



Tender Ref #:	COGTA (T) 10/2023	Tender Description:	APPOINTMENT OF A PROFESSIONAL SERVICE PROVIDER FOR THE DEVELOPMENT OF CAPITAL EXPENDITURE FRAMEWORKS FOR FIVE (5) INTERMEDIATE CITY MUNICIPALITIES FOR A PERIOD OF SIX (6) MONTHS
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#### PART A – BID DETAILS

1. The Department of Cooperative Governance (hereunder referred to as the Department or DCOG) invites qualifying service providers for an **appointment of a professional service provider for the development of Capital Expenditure Frameworks for five (5) Intermediate City Municipalities for a period of six (6) months.**
2. **Closing Date:** The bid closing date and time are indicated in the tender advertisement and bid documents (SBD-1). **Bids received after the closing date and time will not be accepted.**
3. **Briefing Session:** The briefing session date and time are indicated in the tender advertisement and bid documents. The Department cannot physically accommodate the expected number of bidders and the briefing will therefore be conducted online. Interested bidders must contact the SCM officials indicated below for the MS Teams link.
4. **Contact information:** Prospective bidders **may not under any circumstances** make contact with or engage any DCOG officials other than the officials indicated below on any matter related to this tender. Enquiries must be directed to all the officials below. Enquiries sent to the DCOG officials below will be routed to the relevant employees and responses will be coordinated and provided by the officials indicated below.

ENQUIRIES		
Name:		
e-mail:	<a href="mailto:t10.2023@cogta.gov.za">t10.2023@cogta.gov.za</a>	

The Department reserves the right to disqualify any bidder that makes contact with or directly engages any other DCOG employee on matters / enquiries / questions related to this tender.

5. **Project duration:** Successful bidders will be appointed for a period of six (6) months.
6. **Bid / Proposal format.**

**Package 1:** The following must be submitted – :

- A detailed **proposal and project execution** plan addressing the scope and requirements indicated in Part F of this ToR. The proposal and project execution plan must contain all the information required to evaluate the bid against the requirements stipulated in these terms of reference.
- **Summary of Bidder Experience (Annexure A).** Must complete attached summary sheet and provide reference letters with contact details of referees,
- **Proposed project team (Annexure B).** Must complete attached summary sheet and provide detailed CVs that clearly indicate experience and qualifications as well as written confirmation of availability for this project.

**Package 2: Pricing information (SBD 3.3).** Price proposals must include 15% VAT and must be fully inclusive to deliver all goods, services and outputs indicated in the terms of reference.

**Package 3:**

- SDBs 1, 3.3, 4 and 6.1 and all other required SCM documents.
- National Treasury Central Suppliers Database (CSD) report, not older than 30 days (www.csd.gov.za).
- Valid B-BBEE certificate issued by a SANAS accredited verification agency or sworn affidavit.

## PART B –ADMINISTRATIVE REQUIREMENTS AND SPECIFIC GOALS

**General principle:** In cases where bidders submitted insufficient evidence or where evidence is ambiguous, bidders may be requested to provide additional evidence and may be re-scored based on this information. Additional information submitted may only be used as evidence to substantiate what is already contained in the proposal. **The costing and content of proposals may not be amended under any circumstances.**

### 1. BID DOCUMENTS – To be verified by SCM

Only bids that comply with all mandatory administrative requirements and that submitted all required bid documents (**acceptable bids**) will be considered during the functional evaluation phase. Only acceptable bids will therefore be scored by the Bid Evaluation Committee against the functional criteria indicated in Part C

SCM ADMINISTRATIVE COMPLIANCE		
#	Criteria	Yes / No
1.1	Supplier is registered on the National Treasury Central Suppliers Database (CSD) on or before bid closing date.	
1.2	Supplier is Tax Compliant (as indicated on CSD) <sup>1</sup> or verified through SARS <sup>1</sup>	
1.3	Supplier has a valid B-BBEE certificate issued by a SANAS accredited verification agency or a sworn affidavit <sup>2</sup> .	
1.4	SBD 1 completed and submitted.	
1.5	SBD 3.3 completed and submitted	
1.6	SBD 4 completed and submitted.	
1.7	SBD 6.1 completed and submitted.	

*Note 1: Bidders that are not tax compliant on the closing date for bids or at any time subsequent to the closing date, must rectify their tax compliance status within 7 working days of being requested to do so. Bidders that remain tax non-compliant after 7 working days of being requested to rectify their tax status, will be disqualified.*

*Note 2: Failure to submit a valid B-BBEE certificate issued by a SANAS accredited verification agency or a sworn affidavit will not disqualify the bidder. Consortia or joint ventures must take note of the relevant sections of SBD 6.1 regarding requirements for B-BBEE certificates.*

*Note 3: **Bidders must use Excel spread sheet attached (Annexure C).** Costing sheets completed by hand (in writing) or where formulas in the costing sheet were tampered with will not be accepted and such bids will be regarded as administratively non-compliant.*

### 2. VERIFICATION OF INFORMATION PROVIDED – To be verified by SCM

**No bids will be considered from:**

1. Individuals in the service of the State.
2. Organisations with directors (whether remunerated or not) in the service of the State.

Where exceptions are allowed in terms of the applicable legislation, the bidder must attach an approved and valid Remunerative Work Outside of the Public Service (RWOPS). This clause does not apply to bidders that are government departments/entities.

The Department reserves the right to use the information provided by bidders to engage banks, credit rating agencies and the relevant government institutions to obtain information on credit records, criminal records, pending court cases, etc. Suppliers that show a history of poor financial/credit management and/or criminal behaviour will not be considered. The same will apply to the key team members as well as all directors / owners.

The Department reserves the right to apply the following criteria only to shortlisted / recommended bidders. Bidders must meet all four criteria below:

SCM ADMINISTRATIVE COMPLIANCE CHECKLIST		
#	Criteria	Yes / No
2.1	Team members, Director(s)/Owner(s) have not been convicted on charges related to fraud, corruption or violent/abusive behaviour.	
2.2	Bidder and team members, Director(s)/Owner(s) do not have a history of poor financial / credit management.	
2.3	No team members, Director(s)/Owner(s) in the service of the state, or approved RWOPS attached where in the service of the state. This clause does not apply to bidders that are government departments/entities.	
2.4	SBD forms or subsequent enquiries did not reveal any information or past practices that prohibits the supplier from conducting business with the state.	

### 3. MANDATORY REQUIREMENTS

Failure to submit the below listed documents will render your bid null and void and will not be considered or will be disqualified.

Mandatory Requirement		
#	Criteria	Yes / No
3.1	Summary of Bidder Experience (Annexure A) attached.	
3.2	Proposed project team (Annexure B) attached.	
3.3	Detailed proposal and project execution plan submitted	
3.4	Pricing information (Annexure C) attached <sup>3</sup> .	
3.5	The project leader must be registered with South African Council for Planners (SACPLAN) and in good standing in terms of the Planning Profession Act, 2002 as a Professional Planner (a Copy of valid certificate and a letter of good standing must be attached).	

*Note 3: Bidders must use Excel spread sheet attached (Annexure C). Costing sheets completed by hand (in writing) or where formulas in the costing sheet were tampered with will not be accepted and such bids will be regarded as administratively non-compliant.*

### 4. SPECIFIC GOALS

The specific goals allocated points in terms of this tender	Number of points allocated (80/20 system) (To be completed by the organ of state)	Number of points claimed (80/20 system) (To be completed by the tender)
BEE Compliance Based on Section 10 of the BBBEE Act (Act 53 of 2003 as amended by Act 46 of 2013)	8  Level 1= 8 pts Level 2=7 pts Level 3=6 pts Level 4= 5 pts Level 5= 4 pts Level 6= 3 pts Level 7= 2 pts Level 8= 1 pt  Non-compliant Contributor=0	
Black ownership (51% or more)	4	
Women ownership (51% or more)	4	
Youth	3	
Disability	1	

### PART C – FUNCTIONAL EVALUATION – To be evaluated by the BEC

**General principle:** In cases where bidders submitted insufficient evidence or where evidence is ambiguous, bidders may be requested to provide additional evidence and may be re-scored based on this information. Additional information submitted may only be used as evidence to substantiate what is already contained in the proposal. **The costing and content of proposals may not be amended under any circumstances.**

Each Bid Evaluation Committee (BEC) member will evaluate acceptable bids based on the proposals and bid documents submitted. The following scoring system will be applied to the evaluation of all functional criteria:

Scoring system
0 – Does not meet any of the minimum requirements
1- Meet one of the minimum requirements
2- Meet two of minimum requirements
3- Meet three requirements
4- Exceeds three minimum requirements

The **Score obtained for each criterium** will be calculated by multiplying the score awarded by a BEC member by the weight for that criterium. The **overall score for a BEC member** will be expressed as a percentage (Total weighted score divided by the maximum possible score, then multiplied by 100). The **overall score obtained by a bidder** will be the average of overall scores awarded by BEC Members (rounded to the nearest whole number). Only Bidders that received **the indicated minimum overall scores** will proceed to Part D – Price Evaluation and Award.

Where functional evaluation is conducted in stages, bidders must meet the minimum overall score for a particular stage to proceed to the next stage and only bidders that met the minimum overall scores for all stages will proceed to Part D – Price Evaluation

The Bid Evaluation Committee may:

- Evaluate and score bids based on the bid documents and proposals submitted; or
- Provisionally evaluate and score bidders based on proposals submitted and then invite bidders that met all mandatory administrative requirements to present their bids.

The final evaluation and scoring of bids will be based on the proposals submitted, as well as on information provided by bidders during bid presentations (if applicable). Presentations can be used to summarise and clarify bids and may not substantially depart from the proposals submitted.

If a bidder is unable to attend a bid presentation on the date requested by the Bid Evaluation Committee, then the bidder must be afforded another opportunity within 5 working days. If a bidder is for a second time unable to attend a bid presentation then the bid must be evaluated based on the bid documents and proposals submitted only.

## 1. FUNCTIONAL EVALUATION STAGE 1

### STAGE 1 CRITERIA

1.1	<b>Team Leader - Infrastructure and Land Use Planning Specialist</b> <ul style="list-style-type: none"><li>Registration as a Professional Planner in terms of the Planning Profession Act, 2002 (<b>Mandatory Requirement</b>).</li><li>Bachelor’s Degree (NQF 8) in Town and Regional Planning.</li><li>Must have at least <b>10-years’ post-registration experience</b> in integrated land use and infrastructure planning, capital budget planning and prioritization.</li><li>Signed Contactable references as Project Manager or Team Leader in infrastructure projects with proven reference letters that specifies similar work undertaken as per section 7. of TOR</li></ul>	<b>Weight</b>	<b>5</b>
<b>Evaluation</b>			<b>Score</b>
Team Leader - Infrastructure and Land Use Planning Specialist does not meet any of the minimum requirement.			0
Team Leader - Infrastructure and Land Use Planning Specialist meets one of the minimum requirements.			1

Team Leader - Infrastructure and Land Use Planning Specialist meets two of the minimum requirements.	2
Team Leader - Infrastructure and Land Use Planning Specialist meets three of the minimum requirements.	3
Team Leader - Infrastructure and Land Use Planning Specialist meets all four minimum requirements.	4

1.2	<b>Infrastructure and Integrated Planning Engineering Specialist</b> <ul style="list-style-type: none"><li>Registration as a Professional Engineer in terms of the Engineering Professions Act, 2000 (<b>Mandatory Requirement</b>).</li><li>Bachelor of Science (NQF 8) in Civil Engineering or related.</li><li>Must have at least <b>5-years’ post-registration experience</b> in the development of medium-term or long-term Integrated Infrastructure Investment Plans (IIIP) or Infrastructure Master Plans in the water, sanitation, and waste management infrastructure sectors in South Africa.</li><li>Signed and contactable references relating to Infrastructure Master Plans with proven reference letters that specifies similar work undertaken as per section 7. of TOR.</li></ul>	Weight	5
Evaluation			Score
Infrastructure and Integrated Planning Specialist does not meet any of the minimum requirements.			0
Infrastructure and Integrated Planning Specialist meets one of the minimum requirements.			1
Infrastructure and Integrated Planning Specialist meets two of the minimum requirements.			2
Infrastructure and Integrated Planning Specialist meets three of the minimum requirements.			3
Infrastructure and Integrated Planning Specialist meets all four minimum requirements.			4

1.3	<b>Financial Analyst</b> <ul style="list-style-type: none"><li>Professional registration as a Chartered Accountant CA (SA) or as a Chartered Financial Analyst (CFA) (<b>Mandatory Requirement</b>).</li><li>Bachelor of Commerce (NQF 7)</li><li>Must be a member of the Chartered Institute of Public Finance and Accountancy (CIPFA) or similar public-sector professional body.</li><li>Must have at least of <b>5-years’ post-registration experience</b> in the financial modelling and the preparation of long-term financial plans in the municipal environment.</li><li>Signed and contactable references relating to municipal finance, financial analysis, and Project Finance with proven reference letters that specifies similar work undertaken as per section 7. of TOR.</li></ul>	<b>Weight</b>	<b>5</b>
<b>Evaluation</b>			<b>Score</b>
Financial Analyst does not meet any of the minimum requirements.			0
Financial Analyst meets one of the minimum requirements.			1
Financial Analyst meets two of the minimum requirements.			2
Financial Analyst meets three to four of the minimum requirements.			3
Financial Analyst meets all five minimum requirements.			4

1.4	<b>Social Profiling and Infrastructure Demand Analyst</b> <ul style="list-style-type: none"><li>Registration with relevant professional body as a Professional Planner or Professional Engineer (<b>Mandatory Requirement</b>).</li><li>Bachelor’s Degree (NQF 8) in Town and Regional Planning or Civil Engineering.</li><li>Must have at least <b>5-years’ post-registration experience</b> in development analysis and planning, socio-economic profiling, infrastructure demand analysis, infrastructure investment planning and analysis, development impact assessments, local government financial planning and analysis.</li><li>Signed and contactable references relating to integrated municipal land use and infrastructure planning, capital budget planning and prioritization preparation of statutory reports as per section 7. of TOR.</li></ul>	Weight	5
Evaluation			Score
Social Profiling and Infrastructure Demand Analyst does not meet any of the minimum requirements.			0
Social Profiling and Infrastructure Demand Analyst meets one of the minimum requirements.			1
Social Profiling and Infrastructure Demand Analyst meets two of the minimum requirements.			2
Social Profiling and Infrastructure Demand Analyst meets three of the minimum requirements.			3
Social Profiling and Infrastructure Demand Analyst meets all four minimum requirements.			4

1.5	<b>Support Staff</b> <ul style="list-style-type: none"><li>Registration with relevant professional body as a Professional Planner or Candidate (<b>Mandatory Requirement</b>).</li><li>Bachelor’s Degree (NQF 7) in Geomatics or related.</li><li>Must have at least 3 years post graduate experience in Geographic Information Systems, geospatial data, land and cadastral information and mapping.</li><li>Signed and contactable references relating to spatial analysis and operations of GIS systems for public or private sector entities in South Africa.</li></ul>	Weight	5
Evaluation			Score
A support staff does not meet any of the minimum requirements.			0
A support staff meets one of the minimum requirements.			1
A support staff meets two of the minimum requirements.			2
A support staff meets three of the minimum requirements.			3
A support staff meets all four minimum requirements.			4

## **STAGE 1 SCORING SUMMARY**

Criterion	Weight	Score	Weighted score	Maximum possible score
1.1	5		4	20
1.2	5		4	20
1.3	5		4	20
1.4	5		4	20
1.5	5		4	20
<b>TOTAL</b>		-		<b>100</b>
<b>Overall Score (Total Weighted Score / 100)</b>			<b>%</b>	<b>--</b>
<b>Minimum qualifying overall score</b>			<b>70%</b>	

## **2. FUNCTIONAL EVALUATION STAGE 2**

### **STAGE 2 CRITERIA**

2.1	Understanding and interpretation of the requirements of the Terms of Reference		Weight	5
	a) Understanding of the requirements of the scope of work.			
	b) Overall approach and methodology.			
	c) Literature and document review approach.			
	d) Sampling and data collection methodology.			
	e) Activity-based plan aligned to SoW, deliverables, timelines and experts.			
	f) Draft outline of the draft CEF.			
	g) Quality assurance plan.			
h) Stakeholder and change management approach.				
Description			Score	
Does not address of the elements listed above.			0	
Adequately addresses one (1) to two (2) of the elements listed above.			1	
Adequately addresses three (3) to four (5) of the elements listed above.			2	
Adequately addresses six (6) to seven (7) of the elements listed above.			3	
Adequately addresses all eight (8) elements listed above.			4	

2.2	<b>Bidder's competency and knowledge</b>	<b>Weight</b>	<b>5</b>
	<div>a) Data gathering, collating, analysis, and management.</div> <div>b) Producing focused research outputs similar in government.</div> <div>c) Knowledge and evidence of similar research conducted previously by the service provider from at least three similar projects executed in the past.</div> <div>d) Long Term Financial Strategies (LTFS) for the municipality.</div> <div>e) Full lifecycle of infrastructure planning and design, including project conceptualization, project preparation and master planning.</div>		
<b>Description</b>			<b>Score</b>
Does not address any of the elements listed above.			0
Adequately addresses one (1) of the elements listed above			1
Adequately addresses two (2) of the elements listed above			2
Adequately addresses three (3) to four (4) of the elements listed above			3
Adequately addresses all five (5) elements listed above			4

2.3	<b>Acknowledged understanding of the legislative landscape of the system of local government in South Africa</b>	<b>Weight</b>	<b>5</b>
	a) Sound understanding of Spatial Planning Land Use Management Act No. (16) of 2013, the Integrated Urban Development Framework, District Development Model and National Development Plan.		
	b) The different categories of municipalities and its governance structures.		
	c) Relevant local government experience knowledge of municipal powers and functions, service delivery and governance related issues in the South African local government sector.		
	d) Understanding of National Treasury’s requirements for the preparation and finalization of annual municipal budgets, as well as the integration of the budgeting process with the requirements of SPLUMA.		
<b>Description</b>			<b>Score</b>
Does not address any of the elements listed above.			0
Adequately addresses one (1) of the elements listed above			1
Adequately addresses two (2) of the elements listed above			2
Adequately addresses three (3) of the elements listed above			3
Adequately addresses all four (4) elements listed above			4

2.4	<b>Proven experience in local government</b>	<b>Weight</b>	<b>5</b>
	a) Bidder demonstrated that the bidder has completed five (5) more medium-term or long-term infrastructure investment plans in the built environment (e.g., for human settlements, water, sanitation, electricity, roads, storm water, etc.).		
	b) Bidder demonstrates in proposal other projects undertaken for local government.		
	c) Bidder demonstrates in the proposal understanding of the 3 spheres of government.		
	d) Bidder demonstrates understanding of the Local Government systems and operations.		
	e) Bidder demonstrates understanding of stakeholder engagement.		
<b>Description</b>			<b>Score</b>
Does not address any of the elements listed above.			0
Adequately addresses one (1) of the elements listed above.			1
Adequately addresses two (2) of the elements listed above.			2
Adequately addresses three (3) to four (4) of the elements listed above.			3
Adequately addresses all five (5) elements listed above.			4

2.5	Ability to identify risks, new opportunities and develop appropriate solutions and strategies through a Risk Management Plan:	Weight	5
	a) Demonstrates the ability to identify risks in this project in the proposal.		
	b) Demonstrates the ability to propose mitigation measures to the risks.		
	c) Demonstrate in the proposal that the bidder has the understanding to propose solutions.		
	d) Demonstrates the bidder will through the Project Plan incorporate risk preventative measures to deliver on project milestones.		
Description			Score
Does not address any of the elements listed above.			0
Adequately addresses one (1) of the elements listed above.			1
Adequately addresses two (2) of the elements listed above.			2
Adequately addresses three (3) of the elements listed above.			3
Adequately addresses all four (4) elements listed above.			4

## **STAGE 2 SCORING SUMMARY**

<b>Criterion</b>	<b>Weight</b>	<b>Score</b>	<b>Weighted score</b>	<b>Maximum possible score</b>
2.1	5		4	20
2.2	5		4	20
2.3	5		4	20
2.4	5		4	20
2.5	5		4	20
<b>TOTAL</b>		-		<b>100</b>
<b>Overall Score (Total Weighted Score / 100)</b>			<b>%</b>	<b>--</b>
<b>Minimum qualifying score</b>			<b>70%</b>	

## **PART D – PRICE EVALUATION AND AWARD– To be evaluated by the BEC**

Only bids that met all administrative requirements and the minimum functional requirements will be evaluated in terms of the provisions of the Preferential Procurement Framework Act and related regulations – see attached bid documents. The evaluation method (80/20 or 90/10) and preference points allocation applicable to this bid are indicated in the attached SBD 6.1.



## **PART E –SPECIAL CONDITIONS AND CONTRACT MANAGEMENT**

### **1. SPECIAL CONDITIONS APPLICABLE TO THIS BID**

- 1.1. The Department may, at its sole discretion, cancel this bid.
- 1.2. The period of thirty days (30 days) referred to in the General Conditions of Contract paragraph 27.2 applies. If the service provider is found to have engaged in fraudulent activities or caused the Department to incur irregular expenditure, the Department reserves the right to cancel the bid and any subsequent SLA with immediate effect. Repercussions for the conduct of the Service Provider referred to above may include blacklisting of the Service Provider thus preventing them from doing business with government for a period of 10 years.
- 1.3. The Department may, at its own discretion, require that each employee of appointed services providers as well as each contractor or other participant, sign a code of conduct to promote ethical behaviour. The Department may, at its sole discretion, prohibit any person found to be in breach of such code of conduct from further participation or involvement in the project.
- 1.4. Additional conditions for an applicant who would like to apply as a Consortium / Joint Venture. It is recognized that applicants may wish to form consortia or joint ventures to respond to this bid. The following guidelines apply:
  - Bidders are prohibited from being part of more than one consortium / joint venture and to submit an individual bid and a bid as part of a consortium / joint venture.
  - One of the members shall be nominated by the others as authorised to be the lead applicant and this authorisation shall be included in the agreement entered between the consortium members.
  - The lead applicant in the Consortium or Joint Venture must satisfy all the administrative requirements contained in the ToR and submit all the relevant documents necessary to meet the minimum requirements of the applications.
  - Other members of a consortium or a joint venture must comply with the requirements in line with Service Provider Funding Policy prescripts for the respective Service Provider categories.
  - The consortium/joint venture submission must be signed-off by each institution/organisation to be legally binding on all consortium members.
  - The lead applicant shall be the only authorised party to make legal statements, communicate with the department, and receive instructions for and on behalf of all the members of the consortium.
  - The lead applicant shall be held responsible for the delivery of services and for meeting conditions outlined in this bid.
  - A copy of the agreement entered and signed by all members of the consortium or joint venture shall be submitted with the consortium proposal indicating the respective responsibilities of each party.
  - Indicate how the joint venture/ consortium will be managed in the event of a dispute arising during the implementation period of the programme (Provide a contingency plan of managing any possible conflicts).

### **2. CONTRACT MANAGEMENT**

- 2.1. The successful bidder will be required to enter into a service level agreement (SLA) with the Department of Cooperative governance. The National Treasury General Conditions of Contract (GCC) will form part of the SLA to be concluded between DCOG and the successful bidder.
- 2.2. The SLA will include project assignments that will address each of the project deliverables. The SLA may further establish a Project Steering Committee to manage, monitor and oversee the project such as:
  - Ensure that services are rendered timeously;
  - render a quality assurance function; and
  - ensure that the project remains within the allocated budget.
- 2.3. The SLA will include a detailed payment schedule. Payments will therefore only be approved and processed on the basis of the achievement of deliverables as per the implementation plan and/or project plan and related performed project tasks.
- 2.4. If the parties (the Department and the appointed service provider) are unable to reach agreement on the special conditions of contract (SLA) after a period of 14 calendar days of the date on which the bid award is

communicated to the service provider, then the Department reserves the right to cancel the award to the service provider and to appoint another service provider.

2.5. Bidders should note that:

- All information related to this bid, or information provided to the service provider subsequent to the award of this bid, must be treated as confidential and may not be disclosed in any way to third parties without the explicit written consent of DCOG.
- All rights, title and ownership of any Intellectual Property developed by or for the Service Provider or DCOG independently and outside of execution/production of the Deliverables related to this bid and provided during the course of this project ("Background IP") shall remain the sole property of the party providing the Background IP.
- To the extent that the Service Provider utilises any of its Background IP in connection with the Deliverables, such Background IP shall remain the property of the Service Provider and DCOG shall acquire no right or interest therein. Service Provider shall grant DCOG a non-exclusive, royalty-free, non-transferable licence to use such Background IP strictly for purposes of making beneficial use of the Deliverables into which such Background IP has been incorporated.
- All Intellectual Property rights in Bespoke Deliverables are or will be vested in and owned by DCOG unless specifically agreed otherwise in writing. The Service Provider agrees that it shall not, under any circumstances, question or dispute the rights and ownership of DCOG in and to the Bespoke Deliverables. DCOG shall grant the Service Provider a non-exclusive, royalty free, non-transferable licence to use the Bespoke Deliverables for the purpose of performing its obligations under this project.
- The Service Provider may not publish or sell, in whole or in part, any Bespoke Deliverables emanating from this project without the explicit written consent of DCOG.
- The Copyright of any Bespoke Deliverables shall vest in DCOG.

2.6. No amendments to the SLA or any variation, waiver, relaxation or suspension of any of the provisions thereof shall have any force or effect, unless reduced to writing and signed by both parties.

## PART F – DETAILED REQUIREMENTS

### 1. Purpose of assignment

The key objectives of the assignment include:

- **Demand and Infrastructure Quantification:** Quantification of the Spatial Development Framework (SDF) from a socio-economic point of view, which includes a detailed spatial analysis of the demography of the municipal population as well as economic growth trends per functional area. It must demonstrate the anticipated growth in population as well as economic growth, translating into a land budget indicating the demand for residential, commercial, industrial, institutional land-uses etc. The Growth Strategy will link space to numbers as per the SDF in order to facilitate well-informed and aligned infrastructure planning.
- **Long Term Financial Strategy:** Develop Long Term Financial Strategies (LTFS) for the municipality based on an approach and methodology that is driven by a financial model that models future expenditure and revenue based on historical trend analysis, changes in the external environment and policy choices. The outcome of which should be the basis under which the municipality will be financially sustainable. The LTFS should also provide guidance as to the optimal funding strategy to follow that will enable the municipality to rehabilitate where needed, and maintain, replace and extend its municipal infrastructure asset base.
- **Capital Expenditure Programme:** The municipal capital expenditure programme should be linked to the spatial vision, demand quantification and LTFS and system support should be provided to the municipality to enhance integrated development planning, project and programme prioritisation, capital expenditure budgeting and implementation monitoring.

## **2. Introduction and background**

The Integrated Urban Development Grant Framework requires intermediate city municipalities to develop a Capital Expenditure Framework. The “Capital Expenditure Framework” (CEF) is referred to as a key component of the SDF in the Spatial Planning and Land Use Management Act, Act 16 of 2013 (SPLUMA) section (21)(n). The legislative context is within the realm of municipal planning and relates specifically to Integrated Development Plans (IDPs), Spatial Development Frameworks (SDFs) and Municipal Budgeting. The Department of Cooperative Governance has developed guidelines that seeks to assist Intermediate City Municipalities to develop their CEFs.

Section 153 of the Constitution of South Africa states that a municipality must structure and manage its administration, budgeting, and planning process to give priority to basic needs of the community and to promote the social and economic development of the community. It instructs municipalities to be developmental in nature, and it states that it should be done through two vehicles, namely; planning processes and budgeting processes.

In April 2016 cabinet adopted the Integrated Urban Development Framework (IUDF) as the official national urban policy of government under the custodianship of the Department of Cooperative Governance (DCOG). The IUDF marks a new deal for South Africa’s cities and towns. It sets a policy framework to guide the development of inclusive, resilient, and liveable urban settlements, while addressing the unique conditions and challenges facing South Africa’s cities and towns. The key outcome of the IUDF is spatial transformation and to create a growth model of compact, connected and coordinated cities and towns.

Whilst the IUDF responds to the National Development Plan (NDP), it also responds to urbanization challenges that South Africa (SA) is faced with. In its response to urbanisation, the IUDF makes it clear that it does not do so in a manner that treats urbanization as an antithesis of rural development, thereby, acknowledging the importance of urbanization as it has implications to both urban areas, i.e. large cities/metros and small and rural towns. In order to demonstrate this, the implementation of the IUDF was conceptualized across a spectrum of municipal spaces.

As part of the process to implement the IUDF, DCOG, herein, referred to as the Department, agreed to collaborate with National Treasury (NT) and the South African Local Government Association (SALGA) as key IUDF implementation partners. National Treasury was assigned with the responsibility to implement the IUDF within metropolitan municipalities, and the South African Local Government Association was assigned with the responsibility to implement the IUDF in small towns and rural areas. Implementation of the IUDF in intermediate cities is the responsibility of DCOG. The NT programme to implement the IUDF in metropolitan municipalities was called the City Support Programme (CSP), while the SALGA programme was called the Small Towns Regeneration (STR) Programme.

The Capital Expenditure Framework is the mechanism of the municipality which aims to achieve spatial transformation by aligning capital investment planning and budgeting in such a way that the key outcomes of the IUDF are achieved.

## **3. Problem Statement**

The role of a CEF is to frame the outcomes of a multitude of planning documents within a municipality in order to ensure that implementation is guided by a strategic, spatial, financial and social logic. This is informed by national and provincial strategies and policies and those at municipal level, namely, Integrated Development Plans (IDP), Spatial Development Framework (SDF) and other departmental strategies.

A CEF serves not only as performance evaluation mechanism, but also as a rationale towards capital investment planning that provides business intelligence, data validation, programme and project synchronisation and prioritisation. This fundamental element of a municipality – its planning and investment rationale – is guided, managed and finally implemented through means of numerous processes guided by many more legislative frameworks, guidelines, toolkits,

and circulars, each related to a specific component of the municipal planning and implementation process essentially described in the Integrated Development Plan.

The simultaneous management of these processes - processes relating to strategic analysis and planning, best scenario identification, phasing and implementation, as well as monitoring and readjusting; is complex and data intensive. This complexity, together with numerous challenges at local government level that relates to inadequate internal capacity, insufficient backlog-, asset- and budgeting management processes are at the heart of what the CEF seeks to address. The role of the CEF is therefore to strengthen the process currently institutionalized within the municipality, and to show how capital flows from planning to implementation, whilst aligning to a spatial transformation vision. The aim is that the CEF becomes the main pivot-point around which these processes will rally. It will clearly elevate areas where challenges need to be addressed and it is foreseen that different municipalities will have divergent challenges.

Within the IUDF the Intermediate Cities Municipality (ICM) programme, targeting 39 municipalities, is intended to provide support for the municipalities in the middle size and density range of the continuum. The purpose of the ICMs support strategy is to help translate IUDF policy into practical programmes of action in the ICMs. In so doing the initiative aims to give impetus to achieve the main IUDF goals, which are forging new integrated forms of spatial development; ensuring that people have access to social economic services, opportunities and choices; harnessing urban dynamism to achieve inclusive and sustainable growth; and enhancing the governance capacity of the state and citizens in ICMs.

One element of the implementation of the IUDF was the introduction of a consolidated infrastructure grant and all 39 ICMs are all eligible to apply for the Integrated Urban Development Grant (IUDG) which started in the 2019/20 financial year. Among other features, the IUDG moves towards programmatic grant monitoring. The business plan for the IUDG is a three-year capital programme that is aligned with a long-term (10-year) Capital Expenditure Framework (CEF). The CEF will be used as the primary instrument for grant qualification in the application for IUDG funding.

#### **4. Scope of the assignment**

The scope of this assignment is based on the requirements for the development of a Capital Expenditure Framework (CEF) as per the “Guideline to development a Capital Expenditure Framework” developed by the Department of Cooperative Governance, dated February 2021.

The primary scope of this assignment is the development of Capital Expenditure Frameworks for five (5) Intermediate City Municipalities namely:

- a) Rustenburg Local Municipality (North-West Province)
- b) Nkomazi Local Municipality (Mpumalanga Province)
- c) City of Mbombela Local Municipality (Mpumalanga Province)
- d) Fetakgomo Tubatse Local Municipality (Limpopo Province)
- e) KwaDukuza Local Municipality (KwaZulu-Natal Province)

In order to achieve the desired outcomes of this assignment, i.e. develop demand and infrastructure quantification, develop a long-term financial plan, develop a Capital Expenditure Programme and to compile a Capital Expenditure Framework document, following steps will be completed:

##### **Step 1: Align Functional Areas and Priority Development Areas**

- a) Aim:
  - To identify Functional Areas / Priority Development Areas based on the existing Spatial Development Framework, in line with the Spatial Planning and Land Use Management Act (SPLUMA) principles.
  - To align priority development areas with the functional areas in the municipality.
- b) Deliverables:
  - Spatially referenced (as shape files) Functional Areas / Priority Development Areas and their relevant priority in line with the Spatial Development Framework.

- A defined hierarchy of priority between Functional Areas / Priority Development Areas.

## **Step 2: Complete Socio-Economic and Spatial Profiling**

### a) Aim:

- To do develop a socio-economic and spatial profile of the Local Municipal area, highlighting the features that will impact on long-term growth in the municipality.
- To develop a similar socio-economic and spatial file of each of the Functional Areas identified for the municipality.
- To determine the population and household growth trends per functional area based on a ten-year horizon for the Local Municipal area.

### b) Deliverables:

- Socio-Economic profile for the Municipal and each functional area describing at least:
  - The demarcation history and spatial relationships of the area/municipality
  - The basic population characteristics
  - Household characteristics
  - Migration and population movement trends.
  - Social and community facilities in the areas, specifically focusing on education, health and safety and security.
  - The settlement footprint and the extent of different uses as depicted in the national land cover datasets hosted by the Department of Environmental Affairs.
- Population and household projections for the municipality and each functional area over a 10-year horizon.
- An analysis of the customer base in terms of residential and non-residential customers, showing existing access to services and levels of services
- Statement on the extent of backlogs in terms of the municipality's service delivery policies. This should include:
  - Infrastructure services
  - Community and social services

## **Step 3: Compile a land demand and infrastructure investment requirements**

### a) Aim:

- To identify current and future available land for development (output from the SDF).
- To determine land demand over a 10-year horizon for the range of land uses and residential mixes appropriate to rural and urban areas - with specific regard to residential, commercial, social and industrial land uses (output from the SDF if the SDF addresses it in the required detail).
- To undertake a high-level demand quantification modelling and infrastructure investment estimation

### b) Deliverables:

- Land demand quantification and associated infrastructure levels over a ten-year horizon expressed as:
  - Land use mixes, including residential mixes and densities, business, industrial, recreation and social and community facilities.
  - Land demand expressed as the number of stands required over the programme period.
- Year based investment requirements for infrastructure to service the customer demand derived from the land use mixes and land demand showing:
  - Capital expenditure requirements
  - Operating and maintenance expenditure
- The outcomes for the programme period should clearly address growth demand, service access backlogs and asset renewal requirements for each of the major infrastructure components. The full demand must be addressed and a distinction tween the demand to be addressed by the municipality, other government role players and the private sector should be made,

## **Step 4: Verify the Spatial Development Framework**

### a) Aim:

- To contextualise the SDF in terms of the expected growth and land demand
  - To define the policy direction for development for the Municipal area and functional areas based on the SDF
  - To validate population and growth projections with the SDF.
- b) Deliverables:
- Verification of Spatial Development Framework alignment and identify gaps where they exist.

#### **Step 5: Identify capital projects and prepare a Capital Investment Framework**

- a) Aim:
- To incorporate the current infrastructure projects as identified by the Municipality (if available) and IDP into a Capital Investment Framework.
  - To incorporate infrastructure maintenance requirements as identified by the municipal departments into the Capital Investment Framework.
  - To facilitate the capturing of infrastructure requirements and backlogs into a Capital Investment Framework list / database, based on projected population and land uses within the Functional Areas, by the municipal departments.
- b) Deliverables:
- A project based capital programme response to functional area demand analysis
  - An unrefined capital project list per Functional Area that can be assessed against the outcomes of Step 4.

#### **Step 6: Develop a long-term financial model and plan**

- a) Aim:
- To populate a base financial model with the latest audited financial statements from the Municipality.
  - To calibrate the long-term financial planning module.
  - To forecast revenue, Operational expenditure and Capital expenditure.
  - To enable scenario testing and policy changes.
  - To inform a funding envelope of the most sustainable project combination together with the optimal funding mix over a 10-year horizon.
- b) Deliverables:
- A populated and calibrated base financial model.
  - Forecasted revenue, Operational expenditure and Capital expenditure.
  - Scenario test results.
  - Funding envelope and optimal funding mix over a 10-year horizon.

#### **Step 7: Project Prioritisation and Budget Fitting for Affordability Envelope**

- a) Aim:
- To prioritise projects in order to ensure affordability and long-term financial sustainability.
  - To prioritise projects in line with the spatial vision of the SDF at the hand of detailed Functional Areas, and individual Functional Area outcomes.
  - To budget fit and model the expected requirements over time within the constraints of the Long-Term Financial Model recommendations.
- b) Deliverables:
- Prioritised list of projects based on the municipality's SDF investment priorities and Functional Areas.
  - Calculate the affordability envelope from the budget fit process, informed by the affordable budget envelope and funding mix from the Long-Term Financial Model recommendations.

#### **Step 8: Compile capital expenditure framework per Functional Area**

- a) Aim:

- To group prioritised and fitted projects according to Functional Areas into a capital expenditure framework (10-year horizon).
- b) Deliverables:
  - List of projects, that is spatially demarcated, related to programmes and Functional Areas (10-year horizon).

#### Step 9: Develop a MTREF (3-year) Project Expenditure Programme

- a) Aim:
  - To provide a medium term (MTREF) approved budget i.e. the capital expenditure implementation framework.
- b) Deliverables:
  - A 3-year (MTREF) Capital Expenditure Programme, per Functional Area
  - Spatial analysis of the Capital Expenditure Programme
  - Projects in the MTREF capital programme are classified by category (i.e. by sector)
  - Projects in the MTREF capital programme are classified as new/renewal
  - Projects in the MTREF capital programme are classified as % for poor households based on an estimate of customer/demand profile in the area in which they are located.

#### Step 10: Prepare a Capital Expenditure Framework Report

- a) Aim:
  - To provide a Capital Expenditure Programme report that includes a spatial development vision, functional areas, population projections, future land use estimates, infrastructure requirement and a quantified spatial plan.
  - To Indicate how the Capital Expenditure Framework responds to long-term land development needs.
  - To provide strategic outcomes for the different Functional Areas.
  - To guide capital investment in response to the listed preceding steps, according to a 10-year development vision.
- b) Deliverables:
  - Capital Expenditure Framework document.

### 5. Deliverables and time frames

- a) The successful bidder is expected to deliver the following: **Content working papers (compiled into Draft CEF Documents)**, in accordance with the content specifications of the “Guideline to preparing a Capital Expenditure Framework developed by the Department of Cooperative Governance, dated February 2021, **by the date that would be stipulated in the implementation plan that will be agreed upon with the successful service provider.**
- b) **Five Final CEF Documents**, in accordance with the content specifications of the “Guideline to preparing a Capital Expenditure Framework” developed by the Department of Cooperative Governance, dated February 2021, **by the date that would be stipulated in the implementation plan that will be agreed upon with the successful service provider.**
- c) This assignment is expected to be concluded within the set timeframe as per **the implementation plan** and the total duration of the assignment shall be **six (6) months.**
- d) The assignment will commence upon date of signing of the Service Level Agreement (SLA) between the DCOG and the Successful bidder/ service provider; and
- e) The department may wish to adjust the precise scope and timeframes of this project subject to compliance with SCM and audit processes and the inception date of the project.

## 6. Skills, Knowledge and experience requirements:

In order to execute this assignment successfully, the service provider must put together a team that possesses the required knowledge, experience and expertise. The project team must include the following key staff:

### a) Infrastructure and Land Use Planning Specialist

- Registered Professional Town and Regional Planner (SACPLAN) with a Bachelor's degree in Town and Regional Planning (or related) and a post graduate qualification in a related planning discipline. Must have at least **10-years' post-registration experience** in integrated land use and infrastructure planning, capital budget planning and prioritization. Must have demonstrable experience in the execution of strategic planning and preparation of infrastructure investment plans and frameworks in different spheres of government, including the preparation of Built Environment Performance Plans, an understanding of National Treasury's requirements for the preparation and finalization of annual municipal budgets, as well as the integration of the budgeting process with the requirements of SPLUMA.

### b) Infrastructure and Integrated Planning Engineering Specialist

- Registered Professional Engineer (ECSA) with a Bachelor's in Civil Engineering.
- Must have at least **5-years' post-registration experience**, including integrated infrastructure planning, capital project investment planning, analysis, prioritization and budget planning.
- Proven experience and knowledge of the full lifecycle of infrastructure planning and design, including project conceptualization, project preparation and master planning.

### c) Financial Analyst

- Registered Chartered Accountant or a Chartered Financial Analyst.
- Must have at least **5-years' post-registration experience** in the financial modelling and the preparation of long-term financial plans in the municipal environment.

### d) Social Profiling and Infrastructure Demand Analyst

- Bachelor's Degree in Town and Regional Planning or Civil Engineering.
- Registration with relevant Professional body as a Professional Planner or Professional Engineer.
- Must have at least **5-years' post registration experience** in development analysis and planning, socio-economic profiling, infrastructure demand analysis, infrastructure investment planning and analysis, development impact assessments, local government financial planning and analysis.

### e) Support Staff

- At least one junior team member per municipality with a minimum of 3-years' post graduate experience with a bachelor's degree in Geomatics or related.

### f) The successful bidder must provide documented proof of the following:

- Successful completion of long-term (7 to 10 year) financial plans in a municipal environment.
- Registration with the Financial Services Conduct Authority (formerly FSB) as a long-term financial planner.
- Relevant local government experience and knowledge of municipal powers and functions, service delivery and governance related issues in the South African local government sector.
- Sound understanding of the IUDF and demonstrable knowledge of the execution of CEFs in line the relevant guideline documents.
- Successful completion of social profiling and infrastructure demand planning and analysis projects.
- Access to a spatially enabled database with the ability to capture capital project needs for at least a 10-year planning horizon. The database should enable the analysis and prioritisation of all capital needs within the municipal boundaries, with the ability to conduct detailed analysis and prioritisation of capital needs and spatial targeting with identified priority areas within the municipality. The spatial analysis should include the evaluation of projects based national, provincial and municipal strategic objectives. CEF



project lists should be presented in standard National Treasury formats, such as SA36, SA6 and MSCOA IDP reports.

## **7. Form of proposal**

Bidders should be requested in the TOR to comply with a specific format when submitting their bids. It is suggested that the format specified in the TOR corresponds with the various elements of the bid evaluation system to facilitate the evaluation and scoring of bids.

Bidders must include a detailed work-plan/methodology with the detailed budget reflecting all costs and the implementation plan as per proposal in their bid. Failure to submit the detailed work-plan with implementation plan and budget containing cost-breakdowns according to the deliverables (as per the proposal) together with the bid will result in the bidder's bid to be viewed as invalid and therefore rejected.

The following information must be included in the work plan:

- (a) Project implementation Plan that indicates the following:
  - Clearly defined milestones that are 100% aligned to each of the key objectives as well as each of the expected outputs/ deliverables as outlined in the scope of work.
  - Well defined timelines for each of the activities and deliverables.
  - Allocation of Human Resources & Cost-breakdown of each of the activities and deliverables.
- (b) Proposed Governance Arrangements to support project implementation which may include but not limited to:
  - The establishment of a project steering committee.
  - The establishment of a project management team inclusive of the service provider and the DCoG team.
  - Provision of secretariat support for the governance structures that will be established.
- (c) Skills Transfer Plan developed in line with the Terms of Reference.
- (d) Previous and current similar contracts awarded to the bidder as well as client references. At least two (2) client references in relation to integrated municipal land use and infrastructure planning, capital budget planning and prioritization preparation of statutory reports in relation to municipal capital investment planning such as Built Environment Performance Plans (BEPPs), Capital Expenditure Frameworks (CEFs), Long Term Financial Plans (LTFPs) etc.

Failure to include the above information together with the bid document on the closing date and time will invalidate the bid.