population growth rate, topographical factors and other agreed and quantifiable factors should be utilised in determining allocations to the municipalities. 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 bank account into which funds transferred by the MEC for projects and operational funding are deposited and out of which all disbursements are made.

Accredited municipalities and provincial departments are required to submit a budget every year, within the framework of the three-year MTEF. For Level 1 and Level 2 accreditation,

allocations will be gazetted and administered by provincial departments, 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 provincial department shall in consultation with the municipality concerned re-allocate the projected unutilised portion in terms of DoRA conditions. In such an instance, the reallocation of funds must be accompanied by targeted capacitation interventions from the provincial department to assist the municipality to overcome its implementation challenges. Any projects delayed through the reallocation of funds in a particular year will have to be financed from the budget allocations in the outer years of the MTEF cycle.

7.2 Operational Funding

Municipalities will be incurring higher operational costs in accepting the responsibilities delegated upon accreditation on either accreditation level, In keeping with the principle that funding must follow function, an accreditation operational funding is therefore critical. Payment of the accreditation operational funding will be conditional on the receipt of the required reporting formats. Accreditation will lead to expanded capacity requirements on the part of all spheres of government as each adapts to the new roles in respect of the accreditation arrangements, while also carrying on in respect of its current roles, for the balance of its responsibilities.

Further operational funding should be determined in terms of 3-5 % of the gazetted grant/s transferred allocation to the municipality. Provincial discretion or guidelines as determined by the level at which the municipality has been accredited should apply and be reflected in the Implementation Protocol. Expenditure reporting must be in terms of the DoRA, the MFMA and any additional requirements of the provincial accounting officer.

7.3 Capacitation Funding

The success of the municipal accreditation programme is entirely dependent on sufficient capacity existing in each sphere of government to implement their new and enhanced functions effectively. The 2023 Revised Accreditation Framework envisions that each sphere will be responsible for providing the capacity support required, it is also envisioned that the entire cost of capacitation will be supported by national department. The NDoHS will also develop an accreditation capacitation programme on the basis of which this budget can be expended.

Three different sorts of capacitation funding are available:

i. *Pre-accreditation support*: This is realised by a municipality when it participates in a provincial department's pre-accreditation support programme. Municipalities will seek funded provincial support to:
   - Undertake a capacity audit of its housing department or division

- Identify and source the capacity necessary to assist the municipality in drafting an accreditation plan
- Draft a Housing Strategy and Plan, if necessary; and
- Undertake a range of other tasks associated with accreditation, based on the requirements of the particular municipality concerned

ii. *Accreditation implementation support*: This is realised by a municipality formally seeking a particular level of accreditation, once the provincial department has, in principle, approved that municipality's accreditation business plan. The provincial department will support the sourcing and appointment of the capacity necessary to implement this plan.

iii. *Ongoing accreditation support*: This is realised by a municipality on a basis to be agreed with the provincial department concerned. Support may be in the form of funding for ongoing capacity building programmes, or the purchase of specific facilities.

7.4 Financing Principles for Accreditation

i. Allocations of the agreed-upon funding will be transferred on a quarterly basis. The first tranche should be transferred to accredited municipalities based on an approved business plan submitted. Tranches for the subsequent quarter will be based on the performance of municipalities.
ii. Budgetary allocations for national housing programmes must be commensurate with the agreed national housing programme delivery objectives, targets and project plans contained within the HSSP;
iii. The grant municipal allocations must be formula-based;
iv. Operational budgets to accredited municipalities must be realistic in terms of an agreed formula or percentage of the grant/s;
v. The municipal grant and operational funding allocations must be gazetted and transferred to all accredited municipalities by the province to ensure planning and budgeting alignment, including with the Municipal Infrastructure Grant, land acquisition financing etc.;
vi. The grant and operational funding allocations transferred to municipalities must match the gazetted allocations in so far as possible and the operational funding should not be based on the performance of projects. In case of any adjustments, proper DoRA processes must be followed.
vii. The transfers to municipalities must be timeous and in accordance with an agreed payment schedule.
viii. No transfer of Human settlements funds for programme implementation should flow to the municipalities unless a municipality is Level 2 Accredited

8. CAPACITY BUILDING AND SUPPORT (Thrust 5)

8.1 Support For Capacity Building

The following are the various capacity building stages to support accreditation:

i.   Pre-accreditation support: Over time, and within a prioritised framework that acknowledges the diverse range of capacity enjoyed by the various municipalities, it is envisaged that prioritised municipalities seeking Level One accreditation will require capacity enhancements. In support of their intentions, the provincial departments will establish a pre-accreditation support programme with the following objectives:

- To support the municipality in undertaking a capacity audit of its housing department or division;
- To identify and source the capacity necessary to assist the municipality in drafting an accreditation plan;
- To support municipalities that are unable to undertake current housing functions and assist with the drafting of a Housing Strategy and Plan where necessary; and
- To offer any other form of support that may be required by the particular municipality concerned.

ii. Accreditation implementation support: Once the provincial department has, in principle, approved a municipality's accreditation business plan, it will support the sourcing of the capacity necessary to implement this plan - including personnel, business systems etc.

iii. Ongoing accreditation support: Provincial departments will maintain an Accreditation Management Unit that will constantly liaise with municipalities with reference to particular aspects of their delegated functions.

8.2 Accreditation Units at Provincial Department Level

To ensure that delivery is not stalled as a result of the accreditation process, it is critical that the necessary capacity for the given level of accreditation is in place within the municipality before the specific roles and functions are delegated. Provincial departments and municipalities are jointly responsible, for ensuring that such capacity either exists or is developed.

Provincial departments shall facilitate the capacity development of municipalities within their area of jurisdiction. Municipalities prioritised for accreditation will however be their priority. In order for provincial departments responsible for human settlements to perform their roles and responsibilities in terms of this Revised Framework they must re-orientate their departments accordingly. In other stances the accreditation process will mean that provinces are no longer entirely 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:

- Identify staff and assets that should be transferred/seconded to the accredited municipalities;
- Assess staff and resource allocation throughout the department in order to re-focus the department on its shifted roles and responsibilities
- 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;
- 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 be established within the provincial departments responsible for:

- Implementing pre-accreditation and accreditation capacity building and support programmes in terms of specific municipal needs;
- Ensuring the HSDG and operational funding allocations are gazetted for the accredited municipalities;
- Undertaking the financial administrative and reporting functions for the accreditation programme;
- 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;
- Ensuring that all the necessary housing programme administrative systems and procedures are in place within the accredited municipalities;
- Resolving any provincial and municipal blockages to the accreditation process, identifying and responding to problems as they arise; and
- Managing the roll-out of the Implementation Protocols and Municipal Capacity and Support Plans.

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 the municipal level. These units are required to facilitate:

- Meetings with the provincial district/regional offices on programmes and project progress
- Monthly project meetings with service providers and Implementing Agents
- Project steering and technical committee meetings

8.3 National Department of Human Settlements Accreditation Unit

The Accreditation within the NDoHS is responsible for facilitating the implementation of the 2023 Revised Accreditation Framework and putting in place monitoring and support systems for provinces and municipalities in terms of the Framework. The National Accreditation Unit will interface with the capacity building, monitoring and evaluation, financial and system components within the NDoHS's establishment to ensure the capacity development of prioritised municipalities seeking accreditation as well as the establishment of the necessary reporting systems. The NDoHS is responsible for monitoring 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 NDoHS 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.

The NDoHS shall facilitate the establishment of a Human Settlements Capacity Cities Support Programme to assist in particular secondary cities. This programme will provide assistance with regard to pre-accreditation support, accreditation implementation support as well as ongoing support.

8.4 Resourcing of the Accredited Municipality

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 NDoHS 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 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 NDoHS and PDHS, together with municipalities, are responsible for ensuring that capacity either exists or is developed in the accredited municipalities. The table below illustrates the capacities that a municipality accredited will require.

Table 9: Municipal Capacities Required For

Functions	Expected capacity, systems & procedures	Level
Municipal Policy and Planning Capabilities		
Human Settlements Sector Plan: (HSSP)	• 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).	Levels 1 & 2
Integrated Development Planning (IDP)	• Inter-sectoral human settlements planning based on an ability to undertake public, private and community stakeholder consultation and facilitate alignment of plans and budgets.	

Functions	Expected capacity, systems & procedures	Level
Budget and grant alignment	• Capacity for community engagement and participation. • Adequate, transparent and gazetted operational and capital financing. • Capital Investment Plan linked to the IDP and HSP that reflects an integrated financing approach to human settlements. • Thorough understanding of the human settlements legal and policy environment.	
Accredited Programme Administration Capabilities		
Housing subsidy budget planning Beneficiary Management Subsidy registration Subsidy management Reporting Document Tracking Project identification	Capacity required includes a • Budget tracking system, which tracks the total and annual budget allocations from the housing subsidy grant and operational funding. • Document management system, which manages all electronic and physical documentation generated, including how and where documents are filed and archived. • Reporting system, to report on overall delivery progress and to provide financial reconciliation accounts. • Migration to National Housing Needs Register. • Municipal housing policies in place.	Levels 1 & 2
Programme management Project / Programme approval Contract administration Technical quality assurance	• Capacity to produce and undertake project feasibility assessments for the priority programme(s). • Capacity to administer programmes. Programme management systems installed. These should include a: • Project tracking system, which tracks the status of all projects from application to close-out, providing project data on a regular basis. • Procedures and operations manual, including all the policies, procedures, procedural steps and pro-forma documentation for the entire housing subsidy administration programme. The manual must be updatable and a regular system for updates must be implemented. • HSS access and functionality, 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. Legally compliant financial systems that include: • A Cash flow tracking system which tracks cash flow expenditure against budget for each project and programme, also tracking administration costs. • Reporting systems, management information systems, standard accounting procedures, etc. • Ability to be responsive to Internal Audit and Auditor-General queries.	Level 2

HSS Access

Accredited municipalities require direct access to the HSS. The NDoHS 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 NDoHS.   Direct municipal HSS access must be regarded as a priority area for consideration by the NDoHS to enable accredited municipalities to perform accordingly.   Provinces must provide HSS support and training to the accredited municipality.

8.5 Non-Financial Resourcing

A decision to second 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.

9. INSTITUTIONAL ARRANGEMENTS (Accountability – Thrust 6)

9.1 Changing Lines of Reporting

The roles and responsibilities of the three spheres of government change depending on the level of accreditation achieved by a particular municipality. In terms of non-accredited municipalities, housing subsidy funding is allocated to the provincial departments by the NDoHS, on the basis of a formula, articulated in the annual DORA. The interaction of the various governmental spheres and the various levels of accreditation is illustrated in the figure below. The figure 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 2: Lines of Reporting, Oversight and Accountability
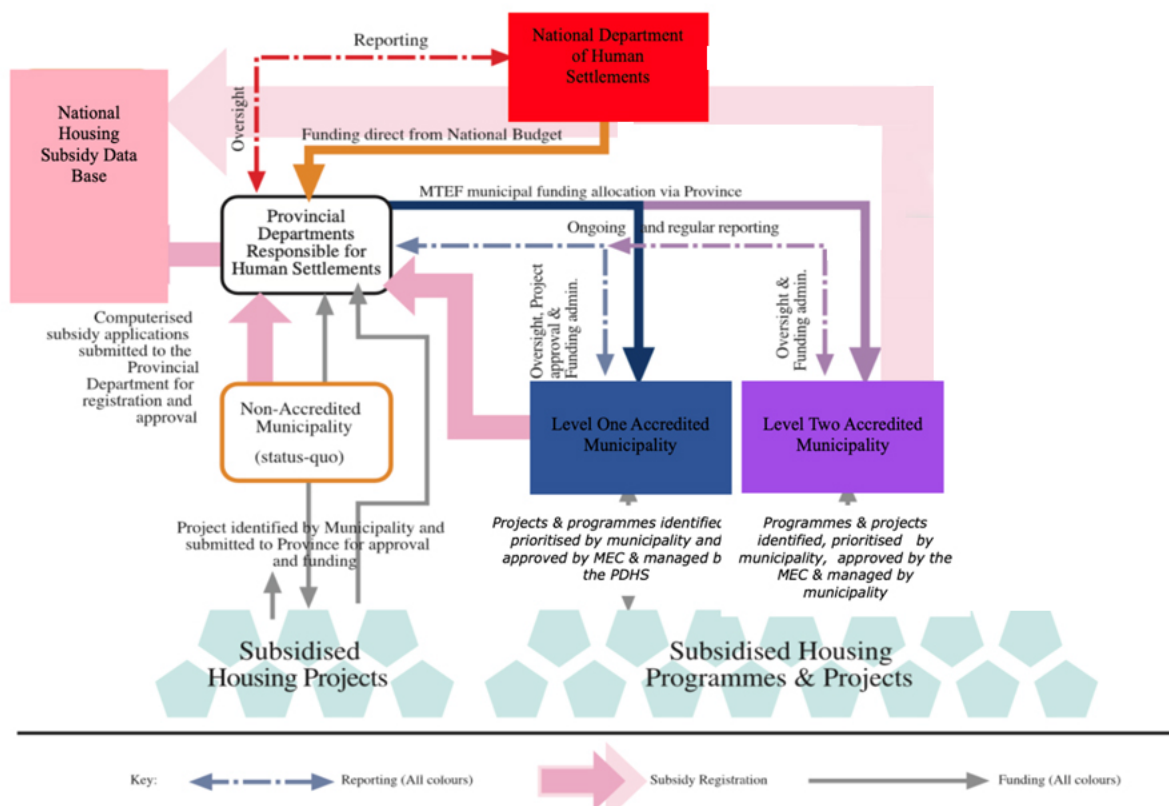
9.2 Governance and Oversight Arrangements

Municipalities operate in a statutorily defined, tried and tested set of governance arrangements. These have been developed over many years by municipalities and have been refined and encoded in the requirements of the Municipal Finance Management Act, 2003. Municipalities must establish a dedicated human settlements unit. This functionary will engage with the municipal human settlements statutory committees regarding programme and project prioritisation, subsidy budget planning, project approval and the implementation of other accreditation-linked functions. An accredited municipality may wish to invite the provincial department's official responsible for accreditation to participate as an observer in its housing standing committee in order to facilitate improved communication and interaction. Furthermore, the accredited municipality's housing function will be subject to external audit,

and the oversight of the Auditor General in respect of compliance with the MFMA, 2003. At the provincial and national level, the accreditation units will oversee the accreditation process and perform the necessary functions to ensure that it succeeds.

The reporting requirements to be applied are as per those specified in the annual DORA, in the PFMA, 1999 and MFMA, 2003 and by the NDoHS. Reporting to the provincial departments is required in order to facilitate the provincial department's oversight role and to ensure that progress is consolidated into the provincial department's year-end report against provincial plans.

Municipalities and provinces should establish accreditation steering committees comprising of different units whose work relates to accreditation. This will serve as an important institutional arrangement which will assist in managing and ensuring that implementation protocols are effectively managed. Different workstreams should also be established in provinces and municipalities in order to report on various pieces of work done in the steering committees. Terms of reference may be developed for the structures in order to guide their operations. The National Department should be invited to form part of the sessions and provide policy guidance and direction on matters that relate to the accreditation work, policy, and programmes.

Table 10: Shifting 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 HSSP and national goals and targets
	Co-ordinate inter-government planning, budgeting and implementation alignment with the HSSP
	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
	Allocate, 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 the 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 HSSP as part of the IDP and budget
	Identify and designate land for housing development
	Administer national housing programmes on behalf of the 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 the province of ongoing support and capacity requirements

Table 11: Shift in Role and Responsibility Through

FUNCTIONS	Accreditation Level 1	Accreditation Level 2
Policy and planning		
Human Settlements Strategy: (IDP)	Municipality	Municipality
Human Settlements plan and budget: (IDP and HSP)	Municipality	Municipality
Human Settlements policies e.g., Procurement, allocation	Municipality	Municipality
Human Settlements subsidy budget	Municipality	Municipality
Subsidy/fund allocations	Municipality	Municipality
Project identification	Municipality	Municipality
Priority programme management/admin	PDHS	Municipality
Full Project / Programme approval	PDHS	PDHS
Full contract administration	PDHS	Municipality
Full programme management	PDHS	Municipality
Subsidy administration	PDHS	Municipality
Full technical (construction) quality assurance	PDHS	Municipality
Subsidy disbursements	PDHS	PDHS
Financial reporting and reconciliation	PDHS	PDHS
Subsidy & property administration		
Eligibility check	PDHS	Municipality
Subsidy applications	PDHS	Municipality
Allocation of subsidy/house	PDHS	Municipality
Transfer	Deeds Office	Deeds Office
Project management	PDHS	Municipality

9.3 Conflict and Dispute Resolution Procedures

It is possible that conflict may arise between the NDoHS and the provincial department or municipality, between a provincial department and a municipality, between provinces, or between municipalities. In such cases, a clear conflict resolution procedure will assist in resolving the dispute timeously and without causing undue disruption in respect of the Accreditation Programme as a whole.

Any dispute arising between the MEC and a municipality concerning the delegated functions which cannot be resolved in accordance with the principles of co-operative government (as set out in Chapter 3 of the Constitution) must be referred to the Minister, for a decision on the matter. 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 the declaration of a formal intergovernmental dispute). The Inter-Governmental Relations Framework Act, 2005 must prevail where the matter is not specifically covered in the Housing Act, 1997. 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 the operationalization of the agreement can be finally disposed of expeditiously to prevent delays in service delivery.

10. REPORTING AND PERFORMANCE MONITORING (Accountability – Thrust 6)

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 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 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.

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

- Quality and credibility of the HSPs and Capital Investment Frameworks;
- Inter- and intra-governmental planning and budgeting coordination;
- Implementation of the HSSP;
- 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 2023 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 coordination 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 NDoHS 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 2023 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 coordination for housing programmes and broader integrated human settlements delivery.

INPUTS	PROVINCIAL ACTIVITIES	MUNICIPAL ACTIVITIES	OUTPUTS	OUTCOMES	IMPACT
Housing Policy & Legislation	Align PMYHSP & APP with HSP & facilitate inter-governmental planning & co-ordination	Integrated human settlements planning – alignment of HSP with PMYHSP & APP	Improved and integrated planning	Spatially and socio-economically integrated settlements, communities and neighbourhoods	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
Provide credible housing sector data	Grant Accreditation / Assignment	Housing programme administration oversight	Well-located land made available	Access to adequate housing and quality living environments	
Human Resource Capacity	Sign & monitor IPs and Executive Assignment Agreements	Capacitating the housing unit	Coordinated development		
Clear roles and responsibilities	Transfer staff and assets	Programme and project planning, development and management	Ownership / tenure formalised		
Adequate & integrated human settlement financing	Mobilise financial resources	Beneficiary management	Improved management & governance of projects, programmes & settlements		
Credible and aligned human settlements planning	Gazette & transfer HSDG & operational funding & perform financial administration duties	Reporting	Basic, social and economic services provided to households		
Good governance	Support & monitor accredited / assigned municipalities	Subsidy budget planning & allocation	Institutions developed, aligned & functioning effectively	A functional and equitable property market	
Sound housing Administrative systems e.g. HSS	Facilitate functional HSS access by accredited municipalities	Data collection, monitoring, reporting & evaluation	Accelerated delivery		
Finance for land acquisition		Intersectoral / intergovernmental coordination	Integrated human settlements financing	Institutional capacity and capabilities developed	
Provincial monitoring & support		Service provision	Communities involved and skills transferred		

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:

- 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 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 NDoHS. 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 NDoHS is required by accredited 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. The NDoHS and PDHS are required to draw from these reporting sources in order to perform their municipal monitoring functions.

Various pieces of legislation prescribe a number of statutory reporting responsibilities for municipalities. 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:

- The NDoHS'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
- 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), Social Housing Regulatory Authority (SHRA) etc.

The Presidency's Medium Term Strategic Framework includes a detailed set of performance indicators to monitor performance of government against the objectives established.

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 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).

11. REMEDIAL ACTION AND INTERVENTIONS (Accountability – Thrust 6)

11.1 Remedial Actions

The NDoHS 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 on a regular basis to Technical MINMEC and MINMEC on performance progress
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 NDoHS Accreditation Manager to the Provincial Accreditation Manager requesting corrective action within specified time-frames;
ii. Second-level: letter from the NDoHS 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 HSSP. 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 municipalities;
ii. DoRA reporting;
iii. IP and HSSP reporting;
iv. Regular provincial municipal accreditation or accreditation meetings;
v. Reviewing sector performance reports;
vi. Integration with broader NDoHS 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.

11.2 Interventions

The powers of other spheres of government to intervene in the affairs of a municipality is regulated by the Constitution and the MFMA. Section 139 of the Constitution provides for provincial (and national) interventions in municipalities as a last resort in response to serious problems. It envisages three kinds of failures in local government, with responses to address each of these problems, set out in the different sub-sections. The role of the province is to assess the nature of the problem, and to respond in terms of the relevant sub-section of Section 139 of the Constitution as follows:

- Section 139(1) should be invoked in response to a "failure to fulfil an executive obligation". These are discretionary interventions;
- Section 139(4) should be invoked in response to a failure by Council to pass a budget or budget related measures. This refers to a failure to fulfil a legislative function and is a mandatory intervention; and
- Section 139(5) should be invoked in response to a financial crisis, specifically a material breach of financial obligations or ability to provide basic services: these are also mandatory interventions.
- Section 139 (7) should be invoked where the provincial executive cannot or does not adequately exercise the powers or perform the functions referred to in Section 139 (4) or (5), the national executive must intervene instead of the relevant provincial executive

The above intervention mechanisms are applicable to the municipal accreditation programme.

ANNEXURES

ANNEXURE 1: ACCREDITATION ASSESSMENT TOOL

Aim of the Assessment Tool: The aim of this assessment tool is to provide a transparent and uniform basis for the MEC responsible for Human Settlements to decide as to whether a municipality qualifies for accreditation at the Level applied for in terms of the 2023 National Accreditation Framework**.**

Approach of the Assessment Tool: This tool can be used for both Level 1, Level 2 and Level 2 Intermediate City Municipality's Accreditation application assessments. The assessment tool focuses on the holistic municipal capacity rather than the adequacy of the existing human settlements units due to the cross-cutting requirements of the human settlements function.

Objectives of the Assessment Tool: The objectives of the assessment tool are to:
   i.   Assess the readiness of an applicant municipality for Accreditation Levels One and/or Two in terms of the set criteria; and
   ii. Identify the capacity and support requirements required by the municipality if granted accreditation.

Development of the Assessment Tool: The assessment tool was developed in order to ensure that functions better administered at the local level are undertaken by municipalities which are holistically performing well, with minimal risks to undertaking the accredited function.

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

Performance Area 1: Intergovernmental co-ordination and alignment
Performance Area 2: Municipal good governance
Performance Area 3: Subsidy and beneficiary management
Performance Area 4: Planning, project, and programme management
Performance Area 5: Financial management

Within each of the five areas, specific performance issues are identified. Municipalities are assessed based on supporting documentation[1] that they submit and verbal submissions made to an independent assessment panel and an independent auditor body. Scoring on a scale of 1 – 4 is used to provide a quick overview of the capacity of the municipality, and highlights areas of focus for capacitation and support.

Table 1: Scoring Scale

Note: Scoring is allocated as follows: 1- Do not comply, 2- Partly Comply, 3 - Mostly Comply, 4 – Fully Comply

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[1] The supporting documentation includes; Accreditation Business Plan, Municipal Human Settlements Plan, Integrated Development Plan, Budget, Audit Plan/Charter, Risk Management Plan Auditor-General's Report and Annual report. There may be a need to submit copies of council-approved human settlements policies, local government turn around strategies, infrastructure investment plans, spatial development framework etc on request by the external auditor.

PERFORMANCE AREA 1: INTERGOVERNMENTAL COORDINATION – Is there evidence of intergovernmental co-operation and alignment of plans and budgets? Is there evidence of national and provincial support to the municipality requesting accreditation?		Performance Standard Scoring					Comments
		Supporting Docs (Y / N)	Do not comply = 1	Partially comply = 2	Mostly comply = 3	Fully comply = 4	
1.	Is the Municipal Human Settlement Sector Plan aligned with national targets and outcomes as reflected in the provincial Multi-Year Human Settlements Performance Plan and Annual Performance Plan?						
2.	Is there evidence of support and monitoring by province regarding human settlements delivery and accreditation?						
3.	Are there structures and processes in place to ensure reporting from accredited municipalities to province to national on the MTSF targets and requirements in terms of the Division of Revenue Act and other statutory reporting requirements?						
4.	What evidence can be provided to demonstrate that the municipality's Integrated Development Plan is in line with other state-wide planning instruments such as: a) NDP, b) Provincial Growth and Development Strategy, c) Provincial Human Settlements Strategies and Plans, d) National Strategies and Plans?						
5.	What specific support did the municipality receive in developing the accreditation business plan? What support is province providing to the municipality seeking? Is there an agreed support programme in place?						
6.	Has Council approved the accreditation application? Is there a Council resolution in this regard?						
7.	What evidence can be provided to demonstrate that the municipality measures and report performance on all MFMA Circular 88 indicators?						
8.	Are the municipal planning and reporting instruments aligned with the prescribed set of municipal performance indicators? What evidence can be provided to demonstrate alignment between planning and reporting instruments such as the IDP, SDBIP and Annual report?						
9.	Is there evidence of measures to ensure achievement of integrated human settlement outcomes, goals, and targets? (land identification, land acquisition in collaboration with the HDA, development of a range of housing typologies and different forms of tenure within the municipality)						

PERFORMANCE AREA 2: MUNICIPAL GOOD GOVERNANCE (All Levels) – Is this a stable well-functioning municipality?		Performance Standard Scoring					Comments
		Supporting Docs (Y / N)	Do not comply = 1	Partially comply = 2	Mostly comply = 3	Fully comply = 4	
1.	Does the municipality have regular executive and Council meetings?						
2.	What is the nature of the political/administrative interface?						
3.	What has been impact of any service delivery protests focusing on human settlements in this municipal area?						
4.	Are there Council-approved delegations in place?						
5.	Has the Municipal Manager put in place delegations to municipal officials, and if so, to what level?						
6.	Are all senior managers' performance contracts in place and signed?						
7.	Is there a functioning Internal Audit Unit in place?						
8.	Is there a functioning Internal Audit Committee?						
9.	Is there an Audit Plan/Charter?						
10.	Is there a Risk Management Plan?						
11.	What is the level of community engagement, responsiveness and functioning of ward committees?						
12.	What is the municipality's rating in terms of the AGSA's audit outcome over the past three financial years?						
13.	Is there a sound administration in the municipality? (Filled senior management positions, low staff vacancy level, performance management systems in place, compliance with municipal reporting)						

PERFORMANCE AREA 3: SUBSIDY AND BENEFICIARY MANAGEMENT (L1) – Is there sufficient capacity in the municipality to effectively conduct subsidy budget planning and beneficiary management?		Performance Standard Scoring					
		Supporting Docs (Y / N)	Do not comply = 1	Partially comply = 2	Mostly comply = 3	Fully comply = 4	Comments
1.	Is there an existing capacity to operate the HSS?						
2.	What support is being provided by province to operationalise the HSS at municipal level?						
3.	Is there sufficient and effective interface between the municipality, community, and beneficiaries?						
4.	What is the status of the housing demand database? (updated, accuracy, coverage, data integrity, checks) Is there an updated and accurate demand database?						
5.	Is there an allocations policy in place to ensure fairness and transparency?						
6.	Is the capacity sufficient in the municipality to undertake subsidy budget planning?						
7.	What is the municipality's own contribution to housing and human settlements?						

PERFORMANCE AREA 4: PROJECT AND PROGRAMME MANAGEMENT – Is there sufficient capacity in the municipality to undertake project and programme management (both strategic management and project implementation)?	Performance Standard Scoring					Comments
Planning	Supporting Docs (Y / N)	Do not comply = 1	Partially comply = 2	Mostly comply = 3	Fully comply = 4	
1. Has the municipality conducted research to verify housing needs and planning assumptions?						
2. Does the municipality have an in-depth understanding of informal settlements? Does the municipality have a specific informal settlement upgrading programme or plan in place detailing appropriate interventions per settlement?						
3. Does the municipality have a land use management strategy in place to plan human settlements developments? Is there municipal and other state land available for human settlements development?						
4. Is there evidence that the Human Settlements Unit of the municipality has jointly planned with other sector departments for the provision of social facilities in human settlements?						
5. Is there a Council adopted Spatial Development Framework in place and does it inform the human settlements sector plan?						
6. Is there a high level of integration between the infrastructure investment master plan, the spatial development framework, and the human settlements sector plan?						
Project identification and evaluation						
7. What capacity exists for project identification and evaluation (feasibility studies, Environmental Impact Assessments)? How many qualified town planners, project managers, engineers are there?						
Project/Programme approval						
8. Are there project approval systems in place and is the relevant programme administration skills/experience required in line with the planned scale of human settlements activities?						
Contract administration						
9. Are the agreed contract management procedures in place and are they followed with all contractors?						
10. Are contract conditions closely monitored to ensure compliance by contractors and are penalties imposed for non-performance?						
11. Is there evidence of strict adherence to project delivery claims procedure and payments?						
Cashflow projection and management						

12.	Are monthly expenditure and cash flow reports for all human settlement projects/programmes distributed in time to decision makers?					
13.	Is there a close monitoring of actual versus projected cash flow on human settlement programmes/projects?					
14.	Is there a fully operational budget tracking system for human settlement projects/programmes?					
Technical quality assurance						
15.	Are the quality control procedures and processes in place that ensure compliance with housing service delivery standards? Are building inspectors/clerk of works employed on projects to monitor the quality of construction?					
16.	Are projects registered with relevant regulatory bodies, e.g., NHBRC?					
Organisational design						
17.	Is the Human Settlement/Housing unit adequately structured and capacitated to perform its current functions?					
18.	Is the proposed new organogram to accommodate accredited functions adequate?					
Performance monitoring						
19.	Is there an effective performance monitoring system in place that produces up-to-date project and programme progress reports against targets?					
20.	Are quarterly performance management reviews completed on time by the Human Settlement/Housing units in terms of the Service Delivery Budget Implementation Plan and/or IDP?					

PERFORMANCE AREA 5: FINANCIAL MANAGEMENT (L2) – Is there sufficient capacity in the municipality for financial management of housing programmes?		Performance Standard Scoring					Comments
		Supporting Docs (Y / N)	Do not comply = 1	Partially comply = 2	Mostly comply = 3	Fully comply = 4	
1.	Is there a proper GRAP-compliant financial management system in place?						
2.	Are all human settlement/housing related queries in the Auditor General's report responded to in an adequate and timely manner?						
3.	Is there a credible credit policy in place?						
4.	Are the required Section 71 reports produced?						
5.	Is there an adherence to DORA reporting requirements?						
6.	Is the annual report produced by the municipality?						
7.	Is there a Supply Chain Management policy in place?						
8.	Are the required Supply Chain Management committees in place? (bid specification, evaluation, and adjudication)						
9.	Is the municipality financially viable? Is the municipality in distress?						
10.	What is the municipality's risk category? (stable, low risk, medium risk, high-risk or dysfunctional)						

Figure 3: Minimum Level 1 Accreditation Structure
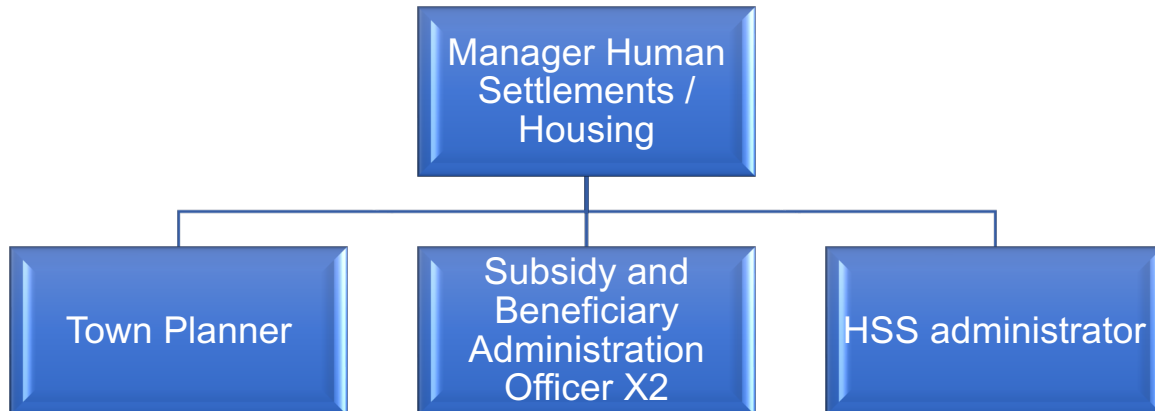
Functions linked to each official

The organogram above shows the minimum officials required for a level 1 accreditation while the high level functions of each official are listed below:

a. **Manager Human Settlements / Housing**

- Human Settlements Strategy
- Human Settlements Plan and Budget
- Human Settlements policies

b. **Housing Subsidy System (HSS) administrator**

- Liaise with province on housing programmes and projects
- Updating records on HSS
- Track and report on subsidy applications and approvals
- Housing assistance registration
- Maintenance of beneficiary records (i.e., registration of applicants, capturing of application details per applicant etc.,)

c. **Town Planner**

- Projects identification
- Human Settlements Planning (HSSP and related plans)
- Land Identification

d. Subsidy and beneficiary administration officer

- Human Settlements subsidy applications
- Beneficiary administration
- Allocations

Additional Municipal Administrative Systems

The assessment should consider the holistic municipal capacity and not only that of Human Settlements Unit. This is because the human settlement's function is cross-cutting and will need to engage the full spectrum of administrative systems. Furthermore, accreditation should be based on the proven capacity of the institution to perform against its broader plans, targets, and budgets.

- Financial Management
- Building and Quality Control
- Legal Compliance
- Supply Chain Management
- Monitoring and Evaluation

Figure 4: Minimum Level 2 Accreditation Structure
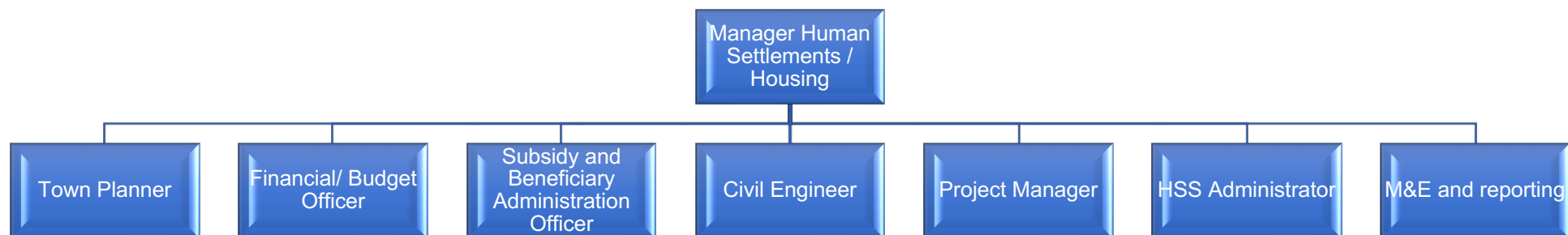
Functions linked to each official

The organogram above shows the minimum officials required for a level 2 accreditation while the functions of each official are listed below:

a. **Manager Human Settlements / Housing**

- Human Settlement Strategy
- Human Settlement Plan and Budget
- Human Settlement policies
- Contract Management and Administration
- Business Planning

b. Housing Subsidy System (HSS) administrator

- Liaise with province on housing programmes and projects
- HSS updating, track approved subsidy against payment milestones
- Housing assistance registration
- Maintenance of beneficiary records (i.e., registration of applicants, capturing of application details per applicant etc.,)

c. Town Planner

- Project identification
- Land identification
- Project preparation and Project Feasibilities
- Human Settlements Planning (HSSP and other plans)
- Township establishments and land use applications for housing projects

d. Subsidy and Beneficiary administration officer

- Subsidy Administration
- Beneficiary Administration
- Allocations

e. Financial / Budget officer

- Human Settlement Subsidy Budget
- Subsidy / fund allocations

f. Civil Engineer

- Management of Design and construction of bulk and reticulation services
- Human Settlements Infrastructure Planning

- Quality assurance
- Contract Management

g. Project Manager

- Programme management and administration
- Construction Monitoring and Quality Management
- Contract Administration
- Procurement Management

h. M&E and Reporting

- Check compliance with legislated financial and technical reporting requirements
- Effectively monitor programmes and projects implementation and progress
- Track operational and capital budget spend
- Undertake effective programme and project performance monitoring
- Preparation and submission of reports

Additional Municipal Administrative Systems

The assessment should consider the holistic municipal capacity and not only that of Human Settlements Unit. This is because the human settlement's function is cross-cutting and will need to engage the full spectrum of administrative systems. Furthermore, accreditation should be based on the proven capacity of the institution to perform against its broader plans, targets, and budgets.

- Financial Management
- Building and Quality Control
- Legal Compliance
- Supply Chain Management
- Monitoring and Evaluation

Accreditation Business Plan Guidelines and 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

Version No	Date	Revision Made

Approvals: This document requires the following approvals

Responsibility	Name	Signature	Date
Municipal manager			
Head of provincial department responsible for Human Settlements			

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 Sector Plan (MHSSP);
- The role of accreditation in enabling the municipality to implement its HSSP 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.
- The planning and consultative process which has been followed to arrive at the Accreditation Business Plan.
- The human settlements challenges faced by the municipality and the existing housing demand figures.
- The review of previous years municipal performance against the targets and objectives set in the IDP
- The existing bulk infrastructure and planned bulk infrastructure to support human settlements projects.
- Municipal MFMA and AGSA historical performance assessments (Budget expenditure patterns)
- The likelihood of the municipality to perform Human Settlements function without compromising its ability to continue performing other functions should be demonstrated.
- The municipality must demonstrate its inter-governmental relations preparations and alignment of sector departments business plans for the delivery of Sustainable and Integrated Human Settlements with the involvement of relevant sector departments.
- The alignment of the Accreditation Business Plan to the Municipality's Human Settlements Plan (MHSSP) and other strategic frameworks of the municipality; and
- The municipality's performance with the implementation of human settlements and infrastructure projects over the past 3 years in terms of both budget and delivery.

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.).

- Indicate the overall human settlements budget managed by the municipality and provide a breakdown of the funding sources.
- Describe the gap between existing capacity within the municipality to perform the human settlements function in terms of its current mandate and future capacity requirements if accreditation is granted.
- Detail the capacity required for the municipality to perform the responsibilities/functions related to the specific level/s of accreditation applied for? Indicate what of this capacity requirement can be met by the municipality and what external assistance is required?
- Explain the options that have been considered to improve the institutional capacity of the municipality to address the capacity gap (e.g. typical options may include restructuring, re-skilling of individuals, mentoring, recruitment and skilling of new staff, outsourcing, transfer of staff from the PDHS, introducing new management systems etc.).

To assist the municipality in packaging this information a series of guidelines and templates have 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 (Include the projects in the IDP)

| Name of Grant | MTEF Expenditure Levels | | | | | |
| | 2021/22 | | 2022/23 | | 2023/24 | |
	Grant allocation	% Expenditure	Grant allocation	% Expenditure	Grant allocation	% Expenditure
e.g., MIG						

Template 2: Housing projects being implemented over the MTEF within the municipality

Name of Project	Implementing Agent	No. of Sites	No. of Units	Project No.	Budget	Budget Source	Role of Municipality

Template 3: Capacity needs assessment of the Municipality for the Requested Level of Accreditation

FUNCTIONS	Expected capacity, systems & procedures	Level	Existing Capacity	Required Support
Municipal Policy and Planning Capabilities				
Human Settlements Sector Plan: (HSSP)	• 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 HSSP • 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	Capacity required includes a: • Budget tracking system • Document management system • Reporting system • Migration to National Housing Needs Register. • Municipal policies in place. Programme management systems installed: • Project tracking system • Procedures and operations manual	Levels 1 & 2		
Beneficiary Management				
Subsidy registration				
Subsidy management				
Reporting				
Document Tracking				
Project identification				

FUNCTIONS	Expected capacity, systems & procedures	Level	Existing Capacity	Required Support
Programme management	o Capacity for project feasibility assessments	Level 2		
Project / Programme approval	o Capacity to administer programmes.			
Contract administration	Programme management systems. These include:			
Technical quality assurance	• 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			

Accreditation human resources needs assessment

Template 4: Accreditation human resources needs assessment for level 1 accreditation

Human Settlements Post Requirement for level 1 Accreditation Structure				
Capacity	Number of personnel	Proposed Funding Source	Financial Year to be recruited	Budget
Manager Human Settlements				
Town Planner				
Subsidy and Beneficiary Administration Officer				
HSS Administrator				

Template 5: Accreditation human resources needs assessment for level 2 accreditation

Human Settlements Post Requirement for level 2 Accreditation Structure				
Capacity	Number of personnel	Proposed Funding Source	Financial Year to be recruited	Budget
Manager Human Settlements				
Town Planner				
Beneficiary Administration Officer				
HSS Administrator				
Subsidy Officer				
Civil Engineer				
Project Manager				

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 Accreditation Business Plan. State the steps that have been undertaken thus far and the planned steps e.g., preparation of HSSP as part of IDP process; identification of desired housing programmes and projects as part of the HSSP; budgeting; adoption of IDP by Council; institutional assessment etc. Clear time-frames must be given.

Roles and Responsibilities

Describe the roles and responsibilities of the various functionaries, stakeholders and co-ordinating forums.

Template 6: Roles and Responsibilities

Stakeholder/ Functionary / Co-ordinating Forum	Key Roles and Responsibilities
PDHS/ Municipality Accreditation Working Group	
PDHS Accreditation Project Manager	
Municipal Human Settlements Committee	
Workplace Skills Development Committee	
Other Stakeholders	
Other Stakeholders	
Other Stakeholders	

Reporting and Monitoring

A proposed reporting structure for reporting and monitoring of the Accreditation Business Plan (ABP) should be in place. This structure must be suited for the appropriate hierarchy of reports as agreed with the relevant PDHS. The reporting will need to be in line with the reporting requirements of the Division of Revenue Act and other statutory requirements. The municipality must indicate systems that will be put in place to ensure performance monitoring and evaluation. Once the Accreditation Project Manager (APM) is appointed s/he will have the responsibility for overseeing the implementation of the ABP. Co-ordination meetings will be required at least monthly or more frequently where circumstances demand with the stakeholders in order to co-ordinate efforts, assess progress, and solve problems. An evaluation mechanism needs to be included that results in continuous improvement of the capacity of the municipality to perform the accredited functions. This mechanism can be used to indicate when the municipality is ready to apply either for the next level of accreditation (if applicable).

Key Performance Indicators

Some suggested Key Performance Indicators (KPI's) to be reported on throughout the implementation of the ABP are presented in Template 7 below. The municipality would need to agree on specific targets and time-frames as per these KPIs.

Template 7: KPIs for Monitoring Implementation of the Accreditation Business Plan

Key Performance Area	Key Performance Indicator
Planning Alignment	Joint municipal and provincial planning teams in place
	Alignment of the HSSP with the IDP, SDF, ITP, Infrastructure Plans, LED Strategy and other plans of the municipality
	Alignment of HSSP with social sector department plans
Institutional Framework in Place	Regular meetings of Municipal Human Settlements Committee
	Municipal Accreditation Steering Committee in place
	Municipal Accreditation Project Manager appointed
Institutional Framework in Place	% of people trained relative to target set
	% of people skilled relative to number required
	No. of suitably skilled people recruited
	% of people recruited relative to number required
	No. of suitably skilled people outsourced
	% of people outsourced relative to number required
	No. of suitably skilled people transferred from province
	% of people transferred from province relative to number required
	% of new organogram filled
Management and Administrative systems	Human Settlements budgets incorporated into municipal accounting system
	HSS installed and fully operational
	Link to Deeds registry installed and fully operational
	Link to population register installed and fully operational
	Annual municipal human settlements plan produced and part of plan addresses accreditation projects approved by the PDHS
	Annual Municipal Human Settlements Budget Allocation prepared and approved by the municipal council and submitted to the PDHS on time
	Review and Adoption of the Municipal Human Settlements Plan and Budget by Council
	Monthly progress reports provided on time by the municipality
	% of Human Settlements budget spent according to plan
	Municipality received clean or unqualified audit report
	HSS monthly reporting provided timeously and to quality requirements
	Monthly subsidy reconciliations provided timeously and to quality requirements
	Individual subsidies correctly administered and loaded onto the HSS
	Timeous and quality reporting
Programme Delivery	Number of serviced sites
	Number of housing units delivered
	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

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:

i.   The identification of current internal and external accreditation risks;
ii. The identification of the consequences of such risk events occurring;
iii. The ranking of the risks based on their consequences, as either high, medium or low priority risk events; and
iv. The identification of mechanisms for management, mitigation, or prevention of the risk events and their impacts.

Examples of possible risks include:

Template 8: Risk identification

Risk Category	Identified Risks
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 gazetted • 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 9: 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.

Risk Categories	Identified Risks	Risk Analysis			
		Likelihood	Consequence	Rank	Proposed Actions to Mitigate Risk

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 10: Responsibilities for managing the accreditation process

Name of Staff Member	Position/ Function	Key Responsibilities within the Accreditation Process	Time-Frames	Reporting Line

Budget

Anticipated Ongoing Operational Costs

Template 11: Annual Accreditation Operational Budget

Item No.	Operational Budget Item	Budget Assumptions	Amount
Total Annual Accreditation Operational Budget			
Annual Municipal Human Settlements Operational Budget (Own Funds)			
Anticipated Provincial Allocation – Operational Funding			

Cash Flow Requirements

The anticipated cash flow requirements for the programme are summarised in Template 12.

Template 12: Anticipated Cash Flow Requirements

No	Budget Item	Year Xx Budget	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year YY	Year ZZ	Total (RM)

The header row above "Apr ... Mar" is a spanning header labelled **Year XX**.

Municipal Human Settlements Sector Plan Guidelines

Municipal Human Settlements Sector Plan (HSSP) / Housing Sector Plan (HSP):
Insert name of Municipality

Accreditation Level *(insert Level)*:

To be included as Housing Chapter of the Municipality's Integrated Development Plan. This Guideline is aligned with the provisions of the national Housing Code, 2009 Part 3 Volume 3 Integrated Development Plans.

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

Version Control

Version No	Date	Revision Made

Approvals: The Municipal Housing Sector Plan (HSSP) requires the following approval:

Responsibility	Council Resolution	Date	Reference
Municipal Council			

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.

Responsibility	Name	Signature	Date	Reference
MEC responsible for Human Settlements				

Prepared by: *insert name, function and institution*

Background

These guidelines are intended to assist municipalities in preparing their Municipal Housing Sector Plans (HSP) / Human Settlements Sector Plan (HSSP) 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 promote the location of national housing instruments at municipal level. As a result, the national accreditation framework set out the 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 by provinces for the administration of national housing programmes in order to facilitate such integrated planning and delivery. The HSSP must demonstrate the municipality's plans, budget and organizational capacity to deliver on this mandate.

Objectives of the Municipal Human Settlements Sector Plan (HSSP)

A HSSP 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 HSSP

The HSSP 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 This 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 HSSP 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) and Government's MTSF targets.

Planning Context

This section of the HSSP 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 where applicable, the specific municipal role in terms of a signed Implementation Protocol for the administration of national housing programmes.

Alignment with national and provincial planning processes

The HSSP should demonstrate alignment with national human settlement priorities, and in particular with the Provincial Multi-Year Human Settlements Development Plan and Annual Performance Plans.

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

Key Performance Area	National Targets	Provincial Targets	Municipal Targets

Alignment with Local Government Planning Processes

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

- Integrated Development Plan
- Spatial Development Framework
- Infrastructure Master Plan and Capital Investment Framework
- Land Use Management Strategy
- Water Services Development Plan
- Environmental Management Plan
- Integrated Transport Plan
- Local Economic Development Plan etc.
- Other applicable municipal strategic plans

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 HSSP

The municipality should describe the community consultation process followed in the development of the HSSP 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 HSSP 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.

Housing Demand Type	No. of Units Required	Data source	Relevant national housing programme/ financing source

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:

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

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:

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

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:

National Housing Subsidy Instrument	No. of Units Targeted		
	Year 1	Year 2	Year 3
New subsidy/project linked projects			
Social housing			
Hostel redevelopment			
Upgrading of informal settlements & emergency housing			
Land restitution claims			
Gap housing			
CRU (rental stock upgrading)			
TOTAL			

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:

Project Name	USDG/ISUPG/Other			HSDG			Municipal Own Funding			Other funding sources		
	Year 1 R	Year 2 R	Year 3 R	Year 1 R	Year 2 R	Year 3 R	Year 1 R	Year 2 R	Year 3 R	Year 1 R	Year 2 R	Year 3 R

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 HSSP 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) must be reflected per project.

Project Name	HSDG Allocation		
	Year 1 R	Year 2 R	Year 3 R

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 HSSP in order to comply with S 9 (2) (b) of the Housing Act.

Project	Project Milestone	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Year YY	Year ZZ	Payment Due
Delivery Time-Frames & Agreed dates for Progress Payments **Year XX**																	

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.

Item No.	Operational Budget Item	Budget Assumptions	Amount
Total Annual Accreditation Operational Budget			

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 / Level 2 Intermediate City to Municipality (Insert name of municipality).

Responsibility	Name	Signature	Date	Reference
MEC responsible for Human Settlements				

Section 4: Detailed Project Planning

Comprehensive and Detailed Project Plans

This section of the HSSP provides more detailed project planning for all 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.

Project Name	Confirmation of Alignment with										
	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																	
Project	Project Milestone	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	Year YY	Year ZZ	Year AA

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. where applicable. 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.

Key - Likelihood: Low or Moderate or High Rank: 1, 2, 3 etc. from 1 highest priority descending

Risk Categories	Identified Risks	Risk Analysis			
		Likelihood	Consequence	Rank	Proposed Actions to Mitigate Risk

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.

Communication Element / Major Events	Target Audiences	Message	Medium	Frequency	Action Plan	Responsibility	Risk Assessment	Communication Cost

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 HSSP and must relate to the human settlement's 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/USDG/ISUPG achieved according to planned targets
- The % of human settlement projects with integrated and sustainable plans
- % compliance with the signed Implementation Protocol

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 HSSP. The template below provides a possible format for a summarized MTEF budget allocation:

Budget Item	Municipality's Own Commitment R'000	External Funding Required R'000	Total Budget Amount R'000	Year Xx R'000	Year Xx R'000	Year Xx R'000
Administration						
Hardware requirements						
Software requirements						
Communication requirements						
Mentorship & Support						
Training						
Staffing (breakdown)						

Budget per Human Settlements Programme						
Project linked						
Institutional						
Consolidation						
Hostels Upgrading						
Individual Subsidies						
Other						
Land						
Identification						
Acquisition						
Release						
TOTALS						

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 are summarised in the template below:

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

															Year XX		
No	Budget Item	Year xx Budget	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Year YY	Year ZZ	Total (RM)
	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 HSSP will be reflected within the IDP and Service Delivery and Budget Implementation Plan (SDBIP) of the municipality.

ANNEXURE 4: ACCREDITATION COMPLIANCE REPORT MEMORANDUM

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

1. The …….………… municipality <u>meets / does not meet</u> the accreditation criteria as outlined in the 2023 *Revised Accreditation Framework* and, therefore qualifies / does not qualify for Accreditation Level……

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

Notice of Accreditation Decision

I, MEC (insert name of MEC) responsible for Human Settlements 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 the National Minister of Human Settlements.

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 Human Settlements to:

    i.   Enter an Implementation Protocol with the Municipal Manager of the municipality to give effect to my decision.

    ii.   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.

    iii.   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:

_____
_____
_____
_____

Signed at _____on the (date) _____by MEC (insert name)_____responsible for human settlements within the (insert province) _____

MEC's signature_____
Witness 1: _____
Witness 2: _____

Municipal Capacity and Support Plan for Accreditation

Level (insert level) **Municipal Accreditation Capacity and Support Plan:**
Insert name of Municipality

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

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

Version Control

Version No	Date	Revision Made

Approvals: This document requires the following approvals

Responsibility	Name	Signature	Date
Head of PDHS			
Municipal Manager			

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. It will also state the municipality's commitment to addressing specific capacity gaps. 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?
- What is the cost of the intervention?
- By whom? E.g. the PDHS, Provincial Treasury, housing institution, another sector department etc.
- What are the time-frames for the support?

The Municipal Capacity and Support Plan shall focus on the following key areas which should have been identified in the business plan:

- Plugging Management and Administrative Systems Gaps – in this regard the capacity intervention will focus on hardware, software, linkage, mentorship and training requirements. The outcome is therefore a ***Management & System Requirements for Accreditation***.

- Plugging Human Resources Gaps – additional human resource capacity will be required in order for municipalities to effectively perform the new functions. In this regard the intervention will focus on the number of staff required, staff to be seconded from PDHS, staff to be re-trained, staff to be externally recruited, staff to be deployed, outsourcing and time-frames for filling of posts. The outcome is therefore a ***Staffing Plan for Accreditation and Implementation Plan for Staff Recruitment into New Organogram***.

- Financing of Human Resources Needs – the total human resource posts for the municipality's human settlements function and the committed funding sources for these posts needs to be outlines. The existing human settlements posts together with the total cost of package and funding source needs to be indicated together with the new human settlements posts for accreditation, the total cost of package as well as the funding source. The outcome is therefore a **Financing of Human Resource Requirements**.

- Skills Development Implementation Plan – this plan should be integrated within the municipality's Workplace Skills Development Plan and thus be approved by the municipality's Workplace Skills Development Committee. The plan should talk to the existing and new responsibilities, skills to be provided, training and costs inclusive of time frames. The outcome is the **Skills Development Implementation Plan for Accreditation**.

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	Expected capacity, systems & procedures	Municipal Support Needs Identified	Support to be Provided	Total Budget & Budget Source	Institution Responsible	Time-Frame
Municipal Policy and Planning Capabilities						
Housing Sector Plan: (IDP) Integrated Development Planning (IDP) Budget and grant alignment	• Credible spatial planning information • Inter-sectoral human settlements planning alignment • Ability to undertake public, private and community stakeholder consultation • Capacity for community engagement and participation. • Adequate, transparent and gazetted operational and capital financing • Capital Investment Plan linked to the IDP and HSP • Thorough understanding of the human settlements legal and policy environment.					
Accredited Programme Administration Capabilities						
Housing subsidy budget planning Beneficiary Management Subsidy registration Subsidy management Reporting Document Tracking Project identification	Capacity required includes a: • Budget tracking system. • Document management system • Reporting system • Migration to National Housing Needs Register. • Municipal housing programme policies in place.					
Programme management	• Capacity to produce and undertake project feasibility assessments for the priority programme(s) • Capacity to administer programmes. • Programme management systems in place, e.g. • Project tracking system • Procedures and operations manual • HSS access and functionality					

FUNCTIONS	Expected capacity, systems & procedures	Municipal Support Needs Identified	Support to be Provided	Total Budget & Budget Source	Institution Responsible	Time-Frame
Municipal Policy and Planning Capabilities						

	• Sound financial management systems that include:
	
	    o A Cash flow tracking system
	    o Reporting systems
	    o Ability to be responsive to Internal Audit and Auditor-General queries					

Other Identified Support Needs						

ANNEXURE 7: ASSESSMENT FOR TRANSFER OF STAFF, ASSETS & LIABILITIES

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 shall 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. 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 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 municipality'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 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 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/municipalities;
- 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 relating to powers and functions
- 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.

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 Section 10 of the Housing Act, 107 of 1997 which provides that any
Municipality may apply in writing to the MEC in accordance to the criteria determined by the
Minister for the purposes of administering one or more national housing programmes

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 a Notice of Accreditation
Decision,

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 Minister 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 / Level 2 / Level 2 Intermediate City Municipality accreditation of the
………………………….. Municipality, as contemplated in the *2023 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 *2023 Revised National Accreditation Framework for Municipalities to Administer National Housing Programmes,* as approved 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) / Human Settlements Plan (HSSP)**" 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 IGR Act**" means the Inter-Governmental Relations Framework Act, 2005 (Act 13 of 2005)

i. "**the funds transferred**" refers to the funds transferred by the MEC to the Municipality for the purposes of administering national housing programmes;

j. "**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;

k. "**the Municipality**" means the …………………………………Municipality being accredited in terms of this Protocol;

l. "**the MYHSP**" means the relevant Provincial Multi-Year Human Settlements Plan;

m. "**this Protocol**" means the agreement set out in this document and the Annexure/s attached hereto.

n. "**the national Housing Programmes**" means all national housing programmes contained within the Municipality's Housing Sector Plan / Human Settlements Sector Plan.

o. "**the Capacity and Compliance Accreditation Panel**" means the panel appointed by the Minister of Human Settlements to advise and assist the Minister and MECs in

the pre-accreditation assessment process for municipalities and in post-accreditation support.

2. Objectives of protocol

2.1. The objectives of this Protocol are:

2.1.1. to formalize the MEC's decision to accredit the ……………………Municipality in terms of Section 10 of the Housing Act to administer all the national housing programmes as reflected within the HSSP of the Municipality;

2.1.2. to ensure the capacitation of the Municipality in preparation for it to undertake the 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 IGR Act, 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 of ……………………….. and
3.1.2. the Municipal Manager of…………………………..

The parties 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 Revised Accreditation Framework of 2023.

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 Human Settlements Plan adopted by the Municipal Council on _____:

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 MYHSP and APP and ensure alignment with the
            municipality's HSSP;

   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 HSSP
            to deliver integrated human settlements;

   5.1.5.   to regularly review the performance of the municipality against the criteria as
            set out in the Revised Accreditation Framework, 2023 and in terms of the
            HSSP, 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 Provincial 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 HSSP;

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

6.1.4. to prepare and ensure alignment between its MYHSP and APP and the Municipality's HSSP;

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 hold Implementation Forum Meetings with relevant provincial sector departments and municipalities to ensure that the MTEF targets are met

6.1.10. to review annually the performance of the Municipality against the criteria for accreditation as outlined in the Revised Accreditation Framework 2023, its approved HSSP and the Key Performance Indicators set out in paragraph 10, and to advise the MEC of any non-performance on behalf of the Municipality;

6.1.11. To annually review the Implementation Protocol Agreement

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

6.1.13. 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

6.1.14. to provide the necessary support and capacity (such as HSS Support etc.) 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 and Level 2 Intermediate City Municipalities 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 HSSP that is aligned to national human settlements policy objectives, relevant government department investment plans, the PMYHSP and APP, and to ensure that the HSSP 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 Upgrading & Management

Plan, the Environmental Management Plan and the Integrated Transport Plan and other related plans;

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;

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 department on the activities of the Municipality in terms of the approved Human Settlements Sector Plan and in terms of any other requirements stipulated by the department;

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 department any allegations of fraud or corruption associated with

the administration of national housing programmes on behalf of the department;

     7.2.15. to report to the department any risks associated with the administration of national housing programmes and to inform the department of mitigating actions

that have been undertaken by the municipality; and

     7.2.16. to inform the department 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 and all Human Settlements Entities, the national Department responsible for Co-operative Governance, The Construction Industry Development Board (CIDB), Department of Water Affairs, Department of Energy and the South African Local Government Association in providing support to, and monitoring the Municipality, within their respective mandates.

9. Workplan, Reporting, Monitoring and Evaluation

9.1. The HSSP is attached as **Annexure D**. The HSSP is reviewed annually in terms of municipal performance and to ensure ongoing alignment with national and provincial outcomes and targets.

9.2. The Accreditation business Plan is attached as **Annexure E**

9.3. The MYHSP and APP are attached as **Annexure F**.

9.4. Municipal Reporting – the Municipality is required to report monthly, quarterly and annually regarding the performance and progress of the human settlement programmes and projects of the municipality. The reporting shall focus on financial and subsidy data in order to comply with the National Department of Human Settlements financial reporting requirements, DoRA requirements and other statutory reporting requirements and for reporting of progress and performance. This will include all financial and non-financial information. The detail of the report will be provided on the reporting template and will be subject to change from time to time.

9.5. Impact Assessment – the province shall, on an annual basis after the provincial year end, together with the National Department of Human Settlements carry out an assessment of the Municipality to verify compliance, effectiveness and impact of the Human Settlements Programme. The outcomes of the assessment will be issued to the municipality for their inputs in order to share lessons learnt.

9.6. Claw Back – where it becomes apparent that the municipality will not be able to utilize the human settlements budget allocated to it in a particular year or period, province shall at its discretion after consultation with the municipality, be entitled to re-allocate the projected unutilized portion during that particular budget year. Province will have the responsibility that the claw back housing subsidy funding is accompanied by targeted capacitation interventions to assist the municipality to develop the necessary capacity to overcome its implementation challenges. The municipality will then fund its delayed projects with the allocations to the subsequent years.

10. Key Performance Indicators

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

OUTCOME 1:		
Indicator	**Target**	**Timeframe**
OUTCOME 2:		
Indicator	**Target**	**Timeframe**
OUTCOME 3:		
Indicator	**Target**	**Timeframe**

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. 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 NDoHS 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.

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

14.2. The Arbitration Act, 1965 (Act 42 of 1965) does not apply to settle disputes.

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.

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 Human Settlements Sector Plan and budget. This performance assessment will be conducted during the implementation period as well as the end of the five year implementation period of the Protocol.

16.3.   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.

16.4.   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. …………………………………

ANNEXURES TO THE IMPLEMENTATION PROTOCOL

ANNEXURE A – PAYMENT SCHEDULE

ANNEXURE B – TECHNICAL ASSESSMENT PROCESS TP DETERMINE TRANSFER OF STAFF, ASSETS & LIABILITIES FROM PROVINCES TO MUNICIPALITIES

ANNEXURE C – MUNICIPAL CAPACITY AND SUPPORT PLAN

ANNEXURE D – HUMAN SETTLEMENTS SECTOR PLAN (HSSP)

ANNEXURE E – ACCREDITATION BUSINESS PLAN

ANNEXURE F – MULTI YEAR HUMAN SETTLEMENTS PLAN AND ANNUAL PERFORMANCE PLAN

ANNEXURE 9: GUIDE FOR IDENTIFICATION AND PRIORITISATION OF MUNICIPALITIES FOR ASSESSMENT TOWARDS ACCREDITATION

There has not been a consolidated national framework that provides guidance for provinces to identify municipalities for accreditation since the inception of the programme. As such, identification has been done mainly within the discretion of provincial Members of Executive Councils (MECs). This section therefore, serves to provide guidance of such identification/prioritisation within the context of government frameworks and programmes. The prioritisation guide focuses on a number of government frameworks and programmes developed by various departments and other organs of state in order to identify various municipalities in terms of their dynamics, strategic locations, and socio-economic activities amongst others factors. The following are government frameworks and programmes for prioritisation which should be **_considered_** by provinces for identification and prioritisation of municipalities for accreditation:

Integrated Urban Development Framework

MIMMEC Prioritised Programmes

Priority Human Settlements Development Areas & Restructuring Zones

Special Economic Zones

Mining Towns

Informal Settlement Upgrading Programme

Integrated Urban Development Framework (IUDF)

The Integrated Urban Development Framework (IUDF) was constructed as a 'new deal' for South African cities and towns. It outlines a vision with four overarching goals and nine (9) priorities or policy levers meant to overcome the apartheid legacy through comprehensive spatial restructuring and strategic urban-rural linkages. The IUDF identifies the following as core implementation partners:

- Metropolitan Municipalities (8X)
- Intermediate City Municipalities (39X ICMs). These 39 local municipalities have been classified as ICMs based on population density and GVA.
- Small and Rural Towns

The Revised Accreditation Framework, 2023 aim to focus on Intermediate City Municipalities and as such these cities should be prioritised for accreditation

MINMEC Prioritised Programmes

MINMEC will from time to time consider human settlement priority programmes and issue directives accordingly. Such directives (where applicable) should be considered in the identification and prioritization of municipalities for accreditation by provinces

The National Development Plan and Spatial Targeting Initiatives

The NDP calls for optimal efficiency in strategic approaches and prioritisation which is largely premised on the strategic application of limited resources to optimise impact. The NDP also calls for a strategy to address the apartheid geography and create the conditions for more humane – and environmentally sustainable – living and working environments and defines a spatially targeted approach. Spatial targeting occurs at different scales – national, provincial, regional, municipal, local simultaneously, with different programmes to address different outcomes. The government has supported a range of such spatial targeting initiatives ranging from national corridors, including but not limited to presidential projects (SIPS); jurisdiction (provincial and local SDF); economic (SEZ); social rental housing (SHRC); integration (IZ); rapid urbanisation (URP); rural sustainability (ISRDP); to nodes/hubs and most recently to transport oriented development. Municipalities with such corridors, zones, government spatial targeting initiatives and associated housing demand should be prioritised for accreditation.

Priority Human Settlements Development Areas

The idea of Priority Housing Development Areas (PHDAs) is associated with strategic human settlements development in order to address:

- High housing demand
- Large enough to accommodate social & economic amenities
- Supports sustainable environmental management & integrated land uses
- Integrated transportation, integrated bulk services, sustainable economic activities
- Not situated in environmentally sensitive areas

PHSDA's are declared by the Minister of Human Settlements to address specific housing needs to achieve sustainable human settlements, through a process of intergovernmental cooperation, integrated planning and coordinated programmed implementation aimed at fast tracking housing delivery. PHSDA's are furthermore determined by the circumstances of housing needs which cannot be addressed in the current arrangement of existing housing programmes and is specifically applicable to the following circumstances of "Priority":

- Shelter provision to low income earners in areas of housing need where there is an established high demand and low supply of housing opportunities;
- Upgrading and/or redevelopment of precincts for purposes of housing to low income earners in urban areas;

- Accelerating shelter delivery to low income earners in an integrated manner within mixed uses and income spaces where the pace of delivery is slow, and
- Shelter provision at sufficiently large scale to integrate and re-order precincts without monotony of design and place.

Municipalities with high housing demand in PHSDA should be identified and prioritized for accreditation.

Restructuring Zones

Restructuring zones are geographic areas identified for targeted investment based on a need for social, spatial and economic restructuring of the area/s and specifically provided for in a local government Integrated Development Plan (IDP) and agreed and aligned to provincial priorities. Individual project sites do not constitute restructuring zones. The Restructuring zones are primarily for housing purposes, but other initiatives can be clustered within the zones. Funding for social housing projects outside the designated restructuring zones will follow conventional subsidy allocation procedures. The Social Housing Policy document justifies the magnitude of the grants envisaged in terms of the role that social housing will play in the restructuring of South African society. The Restructuring Zones are intended to align with Urban Development Zones and to link to planning processes such as the national spatial development framework, Provincial Growth and Development strategies/Provincial spatial development plans, and most particularly local authorities' IDPs. Municipalities with prevalence of such zones and associated housing demand should be prioritised and considered for accreditation.

Special Economic Zones

The South African government, in an effort to reposition itself in the world economy, established the Industrial Development Zones (IDZ) programme. The Programme's main focus was to attract Foreign Direct Investment and export of value-added commodities. Although there are major achievements with the IDZs there were weaknesses that led to the policy review and the new SEZ policy. Special Economic Zones (SEZs), are geographically designated areas of a country set aside for specifically targeted economic activities, supported through special arrangements (that may include laws) and systems that are often different from those that apply in the rest of the country. The 2014/15 - 2016/17 Industrial Policy Action Plan (IPAP) identifies SEZs as key contributors to economic development. They are growth engines towards government's strategic objectives of industrialisation, regional development and employment creation. Special Economic Zones may be sector-specific or multi-product and categories of SEZs have been defined as per the SEZ Act No. 16 of 2014. There are various types of SEZs which accommodate a wide spectrum of working conditions, country infrastructure, government oversight and geography. Municipalities with prevalence of such zones and associated housing demand should be prioritised and considered for accreditation.

Mining Towns

The mining industry recognised the critical need to address the living conditions of its employees and had, even before the Mining Charter came into effect in 2002, worked to upgrade the accommodation provided for mineworkers. The mining sector aims to provide a more stable

housing environment for those living on mine property or in adjacent communities, it has to be cautious not to cause economic fallout in the historical labour-sending areas. It is the mining industry's view that the benefits of a better-housed workforce include greater labour stability and improved productivity.

The Mining Charter requires that mining companies establish measures to improve the standard of housing, including the upgrading of hostels, the conversion of hostels into family units and the promotion of home ownership options for employees. It also requires that all mining companies and their operations submit social and labour plans, which detail how they plan to achieve compliance with the Mining Charter, as a prerequisite for the granting of mining rights. Progress reports against these are submitted yearly to the DMR.

Government has allocated substantial funding to improve the socio-economic conditions of distressed mining communities across the country. Headed by the Inter-Ministerial Committee (IMC) in charge of revitalising mining communities, the projects include housing and wellness projects. This amount has been dedicated to ongoing work in distressed mining communities, benefitting the following provinces: Eastern Cape; Free State; Gauteng; KwaZulu-Natal; Limpopo; Mpumalanga and North West. The bulk of this funding is from government, with mining companies contributing approximately a third of the funding. The government has undertaken a socio-economic diagnostic study of the 15 prioritised mining towns and 12 prioritised labour sending areas to better understand the extent of the challenges in each town and to determine the most appropriate actions to address these. Municipalities with mining towns and associated housing demand should be identified and prioritised considered for accreditation.

Informal Settlements Upgrading Programme

One of the South African Government's greatest challenges stems from the fact that informal settlements continue to grow faster than the rate of low-income housing delivery. The need, therefore, for *in-situ* informal settlement upgrade is paramount. The number of informal settlements in various provinces are estimated as follows:

Province	Estimated Number of Informal Settlements
Eastern Cape	481
Free State	161
Gauteng	731
Kwazulu-Natal	740
Limpopo	74
Mpumalanga	368
Northern Cape	151
North-West	136
Western Cape	736

Municipalities with high prevalence of informal settlements demand should be identified and prioritised for accreditation.