



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA

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**GUIDELINES FOR THE 5th CALL FOR PROPOSALS  
GENERAL BUDGET SUPPORT PROGRAMME  
FUNDING FOR 2020 MEDIUM TERM EXPENDITURE  
FRAMEWORK**

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# TABLE OF CONTENTS

- 1 INTRODUCTION ..... 2**
  - 1.1 PURPOSE OF THIS DOCUMENT ..... 2
  - 1.2 BACKGROUND ..... 2
  - 1.3 OBJECTIVES FOR THIS CALL ..... 2
- 2 APPLICATION PROCESS ..... 4**
  - 2.1 WHO MAY APPLY? ..... 4
  - 2.2 ALIGNMENT OF PROPOSALS TO THE OFFICIAL DEVELOPMENT ASSISTANCE (ODA) POLICY OF SOUTH AFRICA ..... 4
    - 2.2.1 *Alignment to Governments Priorities* ..... 4
    - 2.2.2 *Alignment to how ODA is used in South Africa:*..... 4
  - 2.3 A SPECIAL FOCUS FOR THIS CALL ..... 5
    - 2.3.1 *Local Economic Development Component* ..... 5
    - 2.3.2 *Capacity Development Component* ..... 6
  - 2.4 DURATION OF PROJECT ..... 6
  - 2.5 MAXIMUM AND MINIMUM FUNDING CONTRIBUTIONS ..... 6
  - 2.6 BUDGET AND COSTS ..... 7
    - 2.6.1 *Eligible Costs* ..... 7
    - 2.6.2 *Ineligible Costs* ..... 7
  - 2.7 PROPOSAL SUBMISSION ..... 7
  - 2.8 NUMBER OF APPLICATIONS AND FUNDING CONTRIBUTIONS PER APPLICANT ..... 8
  - 2.9 DEADLINE FOR SUBMISSION ..... 8
- 3 ASSESSMENT & EVALUATION PROCESS ..... 9**
  - 3.1 COMPLIANCE ASSESSMENT ..... 9
    - 3.1.1 *Administrative Compliance*..... 9
    - 3.1.2 *Eligibility Compliance*..... 9
  - 3.2 EVALUATION PROCESS ..... 10
- 4 ANNEXURE A: USEFUL DEFINITIONS ..... 12**
- 5 ANNEXURE B: PARTNERSHIPS ..... 14**

# 1 INTRODUCTION

## 1.1 Purpose of this Document

National Treasury has funds available for the 2020 Medium Term Expenditure Framework (MTEF) under the General Budget Support (GBS) component of the European Union (EU)-funded National Development Policy Support Programme.

This document sets out the guidelines for applying for funding under the programme for the 2020 MTEF, specifically:

- Background, Objectives and priority areas;
- Eligibility Criteria for GBS support;
- The process of evaluation;

## 1.2 Background

Within the context of the European Union (EU) country strategy for 2007-2013, the EU had increasingly moved to use country systems to deliver development assistance, most recently using 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, to support a national development policy and strategy of the partner country.

The move towards general budget support signifies confidence that 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 and allocations are aligned with the priorities of government and the national budget process, and
- South African Government systems are used for allocation, planning, implementation, procurement, accounting, reporting, monitoring and evaluation.

The GBS allocations are done within the national budget process, through a call for proposals. There have been 4 Calls thus far, which have targeted national and provincial departments. This 5<sup>th</sup> Call is a closed Call aligned to the Neighbourhood Development Partnership Grant, for municipalities who have specific audit compliance.

## 1.3 Objectives for this Call

The **overall objective** of this Call for Proposals (CfP) is to provide funding for projects that contribute to the National Development Plan which, amongst others, seeks to eliminate poverty, reduce inequality and to build a capable state.

The **specific objective** (*the special focus*) of this Call is to support relevant proposals that aim to **enhance and promote Local Economic Development (LED) mechanisms**, in the identified municipalities, listed below, through ensuring that the initiatives contribute to:

- economic inclusion,
- addressing challenges and efficiency improvement,
- facilitating economic development within historically neglected townships, and
- facilitating infrastructure development initiatives that are catalytic to creating economic corridors that eliminate the spatial inequalities of the past.

In addition, proposals must include a component of capacity development linked to the implementation of the proposed project and also show that this capacity will be transferred to

the municipality as a whole. For the purpose of the GBS process, capacity development can be targeted at three levels: strengthening individual, institutional and societal spheres to obtain and maintain the capabilities to set and achieve the development objectives of the project. For the activity that will be implemented to meet the standard of capacity development, it must bring about transformation that is generated and sustained over time from within the municipality. The capacity development process, amongst others, should contribute to the proposed project by:

- improving the governance process;
- innovative ways of delivering the activities;
- improving processes and systems used to manage the project;
- creating measures that improve accountability, transparency and reporting processes.

## 2 APPLICATION PROCESS

### 2.1 Who may apply?

The 5<sup>th</sup> GBS Call for Proposals is specifically aimed at **Municipalities** that are part of the **Neighbourhood Development Partnership Grant (NDPG)** Programme.

Not all the municipalities in this programme are targeted. In order to maintain the financial integrity of the GBS grants, only the municipalities in the NDPG programme that had received, from the Auditor General, either, (1) unqualified audits without findings (clean audits), or those with (2) unqualified audits with certain findings for the 2016/17 financial year (Report of 2018), may apply.

The following table sets out these municipalities:

	<b>Municipality</b>	
1	Buffalo City	BUF
2	Mbizana	EC443
3	Nyandeni	EC155
4	King Sabata Dalindyebo	EC157
5	Matjhabeng	FS184
6	Metsimaholo	FS204
7	City of Ekurhuleni	EKU
8	City of Johannesburg	JHB
9	City of Tshwane	TSH
10	Emfuleni	GT421
11	Mogale City	GT481
12	Midvaal	GT422
13	Rand West City	GT485
14	Lesedi	GT423
15	eThekweni	ETH

	<b>Municipality</b>	
16	Newcastle	KZN252
17	Ray Nkonyeni	KZN216
18	KwaDukuza	KZN292
19	Thulamela	LIM343
20	City of Mbombela	MP326
21	Bushbuckridge	MP325
22	Nkomazi	MP324
23	Thembisile Hani	MP315
24	Sol Plaatje	NC091
25	Dawid Kruiper	NC087
26	Cape Town	CT
27	Langeberg	WC026
28	Drakenstein	WC023
29	George	WC044

### 2.2 Alignment of Proposals to the Official Development Assistance (ODA) Policy of South Africa

#### 2.2.1 Alignment to Governments Priorities

Under this Call, all proposals must contribute to the South African Government's priorities, which amongst others, indicate that projects and programmes should contribute to job creation and an efficient, effective and development-oriented public service delivery system.

Further, the proposal must align to the core mandate and functions of the applicant, in this case a municipality.

#### 2.2.2 Alignment to how ODA is used in South Africa:

NOTE: ODA in South Africa is not used as a budget gap-filler, but is rather strategically aligned to the budget, specifically for:

- *Innovation*: developing new and more effective approaches;
- *Piloting and testing*: pioneering new approaches for replication purposes;
- *Risk mitigation*: creating an enabling environment;
- *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.

## 2.3 A special focus for this Call

The special focus for this call is on **Local Economic Development (LED), with a capacity building component** linked to the project and implementation thereof.

Although the focus is on LED, capacity building in this instance must be an integral part of a comprehensive project. The project should address, not only external LED initiatives but also the capacity issues of the municipality and its ability to design, plan, implement and manage such a project. The process is action-based, rather than a separate and parallel system, and works in tandem with the proposed project. Consequently, the action should strengthen the capacity of the local municipal system to manage similar tasks (projects) in the future as part of their mandate and day-to-day work.

### 2.3.1 Local Economic Development Component

The NDP states that the fragility of South Africa's economy lies in the distorted pattern of ownership and economic exclusion. Better opportunities for all citizens to participate fully in the economic, social and political life of the country needs to be created to eliminate the challenges that this distorted and unequal society creates.

Municipalities play a key role in creating an enabling environment for more sustainable and equitable economic development that can create meaningful economic opportunities for citizens. The White Paper on Local Government emphatically states that “Local government is not directly responsible for creating jobs. Rather, it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities”.

To contribute to eliminating the challenges that this distorted and unequal society creates, and keeping in mind the role of local government as stated in the White Paper, the Call will, amongst others, consider proposals that work within municipal functions and which:

- **Enhance economic inclusion through:**
  - enhancing supply and value chains, which encourages and support value-added initiatives within local industries in the municipality (including in agriculture, mining, arts, craft, design, manufacturing, industrial and tourism); and
  - supporting economic development projects which use new and innovative technology to create conducive conditions that include marginalised individuals and communities;
- **Address challenges and efficiency improvement through:**
  - improving production efficiencies such as access to technology and innovation and facilitating access to markets;
  - developing an enabling environment for the creation and growth of local industries/value chain initiatives; and
  - putting in place measures to improve “doing business” in municipalities by introducing positive business regulatory reforms and improving processes and procedures that impact on local businesses (e.g. reducing approval time for building plans);
- **Facilitate economic development within historically neglected townships through:**
  - supporting processes that will increase the opportunities for informal businesses to grow and become formalised;
  - tackling youth unemployment by supporting initiatives that provide opportunities to young people including business mentorship and improved business efficiencies; and
  - enabling manufacturing and innovative, productive activities which improve the ability of township entrepreneurs.
- **Facilitate infrastructure development initiatives that are catalytic to creating economic corridors that eliminate the spatial inequalities of the past through:**
  - pre-feasibility studies;

- studies on technology options;
- environmental Impact Assessments;
- risk analysis; and
- development of climate-smart initiatives and innovation about the transition to a low carbon economy.

### **2.3.2 Capacity Development Component**

In addition, proposals must include a component of capacity development linked to the implementation of the proposed project. The component must also show that this capacity development process will in future be transferred to the municipality as a whole. The capacity building component must be between 20-30% of the total project proposal. The Call will, amongst others, consider capacity development components which:

- **improves the governance process of the project through:**
  - setting up innovative project management and project steering committees;
  - strengthening compliance processes for regulatory frameworks; and
  - strengthening the capacity of individuals within the governance structures of the project.
- **uses innovative ways of delivering the activities through:**
  - improving and accelerating the implementation of measures undertaken by the municipality to address constraints in the management of projects; and
  - developing support programmes that facilitate an increase in the number of women and youth entering small and medium scale production.
- **improves processes and systems used to manage the project through:**
  - skills audits and evaluations;
  - instituting knowledge sharing and capacity building measures through measures such as developing case studies, learning and sharing experiences;
  - developing an integrated system that would ensure that the project is coordinated and aligned to other projects within the municipality; and
  - supporting coaching, incubation, mentorship, and training.
- **creates measures that improve accountability, transparency and reporting processes through:**
  - improving data collection processes that contribute to accurate reporting measures; and
  - developing an innovative monitoring and evaluation system for the project with consequence measures in place.

### **2.4 Duration of project**

Projects may have a multi-year implementation period of up to 3 years while the minimum duration of a project is pegged at 1 year. Proposals will be considered non-compliant if the duration of the project falls outside the minimum or maximum implementation period.

### **2.5 Maximum and minimum funding contributions**

The total amount of funding available for this Call for Proposals is **R600 million** (Six hundred million rand).

The minimum amount that can be applied for is **R20 million** (twenty million rand), and the maximum amount that can be applied for is **R60 million** (sixty million rand). Proposals will be considered non-compliant if the requested amounts, to complete the proposed project, fall outside of the minimum or maximum amounts.

## 2.6 Budget and Costs

The proposed budget must be guided by the principles of economy and efficiency. All projects must be costed in South African Rand (ZAR), and expenditure must adhere to the requirements as laid out in the legislation of the Municipal Finance Management Act (MFMA).

The budget submitted is both a cost estimate and a ceiling for eligible costs of the project. The funding contribution under this Call will cover project-related costs of the intended project.

It should be noted that **under no circumstances will the salaries of employees of the Municipality be covered.**

### 2.6.1 Eligible Costs

Only the following costs can be budgeted for out of the funding requested:

- Input by Technical Assistance (TA) personnel counted in person/days (**salary costs of permanent staff are explicitly excluded**);
- Procurement of Goods and Services required to directly implement the project;
- Procurement of Financial Assets linked to the project implementation;
- Procurement of Capital Assets linked to the project outcomes (e.g. buildings, machinery, equipment), and
- Other project related costs such as publications, studies, research, visibility actions, translation and interpretation services, logistics for conferences and seminars, monitoring & evaluation and audits.

### 2.6.2 Ineligible Costs

For reference, the following costs are not eligible:

- Debts and provision for losses or debts;
- Interest incurred due to additional costs being incurred
- Items already funded by another donor and/or another Official Development Assistance (ODA) support programme;
- Items/Activities already funded through the municipal budget, and any other conditional grant under the Division of Revenue Act (DORA), and
- Salaries of municipal and/or municipal entity staff.

## 2.7 Proposal submission

The proposal/s must be submitted electronically to [GBSCALL5@treasury.gov.za](mailto:GBSCALL5@treasury.gov.za) during the window of submission as indicated in section 2.9. Please include the unique municipal number and the name of the project in the subject line of the email e.g. [KZN234] – [Project Name]

The following documents must be electronically submitted:

1. the completed Business Plan (in MS Word, on the correct Business Plan Template);
2. the completed MS Excel Budgets;
3. the completed Partnership Agreement/s (if applicable);
4. the completed Results Framework;
5. the completed Compliance Checklist; and
6. a single PDF containing the 4 or 5 documents above, signed off by the **Municipal Manager** of the municipality. (If the person is “Acting” in the **Municipal Manager position**, a copy of the **Appointment letter** must be attached as an additional annexure to the proposal).

(NOTE: Some of the important rules and protocols of the Call articulated in this guideline are also emphasised – in green - in the Business Plan template and other documentation to be completed as part of the application process)



## **2.8 Number of applications and funding contributions per applicant**

An applicant, in this instance, a Municipality, will be **limited to a maximum of 2 proposals** in this Call. Applicants need to remember that the CfP is a competitive process resulting in different project proposal from a specific municipality competing with one another for the same pot of funding.

## **2.9 Deadline for submission**

The electronic submission window will be open at **08h00 on Friday 12<sup>th</sup> July 2019** and will close at **17h00 on Tuesday 16<sup>th</sup> July 2019**

### 3 ASSESSMENT & EVALUATION PROCESS


Proposals will undergo an intensive assessment and evaluation process, which will consist of 2 distinct processes, namely:

1. Compliance Assessment Process which consists of an:
  - Administrative Compliance Check which assesses whether all the submitted proposals have observed all the rules and protocols set out in this guideline document and
  - Eligibility Compliance Check which assesses whether the proposals that have passed the administrative compliance check align to ODA Policy in South Africa.
2. Full Evaluation of a short list of proposals (those that have passed both the administrative and eligibility check).


#### 3.1 Compliance Assessment

The table below highlights the key issues which will be assessed to determine whether proposals are compliant with the rules and protocols of the Call. Applicants must use the Administrative Compliance Checklist at the end of the Business Plan template as a reference for administrative compliance.

##### 3.1.1 Administrative Compliance

	<p>Proposals will be administratively non-compliant if:</p> <ul style="list-style-type: none"><li>▪ The applicant is not a Municipality as stipulated in the list of approved applicants, as stated in 2.1;</li><li>▪ The proposal is received after the deadline for submission;</li><li>▪ Amount applied for is &gt;R60 million or &lt;R20 million;</li><li>▪ The implementation period is &gt;3 years or &lt;1 year;</li><li>▪ The incorrect business plan template is used;</li><li>▪ Parts of the business plan template and Annexures are not completed</li><li>▪ Partnership SLA, MoU or other formal agreement (if applicable) is not attached and</li><li>▪ Municipal Manager has not signed the proposal</li><li>▪ The Letter of Appointment is not attached if it is an “Acting” Municipal Manager</li></ul>
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##### 3.1.2 Eligibility Compliance

	<p>Proposals will be ineligible if:</p> <ul style="list-style-type: none"><li>▪ The proposal does not align itself with the ODA policy and the specific use of ODA in SA</li><li>▪ The request for funding is to support shortfalls/deficit in budgets (“gap-filling”);</li><li>▪ The request for funding is for projects that can be implemented with appropriated funds, a specific conditional grant and/or an existing donor-supported programme;</li><li>▪ The proposal is not aligned to the priorities of government, and the core mandate and functions of the municipality.</li><li>▪ The proposal does not align itself with the Special Focus of the call, as stated in 2.3.</li></ul>
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## 3.2 Evaluation process

The process of evaluation is as follows:

- Step 1:** Applicants electronically submit their proposal to [GBSCALL5@treasury.gov.za](mailto:GBSCALL5@treasury.gov.za) during the stipulated submission period.
- Step 2:** A long (full) list of proposals is developed, capturing the summarised details of all the proposals that have been submitted by the due date.
- Step 3:** An independent administrative committee checks all the proposals for administrative compliance as per the requirements listed under 3.1.1 and the Administrative Compliance Checklist.
- Step 4:** Administratively non-compliant proposals are immediately excluded from any further evaluation process.
- Step 5:** An independent eligibility committee reviews all administratively compliant proposals based on the eligibility criteria as set out in 3.1.2 above.
- Step 6:** Ineligible proposals are immediately excluded from any further evaluation process.
- Step 7:** The final “short list” of proposals is evaluated by an independent evaluation committee. Proposals are scored and ranked according to the weighted criteria in the evaluation grid below:

### Evaluation Grid

<b>Relevance and Alignment to the Government’s Priorities and ODA principles</b>		
a. How relevant is the proposal to the focus of the CfP and how does it align to ODA Policy on the use of ODA in SA?	5%	20%
b. How relevant to the particular needs and constraints of the targeted group is the proposal (including synergy with other initiatives)?	5%	
c. Is there a clear and relevant alignment of the proposed project to the core mandate and functions of the municipality, and the relevant stakeholders?	5%	
d. Are the planned project actions clear, realistic and responsive to the needs of the target group and final beneficiaries, with the primary intention to create change?	5%	
<b>Methodology</b>		
a. How coherent is the overall design of the action? (in particular, does it reflect the analysis of the problems involved, take into account external factors and address risk management measures?)	5%	20%
b. Are the activities proposed logically sequenced appropriate, practical and consistent with the objectives and expected results?	5%	
c. Are the action plan and its time frame clear and feasible?	5%	
d. Does the proposal contain achievable and objectively verifiable indicators for the outcome of the action?	5%	

<b>Operational Capacity</b>		
a. Does the proposal sufficiently illustrate the technical expertise of the applicant and the applicant's ability to manage the project?	5%	20%
b. Does the proposal sufficiently illustrate that the applicant has sufficient management capacity? (including personnel, equipment, and ability to handle the budget for the action?)	5%	
c. Does the capacity building component clearly show how the operational and implementation capacity is strengthened?	10%	
<b>Sustainability</b>		
a. Is the action likely to have a tangible impact on its target group(s)?	5%	25%
b. Is the project likely to have multiplier effects? (e.g. scope of replication, an extension of the outcome of the action and dissemination of information).	5%	
c. What structural impact will the action have? (e.g. will it lead to improved by-laws, codes of conduct, methods, etc.)	5%	
d. Does the capacity building component take into consideration measures that strengthen the ability of the municipality to ensure the sustainability of the project (e.g. skills, processes, reporting and procedures etc.)	10	
<b>Budget and Cost Effectiveness</b>		
a. Is the ratio between the estimated costs and the expected results satisfactory?	5%	15%
b. Is the proposed expenditure necessary for the formulation of the action?	5%	
c. Is the proposed budget consistent with the means and inputs indicated in the Results framework?	5%	

**Step 8:** Proposals are scored and ranked. Proposals scoring above 60% are considered for recommendation for funding.

**Step 9:** National Treasury Budget Office presents a report for the Medium-Term Expenditure Committee (MTEC) recommending the proposals for funding based on the scores achieved and the availability of funding. The approval of these proposals will be taken forward after that within the budget process.

**Step 10:** Successful applicants will be informed through an allocation letter sent by the National Treasury. Funds allocated through this process will be transferred to municipalities through a new window within the Neighbourhood Development Partnership Programme (NDPG). Allocations under this Call that are approved are to be transferred in 2020/21 financial year and will be added to NDPG allocations in the 2020 Division of Revenue Bill/Act.

## 4 ANNEXURE A: USEFUL DEFINITIONS

- **Activities:** These are the key tasks to be undertaken to deliver the planned outputs as detailed in the results framework of the Business Plan template
- **Applicant:** The entity formally applying for the GBS funds
- **Appropriated funds:** Are funds allocated from the National Revenue Fund to a specific Department or entity for a particular purpose.
- **Beneficiaries:** The beneficiaries are the specific groups who will benefit, either directly or indirectly, in the longer term as a result of the implementation of the project (e.g. specific women's or youth organisations, learners, graduates, communities within a municipal region, HIV positive people, SMMEs gaining access to business opportunities).
- **Budget shortfall/deficit:** Refers to total outflow exceeding total inflow. If a deficit is incurred, the government incurs expenditures that are more than revenues.
- **Double Dipping:** is defined as the act of getting income from 2 different sources for the same activity.
- **Estimates of National Expenditure (ENE):** This sets out the detailed spending plans of each government department for the coming year. The document serves as background to the Appropriation Act that makes these spending plans legally binding.
- **Economic Classification of Payments:** Economic classification of expenditure is, in general, a measure of the nature and economic effect of government operations on the economy of a country. Seven main economically classified cash payments for operating activity categories exist compensation of employees; purchases of goods and services; interest; subsidies; grants; social benefits; and other payments.
- **Financial Statements:** means statements consisting of at least a balance sheet; an income statement; a cash-flow statement; and any notes to these statements.
- **Impact:** This is the consequence affecting target groups or beneficiaries (in the future) as a result of their participation in an activity. The impact may also be the indirect consequence of an activity affecting others who may either gain or lose.
- **Indicators:** measure the extent of achievement of an objective, output or activity. They can be measured in either quantity, quality or in time.
- **Inputs or Resources:** These are the financial, human, organisational and regulatory means mobilised for the implementation of an activity.
- **Medium Term Expenditure Framework (MTEF):** This is a transparent planning and budget formulation process within which the Cabinet and central agencies establish credible contracts for allocating public resources to their strategic priorities while ensuring overall fiscal discipline
- **Medium Term Expenditure Committee (MTEC):** This is a committee of senior officials from NT, DPME, COGTA and DPSA that makes recommendations to MINCOMBUD regarding budget allocations in the medium-term expenditure framework, taking into account government priorities, funding available, alternative funding sources and the division of revenue amongst the three spheres of government
- **Medium Term Strategic Framework (MTSF):** is Government's strategic plan for the electoral term. It reflects the commitments made in the election manifesto of the governing party, including the commitment to implement the National Development Plan (NDP). The MTSF sets out the actions Government will take and targets to be achieved. The MTSF is structured around a number of priority outcomes which cover the focus areas identified in the NDP and Government's electoral mandate.
- **Monitoring and Evaluation (M&E):**
  - Monitoring can be defined as a continuing function that aims primarily to provide the management and main stakeholders of an ongoing intervention with early indications of progress, or lack thereof, in the achievement of results;
  - Evaluation is the systematic and objective assessment of an on-going or completed project, program, or policy, and its design, implementation, and results. The aim is to

determine the relevance and fulfilment of objectives, development efficiency, effectiveness, impact, and sustainability. An evaluation should provide information that is credible and useful.

- **Municipal Finance Management Act (MFMA):** The MFMA aims to modernise budget, accounting and financial management practices by placing local government finances on a sustainable footing in order to maximise the capacity of municipalities to deliver services to communities. It also aims to put in place a sound financial governance framework by clarifying and separating the roles and responsibilities of the council, mayor and officials. GBS is managed by the use of country systems in South Africa, and in this case the applicant will have to comply with the MFMA.
- **National Department:** A National Department is defined as a Department listed in Schedule 1 of the Public Service Act, 1994 but excluding offices of Premier. and Departments and the State Security Agency.
- **Outputs:** This is what is accomplished as a result of committing inputs to an activity.
- **Overall Objective:** This is the broad development impact to which the project will contribute.
- **Partners:** These are those organisations/institutions who are directly involved with the applicant in the implementation of a project (Please see Annexure B for more details)
- **Partnership:** is a legal relationship formed by the agreement between two or more entities to carry on business/implementation as co-owners. For this Call, the Municipality must play an active role in implementing the action. The Partnership must not be developed merely to transfer the public sector's day to day operations, nor must the department merely be seen to be a funder or procurer of services in implementing the project. There needs to be clear evidence that there is pooling of financial resources, capacity and/or expertise to address an agreed common objective. (Please see Annexure B for more details)
- **Private Sector:** is the part of the national economy not made up or controlled by the government but made up of private enterprises. It includes the corporate sector (companies), Civil Society Organisations and Non-governmental organisations (NGO's) registered under the Companies Act (71 of 2008)
- **Project Outcome:** This is the specific objective of the project or the development outcome at the end of the project, which will contribute to the overall objective.
- **Provincial Department:** means— (a) the Office of a Premier listed in Schedule 1 to the Public Service Act, 1994; (b) a provincial department listed in Schedule 2 to the Public Service Act
- **Public-Private Partnership (PPP):** A PPP is a contract between a public-sector institution/municipality and a private party, in which the private party assumes substantial financial, technical and operational risk in the design, financing, building and operation of a project. The way a PPP is defined in the regulations makes it clear that:
  - A PPP is not simple outsourcing of functions where substantial financial, technical and operational risk is retained by the institution;
  - A PPP is not a donation by a private party for the public good;
  - A PPP is not the 'commercialisation' of a public function by the creation of a state-owned enterprise;
  - A PPP does not constitute borrowing by the State.
- **Recipient:** This is the applicant or partnership group that has been successful in accessing a grant to undertake a particular project.
- **Specific Objective:** This is the development outcome which the project wants to achieve, and that contributes to the overall objective.
- **Stakeholders:** These are those who may affect or be affected by the development and/or implementation of a project.
- **Sub-contractor/Service provider:** This is a person or organisation with whom the Applicant wishes to contract for part of the work described in the project application.
- **Target groups:** These are groups of persons who are the intended focus of the project and who will be positively affected by the successful implementation of the project.

## 5 ANNEXURE B: PARTNERSHIPS

A partnership in the instance of the GBS 5<sup>th</sup> Call for Proposal is a formal agreement between the municipality and one or more entities to carry on business/implementation as co-owners of the project. The partnership must not be developed merely to transfer the municipality's day to day operations, nor must the municipality merely be seen to be a funder or procurer of services in implementing the project. There needs to be clear evidence that there is pooling of financial resources, capacity and/or expertise to address an agreed-on common objective.

**NOTE:** A municipality **will have to partner** with a relevant provincial or national department and/or government entity, **where the project falls outside the core mandate and function** of the municipality. Evidence of this partnership must be provided as an attachment to the proposal (e.g. MoU, SLA, Letter of support / approval from the partner department/entity). If this is not provided, the proposal will be considered administratively non-compliant and will not be eligible for funding.

The roles and responsibility of the partner/s need to be clearly defined within the proposal. The partner should not be seen as a service provider to the project even though certain components of the project will be implemented by the partner. A "charge/service fee" can therefore not be levied by the partner. Should a service provider be required within the project, this must follow the supply chain management (SCM) processes and any other applicable sections contained in the MFMA processes.

Where the municipality enters into a voluntary partnership in order for it to increase its implementation capacity, the same rules as described above will apply to this voluntary partnership.