



human settlements

Department:  
Human Settlements  
REPUBLIC OF SOUTH AFRICA

# REQUEST FOR PROPOSAL FOR THE BUSINESS PROCESS AND IMPLEMENTATION PLAN OF THE REVISED FINANCE LINKED INDIVIDUAL SUBSIDY PROGRAMME (FLISP) POLICY

## RFP: MS/08/2021

**Compulsory Briefing Session: 27 August 2021, at 11h00 am**

Due to the current COVID 19 pandemic, the briefing session will be conducted virtually on ZOOM

Herewith the Zoom Meeting details:

<https://us02web.zoom.us/j/82807889299?pwd=bGVxTVZEcUtVK2hRb3VCQ3RnUmlwdz09>

Meeting ID: 828 0788 9299

Passcode: 107857

**Bid closing date: 20 September 2021 at 11h00 am**

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## **1 INTRODUCTION**

The National Department of Human Settlements (NDHS) derives its core mandate and responsibilities from Section 26 of the Constitution of the Republic of South Africa of 1996 and Section 3 of the Housing Act 1997 (Act No 107 of 1997), read in conjunction with approved policies and Chapter 8 of the National Development Plan (NDP).

In response to this imperative, through the Housing Act 1997, Government introduced a variety of National Housing Subsidy Programmes which provide the poor and the low- to middle income households with access to adequate housing. Amongst the many programmes, Finance Linked Individual Subsidy Program (FLISP) is specifically intended for the market segment whose income is inadequate to qualify for a home loan but exceeds the maximum limit applicable to access Government's fully subsidized housing scheme.

This is set out in the National Housing Code 2009 and the Comprehensive Plan for the Creation of Sustainable Human Settlements Breaking New Ground (BNG).

The NHFC as the National Implementing Agent (NIA) for FLISP was established by the National Department of Human Settlements as a development finance institution (DFI) in 1996, with the principal mandate of broadening access to affordable housing finance for the low- and middle-income households.

Effective from 01 October 2018, the company merged with National Urban Reconstruction and Housing Agency (NURCHA) and Rural Housing Loan Fund (RHLF). The NHFC will serve as a consolidated platform for the establishment of the Human Settlements Development Bank (HSDB). The process of establishing the HSDB is at an advanced stage.

## **2 BACKGROUND CONTEXT**

The FLISP was initially introduced on 1 October 2005 as a down-payment assistance mechanism to reduce the principal loan amount which would ultimately reduce the monthly loan repayment instalments, rendering the loan affordable to the qualifying beneficiary. The FLISP is meant to improve the functioning of the property markets by accelerating the delivery of housing in the market generally referred to as the “affordable” or the “gap market”.

The FLISP is funded from Human Settlement Development Grant (HSDG), a Schedule 5 Grant with a specific purpose grant to Provinces and NHFC as per Division of Revenue Act (DoRA). Provinces and NHFC are therefore accountable for all funds transferred by NDHS in terms of the prescripts.

The National Department of Human Settlements transfers funds directly to the NHFC. The funds are for the FLISP allocation and operational funding component which covers the overhead costs related to the FLISP Programme.

The subsidy grant component is used by the NHFC to pay the subsidy amount for the approved applicants over to the home loan providers, mainly banks.

Over the years, there has been a number of measures undertaken to evaluate the performance of the Programme prompted by its operational challenges to upscale impact. As a response to these challenges, the MINMEC forum took a decision at its meeting held on 28 July 2018 to consider and approve the amendments to FLISP which cover a wide range of aspects that will be implemented.

The approved amendments include the following:

- a) The increase in the FLISP subsidy quantum from a maximum amount of R87 000 to R121 626 per qualifying beneficiary;
- b) The upper income threshold for qualifying beneficiaries has been changed from R15 000 up to R22 000;
- c) Appointment of the National Implementing Agent,
- d) Role of Province with respect to FLISP implementation;
- e) Exemption of FLISP from Provisions of Section 10A and 10B of the Housing Act;
- f) A household may use FLISP in combination with its own and or other personal resources and or in combination with any of the following housing finance facilities:
  - Housing loans supported by mortgages;
  - Housing loans supported by pension and provident backed loans;
  - Housing loans supported by cooperative- or community-based savings schemes;
  - Housing loans supported by employer-based schemes;
  - Housing loans that are not supported by any form of security (e.g., incremental housing loans); and,

- Housing finance facilities other than loans (e.g., instalment sale agreement and rent-to-own agreement).
- g) Alignment with the Government Employees Housing Subsidy scheme (GEHS) and other Employer Housing Assistance Programmes.

MINMEC approved the NHFC as the National Implementing Agent to serve both the private sector and public sector markets. The NHFC will be responsible for facilitating the roll out FLISP. Provinces will on the other hand set aside funds for the implementation of FLISP and aligning FLISP in their own IRDP projects from their annual HSDG allocation. Provinces will then be able to:

- (i) Administer FLISP applications in respect of IRDP projects where stands are sold to qualifying beneficiaries;
- (ii) Construct houses for FLISP subsidy beneficiaries; and
- (iii) Appoint a National Implementing Agent to administer their FLISP subsidy portfolio at their cost if they so decide.

The National Department of Human Settlements has subsequently enriched the revised FLISP policy and presented it to the National Policy Task Team and to the internal approval structures of the Department, namely; the Joint Branch Management Committee (JBMC) and the Executive Management Team (EMT) from which the draft policy was processed and approved. The revised FLISP Policy will in due course be presented to MINMEC for final approval.

### **3 PURPOSE OF THE EXERCISE**

The purpose of the Terms of Reference is to:

- a) Sketch out an executable business process flow for the effective implementation of the FLISP Programme;
- b) Design out a step-by-step business process for each of the FLISP product offerings and options as outlined in the revised FLISP policy;
- c) Create clear implementation modalities supporting the new policy framework and programme;
- d) Ensure that the applied Business Process model is properly aligned and consistent to the revised FLISP policy guidelines.

- e) Ensure that that the business process flow is in line with the recommendation of the internal audit.
- f) Recommend needed changes on our CRM to support the processing of applications for the new products

## **4 SCOPE OF WORK**

The Service Provider will be required to:

- 4.1. Analyse the revised FLISP policy framework relative to products features;
- 4.2. Conduct risk assessment of FLISP implementation with each housing finance product and propose risk mitigation measures.
- 4.3. Assess the FLISP programme implementation plan;
- 4.4. Review business plan relative to FLISP section and reconcile it with revised programme and integrate it to the applied business process model;
- 4.5. Design executable guidelines and instructional framework for the effective implementation of the Programme
- 4.6. Map out a step-by-step business process flow for each FLISP applied product offering as contained in the revised policy;
- 4.7. Devise business process and implementation plan or standard operating procedures for each FLISP product offering.

## **5 PROJECT DESIGN**

### **5.1. Methodology and approach**

The Service Provider must develop an applied methodological approach and tool that respond to the scope of work and determine the appropriate business process design and applicable instrument.

## **6 EXPECTED DELIVERABLES**

The following are the deliverables of this project in line with the scope of work detailed in section 4 above.:

**Deliverable 1:** Inception Report and Project Plan

**Deliverable 2:** New product risk assessment report, including risk mitigation measures.

**Deliverable 3:** FLISP Programme Implementation business process plan

- ✓ Step by step business process flow for each product offering as contained in the new policy
- ✓ The step by step business process flow should show turn around time in each step as the target turn around time is 7 working days for processing each product offering.
- ✓ Adherence to POPI and other relevant legislation

## **7 PROJECT TIMELINE**

### **7.1 Project Timeline**

This project should be completed within two (2) months after the Service Provider has been appointed.

## **8 PROJECT MANAGEMENT ARRANGEMENTS**

### **8.1 Management**

- The NHFC will appoint the service provider in line with its SCM Policy.
- The NHFC and NDoHS will manage and oversee the project and establish a Project Steering Committee for this purpose;
- The Service Provider will be expected to present the inception report, project plan, draft project report to the Project Steering committee and other relevant stakeholders. Thereafter, the service provider will incorporate comments and inputs before presenting the final project report;
- Supplier performance will be conducted in line with SCM policy and National Treasury Regulations.

## **9 PROJECT REQUIREMENTS**

Interested service providers are directed to submit a written proposal to NHFC and the proposal must cover in general the following areas:

- Methodology reflecting an understanding of requirements and how this project will be executed and in addition, reflect the following:
  - ✓ knowledge of business processes i.e. banking business processes/home loan market;
  - ✓ human settlements sector knowledge and expertise,
  - ✓ systems engineering, concepts, and principles,
  - ✓ complex modelling techniques, technical writing and analytical and expertise.

- Project relevant experience of the company (track record), with examples of prior similar research delivered to clients. References on client head must be submitted. NHFC reserves the right to ask for samples of reports on previous work delivered.
- Capacity to undertake the project., as shown by the combined experience of the project team, including project leader, in similar type of project, References contact details must be provided and NHFC reserves the right to verify information in the CV.
- Relevant academic qualification(s) of the project team leader to be deployed in the execution of this project.

## **10 COMPULSORY DOCUMENTS REQUIRED**

- a) Bidders are required to submit a copy Tax Clearance Pin (TCP) issued by SARS to enable the NHFC to view the bidders tax status.
- b) The firm must be registered on the National Treasury Central Supplier Database (CSD) at the time of submitting the proposal. Copy of Central Supplier Database Report must be submitted.
- c) Bidders must submit proof of Company Registration
- d) Copy of B-BBEE statue level Certificate accredited by SANAS (South African Accreditation System) or Sworn Affidavit for BBEE Qualifying Small Enterprise in line with the DTI template.
- e) FICA documents of shareholder / directors
- f) All Supplier information and declaration Interest Forms properly completed and signed.
- g) Submission of the Signed and Completed Standard Bid Documents (SBD) Forms
- h) POPIA consent form for SCM bids

## **11 EVALUATION CRITERIA**

The proposal will be evaluated in terms of the Preferential Procurement Policy Framework Regulations of 2017. Evaluation of the bid will be conducted in 3 (three) phases as follows:

### **Phase 1: Eligibility / Pre-Qualification criteria**

Bidders will be evaluated according to pre-qualification requirements which include the submission of mandatory information or documentation as stated in section 10 of this document. Bidders that fail to meet the pre-qualification requirements of the bid will not be considered further for evaluation.

## Phase 2: Technical/functional evaluation

Technical proposal must include in a separate envelope clearly marked “Technical / Functional Proposal.” Technical proposals from bidders who meet the pre-qualification criteria will be evaluated in accordance with the criteria stated below:

Evaluation Criteria	Applicable Value	Weight	Score awarded								
Company track record in similar research projects as supported by minimum number of four (4) clients—signed reference letters on client’s letterhead  <b>5 points for each reference letter</b>	N/A	20									
Capacity to execute the project as reflected in experience of the project team. Provide a copy of a 2-page C.V. for each resource, detailing the relevant experience in years  <ul style="list-style-type: none"> <li>• Project lead 10yrs = 10points</li> <li>• Manager/supervisor 5yrs = 5points</li> <li>• Consultant 3yrs =5points</li> </ul>	N/A	20									
<ul style="list-style-type: none"> <li>• Qualifications of team/project leader</li> </ul>	<b>Years’ Experience</b>	<b>Points</b>	10								
	3-year tertiary qualification	3									
	Postgrad qualification (Diploma or degree)	5									
	Master’s degree or higher	10									
Methodology reflects understanding of scope of work and all project requirements  <ul style="list-style-type: none"> <li>• The approach and methodology is detailed = 40</li> <li>• The approach and methodology is sufficient = 20</li> <li>• The approach and methodology is inadequate = 5</li> </ul> (Note: in addition to quality and applicability of strategic methodology and approach, bidders should provide a proposal demonstrating how the scope of work will be delivered and a detailed project plan to highlight the timelines)	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 60%;"></th> <th style="text-align: center;">Points</th> </tr> </thead> <tbody> <tr> <td>In-adequate</td> <td style="text-align: center;">5</td> </tr> <tr> <td>Sufficient</td> <td style="text-align: center;">30</td> </tr> <tr> <td>Detailed</td> <td style="text-align: center;">50</td> </tr> </tbody> </table>		Points	In-adequate	5	Sufficient	30	Detailed	50	50	
	Points										
In-adequate	5										
Sufficient	30										
Detailed	50										
Total		100									

For bidders to be considered for the next phase, each bidder must achieve Functionality Score of 70 points out of 100 points.

### **Phase 3: Price and BBEE evaluation**

All bids that achieve the minimum qualifying score of 70% (70 points) for Functionality, (acceptable bids) will be evaluated further in this stage.

At this stage, the 80/20 preference point system will apply.

Bidders must submit a comprehensive and detailed line-item (VAT inclusive) cost proposal, which must be submitted in the second envelope marked “Financial Proposal”.

## **12 COMMERCIAL OBLIGATIONS**

This section of the document outlines the general commercial process and obligations of the service provider.

### **12.1 Contracting**

A contract will be concluded between NHFC and the successful service provider which will incorporate the following:

- The letter of acceptance to the successful bidder
- The original tender documents;
- The proposal of the successful service provider, and
- Terms and conditions as stipulated above and general contract terms and conditions.

### **12.2 Copyright**

- The copyright of all material collected and packaged and the final report to be delivered by the Service Provider will rest with the NHFC and NDHS.
- The Service Provider will not use material, whether in part or whole, without the written permission of the NHFC and NDHS. 6

### 12.3 Rules of Bidding

- The NHFC reserves the right to amend or cancel this RFP at any time, at its sole discretion;
- Bidders must be Tax Compliant with SARS (to be verified through CSD and SARS)—PIN must be provided.
- The NHFC is not bound to accept any of the proposals submitted, and reserves the right to call for presentations by the short-listed bidders before final selection;
- The NHFC reserves the right to negotiate price and other aspects of the contract with the preferred bidder;
- The NHFC will award a contract to a bidder who proves to be fully capable of handling the contract and whose bid is functionally acceptable and/or financially advantageous to the NHFC.
- An eligible bidder, if requested, must be prepared to present evidence of experience, ability, service facilities, and financial standing necessary to satisfactorily meet the requirements set forth or implied in this proposal;
- The NHFC reserves the right to request all relevant information, agreements and other documents to verify information supplied in the bid process.
- Bidders, by submitting their proposals, consent to the use of their personal information contained therein and confirm that:
  - The information is voluntarily supplied, without undue influence from any party; and
  - The information is necessary for the purposes of the engagement with NHFC.
- The NHFC will put in place appropriate and reasonable technical measures to protect information received from Bidders in line with the organisational measures and legal requirements.
- The bidder hereby gives consent to the NHFC to conduct background checks on the bidding entity and any of its directors / partners / trustees / shareholders /members/employees. The NHFC reserves the right to consider the information arising from such background check as part of the tender evaluation process.
- NHFC reserves the right to award a contract in part, to reject any and all quotations in whole or in part, to waive technical defects, irregularities and omissions, at its sole discretion;

- The successful bidder will be required to sign a Service Level Agreement (SLA), in terms of which the service provider's performance will be measured and managed.
- Late submissions will not be considered.

## **13 PROPOSAL COMPLIANCE REQUIREMENTS**

This section contains the requirements for Proposal Compliance and all submissions must consist of a Technical and a Financial Proposal as explained below:

### **13.1 Procedural Matters**

- **Copies**

Three hard copies and a soft copy (CD/USB) must be submitted in a sealed envelope, appropriately addressed.

#### **Submission Address**

Proposal, endorsed with **RFP MS/08/2021**, must be hand delivered to:

NHFC Tender Box

The Isle of Houghton

Old Trafford 3, 1st Floor

11 Boundary Road

Houghton

Attention Mrs. Pumza Nsukwini

#### **Submission Date**

The Proposal (technical and financial) must reach the NHFC **by 20 September at 11h00am.**

#### **Proposal Cost**

The cost of compiling the Proposal (technical and financial) is and remains the prospective service provider's own cost and will not be paid for by NHFC.

#### **Enquiries**

The contact person for Supply Chain Management related issues is Ms. Pumza Nsukwini, telephone numbers 011-644 9800 and e-mail [pumzan@nhfc.co.za](mailto:pumzan@nhfc.co.za).

For Policy and Technical related enquiries should be directed via email to: Mr Mathews Sidu, email: [MathewsS@nhfc.co.za](mailto:MathewsS@nhfc.co.za) and/or Dr Vuyisani Moss, email: [Vuyisani.moss@dhs.gov.za](mailto:Vuyisani.moss@dhs.gov.za).