

FRAMEWORK FOR CONDITIONAL GRANTS 2020/2021

Buffalo City Metropolitan Municipality



FINANCE MANAGEMENT GRANT (FMG)

Buffalo City Metropolitan Municipality



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

ENERGY EFFICIENCY DEMAND SIDE MANAGEMENT GRANT (EEDSMG)

Buffalo City Metropolitan Municipality



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

EXPANDED PUBLIC WORKS PROGRAMME GRANT (EPWP)

Buffalo City Metropolitan Municipality



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

INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Buffalo City Metropolitan Municipality



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

URBAN SETTLEMENT DEVELOPMENT GRANT (USDG)

Buffalo City Metropolitan Municipality



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	2018/19 audited financial outcomes <ul style="list-style-type: none"> • The grant was allocated R11.3 billion, and R11.3 billion (100 per cent) was transferred to municipalities
	2018/19 service delivery performance <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	Responsibilities of the national department <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 Responsibilities of other national sector departments <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 UISP component <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

NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

Buffalo City Metropolitan Municipality



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 TRANSPORT NETWORK GRANT (PTNG)

Buffalo City Metropolitan Municipality



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

Public Transport Network Grant	
	<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

INTEGRATED CITY DEVELOPMENT GRANT (ICDG)

Buffalo City Metropolitan Municipality



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	Responsibilities of the national department <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
	Responsibilities of municipalities <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