



REQUEST FOR PROPOSAL

PROJECT NAME: THE STATE OF CITY FINANCES – THE CHANGING STATE OF CITY FINANCES

DATE: 18 MARCH 2020

CLOSING DATE: 3 APRIL 2020

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1 About the SACN

Formed in 2002, the South African Cities Network (SACN) is an established network of South African cities and partners encouraging the exchange of information, experience and best practice on urban development and city governance. It is an initiative of the Minister for Cooperative Governance and Traditional Affairs (COGTA) and eight metropolitan municipalities, in partnership with the South African Local Government Association (SALGA).

The work of the SACN aims to assist and guide cities to become effective drivers of local and national development within a context where the rapid growth of city populations requires increased service delivery and improved city management. Finances and the management thereof is fundamentally important in enabling the city to perform its functions effectively.

2 Background

SACN conducts research on the state of its member cities' finances to determine their general wellbeing and assess their ability to deliver on developmental mandates.

The State of City Finances reports on the finances of the nine largest cities in South Africa: Johannesburg, Cape Town, eThekweni, Ekurhuleni, Tshwane, Nelson Mandela Bay, Buffalo City, Mangaung and Msunduzi.

The State of City Finances report was first produced in 2007 and has been published biennially since 2011. The most recent report was published in October 2018, and the next is due to be published in the final quarter of 2020.

All data generated from SACN research is uploaded to the South African Cities Open Data Almanac (SCODA), an online data portal designed to support the planning, management, monitoring, and reporting needs of cities (<http://www.scoda.co.za/>).

The State of City Finances 2020 will be published entirely on SCODA.

3 Scope of Work

The scope of work for this project consists of repeating the analysis of municipal finance customary in previous State of City Finances in online format.

The analysis should be pitched at the targeted audience of municipal practitioners generally, the private sector and investors, and must provide a basis for comparison across the nine largest cities in South Africa (the 8 metropolitan municipalities and Msunduzi).

The Changing State of Municipal Finances

The first component of the analysis, the changing state of municipal finances, should explain changes in the state of municipal finances since the last State of City Finances publication in 2018, as well as any broad trends identifiable over time.

The following metrics should be included:

- City Finances
- Total revenue
- Own revenue
 - Own revenue breakdown
- Transfers and grants
- Total expenditure
- Operating expenditure
 - Operating expenditure breakdown
- Capital expenditure
- City borrowing
- City debtors
- City cash management
- Audit findings

An accompanying narrative based on the following topical headings should be contextualized within the cross-cutting issues of governance, and the sustainability of municipal finances:

- Are cities collecting the revenue for the activities that they budget for?

- What is the composition of cities own revenue?
- What is the breakdown of cities operating expenditure?
- What are areas of cities capital expenditure?
- What are cities audit outcomes and what explains the findings?

The narrative must provide detailed, city-specific context to explain changes in financial performance in each city. For example, the financial distress that has led to Msunduzi and now Mangaung being placed under administration should be analysed and broader financial management lessons extracted.

The second component of the analysis should describe and analyse changes in the cost of municipal bills over time as well as the affordability of municipal bills. The analysis should cover:

- The package of municipal services
- Benchmarking of household incomes
- The composition of municipal bills
- Cost of municipal bills
 - Costs of services
 - Growth in the cost of services
 - Sources of growth in costs of services
- Affordability of municipal bills
 - Cost of service packages relative to household incomes
 - Identifying municipal bills that are unaffordable
 - The progressive/regressive nature of cities' municipal bills

A narrative based on the following topical headings should be contextualized within the cross-cutting issues of governance, and the sustainability of municipal finances.

- Changes in the cost of municipal bills over time.
- The affordability of municipal bills.
- Changes in household incomes relative to municipal bills.

The final component of the analysis should examine how the Local Government Equitable Share is spent in each city, and the approach of cities to meeting the needs of indigent and low-income citizens.

A narrative based on the following topical headings should be contextualized within the cross-cutting issues of governance, and the sustainability of municipal finances:

- City social safety nets:
- The management of indigent registers
- Social welfare programmes.

City finances are the preserve of a specialist audience of chief financial officers and senior administrators. The People's Guide has in the past been produced as a companion to the State of City Finances intended to explain municipal finances to the general public.

The narratives in the State of City Finances lend themselves to data stories that are accessible for a broad audience. The service provider is encouraged to develop data stories to upload to SCODA.

4 Methodology

- 4.1 The analysis and narrative should be based on credible research and reliable data.
- 4.2 Researchers should use budget and expenditure data from the National Treasury Local Government Budget Database, and Municipal Money Website.
- 4.3 It is expected that the research will involve primary and secondary data analysis, document analysis, case studies, modeling, key informant interviews, and consulting expert opinion.
- 4.4 The research must be explicit in citing evidence, and identifying any assumptions, speculations or uncertainties.
- 4.5 As the publication is meant to reflect local government perspectives and point of view, it is important that as far as possible these are actively sought and obtained.

5 Expected Outputs / Project Deliverables

The following are the expected outputs and deliverables of the project:

- 5.1 Initiating a project inception meeting with the SACN's project team.
- 5.2 Producing an inception report, within 21 calendar days of appointment. The inception report should include the following:
 - Staff, experience, and work responsibilities
 - A project plan including timeframes and milestones linked to payment schedules
 - Methodology, including:
 - Research design
 - Draft instrument(s)
 - Approach to gathering and validating data
 - Approach to documenting and reporting results
 - Quality control
- 5.3 A narrative of between 10,000 and 12,000 words in length, written to high professional standard, accompanying the figures, graphics and illustrations on SCODA.
- 5.4 Data and supporting documents on which the analysis is based. The raw data, the statistical analysis and data stories emerging from the analysis are all to be uploaded to SCODA.
- 5.5 For each task, the consultant will be responsible for the delivery of satisfactory work products regardless of the number of days involved.

6 Further Project Management Responsibilities

Amongst other duties, the appointed service provider will be tasked with the following:

- 6.1 Holding meetings as and when required by the Programme Manager to give progress on the project.
- 6.2 In consultation with the SACN Data Manager the service provider will set up a system to collect the data and upload them to SCODA for analysis that is compliant with the processes and data management principles of the SACN codebook.
- 6.3 Submitting the dataset and all associated statistical modelling which will become the property of the South African Cities Network.

7 Competencies and Expertise Required

- 7.1 Contributors should display relevant experience, technical expertise or capabilities with respect to municipal financial issues and municipal management.
- 7.2 A strong research, analysis and writing background.
- 7.3 A track-record of excellent, accessible communication, report writing and presentation skills.
- 7.4 Accessibility and dedication for the duration of this project and capacity to work interactively and consultatively.

8 Resources and Costing

- 8.1 Time and effort are estimated at approximately 3 months.
- 8.2 A maximum of R325 000 including VAT will be allocated to this assignment.
- 8.3 The price proposal submitted should include a cost breakdown providing hourly/daily rate per assigned resource.
- 8.4 Bidders should note that all project meetings will either be in Johannesburg or conducted via teleconference.

9 Payment

The Contractor will be paid according to the following payment schedule and upon submission of an invoice, progress report and, where relevant, a time sheet:

- 9.1 The contractor will receive 20% of the fees payable upon receipt of the inception report.
- 9.2 The contractor shall further receive 30% of the fees payable upon the scheduled submission of the first full text draft of all analysis and the associated narrative.
- 9.3 The contractor shall further receive 50% of the fees payable upon the successful upload of the data, tables, charts, figures and associated narrative and data stories to SCODA.
- 9.4 Payment will be triggered by the successful evaluation and approval by the Programme Manager.

10 Evaluation

Proposals will be adjudicated on relative value for money against the following criteria:

- 10.1 Project costing / professional fee structure; 20%
- 10.2 Proven track record to deliver on similar projects; 20%
- 10.3 Clarity and quality of proposal indicating sound methodology and approach; 40%
- 10.4 The diversity of the team, level of ownership and level of project involvement of previously disadvantaged individuals; 20%

Bidders are encouraged to be competitive in their pricing and take note of the guidance on resources and costing indicated above.

11 Applicable Terms and Conditions

The SACN reserves the right not to reward this contract or to negotiate its terms, subject to circumstances and adequacy of submissions. The selection of proposals and portfolios will be based on the strength and relevance to the objectives of the project. This is in addition to the perceived contribution of the submissions to the progressive realisation of the programme's objectives, at the discretion of the SACN.

12 Submissions and Enquiries

To qualify for evaluation, interested service providers should provide SACN with the following:

- 12.1 A brief proposal indicating understanding of the requirements, proposed methodology and approach, and draft project plan (specify any particular capabilities, innovations, or limitations).
- 12.2 An all-inclusive time-based quote for the activities as outlined above (prices should include VAT, and daily / hourly personnel rates applicable must be indicated clearly).
- 12.3 Copies of CVs of personnel who will work on the project.
- 12.4 In the case of individuals/sole proprietors, the following information must be provided for vetting purposes:
 - Contact person, physical and postal address, contact number and e-mail address.
 - Full individual name as in your identity document.
 - Income tax number.

- VAT number, if you are a VAT vendor and if not, please indicate not applicable and why.
- Tax clearance certificate.

12.5 In the case of companies/corporations, the following information must be provided for vetting purposes:

- A maximum two-page company profile including registered company name, the details of a contact person, physical and postal address, contact number and e-mail address.
- Company registration number.
- VAT number, if you are a VAT vendor and if not, please indicate not applicable and why.
- Tax clearance certificate.

Proposals and quotes (or enquiries before 27 March 2020 only) should be sent by email to Ms. Sadhna Bhana at sadhna@sacities.net by close of business on **Friday, 3 April 2020**.