



**NATIONAL TREASURY
REPUBLIC OF SOUTH AFRICA**

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TO ALL
ACCOUNTING OFFICERS: NATIONAL DEPARTMENTS
HEADS: PROVINCIAL TREASURIES
CHIEF FINANCIAL OFFICERS: PROVINCIAL DEPARTMENTS
CHIEF EXECUTIVE OFFICERS / CHIEF FINANCIAL OFFICERS: CONSTITUTIONAL
INSTITUTIONS / PUBLIC ENTITIES

**Supply Chain Management Office
Practice Note Number SCM 3 of 2005**

- 1. PROJECTS / SERVICES FUNDED BY GRANTS IN ACCORDANCE WITH TECHNICAL ASSISTANCE AGREEMENTS**
- 2. APPOINTMENT OF TRANSACTION ADVISORS TO ASSIST WITH PUBLIC PRIVATE PARTNERSHIPS**

This practice note is applicable to all national and provincial departments, constitutional institutions and public entities as defined in schedule 3A and 3C of the Public Finance Management Act (PFMA). All accounting officers of national departments and heads of provincial treasuries are required to disseminate the contents of this practice note to all chief financial officers of departments and public entities that fall under their jurisdiction.

- 1. PROJECTS / SERVICES FUNDED BY GRANTS IN ACCORDANCE WITH TECHNICAL ASSISTANCE AGREEMENTS**

The Reconstruction and Development Programme Fund Act, 1994, and the Reconstruction and Development Programme Fund Amendment Act, 1998, prescribe that the said fund may be accredited with domestic and foreign grants. The money of the fund may be utilised –

- (a) to finance reconstruction and development projects and programmes authorised by the Cabinet;
- (b) in accordance with a technical assistance agreement; and
- (c) for the defraying of costs incidental to the administration of this Act.

A bank account has been established with the South African Reserve Bank from which transfers are made to the relevant spending agencies in accordance with the relevant technical assistance agreements.

If a project or commodity is fully financed by means of a grant in accordance with a technical assistance agreement which prescribes that the funds must be utilized in accordance with the donor's own procurement procedures, no approval is required by the spending agency from the Minister of Finance for exemption from the prescripts of the Preferential Procurement Policy Framework Act, No. 5 of 2000 (PPPFA) and its associated Regulations. However, if the technical assistance agreement does not prescribe the procurement procedures that should be followed, the prescripts of the PPPFA and its associated regulations must be adhered to.

If a project is partially financed from donor funds in accordance with a technical assistance agreement and the remainder is funded by the spending agency itself, the prescripts of the PPPFA and its Regulations will be applicable for the funds provided by the government institution.

Provision is made in section 3 of the PPPFA, that the Minister of Finance may, on request, exempt organs of state from any provisions of the PPPFA if –

- (a) it is in the interest of national security;
- (b) the likely tenderers are international suppliers; or
- (c) it is in the public interest.

Such applications will be dealt with individually on merit. Accounting Officers / Authorities are, however, encouraged to convince donors to utilize the prescripts of the PPPFA and its Regulations as Government is committed towards addressing the inequalities within the South African economy.

2. APPOINTMENT OF TRANSACTION ADVISORS TO ASSIST WITH PUBLIC PRIVATE PARTNERSHIPS

The appointment of consultants to assist accounting officers / authorities with the execution of their obligations should be done in accordance with the prescripts contained in supply chain management practice note SCM 3 of 2003.

The appointment of transaction advisors to assist with the preparation, concluding and / or implementation of public private partnerships or part thereof, must be done in accordance with the prescripts of PPP Practice Note Number 4 of 2004, issued in terms of section 76(4)(g) of the Public Finance Management Act, No. 1 of 1999, as amended by Act 29 of 1999.



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