



STAKEHOLDER & INTERGOVERNMENTAL RELATIONS (SIR) GOVERNANCE POLICY

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A broad guide to stakeholder and intergovernmental relations management and practice in pursuit of the Housing Development Agency's (HDA) strategic and operational objectives.

APRIL 2016

HOUSING DEVELOPMENT AGENCY STAKEHOLDER AND INTERGOVERNMENTAL RELATIONS (SIR) GOVERNANCE POLICY

Background

The Constitution of the Republic of South Africa, having constituted government as national, provincial and local spheres went on to state that the three should be seen as distinctive, interdependent and interrelated. It goes on to provide guiding principles and values to intergovernmental practice as to:

- Preserve the peace, national unity and the indivisibility of the Republic;
- **Secure the well-being of the people of the Republic;**
- **Provide effective, transparent, accountable and coherent government for the Republic as a whole;**
- Be loyal to the Constitution, the Republic and its people;
- **Respect the constitutional status, institutions, powers and functions of government in the other spheres;**
- **Not assume any power or function except those conferred on them in terms of the Constitution;**
- **Exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere;**
- **Co-operate with one another in mutual trust and good faith**
- **Fostering friendly relations;**
- **Assisting and supporting one another;**
- **Informing one another of, and consulting one another on, matters of common interest;**
- **Coordinating their actions and legislation with one another; and**
- **Adhering to agreed procedures.**

The Intergovernmental Relations Framework Act 13 of 2005, as called for by the Constitution, enriches this constitutional requirement and governance practice. It spells out the strategic objective of the Act and thus the practice as to facilitate co-ordination in the implementation of policy and legislation including:

- a) coherent government;
- b) effective provision of services;
- c) monitoring implementation of policy and legislation; and
- d) realization of national priorities.

King III, currently being reviewed as King IV, broadly emphasises the stakeholder model of governance; meaning consideration not only of shareholders' but also the legitimate expectations and interests of its other stakeholders. This has to be done as guided by the pursuit of the triple bottom-line namely This has to be done as guided by the pursuit of the triple bottom-line (or otherwise noted as TBL or 3BL) concerned with three parts: social, environmental (or ecological) and financial impacts. This it calls for through:

1. Taking account of legitimate interests of its stakeholders in its decision making,
2. Proactively managing relations with its stakeholders,
3. Identifying mechanisms and processes that will promote enhanced levels of constructive stakeholder engagement,
4. Striving to achieve the correct balance between its various stakeholder groupings, in order to advance the interests of the company,
5. Ensuring the equitable treatment of shareholders,
6. Transparent and effective communication towards building and maintaining relationships,
7. Promoting mutual respect between the company and its stakeholders,
8. Establishing formal process to resolving internal and external disputes,
9. Ensuring that disputes are resolved as effectively, efficiently and expeditiously as possible, and
10. Selecting the appropriate individuals to represent the organization in alternative dispute resolution (ADR) processes.

King III goes on to recommend the AccountAbility standard AA1000 Stakeholder Engagement Standard (SES) 2015, amongst others. AccountAbility is a leading global research, consulting and standards organisation providing innovative solutions to the most critical challenges in corporate responsibility and sustainable development. Since 1995, AccountAbility has been helping corporations, non-profits and governments embed ethical, environmental, social and governance accountability into their organisational DNA.

At the core of the AA standard series and SES 2015 in particular, is the upholding of the accountability principles of Inclusivity, Materiality and Responsiveness.

The adoption of this standard can be a source of competitive advantage for the HDA, a measure that can effectively create value and improve overall performance - collaboratively.

Introduction

The National Department of Human Settlements decided on establishing the Housing Development Agency (HDA), resulting from a 10 year review of government's housing performance process having noted amongst others that:

- a) a significant factor in the lack of adequate delivery of housing to low-income earners has been the delay in the identification, acquisition, assembly and release of well-located state-owned and private land;
- b) that there are serious challenges that hinder the realization of housing for all, that there is a need to accelerate the delivery of housing, to enhance and secure the required skills;
- c) that there is an urgent need for government to address the increasing backlog in respect of housing delivery together with a critical shortage of skills and capacity to provide housing in some provinces and municipalities;
- d) that in terms of Schedule 4 of the Constitution housing is a functional area of concurrent national and provincial legislative competence.

The HDA Act of 2008 clearly stipulates the strategic objectives for which the agency was established as to:

- 1) identify, acquire, hold, develop and release state, communal and privately owned land for residential and community purposes and for the creation of sustainable human settlements;
- 2) project manage housing development services for the purposes of the creation of sustainable human settlements;
- 3) ensure and monitor that there is centrally coordinated planning and budgeting of all infrastructure required for housing development;
- 4) monitor the provision of all infrastructure required for housing development.

Section 5(4) of the HDA Act acknowledges that even as the agency pursues its mandate, "Nothing in this Act detracts from the power of a province and municipality to identify, acquire, hold, develop and release land for residential or community development without recourse to the Agency, in terms of their functions under the Housing Act". To this end, Section 7(f) says that the agency MUST "ensure that there is collaboration and intergovernmental and integrated alignment for housing development services".

It is thus of a high priority for the HDA, that all stakeholders have confidence in its work noting its supportive role to constitutional structures or spheres of government. Building that confidence relies on clear policies and practice across all business at all levels of/within the Agency. The HDA must operate in a way that optimizes its role in the human settlements sector. The subsequent IGR and Stakeholder Relations strategy can help significantly to ensure the realization of the organization's objectives through quality engagements and guiding HDA executives and managers in their strategic and operational stakeholder engagements.

In the context of proper governance and control, this policy is an important component of the organizational strategy. The magnitude of IGR and stakeholder engagement cannot be over-estimated, given the aggregate housing backlogs in South Africa and the Social Contract signed in October 2014.

The HDA is the principal national entity entrusted with the sole mandate of land acquisition for human settlement development, with its role now to be progressively improved towards that of a developer of choice for the sector. To the latter end, and in acting as a project developer of sustainable, integrated human settlements on behalf of government, the new organizational strategy repositions the agency towards:

- 1) Accessing land for human settlements projects
- 2) Packaging of human settlements projects
- 3) Establishing delivery partnerships with the private sector
- 4) Mobilizing, coordinating and investing funds on behalf of the public sector
- 5) Facilitating the resolution of blockages
- 6) Monitoring the implementation of human settlements projects

The above is to be done, with the overall approach being:

- a) Incremental expansion of the developer capacity and expertise within the HDA focused in the short-term on real achievable projects with delivery potential.
- b) The objective of HDA as a developer is to implement strategic / catalytic projects that aim to achieve:
 - the delivery of formal housing,
 - private sector mobilisation (finance and capacity)
 - mixed income sustainable integrated developments
- c) Each project should be undertaken as a partnership with relevant entities that will enable their implementation with such partnerships including:
 - The relevant municipality and province under whose jurisdiction the project falls
 - A private sector developer(s)
 - Key financiers and support agencies (NHFC, DBSA, MISA, CSP ...)

This provides a sufficiently broad enough scope for SIR practice and clearly indicates the key stakeholders that would have to be engaged.

Purpose

The purpose of this policy is to provide a governing framework for Stakeholder and IGR interactions/engagements and to inform the agency's Stakeholder and IGR strategy. It regulates the engagement of HDA representatives with their stakeholders.

The purpose of the Policy is to promote the highest standards of intergovernmental relations and cooperative governance. The Policy also seeks to provide guidance specifically to HDA executives, taking into account the unique mandate of the HDA, which includes the achievement of the socio-political-economic objectives of the Government.

This policy seeks to guide the HDAs relationships with stakeholders from the start of the process (identifying key stakeholders), through to the end (lending an analytical eye to the progress or shortcomings of the engagement). The policy guidelines can be used when planning is required, difficulties arise, solutions are needed and when reviews or assessments need to take place to gauge the success of stakeholder engagement.

Scope

Stakeholder and IGR Governance Policy, as informed by the organizational strategy, is one of the cornerstones of the success of the agency in general and the SIR unit in particular. It should be the HDA's intent that the principles of this Governance Policy be applied to the entire organization, departments and regional offices, and not only to a section within it. The associated principles would guide the agency's interactions with both public and private bodies involved in the human settlements sector.

The policy will also influence how the Agency manages its intergovernmental fiscal relations, so as to enable it to influence the decision making processes and structures that manage the national fiscus. The Intergovernmental Fiscal Relations Act 97 of 1997 prescribes the process for the determination of the equitable share and the allocation of revenue. With the expansion of the Agency's mandate to become a developer, there is a need for the Agency to embed itself in fiscal planning processes so that there may be better planning once there is predictability and certainty around funding availability.

Policy

Owing to the need for both public and private considerations in the stakeholder and intergovernmental relations function of the agency, both the IGR legislative foundation and the general King III Code (as revised) principles would inform the stakeholder relational management approach of the Housing Development Agency (HDA). The AccountAbility's AA1000 Stakeholder Engagement Standard (SES 2015) will be adopted as a guide to the agency's stakeholder management practice.

The Governance Policy embodies processes and systems by which the HDA is directed and held to account on stakeholder and IGR activities. The policy will be institutionalized by the agency's Board of directors in adopting it as an organizational policy. This will be done, noting the good governance considerations of stakeholder relations in general, and public sector environment in particular, as a board delegated responsibility in terms of King III Report. To this end, IGR practice is to be led by executive authorities, as can be deduced from the key structures listed in the Intergovernmental Relations Framework Act (IGRFA) of 2005.

The HDA will at all times, take reasonable steps to ensure that stakeholder engagement is integrated into strategic and operational management activities of the organization. The HDA will ensure that protocol is observed at all times, in the engagement of stakeholders, noting the position of the organization within the South African system of government.

The HDA faces a wide range of risks associated with its operations in the IGR sector, including financial, reputational, political and operational risks. It is the responsibility of the Executives to ensure that these risks are identified and mitigated/managed.

The pursuit of the above principles and values, by the agency, would serve the Stakeholder and IGR strategic objective defined by the continuum of:

- a) building sectoral awareness of the agency and its services,
- b) promoting inter-sectoral relations,
- c) facilitating the conclusion, maintenance and support of cooperative agreements and
- d) supporting the generic sectoral forums and activities.

This continuum should inform all intergovernmental relations and contact with sectoral stakeholders as a matter of principle. Internally, the Policy will also guide the management of 'internal stakeholders', who are made up of the employees of the Agency. In their capacity as functionaries of the roles that they are assigned as per the organisational structure; this segment of stakeholders is important as it also determines the Agency's reputation. In essence, this approach makes each employee of the Agency a brand ambassador, with SIR being responsible for the management and dissemination of strategic information to employees that will assist them to become better reputation managers for the Agency. The agency's intergovernmental relations values are to be based on the AccountAbility (AA1000SES) standard namely inclusivity, materiality and responsiveness. These important stakeholder focused values are further elaborated upon below for clarity as follows:

Inclusivity - It should be understood that efficient and effective SIR can only be achieved through the inclusion of all relevant stakeholders in a development process. This helps in ensuring a holistic development of a society or community and ensures the sustainability of any development process.

Materiality - Even as broad issues are considered, it is important to ensure beneficiary relevance of the services being provided. This ensures that the material and realistic needs of the beneficiary community or stakeholder are prioritized in the formulation of the partnership and in the development process.

Responsiveness - As a development partner, the agency would have to respond readily and with interest to the needs of its stakeholders. This would go a long way towards sustaining the relationship with those it seeks to serve and also contributes to ensuring its continued relevance in the sector.

Functional Allocations

Stakeholder relations in general and Intergovernmental relations in particular as a delegated board responsibility, have hierarchical implications at different levels across the agency leadership; from the board through to the program and project managers in the different localities.

The location and positioning of SIR as a unit within the organisation's structure, is key in determining its levels of efficacy and influence. As a strategic support function, SIR should be located where it will be able to exercise the following:

- Be the department that will enable the Agency to foster good relations with provincial departments and municipalities in order to secure work for the agency as per its mandate.
- With the expansion of the role, the units will also liaise with private sector role players and maintain relationships with them at a strategic level in support of the attainment of the Agency's objectives,
- Provide intergovernmental relations support and stakeholder relations expertise (internally) to the different departments and oversee the implementation of the continuum so as to ensure effective implementation of the Agency's roles and responsibilities in all relationships it enters into.
- Monitoring and contract management are also an integral part of the SIR process, which can only be performed properly depending on the location and positioning of the unit.
- Within the sector; position the Agency as a reliable support partner for the various programmes and activities that it undertakes.
- Maintain relations with custodian departments that will enable the release of state owned land for human settlements development.
- **Negotiate, draft, activate, support and review structured agreements, once off requests for support from the stakeholder, provision of support via a directive from the Minister of Human Settlements.**

It is thus the purpose of this section to also outline the core, generic IGR functions undertaken within the organisation and where responsibility for those functions lies. These functional allocations seek to also pay due regard to protocol, something critical to intergovernmental relations and the realization of the above indicated SIR principles.

DECISION-MAKING PROTOCOL		
STATE ORGAN	STAKEHOLDER LEVEL OF RESPONSIBILITY	HDA LEVEL OF RESPONSIBILITY
National, provincial department and local municipality	Minister, MEC and Mayor	HDA Board Chair
	Director General, Head of Department and Municipal Manager	Chief Executive Officer (CEO)
	Deputy Director General, Chief Directors, Section 57 Managers	General Manager, Chief Financial Officer (CFO)
	Directors	Manager
Agencies	Chief Executive Officer	Chief Executive Officer
	General Manager	General Manager
	Manager	Manager
Private developers and financiers	Chief Executive Officers and Group Executives	CEO
	Divisional Heads and Regional heads	General Managers
	(Senior) Manager	(Senior) Manager

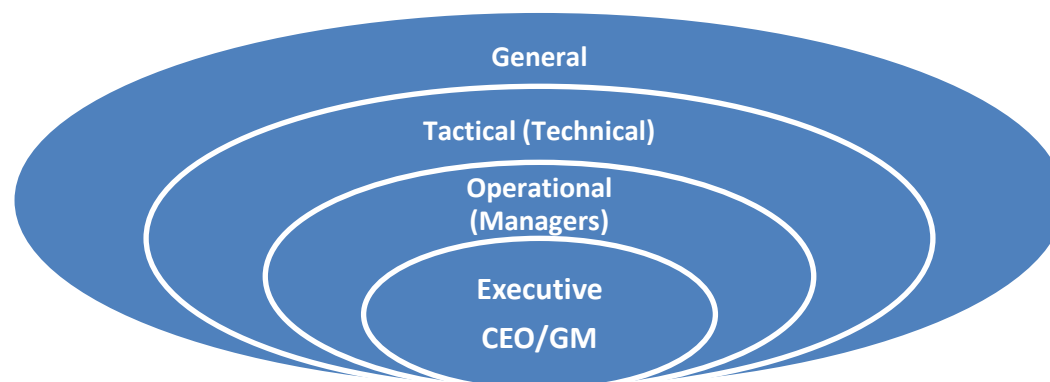


Figure 1 Levels of IGR Responsibility

HDA GOVERNING BOARD AND CEO IGR RESPONSIBILITIES	
Policy formulation	<ul style="list-style-type: none"> ▪ Developing and adopting policy positions on issues affecting the organization ▪ Approving policies, procedures and systems to guide internal business processes
Strategic planning	<ul style="list-style-type: none"> ▪ Setting the overall direction of the organisation ▪ Developing short, medium and long-term objectives ▪ Determining organisational priorities ▪ Developing the business/performance plan & budget of the organisation
National Intergovernmental Relations	<ul style="list-style-type: none"> ▪ Overseeing the management of the national IGR interface at political and executive levels. ▪ Formal endorsement of any intergovernmental relation with any organ of state. ▪ Deployment of representatives to Parliament ▪ Deployment of representatives to political and technical human settlements MINMEC

GM WITH IGR RESPONSIBILITIES	
Policy and Planning	<ul style="list-style-type: none"> ▪ Assessment of Unit and administrative needs ▪ Determination of unit priorities ▪ Development of policies, procedures and systems to guide internal and external business processes. ▪ Development of plan of action for business plans & budgets implementation ▪ Operationalization of the business plan within the unit ▪ Initiating and formulation of inputs into policy and procedures ▪ Operationalization of HDA IGR policies, procedures and systems
Intergovernmental Relations	<ul style="list-style-type: none"> ▪ Managing the IGR interface with internal and external stakeholders at executive level. ▪ Management and deployment of executives to IGR forums, stakeholder meeting and engagements. ▪ Deployment of executives to provincial structures ▪ Deployment of executives to municipalities ▪ Deployment of executives to all IGR structures ▪ Manage the deployment of representatives to all IGR structures

MANAGERS WITH IGR RESPONSIBILITIES	
Policy and Monitoring	<ul style="list-style-type: none"> ▪ Ensuring strategic alignment between provincial operations and national strategy and programmes. ▪ Projects to meet HDA strategic objectives. ▪ Ensuring the effective implementation and stakeholder satisfaction ▪ Overall management of designated stakeholders ▪ Monitoring and reporting on the implementation of agreements with other organs of state.
Intergovernmental Relations	<ul style="list-style-type: none"> ▪ Making inputs into policy and strategy. ▪ Managing the IGR interface with internal and external operational stakeholders. ▪ Formulation and co-ordination of inputs into IGR structures ▪ Facilitation of HDA's participation in provincial & other IGR structures. ▪ Facilitation of sound intergovernmental relationships between HDA, provincial and municipal stakeholders through acceptable framework agreements and the monitoring of these agreements ▪ Consult with municipalities and provinces on needs and policy issues ▪ Support designated provinces and manage the related provincial IGR processes ▪ Guidance, liaison and support of program managers in the different provinces.

IGR OFFICERS (PROGRAM MANAGERS) and HDA staff IGR RESPONSIBILITIES	
Policy and Monitoring	<ul style="list-style-type: none"> ▪ Making IGR inputs into HDA and program policy and strategy. ▪ Strategically support stakeholder related IGR structures and processes
Intergovernmental Relations	<ul style="list-style-type: none"> ▪ Support the Program Manager/IGR Managers in: <ul style="list-style-type: none"> ➤ managing the operational IGR interface with program office and program stakeholders. ➤ the formulation and co-ordination of inputs into operational IGR structures. ➤ representing the program office in the Secretariat of relevant forums as determined by Program Manager. ▪ Support the respective IGR Manager in their generic IGR continuum activities as related to the program.

Programme functionaries (officials that are responsible for heading the various units that are providing the technical support required by stakeholders.	<ul style="list-style-type: none"> - Support the technical departments in undertaking stakeholder engagement and management at Head Office and regional offices. - SIR will ensure that the delivery priorities of the Agency are aligned to sector priorities that are applicable during particular periods, thereby enabling the Agency to take advantage of new opportunities and trends that may arise as a result of mandate and sector shifts. - In supporting internal stakeholders, SIR will also direct the Agency's compliance to legal prescripts in terms of the Intergovernmental Relations Framework Act 13 of 2005, ensuring that it operates within the constitutional intergovernmental relations framework and fulfills its legal obligations in that regard.
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Reporting Lines and Accounting Structures

The **reporting lines** in the HDA administrative structure and the means for internal coordination of IGR activities are to be as follows:

POST	REPORTING LINE	ACCOUNTING STRUCTURE
Chief Executive Officer (CEO)	HDA Board Chairperson	HDA Board
General Manager (GM) - PRMI	CEO	HDA Executive Committee
Managers	GM PRMI	Technical (TLP&D)
IGR Officers (where applicable)	Program Managers/ IGR managers	(Regional) Steering Committees

The above seeks to provide clarity for internal sustenance of the core intention of the IGR effort which is primarily aimed at external coordination effort and internal operational coherence.

Conclusion

It can be seen from the foregoing that Intergovernmental Relations (IGR) is underpinned by communicative as well as legal competencies. The coherence of the service delivery agents towards providing comprehensive redress to the poor in our communities is only possible to the extent that a clear framework for cooperation is available and that communication between the stakeholders, involved in this noble task, is both proactive and sustained in providing the required services.

Ancillary structures of the agency, whether program or project offices resultant upon cooperative agreements, have to pursue their business in the different provinces and municipalities as informed by this policy.

It is also aimed at ensuring the attainment of the government's human settlement outcomes and impact, within the *distinctive, interdependent and interrelated* political and administrative milieu of the South African government system in general and the human settlements sector in particular.

In the short term, this policy is developed as a basis for informing the agency's stakeholder and intergovernmental relations strategy into the 2014-19 medium-term. It seeks to provide general clarity on SIR practice and to contribute to the achievement of institutional strategic objectives. The policy is to always be based on the organizational strategy and structure and reviewed annually as part of the organizations strategic planning processes.