



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA



**cooperative
governance**

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MEDIA STATEMENT

FUNDING FRAMEWORK FOR THE RESPONSE TO THE NATIONAL DISASTER

A national state of disaster was declared on 18 April 2022 due to the flooding that occurred recently including in KwaZulu-Natal. The state of disaster prompted government to respond in support of the provinces affected by the April 2022 floods. The Minister of Finance, Mr Enoch Godongwana, reiterated that disaster relief funds of R1 billion was available as emergency relief, with two phases in the disaster. The first is the emergency relief and the second phase is the recovery and repair stage.

These disaster relief funds are available from four Schedule 7 grants in the Division of Revenue Act, 2022 (2022 DoRA), allocated just over R1 billion in 2022/23. In 2022/23, the Provincial Disaster Response Grant (PDRG) and the Municipal Disaster Response Grant (MDRG) are allocated R145 million and R371 million respectively; and the Provincial Emergency Housing Grant (PEHG) and Municipal Emergency Housing Grant (MEHG) are allocated R326 million and R175 million respectively.

In addition to the disaster relief funds noted above, existing resources can also be redirected towards tackling the damage through the advancement and reprioritisation of provincial and municipal conditional grants.

Disaster funding disbursed to date, to respond to the declared national state of disaster is as follows:

| Type of funding | Funding Stream | Description | Rand '000 |
|---|--|---|------------------|
| Advancement of transfers | Human Settlement Development Grant (HSDG) | Change to the payment schedule of the HSDG tranche payment to KZN on 20 April | 733 086 |
| | Informal Settlement Upgrading Partnership Grant (ISUPG) | Change to the payment schedule of the ISUPG tranche payment to KZN on 20 April | 189 217 |
| | Human Settlement Development Grant | Change the payment of the HSDG tranche payment to EC on 22 April | 105 710 |
| Total - Advancement of Transfers | | | 1 028 013 |
| Disaster response grants | Provincial Emergency Housing Grant | Disbursement of the PEHG for KZN | 325 800 |
| | Municipal Emergency Housing Grant | Disbursement of the MEHG to Alfred Nzo District Municipality | 16 600 |
| | Municipal Disaster Response Grant | Disbursement of the MDRG to three KZN municipalities (Msunduzi, Mkhambathini, iLembe, Inkosi Langalibalele, Ugu and Ray Nkonyeni) | 87 393 |
| Total - Immediate Response grant | | | 429 793 |
| Reprioritisation | Water Services Improvement Grant (WSIG) | Conversion of the WSIG from capital to operations for water tankering - KZN municipalities (eThekweni, Ugu and iLembe) | 65 000 |
| | Municipal Infrastructure Grant | Reallocation of the MIG in three KZN municipalities (King Cetshwayo, uMlalazi, Nkandla, uMzumbane and uThukela) | 41 260 |
| | Transfers and subsidies: Small Enterprise Finance Agency | Virement from Small Enterprise Finance Agency to Small Enterprise Development Agency for flood relief programme | 50 000 |
| Total - Reprioritisation | | | 156 260 |

With respect to applications for the provincial and municipal disaster response grants, provinces and municipalities are required to submit applications for funding through the relevant Provincial Disaster Management Centre, which then submit these applications to the National Disaster Management Centre (NDMC), which assesses the applications and recommends to the National Treasury, the amount of funding to be released. With respect to the provincial and municipal housing emergency grants, these are processed by the national Department of Human Settlements, which after assessment, also recommend to the National Treasury the amount of funding to be released. As soon as any further applications are received from the NDMC and/or national Department of Human Settlements, the National Treasury is committed to processing these applications speedily so as to ensure the efficient release of these funds.

Longer-term infrastructure rehabilitation and recovery costs that cannot be accommodated in the immediate relief grants and through reprioritisation of budgets must come through the budget process for consideration. These will be processed through the Adjustment Budget, as unforeseeable and unavoidable expenditure or as part of the 2023 MTEF process.

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