

TERMS OF REFERENCE (TOR)

APPOINTMENT OF AN EXPERIENCED SUPPLY CHAIN MANAGEMENT TECHNICAL EXPERT TO BE PLACED AT ¹PILOT MUNICIPALITIES FOR THE PROCUREMENT INFRASTRUCTURE AND KNOWLEDGE MANAGEMENT CAPACITY DEVELOPMENT PROGRAMME (PINK)

1. BACKGROUND INFORMATION

The National Treasury fulfils a pivotal role in the implementation and management of the Public Finance Management Act (PFMA) No 1 of 1999 as well as the Municipal Finance Management Act (MFMA) No 56 of 2003. The essence of both these Acts is to regulate financial management in the public sector at national and provincial levels and municipal level respectively. The PFMA as well as the MFMA are intended to ensure that all revenue, assets, liabilities and expenditures are managed effectively and efficiently and that the responsible officials are equipped with appropriate and necessary knowledge to adhere in a compliant manner to the intentions stipulated in the respective Acts.

It is widely accepted that reforms in South Africa at the legislative and policy levels have provided a framework conducive for improving financial management in the national, provincial and local spheres of government. At the same time, it is evident that huge skills gaps exist within financial management cadres of the public service to implement the applicable legislation, policies and procedures to an acceptable level. A crucial element on government's financial management reform agenda would be to strengthen the individual and organisational capacity of government entities.

Accordingly, the National Treasury (NT) developed a comprehensive Capacity Development Strategy (CDS)² for Public Financial Management. The strategy provides a national perspective to address financial management capacity constraints in the public sector. These challenges include scarce skills; high levels of vacancies and staff turnover; a lack of suitable education, training and development programmes; limited knowledge management; inadequate monitoring and evaluation; ineffective performance management; non-adherence to legislation; poor audit results; and an absence of effective partnerships. Moreover, the strategy sets out four strategic objectives to address these challenges:

- Support the development of an enabling environment
- Enhance organisational capacity
- Develop and empower a corps of competent and committed high-performance employees
- Create an environment that enables and sustains mutually beneficial stakeholder relationships

¹ Pilot Municipalities are in Free State and Mpumalanga, the resource will be allocated two pilot municipalities in any of the Provinces

² More information can be obtained at <http://oag.treasury.gov.za/Pages/CapacityBuilding.aspx>.

1.1 The PINK CD Programme

The overall objective of the PINK CD programme is 'increased cost effective, socially inclusive and sustainable service delivery at provincial and local government level'. To achieve this objective, the programme is aligned with the priorities of the National Treasury and aims to address two of the main causes of irregular, fruitless and wasteful expenditure within municipalities that impact significantly on their ability to provide basic services to all – weak procurement practices and poor infrastructure management. In addition, the programme is mindful of the low capacity within many municipalities (and some Provincial Treasuries (PT's) to make sense of and fully comply with all of the legislation, policies and guidelines already covering procurement and infrastructure management.

The overall objective will be achieved through three key result areas (KRA):

- **KRA 1 – More effective supply chain management (procurement) at local government level.**
- **KRA 2 – Enhanced infrastructure management (budgeting, planning and asset management) at local government level.**
- **KRA 3 - Crosscutting Activity – Knowledge Management and Peer Learning**

While the focus of the programme will be at local government level, all KRA's include support to National Treasury and some Provincial Treasuries to strengthen them in their (constitutional and legal) role to provide support to the municipalities. The first two KRAs rely heavily on **knowledge management and peer learning**, which, together with the support to be provided to National Treasury in this regard, are included as **cross-cutting activities** for both KRA's.

SUMMARY OF THE ASSIGNMENT	
NAME OF PROJECT	SCM Technical Experts for pilot municipalities
PROJECT NUMBER	3.3
PINK COMPONENT / KRA	KRA 1 – More effective supply chain management (procurement) at local government level
INTERNAL CLIENT	Office of the Chief Procurement Office (OCPO)
PROJECT LEAD	Director: Donor Mobilization
PROJECT TIMELINE	24 months

2. OBJECTIVE OF THE PROJECT

2.1 Overall objective of the assignment

The PINK project aims to create more effective supply chain management (procurement) at local government level. To reach this objective the project works together and within 3 layers of government according to the following delivery model.

National Treasury Level

The existing regulations, toolkits, and training programmes for Supply Chain Management will either be implemented as they are, developed or enhanced, and peer learning mechanisms and knowledge management platform established for purposes of disseminating toolkits to pilot municipalities. This process will be done in conjunction with the PT's to ensure that the solutions developed address the municipalities needs.

Provincial Treasury Level

Once toolkits for SCM have been developed at NT level, PT's will be capacitated on these so that they are able to support the municipalities. With the assistance of the SCM Technical Experts, the toolkit will be disseminated to be piloted in selected municipalities (using training and peer learning amongst other things) before being revised and placed, together with the guidelines, on the KMU knowledge platform. NT and PTs will be provided with materials to assist them to raise awareness of the new approaches and tools with municipal finance management staff and Municipal Councils.

Municipal Level

In the pilot municipalities, the adjusted or developed regulations, toolkits, training programmes, implementation support mechanisms and various knowledge management instruments will be tested. At the same time, capacity assessments and improvement plans will be prepared for each individual pilot municipality and these reviews and plans will inform the further development of the toolkits, training programmes and knowledge management instruments. In order to strengthen SCM/IM oversight by Councilors, training programmes for councilors on SCM and IM oversight will also be developed and piloted at selected municipalities.

The objective of this assignment is to appoint a qualified, skilled, and experienced Supply Chain Management Technical Expert (SCM TE) to be placed at selected municipalities for a period of 24 months.

The purpose of the assignment is to provide SCM advisory support to municipalities.

3. SCOPE OF WORK

3.1 General Activities

Task 1: Provide “on the job” SCM support to the two municipalities assigned and facilitate the formulation and implementation of municipal improvement plans.

Municipal improvement plans will be developed in conjunction with the Provincial Treasuries (PT) and Municipalities based upon a baseline assessment to be conducted by a team of experts prior to the commencement of the SCM TE's.

Interventions will be designed around facilitating the development and putting in place of appropriate education and training opportunities for provinces and municipalities as clients. This will provide an environment where professionals have decentralised access to the appropriate information and skills to implement the developed standard and obtain the necessary tools for alignment. The primary target will be municipalities, although significant support will also be provided to provincial treasuries to assist municipalities in their provinces to implement the piloted tools and activities.

The TE's will in conjunction with the PT's facilitates the process of nomination of project champions at each municipality and together with the NT Knowledge Management begin to establish Communities of Practice in both Provinces. These communities of practise will be actively involved in the piloting of new tools and approaches developed under the project and revise toolkits if necessary.

Responsibilities include:

- Build and maintain positive working relationships with PT's, municipalities and other stakeholders;
- Serve as resources for technical advisory on the PINK SCM projects;
- Promote learning and cooperation for improved service delivery and sustainability;

Task 2; Provide support in the dissemination of the toolkits to municipalities developed under PINK Project 1: "Enhance specific SCM regulations and toolkits customized to municipal needs".

Further development of specific SCM regulations and toolkits (preferential procurement, contract management, infrastructure standards/ procurement, demand management), customized to municipal needs. The regulations and toolkits will be piloted in municipalities disseminated through the KM platform.

Responsibilities include:

- Disseminate relevant SCM regulations with project counterparts
- Support the development and piloting of PINK toolkits;
- Contribute to the revision of methodologies and tools based upon experience

Task 3: Facilitate PINK project implementation

Establishment of an SCM implementation support mechanism and provision of advisory and assistance to pilot municipalities through the PT's on the basis of the MFIP III model as a delivery solution. Support will be provided to PT's and municipalities both institutionally and technically by strengthening their ability to capacitate the municipal financial management units to perform the duties necessary to ensure compliance with the MFMA and to build the capacity of the appointed staff through training and development.

Responsibilities include:

- Support knowledge generation including the identification of areas for knowledge sharing the development of case studies, and participation in knowledge sharing initiatives;
- Contribute to PINK's bi-annual and annual reporting;
- Perform other duties as may be assigned from time to time by NT through the PMU, within the general scope of work performed by the unit and its operational efficiency requirements.

3.2 Specific Scope of Work

The SCM Technical Expert will take the lead role in the provision SCM support at the PINK pilot municipalities. This will entail:

Initiation phase

- Be involved in the baseline assessments for each pilot municipality and review of the baseline assessment reports;
- Develop, consult and finalise the SCM improvement plan process for each pilot municipality (based on the baseline assessments) in liaison with PT, NT and SECO;
- Contribute to the capacity assessments of pilot municipalities practitioners using the I-Develop tool and preparation of operational plans; and
- Contribute to the development of a monitoring mechanism for SCM support.

Implementation phase

Task 1:

- Provide input into the toolkits developed under PINK project 1;
- In close collaboration with PT's disseminate toolkits to pilot municipalities;

Task 2:

- Implement improvement plans at the pilot municipalities over the duration of the contract period;
- Prepare PINK progress reports based on the improvement plans and submit to NT;
- Identify project champions in each pilot municipality;
- Together with NT knowledge management and PT's establish communities of practice/peer learning activities;
- Participate in the CoP's and peer learning activities; and
- Conduct periodic reassessments of the municipalities using the baseline assessment tool;

Task 3:

- Participate in other programme activities such as PINK reflection days and any other activities as required by NT related to the PINK programme; and
- Ensure proper document management for all PINK activities.

Closeout phase

- At the end of the project, prepare a detailed close out report supported by portfolio of evidence for tasks completed as per the improvement plan; and
- Prepare a sustainability plan for each pilot municipality for future SCM support.

4. EXPECTED PROJECT OUTPUTS / DELIVERABLES³

The expected outputs and deliverables for the projects as follows.

1. Capacity assessment of pilot PT-based SCM conducted and Municipal improvement plans drafted (Sep 2019);
2. 6 monthly activity plans prepared guiding the provision of the SCM support in municipalities (w.e.f. Dec 2019);
3. Monitoring mechanism established, regular SCM improvement monitoring reports prepared and periodic SCM reassessments undertaken for each additional pilot municipality (w.e.f. Nov 2019);
4. Costed and prioritized rollout and sustainability plan for PT-based municipal SCM support prepared and approved (May 2021);
5. All relevant toolkits and information have been successfully rolled-out; and
6. Close out report for the programme.

5. ASSUMPTIONS, RISKS, MITIGATION STRATEGIES AND OPPORTUNITIES

Based on situational analysis, the following Risks, Assumptions and Mitigation measures were made:

Risks	Assumptions	Mitigation
Instability and unrest at pilot municipalities leading to slow pace of implementation.	Pilot Municipalities are genuinely interested to participate in the pilot programme	Agree an early monitoring system and risk levels at which PINK can suspend support to a municipality Cooperation with other programmes supporting municipalities
Local Government elections in 2021, leading to change of leadership and senior management	Sufficient political will in pilot municipalities to achieve objectives of the SCM improvement plans	Capacity to predominantly focus on lower level staff as opposed to senior managers whose contracts end when new Council is appointed.
Lack of capacity within the OCPO leads to poor cooperation hindering the outcomes of the project.	Toolkits and systems that already exist within government structures are made available	Appointment of the SCM LTE and SCM TE's to support the implementation of the SCM projects under KRA1
Uncoordinated technical assistance, tools that are not aligned, duplication of tools, re-inventing the wheel, and	Donor funded programmes and NT support programmes are coordinated	Pilot municipalities' experience and findings should be embedded in the professionalization work streams and

³ The dates for the deliverables and outputs are indicative.

development of tools in parallel to professionalization.	and complement rather than compete with each other.	feed into them. Coordination and complementarity of programmes supporting the OCPO.
Findings from pilot municipalities remain isolated and will not feed into roll-out plans and further implementation.	NT and PT's will utilise the findings from pilot municipalities for continual feedback and roll out plans for further implementation.	Close and continual feedback loops to PTs and NTs, change management and awareness raising interventions, building up the structures for these feedback loops etc.
PINK uses a delivery approach that is not accepted by PT's and Municipalities.	Improvement plans, reporting and monitoring tools of MFIP III to be used for the PINK SCM support in municipalities.	An agreement has been reached within NT to use the MFIP III operating model to deliver SCM support under the PINK programme.

6. COORDINATION WITH OTHER ACTIVITIES / OTHER PROGRAMMES

1. PINK will work closely with MFIP III (NT funded programme), EU funded FMIP IV and GIZ GSP II as all the three projects provide support on SCM to municipalities. The collaboration is important in order to ensure complementarity of programmes and avoid duplication of resources;
2. National Treasury's funded programme MFIP III, provides support to Local Government. The programme's focus is on the six game changers: Audit outcomes, Budgeting and Reporting, Asset Management, SCM, Revenue Management and MSCOA.;
3. The EU funded FMIP IV upcoming PFM Capacity Development Programme for Improved Service Delivery will include broad-scale education, training and development (ETD) solutions for PTs and municipalities on SCM. The EU programme will benefit from training developed during pilot activities under the SECO programme and ETD solutions will be mainstreamed into ETD programmes for all municipalities and PTs. Support to knowledge management under both programmes will also need to be closely aligned;
4. GIZ's Governance Support Programme (GSP) II programme only focused on selected municipalities in Mpumalanga and the Eastern Cape Provinces. GSP II seeks to conduct a comprehensive review of the SCM value chain per municipality and make recommendations for its improvement; and
5. SECO's support to the iLembe District, supports local economic development in the iLembe district through interventions along all four business lines of the SECO economic development cooperation: (i) public financial management, (ii) infrastructure planning and financing, (iii) private sector development and (iv) trade promotion. Knowledge and experience gained through support to procurement, asset management and infrastructure management from the iLembe can feed into the PINK programme.

7. PROJECT LOCATION AND REPORTING

1. The appointed SCM TE will be placed in any of the pilot municipalities and will report to the Chief Financial Officer of the respective municipality in terms of day-to-day operational requirements;
2. The appointed SCM TE will also be required to prepare monthly progress report to the PMU's SCM LTE;
3. The appointed SCM TE will be required to travel between two pilot municipalities during implementation as well as attend CoP's and peer learning activities, and other PINK related activities travelling expenses will be reimbursed in line with the guidelines provided for in the Pink Manual; and
4. The appointed SCM TE will report to the SCM LTE based at NT in terms of operational requirements and performance management.

8. QUALIFICATIONS

The SCM TE should be in the possession of a Degree or NQF level 7 or equivalent qualification obtained in the fields relevant to the project (e.g., supply chain management, financial management, economics, public administration, Law).

9. PROFESSIONAL EXPERIENCE AND SKILLS

The SCM TE should have experience, expertise and knowledge in the following areas:

- Minimum of 7 years' professional experience in Local Government Supply Chain Management in South Africa focusing in Financial Management and Supply Chain Management advisory and capacity building;
- Demonstrated leadership experience and proven achievements in SCM operations, reforms, and performance improvement initiatives;
- Proven ability to transfer skills through practical experience on the provision of on-the-Job training and coaching and or designing and rolling out capacitation programmes;
- Demonstrated excellent communication and report writing skills (please attach at least one project progress report you have prepared; and
- A minimum of 3 years Project Management experience, including developing and implementing project annual workplans, narrative progress reporting and project financial management.

10. OFFICE EQUIPMENT AND BACKSTOPPING ARRANGEMENTS

The SCM TE will be responsible to provide their own computer equipment (portable computers etc.). Internet connectivity and office arrangements will be provided for by the respective municipality where the candidate will be placed.

11. CONTRACTUAL ARRANGEMENTS AND TIMEFRAME

The resources will be appointed based on the following conditions amongst others:

1. Full time (8:00 am – 4:00 Pm, Monday to Friday) and office bound for a period of up to 24 months. The first 6 months will be considered a probation period after which it will be upon the discretion of the

