

FRAMEWORK FOR CONDITIONAL GRANTS 2024/2025

Buffalo City Metropolitan Municipality



INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT (ISUPG)

Buffalo City Metropolitan Municipality



HUMAN SETTLEMENTS GRANTS

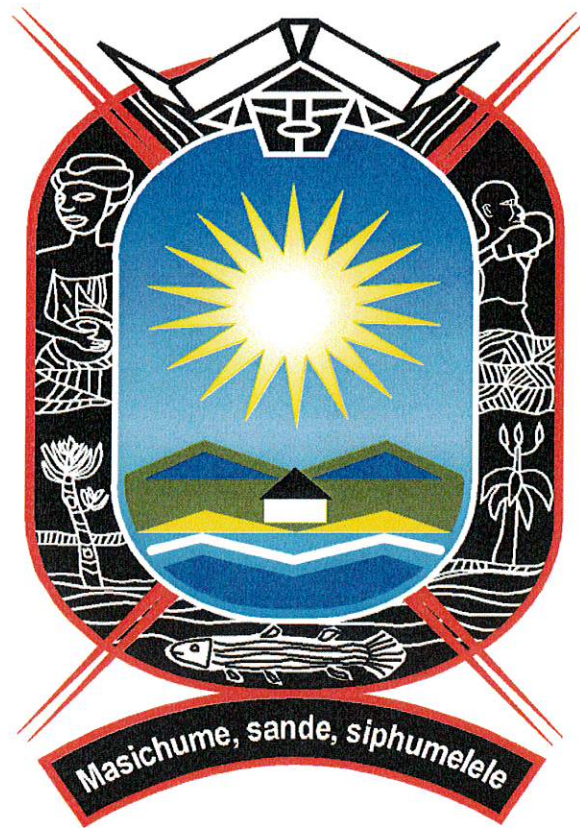
Informal Settlements Upgrading Partnership Grant: Municipalities	
Transferring department	<ul style="list-style-type: none"> Human Settlements (Vote 33)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part B
Strategic goal	<ul style="list-style-type: none"> The creation of sustainable and integrated human settlements that enable improved quality of household life
Grant purpose	<ul style="list-style-type: none"> To provide funding to facilitate a programmatic, inclusive and municipality-wide approach to the upgrading of informal settlements
Outcome statements	<ul style="list-style-type: none"> Adequate housing in improved quality living environment
Outputs	<ul style="list-style-type: none"> The grant shall fund the outputs defined in Phases 1 – 3 of the Upgrading of Informal Settlements Programme (UISP) in the National Housing Code of 2009 Social Facilitation: <ul style="list-style-type: none"> Number of Informal Settlements where social facilitation was conducted Phase 1 <ul style="list-style-type: none"> Number of pre-feasibility studies conducted Number of re-blocking projects undertaken Phase 2 <ul style="list-style-type: none"> Feasibility studies: <ul style="list-style-type: none"> number of environmental impact assessments undertaken number of geotechnical studies conducted number of any other relevant studies conducted Land acquisition: <ul style="list-style-type: none"> hectares of land acquired for in-situ upgrading hectares of land acquired for relocation hectares of land transferred and registered hectares of land availed in terms of land availability/development agreement Number of settlements supplied with bulk infrastructure Number of settlements benefitting from interim municipal engineering services and/or any other alternative engineering services Number of settlements provided with rudimentary services Phase 3 <ul style="list-style-type: none"> Number of settlements provided with permanent municipal engineering services and/or any other alternative engineering services Number of serviced sites developed Number of social and economic amenities provided. Number of sites transferred to end users Number of households provided with secure tenure Number of engineering designs: water, sewer, roads and and/or storm water drainage concluded Number of layout plans approved
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 5: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> This grant requires municipalities to attain municipal council approval on informal settlements to be upgraded in the 2024/25 financial year A municipality must submit a business plan prepared in terms of the requirements of the template determined by the DHS Municipalities must submit an informal settlements upgrading business plan in line with the UISP in the National Housing Code for each settlement to be upgraded which includes: <ul style="list-style-type: none"> project description settlement name and global positioning system coordinates project institutional arrangements outputs and targets for services to be delivered cash flow projections procurement plan risk management plan number of re-blocking projects to be undertaken Number of jobs opportunities to be created
Conditions	<ul style="list-style-type: none"> Expenditure from this grant should be aligned to the priorities set out in the 2019-2024 Medium Term Strategic Framework for human settlements Funds should be utilised as per the UISP as defined in the National Housing Code Business plans must be informed by the Municipal Informal Settlements Upgrading Strategy, which has to be aligned to the Provincial Informal Settlement Upgrading Strategy Draft and final business plans must be aligned to municipal Integrated Development Plans Municipal managers must sign-off and confirm that projects captured in business plans are ready for implementation in the 2024/25 financial year and will yield the expenditure as per cashflows submitted Final business plans must be submitted by 31 May 2024 Municipalities should only implement projects in the approved upgrading plans and any deviation from the approved upgrading plans should be sought from the DHS

Informal Settlements Upgrading Partnership Grant: Municipalities	
	<ul style="list-style-type: none"> • Municipalities should ensure alignment between the infrastructure grants (provision of bulk) and the ISUPG • Municipal managers must sign off and confirm that projects captured in their informal settlements upgrading plans are assessed and approved for implementation in the 2024/25 financial year • The transfer of the first tranche of funds is conditional upon the Transferring Officer of national Department of Human Settlements (DHS) approving the business plan and informal settlements upgrading plans per settlement consistent with the provisions of the Housing Act, and in compliance with the National Housing Code • The flow of the second tranche will be conditional upon the: <ul style="list-style-type: none"> ○ submission of the first quarter report, in line with the requirements of the Municipal Finance Management Act (MFMA) circular 88, signed-off by the accounting officer of the municipality ○ submission of the report with financial and non-financial information aligned to the approved upgrading plans • The flow of the third tranche will be conditional upon submission of second quarter (both financial and non-financial) performance information, in line with the requirements of MFMA circular 88 • Municipalities may request in writing to the transferring officer, approval to amend their business plans during the municipal adjustment period • If a municipality is allocated additional funding or its funds are stopped and reallocated to another municipality, a revised business plan must be submitted for subsequent reporting • The payment schedules submitted by municipalities should be derived from the cash flows contained in the approved upgrading plans • Municipalities must spend at least 70 per cent of their allocations on bulk infrastructure and internal services • A maximum of 5 per cent of a municipality's allocation may be utilised for the Operational Support Capital Programme as per the Operational Support Capital Programme Policy of the DHS • A maximum of 3 per cent of the total allocation should be earmarked for social facilitation • A maximum of 5 per cent of the annual allocation should be used for re-blocking • Municipalities may adjust their business plans during the mid-term budget adjustment period • Municipalities are allowed to shift budget between projects in the business plan provided that no new projects are introduced into the business plan in year without the approval of the transferring officer
Allocation criteria	<ul style="list-style-type: none"> • The grant is allocated to all metropolitan municipalities • These funds are determined through the USDG allocation formula
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This is a conditional grant with a specific purpose to provide for the upgrading of informal settlements and other related aspects thereto
Past performance	<p>2022/23 audited financial outcomes</p> <ul style="list-style-type: none"> • R4.3 billion was allocated and transferred to municipalities; and R1.9 billion (45 per cent) was spent <p>2022/23 service delivery performance</p> <ul style="list-style-type: none"> • Service delivery performance is as indicated in the performance evaluation report for 2022/23
Projected life	<ul style="list-style-type: none"> • This grant will continue until 2026/27, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2024/25: R4.5 billion; 2025/26: R4.7 billion and 2026/27: R4.9 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers will be made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Receive, assess and make determinations on the credibility of municipal informal settlements upgrading plans and the implementation readiness of projects captured therein • Maintain the policy and programme and assist with interpretation • Monitor and evaluate municipal financial and non-financial grant performance and control systems including quarterly summary reports on performance related to the UTSP • Provide implementation assistance support to municipalities as may be required • Undertake structured and other visits to municipalities as is necessary • Facilitate structured intergovernmental forums for regular interaction with municipalities • Identify lessons from the preparation and implementation of this window and use these to inform the design of the proposed new grant for informal settlement upgrading • The transferring officer should design and distribute a template, before 1 July 2024, to be signed by a municipal manager or a delegated officer to be submitted with monthly and quarterly reports by metropolitan municipalities • Use the grant to leverage other forms of funding • Prioritise the gazetted priority projects <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Municipalities should ensure collaboration and involvement of communities and civil organisations in the signing of implementation protocols for projects to be implemented • 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 • Develop long term municipal wide informal settlements upgrading strategy that will influence the annual business plan

Informal Settlements Upgrading Partnership Grant: Municipalities	
	<ul style="list-style-type: none"> • Request assistance from the provincial department on any of the matters concerned if the municipality lacks the capacity, resources or expertise • Municipalities must align their business plan with Municipal housing chapters of IDPs and Infrastructure Reporting Model (IRM) in terms of section 13(1)(a) of this Act • Implement approved projects in accordance with the UISP in the National Housing Code of 2009 • 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 2024 • Identify lessons from the implementation of this grant and share these with DHS • Municipalities should submit a signed letter by a municipal manager or a delegated person, as an attachment to the monthly and quarterly reports • Detailed performance report per settlement (i.e., project level performance) report for phase 1-3 aligned to the business plan must be submitted quarterly • Municipalities must adhere to section 16 of the 2024 Division of Revenue Act • Municipalities must utilise the ISUP grant to leverage alternative financing mechanisms/instruments • Municipalities must report quarterly on projects funded, in line with the requirements of the MFMA circular 88. Reporting must include financial and non-financial performance on progress against the UISP plans, using the template prescribed by the DHS • Municipalities must report on the percentage of their allocations awarded to companies owned by designated groups on a monthly and quarterly basis • Municipalities must submit financial performance reports by no later than 10 working days after the end of each month • Each informal settlement should have a project specific upgrading plan available upon request by the DHS • Should on quarterly basis, report on the number of jobs and training opportunities to be created
Process for approval of 2025/26 business plans	<ul style="list-style-type: none"> • Draft business plans must be submitted to the DHS by 24 March 2025 • The DHS will provide feedback on the draft business plans by 30 April 2025 • Final business plans must be submitted by no later than 30 May 2025

LOCAL FINANCE MANAGEMENT GRANT (FMG)

Buffalo City Metropolitan Municipality



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 financial management of municipalities Improved and sustained skills development, including appointment of interns supporting the implementation of financial management reforms focusing on the gaps identified in the Financial Management Capability Maturity Assessments and as reflected in the Financial Management Grant (FMG) support plans Appropriately skilled financial officers appointed in municipalities with financial management competencies beyond the minimum competencies' regulations Timely submission of all in-year reports, including the financial statements and improved audit outcomes Improvement in municipal financial governance and oversight decisions
Outputs	<ul style="list-style-type: none"> Number of municipal officials registered for financial management training Number of interns serving on the internship programme Number of municipalities that have assessed their Financial Management Capability Maturity (FMCMM) using the web enabled FMCMM & Audit Action Plan tools and developed plans to address weaknesses Number of municipalities with established internal audit units and audit committees Number of municipalities that utilise the e-monitoring compliance system to improve financial management Number of municipalities that are compliant with the Standard Chart of Accounts (mSCOA) Number of support plans developed
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 1: A capable, ethical, and developmental state Priority 5: Spatial integration, human settlements, and local government
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses a FMG support plan to direct resources towards addressing weaknesses in financial management
Conditions	<ul style="list-style-type: none"> FMG funds can be used towards the following to improve institutional sustainability: <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 interns through the internship programme 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 support the training of municipal financial management officials towards attaining the minimum competencies, as regulated in Government Gazette 29967 of June 2007 amended through Gazette 41996 of October 2018 support the preparation of the assets register, focusing on skills transfer to municipal officials any technical support to municipalities must include the transfer of skills to municipal officials support to strengthen financial governance and oversight, as well as the functioning of internal audits and audit committees on-going review, revision and submission of FMG support plans to the National Treasury that address weaknesses in financial management FMG support plan must be consistent with the conditions of the grant and be submitted timeously Timely submission of reports with complete information as prescribed in the 2024 Division of Revenue Act (DoRA) Expenditure must be maintained at appropriate levels
Allocation criteria	<ul style="list-style-type: none"> All municipalities benefit from the 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 assessment with poor audit outcomes
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>2022/23 audited financial outcomes.</p> <ul style="list-style-type: none"> R569 million was allocated and transferred to 257 municipalities R563 million was spent by municipalities

Local Government Financial Management Grant	
	<p>2022/23 service delivery performance.</p> <ul style="list-style-type: none"> • 257 municipalities submitted FMG support plans • 1 205 graduate finance interns were serving on the internship programme in municipalities as at 30 June 2023 • 3 461 interns have been permanently appointed since 2004 in municipalities • 1 534 officials received statements of results for attaining the minimum competencies • 257 municipalities are budgeting and transacting using the municipal standard charts of accounts • 185 municipalities have established disciplinary boards as at 30 June 2023 • 239 municipalities submitted AFS by the extended deadline as at 31 October 2022
Projected life	<ul style="list-style-type: none"> • This grant continues until 2026/27, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2024/25: R582 million; 2025/26: R590 million and 2026/27: R617 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 on the programme • Transfer funds to municipalities in terms of the 2024 DoRA • Participate in the review of the municipal capacity support system during 2024 • With respect to the provision of support for the preparation of asset registers, collaborate with the Department of Cooperative Governance
	<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 2024 DoRA • Undertake an assessment of the requisite skills and training needs in the Budget and treasury office, internal audit units in full-time employment, to enable the municipality to perform the functions required in the MFMA • Develop consultancy reduction plans on all financial management disciplines where consultants are appointed to perform such functions
Process for approval of 2025/26 support plans	<ul style="list-style-type: none"> • 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

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 including but not limited to block paving and pothole patching 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 and cleaning services parks and beautification sustainable land-based livelihoods social services programmes energy including but not limited to retro-fitting, solar
Outcome statements	<ul style="list-style-type: none"> Contribute towards increased levels of employment Improved opportunities for sustainable work through experience, learning gained and skills development
Outputs	<ul style="list-style-type: none"> Number of Full-Time Equivalents (FTEs) to be created through the grant Number of people employed, trained and receiving income through the EPWP Number of days worked per work opportunity created
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: 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), the latest EPWP Ministerial Determination, the EPWP Recruitment Guidelines and the National Minimum Wage Act of 2018 including applicable gazettes Municipalities must register all EPWP projects on the DPWI's EPWP reporting system Project data reports must be loaded and updated 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 participant and payroll records as specified in the audit requirements in the EPWP grant manual and the Ministerial Determination 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 projects only approved in each municipality's EPWP project list To receive the first tranche of the allocations, eligible municipalities must submit a signed integrated agreement with a project list by 28 June 2024 Subsequent grant disbursements are conditional upon: <ul style="list-style-type: none"> eligible municipalities reporting EPWP performance on the DPWI's EPWP reporting system within the required timeframes compliant 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 FTE targets Municipalities must ensure that EPWP branding is included as part of the project cost in line with the DPWI's corporate identity manual At least 2 per cent of the grant allocation should be used for training of participants
Allocation criteria	<ul style="list-style-type: none"> To align with the priorities of the Executive Authority, all 257 municipalities will receive an allocation in 2024/25, and the base allocation is R1.2 million. Additional 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 Household Living Conditions from 2022 Census 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 to 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>2022/23 audited financial outcomes</p> <ul style="list-style-type: none"> The grant had an allocation of R778 million, 254 municipalities were eligible for the grant and 100 per cent of the allocation was transferred to these municipalities. R740 million of the transferred funds was spent by the end of the financial year <p>2022/23 service delivery performance</p> <ul style="list-style-type: none"> 343 803 work opportunities were reported by 254 municipalities and validated on the EPWP system 93 308 FTE jobs were reported by 254 municipalities and validated on the EPWP system Average duration of the work opportunities created has increased to 62 days
Projected life	<ul style="list-style-type: none"> Grant continues until 2026/27, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2024/25: R560 million; 2025/26: R567 million and 2026/27: R593 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"> 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, the EPWP Ministerial Determination and the National Minimum Wage Act including applicable gazettes 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 project implementation information including project outputs and expenditure Monitor the performance and spending of municipalities according to the signed incentive agreement 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 verify existence of the projects and identify where support is needed <p>Responsibilities of the eligible municipalities</p> <ul style="list-style-type: none"> Develop an EPWP project list and sign the standard funding agreement with DPWI by 28 June 2024, 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 compliant information is captured in the EPWP reporting system Municipalities must maintain participant payroll records as specified in the audit requirements in the EPWP grant manual, and make these available to DPWI for data quality assessment tests EPWP work opportunity reports must be captured on a monthly basis in order for progress to be assessed Submission of quarterly non-financial reports by the timelines stipulated in the clauses of the 2024 Division of Revenue Act
Process for approval of 2025/26 business plans	<ul style="list-style-type: none"> Municipalities must report performance on EPWP projects for the 2024/25 financial year by 15 October 2024 to be eligible for a grant allocation Municipalities must submit a signed EPWP integrated agreement and project list by 30 June 2025

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, reliable, quality infrastructure asset base to enable the development of integrated urban 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
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 ○ increased investment in existing and new bulk and distribution for urban developments ○ improved quality of water and sanitation services ○ increased bulk infrastructure capacity for municipal services ○ 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 ○ provision of resources for sustainable community development for social and economic infrastructure and meaningful participation
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"> ○ increased annual investment in renewal (rehabilitation and/or replacement) and expansion in municipal bulk and distribution infrastructure ○ increase in municipal bulk and link infrastructure increase in access to public and socio-economic amenities ○ construction/provision of internal engineering services, including backyarders and densification overlay zones ○ increase in land provision for informal settlement upgrading subsidised housing, or mixed-use developments in support of approved human settlements and other urban developments
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Economic transformation and job creation • Priority 5: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> • This grant uses the Urban Settlements Development Grant (USDG) plan (containing a project list with project names, project descriptions, infrastructure classification, Geographic Information System (GIS) coordinates and wards in which projects are being developed. 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 • Name of the grant or fund for which USDG acts as supplementary, per project • Approved project budget and total project expenditure to date
Conditions	<ul style="list-style-type: none"> • Municipalities must submit a USDG plan 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 • Municipalities must prioritise critical water, sanitation, roads, storm water and electricity projects • The flow of the first tranche is conditional upon: <ul style="list-style-type: none"> ○ approval of the municipal USDG business plan by the DHS ○ submission of the 2023/24 third quarter financial performance signed off by the municipal accounting officer or duly delegated official and non-financial information in line with the requirements set out in the Municipal Finance Management Act (MFMA) circular 88 ○ submission of a final USDG plan that is aligned to the municipal IDP, SDBIP and national priorities by 15 April 2024 • The flow of the second tranche will be conditional upon the submission of the 2023/24 fourth quarter financial performance signed off by the municipal accounting officer and/or duly delegated authority and non-financial information as per the requirements set out in the MFMA circular 88 • The flow of the third tranche will be conditional upon submission of second quarter financial performance signed off by the municipal accounting officer or duly delegated authority and non-financial information as per the requirements set out in the MFMA circular 88 • A maximum of 5 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 issued by DHS • Municipalities must indicate the amounts of their annual allocations for spending on the identified national priority projects as approved by the National Department • Municipalities must prioritise the implementation of projects that are in the gazetted Priority Human Settlements and Housing Development Areas subject to these projects being included in the municipal IDP • Municipalities may request in writing to the transferring officer to amend the approved business plans during the mid-term adjustment period. Approval is subject to the transferring officer's concurrence. The following factors must be taken into consideration in the amendment of the business plans:

Urban Settlements Development Grant	
	<ul style="list-style-type: none"> ○ the total grant allocation and delivery targets should be maintained unless the allocation has been stopped or reallocated in terms of sections 18 and 19 of the 2024 Division of Revenue Act (DoRA) ○ no new projects are to be introduced into the business plan without approval by the transferring officer • With approval by the transferring officer, municipalities may utilise funding for the procurement of specialised waste management vehicles servicing the poor. Municipalities must complete a technical assessment report (TAR) which must comply with the norms and standards for specialised waste management vehicles. The TAR must demonstrate that funds will solely be used for the expansion of waste management services to poor households previously under-served • An amount of R772 million in 2024/25 is ring-fenced for projects conditionally approved through the Budget Facility for Infrastructure (BFI). The following amounts per municipality must be used in 2024/25, as conditionally approved by the BFI committee: <ul style="list-style-type: none"> ○ R118 million for eThekweni Metropolitan Municipality for the implementation of phase 1 of the Avoca Node Programme ○ R654 million for the City of Johannesburg for the implementation of the Lufhereng Mixed Use Development Programme • Should there be cost variations of more than 10 per cent on a Budget Facility for Infrastructure funded projects, the relevant municipality is required to inform the National Treasury and the transferring officer within 30 days of confirming the cost variations <p>Water financing component</p> <ul style="list-style-type: none"> • Municipalities must submit the following to the transferring officer and the National Treasury to qualify for making an application for the financing component: <ul style="list-style-type: none"> ○ a council approved water turnaround strategy by 31 July 2024 ○ a roadmap on the institutional reforms for improved management and governance by 30 September 2024 ○ a water and sanitation services business and investment plan that is consistent with the water services development plan by 30 September 2024
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 2024 Division of Revenue Bill. The formula incorporates household backlogs in basic services and access to socio-economic services and poverty-weighted data • The BFI allocations ring-fenced in this grant are application-based
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • This is a supplementary capital infrastructure grant with conditions, objectives and distribution criteria (including infrastructure backlogs) different to those of the equitable share
Past performance	<p>2022/23 audited financial outcomes</p> <ul style="list-style-type: none"> • Of the R7.5 billion allocated, R7.3 billion was transferred to municipalities; and R3.6 billion (49 per cent) was spent <p>2022/23 service delivery performance</p> <ul style="list-style-type: none"> • Service delivery performance is as indicated in the performance evaluation reports for 2022/23
Projected life	<ul style="list-style-type: none"> • This grant continues until 2026/27, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2024/25: R8.7 billion; 2025/26: R9.2 billion and 2026/27: R9.8 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers will be made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Develop indicators for the outcomes and outputs • Convene a structured forum to meet with municipalities on a quarterly basis • Monitor and evaluate the municipal financial and non-financial performance of the grant, including quarterly summary reports on performance across municipalities • Provide support to municipalities with regard to human settlement programmes including but not limited to oversight visits to municipalities as may be necessary, facilitate strategic and spatial planning support related to urban development • Publish a guideline by 30 March 2024 on how municipalities should use capacity funds from this grant • Ensure collaboration between provinces and municipalities to promote area-based planning, budgeting and funding alignment as well as implementation support, where applicable • 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 • Participate in the municipal budget benchmarking process as and when indicated by the National Treasury • The transferring officer should design and distribute a template by 1 July 2024 to be signed by a municipal manager or a delegated officer to be submitted with monthly and quarterly reports by metropolitan municipalities • The review of revised business plans must be finalised by the DHS within 14 days of submission by the municipality • Use this grant to leverage alternative financing mechanisms/instruments <p>Responsibilities of other national sector departments</p> <ul style="list-style-type: none"> • The Department of Mineral Resources and Energy, Department of Water and Sanitation, Department of Environment, Forestry and Fisheries and the Department of Transport must all provide technical advice and support relevant to their sectors and monitor the performance of municipalities in line with the requirements set out in the MFMA circular 88

Urban Settlements Development Grant	
	<ul style="list-style-type: none"> • National Treasury will issue a guidance note by 1 April 2024, on requirements for turnaround strategies, institutional reforms and business plans for the water financing component <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Complete the business plan template and ensure accurate information and data is provided • Metropolitan municipalities may replace non-performing projects with performing projects providing a similar infrastructure that fulfils the same policy objectives. The performing projects should be from the approved business plans and the replacement should not jeopardise the achievement of the overall MTSF targets committed to by the municipality • Changes to the project list of the approved business plan and within the same and related function must be reported quarterly to the DHS in writing and provide all the relevant details of the new project within 30 days after the end of the quarter • Comply with the terms and conditions of the receiving officer outlined in the 2024 DoRA • 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 municipal priorities • Municipalities should submit a signed letter by a municipal manager or a delegated authorised person as an attachment to the monthly and quarterly reports • Municipalities must report on the percentage of their allocations spent on service provided by companies owned by designated groups on a quarterly basis • Municipalities must adhere to section 16 of the 2024 DoRA • Municipalities must report quarterly on projects funded, in line with the requirements of the MFMA circular 88. Reporting must include financial and non-financial performance on progress against UISP plans, using the template prescribed by the DHS • Municipalities must submit the financial performance reports within 10 working days after the end of the month • Use this grant to leverage alternative financing mechanisms/instruments
Process for approval of 2025/26 business plans	<ul style="list-style-type: none"> • Municipalities must submit a comprehensive draft USDG plan (based on MFMA circular 88 indicators) with targets aligned to the MTSF, IDP and SDBIP and a draft and/or approved municipal budget to the transferring officer for comment, by 15 February 2025 • The revised USDG plan should be submitted by 15 April 2025 • The business plan will be finalised before the start of the municipal financial year

PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)

Buffalo City Metropolitan Municipality



Programme and Project Preparation Support 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"> The development of more inclusive, liveable, productive and sustainable urban built environments in metropolitan municipalities
Grant purpose	<ul style="list-style-type: none"> 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 and the allocation of a growing level of municipal resources to preparation activities
Outcome statements	<ul style="list-style-type: none"> Strengthened and effective system of programme and project preparation in the metropolitan municipalities
Outputs	<ul style="list-style-type: none"> Effective and transparent system for project approvals (clearly defined authorising environment) in the metropolitan municipalities Increased investment in programme and project preparation by the metropolitan municipalities Credible pipeline of projects developed by metropolitan municipalities Number of feasibility studies/strategies completed Long-term programmes/projects that will attract private investment and assist metropolitan municipalities enhance revenue
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 5: 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 have committed to co-financing contributions The first transfer of the grant will only be released to a municipality that has, by 31 May 2024, submitted a work plan to National Treasury with programme and project preparation activities. Transfers will be based on performance in line with the work plans and approved projects submitted to National Treasury Funds can only be spent on direct operating costs for programme and project preparation activities Metropolitan 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
Allocation criteria	<ul style="list-style-type: none"> Allocations will be made based on municipal submissions (work plan) Final allocations will be based on performance
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The grant provides funding to the 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>2022/2023 audited financial outcomes</p> <ul style="list-style-type: none"> The grant was allocated R361 million, of which R361 million was transferred and R306 million was spent by the end of the financial year <p>2022/23 service delivery performance</p> <ul style="list-style-type: none"> 84 PPPSG projects were funded in 2022/23 96 Projects were approved in 2022/23
Projected life	<ul style="list-style-type: none"> The grant will continue over the medium term
MTEF allocations	<ul style="list-style-type: none"> 2024/25: R386 million; 2025/26: R391 million and 2026/27: R409 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Review eligibility criteria and assess compliance with grant conditions prior to the transfer of each tranche of the allocations Provide operational guidelines, facilitate peer learning and provide capacity support through the Cities Support Programme and the Neighbourhood Development Programme Participate in the review of the municipal capacity support system during 2024 <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> Submit a work plan of activities relating to the establishment and institutionalisation of programme and project preparation Implement the work plan and report on progress The financing plan with associated co-funding agreements must be in place prior to implementation of the project unless an exemption to co-funding requirements has been approved by National Treasury
Process for approval of 2025/26 business plans	<ul style="list-style-type: none"> National Treasury will communicate further details of the requirements for project and programme preparation funding over the 2024 Medium-Term Expenditure Framework period by September 2024 Municipalities must submit a work plan of activities relating to the establishment and institutionalisation of programme and project preparation by November 2024

INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Buffalo City Metropolitan Municipality



NATIONAL TREASURY GRANTS

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 and regional 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 diploma and/or degree) 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 5: 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 and the budget must be clearly outlined Municipalities must have a Project Management Unit The business plan must be signed by the Municipal Manager 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 the 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 the ability of municipalities to provide training and professional development to graduates for the duration of the candidacy 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

Infrastructure Skills Development Grant	
Past performance	<p>2022/23 audited financial outcomes</p> <ul style="list-style-type: none"> • R160 million was allocated and transferred to 15 municipalities and R154 million was spent <p>2022/23 service delivery performance</p> <ul style="list-style-type: none"> • The grant has created employment and training opportunities • Currently, 364 graduates are in training • Since the inception of the grant, 332 graduates have been professionally registered with the relevant statutory councils • 270 graduates are professionally registered and absorbed by the municipalities • In 2022/23 the following municipalities hosted graduates through the grant: Buffalo City (20 graduates); Nelson Mandela Bay (37 graduates); eThekweni (64 graduates); City of Johannesburg (15 graduates); Polokwane (18 graduates); Govan Mbeki (67 graduates); Gert Sibande (31 graduates); Alfred Nzo (19 graduates); Sol Plaatje (13 graduates); John Taolo Gaetsewe (9 graduates); King Sabata Dalindyebo (10 graduates); City of Cape Town (23 graduates); George (17 graduates); Alfred Duma (11 graduates); Thulamela (10 graduates)
Projected life	<ul style="list-style-type: none"> • The grant is expected to continue up to 2026/27, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2024/25: R165 million; 2025/26: R173 million and 2026/27: R181 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 relevant 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 2024 <p>Responsibilities of municipalities</p> <ul style="list-style-type: none"> • Comply with the requirements of the 2024 Division of Revenue Act, ISDG guidelines, 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 2025/26 business plans	<ul style="list-style-type: none"> • Interested municipalities must submit a three-year business plan by 30 August 2024 for assessment by the National Treasury • Participating municipalities must submit revised business plans to the National Treasury by 30 August 2024

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 targeted locations, under-served neighbourhoods, 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 Improved social cohesion and strengthened social safety net
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 centres catalytic programmes within integration zones 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 Number of work opportunities and full-time equivalents created through the city-led public employment programme (PEP)
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: Economic transformation and job creation Priority 5: 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 time-frames 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 <p>City-led Public Employment Programmes (PEP)</p> <ul style="list-style-type: none"> R650 million has been allocated to the eight metros from the Public Employment Stimulus for 2024/25. The breakdown per municipality is as follows: <ul style="list-style-type: none"> Buffalo City R36 million City of Cape Town R130 million City of Ekurhuleni R125 million City of Johannesburg R86 million City of Tshwane R111 million eThekweni R107 million Mangaung R40 million Nelson Mandela Bay R15 million Funds may be used to implement new or upscale existing city-led PEPs that contribute to: upgrading informal settlements, township economic development, maintenance, development and management of public space and assets within human settlement and economic nodes, greening and cleaning; food safety; innovative service delivery; sharing and management of local knowledge and information; community safety; environmental services and management; and community tourism Metropolitan municipalities must submit a business plan for approval by National Treasury on the date stipulated by National Treasury, outlining the key PEP initiatives, activities, inputs, output indicators and outcome indicators and delivery and reporting mechanisms Project implementation and spend can only commence on approval of the business plan by National Treasury 90 per cent of the funds may be used for the operating costs of running a public employment programme: <ul style="list-style-type: none"> the basic minimum wage should be used as a guideline for costing the PEP employment opportunities supervisory, project management and operational-related materials costs should be budgeted for A maximum of 10 per cent of the PEP allocation can be used for the purchasing of capital equipment Cities can shift funds between city-led PEP projects, but they are required to notify the National Treasury of any such shifts in the monthly reports

Neighbourhood Development Partnership Grant	
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 centres: <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	<ul style="list-style-type: none"> • 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>2022/23 audited financial outcomes:</p> <ul style="list-style-type: none"> • R1.3 billion was allocated and transferred in Schedule 5, Part B direct transfers to municipalities and R1.1 billion was spent • R201 million allocated in Schedule 6, Part B indirect transfers to municipalities and R190 million of this was spent by the end of the national financial year
	<p>2022/23 service delivery performance</p> <ul style="list-style-type: none"> • 90 NDPG projects under construction in 2022/23 • R20 billion in estimated third party investment leveraged (cumulative since 2007/08) • 698 catalytic projects approved (cumulative since 2007/08) • 18 long-term urban regeneration programmes registered (cumulative since 2013/14) • 23 640 jobs were created under PEP
Projected life	<ul style="list-style-type: none"> • This grant is expected to continue over the medium term • PEP portion of the grant has been extended to 2024/25
MTEF allocations	<p>Direct transfers (Schedule 5, Part B):</p> <ul style="list-style-type: none"> • 2024/25: R1.3 billion; 2025/26: R669 million and 2026/27: R700 million <p>Allocation-in-kind (Schedule 6, Part B):</p> <ul style="list-style-type: none"> • 2024/25: R95 million; 2025/26: R99 million and 2026/27: R104 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"> • 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 2024 Division of Revenue Act (DoRA) ○ 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 2024
	<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 2024 DoRA • Submit a cash flow schedule with budgets and time-frames 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 • Cities must form partnerships with relevant civil society or private sector implementing partners for the roll-out of City PEPs in line with City partnering policies • 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 • Enter and manage partnerships agreements to ensure that the desired project deliverables and objectives are met

Neighbourhood Development Partnership Grant	
	<ul style="list-style-type: none"> • 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
Process for approval of 2025/26 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