FRAMEWORK FOR CONDITIONAL GRANTS
2025/2026

Buffalo City Metropolitan Municipality

Masichume, sande, siphumelele

INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT (ISUPG)

Buffalo City Metropolitan Municipality

Masichume, sande, siphumelele

HUMAN SETTLEMENTS GRANTS

	Informal Settlements Upgrading Partnership Grant: Municipalities
Transferring department	• Human Settlements (Vote 33)
Grant schedule	• Schedule 5, Part B
Strategic goal	• The creation of sustainable and integrated human settlements that enable improved quality of household life
Grant purpose	• To provide funding to facilitate a programmatic, inclusive and municipality-wide approach to the upgrading of informal settlements
Outcome statements	• Adequate housing in improved quality living environment • Enhanced institutional capabilities for effective coordination of spatial investment decisions • Security of tenure
Outputs	• 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:** • Number of informal settlements where community compacts were conducted **Phase 1** • Number of pre-feasibility studies conducted • Number of informal settlements re-blocked **Phase 2** • Hectares of land acquired • Number of informal settlements benefitting from rudimentary services/interim municipal engineering services and/or any alternative technology • Number of engineering designs: water, sewer, roads and storm water drainage concluded • Number of layout plans approved **Phase 3** • Number of settlements provided with permanent municipal engineering services and/or any other alternative engineering services • Number of informal settlements supplied with bulk infrastructure projects • Number of serviced sites developed • Number of socioeconomic amenities delivered • Number of sites transferred to end users • Number of township establishments registered
Priority of government that this grant primarily contributes to	• Priority 5: Spatial integration, human settlements and local government
Details contained in the business plan	• This grant requires municipalities to attain municipal council approval on informal settlements to be upgraded in the 2025/26 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: o project description o settlement name and global positioning system coordinates o project institutional arrangements o outputs and targets for services to be delivered o cash flow projections o procurement plan o risk management plan o number of re-blocking projects to be undertaken • Number of jobs opportunities to be created • Detailed project plans to be submitted for bulk infrastructure projects • Professional fees including details of planning activities to be undertaken
Conditions	• Funds for this grant should be aligned to the priorities set out in the 2024-2029 Medium Term Development Plan for human settlements • A minimum of 70 per cent of the annual allocation must be used for serviced sites • All projects that are listed in the business plan must be ready for implementation, registered on the Housing Subsidy System • Funds may only be used for disaster relief interventions in informal settlements based on a plan approved by the DHS • 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 2025/26 financial year and will yield the expenditure as per cashflows submitted • Final business plans must be submitted by 02 June 2025 • 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

	• 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 2025/26 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:
	  o 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
	  o 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
	• 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
	• A maximum of 3 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 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	• The grant is allocated to all metropolitan municipalities • These funds are determined through the USDG allocation formula
Reasons not incorporated in equitable share	• This is a conditional grant with a specific purpose to provide for the upgrading of informal settlements and other related aspects thereto
Past performance	**2023/24 audited financial outcomes** • R4.1 billion was allocated and transferred to municipalities; and R4.1 billion (100 per cent) was spent **2023/24 service delivery performance** • Service delivery performance is as indicated in the performance evaluation report for 2023/24
Projected life	• This grant will continue until 2027/28, subject to review
MTEF allocations	• 2025/26: R4.7 billion; 2026/27: R4.9 billion; and 2027/28: R5.2 billion
Payment schedule	• 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** • 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 UISP • 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 2025, 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 **Responsibilities of municipalities** • 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 • Request assistance from the provincial department on any of the matters concerned if the municipality lacks the capacity, resources or expertise • Should ensure alignment between projected cash flows in the business plans and inputs into the payment schedule • Should ensure that they only implement the programmes in the approved business plans • 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

Informal Settlements Upgrading Partnership Grant: Municipalities	
	• 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 2025 • 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 DoRA if they are planning to appoint any other organ of state to implement human settlements projects on their behalf • 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 job opportunities created
	• Municipalities must submit monthly reports that include the outcome/effectiveness of the utilisation of the approved OPSCAP budget
Process for approval of 2026/27 business plans	• Municipalities must submit a comprehensive draft ISUPG plan (based on MFMA circular 88 indicators) with targets aligned to the MTDP, IDP and SDBIP and a draft and or approved municipal budget to the transferring officer for comment, by 24 March 2026 • The DHS will provide feedback on the draft business plans by 30 April 2026 • Final business plans must be submitted by no later than 15 June 2026

LOCAL FINANCE MANAGEMENT GRANT (FMG)

Buffalo City Metropolitan Municipality

Masichume, sande, siphumelele

Local Government Financial Management Grant	
Transferring department	• National Treasury (Vote 8)
Grant schedule	• Schedule 5, Part B
Strategic goal	• To secure sound and sustainable management of the fiscal and financial affairs of municipalities
Grant purpose	• To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act (MFMA)
Outcome statements	• 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
Outputs	• Number of municipal officials registered for financial management training • Number of interns serving on the internship programme • Number of municipalities that are compliant with the Standard Chart of Accounts (mSCOA)
Priority of government that this grant primarily contributes to	• Priority 1: A capable, ethical, and developmental state • Priority 5: Spatial integration, human settlements, and local government
Details contained in the business plan	• This grant uses a FMG support plan to direct resources towards addressing weaknesses in financial management
Conditions	• FMG funds can be used towards the following to improve institutional sustainability: o strengthen capacity and up-skilling officials in the budget and treasury office, internal audit and audit committees o 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 o 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 o 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 • 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 2025 Division of Revenue Act (DoRA) • Accommodation, Travel and subsistence allowance are not covered by the grant • Expenditure must be maintained at appropriate levels • Functional Disciplinary Boards consistent with chapter 15 of the MFMA read with the Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings with clear evidence of cases being processed through the board and finalised • Council approved UIFW reduction strategy with clear monthly milestones for reduction per category of expenditure • Clear demonstration of preventative controls that detect compliance risks timeously
Allocation criteria	• 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: o with challenges/shortcomings in processes, procedures and systems to effectively implement the MFMA, as identified in the Financial Management Capability Maturity assessment o with poor audit outcomes
Reasons not incorporated in equitable share	• 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	**2023/24 audited financial outcomes** • R569 million was allocated and transferred to 257 municipalities • R450 million was spent by municipalities
	2023/24 service delivery performance • 257 municipalities submitted FMG support plans • 1 205 graduate finance interns were serving on the internship programme in municipalities as at 30 June 2024 • 3 151 interns have been permanently appointed since 2004 in municipalities • 1 139 officials received statements of results for attaining the minimum competencies • 257 municipalities are budgeting and transacting using the municipal standard charts of accounts • 164 municipalities have established disciplinary boards as at 30 June 2024 • 191 municipalities have established internal audit units as at 30 June 2024
Projected life	• This grant ongoing subject to review
MTEF allocations	• 2025/26: R590 million; 2026/27: R617 million; and 2027/28: R645 million
Payment schedule	• Transfers are made in accordance with a payment schedule approved by National Treasury

Local Government Financial Management Grant	
Responsibilities of the transferring officer and receiving officer	**Responsibilities of the national department** • Management, monitoring, and reporting on the programme • Transfer funds to municipalities in terms of the 2025 DoRA • Participate in the review of the municipal capacity support system during 2025
	Responsibilities of municipalities • Submit support plans which are consistent with the conditions of the grant • Submit reports consistent with the reporting requirements in the 2025 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 2026/27 support plans	• 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

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PUBLIC WORKS AND INFRASTRUCTURE GRANT

	Expanded Public Works Programme Integrated Grant for Municipalities
Transferring department	• Public Works and Infrastructure (Vote 13)
Grant schedule	• Schedule 5, Part B
Strategic goal	• 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	• 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: o road maintenance including but not limited to block paving and pothole patching o maintenance of buildings o low traffic volume roads and rural roads o basic services infrastructure, including water and sanitation reticulation (excluding bulk infrastructure) o other economic and social infrastructure o tourism and cultural industries o waste management and cleaning services o parks and beautification o sustainable land-based livelihoods o social services programmes o energy including but not limited to retro-fitting, solar
Outcome statements	• Contribute towards increased levels of employment • Improved opportunities for sustainable work through experience, learning gained and skills development
Outputs	• 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	• Priority 2: Economic transformation and job creation
Details contained in the business plan	• 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	• 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 30 June 2025 • Subsequent grant disbursements are conditional upon: o eligible municipalities reporting EPWP performance on the DPWI's EPWP reporting system within the required timeframes o compliant reporting on EPWP Integrated Grant-funded projects o submitting on a quarterly basis, non-financial reports including for the last quarter of the previous financial year o 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 • A minimum of 2 per cent and a maximum of 5 per cent of the grant allocation must be used for training of participants
Allocation criteria	• To be eligible for an EPWP grant allocation in 2025/26, a municipality must have reported at least 13 FTEs in either the infrastructure sector, social sector or environment and culture sector in the 2023/24 financial year • Allocation criteria include: o the number of FTE jobs created in the prior 18 months o past performance with regard to labour intensity in the creation of EPWP work opportunities o Poverty headcount as a percentage from Community Survey 2016 o Rural bias o penalties are applied to municipalities that are non-compliant with the Division of Revenue Act
Reasons not incorporated in equitable share	• 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	**2023/24 audited financial outcomes** • 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
	2023/24 service delivery performance • 57 291 work opportunities were reported by 249 municipalities and validated on the EPWP system • 26 906 FTE jobs were reported by 249 municipalities and validated on the EPWP system • Average duration of the work opportunities created has increased to 108 days
Projected life	• Grant continues until 2027/28, subject to review
MTEF allocations	• 2025/26: R567 million; 2026/27: R593 million; and 2027/28: R620 million
Payment schedule	• Transfers are made in accordance with a payment schedule approved by the National Treasury

Responsibilities of the transferring officer and receiving officer	**Responsibilities of the national department**
	• 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:
	  o identify suitable EPWP projects and develop EPWP project lists in accordance with the EPWP project selection criteria
	  o apply the EPWP project selection criteria and EPWP guidelines to project design
	  o 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

	Responsibilities of the eligible municipalities • Develop an EPWP project list and sign the standard funding agreement with DPWI by 30 June 2025, 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 2025 Division of Revenue Act
Process for approval of 2026/27 business plans	• Municipalities must report performance on EPWP projects for the 2025/26 financial year by 15 October 2025 to be eligible for a grant allocation • Municipalities must submit a signed EPWP integrated agreement and project list by 30 June 2026

URBAN SETTLEMENT DEVELOPMENT GRANT
(USDG)

Buffalo City Metropolitan Municipality

Masichume, sande, siphumelele

Urban Settlements Development Grant	
Transferring department	• Human Settlements (Vote 33)
Grant schedule	• Schedule 4, Part B
Strategic goal	• 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	• 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	• The outcomes to be realised in order to promote integrated sustainable urban settlements and improved quality of living environments are as follows: o supporting inclusive densification and transit-oriented urban development, integrating existing and new urban developments o increased investment in existing and new bulk and distribution for urban developments o quality of water and sanitation, electricity and energy, and solid waste management services o increased bulk infrastructure capacity for municipal services o 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 o provision of resources for sustainable community development for social and economic infrastructure and meaningful participation
Outputs	• The following outputs should be funded by the grant to support the improvement of the overall built environment: o increased annual investment in renewal (rehabilitation and/or replacement) and expansion in municipal bulk and distribution infrastructure o increase in municipal bulk and link infrastructure o increase in access to public and socio-economic amenities o construction/provision of internal engineering services, including backyarders and densification overlay zones o increase in land provision for 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	• Priority 2: Economic transformation and job creation • Priority 5: Spatial integration, human settlements and local government
Details contained in the business plan	• 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 • Professional fees including details of planning activities to be undertaken
Conditions	• 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 the completion of existing critical water, sanitation, roads, storm water and electricity projects by the end of the 2026/27 financial year • The flow of the first tranche is conditional upon: o approval of the municipal USDG business plan by the DHS o submission of the 2024/25 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 o submission of a final USDG plan that is aligned to the municipal IDP, SDBIP and national priorities by 15 April 2025 • The flow of the second tranche will be conditional upon the submission of the 2024/25 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 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 development plan (MTDP) 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	
	○ 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 2025 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- serviced • An amount of R963 million in 2025/26 is ring-fenced for the City of Johannesburg's Lufhereng Mixed Use Development Programme approved through the Budget Facility for Infrastructure • Should there be a cost variation of more than 10 per cent on the Budget Facility for Infrastructure funded project, the City of Johannesburg is required to inform the National Treasury and the transferring officer within 30 days of confirming the cost variation **Trading Services Financing Component** • A minimum of 56 per cent of the USDG should be allocated to water and sanitation, electricity and energy, and solid waste management services capital infrastructure projects aligned to metro-approved trading services investment plans • Municipalities must submit, by 31 July 2025: ○ council approved turnaround strategies for the relevant trading service ○ accounting officer approved institutional road map for the relevant trading service ○ accounting officer approved business and investment plan for the relevant trading service
Allocation criteria	• 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 2025 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	• 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	**2023/24 audited financial outcomes** • Of the R7.6 billion allocated and transferred to municipalities; and R7.5 billion was spent **2023/24 service delivery performance** • Service delivery performance is as indicated in the performance evaluation reports for 2023/24
Projected life	• This grant continues until 2027/28, subject to review
MTEF allocations	• 2025/26: R9.2 billion; 2026/27: R9.8 billion; and 2027/28: R9.3 billion
Payment schedule	• 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** • 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 31 March 2025 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 2025 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 **Responsibilities of other national sector departments** • The Department of Electricity 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 • National Treasury will issue guidance notes, on requirements for turnaround strategies, institutional reforms and business plans for the trading services financing component **Responsibilities of municipalities** • 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

Urban Settlements Development Grant	
	• 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 2025 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 2025 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 • Municipalities must submit monthly reports that include the outcome/effectiveness of the utilisation of the approved OPSCAP budget
Process for approval of 2026/27 business plans	• Municipalities must submit a comprehensive draft USDG plan (based on MFMA circular 88 indicators) with targets aligned to the MTDP, IDP and SDBIP and a draft and/or approved municipal budget to the transferring officer for comment, by 24 March 2026 • The final business plans must be submitted by 15 May 2026 • The business plan will be finalised before the start of the municipal financial year

INFRASTRUCTURE SKILLS DEVELOPMENT GRANT (ISDG)

Buffalo City Metropolitan Municipality

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NATIONAL TREASURY GRANTS

Infrastructure Skills Development Grant	
Transferring department	• National Treasury (Vote 8)
Grant schedule	• Schedule 5, Part B
Strategic goal	• 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	• 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	• 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	• 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	• Priority 5: Spatial integration, human settlements and local government
Details contained in the business plan	• Outcome indicators • Output indicators • Inputs • Key activities
Conditions	• 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	• 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	• This conditional grant is meant to develop technical skills within municipalities
Past performance	**2023/24 audited financial outcomes** • R160 million was allocated and transferred to 16 municipalities and R154 million (96 per cent) was spent

Infrastructure Skills Development Grant	
	2023/24 service delivery performance • The following municipalities hosted graduates through the grant: Buffalo City (20 graduates); Nelson Mandela Bay (37 graduates); eThekwini (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); Vhembe (12)
Projected life	• The grant is expected to continue up to 2027/28, subject to review
MTEF allocations	• 2025/26: R173 million; 2026/27: R181 million; and 2027/28: R189 million
Payment schedule	• Transfers are made in accordance with a payment schedule approved by the National Treasury
Responsibilities of the transferring officer and receiving officer	**Responsibilities of the national department** • 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 2025
	Responsibilities of municipalities • Comply with the requirements of the 2025 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 2026/27 business plans	• Interested municipalities must submit a three-year business plan by 01 September 2025 for assessment by the National Treasury • Participating municipalities must submit revised business plans to the National Treasury by 01 September 2025

NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT (NDPG)

Buffalo City Metropolitan Municipality

Masichume, sande, siphumelele

Neighbourhood Development Partnership Grant	
Transferring department	• National Treasury (Vote 8)
Grant schedule	• Schedule 5, Part B and Schedule 6, Part B
Strategic goal	• Eradicating spatial inequality towards the creation and development of more inclusive, liveable, sustainable urban built environment, resilient, productive, efficient, and integrated towns, intermediate cities and rural towns (rural regional service centres)
Grant purpose	• To plan, catalyse, and invest in targeted locations 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 in metro and non-metro municipalities • To support the targeted 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 as well as facilitate long term programmes/ projects that will attract private investment and assist non-metro municipalities to enhance revenues
Outcome statements	• Spatially integrated intermediate cities, towns and rural areas • 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 • Strengthened and effective system of programme and project preparation in non-metro municipalities • Improved social cohesion and strengthened social safety net
Outputs	• Targeted locations with catalytic projects, defined as either: o urban hub precincts with secondary linkages and rural regional service centres o catalytic programmes within integration zones o built environment upgrade projects in urban townships and rural towns o 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 • Effective and transparent system for project approvals (clearly defined authorising environment) in the non-metro municipalities • Increased investment in programme and project preparation by the non-metro municipalities • Number of credible pipeline of projects developed by non-metro municipalities • Number of feasibility studies/strategies completed by non-metro municipalities
Priority of government that this grant primarily contributes to	• Priority 2: Economic transformation and job creation • Priority 5: Spatial integration, human settlements, and local government
Details contained in the business plan	• Outcome indicators • Output indicators • Inputs • Key activities
Conditions	• 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 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 • Eligibility is restricted to non-metro municipalities which have committed to co-financing contributions • Transfers will be based on good 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 • Non-metro 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	• The grant funds the following activities in targeted locations that are defined as urban hubs and regional service centres: o allocations are determined via a pipeline of prioritised projects that have been identified through the planning process, in targeted locations. Funding allocation will be subject to submissions of business plans for approval by the NDPP for the planning and the development of catalytic programmes and projects o 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)

Neighbourhood Development Partnership Grant	
	o 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 o rural towns are selected according to population or population growth, location, economic potential and/or growth and governance and financial health o final allocations will be based on performance
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 • The grant provides funding to Intermediate City 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
Projected life	• This grant is expected to continue over the medium term, focusing solely on completing projects already in implementation, with no new projects being initiated
MTEF allocations	• Schedule 5B: 2025/26: R542 million; 2026/27: R430 million; and 2027/28: R450 million • Schedule 6B: 2025/26: R99 million, 2026/25: R104 million; and 2027/28: R108 million
Payment schedule	• 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** • Funds 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: o notifying all municipalities of their allocation status o reporting in terms of the 2025 Division of Revenue Act (DoRA) o determining grant allocations for the Medium-Term Expenditure Framework period o governing the acceptance or approval milestones of NDPG-related municipal plans or deliverables o monitoring, managing and evaluating financial and non-financial performance o overseeing and enforcing the conditions of this grant o producing and disseminating toolkits, guidance and good practice notes that strengthen competencies and capabilities in investment targeting, implementation and urban management • Participate in the review of the conditional grants system during 2025
	Responsibilities of municipalities • Compile and submit monthly and quarterly expenditure and progress reports in line with NDPG requirements and as stipulated in the 2025 DoRA • Submit a cash flow schedule and work plan of activities with budgets and timeframes for grant planning and 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 related municipal plans or deliverables and ensure that they are aligned with the grant objectives against which performance will be assessed • Manage and monitor capital grant planning and 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 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 • 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: o Spatial Development Frameworks and capital investment frameworks (as a chapter in the municipal Spatial Development Framework) o Integrated Development Plans
Process for approval of 2026/27 business plans	• Submission of NDPG related municipal plans and/or deliverables within defined timeframes • Plans and/or deliverables must include an indication of: o the ability to attract and report on third-party funding leveraged o the quality of performance and progress reporting o 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 o activities relating to the establishment and institutionalisation of programme and project preparation timeously on an annual basis • Municipalities must submit project and programme preparation work plans for review and approval, annually by July

MUNICIPAL DISASTER RECOVERY GRANT

Buffalo City Metropolitan Municipality

Masichume, sande, siphumelele

Municipal Disaster Recovery Grant	
Transferring department	• Cooperative Governance (Vote 3)
Grant schedule	• Schedule 5, Part B
Strategic goal	• To restore functionality of municipal infrastructure following a disaster
Grant purpose	• To rehabilitate and reconstruct municipal infrastructure damaged by a disaster
Outcome statements	• Municipal infrastructure damaged by a disaster rehabilitated and reconstructed
Outputs	• Municipal infrastructure damaged by a disaster reconstructed and rehabilitated
Priority of government that this grant primarily contributes to	• Priority 5: Spatial integration, human settlements and local government
Details contained in the business plan	• This grant uses the template/framework developed by the National Disaster Management Centre (NDMC) which must include a project implementation plan, highlighting: o copy of the applicable contingency plan and emergency procedures in use by the municipality (in terms of section 49(1)(d) of the Disaster Management Act) linked to Sections 56 and 57 of the same Act o details of insurance and insured infrastructure, where applicable including factors outlined in Sections 56 and 57 of the same Act as well as proof from the insurance company on the matter o an asset register that accurately reflects the projects for which funding has been applied o list of projects to be implemented o time-frames within which the projects will be implemented o technical report (high level that explains viability and practicality) o costs of reconstruction and rehabilitation projects, including personnel related costs o progress made on the approvals of EIA's and WULA by the relevant sector departments o maintenance plan and resourcing of the infrastructure to be repaired o disaster risk reduction measures for the proposed reoccurrence of disaster related damage in the future o number of households to benefit from the projects and estimated jobs to be created
Conditions	• A business plan and project implementation plan signed by the Accounting Officer aligned to the post disaster verification assessment report must be submitted to the NDMC • Disaster reconstruction and rehabilitation funds must only be utilised for approved projects as listed in the post disaster verification and assessment reports and approved business plans • The grant may not be utilised for insured infrastructure. In case of inadequate insurance, reasons for inadequate insurance to be provided as well as proof from the insurer on the amount paid/to be paid • Funds may only be utilised for approved projects within affected municipalities, for the reconstruction and rehabilitation of infrastructure damaged by disaster incidents • Monthly and quarterly financial and non-financial performance reports on disaster allocations must be submitted to the NDMC through the relevant Provincial Disaster Management Centre (PDMC) • Annual performance evaluation report on financial and non-financial performance to be submitted to the NDMC through the relevant PDMC • Municipalities must liaise and align the disaster recovery projects with the Municipal Infrastructure Grant projects to ensure proper monitoring and reporting on the progress for implementation of the projects • To receive the first tranche, municipalities must have submitted a business plan identifying projects to be implemented through approved allocation confirming project planning and implementation readiness including cash flow projections and must confirm the appointment of a service provider • Municipalities must spend at least 60 per cent of their previous transfers and comply with all grant conditions before subsequent tranches can be transferred
Allocation criteria	• The grant is allocated based on approved post-disaster reconstruction and rehabilitation assessment reports
Reason not incorporated in equitable share	• This grant caters for recovery after unforeseen disasters
Past performance	**2023/24 audited financial outcomes** • The grant was allocated R1.5 billion, of which R1.3 billion was transferred to 54 municipalities, and R433 million was spent by the end of the financial year
	2023/24 service delivery performance • R1.3 billion was transferred to reconstruct and rehabilitate municipal infrastructure damaged by the floods as follows: o R659 million in the Eastern Cape for 22 municipalities o R403 million in KwaZulu-Natal for 17 municipalities o R113 million in Limpopo for 7 municipalities o R159 million in Mpumalanga for 8 municipalities
Projected life	• This grant will continue until 2027/28, subject to review
MTEF allocations	• 2025/26: R709 million
Payment schedule	• Transfers are made in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and receiving officer	**Responsibilities of National Disaster Management Centre** • Advise municipalities about the existence of the grant and its conditions • Provide municipalities with a final post-disaster verification assessment report that includes a project list and projected costs for all infrastructure to be reconstructed or rehabilitated. This report must be provided through the relevant PDMC • Monitor the implementation of projects together with the affected municipalities and provinces • Make payments to municipalities in accordance with the approved payment schedule • Transfer funds only when evidence on project performance and expenditure reports are submitted

Municipal Disaster Recovery Grant	
	• Participate in the review of disaster response implementation, led by the Development Bank of Southern Africa
	Responsibilities of Municipal Infrastructure Support Agency • Support the NDMC and PDMCs in conducting detailed assessments and verification of the damage to municipal infrastructure • In collaboration with the relevant sector departments, assist the identified municipalities on appropriate infrastructure, planning delivery models for the implementation of disaster projects • Coordinate the infrastructure verification assessment in collaboration with the PDMC, provincial sector departments and NDMC • Advise on the pre-engineering processes to be followed in the reconstruction of damaged infrastructure (Environmental Impact Assessments and Water Use License Applications) • Recommend the technical reports and designs by the municipalities to ensure technical viability and feasibility and costing of the projects • Support the municipalities with improvements to municipal processes for planning, project prioritisation and selection. This includes detailed planning, scoping, designing, scheduling, costing and procurement implementation • Provide technical advice and expertise to identified municipalities on the use of alternative technologies • Monitor the implementation of projects together with the affected municipalities, PDMC and NDMC
	Responsibilities of Provincial Disaster Management Centres • Advise municipalities about the existence of the grant and its conditions • Assist municipalities with the rapid assessment reports to be submitted to the NDMC • Provide support to municipalities with regard to the final post-disaster verification report • Ensure that the final post-disaster verification report is signed-off by both the Accounting Officer in the municipality and the provincial department • Provide a copy of the final post-disaster verification report to municipalities • Assist municipalities with business plans incorporating the implementation plan and disaster risk reduction measures for the proposed projects to prevent reoccurrence of disaster related damages in future • Monitor the performance of municipalities and recommend relevant measures required for under-performance to NDMC • Coordinate provincial on-site visits to monitor and report on the implementation of projects and provide reports of progress to the NDMC • Provide financial and non-financial reports to the NDMC within 10 days after the end of each month. Photographs depicting the projects progress should be included as an annexure • Provide expenditure and project performance reports including evidence to the NDMC within 35 days after the end of the quarter in which funds are spent
	Responsibilities of the District Management Centres • Provide implementation support to the affected local municipalities • Receive the financial and non-financial information and monitor the implementation of disaster projects • Participate in the project steering committee meetings of the implementing municipality • Undertake on-site visits with other relevant stakeholders
	Responsibilities of municipalities • Undertake disaster assessments, prepare assessment report and funding request and submit to the PDMC • Develop and submit business plans incorporating implementation plans and disaster risk reduction measures for the proposed projects to prevent reoccurrence of disaster related damages in future • Activate municipal project task teams for implementation of approved disaster projects • Conduct on-site visits to monitor and evaluate the performance of projects and provide reports which include evidence to the NDMC through the relevant PDMC • Utilise the funds in line with the approved post-disaster verification assessment report and conditions of the grant • Submit reports on financial and non-financial information to the PDMC within five days of the end of each month in which funds are spent. Photographs depicting the project progress should be included as annexures • Submit a quarterly non-financial performance report signed-off by the Municipal Manager to the PDMC within 30 days after the end of each quarter in which funds are spent (in line with section 12(2)(c) of the 2025 Division of Revenue Act), together with supporting documentation such as certificate of payment, pictures, invoices, etc • Evaluate the financial and non-financial performance of the municipality and submit such evaluation signed-off by the Municipal Manager to relevant provincial treasury and the NDMC through the PDMC within two months after the end of the financial year (in line with section 12(5) of the 2025 Division of Revenue Act), together with supporting documentation such as certificate of payment, pictures, invoices, completion certificate and close out reports • Compile lessons learnt from post-grant intervention, close out reports, outlining measures taken to reduce risks or enhance resilience. This should encompass an assessment of exposure to hazards, vulnerability and capacity, and hazard's characteristics as part of performance reporting
Process for approval of 2026/27 business plans	• Not applicable

MUNICIPAL DISASTER RESPONSE GRANT

Buffalo City Metropolitan Municipality

Masichume, sande, siphumelele

Municipal Disaster Response Grant	
Transferring department	• Cooperative Governance (Vote 3)
Grant schedule	• Schedule 7, Part B
Strategic goal	• To enable timely response to address community needs regarding impending or disastrous events classified by the National Disaster Management Centre
Grant purpose	• To provide for the immediate release of funds for disaster response if an occurrence cannot be adequately addressed in line with section 2(1)(b) of the Disaster Management Act
Outcome statements	• Immediate consequences of disasters are mitigated or alleviated
Outputs	• Emergency repair of critical infrastructure • Emergency provision of critical goods and services
Priority of government that this grant primarily contributes to	• Priority 5: Spatial integration, human settlements and local government
Details contained in the business plan	• Applications for funding from this grant use the National Disaster Management Centre (NDMC) disaster grant guideline which includes the following: ○ copy of the applicable contingency plan and emergency procedures in use by the municipality (in terms of section 49(1)(d) of the Disaster Management Act) ○ prevention and mitigation strategies as per the disaster management plan ○ documentation linked to Sections 56 and 57 of the same Act ○ details of insurance and insured infrastructure, where applicable including factors outlined in sections 56 and 57 of the same Act as well as proof from the insurance company on the matter ○ number of people, households and infrastructure affected and the extent of damages and losses ○ sectors affected ○ total funds required for disaster response and relief measures ○ resources (both financial and in-kind) allocated by the municipality to respond and mitigate the effects of the disaster ○ resources (both financial and in-kind) committed by other role players, including provinces, the private sector, national departments, state owned entities and non-government organisations ○ cost-benefit analysis of the projects to be implemented ○ an asset register that accurately reflects the projects for which funding has been applied • An implementation plan with the following: ○ details of the projects to be repaired including Global Positioning System (GPS) coordinates ○ estimated total cost of the projects, including personnel related costs ○ consolidated projects cash flow over six-month period as an annexure to the implementation plan ○ technical report (high level that explains technical solution, viability and practicality) ○ maintenance plan and resourcing of the infrastructure to be repaired • An application for funding contribution may be based on the rapid assessment (preliminary versions of the supporting documentation required above may be accepted for the funding application) • Specifics on the rapid response capacity to implement the projects and account for allocated funding
Conditions	• An occurrence should be classified as a disaster by the NDMC in terms of the Disaster Management Act and documentation linked to conditions within sections 56 and 57 of the above-mentioned Act submitted to the NDMC • This grant may only be used to fund expenditure in the event that the municipality responsible for the provision of the affected basic service is unable to deal with the effects of the disaster utilising own legislation, guidelines and available resources • The grant may not be utilised for insured infrastructure. In case of inadequate insurance, reasons for inadequate insurance to be provided as well as proof from the insurer on the amount paid/to be paid • Municipalities must fund a portion of the costs of the disaster response and relief measures from their own budget, if unable to do so, proof must be provided together with the funding request • Funds may only be used in line with the approved implementation plan by NDMC. Any amendments to the implementation plan must be approved by the Accounting Officer and be submitted to the NDMC at least three months prior to end of six months implementation period, supported and recommended by the Provincial Disaster Management Centre (PDMC) and Municipal Infrastructure Support Agent (MISA); and approved by the NDMC and copies of the approved amendments to be shared with National Treasury • Funding may be released in tranches, with the first tranche being based on the rapid assessment and verification of the disaster relief needs. The next tranches will be released once proof is submitted that the first tranche has been fully spent or committed and all grant conditions have been met • The emergency procurement system provided for in Treasury Regulations should be invoked by the affected municipalities to ensure immediate response and relief measures within their areas of jurisdiction • A copy of the contingency plan for the relevant hazard is to be submitted with the funding request
Allocation criteria	• The grant is allocated for classified disasters, based on reports from assessments conducted by the municipality and the verification process conducted by the NDMC, PDMC and affected sectors for immediate disaster response and relief needs. This should include implementation of Section 56 and 57 of the Disaster Management Act. Additionally, it must be established that there are immediate disaster response and relief needs that cannot be met by the municipality through the contingency arrangements already in place • The Accounting Officer of the affected municipality must provide proof together with the funding request indicating that the total funds required from the grant for disaster response and relief exceed the available resources and/or resources already allocated for disaster response and relief

Municipal Disaster Response Grant	
Reasons not incorporated in equitable share	• This grant provides funding for responding to and providing response and relief measures for unforeseeable and unavoidable disasters where municipalities are unable to cope with the effects of the disaster from own resources

Past performance	**2023/24 audited financial outcomes**
	• The grant was allocated R891 million, of which R873 million was transferred to 83 municipalities in all nine provinces and R483 million was spent
	2023/24 service delivery performance
	• R873 million was transferred to municipalities to provide funding to repair municipal infrastructure damaged due to floods. The funding was disbursed as follows:
	  ○ R220 million to Eastern Cape for 27 municipalities
	  ○ R59 million to Free State for 6 municipalities
	  ○ R88 million to KwaZulu-Natal for 9 municipalities
	  ○ R62 million to Gauteng for 1 municipality
	  ○ R107 million to Limpopo for 13 municipalities
	  ○ R162 million to Mpumalanga for 13 municipalities
	  ○ R5 million to Northern Cape for 1 municipality
	  ○ R40 million to North-West for 3 municipalities
	  ○ R130 million to Western Cape for 10 municipalities

Projected life	• This grant is expected to continue over the medium-term subject to review
MTEF allocations	• 2025/26: R395 million; 2026/27: R413 million; and 2027/28: R432 million
Payment schedule	• 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 Disaster Management Centre** • Advise and guide municipalities and PDMCs about the existence of the grant and how grant funding can be applied for and the criteria to qualify for the grant • Verify the applications for funding as per the requirements of the Disaster Management Act and submit funding request to National Treasury for consideration within 14 days following the receipt of the assessment report and written funding request from the municipalities through the PDMCs and when all grant conditions have been met • Confirm what support the relevant national sector departments are providing and ensure there is no duplication of support • Notify the relevant municipality of a transfer at least three days before the transfer is made • Notify the relevant Municipal Disaster Management Centre and PDMC together with the relevant sector departments, National Treasury and the relevant provincial treasury of a transfer and reason for transfer within five days of the transfer of funds to municipalities • Provide National Treasury and the relevant provincial treasury with written notification of the transfer within 14 days of a transfer of this grant • Together with the relevant PDMC monitor the implementation of disaster response and relief projects • Share with the National Treasury, approvals to utilise more than six calendar months after the date of transfer • Provide an information system, if available to capture, analyse information, and produce reports • Participate in the review of disaster response implementation, led by the Development Bank of Southern Africa **Responsibilities of Municipal Infrastructure Support Agency** • Where necessary, support the NDMC and PDMCs in conducting detailed assessments and verification of the damage to municipal infrastructure • In collaboration with the relevant sector departments, assist the identified municipalities on appropriate infrastructure, planning delivery models for the implementation of disaster projects • MISA to coordinate the infrastructure verification assessment in collaboration with the PDMC, provincial sector departments and NDMC • Advise on the pre-engineering processes to be followed in the reconstruction of damaged infrastructure (Environmental Impact Assessments and Water Use License Applications) • Recommend the technical reports and designs by the municipalities to ensure technical viability and feasibility and costing of the projects • Support the municipalities with improvements to municipal processes for planning, project prioritisation and selection. This includes detailed planning, scoping, designing, scheduling, costing and procurement implementation **Responsibilities of District Municipalities** • Provide technical advice and expertise to identified municipalities on the use of alternative technologies • Monitor the implementation of projects together with the affected municipalities, PDMC and NDMC **Responsibilities of Provincial Disaster Management Centres** • Advise municipalities about the existence of the grant and its conditions • Assist municipalities with the rapid assessment reports to be submitted to the NDMC • Provide support to municipalities with regard to the final post-disaster verification report • Ensure that the final post-disaster verification report is signed-off by both the Accounting Officer in the municipality and the provincial department • Provide a copy of the final post-disaster verification report to municipalities • Assist municipalities with business plans incorporating the implementation plan and disaster risk reduction measures for the proposed projects to prevent reoccurrence of disaster related damages in future • Monitor the performance of municipalities and recommend relevant measures required for under-performance to NDMC

Municipal Disaster Response Grant	
	• Coordinate provincial on-site visits to monitor and report on the implementation of projects and provide reports of progress to the NDMC • Provide financial and non-financial reports to the NDMC within 10 days after the end of each month. Photographs depicting the projects progress should be included as an annexure • Provide expenditure and project performance reports including evidence to the NDMC within 35 days after the end of the quarter in which funds are spent
	Responsibilities of the municipalities • Conduct damage assessment and costing of emergency repair work • Together with the required supporting documentation, submit disaster assessment reports and funding requests signed-off by the Accounting Officer to the PDMC within 14 days following the classification of a disaster • Municipalities must invoke emergency procurement processes provided for within the Treasury Regulations when spending the funds allocated, to ensure immediate assistance to the affected areas and must provide proof that measures were put in place to mitigate the occurrence in the form of a contingency plan for the specific hazard • Municipalities must implement all projects approved and ensure that the funds allocated are spent for their intended purposes in line with the grant condition • Activate project task teams during the implementation of disaster projects at a municipal level • Submit expenditure reports signed-off by the Accounting Officer which include evidence (such as certificate of payment, pictures, invoices) of implementation progress on the projects to the relevant PDMC within 10 days after the end of each month in which funds are spent • Submit a performance report signed-off by the Accounting Officer which includes evidence (such as certificate of payment, pictures, invoices, completion certificate, close out reports) of implementation progress on the projects to the PDMC within 30 days after the end of the quarter in which funds are spent • Compile lessons learnt from post-grant intervention, completion certificate, close out reports outlining measures taken to reduce risks or enhance resilience. This should encompass an assessment of exposure to hazards, vulnerability and capacity, and hazard's characteristics as part of performance reporting
Process for approval of 2026/27 business plans	• Not applicable