

Municipal Accreditation Framework

Presentation to:
National Municipal Housing Indaba

Monday, 31 October 2005



housing

Department:
Housing
REPUBLIC OF SOUTH AFRICA

Purpose

- To brief **the Indaba** on the proposed Municipal Accreditation Framework
- To gather further comments (if any) relating to the proposed Framework
- To establish shared consensus on Municipal Accreditation in IGR context

Towards Municipal Accreditation

BNG focus areas:

Financial Services Market

- New credit linked scheme
- Social amenities
- Housing Land
- Assets management
- Accreditation
- Rectification
- Sales
- Ops Caps
- Relocation assist

Incremental Housing

- Project linked
- PHP
- Individual
- Informal Settlement
- Emergency
- Consolidation
- Higher density for ownership

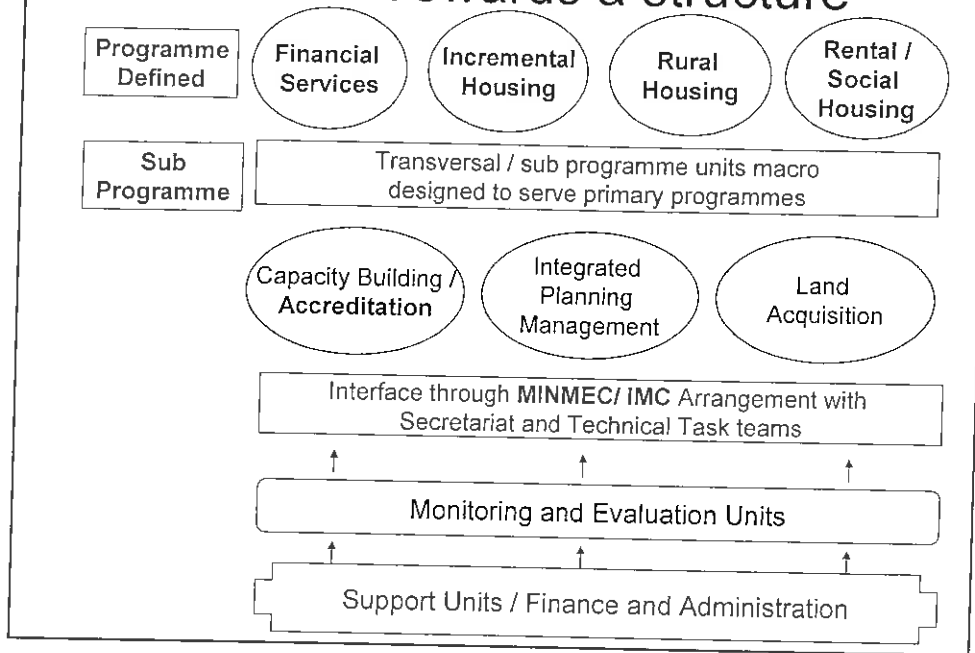
Rural Housing

- Farm worker housing
- Rural subsidies
- Indigenous technologies

Social Rental Housing

- Institutional
- Social Housing
- Private rental
- Hostels
- Special housing needs

Towards a structure



Introduction:

Background

The new human settlements plan envisages the accreditation of municipalities:

A framework is to be established to address various policy, constitutional and legislative aspects in order to enable municipalities to manage the full range of housing instruments within their areas of jurisdiction.

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

Model Framework For The Accreditation Of Municipalities (as considered by MINMEC)

ACCREDITATION FRAMEWORK

- Rationale for accreditation
- Overall approach
- Institutional arrangements
- Funding arrangements
- Systems and capacity arrangements
- Ongoing reporting and monitoring requirements, and
- Implementation arrangements

Rationale

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

(The Constitution of the RSA, 1996; Section 156(4)).

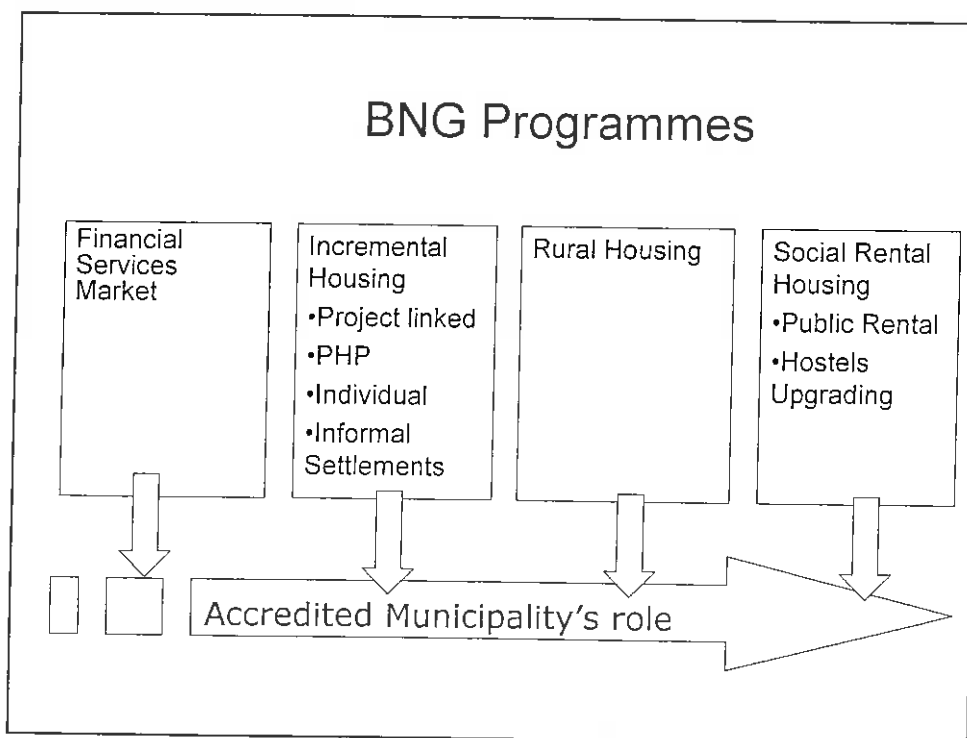
Rationale

- **Coordinated development (horizontal integration)**
 - Municipalities a logical site for the effective alignment of inter-departmental and inter-governmental funding streams.
 - Increased opportunities for the application of innovative planning principles
- **Accelerated delivery (vertical integration)**
 - The efficiencies associated with devolving delivery authority to the local level should improve the rate of delivery
- **Constitution**
 - s99: assignment from national government
 - s126: assignment from provincial government
 - s238: delegation
 - s156(4) the *obligation* to assign certain functions (including housing) to municipal level
- **Housing Act, 1997, section 10**
 - Outdated
 - Provisions relating to the ongoing accountability of the provincial accounting officer are problematic
- **Division of Revenue Act, 2005**
- Proposed **guidelines relating to assignment and delegation** under the Municipal Systems Act

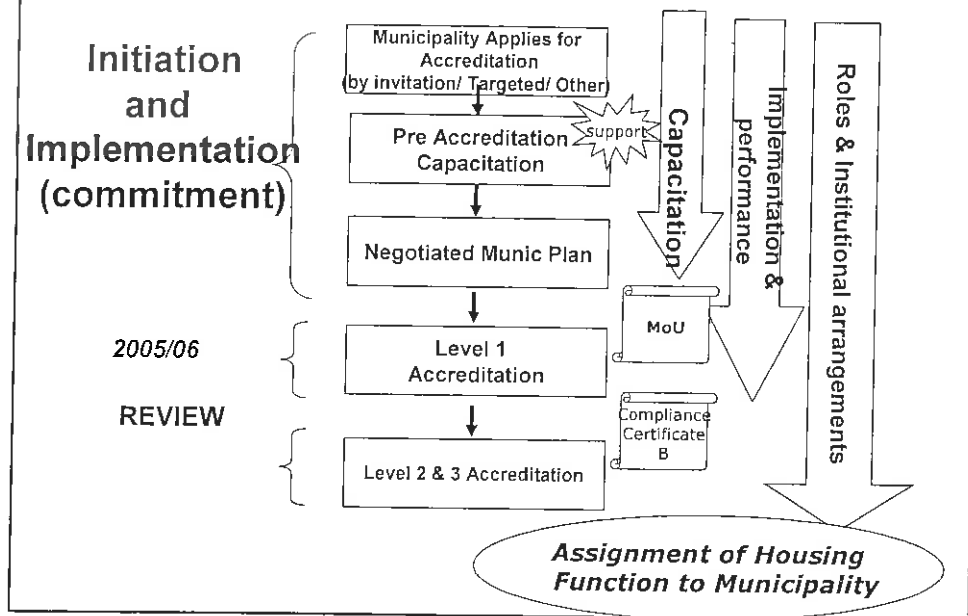
Rationale

- **Principles of accreditation:**
 - Logical application of roles and functional assignments (*local alignment & integration*)
 - Authority and accountability must accompany responsibility
 - Accreditation follows capacity
 - Funding arrangements must be consistent, certain and beyond interrogation
 - Funding follows function
 - Efficiency (enhanced govt. delivery capabilities)
 - Co-operative governance

Overall approach: three levels	
Level	Components and Definition
Level 1	<p>Subsidy budget allocation: including spread of allocated housing subsidy across programmes and projects; project identification beneficiary management; (Local) housing priorities; STOCK etc</p> <p>IGR MoU Applicable to SELECTED national housing programmes.</p>
Level 2	<p>Programme management and administration: including project evaluation and approval, contract administration, programme management including cash flow projection and management and quality assurance.</p> <p>Applicable to all national housing programmes, with the exception of individual and relocation subsidies.</p>
Level 3	<p>Financial administration: including subsidy payment disbursements, and financial reporting and reconciliation.</p> <p>Applicable to all national housing programmes, with the exception of individual and relocation subsidies.</p>



Accessing Municipal Accreditation

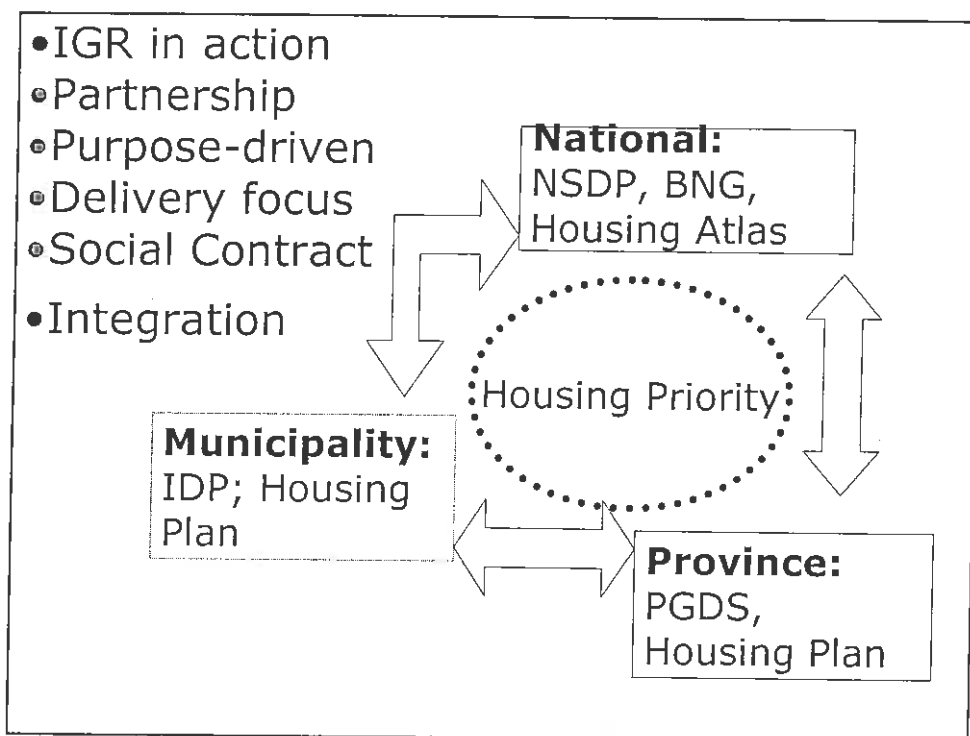


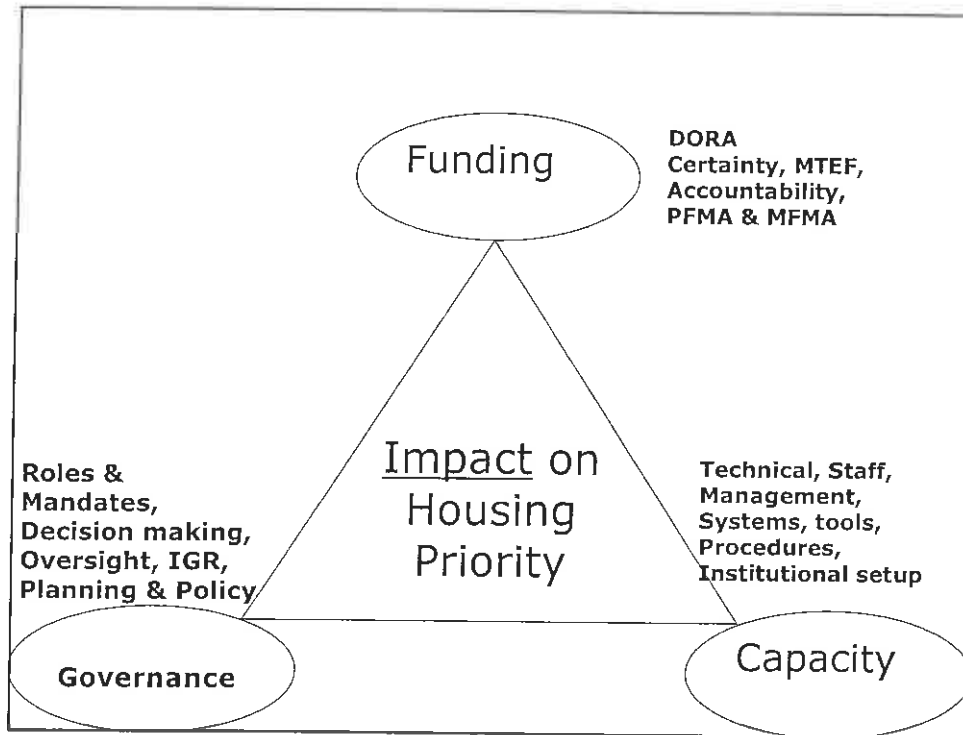
STEPS TO ACCREDITATION

- **Step 1: Accreditation Application**
- **Step 2: Pre-Accreditation Capacitation**
- **Step 3: Accelerated Municipal Delivery Plan**
- **Step 4: Endorsement of Municipal Plan**
- **Step 5: "Conditional" Accreditation Approval**

STEPS TO ACCREDITATION

- **Step 6: Capacitation Funding** – PDOH to municipality
- **Step 7: Implementation of Accreditation Plan**
- **Step 8: Compliance Certification**
- **Step 9: Full Accreditation Approval**
(approval gazetted – proclamation)





Eligibility criteria for selection	
FUNCTIONS	Eligibility criteria (Metros & cities “largely” satisfy criteria)
LEVEL ONE: Subsidy budget allocation process	
<ul style="list-style-type: none"> • Housing subsidy budget • Subsidy / fund allocations • Project identification • Manage Beneficiaries • Manage stock/ priority 	<ul style="list-style-type: none"> ▪ Approved housing strategy, plan and budget ▪ Accreditation plan – section for level one ▪ Necessary capacity, to be enhanced, including: <ul style="list-style-type: none"> ○ Ability to draft a plan for level one accreditation. ○ Ability to produce and implement housing strategies, plans and budgets, ○ Ability to manage beneficiaries, public stock, respond to local priorities ○ Ability to do project identification and assessment
LEVEL TWO: Programme management / administration	
<ul style="list-style-type: none"> • Project / Programme approval • Contract administration • Programme management • Quality assurance 	<ul style="list-style-type: none"> ▪ Approved housing strategy, plan and budget ▪ Accreditation business plan – section for level two ▪ Necessary capacity, to be enhanced, including: <ul style="list-style-type: none"> ○ Ability to draft a business plan for level two accreditation ○ Ability to produce and undertake project feasibility assessments (undertaken by professional engineers, town planners or certified project managers (in-house or contracted)). ○ Programme administration skills / experience in line with the scale of activities planned for the municipality.
LEVEL THREE: Financial administration	
<ul style="list-style-type: none"> • Subsidy disbursements • Financial reporting and reconciliation 	<ul style="list-style-type: none"> ▪ Approved housing strategy, plan and budget ▪ Accreditation business plan – section for level three ▪ Necessary capacity, to be enhanced, including: <ul style="list-style-type: none"> ○ Ability to prepare or commission a business plan for level three accreditation ○ Financial management with ability to review, report and manage subsidy disbursements and financial reporting and reconciliation.

Priority Municipalities

Metropolitan Munics

- Cape Town
- Ekurhuleni
- EThekweni
- Joburg
- Nelson Mandela
- Tshwane

Local Municipalities

- Buffalo City
- Emalahleni (Witbank)
- Klerksdorp
- Mangaung
- Polokwane
- Sol Plaatjie

District Municipalities

- Pilot in N. Cape

Overall approach: support towards accreditation

- **Pre-accreditation support:** municipalities seek accreditation and so Province must establish a **pre-accreditation support programme** which has the following objectives:
 - Support the municipality in undertaking a **capacity audit** of its housing department or division.
 - Identify and source the capacity necessary to assist the municipality in drafting an accreditation plan.
- **Accreditation implementation support:** once a municipality's accreditation plan is approved, PHDs will make funds available for sourcing the capacity necessary to implement this plan.
- **Ongoing accreditation support:** Provinces will maintain accreditation units to provide ongoing support to Municipalities

Institutional arrangements

New responsibilities at Municipal level:

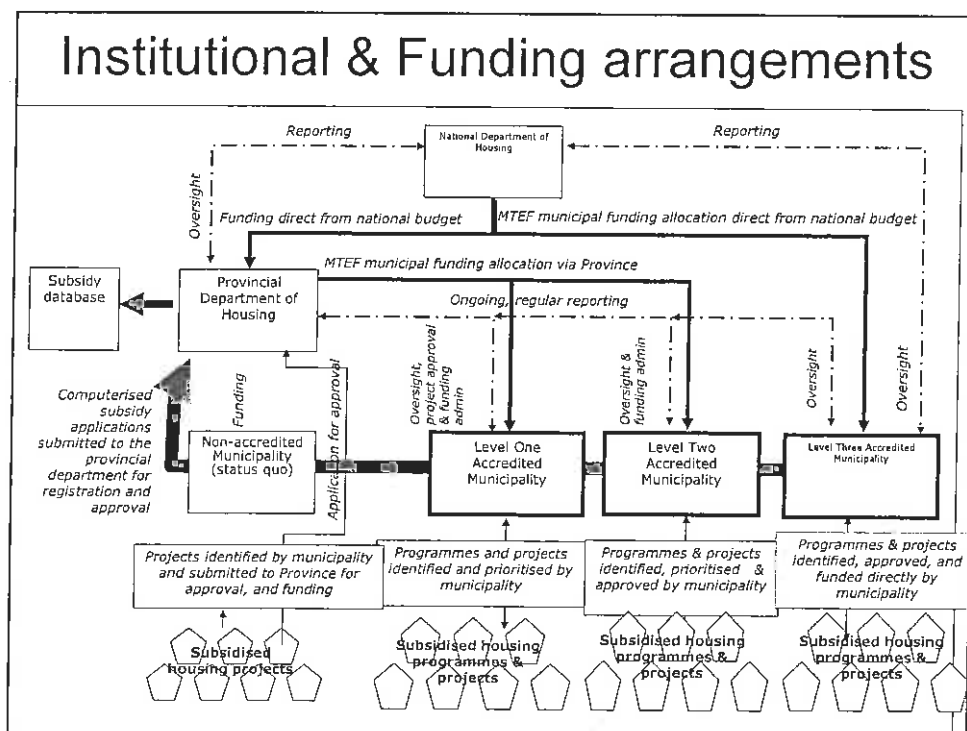
- Non-accredited municipalities (preparation)
- Accredited Municipalities (Levels 1, 2 and 3)

New (amplified) roles at Provincial level:

- Accreditation Units
- (Reformed) Capacity Development & Support
- Monitoring/ Oversight

New role at National Level

- Accreditation Unit (Funding/ Monitoring/ Consultation)
- Capacity Development Support



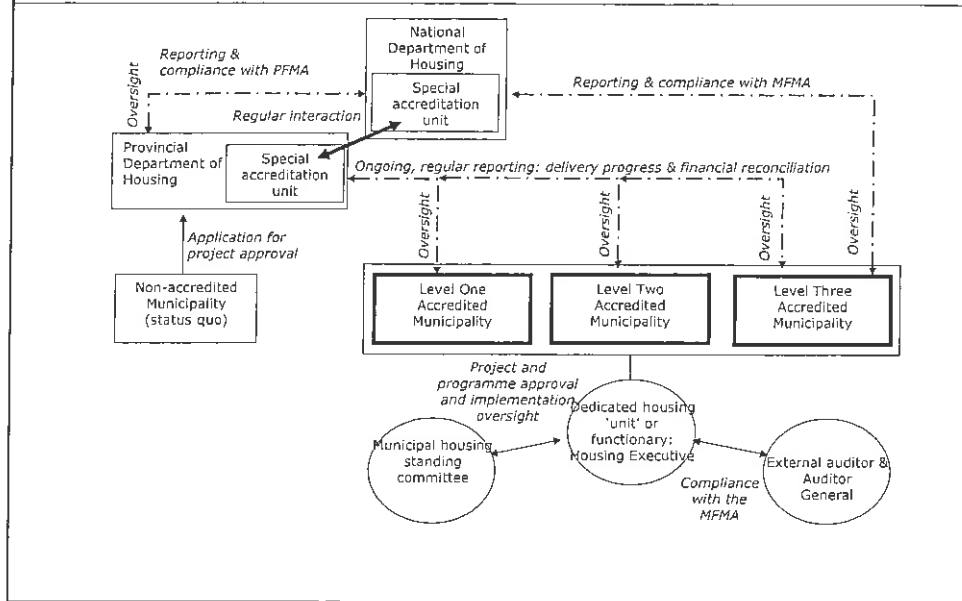
Funding arrangements: **subsidy funds**

- **Equitable subsidy allocation**
 - From the national housing subsidy budget
 - Formula based allocations to provinces and Accredited municipalities
 - Within 3-year MTEF
- For Level 1 & 2 Province will hold allocated (dedicated) funds and disburse against performance
- Where an accredited municipality will not be able to utilise its subsidy budget in a particular year, the projected unutilised portion of funds shall be reallocated to other programmes and/or municipality.
- Formula-based allocation critical to ensure consistency and certainty, and to ensure that funding is beyond interrogation (principle)
- Formula is important to ensure that implementation responds to collectively determined priorities and needs (MINMEC)
- National and Provincial oversight and “claw-back” ensures that delivery objective is met.

Funding arrangements: operational funding

- Delivery-based tariff
- Payment conditional on the receipt of the required reporting formats
- By linking the tariff to delivery, the principle of accelerated delivery is supported, as is the principle that funding follows function.
- Tariffs would be linked to delivery phases to avoid an all-or-nothing situation.

Capacity arrangements: governance



Capacity arrangements:

- Conflict resolution
- Systems and Procedures
- Subsidy Registration
- Financial Administration

NB: Capacity building is specifically focused to enable a municipality to manage Housing functions i.r.o *Breaking New Ground*

Ongoing reporting & monitoring

- Ongoing and regular reporting and monitoring is fundamental and critical to the success of the accreditation programme.
- The reporting and monitoring system should encompass:
 - Compliance with national and provincial housing policy
 - Compliance with the Municipality's approved Housing Plan
 - Financial reconciliation, management and administration
 - Critical areas for intervention: outputs and outcomes
- Nationally standardised reporting systems and formats will be developed:
 - Financial reports and reconciliation
 - Delivery progress reports covering outputs and outcomes
- On an annual basis, an assessment should be conducted of each accredited municipality to verify compliance, effectiveness and impact of their housing programme.
- Payment of delivery-based tariff is linked to provincial receipt of required reports.

Phased Implementation

- **Phase I:**
 - Address key Housing Priorities
 - Structure relationships: MoU (Accreditation Level1)
- **REVIEW:**
 - Impact/ Outcomes/ Capacity & Performance
 - Policy context/ Legislative Framework/ Local Government
- **Phase II:**
 - Assign National Housing Programmes
 - Selected/ targeted Municipalities
 - Level 2 and Level 3

**Roll out
implementation
Plan!**

NEXT STEPS...

- Work session with PHDs: 24 October
- HODs: 27-28 Oct & Minmec: 14 Nov
- Work sessions with Municipalities: Nov 2005
- (MECs) invite/ facilitate Applications from priority Municipalities: Nov 2005
- Negotiated development of Municipal Plans: October - Feb 2006
- Processing of Accreditation applications
- Level 1 Accreditation: 30 March 2006

Ndo livhuwa

Thank you

Thobela!

Siya bonga