



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Guidelines for general budget support funding

1. Introduction

National Treasury has funds available for the 2013/14 medium term budget under the General Budget Support component of the EU-funded National Development Policy Support Programme. Proposals in support of the National priorities and compliant with the appropriate use of official development assistance (ODA) policies¹ will be considered from national and provincial government departments.

The available GBS funds for allocation for the 2013/14 medium term budget is R600 million. Proposals submitted by departments on the use of GBS funds will be assessed within the MTEF process.

2. General Budget Support Funding

Within the context of the European Union (EU) country strategy for 2007-2013 the EU has increasingly moved to using country systems to deliver development assistance, most recently through the use of the general budget support (GBS) approach. GBS involves a transfer of funds to the partner country for allocation within the country, using country allocation processes, with the aim of supporting a national development policy and strategy of the partner country.

The move towards general budget support signifies confidence that a South Africa has the policies and systems in place to support the policy, both from the sectors chosen, and from a financial management position. From a South African point of view the following is of importance in respect of GBS:

- There is one Financing Agreement between South Africa (National Treasury) and the EU for a single programme, reducing transaction costs;
- Expenditure is aligned to the priorities of government and to the national budget process; and
- SA Government systems are used for allocation, planning, implementation, procurement, accounting, reporting, monitoring and evaluation.

3. Criteria for selection of proposals for GBS

Proposals for the GBS funds available for the 2014/15 medium term budget must fulfil the following conditions.

- 1) Proposals must be submitted by National or Provincial Departments. Entities may not submit proposals directly but must work through the departments from which they receive their mandate.
- 2) Proposals must demonstrate a direct contribution to the achievement of either Outcome 4 (Decent employment through inclusive economic growth) or Outcome 12 (An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship).

¹ Set out in the ODA Guidelines of 2003

- 3) Projects and programmes must be able to demonstrate that the use of ODA funds is not merely to cover shortfalls in budgets, nor to provide additional funds for programmes executed with appropriated funds; rather they should demonstrate how they support new and more effective ways of implementing government policies. This is in line with the ODA Guidelines of 2003, which stipulates that ODA must add value, by supporting:
 - *Innovation*: developing new and more effective approaches;
 - *Piloting and testing*: pioneering new approaches for replication purposes;
 - *Risk mitigation*: creating an enabling environment for SME development;
 - *Catalytic initiatives/best practices*: unlocking or leveraging domestic resources; and
 - *Skills transfer and addressing of capacity gaps*: ensuring that South African institutional capacity is enhanced for sustained, long term implementation.
- 4) Projects may have a multi-year implementation period, up to three years.
- 5) Minimum and maximum amount: Minimum R10 million; Maximum R120 million.

4. Proposal submission

Proposals submitted for GBS funds will be assessed within the MTEF process. Provincial departments must submit proposals through provincial treasuries to the Inter-governmental relations unit of National Treasury. National departments must submit to their public finance official of the National Treasury.

Proposals must be submitted on the Business Plan for GBS funding 2014 (attached as Annexure 1) by 28 June 2013.

ANNEXURE 1: Proposal for General Budget Support: Business Plan Template

To be submitted to National Treasury by 28 June 2013.

BUSINESS PLAN TITLE

Programme Name

Date:

Author:

Tel no:

Cell no:

E-mail:

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1. SUMMARY PROJECT DESCRIPTION

Name Of Implementing Agency	
Project Name	
BAS Project Fund Code	Not applicable at proposal stage
Implementation Period of the Project	
CFO	
Contact Number	
E-Mail Address	

2. EXECUTIVE SUMMARY

Supply a high-level overview and include:

- Brief description of the Programme and/or its Projects;
- The rationale;
- Role-players;
- Cost; and
- Timing implications.

3. MAIN TEXT

Programme Description

Provide a brief description of :

- What is to be done in the project (eg what kind of activities)?
- Who are the project role players: who will be involved and what is the extent of that involvement?
 - The accountable agency, and lead division within the agency
 - Other partners

Rationale & Objectives

Specify the objective of the programme.

- What does the project hope to achieve?

Supply information on the rationale and motivation for the project including:

- Provide reasons for the project: what is the problem or situation the project is responding to? How is the project responding to the issue at hand?
- Explain how the project relates to Outcomes 4 or 12.

Project Specification

The Project specification provides a narrative summary of the Project Results Framework, which must be attached as an annex (see Annex 1: GBS Results Framework template)

Provide the following:

- Specify expected project outcomes:
 - What outcomes do you expect to achieve?
- Briefly describe the logic of each of the components of the project.
 - What intermediate outcomes do you expect in the component? An Intermediate Outcome specifies a result proximate to an intended final outcome, but likely more measurable and achievable in the lifetime of a project to the intended final outcome, and more attributable to project activities. Example: Teachers use the new teaching methods (output/intermediate outcome) to improve learning among students (final outcome).
 - What outputs and activities are you planning to achieve the intermediate outcomes?
- Provide key performance indicators for the project: How will you know that you have achieved the project objectives?
 - The performance indicators specified should illustrate the achievement of project intermediate outcomes and outputs.
- Discuss the key project milestones over the duration of the project (see Tab 3 under the GBS planning and budgeting template)
 - The milestones will relate to project outputs and activities and should indicate the financial year quarter in which the project expects to deliver outputs or undertake activities. The selected milestones can be summarised in the main body of the text.
- Describe project management and accountability.
 - Where does the project sit in the Department?

- Who will make decisions? Who manages the project?
 - What is procurement strategy for the project?
 - Who will oversee implementation of the project?
 - How is coordination with other units, departments or non-state organisations/actors ensured?
 - What is the project monitoring and reporting plan? Is data available for the selected indicators; how will data be collected; how frequently will the project be reported internally? What are plans for reviewing the project?
 - Identify pre-conditions and project risks and strategies
 - What partnership plans should be in place for the project to start?
 - What other pre-conditions should be in place?
 - What are project risks and how will they be mitigated?
- The Results Framework must be supplied as Annex 1
The Quarterly Milestones Table must be supplied as Annex 4

Budget and Financial management

1) Provide the budget summary table (See template on Tab 1 in the GBS planning and budgeting excel template for the component input tables)

EXPECTED PROJECT REVENUE FLOWS			
	FY1	FY2	FY3
GBS Project award			
Other funds	0	0	0
Specify source			
Specify source			
Specify source			
TOTAL FUNDS AVAILABLE	0	0	0

PROPOSED USE OF GBS FUNDS						
			FY1	FY2	FY3	Total available
Total use of GBS funds by year						Must correspondent with total funds awarded
BY COMPONENT						
	Component 1					
	Component 2					
	Component 3					
	Component 4					
BY ECONOMIC CLASSIFICATION (GBS)						
	Component 1					
	Component 2					
	Component 3					
	Component 4					

- Provide notes to the budget as required
 - Explain sources and use of additional funding to implement the project, if any.

The input tables for each component as per the provided template must be supplied as Annex 2.

- Provide a table setting expected cash use by quarter, coupled with the requested 6 monthly disbursements (April and October of each year).

The expected cash use and requested disbursement tables as per the provided template must be supplied as Annex 3.

4. ANNEXURES

Annex 1: Results Framework

Project name and objective

Project Name	Specify the project name
Project Objectives:	The Project Objective describes the intended benefits to be realized through the project. The intended benefits should be measurable and specific. By reading a project objective, one should be able to determine what is being targeted directly by the project and who (a community, group of people, institutions) will benefit. The project objective and rationale should describe the expected contribution of the project to the achievement of Outcomes 4 or 12.
Project Outcome	The Project Outcome is the uptake, adoption or use of project outputs by the project beneficiaries
Project Components	If applicable, please specify the project components. The project outcomes, outputs, activities and inputs for each component must be described.

Component results framework (one for each component)

Component name	Specify Component Name		
Project Intermediate Outcomes (by component): List the intermediate outcomes expected from the component <i>An Intermediate Outcome specifies a result proximate to an intended final outcome, but likely more measurable and achievable in the lifetime of a</i>	Project Outputs (by component): List project outputs over the life of the project <i>Outputs are the supply-side deliverables, including the events, products, capital goods or services that result from a development intervention (e.g., construction of a</i>	Activities: List main project activities over the life of the project <i>An Activity is an action taken or work performed by which inputs are converted into specific outputs. Activities, such as providing training, constructing a facility, etc. are designed to deliver outputs.</i>	Inputs: List main expected inputs over the life of the project <i>Inputs are the financial, human, and other resources mobilized to support activities undertaken by a project. Examples would include staff, travel, and accommodation.</i>

<p>project to an intended final outcome. Example: Teachers use the new teaching methods (output/intermediate outcome) to improve learning among students (final outcome).</p>	<p>school).</p> <p>The key distinction between an output (a specific good or service) and an outcome is that an output typically is a change in the supply of goods and services (supply side), while an outcome reflects changes in the utilization of goods and services (demand side).</p>	
<p>Outcome Indicators (by component):</p> <p>Provide indicators for the outcome listed: how will you know that you have achieved the intermediate outcome?</p> <p>Baseline:</p> <p>Target:</p> <p>An Indicator is a measure that can be used to monitor or evaluate an intervention. Indicators can be qualitative (in which case they usually entail verbal feedback from beneficiaries) or quantitative (derived from measurements of the intervention)</p>	<p>Output Indicators (by component):</p> <p>Provide indicators for the outputs listed. How will you demonstrate that you have achieved an output.</p> <p>Baseline:</p> <p>Target:</p> <p>An Indicator is a measure that can be used to monitor or evaluate an intervention. Indicators can be qualitative (in which case they usually entail verbal feedback from beneficiaries) or quantitative (derived from measurements of the intervention).</p>	

Annex 4: Quarterly milestone table as per template.

EXPECTED MILESTONES by COMPONENT

Component 1

Output Milestones (to correspond with activities in Results Framework)		Achieved by (indicate quarter with an X)																				
		FY1				FY2				FY3												
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4									
Milestone Number	Milestone Description																					
1	Output 1																					
1.1	Break output down into sub-outputs or units of outputs by year, if useful.																					

Activity milestones (to correspond with activities in Results Framework)													
Milestone Number	Milestone Description	Planned to take place during (indicate quarter with an X)											
		FY12				FY13				FY14			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
1	Activity 1												
1.1	Break down activity milestones, for example, appointment of staff, purchasing of equipment, obtaining permissions, tendering work												
	<input type="checkbox"/>												
	<input type="checkbox"/>												