

# The National Housing Code

## FINANCIAL INTERVENTIONS

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Accreditation of Municipalities

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Enhanced Extended Discount Benefit Scheme

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Individual Subsidies

---

**Operational Capital Budget**

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Integrated Development Plans Part 1

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Integrated Development Plans Part 2

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Provision of Social and Economic Facilities

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Rectification of Pre-1994 Residential Properties

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Subsidy Quantum - Financial Intervention

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Volume 3

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## **ACRONYMS**

Division of Revenue Act (annual)	DORA
Member of Executive Council	MEC
Medium Term Expenditure Framework	MTEF
Provincial Department responsible for human settlement	PD



# Operational Expenditure Budget in Support of the Implementation of National and Provincial Housing Programmes (OPSCAP Programme)

- 1 Overview**
- 2 Policy Prescripts and Provisions
- 3 How to Apply the Programme
- 4 Financial Management
- 5 Procurement Process
- 6 Monitoring, Evaluation and Reporting



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## 1 OVERVIEW

The Comprehensive Plan for the Creation of Sustainable Human Settlements (the Comprehensive Plan) recognises the need for implementation assistance at provincial level as a key intervention for the achievement of the Government's housing development goals. In view of the limitations of provincial operational budgets, the Comprehensive Plan introduced a framework for a funding mechanism to assist provincial governments in this regard.

The OPS/CAP Programme therefore provides provincial governments with a mechanism for the reservation of a certain percentage of the annual housing funding allocated by the Minister for purposes of appointing external capacity to assist in the implementation of the National Housing Programmes.

The Programme has been introduced by the Minister of Housing in terms of the provisions of Section 3(5) of the Housing Act, 1997 (Act No. 107 of 1997).



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## **2 POLICY PRESCRIPTS AND PROVISIONS**

### **2.1 OBJECTIVES OF THE PROGRAMME**

The main objective of the OPS/CAP Programme is to provide for a funding framework for the reservation and application of a percentage of the annual housing allocation to provincial governments for the appointment of external capacity to support the implementation of the National and Provincial Housing Programmes.

To enable the achievement of the Government's priority housing development goals, the Programme provides funding for the appointment of external expertise by the PD and accredited municipalities to augment their capacity required for housing delivery at scale, with particular emphasis on the following programmes but not limited to:

- The Informal Settlement Upgrading Programme.
- Projects that promote integration and the creation of a non-racial society.
- The provision of primary social and economic amenities.
- The unblocking of stalled projects.

### **2.2 PRINCIPLES OF THE PROGRAMME**

The key principles underpinning the Programme are:

- The annual reservation of funds and the approval of expenditure under the Programme by the Accounting Officer of the PD, in consultation with the MEC, based on the confirmed and agreed needs of the province.
- Standard procurement processes must be adhered to between the organ of State and suppliers of goods and services.
- Programme funding may not be utilised to enhance the provincial and/or municipal personnel establishment.
- Approved structures/capacity for monitoring, evaluation and reporting on the application of the Programme funding must be in place.



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### 3 HOW TO APPLY THE PROGRAMME

In considering an application for funding through the Programme, the Accounting Officer must, at least, consider the following aspects:

- The scope of the project with specific reference to the identification of the relevant National and/or Provincial Housing Programmes that will be implemented by the external capacity to be appointed, including project specific information pertaining to, *inter alia*:
  - Name(s), number(s) and location(s) of the project(s) that will be effected by the Programme;
  - Motivation for the need for the additional capacity;
  - Budget requirements for the application of the Programme;
  - Anticipated outputs of the Programme;
  - Project timeframe(s);
  - In the case of existing projects the date of approval of those projects that will be effected by the Programme;
  - Funding expended to date on the existing project(s) if applicable;
  - Funding remaining in respect of the existing project(s) to be effected by the Programme;
  - Plans for skills transfer to PD or municipal personnel;
  - A clear description (terms of reference) of the tasks and output requirements of the additional capacity to be appointed;
  - Confirmation that no alternative funding for this purpose is available;
  - Confirmation that the required capacity has been assigned to undertake performance monitoring, evaluation and reporting on project progress; and
  - Other relevant details of the existing or planned project(s).



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#### **4 FINANCIAL MANAGEMENT**

In the administration and management of the Programme funding, the Accounting Officer must adhere to the provisions of the annual Division of Revenue Act (DORA).

Where a National Housing Programme provides funding for project management purposes, such allowances may not be augmented through the application of the OPS/CAP Programme.

In the application of the Programme, the PD must ensure that:

- The annual funding set aside for the Programme is reflected in the multi-year provincial housing development plan and each annual performance/operational plan over the period of the Medium Term Expenditure Framework (MTEF); and
- Any residual amount not expended during a particular financial year is not rolled over to the following financial year.

The amount to be set aside for the Programme will be determined by the MEC on an annual basis and in terms of the provisions of the prevailing DORA.

The PD must ensure, in the application of the OPS/CAP Programme funding, that:

- The approved budget is not exceeded.
- OPS/CAP funding is allocated to approved activities in the current financial year.
- Contractual obligations under the Programme that have financial implications over a number of years are properly accommodated in the ensuing financial years.
- The monthly report on the Integrated Housing and Human Settlement Development Grant includes the outcome/effectiveness of the utilisation of the approved OPS/CAP budget.



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## 5 PROCUREMENT PROCESS

The allocation of funding under the Programme must be:

- In accordance with an appropriate procurement system which is fair, equitable, transparent, competitive and cost-effective and in line with the provisions set out in the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000); and
- Effective and appropriate steps must be taken to prevent unauthorised, irregular, fruitless and wasteful expenditure.

## 6 MONITORING, EVALUATION AND REPORTING

The PD must ensure that it monitors and records performance, *inter alia*,

- In respect of generic (for example, decisions taken at meetings) elements;
- Cross-cutting (for example Expanded Public Works Programme) conditions;
- Funds spent; and
- Objectives met by the service provider.

The PD must constantly evaluate the Programme in order to determine whether it is focused on sectoral priorities and the information gathered must be used to make decisions on the broadening or scaling down of service delivery levels; and

The PD must also report on the progress being made with the implementation of the Programme, giving details of the problems encountered and the efforts and progress being made to resolve them.

