



Schweizerische Eidgenossenschaft
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STANDARD OPERATING PROCEDURES

Project Title:

Technical Support to the iLembe District Municipality for specific Siza Water Concession Contract Activities

Contract No.: VILP/I/035

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Version 1

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Acronyms and Abbreviations

DWS	Department of Water and Sanitation
IDM	iLembe District Municipality
NT	National Treasury
PCU	Vuthela Programme Project Coordinating Unit
SDF	Spatial Development Framework
SP	Service Provider
ToR	Terms of Reference

1 INTRODUCTION

This report is the standard operating procedure for the contract VILP/I/035, Siza Water Concession Contract support, for managing the Vuthela iLembe LED Support Programme. The Vuthela iLembe Project addresses unemployment, poverty and inequality in the iLembe District Municipality by ensuring future local economic growth and inclusivity. Therefore, the Siza Water Concession Contract details the principles that guide Siza Water to execute and manage the provision of water and sanitation services on a concession basis as part of the Vuthela iLembe LED Support Programme economy improvement initiatives. The concession contract period is 30 years and is scheduled to end in 2029. The appointed consultant (SMEC South Africa) is therefore required to review the contract's technical, financial and legal aspects and support the iLembe District Municipality to ensure the contract is still effective and viable for implementation under current conditions.

1.1 Purpose

This report serves as the Standard Operating Procedure to assist in capacitating the IDM officials and as guidelines for continuing the activities.

1.2 Objective

This standard operating procedure aims to translate the concession contract document into processes. But it is to be noted that ultimately the legal and regulatory obligations of the concession contract should be fulfilled and take precedence should there be any variance between the SOP and the concession agreement. This report is in respect of sub-task 84 of the project programme.

2 VARIATION OF THE AGREEMENT

STANDARD OPERATING PROCEDURE FOR THE VARIATION OF THE AGREEMENT:	
OBJECTIVES:	<p>WHICH ASPECT OF THE VARIATION PROCESS IS THIS SOP ADDRESSING?</p> <p>This SOP addresses how the variation process underlying the implementation of the supplementary addendum should be undertaken.</p>
FUNCTIONAL PROCESS/ ACTIVITY:	<p>WHAT ARE THE ASSOCIATED ACTIVITIES?</p> <ol style="list-style-type: none"> 1. The tabling of the draft supplementary addendum. 2. Engagement on the terms of the supplementary addendum. 3. The legislated processes concerning the amendment of Public-Private Partnership Agreements. 4. The signature and publication of the agreement. <p>WHAT NEEDS TO BE DONE FOR THIS SOP TO BE IMPLEMENTED?</p> <p>IDM needs to engage with the Concessionaire as the agreement cannot be unilaterally varied and will need to be done in cooperation with the Concessionaire.</p> <p>IDM will also need to ensure that the required processes are undertaken as set out in Section 81(4) of the Local Government: Municipal Systems Act No 32 of 2000 and Regulation 9 of the Municipal Public-Private Partnership Regulations issued in terms of Section 168 of the Local Government: Municipal Finance Management Act No 56 of 2003.</p>
ASSOCIATED PROTOCOLS:	<p>WHICH PROTOCOLS ARE ASSOCIATED WITH THIS SOP?</p> <p>The only related protocol would be the exit management strategy because the variation would need to occur as part of the process underlying the exit management strategy.</p>

ACTIVITY OUTPUT:	<p>WHAT IS THE INTENDED OUTPUT OF THIS SOP?</p> <p>The intended output is an updated agreement which brings the standards, terms and conditions under the agreement in line with the current legal framework and allows for implementing an exit management strategy.</p>
ROLES AND RESPONSIBILITIES:	<p>WHICH PARTY IS RESPONSIBLE FOR WHICH PROTOCOL/ACTIVITY?</p> <p>As indicated above, the process is mutually cooperative.</p>
TIMING/FREQUENCY:	<p>HOW OFTEN SHOULD THE PROCESS OUTLINED ABOVE BE IMPLEMENTED?</p> <p>The implementation of this SOP will be on a one-off basis.</p>
APPLICABLE DOCUMENTS:	<p>THE RELEVANT GUIDING LEGISLATION, DOCUMENT, CONTRACTUAL CLAUSE, OR MUNICIPAL POLICY/BYLAWS THAT GOVERN THIS ACTIVITY</p> <p>As indicated supra, the relevant legal provisions can be found in the Local Government: Municipal Systems Act No. 32 of 2000 and the Local Government: Municipal Finance Management Act No 56 of 2003.</p>

3 EXIT MANAGEMENT

STANDARD OPERATING PROCEDURE FOR EXIT MANAGEMENT PROCESS:	
OBJECTIVES:	<p>WHICH ASPECT OF CONTRACT MANAGEMENT IS THIS SOP ADDRESSING?</p> <p>This SOP addresses the exit management strategy applicable to the agreement.</p>
FUNCTIONAL PROCESS/ ACTIVITY:	<p>WHAT ARE THE ASSOCIATED ACTIVITIES?</p> <p>The variation of the agreement to establish the framework for implementing an exit management strategy.</p> <p>WHAT NEEDS TO BE DONE FOR THIS SOP TO BE IMPLEMENTED?</p> <p>A detailed and comprehensive guideline has been set up which highlights the following:</p> <p>The year-by-year implementation of the proposed exit management strategy;</p> <p>The allocation of the resources and responsible parties;</p> <p>The preferred method of implementation of the underlying processes.</p> <p>These should guide the parties in implementing the strategy.</p>
ASSOCIATED PROTOCOLS:	<p>WHICH PROTOCOLS ARE ASSOCIATED WITH THIS SOP?</p> <p>The variation of the agreement must take place to lay the foundation for the exit management strategy.</p>
ACTIVITY OUTPUT:	<p>WHAT IS THE INTENDED OUTPUT OF THIS SOP?</p> <p>The intended output is the continuous and uninterrupted provision of services to the local communities throughout the transition period at the termination of the agreement.</p>

<p>ROLES AND RESPONSIBILITIES:</p>	<p>WHICH PARTY IS RESPONSIBLE FOR WHICH PROTOCOL/ACTIVITY?</p> <p>Both IDM and the Concessionaire will need to appoint the proposed parties as highlighted in the guidelines to ensure the proper implementation of the various stages of the exit management strategy.</p>
<p>TIMING/FREQUENCY:</p>	<p>HOW OFTEN SHOULD THE PROCESS OUTLINED ABOVE BE IMPLEMENTED?</p> <p>The SOP will need to be implemented over the years 25 up until six months after the termination of the agreement, namely, 2023 to 29 July 2029.</p>
<p>APPLICABLE DOCUMENTS:</p>	<p>THE RELEVANT GUIDING LEGISLATION, DOCUMENT, CONTRACTUAL CLAUSE, OR MUNICIPAL POLICY/BYLAWS THAT GOVERN THIS ACTIVITY</p> <p>There are a substantial number of provisions applicable to the exit management strategy. These are discussed in Annexure F of the guidelines.</p>