

Part 3: Frameworks for Conditional Grants to Municipalities

Detailed frameworks on Schedule 4, Part B; Schedule 5, Part B; Schedule 6, Part B; and Schedule 7, Part B grants to municipalities

Introduction

This annexure provides a brief description for each grant in Schedule 4, Part B; Schedule 5, Part B; Schedule 6, Part B; and Schedule 7, Part B of the 2020 Division of Revenue Bill. The following are key areas considered for each grant:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority(ties) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between municipalities
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2020 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving municipalities
- Process for approval of business plans for 2021/22

The attached frameworks are not part of the Division of Revenue Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the Division of Revenue Bill, 2020 is enacted, these frameworks will be gazetted in terms of the Act.

The financial statements and annual reports for 2020/21 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

COOPERATIVE GOVERNANCE GRANTS

Integrated Urban Development Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance (Vote 3)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> To support spatially aligned public infrastructure investment that will lead to functional and efficient urban spaces and ultimately unlock growth
Grant purpose	<ul style="list-style-type: none"> To provide funding for public investment in infrastructure for the poor and to promote increased access to municipal own sources of capital finance in order to increase funding for public investment in economic infrastructure To ensure that public investments are spatially aligned and to promote the sound management of the assets delivered
Outcome statements	<ul style="list-style-type: none"> Improved access to municipal infrastructure Improved quality of municipal services through infrastructure that is in better condition Improved spatial integration
Outputs	<ul style="list-style-type: none"> Number of new water connections meeting minimum standards Number of new sewer connections meeting minimum standards Number of dwellings provided with connections to the main electricity supply by the municipality Percentage of known informal settlements receiving integrated waste handling services during the financial year Additional square meters of parks provided during the financial year Additional square meters of outdoor sports facilities provided during the financial year Additional square meters of public open space provided during the financial year Number of additional community halls provided during the financial year Number of additional libraries provided during the financial year Percentage of unsurfaced roads graded within the financial year Percentage of surfaced municipal road lanes which has been resurfaced and resealed Length of non-motorised transport paths built over the financial year Number of work opportunities and Full-Time Equivalents (FTEs) created using the Expanded Public Works Programme (EPWP) guidelines for the above outputs <p>Response to the COVID-19 pandemic</p> <ul style="list-style-type: none"> Amount spent by a municipality on urgent repairs and refurbishment of water and sanitation infrastructure to restore functionality Amount spent by a municipality for sanitisation of public transport facilities and other municipal public facilities that include temperature scanners, hand washing facilities, hand sanitisers (as per the standard determined by the Department of Health), personal protective equipment for municipal and public transport workers and provisions for physical distancing Number of municipal-owned facilities identified for quarantine sites that are repaired (limited to repairs to existing facilities, not modifications and operational costs)
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses a three-year capital programme that is aligned with a 10-year Capital Expenditure Framework The three-year capital programme must demonstrate alignment with the Capital Expenditure Framework The three-year capital programme must provide the following detail for each sub-programme that is partially or fully funded by the Integrated Urban Development Grant (IUDG): <ul style="list-style-type: none"> classification of sub-programme as informal settlement upgrading, other new infrastructure or renewal anticipated outputs indication of the proportion of outputs that will be delivered in priority areas as identified in the Spatial Development Framework indication of the proportion of outputs that will benefit low income households, high income households or non-residential customers The three-year capital programme must demonstrate appropriate co-funding for the portion of the programme that does not benefit low income households This grant uses the Municipal Infrastructure Grant-Management Information System (MIG-MIS) registration requirements for ongoing projects that were previously funded from the Municipal Infrastructure Grant
Conditions	<ul style="list-style-type: none"> IUDG funds may only be spent on: <ul style="list-style-type: none"> basic residential infrastructure for the poor for water, sanitation, roads, waste management, street lighting, community facilities as well as associated municipal bulk and connector infrastructure new infrastructure, upgrading existing infrastructure or renewing existing infrastructure maintenance of roads infrastructure mainly serving the poor Before newly participating municipalities can receive their first tranche, their three-year capital programme and 10-year Capital Expenditure Framework must have been approved through processes led by the Department of Cooperative Governance (DCoG) The second transfer will only be released to municipalities that have spent at least 50 per cent of their first tranche A maximum of 5 per cent of a municipality's IUDG allocations may be used for programme management costs related to grant funded projects, only if a business plan for their Programme Management Unit is

Integrated Urban Development Grant	
	<p>approved by the transferring officer before the start of the municipal financial year. If these funds (5 per cent) are not planned or spent for this purpose they must revert back to capital projects in the IUDG</p> <ul style="list-style-type: none"> • Local municipalities investing in roads infrastructure must utilise data from the Rural Roads Asset Management System (RRAMS), where available, to identify and prioritise their investment on roads projects; including maintenance • IUDG funds can be used for road maintenance only if projects are planned and prioritised using RRAMS data • Ring-fenced sport infrastructure allocation: <ul style="list-style-type: none"> ○ municipalities that have allocations gazetted as part of the ring-fenced allocation for specific sport infrastructure projects may only spend these allocations on the projects identified by the Department of Sports, Arts and Culture (DSAC) ○ municipalities must make use of framework contracts approved by DSAC when implementing projects funded from this allocation unless an exemption from this requirement is approved by DSAC ○ initial transfers of funds from the ring-fenced funds will be subject to signing of a memorandum of understanding between DSAC and the beneficiary municipalities ○ subsequent transfers funded through the ring-fenced amount will also be subject to approval by DSAC • Municipalities that are already part of the IUDG but do not continue to meet all of the qualification criteria for the grant must adopt and implement a Performance Improvement Plan (PIP) and meet the qualification criteria in the next financial year if they are to remain part of this grant. By the 31st of March 2020/21 Polokwane Local Municipality and Sol Plaatje Local Municipality must have adopted PIPs, which must: <ul style="list-style-type: none"> ○ be agreed with DCoG ○ set out measurable indicators to improve performance on the gaps in the municipality's performance on IUDG qualification criteria ○ address how the audit action plan will be implemented ○ be adopted by the municipal council • Municipalities implementing a PIP must submit monthly reports on its progress to DCoG • To respond to the COVID-19 pandemic: <ul style="list-style-type: none"> ○ municipalities must prioritise the provision of water and sanitation to communities that do not currently have access to water services ○ municipalities may spend 10 per cent of their allocations for the urgent repair and refurbishment of water and sanitation infrastructure to restore functionality ○ municipalities may use up to 10 per cent of their allocations for the sanitisation of public transport facilities and other municipal public facilities including the provision of temperature scanners, hand washing facilities, hand sanitisers (as per the standard determined by the Department of Health), personal protective equipment for municipal and public transport workers and provisions for physical distancing; and to repair municipal-owned infrastructure identified for quarantine sites (limited to repairs to existing facilities, not modifications and operational costs) ○ municipalities must submit a separate business plan through their PMU, for this spending under the Special Municipal Infrastructure Fund (SMIF) option in the MIG-MIS by 30 July 2020. Municipalities must report on how these funds are spent through the MIG-MIS. The Department of Cooperative Governance may approve that amounts above the 10 per cent threshold be used for these activities based on the municipality's motivation and its progress on committed projects • Polokwane Local Municipality should not use the sanitisation provision for the sanitisation of public transport facilities as it is funded for this in the Public Transport Network Grant • Municipalities must report on the use of funds for the COVID-19 response in line with the requirements of section 12 of the Division of Revenue Act
Allocation criteria	<ul style="list-style-type: none"> • Allocations are focused on municipalities whose circumstances align with the IUDG's criteria, these include: higher urban population densities and high economic activity • The IUDG includes a base component, a performance-based component and a once-off planning component • Most of the total IUDG allocation is the base allocation derived from the Municipal Infrastructure Grant (MIG) formula explained in part five of annexure W1 of the 2020 Division of Revenue Bill. The formula incorporates household backlogs in basic services and access to socio-economic services and poverty-weighted data • A portion of the total IUDG allocation is allocated as a performance incentive. The performance-based component is also weighted according to the allocations in the MIG formula. This allocation is then adjusted based on performance against the following weighted indicators: <ul style="list-style-type: none"> ○ non-grant capital as a percentage of total capital expenditure (40 per cent) ○ repairs and maintenance expenditure (30 per cent) ○ asset management plan (30 per cent) ○ land use applications in priority areas (0 per cent - this factor is dormant in 2020/21) ○ building plan applications in priority areas (0 per cent - this factor is dormant in 2020/21) • An equivalent of 3 per cent of the MIG formula allocation for participating municipalities is allocated to undertake specified planning activities, provided that these conform to the list of eligible activities identified by the transferring officer, including: <ul style="list-style-type: none"> ○ a detailed three-year capital programme and a 10-year Capital Expenditure Framework ○ property market empirical and diagnostic studies ○ integrated infrastructure and spatial planning for identified integration zones ○ investment pipeline development ○ municipal systems and/or measures to improve ease of doing business such as construction permits and land use applications ○ asset management plan

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	<ul style="list-style-type: none"> ○ identified priority areas for spatial transformation in line with the Spatial Development Framework and Capital Expenditure Framework ○ development of infrastructure financing strategies and instruments ○ implementation of an agreed performance improvement plan ○ private sector engagement strategy and programme indicating how the municipality will partner with different stakeholders on the delivery of the Capital Expenditure Framework
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> ● This is a specific purpose grant with conditions, objectives and distribution criteria different from that of the equitable share
Past performance	<ul style="list-style-type: none"> ● New grant introduced in 2019/20
Projected life	<ul style="list-style-type: none"> ● The programme will continue up to 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> ● 2020/21: R948 million; 2021/22: R1 billion and 2022/23: R1.1 billion
Payment schedule	<ul style="list-style-type: none"> ● The grant will be paid in three instalments: July 2020, December 2020 and March 2021, in line with the payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national departments</p> <ul style="list-style-type: none"> ● DCoG administers the IUDG and co-ordinates its activities with all stakeholders, through appropriate structures. DCoG must: <ul style="list-style-type: none"> ○ monitor expenditure and non-financial performance in collaboration with provincial departments of cooperative governance ○ coordinate overall programme implementation ○ share all reports on COVID-19 expenditure with the National Disaster Management Centre and report separately on COVID-19 expenditure in its reports submitted in terms of the requirements of section 10 of the Division of Revenue Act ● The Municipal Infrastructure Support Agent must support municipalities that have been identified collaboratively by DCoG and its provincial counterparts as needing assistance ● In addition to the sector-specific support and advice, the Department of Water and Sanitation, Department of Environment, Forestry and Fisheries, Department of Transport, Department of Mineral Resources and Energy and DSAC will be expected to: <ul style="list-style-type: none"> ○ provide sector policies and plans to municipalities as informants to the preparation of Capital Expenditure Frameworks ○ participate in processes to approve the 10-year Capital Expenditure Framework and three-year capital programme ○ fulfil a sectoral monitoring and guidance role on relevant sectoral outputs. National sector departments will be invited to participate in IUDG in-year monitoring meetings in order to facilitate this role
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> ● Provincial departments responsible for local government must: <ul style="list-style-type: none"> ○ coordinate technical support to municipalities ○ provide assistance to municipalities in managing municipal infrastructure projects ○ participate in processes to approve the 10-year Capital Expenditure Framework and three-year capital programme ○ participate in in-year monitoring meetings ○ verify outputs and outcomes reported by municipalities on a sample of projects annually ● Provincial treasuries must: <ul style="list-style-type: none"> ○ participate in processes to approve the 10-year Capital Expenditure Framework and three-year capital programme ○ participate in in-year monitoring meetings
	<p>Responsibilities of the municipalities</p> <ul style="list-style-type: none"> ● Municipalities must ensure appropriate programme and project planning and implementation readiness prior to the year of implementation and this must be informed by the Integrated Development Plan, three-year capital programme and the 10-year Capital Expenditure Framework ● Municipalities must monitor projects during the year and use this monitoring to inform reporting to DCoG ● Municipalities must report monthly, quarterly and at the end of the financial year in the prescribed format(s) and timelines ● Monthly, quarterly and annual reports must be signed-off by the Accounting Officer or the delegated official and submitted directly to provincial coordinators of DCoG
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> ● Eligibility for the IUDG and minimum conditions for qualification are outlined in Annexure W1 to the 2020 Division of Revenue Bill ● If a Category B municipality wishes to apply for the IUDG for 2021/22 and is not already classified as an intermediate city municipality, it must submit an application to be classified as an intermediate city municipality by the end of April 2020. The municipality will receive notification of the outcome of its application by the end of June 2020 ● Category B municipalities that have been classified as intermediate city municipalities and who wish to be considered for qualification for the IUDG must submit an application form indicating compliance with minimum conditions by 31 July 2020 ● Municipalities must submit a first draft of the three-year capital programme and 10-year Capital Expenditure Framework to the transferring officer by 31 March 2020 and the final versions of the three-year capital programme and 10-year Capital Expenditure Framework must be adopted by respective councils by 29 May 2020 ● The adopted three-year capital programme and 10-year Capital Expenditure Framework must be submitted to the Department of Cooperative Governance with council resolution no later than 10 days after adoption by council

Municipal Disaster Relief Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance (Vote 3)
Grant schedule	<ul style="list-style-type: none"> Schedule 7, Part B
Strategic goal	<ul style="list-style-type: none"> To enable a timely response to immediate needs after a disaster has occurred
Grant purpose	<ul style="list-style-type: none"> To provide for the immediate release of funds for disaster response
Outcome statements	<ul style="list-style-type: none"> Immediate consequences of disasters are mitigated
Outputs	<ul style="list-style-type: none"> Emergency repair of critical infrastructure Emergency provision of goods and services
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Applications for funding from this grant use the National Disaster Management Centre (NDMC) disaster grant guideline which includes the following: <ul style="list-style-type: none"> copy of the applicable contingency plan and emergency procedures in use by the municipality (Section 49(1)(d) of the Disaster Management Act) copy of the classification letter in terms of the Disaster Management Act copy of the declaration of a state of disaster in terms of the Disaster Management Act number of people affected and the extent of damage and losses sectors affected total funds required for disaster response resources (both financial and in-kind) allocated by the municipality to respond and mitigate the effects of the disaster resources (both financial and in-kind) committed by other role players, including provinces, the private sector, national departments and non-government organisations consolidated project cash flow as an annexure intervention and mitigation strategies as per the disaster management plan cost-benefit analysis of the projects to be implemented An implementation plan with the following: <ul style="list-style-type: none"> details of the projects to be repaired including Global Positioning System (GPS) coordinates costs of the project consolidated projects cash flow over a three-month period as an annexure to the implementation plan An application for a funding contribution may be based on the rapid assessment and verification (draft versions of the supporting documentation required above may be accepted for the initial application) Specifics on the rapid response capacity to implement the projects
Conditions	<ul style="list-style-type: none"> Copies of the disaster declaration and classification letter in terms of the Disaster Management Act This grant may only be used to fund expenditure in the event that the municipality responsible for the provision of the affected basic service is unable to deal with the effects of the disaster utilising own legislation/guidelines and resources Municipalities must fund a portion of the costs of the disaster response from their own budget, if unable to do so, proof must be provided Funds from this grant may be utilised to reimburse municipalities for expenditure incurred which could not be accommodated within the municipality's own budget. In cases where municipalities require reimbursement of funds spent, municipalities are to consult the NDMC through the relevant Provincial Disaster Management Centre (PDMC) for approval prior to spending the funds. Proof of expenditure in the form of invoices must be availed to the relevant PDMC and NDMC in case reimbursement is required. Items purchased must fall within the competency of municipalities Funds may only be used in line with the approved implementation plan. Any amendments to the implementation plan must be supported and recommended by the PDMC and approved by the NDMC and copies of the approved amendments shared with National Treasury Funds from this grant must be utilised within six calendar months following the date of the transfer of the funds to the municipality A municipality may request the NDMC through the PDMC to apply to the National Treasury to approve that an allocation be utilised more than six calendar months after the date of transfer, in terms of section 26(3)(d) of the 2020 Division of Revenue Act The emergency procurement system provided for in Treasury Regulations should be invoked to ensure immediate assistance by the affected municipalities A copy of the contingency plan for the relevant hazard is to be submitted with the funding request
Allocation criteria	<ul style="list-style-type: none"> The grant is allocated for declared and classified disasters, based on reports from assessments conducted by the NDMC and PDMC and affected sectors of immediate disaster relief needs. This should include implementation of Section 56 and 57 of the Disaster Management Act, 2002 (Act 57 of 2002). Additionally, it must be established that there are immediate disaster relief needs that cannot be met by the municipality through the contingency arrangements already in place. The Accounting Officer for the relevant organ of state must indicate in their application that the total funds required from the grant for disaster response exceed the available resources and/ or resources already allocated for disaster relief Funding may be released in tranches, with the first tranche being based on an initial assessment and verification of the disaster relief needs. The next tranches will be released once proof is submitted that the first tranche has been fully spent or committed
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This grant provides funding for responding to and providing relief for unforeseeable and unavoidable disasters

Municipal Disaster Relief Grant	
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> No MDRG funds were transferred to municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> No MDRG funds were transferred to municipalities
Projected life	<ul style="list-style-type: none"> This grant is expected to continue over the medium term, and will be subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R354 million; 2021/22: R373 million and 2022/23: R391 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the National Disaster Management Centre</p> <ul style="list-style-type: none"> Advise and guide municipalities and PDMCs about the existence of the grant and how grant funding can be applied for and the criteria to qualify for the grant Conduct a preliminary damage assessment and cost verification and submit this to the National Treasury, for disasters that meet criteria for funding, within 14 days following receipt of the written initial funding request from the PDMC and municipalities Together with the affected municipalities and provinces, conduct assessments of disaster impacts to verify the applications for funding within 35 days following the receipt of written funding requests and as per the requirements of the Disaster Management Act Submit funding request to National Treasury for consideration within 35 days following the receipt of the written funding request from the municipalities through the PDMCs Confirm what support national sector departments are providing and ensure there is no duplication of support Provide written advice on the timing of disbursements to municipalities and transfer these funds to municipalities within five days of drawing the funds from the National Revenue Fund Notify the relevant municipality of a transfer at least one day before the transfer is made and transfer the funds no later than five days after notification Notify the relevant PDMC together with the relevant sector departments, National Treasury and the relevant provincial treasury of a transfer and reason for transfer within five days of the transfer of funds to municipalities Build relationships and establish the necessary communication channels with relevant national and provincial departments to ensure the country has a coordinated approach to disaster response Provide National Treasury and the relevant provincial treasury with written notification of the transfer within 14 days of a transfer of this grant Provide expenditure reports to National Treasury in line with the 2020 Division of Revenue Act and the Public Finance Management Act (PFMA) within 20 days after the end of each month Provide a performance report to National Treasury in the disaster allocation monitoring template agreed to with the National Treasury within 45 days after the end of the quarter in which funds are spent, with invoices as annexures to the report Together with the relevant PDMC monitor the implementation of disaster projects <p>Responsibilities of the Provincial Disaster Management Centres</p> <ul style="list-style-type: none"> Together with the affected municipalities and the relevant sector departments, conduct initial assessments to verify the impact of the disaster for applications for funding within 14 days following the occurrence of the incident Together with the NDMC and the affected municipalities, conduct assessments of disaster impacts to verify the final applications for funding within 35 days following the occurrence of the disaster and as per the requirements of the Disaster Management Act Confirm what support provincial sector departments are providing and ensure there is no duplication of support Assist municipalities with requests for disaster funding, and monitor projects to ensure that the funds are used for intended purposes and provide reports to the NDMC and relevant provincial treasury Coordinate, analyse and submit expenditure reports signed-off by the head of the PDMC on progress regarding the implementation of the projects to NDMC within 15 days after the end of each month in which funds are spent, with invoices as annexures to the reports Coordinate, analyse and submit performance reports signed-off by the head of the PDMC, which include evidence, on progress with implementation of the projects to the NDMC within 35 days after the end of the quarter in which funds are spent The PDMC should establish a project task team comprising of affected municipalities and sector departments Monitor the implementation of disaster funds <p>Responsibilities of the municipalities</p> <ul style="list-style-type: none"> Cooperate with the NDMC, relevant PDMC and provincial and national sector departments to conduct damage assessment and cost verification Submit disaster assessment reports and funding requests signed-off by the Accounting Officer to the PDMC within 14 days following the declaration and classification of a disaster Municipalities must invoke emergency procurement processes provided for within the Treasury Regulations when spending the funds allocated, to ensure immediate assistance to the affected areas and must provide proof that measures were put in place to mitigate the occurrence in the form of a contingency plan for the specific hazard Municipalities must implement all projects approved and ensure that the funds allocated are spent for their intended purposes

Municipal Disaster Relief Grant	
	<ul style="list-style-type: none">• Establish project task teams during the implementation of disaster projects at a municipal level• Submit expenditure reports signed-off by the Accounting Officer which include evidence (such as purchase invoices) of implementation progress on the projects to the relevant PDMC within 10 days after the end of each month in which funds are spent• Submit a performance report signed-off by the Accounting Officer which includes evidence of implementation progress on the projects to the PDMC within 30 days after the end of the quarter in which funds are spent
Process for approval of 2021/22 business plans	<ul style="list-style-type: none">• Not applicable

Municipal Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance (Vote 3)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> Subsidise the capital costs of providing basic services to poor households
Grant purpose	<ul style="list-style-type: none"> To provide specific capital finance for eradicating basic municipal infrastructure backlogs for poor households, microenterprises and social institutions servicing poor communities
Outcome statements	<ul style="list-style-type: none"> Improved access to basic services infrastructure for poor communities
Outputs	<ul style="list-style-type: none"> Number of poor households impacted through the construction of new infrastructure and the upgrading and renewal of existing infrastructure for: <ul style="list-style-type: none"> basic water and sanitation services central collection points for refuse, transfer stations, recycling facilities and solid waste disposal sites sport and recreation facilities street and community lighting public facilities Number of kilometres of municipal roads developed, upgraded and maintained servicing the poor Number of specialised vehicles for waste management (as referenced in annexures A and B of the norms and standards for specialised waste vehicles) purchased for servicing the poor Number of work opportunities and Full-Time Equivalents (FTEs) created using the Expanded Public Works Programme (EPWP) guidelines for the above outputs <p>Response to the COVID-19 pandemic</p> <ul style="list-style-type: none"> Amount spent by a municipality on urgent repairs and refurbishment of water and sanitation infrastructure to restore functionality Amount spent by a municipality for sanitisation of public transport facilities and other municipal public facilities that include temperature scanners, hand washing facilities, hand sanitisers (as per the standard determined by the Department of Health), personal protective equipment for municipal and public transport workers and provisions for physical distancing Number of municipal-owned facilities identified for quarantine sites that are repaired (limited to repairs to existing facilities, not modifications and operational costs)
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses the Municipal Infrastructure Grant (MIG) registration form as agreed with sector departments, which includes: <ul style="list-style-type: none"> project title sector time frames for implementation cost of the project
Conditions	<ul style="list-style-type: none"> To receive the first tranche, municipalities must have followed the process for approval of 2020/21 projects and have confirmed by 30 April 2020 with the Department of Cooperative Governance (DCoG), their programme, project planning and implementation readiness in the form of a council approved implementation plan that includes cash flow projections Municipal allocations must be fully committed to registered projects prior to the year of implementation and be informed by the Integrated Development Plans (IDPs) and three-year capital plans which are aligned to the relevant One Plan of districts areas developed under the District Development Model MIG priorities set by municipalities (as stated in their MIG implementation plans) can only be changed in-year with other MIG registered projects, after municipal council approval and DCoG Projects not implemented within three years of approval by the relevant appraisal committee will be deregistered MIG must be allocated and transferred directly to a category B or C municipality that has the powers and functions for basic services referred to in section 84 of the Municipal Structures Act, to enable the municipality to provide basic municipal infrastructure to the poor, in line with their functions Municipalities must prioritise MIG funds for infrastructure that services eligible beneficiaries, such as: <ul style="list-style-type: none"> basic residential infrastructure for the poor for water, sanitation, roads and stormwater, waste management, street lighting and community facilities new or upgrading of municipal bulk infrastructure to support existing areas, the formalisation of informal settlements and to support economic development renewal of eligible infrastructure servicing the poor subject to the confirmation by the relevant sector department of the state of infrastructure and a commitment from the municipality of how on-going operations and maintenance of the renewed infrastructure will be funded and performed maintenance of roads infrastructure mainly servicing the poor specialised waste management vehicles servicing the poor Municipalities must spend at least 60 per cent of their first transfer and comply with reporting provisions before the second and subsequent tranches are transferred By 31 December 2020, municipalities must spend: <ul style="list-style-type: none"> at least 40 per cent of their total MIG allocation, where allocations are equal or less than R100 million at least 45 per cent of their total MIG allocation, where allocations are more than R100 million Municipalities must comply with sector norms, standards and legislation as confirmed by sectors during the MIG project registration processes

Municipal Infrastructure Grant

- Local municipalities investing in roads infrastructure must utilise data from the Rural Road Asset Management System (RRAMS) where available, to identify and prioritise their investment on roads projects
- MIG funds can be used for road maintenance only if projects are planned and prioritised using RRAMS data
- Ring-fenced sport infrastructure allocation:
 - municipalities that have allocations gazetted as part of the ring-fenced allocation for specific sport infrastructure projects may only spend these allocations on the projects identified by the Department of Sports, Arts and Culture (DSAC)
 - municipalities must make use of framework contracts approved by DSAC when implementing projects funded from this allocation unless an exemption from this requirement is approved by DSAC
 - initial transfers of funds from the ring-fenced sport infrastructure allocation to identified projects will be subject to signing of a memorandum of understanding between DSAC and the beneficiary municipalities
 - subsequent transfers for projects funded through the ring-fenced amount will also be subject to approval by DSAC
- Sport infrastructure as part of the P-component:
 - municipalities must submit technical reports for spending 33 per cent of their P-component allocation on sport and recreation infrastructure projects
- All sport infrastructure plans and technical reports must be submitted as part of the normal MIG planning process but will be reviewed and approved by DSAC to ensure they comply with norms and standards before construction can begin
- Municipalities must ensure compliance to EPWP infrastructure guidelines in aligning their projects and reporting the work opportunities created on the EPWP reporting system
- Municipalities using MIG funding to purchase specialised vehicles for waste management must complete a Technical Assessment Report (TAR) which must comply with the norms and standards for specialised waste management vehicles. The TAR must demonstrate that MIG funds will only be used for the expansion of waste management services to poor households not previously serviced. The purchase will only be done through the National Treasury's transversal contract RT57 and the TAR must include a recommendation from the Provincial Department of Environment, Forestry and Fisheries (DEFF) and a final approval from the National DEFF before being appraised for registration. Vehicles may not be purchased with MIG funds for other purposes
- A municipality must consider procuring goods and services for water and sanitation projects through nationally set up framework contracts, where available, before utilising municipal procurement processes
- Municipalities must submit monthly and quarterly reports in the prescribed national template and signed-off by the Municipal Manager or delegated official
- Municipalities must utilise the Municipal Infrastructure Grant Management Information System (MIG-MIS) to facilitate programme and project management and reporting
- The cost for the Project Management Unit (PMU) is determined by a sliding scale that will not exceed 5 per cent of a municipality's MIG allocation and may be used for programme/project management costs related to all schedule 5, part B grant-funded projects and only if a business plan for the PMU is approved by 30 April 2020. If these funds are not committed for this purpose or spent for this purpose they must revert back for MIG capital projects
- At least 95 per cent of municipalities' allocation must be used on eligible MIG funded projects, including maintenance on roads mainly servicing the poor
- Withholding or stopping of transfers and reallocation or conversion of MIG allocations will be instituted where municipalities do not comply with the conditions above
- To respond to the COVID-19 pandemic:
 - municipalities must prioritise the provision of water and sanitation to communities that do not currently have access to water services
 - municipalities may spend 10 per cent of their allocations for the urgent repair and refurbishment of water and sanitation infrastructure to restore functionality
 - non-water services authorities may request approval from the transferring officer to spend on water and sanitation projects, on presentation of the signed service level agreements with the relevant water services authorities
 - municipalities may use up to 10 per cent of their allocations for the sanitisation of public transport facilities and other municipal public facilities including the provision of temperature scanners, hand washing facilities, hand sanitisers (as per the standard determined by the Department of Health), personal protective equipment for municipal and public transport workers and provisions for physical distancing; and to repair municipal-owned infrastructure identified for quarantine sites (limited to repairs to existing facilities, not modifications and operational costs)
 - municipalities must submit a separate business plan through their PMU, for this spending under the Special Municipal Infrastructure Fund (SMIF) option in the MIG-MIS by 30 July 2020. Municipalities must report on how these funds are spent through the MIG-MIS. The Department of Cooperative Governance may approve that amounts above the 10 per cent threshold be used for these activities based on the municipality's motivation and its progress on committed projects
- Rustenburg and George local municipalities should not use the sanitisation provision for the sanitisation of public transport facilities as they are funded for this in the Public Transport Network Grant
- Municipalities must report on the use of funds for the COVID-19 response in line with the requirements of section 12 of the Division of Revenue Act

Municipal Infrastructure Grant	
Allocation criteria	<ul style="list-style-type: none"> • Part 5 of Annexure W1 to the 2020 Division of Revenue Bill sets out the MIG formula in detail, showing how the formula incorporates backlog and poverty data • The funds ring-fenced for sport infrastructure are allocated based on estimated costs of projects that: <ul style="list-style-type: none"> ○ fill identified gaps and are confirmed with the provincial departments responsible for sport and the municipalities ○ align to the National Sport and Recreation Plan, National Sport Facilities Plan and transformation imperatives ○ align to priority sport codes
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant with conditions, objectives and distribution criteria different from that of the equitable share
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • The MIG programme was allocated R15.9 billion in the 2018/19 financial year. The full amount was transferred and 92 per cent of this was spent <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • Number of poor households impacted through the construction of new infrastructure and upgrading and renewal of existing infrastructure for: <ul style="list-style-type: none"> ○ 141 067 households provided with basic water and 112 422 households provided with sanitation services ○ 45 715 households provided with street and community lighting • Community infrastructure constructed (new infrastructure and upgrading and renewal of existing infrastructure): <ul style="list-style-type: none"> ○ 23 central collection points for refuse, transfer stations, recycling facilities and solid waste disposal sites developed ○ 115 sport and recreation facilities developed ○ 127 public facilities developed • 1 431 kilometres of municipal roads developed • 161 116 FTEs created using the EPWP guidelines for the above outputs
Projected life	<ul style="list-style-type: none"> • Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R14.7 billion; 2021/22: R15.9 billion and R2022/23: R16.9 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national departments</p> <ul style="list-style-type: none"> • DCoG administers the MIG and co-ordinates its activities with all stakeholders, through appropriate structures. DCoG must: <ul style="list-style-type: none"> ○ report to sector departments on outputs ○ monitor expenditure and non-financial performance in collaboration with provincial DCoGs ○ coordinate overall programme implementation ○ provide support to municipalities in the utilisation of the MIG-MIS ○ share all reports on COVID-19 expenditure with the National Disaster Management Centre and report separately on COVID-19 expenditure in its reports submitted in terms of the requirements of section 10 of the Division of Revenue Act • The Municipal Infrastructure Support Agent (MISA) must: <ul style="list-style-type: none"> ○ provide technical support and advice to municipalities that have been identified collaboratively with DCoG and its provincial counterparts as needing assistance ○ on behalf of and in collaboration with national and provincial DCoG's, conduct detailed municipal assessments of the municipalities identified for assistance, including investigative lifecycle assessments of MIG projects, municipal MIG and sector performance, and municipal project management functions, to identify detailed reasons for challenges affecting the implementation of MIG ○ report all findings and recommendations for improvement to the identified municipalities, national and provincial DCOGs ○ assist the municipal manager of each identified municipality, in collaboration with appropriate structures, including sector departments, to implement recommendations identified by MISA, for improvement, and supply formal progress reports ○ recommendations may include improvements to municipal processes for planning, project prioritisation and selection. Recommendations may also include detailed planning, scoping, designing, scheduling, costing and procurement implementation ○ provide and facilitate assistance, technical advice and expertise to identified municipalities for the use of alternative technology and good practices for MIG projects, including for feasibility studies, operations and maintenance and integrated infrastructure asset management • In addition to their sector-specific responsibilities, each national sector department will be expected to: <ul style="list-style-type: none"> ○ provide information on service delivery priorities per municipality as expressed within sectoral plans and municipal IDPs ○ fulfil a sectoral monitoring and guidance role on relevant sectoral outputs ○ evaluate reports and provide final recommendations to the municipality by 30 September 2020 ○ confirm adherence to sector norms and standards for MIG funded projects through the MIG registration process, which includes participation in the district appraisal processes ○ confirm the current state of maintenance where municipalities have applied for funding of renewal projects ○ advise which sphere (provincial or national - even if different across provinces) should sign-off MIG projects and participate in MIG workflow processes

Municipal Infrastructure Grant	
	<ul style="list-style-type: none"> ○ sign-off on project close-out reports, thereby acknowledging the projects have been completed as intended ● Department of Water and Sanitation must: <ul style="list-style-type: none"> ○ support and monitor municipalities to prepare and implement water services development plans ○ ensure alignment between the MIG programme, Regional Bulk Infrastructure Grant and the Water Services Infrastructure Grant ○ for the MIG funding stream, monitor and oversee progress on water and sanitation projects implemented through the MIG ● Department of Environment, Forestry and Fisheries: <ul style="list-style-type: none"> ○ must support municipalities with planning and implementation of solid waste management projects and monitor their performance and compliance with conditions applicable to this sector ○ the Provincial DEFFs will be responsible for providing recommendations on the TAR for the purchasing of specialised waste management vehicles and national DEFF will provide final approval before submitting projects for registration in the MIG appraisal process ● Department of Mineral Resources and Energy must support municipalities with planning and implementation of public lighting and monitor municipalities' performance and compliance with conditions applicable to this sector ● Department of Transport must support municipalities with planning and implementation of municipal roads projects in terms of the RRAMS data and monitor municipalities' performance and compliance with conditions applicable to this sector ● Department of Sports, Arts and Culture must: <ul style="list-style-type: none"> ○ identify projects with targeted municipalities to be allocated funds outside of the MIG formula ○ establish framework contracts for procurement of services for sport infrastructure ○ support municipalities with planning and implementation of municipal sport and recreation facilities and monitor municipalities' performance and compliance with conditions applicable to this sector ○ approve any exemptions to framework contract by 31 July 2020, if there are good grounds for an exemption ○ review, approve and sign-off all MIG projects before recommendation by the provincial sports departments to the MIG appraisal committee ● Department of Public Works and Infrastructure must: <ul style="list-style-type: none"> ○ monitor compliance with the EPWP infrastructure guidelines and advise municipalities on the use of labour intensive processes, systems, techniques and approaches ○ monitor the number of work opportunities and FTEs created on MIG funded projects that contribute towards EPWP and assist municipalities in meeting their set targets ○ ensure that municipalities register their projects on the EPWP reporting system and monitor compliance with norms and standards applicable to this sector
	<p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> ● Coordinate technical support to municipalities ● Monitor performance of municipal Programme/Project Management Units and recommend relevant sanctions for under-performance to DCoG ● Provide assistance to municipalities in managing municipal infrastructure projects ● Provide support to municipalities in the utilisation of the MIG-MIS ● Monitor and reconcile reported expenditure with proof of payment signed-off by the municipality ● Monitor the accuracy of project registration forms and coordinate monthly, quarterly and annual reports from municipalities and forward them to DCoG ● Coordinate district appraisal and progress committee meetings ensuring that DCoG and relevant sector departments are invited ● Issue registration letters for projects approved by the district appraisal committees to municipalities, copying DCoG ● Monitor project implementation in collaboration with sectors and submit site visit reports to DCoG and capture site visit reports on MIG-MIS ● Monitor compliance with provincial legislation and alignment to provincial growth and development strategies through project registration
	<p>Responsibilities of provincial sector departments</p> <ul style="list-style-type: none"> ● Each provincial sector department must fulfil a sectoral monitoring and guidance role on relevant sectoral outputs ● Provide technical advice as required by a municipality through the feasibility, planning, design, tender and construction phases of a MIG project ● Participate in district appraisal and progress committee meetings ● Evaluate and provide recommendations on sector technical reports before projects are appraised
	<p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> ● Municipalities must ensure appropriate programme and project planning and implementation readiness prior to the year of implementation and this must be informed by the IDP and three-year capital programme ● Municipalities must certify compliance to the provision of DoRA after the schedule of transfers has been communicated by DCOG and before the first transfer is made to the municipality by DCOG ● Municipalities must have appropriate capacity to implement the MIG, this must be supported by the human resource plan of the municipality

Municipal Infrastructure Grant	
	<ul style="list-style-type: none"> • Municipalities must monitor each project and ensure that MIG funds are spent for the intended purpose as registered on the MIG-MIS • The municipality must report monthly, quarterly and annually in the prescribed formats and timelines, reports must be signed-off by the Municipal Manager or the delegated official and submitted to national government via the provincial department responsible for local government • Utilise the MIG-MIS to inform the content of the reports mentioned above
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Municipalities must submit all technical reports to the sector departments responsible for water, sanitation, solid waste, sport and recreation, roads and transport by 31 July 2020 for all projects to be implemented in 2021/22 • The responsible sector department must evaluate reports and provide final recommendations to the municipality by 30 September 2020 • When projects are registered for 2021/22, the municipality must identify how each MIG infrastructure project is aligned to and/or supports their local economic development strategy • The municipality must submit all project registration forms by 1 October 2020, for the projects to be implemented in 2021/22, to the provincial department responsible for local government • The provincial departments must provide final recommendations to municipalities by 30 November 2020 • Municipalities must submit to DCoG by 29 January 2021, detailed project implementation plans for all the projects to be implemented in the 2021/22 and 2022/23 financial years • Such plans should include timelines regarding project designs, initiation of procurement, and environmental impact assessment (EIA) and/or relevant permit/license approvals in the prescribed format • Municipalities must submit updated implementation plans (as described above) by 30 April 2021, justifying any changes from the 29 January 2021 submission

Municipal Systems Improvement Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance (Vote 3)
Grant schedule	<ul style="list-style-type: none"> Schedule 6, Part B
Strategic goal	<ul style="list-style-type: none"> An efficient and developmental sphere of government capable of delivering services to local communities
Grant purpose	<ul style="list-style-type: none"> To assist municipalities to perform their functions and stabilise institutional and governance systems as required in the Municipal Systems Act and related local government legislation
Outcome statements	<ul style="list-style-type: none"> A responsive, accountable, effective and efficient local government
Outputs	<ul style="list-style-type: none"> Support municipalities through the implementation of the Integrated Urban Development Framework Support municipalities on municipal tariff data management and related matters Support municipalities in the improvement of their data management, records management and ICT infrastructure Support and monitor municipalities in the implementation of the district development model Support municipalities in the rollout of staffing regulations and competency frameworks Support municipalities in the preparation of an institutional recovery plan and the implementation thereof, where appropriate (including assisting municipalities to review and prepare: organograms, policies and bylaws) Support municipalities through the rollout and implementation of simplified revenue plans Conduct impact assessments of municipalities supported through the rollout and implementation of the simplified revenue plan project Support municipalities to implement the Municipal Property Rates Act
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses the Back to Basics support plan which identifies governance and institutional weaknesses in municipalities which are planned to be addressed through the grant allocation This grant also uses a memorandum of understanding (MoU). The MoU has an appendix which details: <ul style="list-style-type: none"> roles and responsibilities outcome indicators output indicators key activities inputs details of how the systems and practices developed will be sustained over the long-term
Conditions	<ul style="list-style-type: none"> The Department of Cooperative Governance and the benefitting municipality must sign a memorandum of understanding that includes details of the activities and deliverables being funded, responsibilities of each stakeholder, protocols for engagements and feedback, the budget for each activity, and timeframes for implementation Funds from this grant may be spent on building the capacity of municipalities with respect to the purpose and outputs listed for this grant ICT infrastructure bought with this grant must be compatible with the minimum standards for the municipal Standard Chart of Accounts (mSCOA) Technical support to municipalities must include the transfer of skills to municipal officials
Allocation criteria	<ul style="list-style-type: none"> Activities listed in the first six outputs of this grant have been funded in the initial allocations per municipality for the 2020 Medium Term Expenditure Framework. Other outputs may be funded through reallocations or in future years Priority is given to municipalities classified as distressed/dysfunctional in terms of Back to Basics Priority is given to municipalities with challenges/shortcomings in processes, procedures and systems to effectively implement the Municipal Systems Act and related local government legislation including municipalities with institutional challenges and municipal tariff data management challenges; and non-metropolitan municipalities with large outstanding debts owed to creditors Intermediate cities are targeted for programmes in support of the Integrated Urban Development Framework Unallocated funds in 2021/22 and 2022/23 will be allocated to projects during 2020, including to some municipalities not reached in 2020/21 Funds may be reallocated if a memorandum of understanding is not signed
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The grant is aimed at building the capacity of targeted municipalities to implement sound institutional and governance systems required in terms of the Municipal Systems Act and related local government legislation
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> Of the R115 million allocated, R23 million was converted to direct allocations, transferred and spent by municipalities. of the remaining allocation of R91 million, 75 per cent was spent
	<p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> A municipal specific revenue plan has been implemented in 30 municipalities. Detailed close out reports on each of the 30 municipalities supported was also developed and approved. The project focused on the revenue value chain and looked at resolving the following: performing an as is assessment, addressing billing system challenges; credit control; indigent management; and meter auditing
Projected life	<ul style="list-style-type: none"> Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R128 million; 2021/22: R135 million and 2022/23: R140 million

Municipal Systems Improvement Grant	
Payment schedule	<ul style="list-style-type: none"> • Schedule 6 grant, payments to the service provider made in accordance with the signed service level agreement, implementation plan and project milestones or deliverables
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Management, monitoring and reporting of the programme • Agree and sign a memorandum of understanding with participating municipalities • Coordinate with the National Treasury to ensure that the capacity building activities of the two departments are complimentary • Participate in the review of the municipal capacity support system during 2020/21 <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Agree and sign a memorandum of understanding with the transferring officer • Identify municipal officials that will be recipients of skills transfer • Ensure that municipal officials participate actively in all activities funded through this grant • Ensure systems and practices developed through this grant are sustained as part of the operations of the municipality • Municipalities must submit a detailed report upon the completion of the project, in the format prescribed
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Targeted municipalities must sign a memorandum of understanding in support of this Municipal Systems Improvement Grant programme

MINERAL RESOURCES AND ENERGY GRANTS

Energy Efficiency and Demand Side Management Grant	
Transferring department	<ul style="list-style-type: none"> Mineral Resources and Energy (Vote 34)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> To reduce electricity consumption by promoting energy efficient practices
Grant purpose	<ul style="list-style-type: none"> To provide subsidies to municipalities to implement energy efficiency and demand side management (EEDSM) initiatives within municipal infrastructure in order to reduce electricity consumption and improve energy efficiency
Outcome statements	<ul style="list-style-type: none"> Reduced demand for electricity Increased awareness of energy saving Skills development in energy efficiency Energy management capability enhanced
Outputs	<ul style="list-style-type: none"> Amount of electricity saved in kilowatt hours (KWh) Number of energy efficient street lights installed Number of energy efficient traffic lights installed Number of buildings retrofitted Number of units of water services infrastructure retrofitted
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Projected energy savings Key activities Inputs
Conditions	<ul style="list-style-type: none"> Funds can only be used to implement electricity saving projects in municipal infrastructure The focus for implementation of energy efficiency interventions is limited to municipal buildings, streetlights, traffic lights, waste water treatment works and pump stations Municipalities must determine a detailed and extended electricity consumption baseline in line with South African Standards (SANS 5002 and SANS 50010) Municipalities must respond to the request for proposals issued by the Department of Mineral Resources and Energy (DMRE) in the format provided Municipalities must commit to energy savings (in KWh) to be achieved through the retrofits to the DMRE A performance agreement with specific conditions shall be entered into between the municipality and the DMRE The municipality shall prepare a project work plan and business plan in the templates provided by the DMRE The municipality shall procure the street light luminaires as per the standardized technical specifications developed by the transferring officer A municipality may apply to the transferring officer, by no later than 30 August 2020 to utilise a maximum of 15 per cent of the total annual allocation to undertake specified planning activities for the purposes of embedding the Vertically Nationally Appropriated Mitigation Action project, provided that these conform to the list of eligible activities identified by the transferring officer, including: <ul style="list-style-type: none"> investment pipeline development (excluding direct project preparation) development of infrastructure financing strategies and instruments utilisation of a minimum of 50 per cent capital expenditure as co-funding for the Vertically Nationally Appropriated Mitigation Action projects
Allocation criteria	<ul style="list-style-type: none"> The following criteria are used for selecting municipalities to receive allocations from the grant: <ul style="list-style-type: none"> municipalities that have responded to the request for proposals as issued by the DMRE municipalities with higher electricity consumption and higher electricity saving potential municipalities with clearly defined objectives on energy efficiency improvements proposals that use proven energy efficient technologies with low pay-back periods municipalities that are participating in the Vertically Nationally Appropriated Mitigation Action Support Project of South Africa municipalities that show readiness and capacity to implement EEDSM projects good past performance if a municipality has previously participated in the programme quality, viability and financial feasibility of proposed projects
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific conditional transfer in support of the EEDSM programme
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> R215 million was allocated and transferred to participating municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> A total electricity saving of 19 724 MWh per annum was reported by municipalities against the total projected electricity consumption baseline of 31 883 MWh per annum
Projected life	<ul style="list-style-type: none"> The grant will continue until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R218 million; 2021/22: R230 million and 2022/23: R243 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by the National Treasury

Energy Efficiency and Demand Side Management Grant	
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Monitoring and evaluation of the EEDSM programme including measurement and verification of energy savings • Provide municipalities with guidance and support through capacity building workshops on best practices and pricing for EEDSM projects • Communicate to municipalities the process and requirements for obtaining EEDSM grant funds in 2021/22 • Develop a fair and open process to accredit and establish a panel of competent service providers with technical expertise and suppliers of energy efficient technology to support municipalities during the implementation of EEDSM projects • Provide technical support to municipalities participating in the Vertically Nationally Appropriated Mitigation Action Support Project of South Africa <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Submit proposals as per the request for proposals issued by DMRE • Ensure that proposals are in the format and template provided by DMRE • Implement the EEDSM programme as per the framework and contractual agreement • In the implementation of EEDSM projects, use service providers and/or energy efficient technology suppliers accredited by DMRE • Submit to the DMRE detailed energy consumption baseline data and a business plan signed by the municipal manager before the start of the 2020/21 municipal financial year • Submit to the DMRE the monthly and quarterly reports approved by the municipal manager • In a case where a municipality delegates the implementation of the programme to its entity (i.e. Johannesburg City Power, Mangaung CENTLEC, etc.) such an entity shall enter into an implementation contract with the municipality for the purposes of reporting and accountability. A copy of this implementation contract must be shared with DMRE
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Allocations for 2021/22 will be based on the proposals submitted in line with the request for proposal issued by the DMRE • Proposals must be submitted by 30 September 2020 and shall be evaluated against the criteria set out in this framework and the request for proposals issued by DMRE

Integrated National Electrification Programme (Eskom) Grant	
Transferring department	<ul style="list-style-type: none"> Mineral Resources and Energy (Vote 34)
Grant schedule	<ul style="list-style-type: none"> Schedule 6, Part B
Strategic goal	<ul style="list-style-type: none"> To reduce electrification backlogs through funding of household connections and bulk infrastructure (substations and lines) to ensure constant supply of electricity
Grant purpose	<ul style="list-style-type: none"> To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to Eskom to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure in Eskom licenced areas
Outcome statements	<ul style="list-style-type: none"> A reduction in household electrification backlogs Universal access to electricity and improvement in distribution infrastructure reliability
Outputs	<ul style="list-style-type: none"> The number of household connections per annum The number of substations completed Kilometres of bulk lines completed Implementation of labour intensive methods on electrification projects and the number of jobs created
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Inputs Output indicators Key activities
Conditions	<ul style="list-style-type: none"> Plans need to have undergone pre-engineering and project feasibility and be approved by the Director-General of the Department of Mineral Resources and Energy (DMRE) prior to implementation Projects must be prioritised by municipalities in their Integrated Development Plans (IDPs) before being approved for INEP (Eskom) Grant funding Eskom must submit to DMRE letters signed by municipal accounting officers to demonstrate that the municipalities are in agreement with the projects to be undertaken Eskom to comply with the DMRE's requirements to provide approved bulk projects in their business plans All assets constructed through this grant must be ring-fenced on Eskom's asset register as government assets. Eskom is responsible for the operations and maintenance of these assets Eskom must adhere to labour-intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching and planting of poles
Allocation criteria	<ul style="list-style-type: none"> Allocations to Eskom are made on behalf of municipalities based on applications from Eskom for non-licensed municipalities according to the following criteria: <ul style="list-style-type: none"> high backlogs rural bias integration with other programmes such as 44 priority district municipalities, the National Development Plan and other infrastructure programmes like catalytic projects and mining towns the cost of a project is within benchmarked norms and standards the project is aligned with the IDP for a particular municipality
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific conditional capital transfer for electrification of households and bulk infrastructure
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> The grant was allocated R3.3 billion and the entire amount was transferred to Eskom, of which R2.2 billion (60 per cent) was spent by the end of the financial year <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 191 585 connections were completed at the end of the financial year (includes connections funded from roll-overs)
Projected life	<ul style="list-style-type: none"> The grant will continue until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R3 billion; 2021/22: R3 billion and 2022/23: R3.7 billion
Payment schedule	<ul style="list-style-type: none"> Payments are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Review and approve Eskom's outputs and targets Continuously monitor implementation Provide central coordination for bulk infrastructure Approve submissions for refurbishment of critical infrastructure <p>Responsibilities of Eskom</p> <ul style="list-style-type: none"> The maximum size of supply is 2.4 kVA, after diversity maximum demand, 20 Amp per household connection, in line with the Suite of Supply Policy (2018) Report to the DMRE and the National Treasury on monthly and quarterly expenditure for the grant Report accurately and timeously on EPWP information
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> Eskom and the DMRE must ensure that all planned projects are in line with municipal IDPs and priority lists Eskom and the DMRE must ensure that planned projects are feasible and have gone through the pre-engineering process by 30 October 2020

Integrated National Electrification Programme (Municipal) Grant	
Transferring department	<ul style="list-style-type: none"> Mineral Resources and Energy (Vote 34)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> To reduce electrification backlogs through funding of household connections and bulk infrastructure (substations and lines) to ensure constant supply of electricity
Grant purpose	<ul style="list-style-type: none"> To implement the Integrated National Electrification Programme (INEP) by providing capital subsidies to municipalities to address the electrification backlog of all existing and planned residential dwellings (including informal settlements, farm dwellers, new and existing dwellings) and the installation of relevant bulk infrastructure
Outcome statements	<ul style="list-style-type: none"> A reduction in household electrification backlogs Universal access to electricity
Outputs	<ul style="list-style-type: none"> The number of connections to households per annum The number of substations completed Kilometres of bulk lines completed Implementation of labour-intensive methods on electrification projects and the number of jobs created
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Key activities Inputs (resources)
Conditions	<ul style="list-style-type: none"> Municipalities must register electrification business plans for bulk infrastructure with INEP and abide by the advice or guidance of the Department of Mineral Resources and Energy (DMRE) regarding the central planning and co-ordination for such bulk infrastructure Municipalities must provide the DMRE with a project implementation plan during the first quarter of the municipal financial year (by the end of September 2020) Bulk infrastructure can only be funded for infrastructure serving poor households (where infrastructure serves tariff-funded areas and poor households, costs should be shared) INEP funds may be used for the refurbishment of critical infrastructure, only upon approval of a business plan submitted to the DMRE Municipalities must utilise their own funding if the subsidy is insufficient Projects should be implemented as per the contract agreed between the DMRE and the municipality, any deviations from the contract must be communicated to the DMRE for approval The project schedule should be attached to the contract by end of March 2020 If all the annexures are not attached to the contract by end March 2020 the contract will be rendered invalid No reimbursement will be made for projects that have been implemented without the prior approval by the DMRE Municipalities must spend at least 60 per cent of their previous transfer and comply with reporting provisions before the second and subsequent transfers are made The maximum size of supply is 2.4 kVA after diversity maximum demand, standard installation of 20 Amp per household connection, in line with the Suite of Supply Policy (2018) Municipalities may utilise up to R1.5 million of their total allocation for service fees (pre-engineering) if approved by the DMRE in their business plan Municipalities must adhere to labour intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines for activities such as trenching and the planting of poles, amongst others
Allocation criteria	<ul style="list-style-type: none"> Allocations are based on an assessment of applications from local municipalities based on: <ul style="list-style-type: none"> high backlogs rural bias number of planned households per project past performance integration with other programmes such as the district development model, the National Development Plan, catalytic projects, and mining towns the financial, technical and staff capabilities to distribute electricity and expand and maintain networks consultation with communities through the Integrated Development Plan (IDP) process ensuring that universal access objectives are fast-tracked connecting informal settlements where service delivery has been prioritised new and upgrading of bulk infrastructure projects that support future electrification needs, and for refurbishment projects, where distribution network reliability adversely impacts economic activity and cannot sustain current electrification
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific conditional capital transfer for electrification of households
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> R1.9 billion was allocated and transferred to municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 51 320 households were connected including connections funded from roll-overs
Projected life	<ul style="list-style-type: none"> Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R1.9 billion; 2021/22: R2 billion and 2022/23: R2.1 billion

Integrated National Electrification Programme (Municipal) Grant	
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Agree with municipalities on outputs and targets • Continuously monitor implementation and provide support to municipalities • Verify reports from municipalities • Ensure that the payment schedule is aligned to the timelines for projected expenditure on each project <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Ensure that projects are implemented in line with what is reflected in the IDP of the municipality • Report accurately and timeously on the management of this grant and include invoices and EPWP information on their monthly reports, when reporting to the DMRE • Appoint service providers during the first quarter of the municipality financial year (July – September 2020) to implement their projects • Maintain and operate electricity infrastructure in line with licence conditions
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Application forms are sent to municipalities and the evaluation of all applications and business plan proposals received from municipalities is completed by 30 October 2020

HUMAN SETTLEMENTS GRANTS

Municipal Emergency Housing Grant	
Transferring department	<ul style="list-style-type: none"> Human Settlements (Vote 33)
Grant schedule	<ul style="list-style-type: none"> Schedule 7, Part B
Strategic goal	<ul style="list-style-type: none"> To ensure improved quality of household life following a disaster (as defined in the Disaster Management Act)
Grant purpose	<ul style="list-style-type: none"> To provide funding to municipalities for provision of temporary shelter assistance to households affected by disasters or a housing emergency To provide funding to municipalities to repair the damage to housing for low-income households following a disaster or housing emergency if the costs of repairs are less than the cost of relocation and provision of temporary shelter
Outcome statements	<ul style="list-style-type: none"> Households accommodated in adequate temporary shelter following a disaster The safety of houses for low income households, damaged following a disaster restored
Outputs	<ul style="list-style-type: none"> Emergency and short term assistance to households affected and/or impacted by disasters, through: <ul style="list-style-type: none"> provision of temporary shelter temporary relocation of households to safer accommodation and/or shelter repair to damaged houses following a disaster
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Applications for funding from this grant use the Municipal Emergency Housing Grant (MEHG) application form which includes the following: <ul style="list-style-type: none"> details of the disaster, municipal ward, the impact thereof and number of temporary shelters required as well as the number of households affected specification of the shelter to be provided and total funds required for disaster response implementation plan summary of the projects including GPS coordinates register of beneficiaries consolidated project cash flow over a three-month period as an annexure to the implementation plan a copy of the municipality's emergency procurement policy
Conditions	<ul style="list-style-type: none"> Municipalities must submit an application to the national Department of Human Settlements (DHS) within 14 days of the agreement by the Mayor that a housing emergency exists in terms of section 2.3.1 (a) and (b) of the Emergency Housing Programme The relevant Provincial Disaster Management Centre must be informed of the application in writing by the municipality The municipal manager must sign-off and confirm the information captured in the application Shelter solutions funded from the grant must comply with the National Housing Code The approval of funding to repair damage caused by disasters must be subjected to the assessment report The flow of the first tranche of funds is conditional on approval by the national DHS The flow of the second tranche is subject to the municipality spending at least 80 per cent of the first instalment and submitting detailed non-financial and financial reports indicating progress to date signed-off by the accounting officer Funds may only be spent on items and activities included in the application approved by the Accounting Officer of the national DHS Municipal officers must submit a report within 30 days after the end of the quarter in which the funds are spent, outlining expenditure of the funds and documentary proof of services rendered. Thereafter monthly reports shall be submitted to the national DHS until the funds are fully utilised The emergency procurement system as guided by Public Finance Management Act, Municipal Finance Management Act and Treasury Regulations must be invoked to ensure immediate assistance to the affected communities
Allocation criteria	<ul style="list-style-type: none"> This grant funding is intended to address the housing needs of households who for reasons beyond their control, find themselves in need of emergency housing, such as: <ul style="list-style-type: none"> existing shelter destroyed or damaged by a disaster displaced following a disaster relocation due to prevailing material (i.e. physical) conditions posing an immediate threat to the adequacy and safety of their existing housing as a result of a disaster The grant is allocated to municipalities on application and approval thereof by the accounting officer of the national DHS
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This is a conditional grant with a specific purpose to provide for a rapid response to disasters as they arise
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> The grant was allocated R140 million and R37.8 million was transferred to municipalities of which R4 million was spent by municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 69 temporary shelters provided at Bitou Municipality
Projected life	<ul style="list-style-type: none"> This grant is expected to continue over the medium term and will be subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R159 million; 2021/22: R168 million and 2022/23: R175 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury

Municipal Emergency Housing Grant	
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Advise and guide municipalities about the existence of the MEHG and how it can be accessed • Develop and publish the MEHG application form template in consultation with National Treasury and the National Disaster Management Centre • Monitor programme implementation including establishing and maintaining a register or database of human settlements disasters • Support municipalities to plan for potential disasters. This includes identifying communities/households that reside in unsafe conditions posing a threat to health and safety as well as households who live in areas prone to flooding and/or other disasters • Monitor the planning and priority development for communities/households residing in unhealthy and life threatening circumstances and provide implementation assistance where required • Facilitate a coordinated housing assistance intervention response in circumstances where disasters affect more than one municipality • Coordinate assistance with the National Disaster Management Centre to ensure there is no duplication of funding with the provincial and municipal disaster relief grants and the Provincial Emergency Housing Grant • Request National Treasury's approval for the disbursement of funds to municipalities within 10 days of receipt of an application for funding from this grant • Notify the municipality and the relevant provincial treasury of a transfer at least two days before the transfer of funds. Funds must be transferred no later than five days after the notification • Transfer funds to the municipalities with a clear stipulation of the purpose of the funds • Provide the National Treasury with written notification of the transfer within 10 days after a transfer of the funds • Undertake over sight visits together with the municipality for verifications of reported performance • Submit financial and non-financial reports to the National Treasury 20 days after the end of each month • Provide a performance report within 45 days after the end of the quarter in which the funds were spent, to the National Treasury, using the disaster allocation monitoring template agreed with the National Treasury • Together with the municipalities monitor the implementation of funded projects • Support municipalities in accessing the MEHG <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Municipalities are responsible for providing the first response in the immediate aftermath of a housing emergency • Prepare and submit a complete application with all supporting documents for the MEHG in the event of disaster incidents occurring within their jurisdiction • Together with the national DHS conduct initial assessments of disaster impacts to verify the applications for funding within five days following the occurrence of a reported incident that meets the conditions • Upon approval of the application by the national DHS and receipt of funding, implement the intended relief measure (emergency housing solutions) in respect of the affected households and communities • Manage implementation of emergency interventions including establishing and maintaining a register or database of human settlements disasters and emergencies in the municipality • Plan disaster mitigation measures in collaboration with the relevant Local Disaster Management Centre; these include public awareness and community outreach initiatives in respect of disaster mitigation • Facilitate the release of municipal owned land for emergency housing and resettlement purposes • Plan for potential disaster incidents. This includes identifying communities/households that reside on inadequate land posing a threat to health and safety as well as households who live in areas prone to flooding and/or other disasters • Facilitate that identified and prioritised communities and/or households are relocated and properly housed in formalised townships that comply with human settlement development norms and standards • Ensure that the shelter solutions comply with the Housing Code • Monitor the planning and priority development for communities/households residing in unhealthy and life threatening circumstances and provide implementation assistance where required • Provide financial and non-financial reports to national DHS within 15 days after the end of each month • Ensure contingency plans are in place to facilitate the provision of emergency shelter in the immediate aftermath of a housing emergency. These plans could include having standby contracts in place that allow for the rapid deployment of emergency shelter and/or identifying safe sites for temporary shelter • Ensure that emergency procurement policies in line with the Public Finance Management Act (PFMA) and Treasury Regulations are in place • Provide a performance report which includes evidence on progress with implementation of the projects to the national DHS within 30 days after the end of the quarter in which funds are spent • Identify communities and/or households for temporary relocation due to an imminent disaster event • Monitor the implementation of funded disaster projects by sectors • Maintain a register of the beneficiaries
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Not applicable

Urban Settlements Development Grant	
Transferring department	<ul style="list-style-type: none"> • Human Settlements (Vote 33)
Grant schedule	<ul style="list-style-type: none"> • Schedule 4, Part B
Strategic goal	<ul style="list-style-type: none"> • The creation of sustainable and integrated human settlements that enable improved quality of household life
Grant purpose	<ul style="list-style-type: none"> • To supplement the capital revenues of metropolitan municipalities in order to implement infrastructure projects that promote equitable, integrated, productive, inclusive and sustainable urban development • To provide funding to facilitate a programmatic, inclusive and municipality-wide approach to upgrading informal settlements
Outcome statements	<ul style="list-style-type: none"> • The outcomes to be realised in order to promote integrated sustainable urban settlements and improved quality of living environments are as follows: <ul style="list-style-type: none"> ○ supporting inclusive densification and transit-oriented urban development, integrating existing and new urban developments ○ provision of adequate bulk and link infrastructure for mixed-income and mixed-use urban developments ○ provide opportunities for leveraging of public funding within partnerships that promote integrated mixed-income and mixed-use urban development projects and funding for broader urban development <p>Upgrading Informal Settlements Programme (UISP) component</p> <ul style="list-style-type: none"> • Promote integrated sustainable urban settlements and improved quality living environment as per the National Housing Code 2009 which includes tenure security, health and security as well as empowerment • Serve as a planning and preparation platform towards the introduction of a new informal settlements upgrading grant
Outputs	<ul style="list-style-type: none"> • The following outputs should be funded by the grant to support the improvement of the overall built environment: <ul style="list-style-type: none"> ○ increase in bulk and link infrastructure ○ construction/ provision of internal engineering services ○ increase in the number of serviced sites ○ increase in the provision of individual connections ○ increase in land provision for informal settlement upgrading, subsidised housing, or mixed-use developments in support of approved human settlements and other urban developments ○ increase in access to public and socio-economic amenities ○ increase in the number of interim basic services <p>UISP component</p> <ul style="list-style-type: none"> • Programmatic municipality-wide informal settlements upgrading strategy • Number of approved individual informal settlements upgrading plans aligned to the National Upgrading Support Programme (NUSP) methodology • Number of social compacts concluded with communities and/or community resource organisations outlining their role in the upgrading process • Number of informal settlements designated for upgrading in terms of the municipal Spatial Development Framework (SDF) and Spatial Planning and Land Use Management Act (SPLUMA) and by-laws enacted in this regard • Number of households provided with secure tenure • Number of households provided with individual municipal engineering services (water services, sanitation solutions and electricity – grid and non-grid) • Number of informal settlements provided with interim and permanent municipal engineering services (public lighting, roads, storm water, refuse removal and bulk connections for water, sanitation and electricity) • Hectares of land acquired for relocation of Categories B2 and C settlements (categories in terms of the NUSP methodology) • Hectares of land acquired for in situ upgrading for B1 settlements <p>Number of in situ individually serviced sites developed</p> <p>Response to the COVID-19 pandemic</p> <ul style="list-style-type: none"> • Additional services provided to informal settlements and vulnerable communities • Number of municipal-owned facilities identified for quarantine sites that are repaired (limited to repairs to existing facilities, not modifications and operational costs) • Number of public facilities (by category) sanitised • Number of hand-washing dispensers installed • Litres of sanitiser procured • Number of temperature scanners procured • Number of municipal workers provided with personal protective equipment
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses the USDG plan (containing a project list with project names, project descriptions, classification of infrastructure, Geographic Information System (GIS) coordinates and wards in which projects are being developed). The USDG plan is an annexure to the Built Environment Performance Plan (BEPP) for cities that complete a BEPP. The USDG plan is consistent with the Integrated Development Plan (IDP), including the human settlements chapter of the IDP, and the Service Delivery and Budget Implementation Plan (SDBIP) of the receiving municipality <p>UISP component</p> <ul style="list-style-type: none"> • This component requires that cities use the human settlements chapter of their IDP to prioritise informal settlements for upgrading in 2020/21

Urban Settlements Development Grant	
	<ul style="list-style-type: none"> • This component requires the submission of a UISP business plan in the prescribed format, with informal settlement upgrading plans for each settlement to be upgraded which include: <ul style="list-style-type: none"> ○ project description ○ settlement name and GIS coordinates ○ category of settlement ○ project institutional arrangements (including list of stakeholders and departments responsible) ○ sustainable livelihood implementation plans ○ outputs and targets for services to be delivered ○ cash flow projections (payment schedule) ○ details of the support plan ○ risk management plan ○ prioritisation certificate issued by the MEC in consultation with relevant Mayors • For those settlements where upgrading plans have not yet been completed, an interim plan with clear deliverables in terms of the UISP phases contained in the Housing Code must be submitted
Conditions	<ul style="list-style-type: none"> • Municipalities must submit a USDG plan (as an annexure to the BEPP, or separately) that is aligned to the SDBIP, IDP and the One Plan in pilot areas for the District Development Model to the national Department of Human Settlements (DHS) and National Treasury • The annual USDG plan must contain a project list with project names, project descriptions, classification of infrastructure, GIS coordinates and wards in which projects are being developed. The submission should include motivations of how the projects will benefit poor households and information on spatial targeting, co-funding and other associated investments • The flow of the first instalment is subject to: <ul style="list-style-type: none"> ○ submission of the 2019/20 third quarter report, signed-off by the municipal Accounting Officer including the performance matrix with non-financial information ○ submission of a USDG plan (as an annexure to the annual BEPP for 2020/21, for municipalities that prepare BEPPs) that is aligned to the municipal IDP, SDBIP and national priorities by 29 May 2020 • The flow of the second instalment will be conditional upon the: <ul style="list-style-type: none"> ○ submission of the 2019/20 fourth quarter report signed-off by the accounting officer of the municipality including the performance matrix with non-financial information ○ submission of 2020/21 first quarter performance information, in line with the requirements of Municipal Finance Management Act (MFMA) circular 88 • The flow of the third instalment will be conditional upon submission of second quarter performance information, in line with the requirements of MFMA circular 88 • A maximum of 3 per cent of the USDG may be used to procure capacity to support the implementation of USDG human settlements programme outputs as contained in the Medium Term Strategic Framework (MTSF) and in line with the capacity building guideline published by DHS • Municipalities must indicate the amounts of their annual allocations for spending on the identified catalytic projects in their BEPPs as approved by the municipal council • Municipalities must also report their non-financial performance in terms of the requirements set out in MFMA circular 88 or any further circular issued in this regard <p>UISP component</p> <ul style="list-style-type: none"> • The following ring-fenced funds per municipality may only be used for projects contained in the UISP business plan of each municipality that is submitted as an annexure to the USDG business plan, in the format prescribed by the Department and aligned to the NUSP methodology and subject to the conditions and requirements specified for this component: <ul style="list-style-type: none"> ○ Buffalo City: R152 million ○ Nelson Mandela Bay: R181 million ○ Mangaung: R151 million ○ City of Ekurhuleni: R394 million ○ City of Johannesburg: R370 million ○ City of Tshwane: R320 million ○ eThekweni: R393 million ○ City of Cape Town: R296 million • Where there are no upgrading plans and spending is approved in terms of an interim plan, funding will only be transferred to a metro provided that confirmation is provided to the national department that individual upgrading plans are being developed for these projects and will be completed by 2021/22 • The ring-fenced amounts for this component are minimum amounts and municipalities may choose to spend a larger portion of their USDG allocation in compliance with the requirements of this component • A social compact must be concluded as part of each individual informal settlement upgrading plan. A maximum of three per cent of the project cost may be used for community/social facilitation • The transfer of the first tranche of funds is conditional upon approval by the DHS of a municipal business plan which is consistent with the provisions of the Housing Act, 2020 Division of Revenue Act and in compliance with the National Housing Code • Cities must report quarterly on projects funded through this component using the template prescribed by DHS. Reporting must include financial and non-financial performance on progress against UISP plans <p>Response to COVID-19 pandemic</p> <ul style="list-style-type: none"> • Municipalities must submit a revised USDG plan for approval by DHS, outlining the planned use of USDG funds for the following activities as part of the response to the COVID-19 pandemic: <ul style="list-style-type: none"> ○ municipalities must prioritise the provision of water and sanitation to communities that do not currently have access to water services

Urban Settlements Development Grant	
	<ul style="list-style-type: none"> ○ funds may be used for the costs of providing services at higher frequency and/or standards for informal settlements and vulnerable communities ○ funds may be used for the provision of temporary relocation areas at a unit cost of R64 441, and in line with the requirements of the Housing Code ○ grant funds may be used for the repair of municipal-owned infrastructure identified for quarantine sites (limited to repairs to existing facilities, not modifications and operational costs) ○ funds may be used for the sanitisation of public facilities (except public transport facilities) ○ Buffalo City may use up to 15 per cent of its allocation for the sanitisation of public transport facilities, including providing for hand washing facilities, hand sanitiser, provisions for physical distancing and provision of personal protective equipment for public transport workers ○ funds can be used from the UISP component and/or the rest of the USDG, plans must indicate which component the funds come from <ul style="list-style-type: none"> ● Monthly reports on COVID-19 expenditure must include information on actual spending and services delivered
Allocation criteria	<ul style="list-style-type: none"> ● The grant is allocated to all metropolitan municipalities ● The base allocation is derived from the Municipal Infrastructure Grant formula explained in part 5 of annexure W1 of the 2020 Division of Revenue Bill. The formula incorporates household backlogs in basic services and access to socio-economic services and poverty-weighted data ● The allocation of the Upgrading of Informal Settlements Partnership component ring-fenced within the USDG is 20 per cent of the allocation for each municipality. These funds are also determined through the USDG allocation formula
Reasons not incorporated in equitable share	This is a supplementary capital infrastructure grant with conditions, objectives and distribution criteria (including infrastructure backlogs) different to those of the equitable share
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> ● The grant was allocated R11.3 billion, and R11.3 billion (100 per cent) was transferred to municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> ● Delivery performance is indicated in the performance evaluation reports for 2018/19
Projected life	<ul style="list-style-type: none"> ● The USDG will continue until 2022/23, subject to review ● The UISP component is intended to become a separate conditional grant in 2021/22, subject to review
MTEF allocations	<ul style="list-style-type: none"> ● 2020/21: R11.3 billion; 2021/22: R7.4 billion and 2022/23: R7.4 billion
Payment schedule	<ul style="list-style-type: none"> ● Transfers will be made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> ● Develop indicators for the outcomes and outputs ● Convene a structured forum to meet with municipalities on a quarterly basis ● Monitor and evaluate the municipal financial and non-financial performance of the grant, including quarterly summary reports on performance across municipalities ● Provide support to municipalities with regard to human settlement programmes ● Publish a guideline by 29 May 2020 on how capacity funds from this grant should be used by cities ● Ensure collaboration between provinces and municipalities to promote area-based planning, budgeting and funding alignment as well as implementation support, where applicable ● Undertake oversight visits to municipalities as may be necessary ● Facilitate strategic and spatial planning support related to human settlements development ● Provide systems, including the Housing Subsidy System that support the administration of the human settlements delivery process ● Coordinate and facilitate interaction between national departments, state-owned enterprises, other relevant entities of the state, provincial departments of human settlements and participating municipalities, on a quarterly basis ● When under expenditure and under performance is identified, the department may recommend the stopping and reallocation (in terms of sections 19 and 20 of the 2020 Division of Revenue Act) of funds that are anticipated to be unspent ● Participate in the municipal budget benchmarking process as and when indicated by the National Treasury ● Review BEPP guidelines ● Share COVID-19 response plans from cities with National Treasury for comments before approving them ● DHS must report separately on COVID-19 expenditure, in its reports submitted in terms of the requirements of section 9 of the Division of Revenue Act and must share these reports with the National Disaster Management Centre <p>Responsibilities of other national sector departments</p> <ul style="list-style-type: none"> ● The Department of Mineral Resources and Energy, Department of Water and Sanitation, Department of Environment, Forestry and Fisheries and the Department of Transport must all provide technical advice and support relevant to their sectors and monitor the performance of cities as reported in terms of MFMA circular 88 <p>UISP component</p> <ul style="list-style-type: none"> ● Develop a clear business plan template for municipalities to use for submission ● Receive, assess and approve the business plans of municipalities ● Assess and make recommendations on the credibility of municipal business plans and the readiness of projects captured therein ● Maintain the policy and programme, and assist with interpretation of the policy, business plans and individual upgrading plans ● Develop a reporting template for municipalities on UISP outputs and publish it by 29 May 2020

Urban Settlements Development Grant	
	<ul style="list-style-type: none"> • Monitor and evaluate municipal financial and non-financial grant performance and control systems including quarterly summary reports on performance related to the UISP component • Provide implementation assistance support to municipalities as may be required • Undertake structured and other visits to municipalities as is necessary • Facilitate regular interaction between DHS and municipalities • Submit a report on the status of informal settlements and their categorisation (in terms of the National Upgrading Support Programme's methodology) to National Treasury by 31 July 2020 • Identify lessons from the preparation and implementation of this component and use these to inform the design of the proposed new grant for informal settlement upgrading <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Submit 2019/20 evaluation reports in terms of the USDG performance matrix, as contained in the SDBIP, to the transferring officer • Metropolitan municipalities may replace non-performing projects with performing projects providing a similar infrastructure that fulfils the same policy objectives. This replacement should not jeopardise the achievement of the overall MTSF targets committed to by the municipality • Changes to the approved project list may only be made once a quarter and the metro must notify the DHS in writing and provide all the relevant details of the new project within 30 days after the end of the quarter • Submit monthly financial reports, as contemplated in section 71(5) of the MFMA, within 10 working days after the end of each month indicating reasons for deviations and remedial actions. Such reports must be submitted to the national department, provincial departments and National Treasury • Ensure that the USDG performance matrix is consistent and aligned with national priorities and provincial human settlements plans • Comply with the terms and conditions of the receiving officer outlined in the Division of Revenue Act • Municipalities should request the roll-over of unspent funds through National Treasury and inform the transferring officer of all processes regarding the request • Ensure effective and efficient utilisation of the grant and alignment to the purpose and outputs of the grant • Ensure compliance with required intergovernmental forums, reporting, and accountability frameworks for human settlements • Ensure that the USDG is used to meet municipality MTSF targets <p>UISP component</p> <ul style="list-style-type: none"> • Initiate, plan and formulate applications for projects relating to the upgrading of informal settlements, which in the case of municipalities that are not accredited, must be in collaboration with the relevant provincial department • Request assistance from the provincial department on any of the matters concerned if the municipality lacks the capacity, resources or expertise • Submit a detailed application for NUSP technical support to the national Department of Human Settlements • Submit the final business plans by 29 May 2020 • Implement approved projects in accordance with UISP plans approved by the national department • Fast-track the planning approval processes for informal settlements upgrading projects • Assume ownership of the engineering services installed • Manage, operate and maintain settlement areas developed under this programme • Coordinate and facilitate the provision of bulk and connector engineering services (including through funding from the main USDG) • Submit a report on the status of informal settlements in their municipal area and their categorisation (in terms of the National Upgrading Support Programme's methodology) to DHS by 29 May 2020 • Identify lessons from the implementation of this component and share these with DHS • Prepare and submit quarterly reports (financial and non-financial) on projects funded through this component using the template prescribed
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Municipalities must submit a comprehensive USDG plan (based on circular 88 indicators) with targets aligned to the MTSF, IDP and SDBIP and a draft and/or approved municipal budget • Municipalities must submit their first draft of the USDG plan to the transferring officer by 26 March 2021 and the final USDG plan should be submitted by 29 May 2021 <p>UISP component/new grant</p> <ul style="list-style-type: none"> • Municipalities must prepare a municipality-wide Informal Settlement Upgrading Strategy (aligned to their BEPP, if applicable) that sets out the city's approach to informal settlement upgrading and management and how settlements are categorised and will be prioritised for upgrading. A draft of this plan must be submitted to DHS by 30 October 2020. DHS will provide comments by 30 November 2020. A final plan must be adopted by council by 29 January 2021 • Draft business plans, accompanied by Informal Settlement Upgrading Plans as an annexure for each settlement to be upgraded in 2021/22 must be submitted to the National Department by 29 January 2021 The DHS will provide comments by 16 March 2021 • Final business plans must be submitted by not later than 15 April 2021

NATIONAL TREASURY GRANTS

Local Government Financial Management Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> To secure sound and sustainable management of the fiscal and financial affairs of municipalities
Grant purpose	<ul style="list-style-type: none"> To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA)
Outcome statements	<ul style="list-style-type: none"> Strengthen capacity in the financial management of municipalities Improved and sustained skills development, including the appointment of interns supporting the implementation of financial management reforms focusing on the gaps identified in the Financial Management Grant (FMG) support plans Appropriately skilled financial officers, appointed in municipalities consistent with the minimum competency regulations Improved financial management maturity and capabilities Timely submission of financial statements and improved audit outcomes Improvement in municipal financial governance and oversight Reduction in unauthorised, irregular, fruitless and wasteful expenditure incurred by municipalities
Outputs	<ul style="list-style-type: none"> Number of municipal officials registered for financial management training Number of interns serving on the internship program, and permanently appointed in municipalities Number of municipalities that have reassessed priority modules in the Financial Management Capability Maturity Model (FMCMM) Number of municipalities with established internal audit units and audit committees Number of municipalities that submitted their annual financial statements timeously Number of municipalities with disclaimers and adverse opinions that developed audit action plans Number of municipalities that prepared and implemented financial recovery plans, where appropriate Submission of FMG support plans Number of disciplinary boards established
Priorities of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government Priority 6: A capable, ethical and developmental state
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses an FMG support plan which identifies weaknesses in financial management, which are planned to be addressed through the grant allocation
Conditions	<ul style="list-style-type: none"> FMG funds can be used towards the following: <ul style="list-style-type: none"> strengthen capacity and up-skilling officials in the budget and treasury office, internal audit and audit committees a total of five interns in local municipalities and three interns in metropolitan and district municipalities must be appointed over a multi-year period. Municipalities must submit a plan for the retention of skills developed through the internship programme on-going review, revision and submission of FMG support plans to the National Treasury that address weaknesses in financial management acquisition, upgrade and maintenance of financial management systems to produce multi-year budgets, in-year reports, service delivery and budget implementation plans, annual financial statements, annual reports and automated financial management practices including the municipal Standard Chart of Accounts (mSCOA) support the training of municipal financial management officials working towards attaining the minimum competencies, as regulated in Government Gazette 29967 of June 2007 support the preparation and timely submission of annual financial statements for audits. Technical support to municipalities must include the transfer of skills to municipal officials support the implementation of corrective actions to address the root causes of audit findings in municipalities that received adverse and disclaimer opinions support the implementation of the financial misconduct regulations and promote consequence management to reduce unauthorised, irregular, fruitless and wasteful expenditure incurred by municipalities support to strengthen financial governance and oversight, as well as functioning of Municipal Public Accounts Committees the preparation of a financial recovery plan and the implementation thereof, where appropriate implementation of financial management reforms and overall compliance with the MFMA to address shortcomings identified in the Financial Management Capability Maturity Model assessments for that municipality Spending on the conditions above exclude any cost relating to travel, accommodation and incidental expenses FMG support plan must be consistent with the conditions of the grant and must be submitted timeously Timely submission of reports with complete information as prescribed in the 2020 Division of Revenue Act Expenditure must be maintained at appropriate levels

Local Government Financial Management Grant	
Allocation criteria	<ul style="list-style-type: none"> • All municipalities benefit from allocations to augment their own resources in support of implementation of the financial management reforms • Priority is given to municipalities: <ul style="list-style-type: none"> ○ with challenges/shortcomings in processes, procedures and systems to effectively implement the MFMA, as identified in the Financial Management Capability Maturity Model assessment ○ with adverse and disclaimer audit opinions ○ with a deterioration in financial management
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Grant provides direct support to municipalities to develop financial management and technical capacity for the implementation of the MFMA, its regulations and associated financial reforms
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • R505 million was allocated and R505 million was transferred to municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • All 257 municipalities submitted FMG support plans • As at 30 June 2019, 1 320 graduate finance interns were serving on the internship programme in municipalities • Internship workshops to improve the programme and sustain reforms were concluded in nine provinces • The grant supported the following outputs: <ul style="list-style-type: none"> ○ a total of 1 185 officials received a statement of results for attaining minimum competencies ○ of the 165 municipalities that utilised the FMG to prepare their 2018/19 annual financial statements, 143 (87 per cent) submitted their annual financial statements to the Auditor-General for auditing by 31 August 2019 ○ 44 municipalities utilised the FMG to develop audit action plans and implement corrective actions to address 2017/18 audit findings ○ 220 municipalities utilised the FMG to acquire/upgrade and maintain their financial management systems ○ 151 municipalities utilised the FMG to strengthen the capacity and up-skill officials in the budget and treasury office, internal audit units and audit committees
Projected life	<ul style="list-style-type: none"> • Ongoing with periodic reviews as the financial reforms are still in progress
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R545 million; 2021/22: R575 million and 2022/23: R596 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Management, monitoring and reporting of the programme • Transfer funds to municipalities in terms of the 2020 Division of Revenue Act • Undertake on-going monitoring of the municipalities • Participate in the review of the municipal capacity support system during 2020
	<p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Submit support plans which are consistent with the conditions of the grant • Submit reports consistent with the reporting requirements in the 2020 Division of Revenue Act
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • On-going review, revision and submission of the FMG support plans to address weaknesses in financial management • The programme is based on the FMG support plans which municipalities must submit to the National Treasury before the start of the municipal financial year

Integrated City Development Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Grant schedule	<ul style="list-style-type: none"> Schedule 4, Part B
Strategic goal	<ul style="list-style-type: none"> The development of more inclusive, liveable, productive and sustainable urban built environments in metropolitan municipalities
Grant purpose	<ul style="list-style-type: none"> To provide a financial incentive for metropolitan municipalities to achieve a more compact urban spatial form through integrating and focussing their use of available infrastructure investment and regulatory instruments To support metropolitan municipalities to develop a pipeline of investment ready capital programmes and projects through establishing and institutionalising an effective and efficient system of programme and project preparation
Outcome statements	<ul style="list-style-type: none"> Improved spatial targeting and sequencing of public investments in the urban built environment to achieve a more compact, inclusive, productive and sustainable urban spatial form Strengthened and effective system of programme and project preparation
Outputs	<ul style="list-style-type: none"> Number of infrastructure projects including public transport, roads, water, energy, housing, land acquisition and development in implementation within identified integration zones Number of integrated strategic/catalytic projects planned within identified integration zones Number of authorised studies/strategies completed
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> Eligibility is restricted to metropolitan municipalities which: <ul style="list-style-type: none"> have not had an adverse or disclaimed audit opinion in the last two financial years will, by 29 May 2020, submit a letter to National Treasury indicating their commitment to establishing and institutionalising an effective system of programme and project preparation Municipalities may select preferred programmes and projects within their functional mandates and within approved integration zones. Eligible expenditures include: <ul style="list-style-type: none"> direct operating expenditure of at least 50 per cent of the ICDG allocation to be used for programme and project preparation activities capital expenditure within the functional mandate of the municipality within identified integration zones The first transfer of the grant will only be released to a municipality that has, by 31 July 2020: <ul style="list-style-type: none"> adopted the Cities Infrastructure Delivery and Management Systems (CIDMS) guidelines indicated a work plan with activities relating to the establishment and institutionalisation of programme and project preparation established a programme and project approval committee which meets the requirements for the authorising environment in terms of the guideline issued by National Treasury committed to co-financing contributions and budget management arrangements
Allocation criteria	<ul style="list-style-type: none"> Allocations will be made to eligible metropolitan municipalities on a population-weighted basis in order to account for the relatively greater planning complexity and investment needs in larger metropolitan municipalities. Final allocations are adjusted by performance against the following weighted indicators: <ul style="list-style-type: none"> BEPP evaluation score for 2019/20 (30 per cent) achieved 80 per cent of capital expenditure in 2018/19 (15 per cent) no vacancies longer than six months in 2019 for section 57 positions in terms of Municipal Systems Act (10 per cent) unqualified audit opinion by the Auditor-General (with or without findings) for the last financial year (25 per cent) decrease in total value of irregular, fruitless and wasteful expenditure identified by the Auditor-General (20 per cent) For the outer years of the MTEF, allocations per metropolitan municipality have been provided without taking into account any performance adjustments. The allocation figures for the 2021 MTEF will be adjusted based on actual performance against the weighted indicators listed above as well as any new built environment indicators agreed with the metros It is anticipated that in future years the grant will be used only for programme and project preparation activities and will be adjusted annually to ensure increased co-financing by cities
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The grant provides a specific financial incentive for metropolitan municipalities to enhance the performance of their urban built environment programmes by supporting programme and project preparation. It reflects commitments contained in the National Development Plan to streamline funding for urban public investments to support the restructuring of the urban built environment
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> R293 million was allocated and transferred to municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> All eight metropolitan municipalities submitted BEPPs timeously and identified a total of 34 integration zones Municipalities planned 12 catalytic projects and 10 projects were under implementation in their integration zones

Integrated City Development Grant	
Projected life	<ul style="list-style-type: none"> The grant will continue over the 2020 MTEF, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R317 million; 2021/22: R341 million and 2022/23: R361 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Review eligibility criteria and assess compliance with grant conditions prior to the transfer of each grant instalment Provide operational guidelines, facilitate peer learning and provide capacity support through the Cities Support Programme Authorise applications for the utilisation of grant funds for specified operating purposes Participate in the review of the municipal capacity support system during 2020
	<p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> Submit a letter to National Treasury indicating their commitment to establishing and institutionalizing an effective system of programme and project preparation and a work plan of activities relating to the establishment and institutionalisation of programme and project preparation
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> Eligible municipalities must submit a work plan of activities relating to the establishment and institutionalisation of programme and project preparation National Treasury will communicate further details of the requirements for project and programme preparation funding over the 2021 MTEF period by November 2020

Infrastructure Skills Development Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> To improve infrastructure delivery management capacity within municipalities by developing a long-term and sustainable pool of registered professionals with built environment and related technical skills in engineering, town planning, quantity surveying, geographic information systems and project management
Grant purpose	<ul style="list-style-type: none"> To recruit unemployed graduates into municipalities to be trained and professionally registered, as per the requirements of the relevant statutory councils within the built environment
Outcome statements	<ul style="list-style-type: none"> Developed technical capacity within local government to enhance infrastructure provision, and service delivery, through improved infrastructure planning, implementation, operations and maintenance Registered professionals with built environment qualifications (national diplomas and degrees) as per the statutory councils' requirements Increased number of qualified and registered professionals employed within local government
Outputs	<ul style="list-style-type: none"> Number of built environment graduates registered as candidates for training and professional development as per requirements of the relevant statutory councils Number of graduates recognised as registered professionals by the relevant statutory councils Number of graduates employed as registered professionals within the built environment in local government
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> The business plan must demonstrate that the municipality has projects in which the graduates can be trained, and provide the relevant complexity of work and responsibility that can support graduates to meet the registration requirements of the relevant statutory councils Graduates must be seconded to an entity (public or private) if no relevant training is available to develop the necessary competence of the graduates Where graduates are placed in another entity (public or private) a memorandum of agreement must be developed and signed between the municipality and the entity, according to Infrastructure Skills Development Grant (ISDG) guidelines. The memorandum of agreement must clearly demonstrate the supervision requirements and the roles and responsibilities of all parties associated with the training of graduates Graduates must have a national diploma or degree in the built environment from higher education institutions i.e. universities or universities of technology recognised by the statutory council Municipalities must provide training as per the road-to-registration requirements of the relevant statutory council Mentoring must be provided by registered professionals in the same field as the graduates in training. The full names and proof of registration of the mentor must be submitted to the National Treasury, and a contract must be entered into with each mentor, in accordance with the ISDG guidelines The ISDG funding is to be utilised exclusively for costs associated with the training and professional development process of graduates (refer to ISDG guidelines) The business plan of a municipality must include an absorption strategy for the graduates within the municipality or any other municipality A project administrator may be appointed per municipality for the purpose of the ISDG administration if approved by National Treasury (refer to ISDG guidelines) Graduates are to be placed in units to support the management, maintenance and/or implementation of infrastructure, infrastructure related projects and accelerated service/infrastructure delivery Graduates must be assigned to a supervisor with experience in the same field as the graduates-in-training Graduates' training progress is to be evaluated by professionally registered mentors on a quarterly basis and development of the required competencies of graduates is to be evaluated bi-annually Municipalities must submit monthly and quarterly reports timeously Graduate reports and/or log books must be completed in the format of the statutory council and must be signed by the registered mentor/supervisor as required by statutory councils Municipal Managers must sign a service level agreement (SLA) with the National Treasury and such an agreement must be adhered to Non-compliance with the above conditions can result in the funds being withheld, stopped or re-allocated
Allocation criteria	<ul style="list-style-type: none"> Allocations are based on business plans submitted and ability of municipalities to provide training and professional development of graduates for the duration of the candidate phase as stipulated by statutory councils
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This conditional grant is meant to develop technical skills within municipalities
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> R141 million was allocated and transferred to 17 municipalities

Infrastructure Skills Development Grant	
	<p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • The grant has created employment and training opportunities • Currently 368 graduates are in training • Since inception of the grant, 261 graduates have been professionally registered with the relevant statutory councils • In 2018/19 the following municipalities hosted graduates through the grant: Buffalo City (22 graduates); Nelson Mandela Bay (30 graduates); eThekweni (35 graduates); City of Johannesburg (22 graduates); Polokwane (13 graduates); Govan Mbeki (63 graduates); Gert Sibande (21 graduates); Alfred Nzo (22 graduates); uMhlathuze (14 graduates); Sol Plaatjie (14 graduates); John Taolo Gaetsewe (6 graduates); King Sabata Dalindyebo (10 graduates); City of Cape Town (61 graduates); George (17 graduates); Alfred Duma (8 graduates); Thulamela (10 graduates)
Projected life	<ul style="list-style-type: none"> • The grant is expected to continue over the 2020 Medium Term Expenditure Framework (MTEF), subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R153 million; 2021/22: R162 million and 2022/23: R168 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with a payment schedule approved by the National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Issue guidelines and supporting documentation for the implementation of the ISDG • Rollout the ISDG in municipalities in compliance with the ISDG framework, guidelines and relevant prescripts • Manage, monitor and report on the programme • Ensure professional development is aligned to statutory council requirements • Monitor the registration progress of graduates with the relevant statutory councils by municipalities • Monitor financial and non-financial performance of the ISDG • Maintain graduates database for the ISDG • Work with the Municipal Infrastructure Support Agent, and other stakeholders on policies, strategies and guidelines to recruit graduates into permanent positions in local government after they have registered as professionals • Participate in the review of the municipal capacity support system during 2020 <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Comply with the requirements of the Division of Revenue Act, ISDG guidelines, the service level agreement and the requirements of the relevant statutory councils • Municipalities must prepare a structured training plan, indicating how graduates will be exposed to suitable projects, to ensure that graduates achieve competencies in relevant activities and are developed professionally to meet the outcome(s) requirements for professional registration • Seek and provide secondment opportunities/agreements with professional service providers, appointed by the municipality, when there is no more relevant work with adequate responsibility for the candidate to progress • Provide the candidate with the requisite workspace, supervisor, tools of profession/trade and logistics to perform the recommended activities within their training plans • Continuously review and assess the candidates' work and progress on the road-to-registration and make recommendations for corrective action • Ensure that candidates attend professional development activities in accordance with their training plans, progress and the requirements of their respective statutory councils • Attend all meetings and workshops convened by the National Treasury relating to this grant • Support and supervise graduates on the road-to-registration training • Recruit professionally registered mentors who are able to provide the skills training required and ensure that they are adequately orientated on the registration process and its requirements • Manage the programme and provide progress reports on a monthly and quarterly basis in the standard reporting templates provided by the National Treasury • Manage the utilisation of ISDG funds and report to the National Treasury • The municipality must provide, and update, the list of business tools procured with ISDG funds. The business tools must be procured in accordance with ISDG guidelines • Municipalities must submit applications for graduates to register as candidates with the relevant statutory councils within six months, and where not initially eligible, must complete the additional requirements for acceptance as a candidate within 12 months of intake • Municipalities must submit evidence of the graduates' registration to National Treasury when graduates have registered as professionals
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Interested municipalities must submit a three-year business plan by 31 August 2020 for assessment by the National Treasury • Participating municipalities must submit revised business plans to the National Treasury by 31 August 2020

Neighbourhood Development Partnership Grant	
Transferring department	<ul style="list-style-type: none"> National Treasury (Vote 8)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B and Schedule 6, Part B
Strategic goal	<ul style="list-style-type: none"> Eradicating spatial inequality towards the creation of liveable, sustainable, resilient, efficient, and integrated towns and cities
Grant purpose	<ul style="list-style-type: none"> To plan, catalyse, and invest in targeted locations in order to attract and sustain third party capital investments aimed at spatial transformation, that will improve the quality of life, and access to opportunities for residents in South Africa's under-served neighbourhoods, generally townships and rural towns
Outcome statements	<ul style="list-style-type: none"> Spatially integrated cities and towns Diversity of public and private capital investments leveraged into targeted locations Improved ratio of Neighbourhood Development Partnership Grant (NDPG) to third-party capital investment into strategic locations Improved municipal capacity to support infrastructure investment planning, prioritisation, and ability to drive long-term spatial transformation
Outputs	<ul style="list-style-type: none"> Targeted locations with catalytic projects, defined as either: <ul style="list-style-type: none"> urban hub precincts with secondary linkages and rural regional service centers; catalytic programmes within integration zones; or built environment upgrade projects in urban townships and rural towns Leveraged third-party capital investment into targeted locations The production and dissemination of toolkits, guidance and/or good practice notes and supporting knowledge sharing events Enhanced municipal strategic competencies in investment targeting, implementation, and urban management
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Outcome indicators Output indicators Inputs Key activities
Conditions	<ul style="list-style-type: none"> Compliance with the aims and objectives outlined in the investment plans between the municipality and the Transferring Officer Submission of cash flow schedules with budgets and timeframes for technical assistance and capital grant (project) implementation as requested by the transferring officer Programme execution is dependent on a sequential and formal acceptance/approval by the transferring officer of NDPG-related municipal plans or deliverables Municipalities must commit to forging partnerships with businesses, investors, communities, national and provincial government and state-owned entities in order to leverage the third-party capital investment required to ensure long-term and sustainable outcomes for each precinct
Allocation criteria	<ul style="list-style-type: none"> The grant funds the following activities in targeted locations that are defined as urban hubs and regional service centers: <ul style="list-style-type: none"> planning and the development of catalytic programmes and projects the development of built environment upgrade projects in townships and rural towns Schedule 6, Part B: technical assistance allocations support planning and professional programme management costs for programmes and projects in targeted locations in order to attract and sustain third party capital investments based on the NDPG's allocation criteria Schedule 5, Part B: capital grant allocations are determined via a pipeline of prioritised projects that have been identified through the planning process, in targeted locations Allocations are focused on municipalities whose circumstances align with the NDPG's criteria, these include: higher population densities, diverse nature of economic activity, concentrations of poverty, inefficient spatial-historical development, improved connectivity and mobility (in particular through improved public transport networks) Rural towns are selected according to population or population growth, location, economic potential and/or growth and governance and financial health
Reasons not incorporated in equitable share	This grant has a strong focus on catalytic nodal and linkage investment in targeted township locations that is not the focus of the equitable share
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> R582 million allocated in Schedule 5, Part B direct transfers to municipalities and R569 million of this was transferred to municipalities R49 million allocated in Schedule 6, Part B indirect transfers to municipalities and R48 million of this was spent by the end of the national financial year <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 82 NDPG projects under construction in 2018/19 R14 billion in estimated third party investment leveraged (cumulative since 2007/08) 509 catalytic projects approved (cumulative since 2007/08) 18 long-term urban regeneration programmes registered (cumulative since 2013/14)
Projected life	This grant is expected to continue over the medium term

Neighbourhood Development Partnership Grant	
MTEF allocations	<p>Direct transfers (Schedule 5, Part B):</p> <ul style="list-style-type: none"> • 2020/21: R559 million; 2021/22: R567 million and 2022/23: R593 million <p>Allocation-in-kind (Schedule 6, Part B):</p> <ul style="list-style-type: none"> • 2020/21: R63 million; 2021/22: R95 million and 2022/23: R106 million
Payment schedule	Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Funds plans and catalytic projects in targeted locations that are defined either as urban hubs, integration zones, catalytic programmes or as built environment upgrade projects in urban and rural towns, including: <ul style="list-style-type: none"> ○ notifying all municipalities of their allocation status, both directly and via the Neighbourhood Development Partnerships page on the National Treasury website ○ reporting in terms of the 2020 Division of Revenue Act ○ determining grant allocations for the Medium Term Expenditure Framework period ○ governing the acceptance or approval milestones of NDPG-related municipal plans or deliverables ○ monitoring, managing and evaluating financial and non-financial performance ○ overseeing and enforcing the conditions of this grant ○ producing and disseminating toolkits, guidance and good practice notes that strengthen competencies in investment targeting, implementation and urban management • Coordinate an advisory committee that includes the Department of Rural Development and Land Reform, Department of Cooperative Governance as part of the management of NDPG's small town projects • Participate in the review of the municipal capacity support system during 2020 <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Compile and submit monthly and quarterly expenditure and progress reports in line with NDPG requirements and as stipulated in the 2020 Division of Revenue Act • Submit a cash flow schedule with budgets and timeframes for technical assistance and/or capital grant implementation as requested by the transferring officer • Provide adequate human resources capacity for the successful coordination and implementation of NDPG projects • Coordinate the development of NDPG related municipal plans or deliverables and ensure that they are aligned with the grant objectives against which performance will be assessed • Manage and monitor technical assistance and/or capital grant implementation ensuring sound financial management and value for money • Maintain accurate and up to date grant and performance information as specified in NDPG management information formats and systems • Engage stakeholders so as to develop partnerships that leverage funding into the targeted locations • Collect and provide evidence of funding leveraged into each precinct • Mainstream and reflect the NDPG development strategies and plans across the municipality, i.e. through the municipal: <ul style="list-style-type: none"> ○ spatial development frameworks and capital investment frameworks (as a chapter in the municipal Spatial Development Framework) ○ Integrated Development Plans ○ Built Environment Performance Plans - only applicable to metropolitan municipalities
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Submission of NDPG related municipal plans and/or deliverables within the timeframes defined in each municipality's own work plans • Plans and/or deliverables must include an indication of: <ul style="list-style-type: none"> ○ the ability to attract and report on third-party funding leveraged ○ the quality of performance and progress reporting ○ the level of NDPG alignment across all municipal development strategies and plans including coordination, targeting, and prioritisation with other related capital projects as reflected through municipal spatial development frameworks and capital investment frameworks

PUBLIC WORKS AND INFRASTRUCTURE GRANT

Expanded Public Works Programme Integrated Grant for Municipalities	
Transferring department	<ul style="list-style-type: none"> Public Works and Infrastructure (Vote 13)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> To provide Expanded Public Works Programme (EPWP) incentive funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised
Grant purpose	<ul style="list-style-type: none"> To incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the following identified focus areas, in compliance with the EPWP guidelines: <ul style="list-style-type: none"> road maintenance and the maintenance of buildings low traffic volume roads and rural roads basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure) other economic and social infrastructure tourism and cultural industries waste management parks and beautification sustainable land-based livelihoods social services programmes community safety programmes
Outcome statements	<ul style="list-style-type: none"> Contribute towards increased levels of employment Improved opportunities for sustainable work through experience and learning gained
Outputs	<ul style="list-style-type: none"> Number of Full-Time Equivalents (FTEs) to be created through the grant Number of people employed and receiving income through the EPWP Increased average duration of the work opportunities created
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 1: Economic transformation and job creation
Details contained in the business plan	<ul style="list-style-type: none"> The programme is implemented through municipalities using EPWP integrated agreements and project lists that specify the number of FTEs and work opportunities to be created
Conditions	<ul style="list-style-type: none"> EPWP projects must comply with the project selection criteria determined in the EPWP grant manual, the EPWP guidelines set by the Department of Public Works and Infrastructure (DPWI) and the Ministerial Determination updated annually on 1 November each year Eligible municipalities must sign a funding agreement with the DPWI before the first grant disbursement, with their signed EPWP project list attached Municipalities must report quarterly on all EPWP projects via DPWI's EPWP reporting system Reports must be loaded on the EPWP reporting system every month. The system closes 15 days after the end of every quarter in order for progress to be assessed Municipalities must maintain beneficiary and payroll records as specified in the audit requirements in the EPWP grant manual The EPWP grant cannot be used to fund the costs of permanent municipal personnel however, a maximum of 5 per cent of the grant can be used to fund contract based capacity required to manage data capturing and on-site management costs related to the use of labour intensive methods The EPWP grant can only be utilised for EPWP purposes, for the projects approved in each municipality's EPWP project list To receive the first planned grant disbursement, eligible municipalities must submit a signed integrated agreement with a project list by 5 June 2020 Subsequent grant disbursements are conditional upon: <ul style="list-style-type: none"> eligible municipalities reporting quarterly on EPWP performance within the required timeframes reporting on EPWP Integrated Grant funded projects submitting on a quarterly basis non-financial reports including for the last quarter of the previous financial year reporting on EPWP Integrated Grant expenditure monthly within the required time frames Municipalities must implement their approved EPWP project list and meet agreed job creation targets EPWP branding must be included as part of the project cost in line with the corporate identity manual
Allocation criteria	<ul style="list-style-type: none"> To be eligible for EPWP grant allocation in 2020/21, a municipality must have reported FTEs that meet the minimum threshold in either the infrastructure or social sector or environment and culture sector in 2018/19 financial year Newly reporting municipalities must have reported 2019/20 EPWP performance (in either the infrastructure, social, or environment and culture sector) by 15 October 2019 The EPWP grant allocations are based on: <ul style="list-style-type: none"> past EPWP performance the number of FTE jobs created in the prior 18 months past performance with regard to labour intensity in the creation of EPWP work opportunities service delivery information from 2016 Community Survey used as an adjustment factor Allocation criteria include a rural bias Rural municipalities will also be prioritised in terms of technical support for implementation provided by DPWI
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This grant is intended to fund the expansion of labour intensity in specific focus areas as well as incentivise increased EPWP performance. The grant is based on performance, the potential to expand and the need for EPWP work in key focus areas

Expanded Public Works Programme Integrated Grant for Municipalities	
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> The grant had an allocation of R693 million, 245 municipalities were eligible for the grant and 100 per cent of the allocation was transferred to these municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 223 789 work opportunities were reported by 245 municipalities and validated on the EPWP system 64 306 FTE jobs were reported by 245 municipalities and validated on the EPWP system Average duration of the work opportunities created has increased to 70 days
Projected life	<ul style="list-style-type: none"> Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R748 million; 2021/22: R790 million and 2022/23: R819 million
Payment schedule	<ul style="list-style-type: none"> Three instalments per annum: 25 per cent, 3 August 2020; 45 per cent, 2 November 2020 and 30 per cent, 1 February 2021
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Determine eligibility and set grant allocations and FTE targets for eligible municipalities Publish on the EPWP website all documents relevant for municipalities to understand and implement the grant, including a grant manual, the relevant EPWP guidelines and the Ministerial Determination Support municipalities in the manner agreed to in the grant agreement, to: <ul style="list-style-type: none"> identify suitable EPWP projects and develop EPWP project lists in accordance with the EPWP project selection criteria apply the EPWP project selection criteria and EPWP guidelines to project design report using the EPWP reporting system Monitor the performance and spending of municipalities according to the signed incentive agreement Disburse the grant to eligible municipalities Conduct data quality assessments on a continuous basis, to support good governance and identify areas for administrative improvement Manage the EPWP coordinating structures in collaboration with provincial coordinating departments to support implementation, identify blockages and facilitate innovative solutions Conduct site visits to identify where support is needed <p>Responsibilities of the eligible municipalities</p> <ul style="list-style-type: none"> Develop and submit an EPWP project list to DPW by 5 June 2020 Sign the standard funding agreement with DPWI agreeing to comply with the conditions of the grant before receiving any grant disbursement Agree on the areas requiring technical support from DPWI upon signing the grant agreement Ensure that reporting is done within the timelines stipulated in the grant agreement and that information is captured in the EPWP reporting system Municipalities must maintain beneficiary and payroll records as specified in the audit requirements in the EPWP grant manual, and make these available to DPWI for data quality assessment tests Reports must be loaded within 15 days after the end of every quarter in order for progress to be assessed Submission of quarterly non-financial reports by the timelines stipulated in the clauses of the Division of Revenue Act
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> Municipalities must report performance on EPWP projects for the 2020/21 financial year by 30 October 2020 to be eligible for a grant allocation Municipalities must submit a signed EPWP integrated agreement and project list by 4 June 2021

TRANSPORT GRANTS

Public Transport Network Grant	
Transferring department	<ul style="list-style-type: none"> • Transport (Vote 40)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> • To support the National Land Transport Act (Act No. 5 of 2009) and Public Transport Strategy (PTS) and Action Plan in promoting the provision of accessible, reliable and affordable integrated municipal public transport network services
Grant purpose	<ul style="list-style-type: none"> • To provide funding for accelerated construction and improvement of public and non-motorised transport infrastructure that form part of a municipal integrated public transport network (IPTN) and to support the planning, regulation, control, management and operations of fiscally and financially sustainable municipal public transport network services
Outcome statements	<ul style="list-style-type: none"> • Improved public transport network infrastructure and services that function optimally and are safe, convenient, affordable, well managed and maintained • Public transport systems that are accessible to an increasing percentage of the population of urban municipalities and contribute to more spatially efficient urban areas
Outputs	<p>Network Operations Component</p> <ul style="list-style-type: none"> • Number of average weekday passenger trips carried on Public Transport Network Grant (PTNG) funded networks • Number and percentage of municipal households within a 500m walk to an integrated public transport network (IPTN) station or stop that has a minimum peak period frequency of 15 minutes or better • Percentage uptime for network operating systems as a proportion of the network's public operating hours • Passengers per network vehicle per average weekday <p>Network Infrastructure Component</p> <ul style="list-style-type: none"> • Public transport network infrastructure including dedicated lanes, routes and stops/shelters, stations, depots, signage and information displays, control centres and related information technology, fare systems and vehicles (if the national Department of Transport (DoT) in consultation with National Treasury approves use of grant funds to purchase vehicles), non-motorised transport (NMT) infrastructure that supports network integration (e.g. sidewalks, cycleways, cycle storage at stations, etc.) • Plans and detailed design related to IPTN infrastructure and operations <p>Response to COVID-19 pandemic</p> <ul style="list-style-type: none"> • Number of vehicles sanitised • Number of public transport facilities sanitised • Number of hand-washing facilities installed • Litres of sanitiser and disinfectant procured • Number of temperature scanners procured • Number of public transport drivers and frontline public transport workers provided with personal protective equipment (by type of equipment for each category of worker)
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses IPTN operational and related plans that include financial modelling
Conditions	<ul style="list-style-type: none"> • Projects must be based on, and form part of, a strategic, municipal wide, long-term IPTN plan and strategy approved by the municipal council • Projects funded by this grant must be based on an operational and business plan, which must include a multi-year financial operational plan approved by the municipal council. This multi-year financial operational plan must cover the full duration of any contracts for each phase funded by the PTNG and include operating and maintenance costs and universal design access plans • Projects must support an integrated multi-modal network approach as defined in the National Land Transport Act (NLTA) and the Public Transport Strategy and municipalities must manage operations to progressively achieve the standard of service defined in the Public Transport Strategy within available resources • Projects in metropolitan municipalities must demonstrate alignment to Built Environment Performance Plans (BEPPs) • Projects should follow an environmental strategy and consider energy efficiency and environmental aspects, such as emission standards; mandatory specifications regarding average fleet emissions should be considered • The first tranche is subject to submission of milestones in terms of the template determined by DoT by 29 May 2020 or within seven working days upon adoption/approval by municipal council, as part of the annual budget appropriation • Subsequent payments will be conditional on the attainment of previously funded milestones as specified in the grant allocation letter to each municipality from the DoT. Milestones are based on the approved IPTN operational plans of cities and are defined after consultation with municipalities • All public transport infrastructure and services funded through this grant must ensure that there is provision for the needs of special categories of passengers (including disabled, elderly and pregnant passengers) in line with the requirements of section 11(c)(xiv) of the NLTA • Allocations for this grant are made through two components, with separate conditions applicable to each component as set out in the allocations criteria section below • Allocations for the Network Operations Component will be determined by DoT once municipalities submit an annual operations plan including financial forecasts for 2020/21 by 29 May 2020 or within seven working

Public Transport Network Grant	
	<p>days, upon adoption/approval by municipal council, as a part of the annual budget appropriation. Funds for one component can be shifted to the other if approved by DoT and National Treasury</p> <ul style="list-style-type: none"> • The second tranche is subject to cities submitting, by 31 July 2020, an updated multi-year financial operational plan (approved by council) for the duration of the vehicle operating contract/s pertaining to any phase on which 2020/21 grant funds will be spent • All new intelligent transport solutions (ITS) related contracts that will incur grant expenditure must be jointly approved by DoT and National Treasury before grant funds may be spent on them • An amount of R1.045 billion in 2020/21 is allocated to the City of Cape Town through the Budget Facility for Infrastructure (BFI) for MyCiti Phase 2A and may only be used for that purpose. Should there be cost variations of more than 10 per cent on the BFI funded project, the municipality is required to inform National Treasury and the transferring officer within 30 days • In order to ensure efficient usage of grant funds, the DoT can instruct that municipalities utilise national transversal appointments for IPTN related items such as professional services, vehicles and information technology including automated fare collection and vehicle tracking, where such contracts exist <p>Network Operations Component</p> <ul style="list-style-type: none"> • Operating subsidies from this component can fund security, station management, fare collection services, control centre operations, information and marketing, network management, insurance, compensation for the economic rights of existing operators and maintenance of infrastructure and systems • From the start of operations, IPTN systems must recover all the direct operating costs of contracted vehicle operators from fare revenue, other local funding sources and, if applicable, from any Public Transport Operations Grant contributions. These direct operating costs consist of fuel, labour, operator administration and vehicle maintenance • From the start of operations on a route, the grant can fund a portion of the per kilometre rate to subsidise up to 100 per cent of the capital cost (including interest and related fees) of vehicles purchased by the vehicle operating company • IPTN operational plans and on-going operations management must target improved farebox cost coverage, through minimising costs and maximising fare revenues. Municipalities operating network services are required to supply detailed operating performance and operating cost and revenue reports quarterly in the formats prescribed by the DoT • Operating subsidies for any new or existing service, line, route or phase, will only be transferred after a municipality meets the requirements of DoT's Operational Readiness Framework • Municipalities must enforce rules and by-laws regarding usage of dedicated lanes, fare payment, and operator/supplier compliance with contractual provisions • Municipalities are required to establish specialist capacity to manage and monitor public transport system contracts and operations • Verified data on operator revenue and profitability and draft agreements for the compensation of existing economic rights of affected operators must be provided to DoT prior to concluding agreements on compensation for economic rights • Municipalities must enforce agreements that only legal operators operate on routes subject to compensation agreements <p>Network Infrastructure Component</p> <ul style="list-style-type: none"> • The grant can fund all IPTN-related infrastructure, including for non-motorised transport, upgrades of existing public transport infrastructure and for new infrastructure • Municipalities must demonstrate in their IPTN operational plans that they have attempted to give maximum priority to public and non-motorised transport while minimising costs through using existing infrastructure, road space and public land • For each phase, final network routing, service design and related financial modelling must be submitted to DoT for review and approval before municipalities proceed with detailed infrastructure design • IPTN projects must meet the minimum requirements of the South African Bureau of Standards (including Part S of the Building Regulations) • Contracted operators should finance and own vehicles unless a case for the exceptional use of limited infrastructure funding for vehicle procurement is approved by DoT, in consultation with National Treasury. If approval is granted, any vehicles purchased with grant funds must remain the property of the municipality • To respond to the COVID-19 pandemic, municipalities may request approval from the DoT to use up to 25 per cent of their allocations for the sanitisation of public transport facilities, including the provision of personal protective equipment for public transport workers, hand washing facilities and provisions for physical distancing • Municipalities must report separately on COVID-19 expenditure, in their reports submitted in terms of section 12 of the Division of Revenue Act
Allocation criteria	<ul style="list-style-type: none"> • Allocations are only made to municipalities that submit business plans in line with the above conditions, that demonstrate sufficient capacity to implement and operate any proposed projects, and credibly demonstrate the long-term fiscal and financial sustainability of the proposed projects • 75 per cent of available funds are allocated according the three public transport demand factors. The three demand factors which are equally weighted are: <ul style="list-style-type: none"> ○ size of population ○ size of economy ○ number of public transport users • 20 per cent of available funds are allocated through a base component shared equally between participating municipalities

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	<ul style="list-style-type: none"> • 5 per cent of available funds are allocated as a performance incentive to operating municipalities based on following three indicators (with a minimum threshold that will be revised upwards periodically): <ul style="list-style-type: none"> ○ coverage of costs from farebox: fare revenue as a percentage of direct operating costs, which indicates commitment to reducing operational costs, and is a measure of efficiency. The minimum threshold is 35 per cent ○ passenger trips: average weekday passenger trips as a percentage of the population. This indicates coverage of the system, in providing the services to residents. The minimum threshold is 1 per cent. The city should be operating for at least two months ○ skin in the game: city own funding as a percentage of the city's total property rates used towards funding the IPTN construction and operation. This is a measure of the cities' own commitment towards the system. The minimum threshold is 2 per cent • To be eligible for the incentive, municipalities must have spent at least 80 per cent of their PTNG allocation from the preceding year and exceed the minimum threshold in at least one of the three indicators • The information used for the incentive comes from cities' multi-year financial plans. If this information exceeds the audited numbers by more than 5 per cent, this will be corrected in the subsequent financial year by reducing the city's allocation by the amount that is over the amount the city would have received if calculations were based on the audited numbers • Allocations for the Network Operations Component are based on municipalities' Annual Operations Plans (to be submitted to DoT by 29 May 2020) which indicate the amount of the 2020/21 total allocation to be used within the rules of this component • Approval of these allocations is specified in the DoT allocation letter to municipalities and is based on the following rules: <ul style="list-style-type: none"> ○ DoT approval of the annual operations plan ○ the network operations component can be used in each phase and sub-phase of the introduction of services to fund up to 70 per cent of indirect operating costs for two years after the municipal financial year in which operations start. Thereafter the grant can fund up to 50 per cent. Non-PTNG sources must cover the remaining costs ○ compensation for the economic rights of existing operators can be funded up to 100 per cent in each phase
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Infrastructure and operational costs associated with the implementation of the Public Transport Strategy and NLTA were not included in municipal budgets prior to the introduction of IPTN services
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • R6.2 billion was allocated and R6.2 billion (100 per cent) was transferred to municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • Buffalo City: 4.2 km of Qumza highway upgraded (main transfer route in Mdantsane) • Cape Town: Phase 1B extension into Montague Gardens, Century City and Summer Greens includes construction of 4.12 km of dedicated bus lanes, six stations, one depot extension, six feeder bus priority intersection improvements, 77 open feeder stops, and 15 trunk stops • Ekurhuleni: 234 street lighting poles completed • eThekweni: Q Nandi construction 90 per cent complete. Dinkleman Road construction 23 per cent complete. Ntuzuma Interim Depot construction at 50 per cent and Pinetown Interim Depot construction at 20 per cent • George: roads rehabilitation on Nelson Mandela Boulevard, Courtenay Road, Caledon Street, Mission Street, Park Street, Merriman Street and Memorium Street. 99 bus shelters installed and lighting fitted in 55 shelters. Upgrading of traffic signals system on main corridors completed • Johannesburg: 0.4 km of 16.6 km of IC of roadways have been constructed. Heritage Bridge completed. Construction of 10 stations 85 per cent complete • Mangaung: Botshabelo, Thaba Nchu and the central business district (CBD) non-motorised construction completed • Mbombela: R40 Tshwane University of Technology, Rob Ferreira and R40 Bosch Street and Central public transport facilities completed • Msunduzi: 1km of right of way completed • Nelson Mandela Bay: Phase 2 construction of Lindsey Road/Keeton Street complete. Construction of bus shelters underway • Polokwane: construction underway for trunk route and trunk extensions in Seshego, feeder routes in the city, civil works for bus depot and day time layover facility. Construction of control center shell is 97 per cent complete. 21 (12-meter) buses have been assembled and branded. Installation of automated fare collection (AFC) devices on buses begun • Rustenburg: CBD trunk and three CBD station platforms completed. A new contractor was appointed for the construction for 18 stations, both open and closed which are 50 per cent complete. Negotiations for procurement of 30 buses with bus service provider in progress • Tshwane: construction of phase 2B in Atterbury between Lois and January Masilela 86 per cent complete. Construction of Capital Park bridge 17 per cent complete. Wonderboom intermodal facility bulk earthworks and civil works 54 per cent complete. Wonderboom temporary turn around and taxi holding area 7 per cent completed
Projected life	<ul style="list-style-type: none"> • Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R6.4 billion; 2021/22: R6.8 billion and 2022/23: R7.1 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with an agreed payment schedule approved by the National Treasury

Public Transport Network Grant	
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Disburse PTNG funds and monitor PTNG expenditure • Monitor IPTN implementation progress and operating performance in line with the NLTA and the public transport strategy • Verify reports from municipalities by conducting at least one site visit per annum • Allocate funds based on stated priorities through an allocation mechanism agreed to by the DoT and National Treasury • Review and comment on draft compensation agreements for economic rights • Review and comment on the network model submitted by each municipality • Evaluate the performance of the grant annually • Maintain the database of operational performance based on the indicators and continue to track, report and evaluate the performance of the grant based on these measures • Finalise the public transport subsidy policy for South Africa • Develop cost norms for ITS and include these in the annual PTNG guidelines and requirements circulated to municipalities by DoT • Submit copies of allocation letters and milestones to National Treasury • Review the Public Transport Strategy to ensure its requirements enable municipalities to develop fiscally sustainable IPTN systems • Implement internal mechanisms to monitor adherence to grant conditions and manage the disbursements of the grant where there is non-compliance. Measures to address non-compliance include withholding transfers, as provided for in section 18 of the Division of Revenue Act (DoRA). If matters are still unresolved, this may result in the stopping and reallocation of tranche payments in terms of sections 19 and 20 of DoRA • DoT must report separately on COVID-19 expenditure, in its reports submitted in terms of the requirements of section 10 of the Division of Revenue Act and must share these reports with the National Disaster Management Centre <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Ensure that projects are implemented in line with approved business plans and are also reflected in the integrated development plan of the municipality. Additional plans that municipalities will need to complete include: <ul style="list-style-type: none"> ○ network operational plans, including universal design access plans ○ business and financial plans (including financial modelling, economic evaluation, and operator transition plans) ○ institutional network management plans ○ engineering and architectural preliminary and detailed designs ○ public transport vehicle and technology plans ○ marketing and communication plans • Projects funded by this grant must promote the integration of the public transport networks in a municipality, through: <ul style="list-style-type: none"> ○ physical integration between different services within a single network ○ fare integration between different services ○ marketing integration with unified branding ○ institutional integration between the services ○ spatial integration, in conjunction with other grants directed at the built environment • Provide budget proposals for the PTNG funding that: <ul style="list-style-type: none"> ○ are based on sound operational and financial plans that cover direct vehicle company operating costs from local sources at a minimum ○ indicate the intended allocations between the network operations component and network infrastructure component • Establish a dedicated project team to plan, manage and monitor infrastructure development and maintenance, as well as operations with an emphasis on optimising vehicle kilometres through full use of procured Intelligent Transport System tools • Compile and submit data that indicates the efficiency and effectiveness of operational services in the formats and using the indicators defined by the DoT
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Municipalities must submit business plans based on a fiscally and financially sustainable IPTN (or an agreed plan to compile this), supported by credible multi-year financial operational plans by 31 July 2020 which include plans for how all municipal owned bus services will be integrated into the 10-year IPTN programme • DoT and National Treasury will jointly evaluate these plans – based on pre-determined criteria regarding financial and fiscal sustainability and sufficient capacity – for the municipality’s eligibility for an allocation in the 2021/22 financial year • Municipalities that fail to pass the eligibility criteria will be informed by 28 August 2020 and may be asked to resubmit plans

Rural Roads Asset Management Systems Grant	
Transferring department	<ul style="list-style-type: none"> • Transport (Vote 40)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> • Ensure efficient and effective investment in municipal roads through development of road asset management systems (RAMS), collection and analysis of data
Grant purpose	<ul style="list-style-type: none"> • To assist district municipalities to set up road asset management systems, and collect road, bridge and traffic data on municipal road networks in line with the Road Infrastructure Strategic Framework for South Africa
Outcome statements	<ul style="list-style-type: none"> • Improved data on municipal roads to guide infrastructure maintenance and investments • Reduced vehicle operating costs
Outputs	<ul style="list-style-type: none"> • Road condition data (paved and unpaved) as per prescribed Technical Methods for Highways (TMH-series) • Traffic data • Data on condition of structures (including bridges and culverts) as per prescribed Technical Methods for Highways (TMH 19 series) • Safety Assessments Data • Prioritised project list for roads to inform Municipal Infrastructure Grant project selection
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses Road Asset Management Business Plans which contain the following details: network hierarchy, performance management framework, gap analysis, information systems, lifecycle planning, current and future demand, financial plan, monitoring, reviewing and plans for continual improvements including sharing data with local municipalities
Conditions	<ul style="list-style-type: none"> • Transfer of the first tranche is conditional on submission of an approved business plan by 29 May 2020 • Transfer of the second tranche is conditional on submission of evidence of engagements and sharing of data with local municipalities and compliance with monthly and quarterly signed report submissions to the national Department of Transport (DoT), and the relevant Provincial Roads Authorities • Road authorities must conduct regular condition assessments for paved and unpaved roads, structure, traffic data and any other road inventory data • District municipalities must provide local municipalities with validated information from the condition data collected to enable municipalities to identify and prioritise road maintenance requirements within their own budgets, to improve the condition and extend the lifespan of road infrastructure • District municipalities must submit the above data to the national repository by 31 September 2020 • For Road Infrastructure Strategic Framework for South Africa (RISFSA) Class R1, R2 and R3 roads, data collection requirements are: <ul style="list-style-type: none"> ○ visual condition data not older than two years for pavements and five years for bridges ○ instrumental pavement data for roughness, rut depth and macro texture not older than two years ○ instrumental pavement data for structural strength not older than five years ○ traffic data not older than three years • For RISFSA Class R4 and R5 roads, data requirements are: <ul style="list-style-type: none"> ○ visual condition data not older than three years for pavements and five years for bridges ○ instrumental pavement data for roughness, rut depth and macro texture not older than four years on paved roads only ○ traffic data not older than five years • All road condition reports and data collected must be submitted to the National DoT, and the relevant provincial roads authorities • This framework must be read in conjunction with the practice note as agreed with National Treasury • Systems developed to record data must be compatible with DoT specifications • District municipalities must participate in grant management structures, including attending monthly and/or quarterly RRAMS progress as well as National meetings • A maximum of 5 per cent may be used for municipal costs incurred as part of coordination, project management and reporting by the district • In order to ensure efficient usage of grant funds, the DoT can instruct that municipalities utilise national transversal appointments for project implementation where these contracts exist • District municipalities must appoint an independent assessor to assess a representative sample of all roads assessed (which is about 10 per cent of their assessed network) to confirm the correctness of the assessments made by the municipality
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the extent of the road network and number of local municipalities within a district municipality
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This is a specific purpose grant mainly for the provision of systems to collect data on traffic and conditions of municipal roads and structures
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • Of the R107 million that was allocated, R107 million (100 per cent) was transferred to municipalities <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • 18 873 kilometres of paved road network and 44 836 kilometres of unpaved road network was assessed and 13 943 structures were identified in the district municipalities receiving the grant • 160 graduates were recruited into the programme
Projected life	<ul style="list-style-type: none"> • Grant continues until 2022/23, subject to review

Rural Roads Asset Management Systems Grant	
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R108 million; 2021/22: R114 million and 2022/23: R121 million
Payment schedule	<ul style="list-style-type: none"> • Transfers are made in accordance with an agreed payment schedule approved by the National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Monitoring implementation of RAMS together with provincial road authorities • Data integrity will be checked by DoT and provincial road authorities • Provide guidance on sustainable RAMS operations and standards • Facilitate interaction between local municipalities and district municipalities in using RAMS outputs to guide municipal road infrastructure management • Check the quality of data captured on municipalities' RAMS in collaboration with provincial road authorities • Management, monitoring and reporting of the programme • Agree on RAMP with participating municipalities • Ensure that the Transversal Contract which district municipalities are involved in is up to date • Implement internal mechanisms to monitor adherence to grant conditions and manage the disbursements of the grant where there is non-compliance. Measures to address non-compliance include withholding transfers, as provided for in section 18 of the Division of Revenue Act (DoRA). If matters are still unresolved, this may result in the stopping and reallocation of tranche payments in terms of sections 19 and 20 of DoRA • Support municipalities with planning and implementation of municipal roads projects in terms of the conditions, standards and specifications applicable to this sector • Ensure that municipal road authorities conduct regular condition assessments for paved and unpaved roads, structure, traffic data and any other road inventory data
	<p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Municipalities must make provision to maintain RAMS after the lifespan of the grant • Data for all rural roads to be updated within two years • Recruit unemployed youth, S3 experiential training students and young graduates • Ensure human capacity at municipalities for the operation of RAMS is built • Municipalities investing in roads infrastructure must utilise data from the Rural Road Asset Management System (RRAMS), where available, to identify and prioritise their investment on roads projects; including maintenance • Identify municipal officials that will be recipients of skills transfer • Ensure that municipal officials participate actively in all activities funded through this grant • Ensure systems and practices developed through this grant are sustained as part of the operations of the municipality • Submit of updated RAMS data in TMH 18 format by 29 May 2020
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • District municipalities must submit a signed and council approved Road Asset Management Plan (RAMP)/business plan to DoT by 28 May 2021 • RAMP must contain the following: <ul style="list-style-type: none"> ○ the extent of the road network in the municipality ○ the proportion of municipal roads with updated data captured on its RAMS ○ the condition of the network in the municipality ○ the maintenance and rehabilitation needs of the municipal road network ○ the status of the municipality's RAMS ○ status of institutionalisation of RAMS in the district municipality • TMH 22 RAMP guideline can be used as template • DoT together with provincial roads authorities will evaluate and approve the business plans and progress reports by 30 June 2021

WATER AND SANITATION GRANTS

Regional Bulk Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> Water and Sanitation (Vote 41)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B and Schedule 6, Part B
Strategic goal	<ul style="list-style-type: none"> Facilitate achievement of targets for access to bulk water and sanitation through successful execution and implementation of bulk projects of regional significance
Grant purpose	<ul style="list-style-type: none"> To develop new, refurbish, upgrade and replace ageing bulk water and sanitation infrastructure of regional significance that connects water resources to infrastructure serving extensive areas across municipal boundaries or large regional bulk infrastructure serving numerous communities over a large area within a municipality To implement bulk infrastructure with a potential of addressing water conservation and water demand management (WC/WDM) projects or facilitate and contribute to the implementation of local WC/WDM projects that will directly impact on bulk infrastructure requirements
Outcome statements	<ul style="list-style-type: none"> Access to water supply enabled through regional bulk infrastructure Proper wastewater management and disposal enabled through regional wastewater infrastructure
Outputs	<ul style="list-style-type: none"> Number of regional bulk water and sanitation projects phases under construction Number of projects/project phases completed Number of households targeted to benefit from bulk water and sanitation supply Number of municipalities benefitting from bulk water and sanitation projects Number of job opportunities created through implementation of bulk infrastructure projects Number of households provided with water and sanitation through local source development
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses approved implementation readiness studies (IRS) which include the following: <ul style="list-style-type: none"> inception/scoping report technical feasibility report preliminary designs and cost estimates Schedule 6, Part B projects are implemented through a memorandum of understanding (MoU) which contains cash flow, implementation milestones and specific funding conditions related to the project
Conditions	<ul style="list-style-type: none"> The Regional Bulk Infrastructure Grant (RBIG) is intended to fund the social component of regional bulk water and sanitation projects approved by the Department of Water and Sanitation (DWS), unless exemptions based on affordability are recommended by DWS and approved by National Treasury All identified projects must be referenced to and included in the municipal Integrated Development Plan (IDP) and Water Services Development Plans (WSDP) and show linkages to projects under the Municipal Infrastructure Grant (MIG) and/or the Water Services Infrastructure Grant (WSIG) Funds may only be used for drought relief interventions based on a business plan approved by DWS To respond to the COVID-19 pandemic: <ul style="list-style-type: none"> DWS may approve that a portion of the allocation to a municipality be used to fund the purchase and installation of water tanks and the trucking of water to refill the water tanks for a period of up to 3 months funds may also be used to implement source development or bulk linkage projects to replace the need to for water trucking municipalities must submit a separate business plan for this spending <p>Schedule 5, Part B allocations</p> <ul style="list-style-type: none"> The municipality must spend grant funds in line with the IRS and detailed designs approved by DWS The municipality must submit monthly financial and quarterly non-financial reports to DWS on stipulated dates Municipalities must spend at least 25 per cent of their first transfer by the end of September 2020 and comply with reporting provisions before the second transfer is made Municipalities must spend at least 40 per cent of their total RBIG allocations by 31 December 2020 before the subsequent transfer is made Municipalities must spend at least 50 per cent of their total RBIG allocations before the final transfer is made Grant funds must be reflected in the capital budget of the municipality All sources of funding for the cost of the project must be clearly outlined in the approved IRS <p>Schedule 6, Part B allocations</p> <ul style="list-style-type: none"> This grant can be used to build enabling infrastructure required to connect or protect water resources over significant distances with bulk and reticulation systems The financing plan with associated co-funding agreements must be in place prior to implementation of the project unless exemption to co-funding requirements has been approved by National Treasury All sources of funding for the full cost of the project must be outlined in the IRS and the MoU The IRS and MoU must be approved by DWS and endorsed through a council resolution of the benefiting municipality All projects must be implemented and transferred in line with the approved IRS and detailed designs
Allocation criteria	<ul style="list-style-type: none"> Projects are assessed individually, and allocations are made by DWS on a project basis, taking into account the following factors: <ul style="list-style-type: none"> demand and availability of water the overall infrastructure needs the strategic nature of the project

Regional Bulk Infrastructure Grant	
	<ul style="list-style-type: none"> ○ socio-economic importance of an area ○ impact of the project ● This grant is only allocated to Water Services Authorities (local and district municipalities)
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> ● Regional bulk projects are closely linked to water resource planning and development, which is a DWS competency ● Projects may cross municipal boundaries
Past performance	<p>2018/19 audited financial outcome</p> <ul style="list-style-type: none"> ● Of an approved revised budget allocation (Schedule 5, Part B) of R1.9 billion; R1.9 billion (100 per cent) was transferred ● Of an approved revised budget allocation (Schedule 6, Part B) of R2.8 billion; R2.3 billion (82 per cent) was spent <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> ● Fifteen (15) project phases were completed: Greater Mamusa bulk water supply Phase 2 (abstraction); Setsoto bulk water supply phase 2 of 4; Rothdene waste water pump station and raising main; Tswelopele bulk water supply phase 1; Mogalakwena phase 1; Loeriesfontein bulk water supply; Pilanesburg phase 2 (Tuschenkomst); Moqhaka bulk water supply (Steynrus) Phase 2 of 4; Ritchie bulk water supply phase 1; Lushushwane phase 2; Lushushwane phase 3; Mantsopa phase 1 of 2; Maluti a Phofung phase 3; Ngwathe bulk water supply phase 2 of 5; and Phumelela bulk water supply phase 2 of 2 ● 81 project phases were in construction
Projected life	<ul style="list-style-type: none"> ● Grant continues until 2022/23, subject to review
MTEF allocations	<p>Direct transfers (Schedule 5, Part B):</p> <ul style="list-style-type: none"> ● 2020/21: R2 billion; 2021/22: R2.2 billion and 2022/23: R2.3 billion <p>Allocations-in-kind (Schedule 6, Part B):</p> <ul style="list-style-type: none"> ● 2020/21: R3.9 billion; 2021/22: R3.3 billion and 2022/23: R3.5 billion
Payment schedule	<ul style="list-style-type: none"> ● Transfers for Schedule 5, Part B allocations are made in terms of a payment schedule approved by National Treasury ● Payments for Schedule 6, Part B allocations are made after verification of work performed
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> ● Support the development of Water Services Authorities' (WSAs) water services infrastructure master plans ● Ensure every municipality benefiting from a specific project or scheme is invited to participate in the feasibility study, IRS and construction ● Enter into an MoU with WSAs regarding the construction, ownership, funding arrangements, and operation and maintenance of proposed infrastructure prior to the commencement of construction ● If required, ensure the necessary authorisations including environmental impact assessment and water use licences are obtained ● Ensure that the land assessment is done prior to project implementation ● Provide detailed information on the selection criteria and conditions for the grant (RBIG Programme Implementation Framework) ● Ensure that suitable agreements in terms of operation and maintenance are in place ● Issue project funding approval letters to benefiting municipalities ● Ensure that implementing agents submit monthly financial and quarterly non-financial reports on stipulated dates ● Make payments of Schedule 6, Part B allocations to DWS's contracted implementing agents based on invoices for work done ● Report separately on the use of funds for COVID-19 response, in line with the requirements of section 10 of the Division of Revenue Act and share this information with the National Disaster Management Centre <p>Responsibilities of water services authorities</p> <ul style="list-style-type: none"> ● Develop and regularly update water services infrastructure master plans ● Submit monthly, quarterly and annual progress reports to DWS ● Ensure that projects are appropriately linked to the municipality's water services infrastructure master plans, their IDP and WSDP and projects funded through the MIG and WSIG ● Once a project is completed, ensure adherence to operations and maintenance plans and/or any other requirements agreed to as part of the funding agreement contained in the MoU, and ensure the sustainability of infrastructure ● Ensure integration of planning, funding, timing and implementation of bulk and reticulation projects ● Ensure provision of reticulation services and/or reticulation infrastructure to connect to the bulk infrastructure funded through this grant
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> ● Due to the long-term nature of projects, dates of the various processes are not fixed ● All proposed projects which comply with the RBIG criteria must be registered and listed in DWS's bulk master plans ● At regional level, a coordination committee of key stakeholders to assist with planning of regional bulk projects and the assessment of the IRS and feasibility studies must be in place ● Pre-feasibility studies must assess potential for WC/WDM interventions ● IRS and feasibility studies will be evaluated and approved by the transferring officer ● Based on the outcome of the IRS, DWS will nominate the implementing agent for the construction phase of Schedule 6, Part B projects and designate the owner of the infrastructure. National Treasury and benefiting municipalities will be informed of the decisions ● Projects requiring co-funding exemptions to be submitted to DWS by 30 September 2020 and DWS to submit the requests to National Treasury by 30 October 2020

Water Services Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> • Water and Sanitation (Vote 41)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part B and Schedule 6, Part B
Strategic goal	<ul style="list-style-type: none"> • To provide water and sanitation services and reduce backlogs
Grant purpose	<ul style="list-style-type: none"> • Facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and enhance the sustainability of services especially in rural municipalities • Provide basic and intermittent water and sanitation supply that ensures provision of services to identified and prioritised communities, including spring protection and groundwater development • Support municipalities in implementing water conservation and water demand management (WC/WDM) projects • Support the close-out of the existing Bucket Eradication Programme intervention in formal residential areas • Support drought relief projects in affected municipalities
Outcome statements	<ul style="list-style-type: none"> • An increased number of households with access to reliable, safe drinking water and sanitation services
Outputs	<ul style="list-style-type: none"> • Number of households provided with water and sanitation through: <ul style="list-style-type: none"> ○ reticulated water supply ○ on site sanitation ○ bucket systems replaced with appropriate sanitation facilities for households identified by the Department of Water and Sanitation (DWS) in the 2015/16 verification process ○ source identification ○ water conservation/water demand management provision • Number of Water Services Infrastructure Grant (WSIG) projects under construction • Number of WSIG projects completed • Number of households reached by health and hygiene awareness and end-user education • Number of job opportunities created through implementation of water and sanitation projects
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Project overview • Project costing • Project milestones • Impact declaration • Schedule 6, Part B projects are implemented through a memorandum of understanding (MoU) which contains cash flow, implementation milestones and specific funding conditions related to the project
Conditions	<ul style="list-style-type: none"> • All project scope funded must be aligned to, and not duplicate, any existing or planned projects funded by other conditional grants or municipalities' own funds • Municipalities must demonstrate in their business plans how they plan to manage, operate and maintain the infrastructure over the long term • The maximum allocation for WSIG projects is R50 million, any project above this threshold is to be funded in the Regional Bulk Infrastructure Grant • Projects should ideally be implemented over a year and the maximum period that a project can be implemented is three years • To respond to the COVID-19 pandemic, DWS may approve that up to 20 per cent of the allocation to a municipality be used to fund the purchase and installation of water tanks and the trucking of water to refill the water tanks for a period of up to 3 months. Municipalities must submit a separate business plan for this spending <p>Schedule 5, Part B allocations</p> <ul style="list-style-type: none"> • Municipalities must submit business plans signed-off by their Accounting Officer in line with their Water Services Development Plans (WSDPs) and Integrated Development Plans (IDPs) • DWS must approve the business plans before projects can be implemented • Water Service Authorities (WSAs) may only spend funds in line with approved business plans • Municipalities must spend at least 25 per cent of their first transfer and comply with the reporting provisions before the second and subsequent transfers are made • Municipalities must spend at least 40 per cent of their total WSIG transferred allocation by 31 December 2020 and comply with the reporting provisions before further transfers are made • WSAs must submit monthly financial and quarterly non-financial reports to DWS • Funds must be reflected in the capital budget of the municipality • Grant funds must not be spent on operations and routine maintenance • The Project Management Unit funded through the Municipal Infrastructure Grant should be utilised to manage the implementation of projects funded through this grant • Funds may only be used for drought relief interventions based on a plan approved by DWS <p>Schedule 6, Part B allocations</p> <ul style="list-style-type: none"> • Municipal accounting officers must sign-off that business plans are in line with their WSDP/IDP • DWS must approve the business plans before projects can be implemented • DWS must enter into an MoU with the relevant municipality before any project is implemented
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the number of households with water and sanitation backlogs, prioritising the 27 priority district municipalities identified by government
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The grant is earmarked for specific projects aimed at providing access to basic water and sanitation services

Water Services Infrastructure Grant	
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • Water Services Infrastructure Grant (Schedule 5, Part B): <ul style="list-style-type: none"> ○ of the R4.7 billion allocated, R4.7 billion (100 per cent) was transferred • Water Services Infrastructure Grant (Schedule 6, Part B): <ul style="list-style-type: none"> ○ of the R608 million allocated, R579 million (95 per cent) was spent <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • Water Services Infrastructure Grant: <ul style="list-style-type: none"> ○ 28 031 households served ○ 108 jobs created
Projected life	<ul style="list-style-type: none"> • Grant continues until 2022/23, subject to review
MTEF allocations	<p>Direct transfers (Schedule 5, Part B):</p> <ul style="list-style-type: none"> • 2020/21: R3.4 billion; 2021/22: R3.6 billion and 2022/23: R3.7 billion <p>Allocations-in-kind (Schedule 6, Part B):</p> <ul style="list-style-type: none"> • 2020/21: R579 million; 2021/22: R730 million and 2022/23: R771 million
Payment schedule	<ul style="list-style-type: none"> • For Schedule 5, Part B, transfers are made in accordance with a payment schedule approved by National Treasury • For Schedule 6, Part B, payments are made to contracted implementing agents (including water boards and private service providers) after verification of work performed
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Evaluate and approve the business plans for each project before funds can be transferred • Ensure that the conditions of the grant and approved business plans are adhered to • Submit statutory reports (monthly financial, quarterly non-financial and annual performance) to National Treasury • Ensure that implementing agents submit monthly financial and quarterly non-financial reports • Ensure alignment of WSIG projects with projects approved in the MIG implementation plans • In cases where DWS appoints a contractor, the contract between DWS and the appointed contractor must be signed before the project can commence • All drought-related plans and expenditure must be shared with the National Disaster Management Centre • Submit a water services capacity building plan for municipalities to National Treasury by 26 June 2020 • Report separately on the use of funds for COVID-19 response, in line with the requirements of section 10 of the Division of Revenue Act and share this information with the National Disaster Management Centre <p>Responsibilities of water services authorities</p> <ul style="list-style-type: none"> • Compile and submit signed-off business plans for each project (for the relevant financial year) • Sustainably operate and maintain funded water and sanitation projects over their lifetime • Ensure integrated planning for all projects funded through the different grants and programmes • Municipalities must submit a technical report for each project to the regional office • Ensure adequate participation and involvement of the public in each project • Manage project implementation in line with the business plan • Submit monthly, quarterly and annual progress reports in the format prescribed by DWS • Comply with all the funding conditions agreed to in the business plan and MoU
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Municipalities must submit a technical report for each project to the regional office • Regional offices must assess and approve technical reports • Municipalities must prepare business plans based on the approved technical reports • Business plans for Schedule 5, Part B allocations: <ul style="list-style-type: none"> ○ business plans must be submitted by 13 November 2020 ○ business plans must be approved by 15 January 2021 • Business plans for Schedule 6, Part B allocation: <ul style="list-style-type: none"> ○ business plans must be submitted by 13 November 2020 ○ business plans must be approved by 15 January 2021 • Municipalities must submit implementation plans by 29 May 2020