

into the poorest 40 per cent of South African households by the province's population figure from the 2019 mid-year population estimates. Table W1.14 shows the proportion of the poor in each province from the Income and Expenditure Survey, the 2019 mid-year population estimates and the weighted share of the poverty component per province.

Table W1.14 Comparison of current and new poverty component weighted shares

Thousand	Income and Expenditure Survey 2010/11	Current (2019 MTEF)			New (2020 MTEF)			Difference in weighted shares
		Mid-year population estimates 2018	Poor population	Weighted shares	Mid-year population estimates 2019	Poor population	Weighted shares	
Eastern Cape	52.0%	6 523	3 394	14.7%	6 712	3 492	14.9%	0.2%
Free State	41.4%	2 954	1 223	5.3%	2 887	1 195	5.1%	-0.2%
Gauteng	28.9%	14 717	4 249	18.4%	15 176	4 381	18.7%	0.3%
KwaZulu-Natal	45.3%	11 385	5 158	22.4%	11 289	5 115	21.8%	-0.5%
Limpopo	52.9%	5 797	3 064	13.3%	5 983	3 162	13.5%	0.2%
Mpumalanga	47.3%	4 524	2 138	9.3%	4 592	2 170	9.3%	-0.0%
Northern Cape	40.8%	1 226	500	2.2%	1 264	515	2.2%	0.0%
North West	47.9%	3 979	1 906	8.3%	4 027	1 929	8.2%	-0.0%
Western Cape	21.9%	6 621	1 448	6.3%	6 844	1 496	6.4%	0.1%
Total		57 726	23 079	100.0%	58 775	23 457	100.0%	-

Source: National Treasury

Economic activity component (1 per cent)

The economic activity component is a proxy for provincial tax capacity and expenditure assignments. Given that these assignments are a relatively small proportion of provincial budgets, the component is assigned a weight of 1 per cent. For the 2020 MTEF, 2017 GDP-R data is used. Table W1.15 shows the weighted shares of the economic activity component.

Table W1.15 Current and new economic activity component weighted shares

	Current (2019 MTEF)		New (2020 MTEF)		Difference in weighted shares
	GDP-R, 2016 (R million)	Weighted shares	GDP-R, 2017 (R million)	Weighted shares	
Eastern Cape	331 093	7.6%	358 627	7.7%	0.1%
Free State	217 849	5.0%	234 505	5.0%	0.0%
Gauteng	1 507 082	34.6%	1 593 874	34.3%	-0.4%
KwaZulu-Natal	692 222	15.9%	746 360	16.0%	0.1%
Limpopo	311 686	7.2%	340 273	7.3%	0.1%
Mpumalanga	323 722	7.4%	348 987	7.5%	0.1%
Northern Cape	90 883	2.1%	96 487	2.1%	-0.0%
North West	279 733	6.4%	301 477	6.5%	0.0%
Western Cape	596 043	13.7%	632 990	13.6%	-0.1%
Total	4 350 314	100.0%	4 653 579	100.0%	0.0%

Source: National Treasury

Full impact of data updates on the provincial equitable share

Table W1.16 shows the full impact of the data updates on the provincial equitable share per province, after the six updated components have been added together. It compares the target shares for the 2019 and 2020 MTEF periods. The size of each province's share reflects the relative demand for provincial public services in that province, and the changes in shares from 2019 to 2020 respond to changes in that demand. The details of how the data updates affect each component of the formula are described in detail in the sub-sections above.

Table W1.16 Full impact of data updates on the equitable share

	2019 MTEF weighted average	2020 MTEF weighted average	Difference
Eastern Cape	13.2%	13.0%	-0.2%
Free State	5.6%	5.5%	-0.1%
Gauteng	20.9%	21.4%	0.5%
KwaZulu-Natal	20.8%	20.3%	-0.5%
Limpopo	11.5%	11.5%	-0.0%
Mpumalanga	8.2%	8.2%	-0.0%
Northern Cape	2.6%	2.6%	-0.0%
North West	7.0%	7.0%	0.1%
Western Cape	10.2%	10.4%	0.2%
Total	100.0%	100.0%	0.0%

Source: National Treasury

Phasing in the formula

The annual updates to the official data used to calculate the provincial equitable share formula result in changes to each province's share of the available funds. These changes reflect the changing balance of service delivery demands among the provinces, and the annual data updates are vital to ensuring that allocations can respond to these changes. However, provinces need stable and predictable revenue streams to allow for sound planning. As such, the new shares calculated using the most recent data are phased in over the three-year MTEF period.

The equitable share formula data is updated every year and a new target share for each province is calculated, as shown in Table W1.17. The phase-in mechanism provides a smooth path to achieving the new weighted shares by the third year of the MTEF period. It takes the difference between the target weighted share for each province at the end of the MTEF period and the indicative allocation for 2020/21 published in the 2019 MTEF, and closes the gap between these shares by a third in each year of the 2020 MTEF period. As a result, one third of the impact of the data updates is implemented in 2020/21 and two thirds in the indicative allocations for 2021/22. The updates are thus fully implemented in the indicative allocations for 2022/23.

Table W1.17 Implementation of the equitable share weights

	2020/21 Indicative weighted shares from 2019 MTEF	2020/21	2021/22	2022/23
Percentage		2020 MTEF weighted shares 3-year phasing		
Eastern Cape	13.4%	13.3%	13.1%	13.0%
Free State	5.6%	5.6%	5.6%	5.5%
Gauteng	20.6%	20.8%	21.1%	21.4%
KwaZulu-Natal	20.9%	20.7%	20.5%	20.3%
Limpopo	11.6%	11.6%	11.5%	11.5%
Mpumalanga	8.2%	8.2%	8.2%	8.2%
Northern Cape	2.7%	2.7%	2.6%	2.6%
North West	6.9%	7.0%	7.0%	7.0%
Western Cape	10.2%	10.3%	10.3%	10.4%
Total	100.0%	100.0%	100.0%	100.0%

Source: National Treasury

Allocations calculated outside the equitable share formula

In addition to allocations made through the formula, the provincial equitable share includes allocations that have been determined using other methodologies. These allocations are typically introduced when a new function or additional funding is transferred to provinces and national government indicates separately how

much funding has been allocated to each province for this specific purpose. Funds are also added through this approach when a priority has been identified through the national budget process and provincial government performs the function or when a conditional grant is absorbed into the equitable share.

For the 2020 MTEF, three new adjustments are allocated outside the provincial equitable share formula. In the social development sector, R398 million has been reprioritised from national government to continue to employ social workers in areas with a high prevalence of gender-based violence, substance abuse and issues affecting children. The allocations to the provinces are based on the prevalence of these problems, population and geographic size, and the number of sites offering social work services. In addition, R315 million has been reprioritised from the Department of Social Development for provinces to continue to help non-profit organisations implement Social Behaviour Change Programmes to address social and structural drivers of HIV, TB and sexually transmitted infections. To scale up the Sanitary Dignity Programme, which provides sanitary products to indigent girl learners, funds were added to the equitable share in 2019/20. To continue rolling out this programme, R652 million has been added to the provincial equitable share over the 2020 MTEF period. These funds are proportionally allocated to the provinces based on the number of girl learners in Grades 4 to 12 in the poorest schools (quintiles 1–3) in each province.

Table W1.18 provides a summary of the allocations made outside the provincial equitable share in the 2020 MTEF period and a short description of how these amounts are allocated among provinces.

Table W1.18 Allocations outside provincial equitable share formula

	2019/20	2020/21	2021/22	2022/23	Allocation criteria
R million	Adjusted Budget	Medium-term estimates			
Food relief shift	–	67	71	75	Allocated equally among the provinces
Social worker employment grant shift	213	227	239	251	Allocated in terms of what provinces would have received had the grant continued
Substance abuse treatment grant shift	75	79	83	87	Allocated in terms of what provinces would have received had the grant continued
Municipal intervention support	87	89	93	97	Allocated equally among the provinces
Gender-based violence and sexually transmitted infections support shift	–	93	109	114	Allocated based on the non-profit organisations located in the 27 priority districts
Social worker additional support shift	–	113	139	146	Allocated according to areas of high prevalence of gender-based violence, substance abuse and issues affecting children
Sanitary Dignity Programme	157	209	217	226	Allocated proportionately based on the number of girl learners per province in quintiles 1 to 3 schools
Infrastructure delivery improvement programme shift	45	45	45	47	Allocated equally among the provinces
Total	576	921	997	1 042	

Source: National Treasury

Final provincial equitable share allocations

The final equitable share allocations per province for the 2020 MTEF period are detailed in Table W1.19. These allocations include the full impact of the data updates, phased in over three years, and the allocations that are made separately from the formula.

Table W1.19 Provincial equitable share

R million	2020/21	2021/22	2022/23
Eastern Cape	71 415	75 306	78 841
Free State	30 017	31 897	33 657
Gauteng	112 118	121 121	129 908
KwaZulu-Natal	111 442	117 755	123 544
Limpopo	62 329	66 256	69 935
Mpumalanga	44 105	46 996	49 724
Northern Cape	14 290	15 207	16 068
North West	37 548	40 174	42 682
Western Cape	55 208	59 276	63 194
Total	538 472	573 990	607 554

Source: National Treasury

Conditional grants to provinces

There are four types of provincial conditional grants:

- Schedule 4, part A grants supplement various programmes partly funded by provinces.
- Schedule 5, part A grants fund specific responsibilities and programmes implemented by provinces.
- Schedule 6, part A grants provide in-kind allocations through which a national department implements projects in provinces.
- Schedule 7, part A grants provide for the swift allocation and transfer of funds to a province to help it deal with a disaster or housing emergency.

Changes to conditional grants

The overall growth in direct conditional transfers to provinces averages 4.7 per cent over the medium term. Direct conditional grant baselines total R111 billion in 2020/21, R118 billion in 2021/22 and R123 billion in 2022/23. Indirect conditional grants amount to R4.1 billion, R4.8 billion and R5.1 billion respectively for each year of the same period.

Table W1.20 provides a summary of conditional grants by sector for the 2020 MTEF period. More detailed information, including the framework and allocation criteria for each grant, is provided in the 2020 Division of Revenue Bill. The frameworks provide the conditions for each grant, the outputs expected, the allocation criteria used for dividing each grant between provinces, and a summary of the grants' audited outcomes for 2018/19.

Table W1.20 Conditional grants to provinces

R million	2019/20 Adjusted budget	2020/21	2021/22	2022/23	MTEF total
Agriculture, land reform and rural development	2 159	2 153	2 320	2 392	6 865
Comprehensive agricultural support programme	1 538	1 522	1 620	1 672	4 814
Ilima/Letsema projects	538	549	614	632	1 795
Land care programme: poverty relief and infrastructure development	82	82	86	88	257
Basic Education	18 569	19 564	20 773	21 738	62 076
Education infrastructure	10 514	11 008	11 710	12 255	34 973
HIV and AIDS (life skills education)	257	247	259	262	767
Learners with profound intellectual disabilities	221	243	256	266	765
Maths, science and technology	391	401	423	438	1 262
National school nutrition programme	7 186	7 666	8 125	8 516	24 308
Cooperative Governance	131	138	146	153	438
Provincial disaster relief	131	138	146	153	438
Health	45 524	49 267	53 917	56 537	159 721
HIV, TB, malaria and community outreach	22 039	24 387	27 931	29 405	81 723
Health facility revitalisation	6 007	6 368	6 658	7 034	20 060
Human papillomavirus vaccine	157	—	—	—	—
National tertiary services	13 186	14 069	14 694	15 294	44 057
National health insurance grant: health professionals	289	289	300	311	900
Statutory human resources, training and development	3 846	4 155	4 333	4 494	12 982
Human Settlements	19 604	17 493	17 614	18 317	53 425
Human settlements development	18 780	16 621	13 414	13 871	43 905
Title deeds restoration	548	578	—	—	578
Provincial emergency housing	277	295	311	326	932
Informal settlements upgrading partnership	—	—	3 890	4 121	8 011
Public Works and Infrastructure	868	834	871	903	2 609
Expanded public works programme integrated grant for provinces	437	421	440	456	1 316
Social sector expanded public works programme incentive for provinces	431	414	432	447	1 292
Social Development	518	915	1 057	1 192	3 164
Early childhood development	518	915	1 057	1 192	3 164
Sports arts and culture	2 121	2 076	2 205	2 307	6 588
Community library services	1 501	1 479	1 584	1 667	4 730
Mass participation and sport development	620	597	621	640	1 858
Transport	17 768	18 343	19 058	19 597	56 998
Provincial roads maintenance	11 442	11 593	11 938	12 507	36 037
Public transport operations	6 326	6 750	7 121	7 090	20 961
Total direct conditional allocations	107 263	110 785	117 962	123 137	351 883
Indirect transfers	3 941	4 060	4 824	5 076	13 961
Agriculture, land reform and rural development	45	36	—	—	36
Ilima/Letsema indirect	45	36	—	—	36
Basic Education	1 987	1 736	2 295	2 424	6 456
School infrastructure backlogs	1 987	1 736	2 295	2 424	6 456
Health	1 909	2 288	2 529	2 652	7 469
National health insurance indirect	1 909	2 288	2 529	2 652	7 469

Source: National Treasury

Agriculture, land reform and rural development grants

The *comprehensive agricultural support programme grant* aims to support newly established and emerging farmers, particularly subsistence, smallholder and previously disadvantaged farmers. The grant funds a range of projects, including providing training, developing agro-processing infrastructure and directly supporting

targeted farmers. Over the 2020 MTEF period, R255.1 million is reprioritised from the grant to the Department of Agriculture, Land Reform and Rural Development to fund improved laboratory capacity, border control and inspections. Although funds have been reprioritised from this grant, over the 2020 MTEF period R4.8 billion is allocated to this grant, and the baseline grows from R1.5 billion in 2020/21 to R1.7 billion in 2022/23. The fiscal consolidation reductions for this grant are equivalent to 5 per cent of the grant's baseline in 2020/21, 6 per cent in 2022/23 and 7 per cent in 2022/23.

The *land care programme grant: poverty relief and infrastructure development* aims to improve productivity and the sustainable use of natural resources. Provinces are also encouraged to use this grant to create jobs through the Expanded Public Works Programme. Over the medium term, R257 million is allocated to this grant. The fiscal consolidation reductions for this grant are equivalent to 5 per cent of the grant's baseline in 2020/21, 6 per cent in 2022/23 and 7 per cent in 2022/23.

The *Ilima/Letsema projects grant* aims to boost food production by helping previously disadvantaged farming communities. The grant's baseline is R1.8 billion over the 2020 MTEF period. This includes R36 million in 2020/21, which is allocated through the *Ilima/Letsema indirect grant* to complete the National Food and Nutrition Survey. These funds were previously ring-fenced in the direct *Ilima/Letsema projects grant*, and this shift will allow the national Department of Agriculture, Land Reform and Rural Development to pay the Human Sciences Research Council directly for the survey. The fiscal consolidation reductions for this grant are equivalent to 5 per cent of the grant's baseline in 2020/21, 6 per cent in 2021/22 and 7 per cent in 2022/23.

Basic education grants

The *education infrastructure grant* provides supplementary funding for ongoing infrastructure programmes in provinces. This includes maintaining existing infrastructure and building new infrastructure to ensure school buildings meet the required norms and standards. The grant's total allocation for this period is R35 billion: R11 billion in 2020/21, R11.7 billion in 2021/22 and R12.3 billion in 2022/23. The fiscal consolidation reductions for this grant are equivalent to 4 per cent of the grant's baseline in 2020/21, 5 per cent in 2022/23 and 5.9 per cent in 2022/23.

Provincial education departments have to go through a two-year planning process to be eligible to receive incentive allocations for infrastructure projects. To receive the 2020/21 incentive, the departments had to meet certain prerequisites in 2018/19 and have their infrastructure plans approved in 2019/20. The national Department of Basic Education and the National Treasury assessed the provinces' infrastructure plans. The national departments, provincial treasuries and provincial departments of basic education undertook a moderation process to agree on the final scores. Provinces needed to obtain a minimum score of 60 per cent to qualify for the incentive. Table W1.21 shows the final score and incentive allocation for each province.

Table W1.21 Education infrastructure grant allocations

R thousand	Planning assessment results from 2019	2020/21		Final allocation for 2020/21
		Basic component	Incentive component	
Eastern Cape	77%	1 470 728	73 386	1 544 114
Free State	70%	767 043	73 386	840 429
Gauteng	90%	1 424 371	73 386	1 497 757
KwaZulu-Natal	93%	1 922 796	73 386	1 996 182
Limpopo	75%	1 182 978	73 386	1 256 364
Mpumalanga	84%	1 021 295	73 386	1 094 681
Northern Cape	80%	523 882	73 386	597 268
North West	65%	1 016 624	73 386	1 090 010
Western Cape	91%	1 017 776	73 386	1 091 162
Total		10 347 489	660 478	11 007 967

Source: National Treasury

The national Department of Basic Education uses the indirect *school infrastructure backlogs grant* to replace unsafe and inappropriate school structures and to provide water, sanitation services and electricity on behalf of provinces. This grant is allocated R6.5 billion over the medium term in the Planning, Information and Assessment Programme. An allocation of R1.7 billion in 2020/21 will be used to replace 40 inappropriate and unsafe schools with newly built ones, provide clean water to 432 schools and provide appropriate sanitation services to 1 033 schools.

The *national school nutrition programme grant* aims to improve the nutrition of poor school children, enhance their capacity to learn and increase their attendance at school. The programme provides a free daily meal to learners in the poorest schools (quintiles 1 to 3). To provide meals to more children, while still providing quality food, growth in the grant's allocations over the MTEF period averages 5.8 per cent, with a total allocation of R24.3 billion. The fiscal consolidation reductions to this grant are equivalent to 0.4 per cent of the grant's baseline in 2020/21, 0.5 per cent in 2021/22 and 0.6 per cent in 2022/23.

The *maths, science and technology grant* provides for ICT, workshop equipment and machinery to schools, which should lead to better outcomes in maths and science in the long term. The grant's total allocation is R1.3 billion over the medium term. The fiscal consolidation reductions to this grant are equivalent to 3 per cent of the grant's baseline in 2020/21, 3 per cent in 2021/22 and 3 per cent in 2022/23.

The *HIV and AIDS (life skills education) programme grant* provides for life skills training, and sexuality and HIV/AIDS education in primary and secondary schools. The programme is fully integrated into the school system, with learner and teacher support materials provided for Grades 1 to 9. The grant's total allocation is R767 million over the medium term. The fiscal consolidation reductions to this grant are equivalent to 8.8 per cent of the grant's baseline in 2020/21, 9.5 per cent in 2021/22 and 11.5 per cent in 2022/23.

The *learners with profound intellectual disabilities grant* aims to expand access to education for these learners. Over the MTEF period, the grant will provide access to quality, publicly funded education to such learners by recruiting outreach teams. This grant has been allocated R765 million over the 2020 MTEF period.

Cooperative governance grant

The *provincial disaster relief grant* is administered by the National Disaster Management Centre in the Department of Cooperative Governance. It is unallocated at the start of the financial year. The grant allows the National Disaster Management Centre to immediately release funds (in-year) after a disaster is declared, without the need for the transfers to be gazetted first. The reconstruction of infrastructure damaged by disasters is funded separately through ring-fenced allocations in sector grants. Strategies to mitigate the effects of the ongoing drought have, in part, been funded by this grant.

To ensure that sufficient funds are available in the event of a disaster, section 21 of the 2019 Division of Revenue Bill allows for funds allocated to the *municipal disaster relief grant* to be transferred to provinces if funds in the *provincial disaster relief grant* have already been exhausted, and vice versa. The bill also allows for more than one transfer to be made to areas affected by disasters so that an initial payment for emergency aid can be made before a full assessment of damages and costs has been completed. Over the 2020 MTEF period, R438 million has been allocated to the *provincial disaster relief grant*.

Health grants

The *national tertiary services grant* provides strategic funding to enable provinces to plan, modernise and transform tertiary hospital service delivery in line with national policy objectives. The grant operates in 29 tertiary hospitals across the nine provinces and continues to fund medical specialists, equipment, and advanced medical investigation and treatment according to approved service specifications. Patient referral pathways often cross provincial borders and, as a result, many patients receive care in neighbouring provinces if the required services are unavailable in their home province. For the 2020 MTEF period, the national Department of Health has reprioritised R176 million within this conditional grant to develop and expand tertiary services in the Eastern Cape, Limpopo, Mpumalanga and the North West. The funds have

been ring-fenced in the 2020/21 allocations for these provinces and left unallocated for 2021/22 and 2022/23. These developmental allocations will allow the provinces to develop their capacity in offering tertiary services within their facilities. A similar approach to allocating developmental funds is taken in the statutory human resources component of the *statutory human resources, training and development grant* and further details on the amounts ring-fenced are discussed under this grant. The urban areas of Gauteng and the Western Cape continue to receive the largest share of the grant because they provide the largest proportion of high-level, sophisticated services.

The national Department of Health has reviewed the allocation criteria under this grant and is working with provinces to develop a new allocation model to ensure continued fairness in allocations. The grant is allocated R44.1 billion over the medium term: R14.1 billion in 2020/21, R14.7 billion in 2021/22 and R15.3 billion in 2022/23. The fiscal consolidation reductions to this grant are equivalent to 1 per cent of the grant's baseline in 2021/22 and 1 per cent in 2022/23.

The *health facility revitalisation grant* funds the construction and maintenance of health infrastructure, including large projects to modernise hospital infrastructure and equipment, general maintenance and infrastructure projects at smaller hospitals, and the refurbishment and upgrading of nursing colleges and schools. A total of R199 million in 2020/21 and R5.7 million in 2021/22 has been shifted from the *national health insurance indirect grant: health facility revitalisation component* to this grant for upgrades to Pietersburg Hospital in Limpopo. These funds were initially part of the Limpopo allocations in the *national health insurance indirect grant*. The province will now undertake the upgrades, so the funds will be transferred directly to the province. Over the 2020 MTEF period, R20 billion has been allocated to this grant. The fiscal consolidation reductions to this grant are equivalent to 3 per cent of the grant's baseline in 2020/21, 3 per cent in 2021/22 and 3 per cent in 2022/23.

Like the *education infrastructure grant* discussed previously, a two-year planning process is also required for provinces to access this grant's incentive component. The national Department of Health and the National Treasury assessed the provinces' infrastructure plans. This was followed by a moderation process between the national departments, provincial treasuries and provincial departments of health to agree on the final scores. Provinces had to obtain a minimum score of 60 per cent to qualify for the incentive. Funds for the incentive component in the outer years are shown as unallocated. Table W1.22 sets out the final score and the incentive allocation per province.

Table W1.22 Health facility revitalisation grant allocations

R thousand	Planning assessment results from 2019	2020/21		Final allocation for 2020/21
		Basic component	Incentive component	
Eastern Cape	73%	610 773	58 760	669 533
Free State	62%	527 985	58 760	586 745
Gauteng	70%	909 450	58 760	968 210
KwaZulu-Natal	80%	1 212 654	58 760	1 271 414
Limpopo	60%	683 713	58 760	742 473
Mpumalanga	69%	365 162	58 760	423 922
Northern Cape	50%	409 404	–	409 404
North West	73%	538 398	58 760	597 158
Western Cape	86%	640 033	58 760	698 793
Total		5 897 570	470 082	6 367 652

Source: National Treasury

The *human resources capacitation grant* and the *health professions training and development grant* have been merged to create a new *statutory human resources, training and development grant* from 2020/21. The conditional grant has two components and has been allocated R4.2 billion in 2020/21, R4.3 billion in 2021/22 and R4.5 billion in 2022/23. The health professions training and development component funds the training of health sciences professionals, including specialists, registrars and their supervisors (who were previously funded from the *health professions training and development grant*). The statutory human resources

component will fund intern and community service posts (which were previously funded from the *human resources capacitation grant*), as well as some posts previously funded from the equitable share. When the *human resources capacitation grant* was introduced, it was primarily meant to fund the shortfall in funding for interns and community service posts, but its scope expanded to include other vacant posts in the health sector. These non-statutory posts will now be funded through the provincial equitable share. Therefore, the grant will be able to fund some additional internship and community service posts that were previously funded from the equitable share. Over the 2020 MTEF period, similar to the national tertiary services grant, R65 million has been ring-fenced in the health professions training and development component of this grant for the development and expansion of tertiary services in the Eastern Cape, Limpopo, Mpumalanga, the Northern Cape and the North West. The funds have been allocated to these provinces for 2020/21, and are left unallocated for the outer two years of the MTEF period.

The *HIV, TB, malaria and community outreach grant* supports HIV/AIDS prevention programmes and specific interventions, including voluntary counselling and testing, prevention of mother-to-child transmission, post-exposure prophylaxis, antiretroviral treatment and home-based care. In the 2016 MTEF, the grant's scope was extended to include tuberculosis. In the 2018 Budget, a sub-component for community outreach services was introduced, so that funds used to support community health workers could be explicitly earmarked. This will help ensure that these workers are better integrated into national health services. In 2020/21, R800 million has been reprioritised to the community outreach services component from the HIV and AIDS component of the grant to cover a shortfall in the salaries of community health workers in that year. In 2019/20, two new components were added to the grant, to strengthen the continued fight against malaria in three provinces and to monitor the activities and outcomes of the TB portion of the grant. In the 2020 MTEF, the *human papillomavirus vaccine grant* has been merged into the *HIV, TB, malaria, community outreach grant* and a separate component will be created within the grant to continue funding human papillomavirus vaccinations. Two new components for mental health and oncology will be introduced in 2021/22, with funds of R452 million reprioritised from the national health insurance: personal services component for the two outer years of the 2020 MTEF period. The grant's total baseline amounts to R82 billion over the medium term. The fiscal consolidation reductions to this grant are equivalent to 1 per cent of the grant's baseline in 2020/21, 1 per cent in 2021/22 and 1 per cent in 2022/23.

The *national health insurance indirect grant* continues to fund all preparatory work for universal health coverage, as announced in 2017/18. Over the 2020 MTEF period, this will be done through three components: health facility revitalisation and two integrated components (personal services and non-personal services). The personal services component funds priority services for national health insurance, which include:

- Expanding access to school health services, focusing on optometry and audiology.
- Contracting general practitioners based on a set annual amount per patient instead of fees per service provided.
- Providing community mental health services, maternal care for high-risk pregnancies, screening and treatment for breast and cervical cancer, hip and knee arthroplasty, cataract surgeries and wheelchairs.

Non-personal services will test, and scale up when ready, the technology platforms and information systems needed to ensure a successful transition to national health insurance. In 2020/21, this component will also pilot new initiatives to improve the quality of health in preparation for accreditation to deliver national health insurance services. The non-personal services component is allocated R2.2 billion over the medium term to continue funding initiatives to strengthen health information systems, clinics, and the dispensing and distribution of centralised chronic medicines. This indirect grant is allocated a total of R7.5 billion over the 2020 MTEF period. The fiscal consolidation reductions to this grant are equivalent to 9.8 per cent of the grant's baseline in 2020/21, 4 per cent in 2021/22 and 4.7 per cent in 2022/23.

In the 2019/20 adjustment budget, funds for contracting health professionals were shifted from the personal services component of the indirect grant to create a new direct *national health insurance grant*. The contracting of health professionals in former national health insurance pilot sites was previously administered at national level, but the contracting was being carried out at provincial level with the

requirement that provinces submit claims for the costs they incurred. Transferring these funds to provinces allows them to pay contractors directly. The contracting of health professionals will continue to be funded in the direct *national health insurance grant* over the MTEF period through an allocation of R900 million.

Human settlements grants

The *human settlements development grant* seeks to establish habitable, stable and sustainable human settlements in which all citizens have access to social and economic amenities. Over the 2020 MTEF period, a total of R44 billion has been allocated to this grant. The fiscal consolidation reductions to this grant are equivalent to 13.1 per cent of the grant's baseline in 2020/21, 12.9 per cent in 2021/22 and 14.8 per cent in 2022/23.

This grant is allocated using a formula with three components:

- The first component shares 70 per cent of the total allocation between provinces in proportion to their share of the total number of households living in inadequate housing. Data from the 2011 Census is used for the number of households in each province living in informal settlements, shacks in backyards and traditional dwellings. Not all traditional dwellings are inadequate, which is why information from the 2010 General Household Survey on the proportion of traditional dwellings with damaged roofs and walls per province is used to adjust these totals so that only dwellings providing inadequate shelter are counted in the formula.
- The second component determines 20 per cent of the total allocation based on the share of poor households in each province. The number of households with an income of less than R1 500 per month is used to determine 80 per cent of the component and the share of households with an income of between R1 500 and R3 500 per month is used to determine the remaining 20 per cent. Data used in this component comes from the 2011 Census.
- The third component, which determines 10 per cent of the total allocation, is shared in proportion to the number of people in each province, as measured in the 2011 Census.

Table W1.23 shows how the *human settlements development grant* formula calculates the shares for each province and the metropolitan municipalities within the provinces. Section 12(6) of the Division of Revenue Act requires provinces to gazette how much they will spend within each accredited municipality (including the amounts transferred to that municipality and the amounts spent by the province in that municipal area). Funds for mining towns and disaster recovery are allocated separately from the formula.

Table W1.23 Human settlements development grant formula calculation

Components	Housing needs component	Poverty component	Population component	Grant formula shares
Description	Weighted share of inadequate housing	Share of poverty	Share of population	Weighted share of grant formula
Component weight	70.0%	20.0%	10.0%	
Eastern Cape	10.1%	13.7%	12.7%	11.1%
Nelson Mandela Bay	1.6%	2.1%	2.2%	1.8%
Buffalo City	2.2%	1.6%	1.5%	2.0%
Other Eastern Cape municipalities	6.3%	10.0%	9.0%	7.3%
Free State	5.9%	6.2%	5.3%	5.9%
Mangaung	1.4%	1.5%	1.4%	1.5%
Other Free State municipalities	4.4%	4.6%	3.9%	4.4%
Gauteng	30.9%	22.6%	23.7%	28.5%
Ekurhuleni	9.1%	6.2%	6.1%	8.2%
City of Johannesburg	10.5%	8.1%	8.6%	9.8%
City of Tshwane	6.8%	4.8%	5.6%	6.3%
Other Gauteng municipalities	4.5%	3.5%	3.4%	4.2%
KwaZulu-Natal	18.0%	18.9%	19.8%	18.3%
eThekweni	7.0%	6.2%	6.6%	6.8%
Other KwaZulu-Natal municipalities	11.0%	12.7%	13.2%	11.6%
Limpopo	4.4%	11.8%	10.4%	6.5%
Mpumalanga	6.2%	7.9%	7.8%	6.7%
Northern Cape	1.9%	2.1%	2.2%	2.0%
North West	10.0%	7.8%	6.8%	9.2%
Western Cape	12.7%	9.0%	11.2%	11.8%
City of Cape Town	9.3%	5.6%	7.2%	8.3%
Other Western Cape municipalities	3.4%	3.4%	4.0%	3.5%
Total	100.0%	100.0%	100.0%	100.0%

Source: 2011 Census and General Household Survey

In 2019/20, the structure of the *human settlements development grant* was changed to intensify efforts to upgrade informal settlements in partnership with communities. To promote this objective, a new component was introduced with specific conditions relating to such upgrades.

The new component amounts to 15 per cent of the formula-based grant allocation to each province. The funds ring-fenced for each province are a minimum expenditure requirement, allowing them to invest more if necessary. The component requires the use of a partnership approach that promotes community ownership and participation in the upgrades. Provinces are required to work with municipalities to identify and prioritise informal settlements for upgrading and to submit a plan for each settlement to be upgraded, prepared in terms of the National Upgrading Support Programme's methodology.

This component will remain in place in 2020/21, serving as a planning and preparatory platform for the introduction of a new *informal settlements upgrading grant* in 2021/22. The new grant will be created by reprioritising funds from the *human settlements development grant*. A similar approach is being taken in the *urban settlements development grant*, discussed in Part 5, with an informal settlements upgrading component and the intention to introduce a separate grant for metropolitan municipalities in the outer years of the MTEF period.

A total of R544 million is ring-fenced within the *human settlements development grant* in 2020/21 to upgrade human settlements in mining towns in six provinces. These allocations respond to areas with significant informal settlement challenges, with a high proportion of economic activity based on the natural resources sector.

The *human settlements development grant* previously had funds ring-fenced for the eradication of the pre-2014 title deeds registration backlog. Given the slow progress to date, along with the impairment it had on the functioning of the property market, the *title deeds restoration grant* was introduced to accelerate the backlog eradication process. The grant was introduced in 2018/19 and comes to an end in 2020/21. It has an allocation of R578 million in 2021/22, which has been indicatively incorporated back into the *human settlements development grant* baseline in that year.

A *provincial emergency housing grant* was also introduced in 2018/19 to enable the department to rapidly respond to emergencies by providing temporary housing in line with the Emergency Housing Programme. However, the grant is limited to funding emergency housing following the immediate aftermath of a disaster, and not the other emergency situations listed in the programme. In 2019/20, the grant's purpose was expanded to fund the repair of houses damaged in disasters, if those repairs are cheaper than the grant's funding of relocating households to temporary shelter. Over the 2020 MTEF period, a total of R932 million has been allocated to this grant.

Public works and infrastructure grants

The *expanded public works programme (EPWP) integrated grant for provinces* incentivises provincial departments to use labour-intensive methods in infrastructure, environmental and other projects. Grant allocations are determined upfront based on the performance of provincial departments in meeting job targets in the preceding financial year. The grant is allocated R1.3 billion over the MTEF period. The fiscal consolidation reductions to this grant are equivalent to 9 per cent of the grant's baseline in 2020/21, 10 per cent in 2021/22 and 10.1 per cent in 2022/23.

The *social sector EPWP incentive grant for provinces* rewards provinces for creating jobs in the preceding financial year in the areas of home-based care, early childhood development, adult literacy and numeracy, community safety and security, and sports programmes. The grant's allocation model incentivises provincial departments to participate in the EPWP and measures the performance of each province relative to its peers, providing additional incentives to those that perform well. The grant is allocated R1.3 billion over the MTEF period. The fiscal consolidation reductions to this grant are equivalent to 9 per cent of the grant's baseline in 2020/21, 10 per cent in 2021/22 and 10.1 per cent in 2022/23.

Social development grants

The *early childhood development grant* supports government's prioritisation of early childhood development, as envisioned in the National Development Plan. The grant aims to improve poor children's access to early childhood programmes and ensure that early childhood centres have adequate infrastructure. The grant baseline totals R3.2 billion over the 2020 MTEF period, which includes an additional R1.4 billion. For 2020/21, the additional allocations have been used to increase the per-child subsidy from R15 per day to R17 per day in 2020/21. The subsidy is then projected to increase in line with inflation to R17.77 in 2021/22 and R18.57 in 2022/23.

The grant additions cover the cost of increasing the per-child subsidies funded from the provincial equitable share in 2020/21 as well as those funded directly from the grant. The additions also fund a small expansion in access to early childhood development services, which can be implemented by increasing the number of subsidies for centre-based early childhood development services or by providing subsidies for non-centre-based early childhood development services. The allocation of funds in the maintenance component of the grant, for the two outer years of the 2020 MTEF period, will be informed by the outcomes of the infrastructure assessments that need to be conducted in each province. As a result, 80 per cent of the allocations in this component remain unallocated in these two outer years.

Sports, arts and culture grants

The *community library services grant*, administered by the Department of Sports, Arts and Culture, aims to help South Africans access information to improve their socio-economic situation. The grant is allocated to the relevant provincial department and administered by that department or through a service-level agreement

with municipalities. In collaboration with provincial departments of basic education, the grant also funds libraries that serve both schools and the general public. Funds from this grant may also be used to enable the shift of the libraries function between provinces and municipalities. The grant is allocated R4.7 billion over the next three years. The fiscal consolidation reductions to this grant are equivalent to 6.6 per cent of the grant's baseline in 2020/21, 5.7 per cent in 2021/22 and 4.7 per cent in 2022/23.

The *mass participation and sport development grant* aims to increase and sustain mass participation in sport and recreational activities in the provinces, with greater emphasis on provincial and district academies. Over the MTEF period, an amount of R90 million has been reprioritised within this grant to support the Netball World Cup, which will be hosted in the Western Cape in 2023. The grant is allocated R1.9 billion over the medium term. The fiscal consolidation reductions to this grant are equivalent to 8.8 per cent of the grant's baseline in 2020/21, 10 per cent in 2021/22 and 10.5 per cent in 2022/23.

Transport grants

The *public transport operations grant* subsidises commuter bus services. It helps ensure that provinces meet their contractual obligations and provide services. Most of the contracts subsidised through this grant continue to operate on long-standing routes that link dormitory towns and suburbs established under apartheid to places of work. The grant allows provinces to renegotiate contracts and routes, and/or to devolve the function and funding to municipalities. This provides an opportunity for routes to be restructured in line with new settlement patterns and to promote more integrated urban development patterns in future. The grant is allocated R21 billion over the MTEF period. The fiscal consolidation reductions to this grant are equivalent to 4 per cent of the grant's baseline in 2022/23.

The *provincial roads maintenance grant* is a supplementary grant that supports the cost of maintaining provincial roads. Provinces are expected to fund the construction of new roads from their own budgets and supplement the cost of maintaining and upgrading existing roads. Grant allocations are determined using a formula based on provincial road networks, road traffic and weather conditions. These factors reflect the varying costs of maintaining road networks in each province. The grant requires provinces to follow best practices for planning, and to use and regularly update road asset management systems.

The incentive portion of the grant is meant to be based on performance indicators relating to traffic loads, safety engineering and visual condition indicators. However, the Department of Transport was unable to provide updated data on the incentive calculation in time to determine incentive allocations for 2020/21. As a result, the full grant is allocated through the formula described above. The Department of Transport and the National Treasury agree that the grant should be used to incentivise improved performance in provincial roads departments and will work together in 2020 to revise the incentive component in time to determine allocations from the R1.6 billion unallocated incentive pool in 2021/22. The total allocation for the MTEF period is R36 billion. The fiscal consolidation reductions to this grant are equivalent to 8.3 per cent of the grant's baseline in 2021/22 and 9.1 per cent in 2022/23. This grant has been reduced by R500 million in 2020/21 and this amount has been set aside as a provisional allocation to fund disaster recovery projects during the same year.

Part 5: Local government fiscal framework and allocations

This section outlines the transfers made to local government and how these funds are distributed between municipalities. Funds raised by national government are transferred to municipalities through conditional and unconditional grants. National transfers to municipalities are published to enable them to plan fully for their 2020/21 budgets, and to promote better accountability and transparency by ensuring that all national allocations are included in municipal budgets.

Over the 2020 MTEF period, R426.4 billion will be transferred directly to local government and a further R23.4 billion has been allocated to indirect grants. Direct transfers to local government over the medium term account for 8.8 per cent of national government's non-interest expenditure. When indirect transfers are

added to this, total spending on local government increases to 9.3 per cent of national non-interest expenditure.

Table W1.24 Transfers to local government

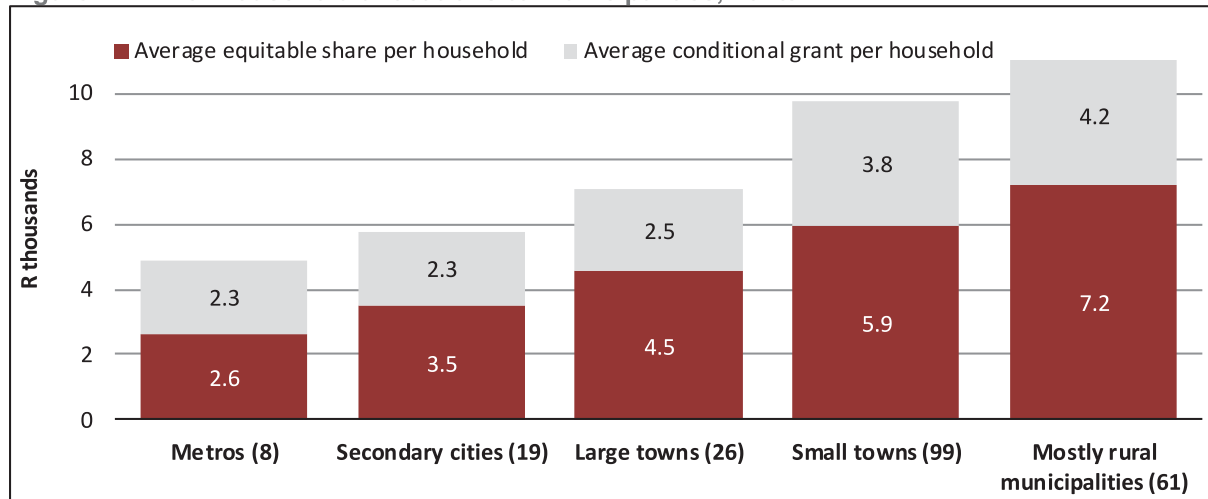
R million	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome			Adjusted budget	Medium-term estimates		
Direct transfers	102 867	111 103	118 488	127 209	132 529	142 442	151 445
Equitable share and related	50 709	55 614	60 758	68 973	74 683	81 062	87 213
Equitable share formula ¹	45 259	49 928	55 072	62 648	68 063	74 090	79 913
RSC levy replacement	4 567	4 795	4 795	5 357	5 652	5 963	6 249
Support for councillor remuneration and ward committees	883	891	891	969	969	1 009	1 051
General fuel levy sharing with metros	11 224	11 785	12 469	13 167	14 027	15 182	16 085
Conditional grants	40 934	43 704	45 262	45 068	43 819	46 198	48 147
Infrastructure	39 259	41 888	43 862	43 172	41 860	44 130	45 998
Capacity building and other	1 675	1 815	1 400	1 897	1 959	2 067	2 149
Indirect transfers	8 112	7 803	7 770	7 024	7 628	7 229	8 161
Infrastructure	8 093	7 699	7 699	6 913	7 500	7 093	8 020
Capacity building and other	19	103	71	111	128	135	140
Total	110 979	118 905	126 258	134 233	140 157	149 671	159 605

1. Outcome figures for the equitable share reflect amounts transferred after funds have been withheld to offset underspending by municipalities on conditional grants. Roll-over funds are reflected in the year in which they were transferred

Source: National Treasury

The local government fiscal framework responds to the constitutional assignment of powers and functions to this sphere of government. The framework refers to all resources available to municipalities to meet their expenditure responsibilities. National transfers account for a relatively small proportion of the local government fiscal framework, with the majority of local government revenues being raised by municipalities themselves through their substantial revenue-raising powers. However, each municipality varies dramatically, with poor rural municipalities receiving most of their revenue from transfers, while urban municipalities raise the majority of their own revenues. This differentiation in the way municipalities are funded will continue in the period ahead. As a result, transfers per household to the most rural municipalities are more than twice as large as those to metropolitan municipalities.

Figure W1.2 Per household allocations to municipalities, 2020/21*



*Reflects funds allocated through Division of Revenue Bill. Allocations to district municipalities are reassigned to local municipalities where possible

Source: National Treasury

Changes to local government allocations

Over the next three years, above-inflation growth in allocations to the local government equitable share continues, while growth in conditional grants is slower as a result of reductions announced in the 2019 MTBPS. As a result, total direct allocations to local government grow at an annual average rate of 6.6 per cent over the MTEF period.

The changes to each local government allocation are summarised in Table W1.25.

Table W1.25 Revisions to direct and indirect transfers to local government

	2020/21	2021/22	2022/23	2020 MTEF Total revisions
R million				
Technical adjustments	–	–	–	–
Direct transfers	-330	-60	-70	-460
Municipal infrastructure	-206	-52	-57	-316
Urban settlements development	2 835	–	–	2 835
Integrated urban development	56	52	57	166
Neighbourhood development partnership	-30	-60	-70	-160
Informal settlements upgrading partnership	-2 985	–	–	-2 985
Indirect transfers	330	60	70	460
Neighbourhood development partnership	30	60	70	160
Regional bulk infrastructure	400	–	–	400
Water services infrastructure	-100	–	–	-100
Additions to baselines	250	–	–	250
Indirect transfers	250	–	–	250
Regional bulk infrastructure	250	–	–	250
Reductions to baselines	-5 083	-7 823	-8 262	-21 168
Direct transfers	-5 022	-6 996	-7 982	-20 001
Local government equitable share	-1 000	-1 100	-1 100	-3 200
Local government equitable share	-1 000	-1 100	-1 100	-3 200
Conditional grants	-4 022	-5 896	-6 882	-16 801
Municipal infrastructure	-783	-842	-882	-2 506
Water services infrastructure	-426	-541	-698	-1 665
Urban settlements development	-1 270	-1 968	-2 554	-5 793
Integrated national electrification programme	-119	-128	-134	-380
Integrated urban development	-47	-51	-53	-151
Public transport network	-1 049	-1 570	-1 727	-4 347
Neighbourhood development partnership	-65	-77	-81	-224
Integrated city development	-10	-11	-11	-31
Rural roads asset management systems	-12	-13	-13	-38
Informal settlements upgrading partnership	–	-438	-459	-898
Regional bulk infrastructure	-174	-187	-196	-558
Energy efficiency and demand-side management	-22	-23	-24	-68
Local government financial management	-17	-18	-19	-53
Expanded public works programme	-23	-24	-26	-73
Infrastructure skills development	-5	-5	-5	-15
Indirect transfers	-61	-826	-279	-1 167
Integrated national electrification programme	-61	-826	-279	-1 167
Total change to local government allocations				
Change to direct transfers	-5 352	-7 056	-8 052	-20 461
Change to indirect transfers	519	-766	-209	-457
Net change to local government allocations	-4 833	-7 823	-8 262	-20 918

Source: National Treasury

Technical adjustments in Table W1.25 summarise the shifting of funds between different local government allocations, but do not change the total amount allocated to local government. These changes to the grants include the shifting of:

- R400 million in 2020/21 from the *municipal infrastructure grant*, the *water services infrastructure grant* and the *urban settlements development grant* to the indirect *regional bulk infrastructure grant* to assist in funding the rehabilitation of wastewater treatment infrastructure in the Vaal River System.
- R160 million from the direct *neighbourhood development partnership grant* to the indirect component of the grant over the MTEF period.
- R3 billion that had been indicatively allocated to the new *informal settlement upgrading partnership grant* in 2020/21. This amount is shifted back to the *urban settlements development grant* following the decision to extend the informal settlements window within this grant for another year.
- R166 million over the 2020 MTEF period from the *municipal infrastructure grant* to the *integrated urban development grant* for the entry of one additional municipality into the grant.

In addition to funds shifted from other local government grants, R250 million has been added to the indirect *regional bulk infrastructure grant* in 2020/21 to assist with addressing pollution in the Vaal River System. These funds were reprioritised from allocations in other spheres of government.

The local government equitable share is reduced by R3.2 billion over the 2020 MTEF period as part of the fiscal consolidation measures announced in the 2019 MTBPS. The reductions in 2020/21 and 2021/22 eliminate the unallocated funds set aside in the equitable share to provide for possible higher increases in bulk costs. As a result, these reductions will not affect the indicative allocations for individual municipalities.

Reductions to local government conditional grants, due to fiscal consolidation measures announced in the 2019 MTBPS, were determined taking account of the factors described in Part 2 of this annexure. These reductions to direct conditional grants to local government total R16.8 billion over the 2020 MTEF period. Indirect grants to local government have been reduced by R1.2 billion over the medium term, through a reduction to the indirect *integrated national electrification programme grant*. The details are discussed later under individual grants.

The local government equitable share

In terms of section 227 of the Constitution, local government is entitled to an equitable share of nationally raised revenue to enable it to provide basic services and perform its allocated functions. The local government equitable share is an unconditional transfer that supplements the revenue that municipalities can raise themselves (including revenue raised through property rates and service charges). The equitable share provides funding for municipalities to deliver free basic services to poor households and subsidises the cost of administration and other core services for those municipalities with the least potential to cover these costs from their own revenues.

In the process of determining the baseline for the outer year (2022/23) of the 2020 MTEF period, the local government equitable share allocation has grown by 7.6 per cent, well above the standard 4.8 per cent baseline increase. The difference is equivalent to an amount of R2.2 billion in that year. This should cover the anticipated increase in the costs of providing free basic services to a growing number of households, and accounts for likely above-inflation increases in the costs of bulk water and electricity. It will also allow for above-inflation increases in allocations to poorer and rural municipalities through the redistributive components of the equitable share formula.

Over the 2020 MTEF period, the local government equitable share, including the Regional Service Council/Joint Service Board (*RSC/JSB*) *levies replacement grant* and *special support for councillor remuneration and ward committees grant*, amounts to R243 billion (R74.7 billion in 2020/21, R81.1 billion in 2021/22 and R87.2 billion in 2022/23). Due to previous increases, as well as the revised baseline for 2022/23, the local government equitable share grows at an average annual rate of 8.1 per cent over the MTEF period.

Formula for allocating the local government equitable share

The portion of national revenue allocated to local government through the equitable share is determined in the national budget process and endorsed by Cabinet (the vertical division). Local government's equitable share is divided among the country's 257 municipalities, using a formula to ensure objectivity (the horizontal division). The principles and objectives of the formula are set out in detail in the Explanatory Memorandum to the 2013 Division of Revenue.

Structure of the local government equitable share formula

The formula uses demographic and other data to determine each municipality's portion of the local government equitable share. It has three parts, made up of five components:

- The first part of the formula consists of the *basic services component*, which provides for the cost of free basic services for poor households.
- The second part enables municipalities with limited resources to afford basic administrative and governance capacity, and perform core municipal functions. It does this through three components:
 - The *institutional component* provides a subsidy for basic municipal administrative costs.
 - The *community services component* provides funds for other core municipal services not included under basic services.
 - The *revenue adjustment factor* ensures that funds from this part of the formula are only provided to municipalities with limited potential to raise their own revenue. Municipalities that are least able to fund these costs from their own revenues should receive the most funding.
- The third part of the formula provides predictability and stability through the *correction and stabilisation factor*, which ensures that all of the formula's guarantees can be met.

Each of these components is described in detail in the sub-sections that follow.

Structure of the local government equitable share formula

$$LGES = BS + (I + CS) \times RA \pm C$$

where

LGES is the local government equitable share

BS is the basic services component

I is the institutional component

CS is the community services component

RA is the revenue adjustment factor

C is the correction and stabilisation factor

The basic services component

This component helps municipalities provide free basic water, sanitation, electricity and refuse removal services to households that fall below an affordability threshold. Following municipal consultation, the formula's affordability measure (used to determine how many households need free basic services) is based on the level of two state old age pensions. When the 2011 Census was conducted, the state old age pension was worth R1 140 per month, which means that two pensions were worth R2 280 per month. A monthly household income of R2 300 per month in 2011 has therefore been used to define the formula's affordability threshold. Statistics South Africa has calculated that 59 per cent of all households in South Africa fall below this income threshold. However, the proportion in each municipality varies widely. In 2020 terms, this monthly income is equivalent to about R3 700 per month. This threshold is not an official poverty line or a required level to be used by municipalities in their own indigence policies. If municipalities choose to provide fewer households with free basic services than they are funded for through the local government

equitable share, then their budget documentation should clearly set out why they have made this choice and how they have consulted with their community during the budget process.

The number of households per municipality, and the number below the poverty threshold, is updated annually. The number of households per municipality used to calculate indicative allocations for the outer years of the MTEF period is updated based on the growth experienced between the 2001 Census and the 2016 Community Survey. Provincial growth rates are then rebalanced to match the average annual provincial growth reported between 2002 and 2018 in the annual General Household Survey. Statistics South Africa has advised the National Treasury that, in the absence of official municipal household estimates, this is a credible method of estimating the household numbers per municipality needed for the formula. Statistics South Africa is researching methods for producing municipal-level data estimates, which may be used to inform equitable share allocations in future.

The proportion of households below the affordability threshold in each municipality is still based on 2011 Census data. This is because the 2016 Community Survey did not publish data on household income. The total number of households in each municipality is adjusted every year to account for growth. Although the share of households subsidised for free basic services through the formula remains constant, the number of households subsidised increases annually in line with estimated household growth.

The basic services subsidy is typically allocated to 100 per cent of households that fall below the poverty threshold. This is the case in 2020/21 and 2021/22. In 2022/23, the subsidy is allocated to 99.4 per cent of households below the poverty threshold to ensure that the effect of the reduction in that year is spread across all the components of the formula. The number of households that receive free basic services should not be affected because municipalities have not yet extended the provision of free basic services to reach all poor households. The basic services subsidy will fund:

- 10.4 million households in 2020/21.
- 10.6 million households in 2021/22.
- 10.8 million households in 2022/23.

The basic services component provides a subsidy of R435.04 per month in 2020/21 for the cost of providing basic services to each of these households. The subsidy includes funding for the provision of free basic water (six kilolitres per poor household per month), energy (50 kilowatt-hours per month) and sanitation and refuse removal (based on service levels defined by national policy). The monthly amount provided for each service is detailed in Table W1.26 and includes an allocation of 10 per cent for service maintenance costs.

Table W1.26 Amounts per basic service allocated through the local government equitable share, 2020/21

	Allocation per household below affordability threshold (R per month)			Total allocation per service (R million)
	Operations	Maintenance	Total	
Energy	84.30	9.37	93.66	11 645
Water	130.38	14.49	144.86	18 011
Sanitation	96.21	10.69	106.90	13 290
Refuse removal	80.65	8.96	89.61	11 141
Total basic services	391.53	43.50	435.04	54 087

Source: National Treasury

The formula uses the fairest estimates of the average costs of providing each service that could be derived from available information. More details of how the costs were estimated can be found in the discussion paper on the proposed structure of the new local government equitable share formula, available on the National Treasury website. The per-household allocation for each of the basic services in Table W1.26 is updated annually based on the following factors.

The electricity cost estimate is made up of bulk and other costs. Bulk costs are updated based on the bulk price determination approved by the National Energy Regulator of South Africa. In March 2019, the

regulator approved tariff increases of 9.4 per cent in 2019/20, 8.1 per cent in 2020/21 and 5.2 per cent in 2021/22. However, Eskom submitted an application to the court to increase the bulk tariffs. While the court has found merit in Eskom's case, it has ruled that the matter is not urgent. The court will only rule on the merits of the case after the 2020 Budget has been tabled. Due to uncertainty about the exact tariffs for the municipal financial years (which are different to those for national financial years) and the pending court decision, the equitable share formula continues to use the 8 per cent bulk tariff increase in 2020/21 and 2021/22 that was used when the baselines for these years were calculated in the 2018 and 2019 MTEF periods. The electricity cost estimate for 2022/23 is calculated using an electricity price bulk increase of 8.9 per cent, which is the average annual tariff increase for the National Energy Regulator of South Africa's multi-year price determination period of 1 April 2019 to 31 March 2022. Other (non-bulk) electricity costs are updated based on the National Treasury's inflation projections in the 2019 MTBPS.

The water cost estimate is also made up of bulk and other costs. Bulk costs are updated based on the average increase in bulk tariffs charged by water boards (although not all municipalities purchase bulk water from water boards, their price increases serve as a proxy for the cost increases for all municipalities). The average tariff increases for bulk water from water boards in 2019/20 was 10.4 per cent. Other costs are updated based on the National Treasury's inflation projections in the 2019 MTBPS.

The costs for sanitation and refuse removal are updated based on the National Treasury's inflation projections in the 2019 MTBPS.

The basic services component allocation to each municipality is calculated by multiplying the monthly subsidy per household by the updated number of households below the affordability threshold in each municipal area.

The basic services component

$$BS = \text{basic services subsidy} \times \text{number of poor households}$$

Funding for each basic service is allocated to the municipality (metro, district or local) that is authorised to provide that service. If another municipality provides a service on behalf of the authorised municipality, it must transfer funds to the provider in terms of section 29 of the Division of Revenue Act. The basic services component is worth R54.1 billion in 2020/21 and accounts for 79.5 per cent of the value of the local government equitable share formula allocation.

The institutional component

To provide basic services to households, municipalities need to be able to run a basic administration. Most municipalities should be able to fund the majority of their administration costs with their own revenue. But, because poor households are not able to contribute in full, the equitable share includes an institutional support component to help meet some of these costs. To ensure that this component supports municipalities with limited revenue-raising abilities, a revenue adjustment factor is applied so that municipalities with less potential to raise their own revenue receive a larger proportion of the allocation. The revenue adjustment factor is described in more detail later in this annexure.

In 2020/21, this component consists of a base allocation of R7.4 million, which goes to every municipality, and an additional amount that is based on the number of council seats in each municipality. This reflects the relative size of a municipality's administration and is not intended to fund the costs of councillors only (the Minister of Cooperative Governance and Traditional Affairs determines the number of seats recognised for the formula). The base allocation acknowledges that there are some fixed costs that all municipalities face.

The institutional component

$$I = \text{base allocation} + [\text{allocation per councillor} \times \text{number of council seats}]$$

The institutional component accounts for 8.2 per cent of the equitable share formula and is worth R5.6 billion in 2020/21. This component is also complemented by special support for councillor remuneration in poor municipalities, which is not part of the equitable share formula.

The community services component

This component funds services that benefit communities rather than individual households (which are provided for in the basic services component). It includes funding for municipal health services, fire services, municipal roads, cemeteries, planning, storm water management, street lighting and parks. To ensure this component assists municipalities with limited revenue-raising abilities, a revenue adjustment factor is applied so that these municipalities receive a larger proportion of the allocation.

The allocation for this component is split between district and local municipalities, which both provide community services. In 2020/21, the allocation to district and metropolitan municipalities for municipal health and other services is R10.39 per household per month. The component's remaining funds are allocated to local and metropolitan municipalities based on the number of households in each municipality.

The community services component

$$CS = [\text{municipal health and related services allocation} \times \text{number of households}] + [\text{other services allocation} \times \text{number of households}]$$

The community services component accounts for 12.3 per cent of the equitable share formula and is worth R8.4 billion in 2020/21.

The revenue adjustment factor

The Constitution gives local government substantial revenue-raising powers (particularly through property rates and surcharges on services). Municipalities are expected to fund most of their own administrative costs and cross-subsidise some services for indigent residents. Given the varied levels of poverty across South Africa, the formula does not expect all municipalities to be able to generate similar amounts of own revenue. A revenue adjustment factor is applied to the institutional and community services components of the formula to ensure that the funds assist municipalities that are least likely to be able to fund these functions from their own revenue.

To account for the varying fiscal capacities of municipalities, this component is based on a per capita index using the following factors from the 2011 Census:

- Total income of all individuals/households in a municipality (as a measure of economic activity and earning).
- Reported property values.
- Number of households on traditional land.
- Unemployment rate.
- Proportion of poor households as a percentage of the total number of households in the municipality.

Based on this index, municipalities were ranked according to their per capita revenue-raising potential. The top 10 per cent of municipalities have a revenue adjustment factor of zero, which means that they do not receive an allocation from the institutional and community services components. The 25 per cent of municipalities with the lowest scores have a revenue adjustment factor of 100 per cent, which means that they receive their full allocation from the institutional and community services components. Municipalities between the bottom 25 per cent and top 10 per cent have a revenue adjustment factor applied on a sliding scale, so that those with higher per capita revenue-raising potential receive a lower revenue adjustment factor and those with less potential have a larger revenue adjustment factor.

The revenue adjustment factor is not based on the actual revenues municipalities collect, which ensures that this component does not create a perverse incentive for municipalities to under-collect revenue to receive a higher equitable share.

Because district municipalities do not collect revenue from property rates, the revenue adjustment factor applied to these municipalities is based on the *RSC/JSB levies replacement grant* allocations. This grant replaces a source of own revenue previously collected by district municipalities and it is still treated as an own revenue source in many respects. Similar to the revenue adjustment factor for local and metropolitan municipalities, the factor applied to district municipalities is based on their per capita *RSC/JSB levies replacement grant* allocations. District municipalities are given revenue adjustment factors on a sliding scale – those with a higher per capita *RSC/JSB levies replacement grant* allocation receive a lower revenue adjustment factor, while those with lower allocations have a higher revenue adjustment factor.

Correction and stabilisation factor

Providing municipalities with predictable and stable equitable share allocations is one of the principles of the equitable share formula. Indicative allocations are published for the second and third years of the MTEF period to ensure predictability. To provide stability for municipal planning, while giving national government flexibility to account for overall budget constraints and amend the formula, municipalities are guaranteed to receive at least 90 per cent of the indicative allocation for the middle year of the MTEF period.

Ensuring the formula balances

The formula is structured so that all of the available funds are allocated. The basic services component is determined by the number of poor households per municipality and the estimated cost of free basic services, so it cannot be manipulated. This means that balancing the formula to the available resources must take place in the second part of the formula, which includes the institutional and community services components. The formula automatically determines the value of the allocation per council seat in the institutional component and the allocation per household for other services in the community services component to ensure that it balances. Increases in the cost of providing basic services can result in lower institutional and community services allocations.

Details of new allocations

In addition to the three-year formula allocations published in the Division of Revenue Bill, a copy of the formula, including the data used for each municipality and each component, is published online (http://mfma.treasury.gov.za/Media_Releases/LGESDiscussions/Pages/default.aspx).

Other unconditional allocations

RSC/JSB levies replacement grant

Before 2006, district municipalities raised levies on local businesses through a Regional Services Council (RSC) or Joint Services Board (JSB) levy. This source of revenue was replaced in 2006/07 with the *RSC/JSB levies replacement grant*, which was allocated to all district and metropolitan municipalities based on the amounts they had previously collected through the levies. The *RSC/JSB levies replacement grant* for metropolitan municipalities has since been replaced by the sharing of the general fuel levy. The *RSC/JSB levies replacement grant*'s value increases every year.

In 2020/21, the grant increases by 7.2 per cent for district municipalities authorised for water and sanitation and 2.4 per cent for unauthorised district municipalities. The different rates recognise the various service-delivery responsibilities of these district municipalities.

Special support for councillor remuneration and ward committees

Councillors' salaries are subsidised in poor municipalities. The total value of the support provided in 2020/21 is R969 million, calculated separately to the local government equitable share and in addition to the funding

for governance costs provided in the institutional component. The level of support for each municipality is allocated based on a system gazetted by the Minister of Cooperative Governance and Traditional Affairs, which classifies municipal councils into six grades based on their total income and population size. Special support is provided to the lowest three grades of municipal councils (the smallest and poorest municipalities).

The Minister of Cooperative Governance and Traditional Affairs last gazetted a notice on the determination of upper limits of salaries in December 2018. This is due to an ongoing review of wages which has resulted in a wage freeze for 2020/21. Using this last notice for maximum remuneration for part-time councillors, cost savings of R46 million are realised in 2020/21, with savings of R55 million carried through in 2021/22 and R63 million in 2022/23. A total of R164 million over the 2020 MTEF period is therefore shifted from support for councillor remuneration and ward committees to the local government equitable share formula.

A subsidy of 90 per cent of the gazetted maximum remuneration for a part-time councillor is provided for every councillor in grade 1 municipalities, 80 per cent for grade 2 municipalities and 70 per cent for grade 3 municipalities. In addition to this support for councillor remuneration, each local municipality in grades 1 to 3 receives an allocation to provide stipends of R500 per month to 10 members of each ward committee in their municipality. Each municipality's allocation for this special support is published in the Division of Revenue Bill appendices.

Conditional grants to local government

National government allocates funds to local government through a variety of conditional grants. These grants fall into two main groups: infrastructure and capacity building. The total value of conditional grants directly transferred to local government increases from R43.8 billion in 2020/21 to R46.2 billion in 2021/22 and R48.1 billion in 2022/23.

There are four types of local government conditional grants:

- Schedule 4, part B sets out general grants that supplement various programmes partly funded by municipalities.
- Schedule 5, part B grants fund specific responsibilities and programmes implemented by municipalities.
- Schedule 6, part B grants provide in-kind allocations through which a national department implements projects in municipalities.
- Schedule 7, part B grants provide for the swift allocation and transfer of funds to a municipality to help it deal with a disaster or housing emergency.

Infrastructure conditional grants to local government

National transfers for infrastructure, including indirect or in-kind allocations to entities executing specific projects in municipalities, amount to R155 billion over the 2020 MTEF period.

Table W1.27 Infrastructure grants to local government

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome			Adjusted budget	Medium-term estimates		
R million							
Direct transfers	39 259	41 888	43 862	43 172	41 860	44 130	45 998
Municipal infrastructure	14 914	15 891	15 288	14 816	14 671	15 937	16 852
Integrated urban development	–	–	–	857	948	1 015	1 075
Urban settlements development	10 839	11 382	11 306	12 045	11 282	7 405	7 352
Informal settlements upgrading partnership	–	–	–	–	–	3 945	4 181
Integrated city development	267	292	294	310	317	341	361
Public transport network	5 593	6 107	6 287	6 468	6 446	6 797	7 119
Neighbourhood development partnership	592	658	569	602	559	567	593
Integrated national electrification programme	1 946	2 087	1 904	1 863	1 859	2 003	2 119
Rural roads asset management systems	102	107	108	114	108	114	121
Regional bulk infrastructure	1 850	1 829	1 963	2 066	2 006	2 156	2 281
Water services infrastructure	2 831	3 305	4 777	3 669	3 445	3 620	3 701
Municipal disaster recovery	140	26	1 151	133	–	–	–
Energy efficiency and demand-side management	186	203	215	227	218	230	243
Indirect transfers	8 093	7 699	7 699	6 913	7 500	7 093	8 020
Integrated national electrification programme	3 526	3 846	3 846	3 124	3 001	2 994	3 688
Neighbourhood development partnership	15	28	28	50	63	95	106
Water services infrastructure	298	852	852	644	579	730	771
Regional bulk infrastructure	3 422	2 974	2 974	3 094	3 857	3 275	3 455
Bucket eradication	831	–	–	–	–	–	–
Total	47 352	49 588	51 561	50 085	49 360	51 224	54 018

Source: National Treasury

Municipal infrastructure grant

The largest infrastructure transfer to municipalities is made through the *municipal infrastructure grant*, which supports government's aim to expand service delivery and alleviate poverty. The grant funds the provision of infrastructure for basic services, roads and social infrastructure for poor households in all non-metropolitan municipalities. The grant's baseline is reduced by R783 million in 2020/21, R842 million in 2021/22 and R882 million in 2022/23. The fiscal consolidation reductions to this grant are equivalent to 5 per cent of the grant's baseline in 2020/21, 5 per cent in 2021/22 and 5 per cent in 2022/23. These reductions do not include an amount of R166 million shifted to the *integrated urban development grant* over the 2020 MTEF period, following approval for Steve Tshwete Local Municipality to participate in the programme from 2020/21. In 2020/21, R150 million is reprioritised from this grant to the indirect *regional bulk infrastructure grant* for the Vaal River system intervention. The total allocations for this grant amount to R47.5 billion over the 2020 MTEF period and grow at an average annual rate of 4.3 per cent.

The *municipal infrastructure grant* is allocated through a formula with a vertical and horizontal division. The vertical division allocates resources between sectors and the horizontal division takes account of poverty, backlogs and municipal powers and functions in allocating funds to municipalities. The five main components of the formula are described in the box below.

Municipal infrastructure grant = C + B + P + E + N

- C** Constant to ensure a minimum allocation for small municipalities (this allocation is made to all municipalities)
- B** Basic residential infrastructure (proportional allocations for water supply and sanitation, roads and other services such as street lighting and solid waste removal)
- P** Public municipal service infrastructure (including sport infrastructure)
- E** Allocation for social institutions and micro-enterprise infrastructure
- N** Allocation to the 27 priority districts identified by government

Allocations for the water and sanitation sub-components of the basic services component are based on the proportion of the national backlog for that service in each municipality. Other components are based on the proportion of the country's poor households located in each municipality. The formula considers poor households without access to services that meet sector standards to be a backlog.

Data used in the municipal infrastructure grant formula

Component	Indicator used in the formula	Data used (all data is from the 2011 Census)
B	Number of water backlogs	Number of poor households ¹ that do not have adequate access to water (adequate access defined as piped water either inside their dwelling, in the yard or within 200 metres of their dwelling)
	Number of sanitation backlogs	Number of poor households that do not have adequate access to sanitation (adequate access defined as having a flush toilet, chemical toilet, pit toilet with ventilation or ecological toilet)
	Number of roads backlogs	Number of poor households
	Number of other backlogs	Number of poor households that do not have access to refuse disposal at Reconstruction and Development Programme levels of service
P	Number of poor households	Number of poor households
E	Number of poor households	Number of poor households
N	Number of households in nodal areas	Allocated to the 27 priority districts identified by Cabinet as having large backlogs. Allocation is based on total households (not poor households)

1. Poor household defined as a monthly household income of less than R2 300 per month in 2011 Census data

Table W1.28 sets out the proportion of the grant accounted for by each component of the formula.

The constant component provides a R5 million base to all municipalities receiving *municipal infrastructure grant* allocations.

Table W1.28 Municipal infrastructure grant allocations per sector

Municipal infrastructure grant (formula)	Component weights	Value of component 2020/21 (R million)	Proportion of municipal infrastructure grant per sector
B-component	75.0%	9 966	67.9%
Water and sanitation	72.0%	7 176	48.9%
Roads	23.0%	2 292	15.6%
Other	5.0%	498	3.4%
P-component	15.0%	1 993	13.6%
Sports	33.0%	658	4.5%
E-component	5.0%	664	4.5%
N-component	5.0%	664	4.5%
Constant		1 130	7.7%
Ring-fenced funding for sport infrastructure		253	1.7%
Total		14 671	100.0%

Source: National Treasury

The *municipal infrastructure grant* includes an amount allocated outside of the grant formula and earmarked for specific sport infrastructure projects identified by the Department of Sports, Arts and Culture. These earmarked funds amount to R759 million over the MTEF period (R253 million in each year of the 2020 MTEF period). In addition, municipalities are required to spend a third of the P-component (equivalent to 4.5 per cent of the grant) on sport and recreation infrastructure identified in their own integrated development plans. Municipalities are also encouraged to increase their investment in other community infrastructure, including cemeteries, community centres, taxi ranks and marketplaces.

Integrated urban development grant

The *integrated urban development grant* is allocated to selected urban local municipalities in place of the *municipal infrastructure grant*. The grant recognises that municipalities differ in terms of their context and introduces a differentiated approach to encourage integrated development in cities. It is intended to:

- Support spatially aligned public infrastructure investment that will lead to functional and efficient urban spaces.
- Enable and incentivise municipalities to invest more non-grant funding in infrastructure projects in intermediate cities.

The grant extends some of the fiscal reforms already implemented in metropolitan municipalities to non-metropolitan cities and is administered by the Department of Cooperative Governance.

Municipalities must meet certain criteria and apply to receive the *integrated urban development grant* instead of the *municipal infrastructure grant* in terms of a process set out in section 27(5) of the Division of Revenue Act. The qualification criteria cover the following areas:

- Management stability (low vacancy rates among senior management).
- Audit findings.
- Unauthorised, irregular, fruitless and wasteful expenditure.
- Capital expenditure.
- Reporting in terms of the Municipal Finance Management Act.

To remain in the grant, cities must continue to meet or exceed the entry criteria. If they do not do so, they will be placed on a performance improvement plan. If they still do not meet the criteria in the subsequent year, they will shift back to receiving grant transfers through the *municipal infrastructure grant*, which comes with closer oversight and support from national and provincial departments. The base allocations a

municipality receives through the *municipal infrastructure grant* and the *integrated urban development grant* will be the same and are determined in terms of the *municipal infrastructure grant* formula described above.

In addition to the basic formula-based allocation, municipalities participating in the *integrated urban development grant* are also eligible to receive a performance-based incentive component, which is based on performance against the weighted indicators set out below.

Performance-based component weighted indicators for integrated urban development grant

Indicator	Purpose	Weight	Scores
1. Non-grant capital as a percentage of total capital expenditure	Encourages cities to increase their capital investment funded through own revenue and borrowing	40%	1 if 70% or higher 0 if 30% or lower Linear scale in between
2. Repairs and maintenance expenditure as percentage of operating expenditure	Rewards cities that take good care of their existing asset base	30%	1 if 8% or higher
3. Asset management plan	Must have a plan in place, has been approved by municipal council and updated in the last three years	30%	1 if yes for all three 0 if no for any of the three
4. Land-use applications in priority areas 5. Building plan applications in priority areas	Due to the lack of available data, these indicators, which are intended to reward spatial targeting of investment, remain dormant in 2020/21	0%	1 if 50% or higher 0 if 10% or lower Linear scale in between

The allocations for the *integrated urban development grant* are R948 million in 2020/21, R1 billion in 2021/22 and R1.1 billion in 2022/23. These allocations include additions of R56 million in 2020/21, R52 million in 2021/22 and R57 million in 2022/23, following the addition of Steve Tshwete Local Municipality to the pool of municipalities participating in the grant. The allocations for 2020/21 include R15 million in funds ring-fenced for sports infrastructure projects. These funds were shifted from the *municipal infrastructure grant*. The fiscal consolidation reductions to this grant are equivalent to 5 per cent of the grant's baseline in 2020/21, 5 per cent in 2021/22 and 5 per cent in 2022/23.

Table W1.29 Formula for integrated urban development grant incentive component

	Planning allocation (R 000)	Performance incentive						Total for incentive and planning (R 000)
		Non-grant capital as percentage of total capital spend	Maintenance spend	Asset management plan	Land use and building plans in priority areas	Weighted score	Total incentive (R 000)	
uMhlathuze	3 183	80%	7%	No	–	65%	52 680	55 863
Drakenstein	1 048	76%	5%	Yes	–	85%	22 678	23 725
Mogale City	3 488	14%	2%	No	–	0%	–	3 488
Polokwane	10 222	21%	2%	No	–	0%	–	10 222
Ray Nkonyeni	1 834	22%	3%	No	–	5%	2 335	4 170
Sol Plaatje	1 484	15%	2%	No	–	0%	–	1 484
Stellenbosch	1 067	79%	1%	No	–	40%	10 865	11 932
Steve Tshwete	1 782	74%	1%	Yes	–	70%	31 761	33 543
Total	24 108						120 319	144 428

Source: Department of Cooperative Governance

Urban settlements development grant

The *urban settlements development grant* is an integrated source of funding for infrastructure for municipal services and upgrades to urban informal settlements in the eight metropolitan municipalities. It is allocated as a supplementary grant to cities (schedule 4, part B of the Division of Revenue Act), which means that municipalities are expected to use a combination of grant funds and their own revenue to develop urban infrastructure and integrated human settlements. Cities report their progress on these projects against the targets set in their service-delivery and budget implementation plans. Since 2019/20, cities have been required to report in line with the requirements of the Municipal Finance Management Act Circular 88. This is the result of a process led by the National Treasury to rationalise and streamline built environment reporting for the eight metropolitan municipalities. Cities report on one agreed set of indicators used by multiple stakeholders to monitor progress on the integrated and functional outcomes, rather than reporting separately to each department. These reforms will progressively be extended to non-metropolitan municipalities over the medium term.

As discussed under the *human settlements development grant* in Part 4, a new component was introduced in 2019/20 for the upgrading of informal settlements. It sets a minimum amount each city must spend on informal settlement upgrades and requires cities to work in partnership with communities. The component has been extended for one more year, to 2020/21, and amounts to 20 per cent of the *urban settlements development grant*. The extension of this component serves as a planning and preparatory platform for a new *informal settlements upgrading partnership grant*, planned for 2021/22. Provided the component is a success, the new grant will be created through the reprioritisation of funds from the *urban settlements development grant*. Initial amounts of R3.9 billion in 2021/22 and R4.2 billion in 2022/23 have been set aside for this new grant in the outer years of the MTEF period. Further details on the new grant are discussed in Part 6.

The *urban settlements development grant*, including allocations for the new *informal settlements upgrading partnership grant*, is allocated R34.2 billion over the medium term. The allocation per municipality is based on the *municipal infrastructure grant* formula. Up to 3 per cent of the grant may be used to fund municipal capacity in the built environment in line with the Department of Human Settlements' capacity-building guideline. Because this grant has been previously reduced by a smaller proportion than the *municipal infrastructure grant*, the *urban settlements development grant* is reduced by R1.3 billion in 2020/21, R2 billion in 2021/22 and R2.7 billion in 2022/23 in order to fund other government priorities. The fiscal consolidation reductions to the *urban settlements development grant* are equivalent to 13.1 per cent of the grant's baseline in 2020/21, 21 per cent in 2021/22 and 25.8 per cent in 2022/23. Reductions to the *informal*

settlement upgrading partnership grant are equivalent to 10 per cent of the grant's baseline in 2021/22, and 9.9 per cent in 2022/23. In 2020/21 R150 million is reprioritised from the *urban settlements development grant* to the indirect *regional bulk infrastructure grant* for the Vaal River system intervention.

Integrated city development grant

The 2019 MTBPS announced that, subject to certain conditions, programme and project preparation funding would be provided to metros through the grant system. Following consultations with cities, including through the City Budget Forum and a workshop, it has been agreed that cities will be able to use at least half of their *integrated city development grant* allocations for programme and project preparation activities in 2020/21. The remaining allocations from this grant can be used to complete planned investments funded from the grant, so that the full grant amount can be allocated to programme and project preparation activities from 2021/22.

In order to be eligible to use these funds for project preparation costs, metros will need to:

- Submit a letter to the National Treasury indicating their commitment to establishing and institutionalising an effective system of programme and project preparation.
- Prove they have not had an adverse or disclaimed audit opinion in the last two financial years.
- Have formally adopted council resolutions on adopting the Cities Infrastructure Delivery and Management Systems guidelines, establishing a programme and project approval committee, and committing to co-financing contributions and budget management arrangements.

Total allocations over the 2020 MTEF period amount to R1 billion and grow at an average annual rate of 5.2 per cent. The fiscal consolidation reductions to this grant are equivalent to 3 per cent of the grant's baseline in 2020/21, 3 per cent in 2021/22 and 3 per cent in 2022/23.

Public transport network grant

The *public transport network grant*, administered by the Department of Transport, helps cities create or improve public transport systems in line with the National Land Transport Act (2009) and the Public Transport Strategy. This includes all integrated public transport network infrastructure, such as bus rapid transit systems, conventional bus services, and pedestrian and cycling infrastructure. The grant also subsidises the operation of these services. It is allocated R20.4 billion over the medium term. The grant has been reduced by R1 billion in 2020/21, R1.6 billion in 2021/22 and R1.7 billion in 2022/23. These fiscal consolidation reductions to this grant are equivalent to 14 per cent of the grant's baseline in 2020/21, 18.8 per cent in 2021/22 and 19.5 per cent in 2022/23.

Of the 13 cities that have been receiving the grant, three have been in the planning phase since the introduction of the grant in the 2006 MTEF period. These three cities have been suspended from the grant for the 2020 MTEF period, but this should have a minimal impact on service delivery because the cities were not transporting any passengers through this grant. The suspended cities are Buffalo City, Mbombela and Msunduzi.

Despite support provided by the national Department of Transport, the cities of Cape Town, Johannesburg and eThekweni have not been able to scale up rollout to levels that justify their baseline allocations. As a result, the department proposed reductions to their allocations, based on performance and the ability of the cities to cover the shortfall from own revenue.

The allocations for this grant are determined through a formula, which determines 95 per cent of the allocations, and a performance-based incentive component introduced in 2019/20, which accounts for the remaining 5 per cent. The formula increases certainty about the extent of national funding that municipalities can expect when planning their public transport networks, and encourages cities to make more sustainable public transport investments.

To qualify for an allocation from the performance incentive, a city must have an operational municipal public transport system approved by the national Department of Transport and it must have spent more than 80 per cent of its grant allocation in the previous financial year. Incentive allocations are then calculated based on the coverage of costs from fares, passenger trips and the city's own financial commitment to the system. Cities must exceed the minimum threshold in at least one of these three indicators. The calculation of the performance incentive allocations for 2020/21 is set out in Table W1.30 below. The raw scores for the cities are weighted using the sum of the base and formula components to account for the size of the city.

Table W1.30 Public transport network grant incentive

	Oper- ational public transport system	Grant spent in 2018/19	Eligible for incentive	Coverage of direct costs from farebox	Average weekday passenger trips (% of population)	City's contri- bution (% of property rates)	Raw scores for incentive	Incentive allocation for 2020/21 (R 000)
Minimum threshold	Yes	80%		35.0%	1.00%	2%		
Buffalo City	No	99%	No	0.0%	0.00%	0.0%	–	–
City of Cape Town	Yes	89%	Yes	41.6%	1.61%	6.3%	0.466	201 785
City of Johannesburg	Yes	86%	Yes	35.2%	1.13%	3.9%	0.063	37 062
City of Tshwane	Yes	100%	Yes	29.9%	0.15%	1.6%	–	–
Ekurhuleni	Yes	76%	No	0.0%	0.00%	0.0%	–	–
eThekweni	No	63%	No	0.0%	0.00%	0.0%	–	–
George	Yes	99%	Yes	34.3%	6.20%	8.9%	0.461	29 513
Mangaung	No	75%	No	0.0%	0.00%	0.0%	–	–
Mbombela	No	100%	No	0.0%	0.00%	0.0%	–	–
Msunduzi	No	100%	No	0.0%	0.00%	0.0%	–	–
Nelson Mandela Bay	Yes	94%	Yes	27.5%	0.80%	2.4%	0.010	1 683
Polokwane	No	69%	No	0.0%	0.00%	0.0%	–	–
Rustenburg	No	79%	No	0.0%	0.00%	0.0%	–	–
Total							1.000	270 043

Source: National Treasury

In the formula for the grant, a base component accounts for 20 per cent of total allocations and is divided equally among all participating cities – this ensures that smaller cities in particular have a significant base allocation to run their transport system regardless of their size. The bulk of the formula (75 per cent) is allocated based on three demand-driven factors, which account for the number of people in a city, the number of public transport users in a city (the weighting of train commuters is reduced as trains are subsidised separately through the Passenger Rail Authority of South Africa) and the size of a city's economy.

Table W1.31 sets out how the final allocation for each municipality is determined, taking account of both the formula and incentive components.

Table W1.31 Formula for the public transport network grant

	Base 20%	Demand-driven factors 75%			Subtotal: base and demand driven factors	Performance 5%	Fiscal consolidation reductions	100%
	Equally shared	Population compo- nent shares	Regional gross value added compo- nent shares	Public transport users compo- nent shares		Incentive compo-nent (R 000)		Grant allocations ¹ (R 000)
Buffalo City ²	7.7%	3.3%	2.8%	3.1%	3.8%	—	-247 346	—
City of Cape Town	7.7%	16.3%	15.8%	13.9%	13.0%	201 785	-97 766	944 974
City of Johannesburg	7.7%	19.3%	25.2%	20.5%	17.8%	37 062	-133 451	1 051 518
City of Tshwane	7.7%	12.7%	15.0%	14.0%	12.0%	—	—	771 954
Ekurhuleni	7.7%	13.8%	9.5%	14.9%	11.1%	—	—	716 466
eThekweni	7.7%	15.0%	15.8%	18.0%	13.7%	—	-103 087	783 643
George	7.7%	0.8%	0.5%	0.2%	1.9%	29 513	—	153 645
Mangaung	7.7%	3.3%	2.4%	3.2%	3.8%	—	—	242 210
Mbombela ²	7.7%	2.6%	1.9%	2.4%	3.3%	—	-209 848	—
Msunduzi ²	7.7%	2.7%	1.5%	2.4%	3.2%	—	-205 360	—
Nelson Mandela Bay	7.7%	5.0%	4.7%	3.6%	4.9%	1 683	—	316 207
Polokwane	7.7%	2.7%	1.5%	1.3%	2.9%	—	—	189 292
Rustenburg	7.7%	2.4%	3.5%	2.3%	3.6%	—	—	230 939
Unallocated incentive						—	-52 466	—
Total	100.0%	100.0%	100.0%	100.0%	95.0%	270 043	-1 049 324	5 400 848

1. Excludes additional funds for Cape Town allocated through the Budget Facility for Infrastructure

2. These three cities are suspended from the grant

Source: National Treasury

In addition to the formula and performance incentive, R4 billion is allocated through the *public transport network grant* over the medium term for the City of Cape Town's MyCiti public transport network, approved through the Budget Facility for Infrastructure. The facility seeks to support quality public investments through robust project appraisal, effective project development and execution, and sustainable financing arrangements. The process includes engaging with relevant stakeholders, the National Treasury and the Presidential Infrastructure Coordinating Commission. This additional amount will fund a new public transport corridor for the MyCiti network, linking the underserved areas of Khayelitsha and Mitchells Plain to the city centre.

Neighbourhood development partnership grant

The *neighbourhood development partnership grant* supports municipalities in developing and implementing urban network plans. The grant funds the upgrading of identified precincts in order to stimulate third-party public and private investment. In metropolitan municipalities, the focus is on upgrading urban hubs in townships. The National Treasury, in collaboration with other stakeholders, including the Department of Agriculture, Rural Development and Land Reform and the Department of Cooperative Governance, has identified a cohort of non-metropolitan municipalities to implement new projects as part of this grant. The National Treasury will be partnering with these municipalities to identify, plan and implement infrastructure upgrades in targeted urban hub precincts. The allocations for this grant in the 2020 MTEF period amount to R2 billion, made up of R1.7 billion for the direct capital component and R263 million for the indirect technical assistance component. An amount of R160 million, consisting of R30 million in 2020/21, R60 million in 2021/22 and R70 million in 2022/23, has been shifted from the direct component to the indirect component. The fiscal consolidation reductions to this grant are equivalent to 10 per cent of the grant's baseline in 2020/21, 11 per cent in 2021/22 and 10.9 per cent in 2022/23.

Water services infrastructure grant

This grant, administered by the Department of Water and Sanitation, aims to accelerate the delivery of clean water and sanitation facilities to communities that do not have access to basic water services. It provides

funding for various projects, including the construction of new infrastructure and the refurbishment and extension of existing water schemes. It has both direct and indirect components. In areas where municipalities have the capacity to implement projects themselves, funds are transferred through a direct grant. In other areas, the Department of Water and Sanitation implements projects on behalf of municipalities through an indirect grant.

The direct component of this grant is reduced by R426 million in 2020/21, R541 million in 2021/22 and R698 million in 2022/23. Although these reductions mean that the implementation of some projects will be delayed, they will not negatively impact water augmentation projects in drought-affected municipalities. This component of the grant has a total allocation of R10.8 billion over the 2020 MTEF period. The fiscal consolidation reductions to this grant are equivalent to 11 per cent of the grant's baseline in 2020/21, 13 per cent in 2021/22 and 15.9 per cent in 2022/23.

The indirect component of this grant is reduced by R100 million in 2020/21, with a total allocation of R2.1 billion over the medium term. Of this amount, R106 million is allocated to municipalities in the Free State and Northern Cape to complete outstanding bucket eradication projects and R181 million is allocated for drought relief projects.

Regional bulk infrastructure grant

This grant supplements the financing of the social component of regional bulk water and sanitation infrastructure. It targets projects that cut across several municipalities or large bulk projects within one municipality. The grant funds the bulk infrastructure needed to provide reticulated water and sanitation services to individual households. It may also be used to appoint service providers to carry out feasibility studies, related planning or management studies for infrastructure projects. It has both direct and indirect components. In areas where municipalities have the capacity to implement projects themselves, funds are transferred through a direct grant. In other areas, the Department of Water and Sanitation implements projects on behalf of municipalities through an indirect grant. A parallel programme, funded by the Department of Water and Sanitation, also funds water boards for the construction of bulk infrastructure. Though not part of the division of revenue, these projects still form part of the Department of Water and Sanitation's larger programme of subsidising the construction of regional bulk infrastructure for water and sanitation.

The direct component of this grant is reduced by R174 million in 2020/21, R187 million in 2021/22 and R196 million in 2022/23. An amount of R650 million is added to the indirect component of this grant to accelerate the implementation of repairs to the sewerage system in Emfuleni Local Municipality, which is currently spilling raw sewage into the Vaal River, and a further R100 million is reprioritised within the grant for the Vaal River intervention. This component also includes R241 million for the completion of bucket eradication projects. The fiscal consolidation reductions for this grant are equivalent to 8 per cent of the grant's baseline in 2020/21, 8 per cent in 2021/22 and 7.9 per cent in 2022/23.

The grant has a total allocation of R17 billion over the medium term, consisting of R6.4 billion and R10.6 billion for the direct and indirect components respectively.

Integrated national electrification programme grants

These grants aim to provide capital subsidies to municipalities to provide electricity to poor households and fund bulk infrastructure to ensure a constant supply of electricity. Allocations are based on the backlog of households without electricity and administered by the Department of Mineral Resources and Energy. The grant only funds bulk infrastructure that serves poor households. The national electrification programme has helped provide 91 per cent of all poor households with access to electricity, as reported in the 2016 Community Survey (up from the 85 per cent reported in the 2011 Census). To sustain this progress, government will spend R15.7 billion on the programme over the next three years.

The *integrated national electrification programme (municipal) grant* is reduced by R119 million in 2020/21, R128 million in 2021/22 and R134 million in 2022/23. It has a total allocation of R6 billion over the medium

term and grows at an average annual rate of 4.4 per cent. The fiscal consolidation reductions to this grant are equivalent to 6 per cent of the grant's baseline in 2020/21, 6 per cent in 2021/22 and 5.9 per cent in 2022/23.

The *integrated national electrification programme (Eskom) grant* is allocated R9.7 billion over the medium term and grows at an average annual rate of 5.7 per cent. It is reduced by R61 million in 2020/21, R826 million in 2021/22 and R279 million in 2022/23 to fund other government priorities. The reductions to this grant are equivalent to 2 per cent of the grant's baseline in 2020/21, 21.6 per cent in 2021/22 and 7 per cent in 2022/23.

Energy efficiency and demand-side management grant

The *energy efficiency and demand-side management grant* funds selected municipalities to implement projects with a focus on public lighting and energy-efficient municipal infrastructure. The grant continues to make provision for municipalities to use funding from the *energy efficiency and demand-side management grant* for planning and preparing for the Energy Efficiency in Public Infrastructure and Building Programme. The programme aims to create a market for private companies to invest in the large-scale retrofitting of municipal infrastructure, and then be paid back through the savings on energy costs achieved. This has the potential to unlock energy and cost savings on a much larger scale. Municipalities can use 15 per cent of their *energy efficiency and demand-side management grant* funding to develop a project pipeline and thereby strengthen the market for energy companies that offer this service. This scaling up of energy-efficiency retrofits is a key part of meeting the goals in the National Climate Change Response Strategy and the United Nations Framework Convention on Climate Change.

This approach will also allow municipalities to benefit from donor financing. A Guarantee Fund from the Nationally Appropriated Mitigation Action Facility has been jointly established with funding from the German and United Kingdom governments to help private energy service companies obtain loans to implement the Energy Efficiency in Public Infrastructure and Building Programme. The programme will have significant long-term effects on energy savings, carbon emissions and the market for energy-efficient technologies. The grant is allocated R691 million over the medium term. The fiscal consolidation reductions to this grant are equivalent to 9 per cent of the grant's baseline in 2020/21, 9 per cent in 2021/22 and 8.9 per cent in 2022/23.

Rural roads asset management systems grant

The Department of Transport administers the *rural roads asset management systems grant* to improve rural road infrastructure. The grant funds the collection of data on the condition and usage of rural roads in line with the Road Infrastructure Strategic Framework for South Africa. This information guides investments to maintain and improve these roads. District municipalities collect data on all the municipal roads in their area, ensuring that infrastructure spending (from the *municipal infrastructure grant* and elsewhere) can be properly planned to maximise impact. As data becomes available, incentives will be introduced to ensure that municipalities use this information to plan road maintenance appropriately. The *municipal infrastructure grant* stipulates that municipalities must use data from roads asset management systems to prioritise investment in roads projects.

The Department of Transport will continue to work with the *municipal infrastructure grant* administrators to ensure that municipal roads projects are chosen, prioritised and approved using roads asset management systems data wherever possible. This grant is reduced by R12 million in 2020/21, R13 million in 2021/22 and R13 million in 2022/23 to fund other government priorities. The grant is allocated R108 million in 2020/21, R114 million in 2021/22 and R121 million in 2022/23. The fiscal consolidation reductions to this grant are equivalent to 10 per cent of the grant's baseline in 2020/21, 10 per cent in 2021/22 and 9.9 per cent in 2022/23.

Capacity-building grants and other current transfers

Capacity-building grants help to develop municipalities' management, planning, technical, budgeting and financial management skills. Other current transfers include the *EPWP integrated grant for municipalities*,

which promotes increased labour intensity in municipalities, and the *municipal disaster relief grant*. A total of R6.6 billion is allocated to capacity-building grants and other current transfers to local government over the medium term.

Table W1.32 Capacity building and other current grants to local government

	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
	Outcome			Adjusted budget	Medium-term estimates		
R million							
Direct transfers	1 675	1 815	1 400	1 897	1 959	2 067	2 149
Municipal disaster relief	118	341	—	335	354	373	391
Municipal demarcation transition	297	140	—	—	—	—	—
Municipal systems improvement	—	—	23	—	—	—	—
Municipal emergency housing	—	—	38	149	159	168	175
Infrastructure skills development	130	141	141	149	153	162	168
Local government financial management	465	502	505	533	545	575	596
Expanded public works programme integrated grant for municipalities	664	691	693	730	748	790	819
Indirect transfers	19	103	71	111	128	135	140
Municipal systems improvement	19	103	71	111	128	135	140
Total	1 695	1 919	1 470	2 008	2 087	2 203	2 289

Source: National Treasury

Local government financial management grant

The *local government financial management grant*, managed by the National Treasury, funds the placement of financial management interns in municipalities and the modernisation of financial management systems. This includes building in-house municipal capacity to implement multi-year budgeting, linking integrated development plans to budgets, and producing quality and timely in-year and annual reports. The grant supports municipalities in the implementation of the Municipal Finance Management Act and provides funds for the implementation of the municipal standard chart of accounts.

This grant is reduced by R17 million in 2020/21, R18 million in 2021/22 and R19 million in 2022/23 to fund other government priorities. Total allocations amount to R1.7 billion over the MTEF period and grow at an average annual rate of 3.8 per cent. The fiscal consolidation reductions to this grant are equivalent to 3 per cent of the grant's baseline in 2020/21, 3 per cent in 2021/22 and 3 per cent in 2022/23.

Infrastructure skills development grant

The *infrastructure skills development grant* develops capacity within municipalities by creating a sustainable pool of young professionals with technical skills in areas such as water, electricity and town planning. The grant places interns in municipalities so they can complete the requirements of the relevant statutory council within their respective built environment fields. The interns can be hired by any municipality at the end of their internship.

This grant is reduced by R5 million in each year of the 2020 MTEF period. The grant's total allocations amount to R482 million over the 2020 MTEF period and grow at an average annual rate of 3.9 per cent. The fiscal consolidation reductions to this grant are equivalent to 3 per cent of the grant's baseline in 2020/21, 3 per cent in 2021/22 and 3 per cent in 2022/23.

Municipal systems improvement grant

The *municipal systems improvement grant* funds a range of projects in municipalities in support of the Back to Basics strategy, including helping municipalities set up adequate record management systems, drawing up organograms for municipalities and reviewing their appropriateness relative to their assigned functions, implementing the Integrated Urban Development Framework, and assisting municipalities with revenue collection plans and the implementation of the municipal standard chart of accounts. The Department of

Cooperative Governance implements the indirect grant. The grant's total allocations amount to R404 million over the 2020 MTEF period and grow at an average annual rate of 8.1 per cent.

EPWP integrated grant for municipalities

This grant promotes the use of labour-intensive methods in delivering municipal infrastructure and services. To determine eligibility for funding, municipalities must have reported performance on the EPWP, including performance in the infrastructure, social and environment and culture sectors and on the full-time equivalent jobs created in these sectors in the last 18 months. A formula then determines allocations on the basis of this performance as well as the labour intensity of the work opportunities created. The number of bands in which labour intensity are recorded in the formula have been expanded from seven to eight, providing an incentive for labour-intensive projects to further increase their intensity. The formula is weighted to give larger allocations to rural municipalities. The grant's baseline is reduced by R23 million in 2020/21, R24 million in 2021/22 and R26 million in 2022/23. The impact of these reductions will be spread across municipalities in line with the grant's formula. The grant is allocated R2.4 billion over the MTEF period and grows at an average annual rate of 3.9 per cent. The fiscal consolidation reductions to this grant are equivalent to 3 per cent of the grant's baseline in 2020/21, 3 per cent in 2021/22 and 3 per cent in 2022/23.

Municipal disaster relief grant

The *municipal disaster relief grant* is administered by the National Disaster Management Centre in the Department of Cooperative Governance as an unallocated grant to local government. The centre is able to disburse disaster-response funds immediately, without the need for the transfers to be gazetted first. The grant supplements the resources local government would have already used in responding to disasters. To ensure that sufficient funds are available in the event of disasters, section 21 of the Division of Revenue Bill allows for funds allocated to the *provincial disaster relief grant* to be transferred to municipalities if funds in the municipal grant have already been exhausted, and vice versa. The bill also allows for more than one transfer to be made to areas affected by disasters, so that initial emergency aid can be provided before a full assessment of damages and costs is conducted. Over the MTEF period, R1.1 billion is available for disbursement through this grant. To ensure that sufficient funds are available for disaster relief, clause 20(6) of the Division of Revenue Bill allows funds from other conditional grants to be reallocated for this purpose, subject to the National Treasury's approval.

Municipal emergency housing grant

The *municipal emergency housing grant* is intended to enable the Department of Human Settlements to rapidly respond to emergencies by providing temporary housing and repairs in line with the Emergency Housing Programme. The grant is limited to funding emergency housing and repairs following the immediate aftermath of a disaster, and not the other emergency situations listed in the programme. Over the MTEF period, R502 million is available for disbursement through this grant.

Part 6: Future work on provincial and municipal fiscal frameworks

The fiscal frameworks for provincial and local government encompass all their revenue sources and expenditure responsibilities. As underlying social and economic trends evolve and the assignment of intergovernmental functions change, so must the fiscal frameworks. The National Treasury, together with relevant stakeholders, conducts reviews to ensure that provinces and municipalities have an appropriate balance of available revenues and expenditure responsibilities, while taking account of the resources available and the principles of predictability and stability.

This part of the annexure describes the main areas of work to be undertaken during 2020/21 as part of the ongoing review and refinement of the intergovernmental fiscal framework. Provinces and municipalities will be consulted on all proposed changes.

Review of the provincial equitable share formula

The Constitution stipulates that provinces are entitled to a share of nationally raised revenue to deliver on their mandates. Provincial funds are allocated using a formula that considers the spread of the burden of service delivery across provinces. The provincial equitable share formula contains weighted elements that reflect government priorities and incorporates elements to redress inequality and poverty across provinces.

The periodic review of the formula to assess its continued appropriateness and equity continues in 2020. During the year, the review will focus on:

- Refining options for a revised poverty component in the formula.
- Developing options for how the formula can account for costs associated with being in a rural location.
- Working with the Department of Health to revise and update the risk-adjusted factor as part of a broader overhaul of the health component.
- Working with the Department of Basic Education to develop options for how to account for the different funding needs of different types of schools and learners.

The formula is being reviewed by a provincial equitable share task team made up of representatives from the National Treasury and provincial treasuries. The task team partners with sector departments, Statistics South Africa and the FFC on different components of the review. The task team reports to the Technical Committee on Finance, and the Budget Council considers and approves any proposed changes to the formula.

Preparing for national health insurance implementation

South Africa aims to make significant strides towards universal health coverage through the progressive implementation of national health insurance, as outlined in the National Health Insurance White Paper, which government adopted in 2017, and the National Health Insurance Bill, which was tabled in 2019 and is currently being considered in Parliament. Establishing the National Health Insurance Fund is likely to have significant implications for provincial finances, which are being discussed through consultative structures like the Technical Committee on Finance. In parallel, efforts to strengthen the health system in preparation for national health insurance will continue, including developing and piloting provider payment mechanisms, expanding the national insurance beneficiary registry, and purchasing and providing a prioritised set of health services. Government is also piloting a new quality improvement activity within the non-personal services component of the *NHI indirect grant* that will help facilities meet the envisaged standards required for NHI accreditation. The experience gained from this pilot will inform future efforts to improve quality. Two grants related to capacity development in the health sector have been merged in 2020/21, and the National Treasury and the Department of Health will work together during 2020 to develop a strategy for further reforms to the structure of all the health conditional grants to ensure that they are aligned to support NHI implementation.

Shift of nursing and agricultural colleges to national government

For nursing colleges and agricultural colleges to be accredited as higher education colleges in terms of the Higher Education Act (1997), the function for administering these colleges needs to move from provinces to national government. The Department of Higher Education and Training is coordinating with the departments of Health and Agriculture, Land Reform and Rural Development, as well as their provincial counterparts to prepare for this proposed function shift. The National Treasury will work with provincial treasuries and the FFC to assess the financial impacts of the proposed shift.

The role of provinces in promoting economic development

All three spheres of government must work with businesses and other relevant stakeholders to provide an enabling environment for faster and more inclusive economic growth. An Economic Development Coordination Forum has been established to improve the coordination of economic development initiatives between provincial and national governments. This forum is chaired jointly by the National Treasury and the Department of Trade, Industry and Competition, and includes participants from provincial treasuries and

sector departments, as well as the Department of Small Business Development, the Department of Cooperative Governance and SALGA. This year, the forum will establish work streams to examine data for economic development, policy and alignment issues, and township economic development (including industrial parks).

Improving intergovernmental coordination on infrastructure investment

Public infrastructure investments can play a major role in transforming South Africa's spatial development patterns. This requires a significant improvement in intergovernmental coordination in planning and budgeting for infrastructure. The National Treasury is working with provinces to ensure that their investments in schools, roads, health facilities and housing are made in locations that align with the spatial development plans of municipalities. Municipalities must be consulted and agree on the location and bulk services requirements of all provincial infrastructure projects. Progress has been made in holding joint planning sessions between provinces and municipalities, and support in this area will continue in 2020. National departments will also be supported to participate in intergovernmental planning and to review sector policies and funding strategies to promote better alignment with spatial development frameworks.

The National Treasury will review provincial infrastructure sector funding policies and propose how grants, incentives and other funding sources can best be structured to strengthen funding coordination to achieve spatial development objectives.

Disaster funding

The National Treasury will work with the National Disaster Management Centre to review the funding of disaster response and recovery activities. Climate change will make extreme weather events more common, and the disaster funding system needs to adapt to this new reality. The current system is designed to allow for the rapid release of funds immediately following the declaration of a disaster, and to fund the repair or reconstruction of infrastructure after an event. While there are problems and inefficiencies within the existing system that need to be addressed through this review, it must also consider how to place greater emphasis on being prepared before disasters occur. The system also needs to be adapted to respond better to long-running disasters such as drought conditions that may last for several years.

New informal settlements upgrading grants for provinces and municipalities

Informal settlement upgrades are a priority over the medium term. This is an inclusive process through which informal residential areas are incrementally improved, formalised and incorporated into the city or neighbourhood by extending land tenure security, infrastructure and services to residents of informal settlements.

Following the introduction of dedicated components to fund informal settlement upgrades in the provincial *human settlements development grant* and the municipal *urban settlements development grant* in 2019/20, the Department of Human Settlements is leading the design of two new informal settlements upgrading grants for provinces and municipalities, which will be introduced in the 2021 MTEF period. These separate grants were intended to be introduced in 2020/21, but additional time is needed for provinces and municipalities to complete their informal settlements upgrading strategies. These strategies will guide how spending on the new grant will be prioritised. Having an additional year will allow the design of the new grants to draw on the lessons learnt from a full year of implementing the components within the existing grants. The design of the new grants will include consultations with provinces, municipalities, community organisations and other interested stakeholders. These consultations will also address the respective roles of provinces and municipalities in upgrading informal settlements.

Review of the local government fiscal framework

Budget Forum lekgotla

The local government fiscal framework refers to all of the revenue sources that are available to local government and all the expenditure responsibilities that they have. A well-designed fiscal framework allows each municipality to balance its revenue sources against its expenditure responsibilities. Many stakeholders have expressed concern that elements of the current local government fiscal framework make it difficult for municipalities to balance their revenues with their expenditure responsibilities. The Minister of Finance has therefore proposed that the Budget Forum hold a special lekgotla in 2020 to review the structure of the framework and to agree on which issues in local government are attributable to the structure of the fiscal framework and which are related to other factors such as problems in governance, intergovernmental relations and the assignment of functions between spheres. This will help to resolve contentious issues and build consensus.

The Budget Forum is chaired by the Minister of Finance and includes Members of the Executive Council (MEC) responsible for finance in each province and SALGA. In order to facilitate improved cooperation across sectors, the Minister and MECs responsible for cooperative governance are also invited to participate in meetings of the Budget Forum. The Chairs of Parliament's Standing and Select Committee on Appropriations and Finance and as well as representatives of the FFC are invited to attend.

Items for the lekgotla will be prepared in a collaborative process that includes inputs from officials from all of the participating organisations. The outcomes are expected to inform a reform agenda for the local government fiscal framework over the next five years that will complement the ongoing reforms discussed below.

Refinements to the local government equitable share formula

Government continues to work with stakeholders to improve the local government equitable share formula. Areas of work in the period ahead include:

- Improving the responsiveness of the formula to the different functions assigned to district and local municipalities. This work depends on the availability of credible official records of the functions assigned to each sphere of government. Policy and administrative work under way in the National Disaster Management Centre could help improve the targeting of funding for fire services.
- Reviewing and updating how the special support for councillor remuneration is calculated. This support is calculated separately from the rest of the equitable share formula, but transferred with equitable share allocations. Support is only provided to small and poor municipalities and the data used for determining eligibility needs to be updated.
- Working with Statistics South Africa to explore how new population estimates at municipal level can be incorporated into the formula updates.

Review of local government infrastructure grants

As part of the ongoing review of local government infrastructure grants, the National Treasury, the Department of Cooperative Governance, Department of Planning, Monitoring and Evaluation, SALGA and the FFC will work closely to implement the reform agenda agreed to through the review, including:

- Improving the administration of conditional grants by national departments.
- Further consolidating conditional grants.
- Increasing differentiation in the grant system, so that grants are well aligned to the different circumstances found across the country's 257 municipalities.
- Reviewing grant formulas to ensure that allocations are equitable across the different types of municipalities that receive allocations from differentiated grants, such as the *urban settlements*

development grant (for metros), the *integrated urban development grant* (for intermediate cities) and the *municipal infrastructure grant*.

- Identifying ways to incorporate incentives for improved asset management into the grant system.

Review of the municipal capacity support system

Government is reviewing the system of capacity support provided to municipalities. It invests public funds of more than R3 billion in capacity support for municipalities every year through a broad range of grants and programmes. These various forms of capacity development and support tend to be planned and managed separately from one another. The National Treasury is managing the review, with the aim of identifying ways to improve the impact of this spending. Preliminary results may inform initial changes to the capacity-building system in the 2021 Budget.

Reforms to local government own revenue sources

Municipalities play a critical role in boosting economic growth and providing an enabling environment for job creation by providing well-maintained and functioning infrastructure services. However, municipalities are finding it increasingly difficult to build the infrastructure required for growth and meet the demands of rapid urbanisation. The National Treasury continues to explore how cities and other municipalities with a significant own revenue base can use a broader package of infrastructure financing sources to meet their developmental mandate. The National Treasury is implementing the reforms discussed below.

Development charges

Despite their potential as an alternative option for financing infrastructure, municipalities have not fully used development charges due to uncertainty surrounding the regulatory frameworks. These once-off charges are imposed by a municipality on a land owner applying for land development approval. The charges are based on the concept that urban growth and expanded land use creates the need for additional infrastructure services, so the developer should pay the incidence costs. To deal with the regulatory framework's challenges, the National Treasury is amending the Municipal Fiscal Powers and Functions Act to incorporate the regulation of development charges. The draft amendment bill has been submitted to Cabinet and was published for public comment in January 2020. The due date for submitting comments is 31 March 2020. Parallel to the public participation process, the National Treasury intends to undertake provincial and national workshops to provide clarity on the technical provisions of the draft bill. The draft legislation can be accessed on the National Treasury website: http://www.treasury.gov.za/legislation/draft_bills.

Municipal borrowing

The 2017 update to the Policy Framework for Municipal Borrowing and Financial Emergencies will be submitted to Cabinet shortly.

The updates aim to address the limitations of the original policy framework of 2000 and to respond to the changing needs and conditions in the municipal borrowing market by permitting the use of innovative infrastructure financing mechanisms. The updated policy framework makes specific recommendations on the role of development finance institutions in financing creditworthy municipalities. It proposes that these institutions should play a developmental, complementary and supportive role to transactions rather than competing directly with private financiers. It also suggests that development finance institutions should establish clear and measurable development impact indicators for their municipal operations in general, and for specific transactions. Each institution must, well in advance of any proposed lending to a municipality, obtain written agreement from the National Treasury that specifically outlines the development objectives and indicators of the loan, before entering into any transaction.

The National Treasury continues to publish the Municipal Borrowing Bulletin on a quarterly basis. Copies can be obtained from www.mfma.treasury.gov.za.

Annexure W2: Frameworks for Conditional Grants to Provinces

Detailed frameworks on Schedule 4, Part A; Schedule 5, Part A; Schedule 6, Part A; and Schedule 7, Part A grants to provinces

Introduction

This annexure provides a brief description of the framework for the grants set out in Schedule 4, Part A; Schedule 5, Part A; Schedule 6, Part A; and Schedule 7, Part A of the 2020 Division of Revenue Bill. The following are key areas considered for each grant:

- Strategic goal and purpose of the grant
- Outcome statements and outputs of the grant
- Priority(ties) of government that the grant primarily contributes to
- Conditions of the grant (additional to what is required in the Bill)
- Criteria for allocation between provinces
- Rationale for funding through a conditional grant
- Past performance
- The projected life of the grant
- 2020 MTEF allocations
- The payment schedule
- Responsibilities of transferring national department and receiving provincial departments
- Process for approval of business plans for 2021/22

The attached frameworks are not part of the Division of Revenue Bill, but are published in order to provide more information on each grant to parliament, legislatures, municipal councils, officials in all three spheres of government and the public. Once the Division of Revenue Bill, 2020 is enacted, these frameworks will be gazetted in terms of the Act.

The financial statements and annual reports for 2020/21 will report against the Division of Revenue Act, Division of Revenue Amendment Act and their schedules, and the grant frameworks as gazetted in terms of the Act. Such reports must cover both financial and non-financial performance, focusing on the outputs achieved.

AGRICULTURE, LAND REFORM AND RURAL DEVELOPMENT GRANTS

Comprehensive Agricultural Support Programme Grant	
Transferring department	<ul style="list-style-type: none"> • Agriculture, Land Reform and Rural Development (Vote 29)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To create a favourable and supportive agricultural services environment for the farming community, in particular subsistence and smallholder farmers within strategically identified grain, livestock and horticulture production areas
Grant purpose	<ul style="list-style-type: none"> • To provide effective agricultural support services, promote and facilitate agricultural development by targeting beneficiaries of land reform, restitution and redistribution, and other black producers who have acquired land through private means and are engaged in value-adding enterprises domestically, or involved in export • To revitalise agricultural colleges into centres of excellence
Outcome statements	<ul style="list-style-type: none"> • Broadened access to agricultural support for black subsistence and smallholder farmers • Increased number of sustainable and profitable black producers in horticulture, grains, livestock and aquaculture value chains • Improved farming efficiency of beneficiaries of the Comprehensive Agricultural Support Programme (CASP) • Improved systems required for the maintenance of a foot and mouth disease free status as prescribed by the World Organisation for Animal Health • Increased wealth creation and sustainable employment in rural areas • Increased access to markets by beneficiaries of CASP • Improved household and national food security • Reliable and accurate agricultural information available for management decision making
Outputs	<ul style="list-style-type: none"> • On and off- farm infrastructure provided and repaired, including agro-processing infrastructure • Number of farmers supported per category (subsistence, smallholder and commercial) and per commodity • Number of beneficiaries of CASP that are South African Good Agricultural Practices certified • Number of jobs created • Number of youth, women and farmers with disabilities supported through CASP • Number of unemployed graduates placed on commercial farms • Number of beneficiaries of CASP trained on farming methods or opportunities along the value chain • Percentage of CASP beneficiaries with access to formal markets • Tracing system for animal identification and movement provided and maintained for cattle in the foot and mouth disease controlled areas of Limpopo, Mpumalanga and KwaZulu-Natal • Physical boundary between the foot and mouth disease free zone and the protection zone provided and maintained • Food and veterinary laboratory infrastructure, including quality systems accreditation, revitalised in eight provinces (except Gauteng) • Number of animals vaccinated for foot and mouth disease in Limpopo and Mpumalanga • Number of extension officers recruited and maintained in the system • Number of extension officers trained or deployed to commodity organisations
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 1: Economic transformation and job creation
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Outputs indicators • Inputs • Key activities • Monitoring framework • Risks and mitigation strategies
Conditions	<ul style="list-style-type: none"> • At least 50 per cent of project allocation must support infrastructure development for grain, livestock and horticultural production areas in partnership with the relevant commodity organisations • Provinces should prioritise and implement Kaonafatso ya Dikgomo in partnership with the Agricultural Research Council • The farmers supported must be linked to, but not limited to, commodity organisations. The province should have formal partnership agreements with these commodity organisations to ensure appropriate support is provided to farmers (specialised technical support, joint funding and joint implementation) • In cases where farmers requiring support are outside a commodity organisation agreement, their proposals must be approved by committees and authorities established by the province • All assisted farmers should be listed or registered in the provincial and national farmer registers • At least 10 per cent of the project allocation must be spent on market access and development • At least 6 per cent of the project allocation must be spent on training and capacity building of farmers, and 4 per cent can be used for mentorship programme • At least 1 000 unemployed agricultural graduates should be placed in commercial farms nationally as follows: <ul style="list-style-type: none"> ○ Gauteng and Northern Cape must place at least 80 graduates each ○ the remainder of the provinces must place at least 120 graduates each

Comprehensive Agricultural Support Programme Grant	
	<ul style="list-style-type: none"> o all graduates must be employed at a rate of R87 000 per annum • The Department of Agriculture, Land Reform and Rural Development (DALRRD) will reprioritise the allocated funds on the following basis: <ul style="list-style-type: none"> o in the event of poor spending on the part of a province where poor spending is the result of poor planning or failure by service provider to meet contractual obligations o in the event of a disaster that affects the implementation of approved plans o provinces not adhering to the CASP standard operating procedure framework when implementing projects • The provincial departments are to confirm human resources capacity to implement CASP business plan by 31 March 2020 • Funds will be transferred as per the disbursement schedule approved by National Treasury • Provinces to inform the transferring officer of any changes to plans and allocations approved by the DALRRD within seven days of such change, and such changes must be approved by the transferring officer before they are implemented • The provincial business plans must be signed off by the heads of departments (HODs) of the provincial agriculture departments in collaboration with chief financial officers (CFOs) or their representatives, and must be co-signed by the heads of provincial treasuries • The signed business plan for CASP must be submitted to the DALRRD for approval • Allocations for agricultural colleges must only be used to revitalise infrastructure and equipment at these colleges, as determined in the business plan
Allocation criteria	<ul style="list-style-type: none"> • The formula used to allocate funds is a weighted average of the following variables: agricultural land area, households involved in agriculture (General Household Survey 2018 report), previous CASP performance and current benchmarks on production and national policy imperatives
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Agriculture is identified as a game changer and investment in agriculture must be guided under strict conditions to achieve the aspirations of the National Development Plan
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated and transferred R1.7 billion. An additional R268 million was allocated and transferred for drought relief and R64 million was rolled over for provinces. A total of R2.1 billion was available for provinces to spend, of which R2 billion (90.9 per cent) was spent <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • 4 933 subsistence farmers supported • 7 303 smallholder farmers supported • 1 070 black commercial farmers supported • 16 203 beneficiaries were supported from 649 projects implemented, with 566 projects completed at the end of the financial year • 48 per cent of beneficiaries supported were women, 10 per cent were youth and 0.4 per cent were people with disabilities • 10 agro-processing infrastructure projects delivered • 7 840 jobs created • 54 farms were audited for South African Good Agricultural Practices certification and 38 were certified • 77 per cent of the smallholder farmers supported had access to formal markets • 17 563 farmers were trained in targeted training programmes • 54 extension officers were recruited nationally and 885 maintained in the system • 10 agricultural colleges upgrading infrastructure (ongoing) • 405 farmers benefited from the repair of agricultural infrastructure damaged by flood disasters in Limpopo, Mpumalanga and Western Cape • 628 jobs created through implementation of flood disaster scheme • 62 per cent of the drought allocation was spent on assisting farmers with boreholes and fodder
Projected life	<ul style="list-style-type: none"> • Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R1.5 billion; 2021/22: R1.6 billion and 2022/23: R1.7 billion
Payment schedule	<ul style="list-style-type: none"> • Four instalments: 15 May 2020, 28 August 2020, 30 October 2020 and 29 January 2021
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Agree on outputs and targets with provincial departments in line with grant objectives for 2020/21 • Provide the guidelines and criteria for the development, approval and implementation of business plans • Provide a template for project registration and reporting • Monitor monthly financial expenditure by provinces and conduct sampled project site visits quarterly • Submit monthly financial reports to National Treasury 20 days after the end of the month • Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter • Submit an annual evaluation of performance report to National Treasury within four months after the end of the financial year • Oversee and monitor implementation of the grant during Ministerial Technical Committee and quarterly review meetings <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Provinces to adhere to the conditions of this framework and Division of Revenue Act • Provinces to submit detailed project list and project profiles as per the DALRRD project list template • Provinces to implement the CASP business plans as approved • All receiving departments must abide by the Public Finance Management Act, Treasury Regulations and

Comprehensive Agricultural Support Programme Grant	
	<p>the Division of Revenue Act when executing projects as well as for reporting purposes</p> <ul style="list-style-type: none"> • Provinces to report monthly (for financial performance) 15 days after the end of each month, and quarterly (for non-financial performance) 20 days after the end of each quarter, and annually two months after the end of the financial year on the progress and achievements of the programme • Submit quarterly project performance reports to DALRRD • Assign and delegate officials to manage and monitor the implementation of the programme before April 2020 • Keep a record of projects supported and a farmer register • Monitor project implementation on quarterly basis and evaluate the impact of projects in achieving CASP goals • Provinces to adhere to the approved CASP standard operating procedure framework
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Provide provincial departments with business plan format, guidelines, criteria and outputs as prescribed by National Treasury by 28 May 2020 • Submission of provincial CASP business plans by provinces by 30 September 2020 • Engagement with provinces (pre-national assessment panel) on submitted business plans during October/November 2020 prior to final national assessment panel meeting • Evaluation and recommendation of business plans by national assessment panel between November 2020 and February 2021 • Send funding agreements to provinces by February/March 2021 to be signed by HoDs, CFOs, and CASP coordinators • Approval of business plans by the transferring officer before 31 March 2021 • Inform provinces of approval of the business plans in March or April 2021 • Approval by the transferring officer regarding 2021/22 business planning process compliance during April 2021, and send to the National Treasury by end April 2021

Ilima/Letsema Projects Grant	
Transferring department	<ul style="list-style-type: none"> • Agriculture, Land Reform and Rural Development (Vote 29)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A and Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> • To reduce poverty through increased food production initiatives
Grant purpose	<ul style="list-style-type: none"> • To assist vulnerable South African farming communities to achieve an increase in agricultural production and invest in infrastructure that unlocks agricultural production within strategically identified grain, livestock, horticulture and aquaculture production areas
Outcome statements	<ul style="list-style-type: none"> • Increased agricultural production of grains, livestock, horticulture and aquaculture at both household and national level • Improved household and national food security • Improved farm income • Maximised job opportunities • Reduced poverty • Rehabilitated and expanded irrigation schemes
Outputs	<ul style="list-style-type: none"> • Vulnerability Assessments surveys conducted in nine provinces • Land under agricultural production (grains, horticulture and livestock) • Yields per unit area • Superior breeding animals acquired and distributed to farmers • Jobs created • Beneficiaries/farmers supported by the grant per category • Hectares of rehabilitated and expanded irrigation schemes
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 1: Economic transformation and job creation
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Outputs indicators • Inputs • Key activities • Monitoring framework • Risks and mitigation strategies
Conditions	<p>Schedule 5, Part A allocation</p> <ul style="list-style-type: none"> • Ilima/Letsema grant should be allocated to support food production (crop and livestock production) in support of the Fetsa Tlala initiatives, prioritising vulnerable households, communal areas and areas under traditional leadership, targeting subsistence and smallholder producers supported with inputs and mechanisation • Partnerships with black commodity organisations should be prioritised for joint support, joint funding and joint implementation • At most 30 per cent of Ilima/Letsema allocations to be used for rehabilitation of irrigation schemes in Eastern Cape, Free State, Northern Cape, North West and KwaZulu-Natal provinces • Provincial departments to confirm human resources capacity to implement Ilima/Letsema business plans on or before 31 March 2020 • All assisted farmers should be listed in the provincial and national farm registers • Provinces to inform the transferring officer of any changes to plans and allocations approved by the Department of Agriculture, Land Reform and Rural Development (DALRRD) within seven days of such change, and such changes must be approved by the transferring officer before they are implemented • The business plans must be signed off by the heads of departments (HoDs) of the provincial agriculture departments in collaboration with the chief financial officers (CFOs) or their representatives, and co-signed by the heads of provincial treasuries • The signed business plans must be submitted to DALRRD for approval <p>Schedule 6, Part A allocation (Ilima/Letsema Indirect Grant)</p> <ul style="list-style-type: none"> • R36 million should be made available for the South African Vulnerability Assessments Committee for a survey that is aimed at setting the baseline for poverty, vulnerability and food insecurity in the country • The National Food and Nutrition Survey will be done by the Human Science Research Council (HSRC) in a uniform manner benefitting both provinces and DALRRD
Allocation criteria	<ul style="list-style-type: none"> • The formula used to allocate funds is a weighted average of the following variables: agricultural land available, previous homeland areas, households involved in agriculture (General Household Survey 2018), food insecure areas and national priority areas targeted for increased food production and previous Ilima/Letsema performance
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The funding originated with the special poverty allocations made by national government for a specific purpose and requires tight conditionality to achieve the national goal • Agriculture is identified as a game changer and investment in agriculture must be guided under strict conditions to achieve aspirations of the National Development Plan
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated and transferred R552 million, of which R525 million (95 per cent) was spent
	<p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • 56 787 subsistence farmers supported • 6 104 smallholder farmers supported • 220 black commercial farmers supported • 13 930 jobs created

Ilima/Letsema Projects Grant	
	<ul style="list-style-type: none"> • 52 221 households supported with starter packs and production inputs • 146 schools assisted to establish food gardens • 845 community food gardens established • 98 813 beneficiaries supported by the programme (55 per cent were women, 28 per cent were youth and 0.4 per cent were people with disabilities) • 81 843 hectares of land cultivated • Between 3 and 7 tons per hectare of maize achieved • Vaalharts and Makhathini irrigation schemes were revitalised
Projected life	<ul style="list-style-type: none"> • Grant continues until 2022/23, subject to review
MTEF allocations	<p>Direct transfers (Schedule 5, Part A):</p> <ul style="list-style-type: none"> • 2020/21: R549 million; 2021/22: R614 million and 2022/23: R632 million <p>Allocations-in-kind (Schedule 6, Part A):</p> <ul style="list-style-type: none"> • 2020/21: R36 million
Payment schedule	<p>Transfers for Schedule 5, Part A:</p> <ul style="list-style-type: none"> • Four instalments: 15 May 2020, 28 August 2020, 30 October 2020 and 29 January 2021 <p>Transfers for Schedule 6, Part A:</p> <ul style="list-style-type: none"> • Two instalments: 15 May 2020 and 28 August 2020
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Agree on outputs and targets with provincial departments in line with grant objectives for 2020/21 • Provide the guidelines and criteria for the development and approval of business plans • Provide template for project registration and reporting • Monitor monthly financial expenditure by provinces and conduct sampled project site visits quarterly • Submit monthly financial reports to National Treasury 20 days after the end of the month • Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter • Submit annual evaluation of performance report to National Treasury within four months after the end of the financial year • Oversee and monitor implementation of the grant during Ministerial Technical Committee and quarterly review meetings • Make payment of Schedule 6, Part A allocations to HSRC • Oversee the survey conducted by the HSRC and provide quarterly reports to National Treasury and provincial departments of agriculture
	<p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> • Provinces to adhere to the conditions of this framework and Division of Revenue Act (DoRA) • Provinces to submit detailed project list as per the DALRRD project list template • Provinces to report monthly (on financial performance) 15 days after the end of each month, and quarterly (on non-financial performance) 20 days after the end of each quarter, and annually two months after the end of the financial year on the progress and achievements of the programme • Provinces to implement the Ilima/Letsema business plans as approved • All receiving departments must abide by the PFMA, Treasury Regulations and the DoRA when executing projects as well as for reporting purposes • Assign and delegate officials to manage and monitor implementation of the programme by April 2020 • Keep records of projects supported and a farmer register • Monitor project implementation on a quarterly basis and evaluate the impact of projects in achieving Ilima/Letsema goals
	<p>Responsibilities of the HSRC</p> <ul style="list-style-type: none"> • Conduct the vulnerability assessment surveys in nine provinces • Report quarterly financial and non-financial 20 days after the end of each quarter and annually two months after the end of the financial year on progress and achievement of the survey • Provide the closeout report on the outcome of the survey after completion of the project
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Provide provincial departments with business plan format, guidelines, criteria and outputs as prescribed by National Treasury by 29 May 2020 • Submission of provincial Ilima/Letsema business plans by provinces on 30 September 2020 • Engagement with provinces (pre-national assessment panel) on submitted business plans during October/November 2020 prior to final national assessment panel meeting • Evaluation and recommendation of business plans by national assessment panel between November 2020 and February 2021 • Send funding agreements to provinces by February/March 2021 to be signed by HoDs, CFOs and Ilima/Letsema coordinators • Approval of business plans by the transferring officer before 31 March 2021 • Inform provinces of approval of the business plans in March or April 2021 • Approval by the transferring officer regarding 2021/22 business planning process compliance during April 2021, and send to National Treasury by end April 2021

Land Care Programme Grant: Poverty Relief and Infrastructure Development	
Transferring department	<ul style="list-style-type: none"> • Agriculture, Land Reform and Rural Development (Vote 29)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To optimise productivity and sustainability of natural resources leading to greater productivity, food security, job creation and better quality of life for all
Grant purpose	<ul style="list-style-type: none"> • To promote sustainable use and management of natural resources by engaging in community based initiatives that support the pillars of sustainability (social, economic and environmental), leading to greater productivity, food security, job creation and better well-being for all
Outcome statements	<ul style="list-style-type: none"> • Improved veld grazing capacity and livestock productivity • Improved production potential of arable land leading to increased yield • Improved quantity and quality of South Africa's water resources through water care and land care • Improved youth participation in the agricultural sector and intergenerational skills transfer to develop the capacity of youth • Improved custodianship and stewardship of natural agricultural resources through community-based initiatives by all land users • Improved livelihoods of rural communities within the ambit of the green economy • Improved partnerships with private, public and community sectors • Improved knowledge and skills base of participants and land users • Enhanced ecosystem services for current and future generations
Outputs	<ul style="list-style-type: none"> • Hectares of rangeland protected and rehabilitated • Hectares of arable land protected and rehabilitated • Hectares of land under conservation agriculture • Number of youths successfully attending organised Junior Land Care initiatives • Number of hectares of land where water resources are protected and rehabilitated • Number of capacity building initiatives conducted for land carers • Number of people who benefited from capacity building initiatives • Number of awareness campaigns conducted • Number of people more aware of sustainable use of natural resources • Hectares of land where weeds and invader plants are under control • Number of kilometers of fences erected • Number of green jobs created expressed as full-time equivalents (FTEs) • Number of land care committees established
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 1: Economic transformation and job creation
Details contained in the business plan	<ul style="list-style-type: none"> • Grant profile • Activity and resources schedule • Monitoring and reporting • Evaluation • Assumptions and risks • Funding • Executive summary • Consolidated financial status
Conditions	<ul style="list-style-type: none"> • Provinces must confirm capacity to implement projects before funds can be transferred • Provincial departments' annual evaluations must be submitted using an approved land care template that clearly indicates progress on achieving measurable objectives, performance targets and clear theory of change • The impact (before and after) of the Land Care Programme should also be quantified during initiation, implementation and handing-over phases of the projects • Each project implemented should be guided by a farm plan in terms of Conservation of Agricultural Resources Act • Provinces should report on the number of jobs created 15 days after the end of each month. The report should, amongst other requirements, indicate for each participant their name, surname, identity number, gender, project name, wage and duration of employment. The number of jobs created should further be reported on the Expanded Public Works Programme (EPWP) reporting system • Projects should adhere to the reporting dates as stipulated in the 2020 DoRA and the agreed dates as approved by the natural resource management working group • Provinces should submit their portfolio of evidence (acknowledgement letters, project maps etc.) in line with the contents of their quarterly and monthly reports. The portfolio of evidence should be submitted together with the quarterly reports • Provinces should periodically undertake a skill audit of beneficiaries, provide training and submit reports to the Department of Agriculture, Land Reform and Rural Development (DALRRD) • Reports submitted after the due date should be accompanied by a letter outlining the reason/s for late submission
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on an index comprising of nodes, land capability, poverty, degradation and land size derived from the following sources:

Land Care Programme Grant: Poverty Relief and Infrastructure Development	
	<ul style="list-style-type: none"> ○ nodes of the most deprived wards in comprehensive rural development programme ○ land capability: total hectares of class I, II and III land (spatial analysis - land capability data) ○ size: hectares (new boundaries from the Municipal Demarcations Board) ○ poverty: poverty gap based on food poverty line (Statistics South Africa Living Conditions Survey 2018) ○ degradation: hectares (Land Degradation Report 2018) ○ policy imperatives and development for sustainable land management
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The funding originated with the special poverty allocations made by national government for a specific purpose
Past performance	<p>2018/2019 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocated R278 million and transferred R275 million to provinces, of which provinces spent R260 million (93.7 per cent) by the end of the financial year <p>2018/2019 service delivery performance</p> <ul style="list-style-type: none"> • 15 096 hectares of rangeland protected and rehabilitated • 7 467 hectares of arable land protected and rehabilitated • 1 036 hectares of land under conservation agriculture • 18 616 youths successfully attending organised Junior Land Care initiatives • 55 household and school food gardens established through Junior Land Care • 57 water sources developed or protected against over-utilisation • 183 capacity building initiatives conducted for land carers • 10 204 people with improved capacity and skill levels benefiting from capacity building initiatives • 232 awareness campaigns conducted and attended by land carers • 16 672 people more aware of sustainable use of natural resources • 19 818 hectares of land where weeds and invader plants are under control • 14 127 hectares of land where bush encroachment is controlled • 467 kilometers of fencing erected • 1 322 green jobs created expressed as full-time equivalents • 65 land care committees established
Projected life	<ul style="list-style-type: none"> • This grant will be aligned with changes in the EPWP, national planning framework report and policy developments within government
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R82 million; 2021/22: R86 million and 2022/23: R88 million
Payment schedule	<ul style="list-style-type: none"> • Allocation to provinces will be disbursed on a quarterly basis (23 April 2020, 20 August 2020, 19 October 2020 and 22 January 2021) • Percentage allocation per province will depend on the approved provincial business plan budget
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Host national assessment panel to assess the projects with the provincial departments in line with grant objectives for 2020/21 • Review guidelines and standards for the implementation of the grant during financial year • Provide the guidelines and criteria for the development and approval of business plans • Monitor implementation through project site visits, reports, natural resource management working group quarterly meetings and provide support to provinces • Submit quarterly performance reports to the National Treasury within 45 days after the end of each quarter • Submit evaluation reports to the National Treasury within four months after the end of the financial year <p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Provincial departments to ensure that procurement processes and procedures have been adhered to and appointed service providers are in place for the implementation of Land Care projects to commence on 1 April 2020 • Ensure that provinces' organisational structure for programme two, as prescribed by National Treasury, is established to manage Land Care and ensure adequate capacity exists in the province and in the local level to implement the Land Care projects • Provincial departments to submit signed monthly financial report on the 15th day of every month • Provincial departments to report monthly on jobs created as part of the EPWP. These reports should be submitted to the Department of Public Works using the approved reporting system • Provincial departments to submit signed quarterly reports (non-financial) 30 days after the end of each quarter on the progress of the projects as prescribed by 2020 DoRA. Provinces should further adhere to agreements approved by the natural resource management working group on performance reporting and any other matter related to natural resource management • Provincial departments to submit portfolio of evidence as agreed upon with DALRRD within 30 days after the end of each quarter • Provincial departments to implement projects according to the approved business plans. Major deviation affecting outputs and budgets should first be communicated to the accounting officer in writing and approved by the transferring officer before implementation • Provinces must hold provincial assessment panels that are inclusive of relevant partners before submission of provincially approved preliminary individual and provincial business plans to DALRRD by 30 September 2020

Land Care Programme Grant: Poverty Relief and Infrastructure Development	
	<ul style="list-style-type: none"> • Provincial departments should monitor project implementation and evaluate the impacts of projects in achieving Land Care goals • Provinces to submit evaluation reports to DALRRD within two months after the end of the financial year
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • DALRRD must provide provincial departments with business plan formats and guidelines as prescribed by National Treasury and DALRRD by June 2020 • Engagement by DALRRD with provinces on business plans submitted before provincial assessment panel and prior to the national assessment panel • Evaluation and recommendation of business plans by national assessment panel before the end of February 2021 • Interactions with provinces on national assessment panel comments and final submission of signed individual and provincial business plans by the provinces prior to approval by the DALRRD Accounting Officer • Approval of business plans by the DALRRD accounting officer before first transfer in 2021 • Notify provinces of the approval of business plans before first quarter transfer • Facilitate funding agreements to provinces before transfer in first quarter 2021/22, to be signed by the head of department

BASIC EDUCATION GRANTS

Education Infrastructure Grant	
Transferring department	<ul style="list-style-type: none"> Basic Education (Vote 16)
Grant schedule	<ul style="list-style-type: none"> Schedule 4, Part A
Strategic goal	<ul style="list-style-type: none"> To supplement provinces to fund the provision of education infrastructure in line with the regulations relating to minimum uniform norms and standards for public school infrastructure
Grant purpose	<ul style="list-style-type: none"> To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education including district and circuit accommodation To enhance capacity to deliver infrastructure in education To address damages to infrastructure To address achievement of the targets set out in the minimum norms and standards for school infrastructure
Outcome statements	<ul style="list-style-type: none"> Improved quality of education service delivery by provincial departments as a result of an improved and increased stock of school infrastructure Aligned and coordinated approach to infrastructure development at the provincial sphere Improved education infrastructure expenditure patterns Improved response to the rehabilitation of school infrastructure Improved rates of employment and skills development in the delivery of infrastructure Improved safety in school facilities through occupational health and safety
Outputs	<ul style="list-style-type: none"> Number of new schools, additional education spaces, education support spaces and administration facilities constructed as well as equipment and furniture provided Number of existing schools' infrastructure upgraded and rehabilitated Number of new and existing schools maintained Number of work opportunities created Number of new special schools provided and existing special and full service schools upgraded and maintained
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses an infrastructure plan that includes: <ul style="list-style-type: none"> the infrastructure programme management plan (IPMP) the procurement strategy the capacitation strategy the infrastructure reporting model (IRM) the year-end evaluation report
Conditions	<ul style="list-style-type: none"> Provinces may utilise a portion of grant funding for the appointment of public servants on a permanent basis to their infrastructure units in line with human resource capacitation circular published by National Treasury (including maximums set in the circular) The flow of the first instalment of the grant depends upon receipt by the national Department of Basic Education (DBE) and provincial treasuries of: <ul style="list-style-type: none"> approved and signed-off infrastructure plan with tabled prioritised project lists for the 2020 medium term expenditure framework (MTEF) by no later than 27 March 2020. The infrastructure plan must, where applicable, also include the implementation plans for schools affected by natural disasters preventative and corrective maintenance plan for all maintenance programmes over the MTEF period accompanied by a project list no later than 27 March 2020 The flow of the second instalment depends upon receipt by DBE and provincial treasuries of the approved and signed-off: <ul style="list-style-type: none"> monthly infrastructure reports in a format determined by the National Treasury and DBE national education infrastructure management system assessment forms for the fourth quarter of the 2018/19 financial year no later than 28 April 2020 a report on the filling of posts on the approved establishment for the infrastructure unit in the format approved by National Treasury for the fourth quarter of the 2019/20 financial year within 22 days after the end of the fourth quarter The flow of the third instalment is dependent upon receipt by DBE, the relevant provincial treasuries and the National Treasury, on a date and in a format determined by National Treasury, of the approved and signed-off: <ul style="list-style-type: none"> infrastructure plans for all infrastructure programmes for a period of 10 years (including the initial list of prioritised projects) on a date specified in the performance based approach guidelines the 2020/21 project list must be drawn from the prioritised project list for the MTEF tabled in 2019/20 preventative and corrective maintenance plans for all maintenance programmes over the MTEF period accompanied by a project list on a date specified in the performance based approach guidelines

Education Infrastructure Grant	
	<ul style="list-style-type: none"> The flow of the fourth instalment is conditional upon receipt by the DBE and relevant provincial treasury of the approved and signed off: <ul style="list-style-type: none"> monthly infrastructure reports in the format determined by National Treasury and the DBE national education infrastructure management system assessment forms for the second quarter of 2020/21 by 26 October 2020 IPMPs for infrastructure programmes envisaged to commence within the period for the medium term expenditure framework on a date specified in the performance based approach guidelines procurement strategy for infrastructure programmes envisaged to commence within the period of the medium term expenditure framework on a date specified in the performance based approach guidelines a report on the filling of posts on the approved establishment for the infrastructure unit in the format approved by National Treasury for the second quarter of the 2020/21 financial year within 22 days after the end of the second quarter The flow of the fifth instalment is conditional upon receipt by the DBE and the relevant provincial treasuries, on a date determined by National Treasury, of the approved and signed-off: <ul style="list-style-type: none"> monthly infrastructure reports in the format determined by National Treasury and the DBE national education infrastructure management system assessment forms for the third quarter of 2020/21 to DBE not later than 22 January 2021 a report on the filling of posts on the approved establishment for the infrastructure unit in the format approved by National Treasury for the third quarter of the 2020/21 financial year within 22 days after the end of the third quarter Provincial education departments must ensure that a programme and project management system is in place for planning, management and monitoring of infrastructure delivery Provincial education departments must provide school governing bodies with maintenance guidelines to conduct minor maintenance. This should be in accordance with the sector maintenance strategy Provincial education departments should allocate no less than 30 per cent of the Education Infrastructure Grant (EIG) allocation to address preventative and corrective maintenance at schools Provincial education departments may use multiple implementing agents when implementing projects funded from the grant To promote conducive teaching and learning within the acceptable occupational, health and safety standards, provincial education departments must implement maintenance projects in all education facilities. Included in the baseline for the 2020/21 financial year is an amount of R300 million earmarked for maintenance of schools In schools without section 21 responsibilities, provincial education departments should put in place the necessary measures to ensure that planned maintenance at these schools occurs as per the scheduled maintenance plan for such schools Provincial education departments must provide all the necessary equipment and furniture in the spaces provided when constructing new projects Provincial education departments must submit their plans for the procurement of mobile classrooms to the DBE and any deviation from these plans should be approved in writing by the DBE and National Treasury Provincial education departments must adhere to the prescripts of the National Treasury instruction number 2 of 2015/16, on the implementation of the school cost norms Non-compliance with any of the above conditions may result in the withholding and subsequent stopping of transfers
Allocation criteria	<ul style="list-style-type: none"> Allocations for 2020/21 are based on historical allocations for this grant Allocations also include incentive based allocations as described in part 4 to Annexure W1 of the 2020 DoRA
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> Funding infrastructure through a conditional grant enables the national department to ensure the delivery and maintenance of education infrastructure in a coordinated and efficient manner, consistent with national norms and standards for school buildings
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> Of the R10.1 billion allocated, R10.1 billion (99.4 per cent) was transferred to provinces of which R9.7 billion (96.1 per cent) was spent by the end of the national financial year <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 3 661 teaching spaces, 554 administrative spaces provided 1 155 maintenance projects, 205 disaster projects, 370 water, 356 sanitation, 100 electricity and 306 fencing infrastructure projects Two schools converted to full service schools Upgrades to 22 boarding facilities, 18 sports facilities and two special schools The sector has provided a total of 66 new and replacement schools in provinces
Projected life	<ul style="list-style-type: none"> Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R11 billion; 2021/22: R11.7 billion and 2022/23: R12.3 billion
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"> Visit selected infrastructure sites in provinces DBE and National Treasury to support provinces to improve infrastructure delivery capacity and systems Provide guidance to provinces in planning and prioritisation Issue guidelines on the capacitation process of infrastructure units as well as the conditions attached to the utilisation of the funding DBE and National Treasury to jointly evaluate progress with the capacitation of provincial infrastructure

Education Infrastructure Grant	
	<p>units and provide feedback to all provinces in terms of the guidelines</p> <ul style="list-style-type: none"> • DBE and National Treasury must jointly evaluate and provide feedback to all provinces on the assessment of all documents as outlined on the performance based approach system guidelines • Assess the reports submitted by provincial education departments and provide feedback before transferring the instalment • Submit reports to the National Treasury in terms of quarterly achievements by provincial education departments • Comply with the conditions of this grant framework and the relevant clauses within the stipulated timeframes of the 2020 DoRA
	<p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Approve monthly provincial infrastructure reports on infrastructure programmes within 15 days after the end of each month and submit to the relevant provincial treasury and DBE • Submit a signed-off monthly provincial infrastructure report on infrastructure programmes within 22 days after the end of each month to the relevant provincial treasury and DBE • Comply with the conditions of this grant framework and the relevant clauses within the stipulated timeframes in 2020 DoRA • Submit quarterly capacitation reports within 22 days after the end of each quarter • Ensure that section 42 transfers as per the Public Finance Management Act are affected
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • The process for approval for the 2021 MTEF allocations will be in line with the performance based incentive approach guidelines published by National Treasury

HIV and AIDS (Life Skills Education) Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • Addressing social and structural drivers on HIV, sexually transmitted infections (STIs) and Tuberculosis (TB) prevention, care and impact • Contribute to preventing new HIV, STIs and TB infections • To increase access to sexual and reproductive health services including HIV as well as TB services for learners and educators, with a specific focus on schools that are located in high priority areas
Grant purpose	<ul style="list-style-type: none"> • To support South Africa's HIV prevention strategy by: <ul style="list-style-type: none"> ○ providing comprehensive sexuality education and access to sexual and reproductive health services to learners ○ supporting the provision of employee health and wellness programmes for educators • To mitigate the impact of HIV and TB by providing a caring, supportive and enabling environment for learners and educators • To reduce the vulnerability of children to HIV, TB and STIs, with a particular focus on orphaned children and girls
Outcome statements	<ul style="list-style-type: none"> • Increased HIV, STI and TB knowledge and skills amongst learners, educators and officials • Decrease in risky sexual behaviour among learners, educators and officials • Decreased barriers to retention in schools, in particular for vulnerable learners (girls and boys)
Outputs	<ul style="list-style-type: none"> • 20 250 educators trained to implement comprehensive sexuality education and TB prevention programmes for learners to be able to protect themselves from HIV and TB, and the associated key drivers including alcohol and drug use, leading to unsafe sex, learner pregnancy and HIV infection, prioritising schools located in areas with a high burden of HIV and TB infections • 9 200 school management teams and governing bodies trained to develop policy implementation plans focusing on keeping mainly young girls in school, ensuring that comprehensive sexuality education and TB education is implemented for all learners in schools, access to comprehensive sexual and reproductive health and TB services. A provision for training will also address multiple sexual partnerships among boys and learner pregnancy prevention • Co-curricular activities on provision of comprehensive sexuality education, access to sexual and reproductive health and TB services implemented in secondary schools including a focus on prevention of alcohol and drug use and learner pregnancy, targeting 224 900 learners. Priority will be in schools located in high priority areas. Co-curricular activities in primary schools will focus on raising awareness of social issues and vulnerabilities such as how to report abuse and support affected learners • Care and support programmes implemented to reach 190 750 learners and 15 300 educators. Expand the appointment of Learner Support Agents to 2 750 to support vulnerable learners prioritising primary schools, using the care and support for teaching and learning framework • 422 500 copies of curriculum and assessment policy statement compliant material, including material for learners with barriers to learning, printed and distributed to schools. Printing of the school policy pack will be prioritised over learner teacher support material to ensure that all schools have a copy of the Department of Basic Education's (DBE) National Policy on HIV, STIs and TB for learners, educators, support staff and officials in all primary and secondary schools in the basic education sector • Host advocacy and social mobilisation events with 423 000 learners, educators and school community members on the new DBE National Policy on HIV, STIs and TB to review and change societal norms and values on the provision of comprehensive sexuality education and access to sexual and reproductive health and TB services, including a focus on key risk behaviours such as alcohol and drug use, learner pregnancy, inter-generational and transactional sex amongst girls, multiple concurrent sexual partnerships, power relations, respect for girls and other issues that compel negative behaviour amongst boys, as well as to advocate for the integrated school health programme including provision of sexual and reproductive health services such as contraception, STIs, pregnancy and HIV testing, condom distribution and information on safe circumcision in secondary schools
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
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"> • Provincial education departments (PEDs) must distribute the grant allocation in accordance with the following weights for the key performance areas: <ul style="list-style-type: none"> ○ training and development (10 per cent) ○ co-curricular activities (20 per cent) ○ care and support (25 per cent) ○ learning and teaching support material (10 per cent) ○ advocacy and social mobilisation (20 per cent) ○ monitoring and support (8 per cent) ○ management and administration (7 per cent) • PEDs must report on implementation and expenditure according to the above seven key performance areas per quarter • Instalments are dependent on the DBE receiving these reports, adherence to approved business plans and attendance at the biannual inter-provincial meetings

HIV and AIDS (Life Skills Education) Grant	
	<ul style="list-style-type: none"> The above percentages are guidelines and may be deviated from in accordance with provincial needs with the approval of the national transferring officer. However, provinces must prioritise areas with high rates of HIV, TB and learner pregnancy Deviations should be informed and motivated by achievements and/or critical challenges relating to the trends in the epidemic as relevant to respective PEDs PEDs must ensure they have the necessary capacity and skills to manage the implementation of the grant First Aid Kits may no longer be funded from the conditional grant. In addition, condoms and sanitary towels must also not be funded from this conditional grant
Allocation criteria	<ul style="list-style-type: none"> The education component of the provincial equitable share formula, as explained in Part 4 of Annexure W1 of the 2020 Division of Revenue Act, is used to allocate the grant amongst provinces
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> To enable the DBE to provide overall guidance, to ensure congruency, coherence and alignment with: <ul style="list-style-type: none"> National Strategic Plan for HIV, TB and STIs (2017–2022) DBE National Policy on HIV, STIs and TB for Learners, Educators, School Support Staff in all Primary and Secondary Schools in the Basic Education Sector This enables DBE to exercise an oversight role on the implementation of the HIV and AIDS Life Skills Education Programme in schools
Past performance	<p>2018/2019 audited financial outcomes</p> <ul style="list-style-type: none"> Of the R247 million allocated to provinces, R243 million (98.6 per cent) was transferred to provinces, of which R230 million (93.4 per cent) was spent by the end of the financial year <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 19 597 life orientation educators and 9 177 educators trained in integration of life skills in the curriculum 95 040 functional peer education programmes were undertaken, 85 059 learners trained on the learner retention and learner pregnancy programme, 64 801 learners trained in the substance abuse programme 12 666 school based support teams established, 2 750 learner support agents in schools, 7 576 school management teams trained to develop policy implementation plans, and 225 000 vulnerable learners identified and referred for services 350 000 sets of learning and teaching support material delivered to 17 433 schools. Advocacy reached 312 674 learners and educators as well as 213 904 members of the school communities on the new DBE national policy on HIV, STIs and TB to review and change societal norms and values on the provision of comprehensive sexuality education and access to sexual and reproductive health and TB services and reaching 65 534 learners through advocacy activities focusing on the prevention of TB 5 286 schools reached through monitoring and support visits
Projected life	<ul style="list-style-type: none"> Grant will be reviewed on an ongoing basis to respond to nature and trends in the HIV and TB epidemics
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R247 million; 2021/22: R259 million and 2022/23: R262 million
Payment schedule	<ul style="list-style-type: none"> Four instalments: 17 April 2020; 24 July 2020; 30 October 2020 and 29 January 2021
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> To provide evidence-based guidance towards the development of a standardised annual conditional grant framework and nine provincial specific annual business plans for the HIV and AIDS life skills education programme Identify risks and challenges impacting on provincial implementation Develop risk management strategies to address these risks Ensure synergy with national strategies and processes aimed at reducing HIV and related chronic illnesses, such as TB infection together with the associated risk factors, such as alcohol and drug use Agree on outputs and targets with PEDs in line with grant objectives and national imperatives for 2021/22 from 25 September 2020 Monitor implementation of the programme and provide support to provinces Establish partnerships with key stakeholders Submit quarterly performance reports to National Treasury within 45 days after the end of each quarter <p>Responsibilities of the provincial departments</p> <ul style="list-style-type: none"> Ensure synergy with national strategies and processes aimed at reducing HIV and TB infections and other related issues including the associated risk factors such as alcohol and drug use Identify risks and challenges impacting on implementation Develop risk management strategies and implementation plans to address these risks Submit monthly reports, quarterly and annual performance reports to the DBE in line with the 2020 Division of Revenue Act and Public Finance Management Act Agree with the DBE on outputs and targets to ensure effective implementation of the Programme Monitor implementation of the Programme and provide support to districts and schools PEDs to implement the projects according to the approved business plans Any deviation should first be communicated to and approved by the DBE before implementation Evaluate and submit a provincial evaluation report on the performance of the conditional grant to the DBE in May 2020 (date will be determined by the national department)
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> Communication and meeting with provinces to inform targets for 2020/21 from 30 October 2020 PEDs submit draft business plans to DBE for evaluation from 30 November 2020 DBE evaluates provincial business plans from 11 December 2020 Comments sent to PEDs to amend the plans from 11 January 2021 PEDs submit amended and signed plans to DBE from 26 February 2021 DBE approves provincial business plans from 31 March 2021

Learners with Profound Intellectual Disabilities Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To ensure that learners with severe to profound intellectual disabilities access quality, publicly funded education and support
Grant purpose	<ul style="list-style-type: none"> • To provide the necessary support, resources and equipment to identified care centres and schools for the provision of education to children with severe to profound intellectual disabilities
Outcome statements	<ul style="list-style-type: none"> • Improved access to quality basic education for children with severe to profound intellectual disabilities in conditions that ensure dignity, promote self-reliance and facilitate active participation in the community
Outputs	<ul style="list-style-type: none"> • Human resources specific to inclusive education through the recruitment of key staff in permanent posts, including: <ul style="list-style-type: none"> ○ nine deputy chief education specialists as provincial grant managers ○ 245 transversal itinerant outreach team members recruited to guide and support curriculum delivery and provide therapeutic support in special care centres and targeted schools • Database of selected schools and special care centres, this includes: <ul style="list-style-type: none"> ○ information on 518 special care centres that support children with severe to profound intellectual disabilities ○ disaggregated data on care giving staff in care centres ○ disaggregated data on children enrolled in special care centres ○ disaggregated data of children with severe to profound intellectual disabilities enrolled in targeted special care centres and schools and who are using the learning programme for children with severe to profound disabilities ○ disaggregated data from special care centres of learners who have been placed in schools ○ disaggregated data on learners with severe intellectual disabilities who are awaiting placement in schools and those who, because of age cannot be placed in schools, are participating in basic non-accredited skills, such as gardening, beadwork and cooking • Transversal itinerant outreach team members, caregivers, teachers, in-service therapists and officials trained on the learning programme for children with severe to profound intellectual disabilities and other programmes that support delivery of the learning programme. This will entail training of: <ul style="list-style-type: none"> ○ 245 transversal itinerant outreach team members ○ 2 970 care givers ○ 1 928 special school teachers ○ 408 in-service therapists ○ 510 officials • Outreach services provided, will include the outreach services to 12 185 children/learners with severe to profound intellectual disability • Facilitating the use of the learning programme by children/learners with severe to profound intellectual disabilities in 518 special care centres and 115 schools through: <ul style="list-style-type: none"> ○ conducting assessment of children to determine their intellectual functioning and level of support needed ○ conducting baseline assessment for learners with profound intellectual disabilities ○ assessing performance of learners using the learning programme for learners with profound intellectual disabilities ○ preparing and submitting mark schedules and report cards ○ facilitating the development of basic non accredited skills, such as gardening, beadwork, cooking, among learners with severe intellectual disabilities who are awaiting placement in schools and those who because of age cannot be placed in schools ○ providing psycho-social and other therapeutic services ○ providing learning and teaching support materials to special care centres and schools ○ providing assistive devices to children with severe to profound intellectual disabilities when required ○ providing storage containers to store procured learning and teaching support materials in selected special care centres where storage is inadequate ○ providing support to schools that have enrolled learners referred from special care centres ○ providing support to learners from special care centres enrolled in schools
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities • Annual budget and resource allocation schedules • Monitoring and reporting • Risk management plan • Cash flow projections • Participating centres and schools list (separate annexure) • Organogram for multi-disciplinary itinerant teams
Conditions	<p>Grant structure and allocation</p> <ul style="list-style-type: none"> • The grant is utilised on an interventional basis and is not a general source of funding for all special care centres and schools • The focus of the grant is children with severe to profound intellectual disabilities who are currently not accessing publicly funded education

Learners with Profound Intellectual Disabilities Grant

- Learners with severe, mild and moderate intellectual disabilities and with specific learning difficulties enrolled in special care centres should be assessed for placement in schools
- Schools that have enrolled learners from special care centres should be supported through training and provision of necessary human and material resources to ensure continuous support for referred learners
- A nationally approved learning programme for learners with profound intellectual disabilities should be offered at special care centres and targeted schools
- Skills programmes for over age learners with severe intellectual disabilities who are enrolled in care centres and cannot be placed in special care centres should be offered at special care centres
- Allocations must consider the number of learners, special care centres and schools with learners with profound intellectual disabilities to ensure equitable funding
- The grant will support a total of 518 special care centres and 115 targeted schools across all provinces
- The allocation of funds per provincial education department (PED) should be divided as follows:
 - 5 per cent for training of teachers, therapists, officials, caregivers and outreach teams
 - 18 per cent for learning and teaching support materials, classroom furniture and equipment for special care centres and designated schools for the benefit of learners with severe to profound intellectual disabilities
 - 65 per cent for compensation of transversal itinerant outreach team members and provincial grant managers
 - 12 per cent for administration including travel, vehicles, accommodation and subsistence
 - Provinces may deviate from the prescribed allocations only after having complied with the conditions of the framework and obtained the relevant approval from the transferring officer. The request for deviations must be submitted to the transferring officer not later than 20 November 2020

Business planning process

- The transferring and receiving departments must appoint or identify qualified and experienced person/s to administer, manage and coordinate the activities of the grant in accordance with the provisions of the framework and business plan
- The receiving department must appoint outreach teams, as part of district-based support team, made up of one senior education specialist (learning support - post level 3), one chief education occupational therapist, one chief education speech therapist, one chief education physiotherapist and an educational psychologist
- Outreach teams must be appointed and compensated in accordance with post levels as agreed upon with the national Department of Basic Education (DBE)
- Outreach team members must be appointed as part of the district-based support team and be based at the district, circuit or school level, in order to ensure integration of the services they provide into district plans and efficiency, when they facilitate and support the implementation of the learning programme and provide psycho-social and other therapeutic support to learners enrolled in special care centres and targeted schools
- Where in-service therapists are not available, outreach team members should provide therapeutic support to learners
- Facilitating and supporting the implementation of the learning programme, shall include:
 - conducting assessment of children in enrolled special care centres and targeted schools (where there are no in-service therapists) to determine their intellectual functioning and level of support needed
 - supporting the implementation of lesson plans and baseline assessments in targeted special care centres
 - facilitating the development of learners Individual Support Plans, their implementation and monitoring in special care centres
 - facilitating the use of the learning programme by learners with profound intellectual disabilities in special care centres
 - facilitating and supporting the assessment of performance of learners using the learning programme for learners with severe to profound intellectual disabilities in special care centres
 - facilitating and supporting the preparation and submission of mark schedules and report cards of learners using the learning programme in special care centres
 - supporting teachers in targeted schools, that do not have access to in-service therapists, on the implementation of the learning programme, and the recording and reporting of learner performance
 - facilitating and supporting skills development for learners with severe intellectual disabilities who are awaiting placement in schools and those who because of age cannot be placed in schools
 - assessment of learners in special care centres and facilitating their placement in schools
 - providing therapeutic and psycho-social support to children/learners in special care centres and targeted schools that do not have access to therapists and their families
 - training of caregivers, teachers, in-service therapists, officials on the learning programme and other programmes that directly support the implementation of the learning programme
 - effective managing of information pertaining to services provided and using this information for planning and reporting
- The transferring department must train outreach team members on the implementation of the learning programme and other programmes that enhance accountability in the implementation of the learning programme and provision of outreach services to targeted special care centres and schools
- The receiving departments, using outreach team members and other officials, must train caregivers, teachers, in-service therapists and officials on the learning programme for learners with profound intellectual disabilities (LPID), and other programmes that directly enhance accountability in the implementation of the learning programme and provision of outreach services to targeted special care centres and schools
- Provinces may contract specialist training providers to offer training that cannot be facilitated by outreach team members to directly enhance the implementation of the Learning Programme for LPID
- The receiving departments must procure learning and teaching support materials and classroom furniture and equipment and assistive devices as per the minimum specifications defined by DBE in line with the

Learners with Profound Intellectual Disabilities Grant	
	<p>learning programme for learners with profound intellectual disabilities and the skills programme for learners with severe intellectual disabilities that cannot be placed in schools</p> <ul style="list-style-type: none"> • The receiving department must procure specialised tools of trade and storage equipment in special care centres and schools where storage is inadequate • PEDs must procure additional learning and teaching support materials, assistive devices and other equipment to enable teaching and learning, depending on children's/learners' specific needs determined through the relevant assessment of children • Procurement should include training of caregivers, teachers and end-users in the utilisation of all resources provided • Before equipment and learning and teaching support materials can be transferred to schools/special care centres, there should be a Memorandum of Understanding (MoU) between special care centres and PEDs. In addition, PEDs should ensure that learning and teaching support materials management and administrative systems are in place and staff have the capacity to manage and maintain the learning and teaching support materials and equipment and ensure its safety • Administrative support will include purchasing or leasing of appropriate vehicles in cases where cars have not been purchased (one car per team), purchasing of tools of trade (in line with the DBE guidelines), fuel costs, and subsistence and accommodation costs when visiting special care centres and schools with travel distance of more than 200 km or in instances where the teams will spend more than 1 day in an area providing outreach services • Transport is provided for in the grant framework and hence costs incurred from use of own cars must be avoided <p>Procurement</p> <ul style="list-style-type: none"> • PEDs must procure on their own and the grant funds and the implementation of the grant (procurement, delivery and payment) must be managed at provincial level and follow relevant procurement process as outlined in the Public Finance Management Act • PEDs should utilise transversal contracts where available, unless they can demonstrate gains from an exemption in their business plans
Allocation criteria	<ul style="list-style-type: none"> • Allocations consider the number of special care centres, children with severe or profound intellectual disabilities (CSPID) in special care centres, schools that have enrolled learners referred from care centres per province as well as the urban and rural nature of each province
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • In order to address the needs of this marginalised population of children with severe to profound intellectual disabilities that are not in school and not accessing educational subsidies through the educational norms applied at schools, the funding is ring-fenced in the form of a conditional grant. This enables the DBE to provide overall guidance to ensure congruence and coherence in programme implementation
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • Of the R187 million allocated to provinces, R181 million (97 percent) was transferred to provinces. R157 million (84.14 percent) was spent by the end of the financial year <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • Eight (8) provincial grant managers and 175 (of a targeted 230) transversal itinerant outreach team members were appointed • Tools of trade were procured for transversal itinerant outreach team members and grant managers • Outreach services were provided to 423 special care centres (320 targeted), with of 9 552 participants enrolled, of which 6 416 had verified IDs and 3 136 did not have IDs • 265 staff (comprising of transversal itinerant outreach team members, grant managers, in-service therapists and officials) were trained on the learners with severe to profound intellectual disabilities (LSPID) policy and the learning programme for LSPID • 28 transversal itinerant outreach team members were trained on how to use the DBE's Modular Object-Oriented Dynamic Learning Environment (MOODLE) platform to capture special care centre data while waiting for the inclusion of this information on the South African School Administration and Management System (SA-SAMS) • Following the inclusion of the LSPID module on SA-SAMS, 186 staff were trained on how to use SA-SAMS to capture care centre and learner data • The learning programme for LSPID was introduced in special care centres • Learning and teaching support material was procured for care centres and schools
Projected life	<ul style="list-style-type: none"> • The grant framework will be reviewed on an ongoing basis to respond to the nature and trends in the education of learners with severe to profound intellectual disabilities
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R243 million; 2021/22: R256 million and 2022/23: R266 million
Payment schedule	<ul style="list-style-type: none"> • Transfer payments shall be effected in April 2020; August 2020 and January 2021
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Evaluate, approve and submit provincial business plans to National Treasury • Refine monitoring and evaluation guidelines tools that will be used to monitor and evaluate the implementation of the grant • Refine Standard operation procedures and tools that will be used to enhance performance management and accountability • Work with PEDs in developing a guiding document to guide PEDs with the appointment of practitioners in 2021/22 on a 12-month contract to implement the learning programme in special care centres and the appointment of class assistants in 2021/22 on a 12-month contract to support teachers in schools that have enrolled learners from special care centres • Train provincial grant managers and transversal itinerant outreach team members on programmes that will ensure effective implementation of the grant including the learning programme for LSPID

Learners with Profound Intellectual Disabilities Grant	
	<ul style="list-style-type: none"> • Monitor and support implementation of the grant by PEDs • Collaborate with other government departments and ensure the provision of integrated services to CSPID <p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Develop and submit approved business and procurement plans to the DBE • Manage the implementation of business plans in line with the 2020 Division of Revenue Act (DoRA) and the Public Finance Management Act to ensure that expenditure is on track and there is no withholding of transfers by transferring officer • Ensure systems, capacity and controls are in place to ensure the successful implementation of the grant • Facilitate the appointment of outreach team members and grant managers in permanent posts on or before 30 September 2020 • Work with the DBE in developing a document to guide PEDs on the appointment of practitioners in 2021 on a 12-month volunteer contract to implement the learning programme in special care centres • Work with the DBE in developing a document to guide PEDs on the appointment of class assistants in 2021 on 12-month contracts to support teachers in schools that have enrolled learners from special care centres • Ensure grant activities are implemented as approved in the business plans. Any deviation should first be communicated to the DBE in writing and approved by the transferring officer before implementation • Monitor, support and quality assure the provision of outreach services to special care centres and school on a monthly and quarterly basis or as and when required • Use the Department of Basic Education systems to collect, update, verify and submit the following disaggregated data: <ul style="list-style-type: none"> ○ targeted special care centres and schools ○ special care centre caregiving staff data ○ learners whose intellectual functioning is profoundly intellectually disabled enrolled in special care centres using the Learning Programme for LPID ○ learners whose intellectual functioning is profoundly intellectually disabled enrolled in schools using the learning programme for LPID ○ learners whose intellectual functioning is severely intellectually disabled or mildly intellectually disabled and who have specific learning difficulties that have been assessed and referred for placement in schools ○ learners from special care centres that have been placed in special, full service and ordinary schools ○ learners who are on the waiting list to be placed in schools and participating in skills development ○ disaggregated data on children or learners with SPID using the Learning Programme for CSPID • Use the data for planning for services to be provided and reporting • Ensure that CSPID children enrolled in care centres are incrementally enrolled in schools on an annual basis • Ensure compliance with reporting requirements by providing consolidated quality assured and approved quarterly reports 30 days after the end of the quarter • Ensure they are informed about development in the implementation of the grant by participating in all grant inter-provincial meetings, capacity building workshops and engaging with the DBE grant staff • Facilitate collaboration with key government departments in the delivery of services to C/LSPID. This will entail the establishment of inter-departmental structures that will ensure integrated service delivery of services to children or learners with SPID • Submit annual training plans that ensure training contents support the implementation of the Learning Programme as per the grant framework to the DBE • Facilitate, monitor, record and submit reports to the DBE on all training
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Communication and meeting with provinces to inform targets for the next financial year by 28 August 2020 • PEDs submit draft business plans to DBE for evaluation by 30 October 2020 • DBE evaluates provincial business plans by 16 November 2020 • Comments sent to PEDs to amend the plans by 14 December 2020 • PEDs submit amended and signed-off plans to DBE by 29 January 2021 • DBE approves provincial business plans by 19 March 2021

Maths, Science and Technology Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To strengthen the implementation of the National Development Plan and the Action Plan to 2019 by increasing the number of learners taking mathematics, science and technology subjects, improving the success rates in the subjects and improving teachers' capabilities
Grant purpose	<ul style="list-style-type: none"> • To provide support and resources to schools, teachers and learners in line with the Curriculum Assessment Policy Statements (CAPS) for the improvement of mathematics, science and technology teaching and learning at selected public schools
Outcome statements	<ul style="list-style-type: none"> • Improved learner participation and success in mathematics, science and technology subjects in the country
Outputs	<ul style="list-style-type: none"> • School support • Information, communication and technology (ICT) subject specific resources: <ul style="list-style-type: none"> ○ 300 schools supplied with subject specific computer hardware in accordance with the minimum specifications prescribed by CAPS ○ 300 schools supplied with subject related software in accordance with the minimum specifications • Workshop equipment, consumables, tools and machinery: <ul style="list-style-type: none"> ○ 200 technical schools' workshop equipment and consumables for technology subjects repaired, maintained and/or replaced in accordance with the minimum specifications ○ 200 technical schools' workshop machinery and tools for technology subjects supplied, repaired, maintained and replaced in accordance with the minimum specifications • Laboratory equipment, apparatus and consumables: <ul style="list-style-type: none"> ○ 1 000 schools supplied with mathematics, science and technology kits ○ 1 000 laboratories supplied with apparatus for mathematics, science and technology subjects in accordance with the minimum specifications ○ 500 laboratories and workshops supplied with consumables for mathematics, science and technology subjects in accordance with the minimum specifications • Learner support: <ul style="list-style-type: none"> ○ 50 000 learners registered for participation in mathematics, science and technology olympiads/fairs/expos and other events based on a structured annual calendar including support through learner camps and additional learning, teaching and support material such as study guides • Teacher support: <ul style="list-style-type: none"> ○ 1 500 participants attending specific structured training and orientation for teachers and subject advisors in subject content and teaching methodologies on CAPS for electrical, civil and mechanical technology, technical mathematics, and technical sciences ○ 1 000 teachers and subject advisors attending targeted and structured training in teaching methodologies and subject content either for mathematics, physical, life, natural and agricultural sciences, technology, computer applications technology, information technology, agricultural management and technology subjects
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities • Annual budget and resource allocation schedules • Monitoring and reporting • Risk management plan • Cash flow projections • Participating schools list (separate annexure)
Conditions	<p>Grant structure and allocations</p> <ul style="list-style-type: none"> • The grant is utilised on an interventional basis and is not a general grant for all schools • Schools' needs and allocation of funds must be identified through criteria indicated in the framework in partnership with provinces and districts in the preceding financial period • The grant will support a total of 1 000 schools across all provinces covering all mathematics, science and technology subjects from grades R-12 • The grant will support the Department of Basic Education (DBE)-Cuba Mathematics, Science and Technology Subjects Support Programme in the Eastern Cape, Gauteng, Limpopo and KwaZulu-Natal provinces • The allocations should be divided in accordance with the following guideline for Eastern Cape, Gauteng, Limpopo and KwaZulu-Natal: <ul style="list-style-type: none"> ○ 25 per cent for ICT resources including robotics, coding and ICT integration ○ 19 per cent for the supply, repair/replacement and maintenance of workshop machinery, equipment and tools ○ 19 per cent for laboratory equipment/apparatus, manipulatives and consumables ○ 15 per cent for teacher support including teacher support for development of robotics and coding curriculum, and strengthening of technical subjects' curriculum ○ 15 per cent for learner support

Maths, Science and Technology Grant	
	<ul style="list-style-type: none"> o 1 per cent for grant administration, monitoring, support and evaluation o 6 per cent for the DBE-Cuba Mathematics, Science and Technology Subjects Support Programme, including remuneration • The allocations should be divided in accordance with the following guideline for Free State, Northern Cape, Mpumalanga, North West and Western Cape: <ul style="list-style-type: none"> o 20 per cent for ICT resources including robotics and coding and ICT integration o 20 per cent for the supply, repair/replacement and maintenance of workshop machinery, equipment and tools o 25 per cent for laboratory equipment/apparatus, manipulatives and consumables o 19 per cent for teacher support including teacher support for development of robotics and coding curriculum, and strengthening of technical subjects' curriculum o 15 per cent for learner support o 1 per cent for grant administration, monitoring, support and evaluation <p>Priorities</p> <ul style="list-style-type: none"> • All the grant outputs are prioritised in accordance with the allocation percentages unless the province has requested a deviation and this is approved by the transferring officer <p>Outputs</p> <ul style="list-style-type: none"> • ICT resource items should be procured as per the minimum specifications defined by the DBE and in line with CAPS. Subject specific ICT resources refer to hardware and software, which are compulsory and required by the curriculum. The grant also supports the training of all end-users in the utilisation of all ICT resources provided to a school • Workshop equipment and machinery items should be supplied, repaired, maintained and/or replaced where appropriate in order to meet the minimum specifications defined by the DBE and in line with CAPS • Laboratories' workshop equipment, apparatus and consumables should be procured as per the minimum specifications as defined by the DBE and in line with CAPS. This should be prioritised in line with the budget allocated to this item. These resources are provided to improve practical teaching and learning in all mathematics, science and technology subjects with special attention to mathematics and physical science • Learner support is provided to all identified learners in line with provincial needs in support of curriculum delivery based on a structured annual calendar. This includes competition participation expenses, learner coaching, printing, delivery and mediation of study materials. This support includes study camps for identified learners as per the provincial programme including a focus on girl learners • Teacher support is provided to all identified teachers in line with provincial needs in support of curriculum delivery. Teacher training or development should be based on a structured programme, which must be submitted to the transferring department as and when required. No ad-hoc training will be supported from the grant <p>Grant administration, monitoring and evaluation</p> <ul style="list-style-type: none"> • All provincial grant managers are supported to manage, administer, monitor and evaluate the implementation of the grant in line with the business plan. The support includes payment for expenses such as travelling, accommodation, stationery, flight fares, subsistence and other incidental costs <p>Procurement</p> <ul style="list-style-type: none"> • Provinces must participate in DBE's transversal contract, but may request permission for exemption if they can demonstrate gains from such exemption. In the absence of a DBE transversal tender, provinces must continue to procure on their own • The grant funds and implementation (procurement, delivery and payment) must be managed at provincial level unless a transversal tender has been issued or the school has demonstrated capacity, systems and controls to efficiently manage the processes of the grant • Before funds can be transferred to schools, there should be assurance that systems, controls and capacity to manage the funds, implementation and delivery processes of the grant are in place
Allocation criteria	<ul style="list-style-type: none"> • Participating schools should be identified according to the following criteria: <ul style="list-style-type: none"> o the schools must be classified in quintiles 1-3 o provinces may include schools in quintile 4 and 5, subject to the approval of the transferring officer (provided the average learner performance in all subjects including mathematics, science and technology is at a level below 60 per cent at Grade 12) o primary schools will be supported as feeder schools to secondary schools participating in the grant based on the provincial needs analysis in line with the outputs of the grant o at least 30 learners are enrolled for each grade in mathematics and science subjects at a general education and training, and further education and training (FET) band, and 15 learners are enrolled for technology subjects in further education and training band o support all agricultural focus schools o all learners in the technical high school FET band must be enrolled for mathematics or technical mathematics
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The grant is a targeted systemic capacity improvement programme. The number of schools requiring support is not proportionally distributed across the provinces. The level of support required by schools differs across provinces
Past performance	<p>2018/19 Audited Financial Outcomes</p> <ul style="list-style-type: none"> • Of the R370 million allocated to provinces, R370 million (100 per cent) was transferred to provinces. R370 million (100 per cent) was spent by the end of the financial year

Maths, Science and Technology Grant	
	2018/19 service delivery performance <ul style="list-style-type: none"> Information, communication and technology (ICT): <ul style="list-style-type: none"> 419 schools supported (50: Eastern Cape, 46: Free State, 21: Gauteng, 23: KwaZulu-Natal, 24: Limpopo, 23: Mpumalanga, 68: Northern Cape, 100: North West and 64: Western Cape) Workshop equipment, machinery and tools: <ul style="list-style-type: none"> 159 workshops (31: Eastern Cape, 18: Free State, 42: Gauteng, 0: KwaZulu-Natal, 24: Limpopo, 15: Mpumalanga, 10: Northern Cape, 19: North West and 0: Western Cape) Laboratories and workshop equipment, apparatus and consumables: <ul style="list-style-type: none"> 940 laboratories (106: Eastern Cape, 46: Free State, 207: Gauteng, 108: KwaZulu-Natal, 104: Limpopo, 136: Mpumalanga, 83: Northern Cape, 100: North West and 50: Western Cape) Learner support: <ul style="list-style-type: none"> 224 601 learners (28 761: Eastern Cape, 12 150: Free State, 38 502: Gauteng, 21 860: KwaZulu-Natal, 41 124: Limpopo, 30 614: Mpumalanga, 10 567: Northern Cape, 21 803: North West and 19 220: Western Cape) Teacher support: <ul style="list-style-type: none"> 15 526 Teachers (1 773: Eastern Cape, 150: Free State, 622: Gauteng, 1 246: KwaZulu-Natal, 737: Limpopo, 7 581: Mpumalanga, 715: Northern Cape, 1 622: North West, 1 080: Western Cape)
Projected life	<ul style="list-style-type: none"> Grant continues until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R401 million; 2021/22: R423 million and 2022/23: R438 million
Payment schedule	<ul style="list-style-type: none"> 8 May 2020; 14 August 2020; 13 November 2020 and 5 February 2021
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Identify and analyse areas requiring support in mathematics, science and technology Evaluate, approve and submit provincial business plans to National Treasury Provide the administrative services for the grant (manage, coordinate, monitor and support programme implementation at all levels) Develop and distribute planning, implementation, monitoring and evaluation guidelines and/or templates including minimum specifications for school resources The transferring officer must develop centralised procurement processes that provinces can participate in Ensure compliance with reporting requirements in line with the provisions of the Division of Revenue Act (DoRA) Monitor implementation at provincial, district and school level on a quarterly basis or as and when required, in line with the grant framework Evaluate the performance of the conditional grant and submit an evaluation report to National Treasury as per the requirements of the DoRA
	Responsibilities of provincial departments <ul style="list-style-type: none"> Identify and analyse areas requiring support in mathematics, science and technology Develop and submit approved business plans to DBE Submit lists of schools to DBE as per the timeframes set in the grant framework Develop and submit an approved procurement plan in line with the business plan targets by the end of the financial year Ensure compliance with reporting requirements by providing consolidated monthly expenditure reports 15 days after the end of the month, and quarterly reports 30 days after the end of the quarter including other monitoring or diagnostic reports and reviews as required from time to time Manage and implement the programme in line with the DoRA and the Public Finance Management Act Where applicable, participate in transversal tenders issued by the DBE or other provinces in order to procure goods and services related to the outputs of the grant Monitor and provide support to districts/regions, circuits and schools on a monthly and quarterly basis or as and when required Provide human resource capacity at all relevant levels including the appointment or identification of a qualified and experienced person/s to administer, manage and co-ordinate the activities of the grant in accordance with the provisions of the framework and compliance certificates Evaluate the performance of the grant and submit evaluation reports to DBE within two months after the end of the financial year Implement projects according to the approved business plan. Any deviation should be communicated in writing and approved by the transferring officer before implementation Submit school's business plans to DBE by the end of June every year if funds are being transferred to schools
	Responsibilities of schools <ul style="list-style-type: none"> Submit school's needs on mathematics, science and technology to the districts as required by the province Submit school's business plans to provinces before funds can be transferred to schools Submit quarterly mathematics, science and technology activity reports on equipment, machinery, consumables, maintenance, learner and teaching support material and training support Submit learner performance data for all grades in mathematics, science and technology subjects to the district and grant manager Ensure that capacity, systems and controls are in place to implement the grant, to receive funds where a transfer to a school has been agreed upon

Maths, Science and Technology Grant	
	<ul style="list-style-type: none"> • Receive funds from provincial departments of education and manage the procurement, delivery and payment processes where necessary • Participate in relevant structures that have been put in place to support implementation of the grant such as annual principals' meetings • Monitor and ensure the quality of work of the service providers and sign-off on the completeness of the service delivery processes
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • The first draft of the consolidated provincial business plans and revised school lists to be submitted to DBE for appraisal by 30 October 2020 • The DBE team will meet to evaluate the consolidated business plans by 13 November 2020 • The comments on the business plans will be sent to provinces for amendments by 14 December 2020 • Provinces will be required to submit approved deviations before submitting amended business plans on 29 January 2021 • Provinces will be required to submit the provincially approved amended business plans to DBE by 26 February 2021 • DBE will approve the final business plans by 9 March 2021 • DBE's transferring officer approves business plans to be submitted to the National Treasury by 19 March 2021

National School Nutrition Programme Grant	
Transferring department	<ul style="list-style-type: none"> • Basic Education (Vote 16)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To enhance learning capacity and improve access to education
Grant purpose	<ul style="list-style-type: none"> • To provide nutritious meals to targeted schools
Outcome statements	<ul style="list-style-type: none"> • Enhanced learning capacity and improved access to education
Outputs	<ul style="list-style-type: none"> • 21 000 schools that prepare nutritious meals for learners
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> • Outcome indicators • Output indicators • Inputs • Key activities • Risk management plan
Conditions	<ul style="list-style-type: none"> • Spending must be in line with national and provincial business plans • The budget allocation must be distributed in terms of the following weightings for both secondary and primary schools: <ul style="list-style-type: none"> ○ school feeding: minimum of 96 per cent ○ kitchen facilities, equipment and utensils: minimum of 0.6 per cent and not exceeding R10 million ○ administration: maximum of 3.0 per cent ○ nutrition education (including deworming and hygiene practices): maximum of 0.4 per cent • Minimum feeding requirements: <ul style="list-style-type: none"> ○ provide nutritious meals to all learners in quintile 1 - 3 primary and secondary schools, as well as identified special schools on all school days ○ provide nutritious meals to targeted learners in identified quintile 4 and 5 schools in line with available resources ○ meal costs per learner will increase at a minimum of 4 per cent in all benefiting primary schools and two per cent for all secondary schools. Far-flung/low enrolment farm and rural schools that are receiving funds directly should be allocated a higher meal cost to cover higher transport costs ○ pay honorarium of a minimum of R1 360 per person plus R13.88 to the Unemployment Insurance Fund based on a food handler to learner ratio of 1:200. Food handlers must be allocated in line with approved sliding scales submitted with provincial business plans ○ comply with approved food specifications and menu specifications consisting of meals containing: starch, protein and fresh vegetable/fruit ○ fresh vegetables/fruits must be served daily and vary between green, yellow and red ○ a variety of protein-rich foods must be served in line with approved menu options ○ raw sugar beans must be packed separately from samp, not mixed in one packet ○ soya mince should not be served more than once a week and must meet approved specifications Soya may not be used as seasoning/thickening for other dishes ○ canned pilchards/mackerel/sardines must be served at least once a week. High quality protein products can replace pilchards in areas where these are not socially acceptable ○ seasoning should be provided for all meals except on the day when milk is served ○ ultra-high temperature (UHT) treated full cream milk or pasteurised maas must be served once a week. Milk must be approved in line with dairy standards set by Milk South Africa • Provinces must support and promote sustainable food production and nutrition education in schools • Provinces must promote local economic empowerment, including procurement of fresh produce from smallholder farmers. The farmers should be registered with the Department of Agriculture, Land Reform and Rural Development and adhere to good agricultural practices • Provinces that are transferring funds for meals to schools (Eastern Cape, Free State, Limpopo, Northern Cape and North West) are required to reconcile expenditure by schools against budget transfers on a quarterly basis • Provincial business plans will be approved in line with the above minimum requirements and available resources. The following variations may be approved by the transferring officer based on achievements and/or critical challenges in each province: <ul style="list-style-type: none"> ○ feeding days reduced to a minimum of 199 days ○ reduced feeding days in secondary/high schools during examinations (November 2020) to reduce wastage of food in line with the approved business plans ○ feeding cost below the minimum requirements, provided the quality of meals is not compromised ○ reduction in the number of learners due to learner verification ○ number of learners that exceed the gazetted quintiles ○ serving of processed vegetables or fruit in remote areas ○ quintile 1-3 schools that do not feed all learners (Gauteng and Western Cape) need to approve letters from schools requesting a deviation from whole school feeding. These letters must be provided to the provincial office and kept on record ○ deviation requests from approved business plan activities must be submitted to the transferring officer not later than November 2020 • Provinces must update and submit databases on kitchen facilities, equipment and utensils by 28 August 2020

National School Nutrition Programme Grant	
	<ul style="list-style-type: none"> The flow of the first instalment of the grant depends upon receipt by the Department of Basic Education (DBE) of: <ul style="list-style-type: none"> submission of the approved transfer schedules for the 2020/21 financial year by provinces that are transferring funds to schools submission of quarterly performance (narrative and indicators) and financial reports The flow of the May 2020 instalment of the grant depends upon receipt by the DBE of quarterly performance (narrative and indicators) and financial reports The flow of the December 2020 and the January 2021 instalments of the grant depend upon receipt by the DBE of: <ul style="list-style-type: none"> evidence (copies of orders, invoices, etc.) of procured kitchen facilities, equipment and utensils including the names of benefiting schools evidence of procurement of resources to district offices in line with approved business plans submission of quarterly performance (narrative and indicators) and financial reports Non-compliance with any of the above conditions may result in the withholding and subsequent stopping of budget transfers
Allocation criteria	<ul style="list-style-type: none"> The distribution formula is poverty-based in accordance with the poverty distribution table used in the national norms and standards for school funding as gazetted by the Minister of Basic Education on 17 October 2008 Unallocated amounts will be distributed based on needs assessment reports submitted by provinces
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> The National School Nutrition Programme (NSNP) is a government programme for poverty alleviation, specifically initiated to uphold the rights of children to basic food and education The conditional grant framework enables the DBE to play an oversight role in the implementation of all NSNP activities in schools
Past performance	2018/19 audited financial outcomes <ul style="list-style-type: none"> Of the R6.9 billion allocated to provinces including roll-overs, R6.8 billion (99 per cent) was transferred to provinces, of which R6.8 billion (99 per cent), was spent by the end of the financial year
	2018/19 service delivery performance <ul style="list-style-type: none"> 9.6 million learners were provided with meals in 21 008 primary, secondary and special schools 61 471 volunteer food handlers prepared meals for learners 3 477 small and medium enterprises and local cooperatives were contracted to supply food to learners
Projected life	<ul style="list-style-type: none"> It is envisaged that, given the high poverty and unemployment rates in the country, the need for such a grant will persist for at least another 10 years. The programme ensures that learners from the poorest communities have decent opportunities to learn
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R7.7 billion; 2021/22: R8.1 billion and 2022/23: R8.5 billion
Payment schedule	<ul style="list-style-type: none"> The payment schedule will be in line with respective provincial procurement models as follows: <ul style="list-style-type: none"> provinces that transfer funds directly to all schools (Eastern Cape, Free State, North West and Northern Cape) receive five instalments as follows: 8 April 2020; 20 May 2020; 18 June 2020; 9 September 2020 and 08 December 2020 provinces that procure from service providers on behalf of schools receive five instalments as follows: 8 April 2020; 20 May 2020; 16 July 2020; 14 October 2020 and 28 January 2021 the 20 May 2020 budget transfer is for kitchen facilities, equipment and utensils as per equipment specifications provided by the DBE
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> Develop and submit approved national business plans to the National Treasury Evaluate, approve and submit provincial business plans to the National Treasury Manage, monitor and support programme implementation in provinces and districts Ensure compliance with reporting requirements and National School Nutrition Programme guidelines Transfer funds to provinces in line with the approved payment schedule Consolidate and submit quarterly performance reports to the National Treasury within 45 days after the end of each quarter Evaluate performance of the conditional grant and submit an evaluation report to the National Treasury four months after the end of the financial year
	Responsibilities of provincial departments <ul style="list-style-type: none"> Develop and submit approved business plans to the DBE. The business plans should include databases reflecting distribution of volunteer food handlers and cooking fuel per school Monitor and provide support to districts/regions/area project officers and schools Manage and implement the programme in line with the 2020 Division of Revenue Act and the Public Finance Management Act Update and submit databases on kitchen facilities, equipment and utensils by 28 August 2020 Ensure that districts are resourced in line with provincial business plans to conduct effective monitoring and support to schools in line with Goal 27 of the Action Plan to 2019, Towards the Realisation of Schooling 2030 Consult districts on the development and implementation of their provincial business plans Implement monitoring and evaluation plans Provide human resource capacity at all relevant levels Evaluate the performance of the conditional grant annually and submit evaluation reports to the DBE two months after the end of the financial year

National School Nutrition Programme Grant	
	<ul style="list-style-type: none"> • Submit quarterly financial and performance reports including consolidated monitoring, reporting and response system reports to DBE after the end of each quarter • Provinces that are transferring funds to schools are required to: <ul style="list-style-type: none"> ○ develop and submit approved 2020/21 transfer schedules reflecting actual dates on which funds will be transferred to schools by 9 April 2020 ○ reconcile expenditure by schools against budget transfers on a quarterly basis. Reports for June 2020 and December 2020 on actual expenditure by schools should be submitted six weeks after the end of the quarter
	Responsibilities of districts <ul style="list-style-type: none"> • Monitor and support schools • Submit monthly and quarterly reports (narrative and expenditure reports to the provincial department, as well as reports on expenditure by schools, where applicable). This should include consolidated monitoring, reporting and response system reports, where applicable • Coordinate all National School Nutrition Programme activities in the district
	Responsibilities of schools <ul style="list-style-type: none"> • Implement the programme in line with the conditions of the National School Nutrition Programme framework • Submit reports to districts as per the provincial reporting requirements, i.e. performance and expenditure reports • Safeguarding of programme resources, i.e. cooking facilities, equipment and utensils
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • First inter-provincial meeting by 20 May 2020 • Consultation with district officials, provincial treasuries, provincial finance sections and the National Treasury on business plans in June 2020 • Provinces submit first draft business plans to the DBE by 30 July 2020 • DBE to evaluate first draft business plans and send comments to provinces by 31 August 2020 • Provinces submit final approved business plans and requisite attachments to DBE by 30 November 2020 • Second inter-provincial meeting to be held by 15 December 2020 • The transferring officer to approve national and provincial business plans by 31 March 2021

School Infrastructure Backlogs Grant	
Transferring department	<ul style="list-style-type: none"> Basic Education (Vote 16)
Grant schedule	<ul style="list-style-type: none"> Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> The eradication of inappropriate education structures and backlogs in basic services
Grant purpose	<ul style="list-style-type: none"> Eradication of all inappropriate school infrastructure Provision of water, sanitation and electricity to schools
Outcome statements	<p>Improved access to enabling learning and teaching environments</p> <p>Build the capacity of provinces benefiting from an indirect grant allocation to carry out this function in the future</p>
Outputs	<ul style="list-style-type: none"> Eradication and replacement of 40 inappropriate schools and provision of related school furniture 432 schools provided with water 1033 schools provided with sanitation
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> This grant uses an infrastructure programme management plan (IPMP) that includes the following: <ul style="list-style-type: none"> institutional framework procurement and contract management plan scope management time management plan cost management plan risk management plan quality management plan monitoring and reporting details budgeting and programme accounting details performance management plan communication management plan
Conditions	<ul style="list-style-type: none"> This is an in-kind grant administered by the national Department of Basic Education (DBE) that may be transferred to a province through the Education Infrastructure Grant (EIG) if the province is able to demonstrate through a proven track record, that it has the capacity to implement the projects DBE must submit to National Treasury an infrastructure programme management plan by 14 February 2020 Programme governance will be conducted by the following committees established to ensure that various processes are initiated within the programme: <ul style="list-style-type: none"> national steering committee technical committee project steering committee infrastructure bid specification and evaluation committee infrastructure bid adjudication committee The provincial planning and monitoring teams (PPMTs) or equivalent in each province should meet monthly to ensure information flows between the stakeholders, unblock processes, monitor progress, and enhance cooperation DBE must submit monthly project reports with cash flows to National Treasury 15 days after the end of each month, that show how actual payments and cash flows reconcile with the projected cash flow schedule and explain any deviations from the original projected cash flow Assets will be transferred to custodians in the respective provinces at final completion. The provincial education departments must report in their annual report how the schools have been considered in their future maintenance plans The DBE must agree in writing with the provinces on projects that they will administer on behalf of each province The department and/or implementing agents must ensure skills transfer takes place as part of the implementation of projects
Allocation criteria	<ul style="list-style-type: none"> The grant allocation is based on the distribution of inappropriate structures and schools without access to water and sanitation across provinces Final allocations will be based on the finalised infrastructure programme management plan of the DBE as approved by the transferring officer
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This is a specific purpose grant to eradicate the basic safety norms backlogs in schools without water, sanitation and electricity, and to replace those schools constructed from inappropriate material, including mud schools, to contribute towards improved learning and teaching. The grant will be administered by the DBE to achieve maximum impact in the shortest time possible
Past performance	2018/19 audited financial performance <ul style="list-style-type: none"> Allocated and transferred R2.1 billion of which R1.9 billion (84 per cent) was spent by the end of the national financial year
	2018/19 service delivery performance <ul style="list-style-type: none"> 214 new schools built, 919 schools provided with water, 770 schools provided with sanitation and 372 schools provided with electricity (electricity sub-programme has been completed)
Projected life	<ul style="list-style-type: none"> The grant will be reviewed on an ongoing basis to respond to the nature of the infrastructure projects and the ability of provinces to take over
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R1.7 billion; 2021/22: R2.3 billion and 2022/23: R2.4 billion
Payment schedule	<ul style="list-style-type: none"> Payments will be made according to verified invoices from service providers or advance payments in line with approved memoranda of agreement, implementation plans and reviewed monthly cash flow projections from implementing agents

School Infrastructure Backlogs Grant	
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Undertake planning of processes, activities, and Accelerated School Infrastructure Delivery Initiative (ASIDI) programme policies required to realise the outputs and identify required resources • Undertake the necessary procurement measures to secure the services of implementing agents, professional service providers, contractors and secondary procurement objectives to respond to the scope of work identified in the infrastructure programme management plan • Monitor and evaluate performance of the programme support unit, implementing agents, conduct project site inspections at selected sites to verify progress and quality of the works to secure programme outputs and deliverables • Harness the opportunities offered through the programme to contribute towards skills development • The DBE must submit a draft skills transfer and capacity building plan for Schedule 6, Part A allocations to National Treasury by 29 June 2020 and a final plan must be submitted to National Treasury by 31 August 2020. The skills transfer and capacity building plan must set out how the capacity of benefiting provinces will be developed so that they can continue to perform the function after the Schedule 6, Part A funded project ends. The plan must set measurable targets that will be achieved over the 2020 medium-term expenditure framework. The plan must set out how existing and new capacity building initiatives will be used to achieve these targets • DBE must submit an annual assessment of progress against its skills transfer and capacity building plan to National Treasury two months after the end of the national financial year • DBE will convene and chair meetings of the national steering committee which will: <ul style="list-style-type: none"> ○ provide strategic direction to the Accelerated School Infrastructure Delivery Initiative (ASIDI) programme ○ provide general oversight on the programme ○ ensure that the management of the programme brings together those players responsible for different elements of project success and ensure a holistic approach in support of the programme ○ ensure that standards are in line with different prescripts e.g. norms and standards for school infrastructure are adhered to ○ facilitate the establishment of sub-programme management, their membership, reporting modalities and their interaction with the steering committee ○ establish the modalities linking the targeted provincial education departments with DBE ○ supervise the programme and ensure appropriate coordination and cooperation between different agencies and departments involved ○ facilitate the linkages between national stakeholders such as the National Treasury (infrastructure delivery improvement plan), Construction Industry Development Board, and the national departments of Human Settlements, Water and Sanitation, Minerals and Energy, and Public Works and Infrastructure ○ ensure Accelerated School Infrastructure Delivery Initiative strategies and targets are in line with national goals and targets ○ monitor progress in terms of national goals and targets ○ assist the management of the programme in solving particular issues that may arise and that may require the intervention of the committee ○ report to the Minister of Basic Education, the Council for Education Ministers, the heads of education departments committee, and senior management • DBE must ensure that a programme and project management system is in place for planning, management and monitoring of infrastructure delivery • Develop a sector procurement strategy and procurement strategy for this grant in terms of the practice guide prescribed by the infrastructure delivery management toolkit • DBE will develop a procurement strategy for this grant that will lead to the quickest possible achievement of the grant objectives which may require the clustering of projects across provincial boundaries • Submit an approved infrastructure programme management plan including projects list to the National Treasury • Ensure compliance with reporting requirements and adherence to projected cash flow schedules • Consolidate and submit quarterly reports to National Treasury and the National Council of Provinces within 45 days after the end of each quarter • Conduct site visits to selected projects to assess performance • Create the necessary organisational structures and build capacity within the department to oversee and monitor the implementation of the grant • DBE must ensure that the heads of education departments committee meets at least once a month and is provided with sufficiently detailed reports to assess project implementation and projected cash flow schedules reconciled at the end of the month preceding the monthly meetings • Provide an operations and maintenance manual to the provincial education departments

School Infrastructure Backlogs Grant	
	Responsibilities of provincial departments <ul style="list-style-type: none"> • Provide the list of schools to be included in the Accelerated School Infrastructure Delivery Initiative programme • Ensure that the list of schools identified includes all the schools that were not constructed of appropriate materials in their entirety • Ensure that the list of schools identified includes all the schools that never had basic sanitation, water and electricity • Ensure that, where schools are identified for rationalisation and mergers, DBE is made aware on time, in writing, and that all necessary supporting documents are provided • Establish provincial planning and monitoring teams that will provide support to the DBE when implementing projects funded by this grant • Convene the provincial planning and monitoring teams and report to the national steering committee • Generate a maintenance plan from the operations and maintenance manual provided
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Submission to National Treasury by DBE of the infrastructure programme management plan for 2021/22 projects by 15 February 2021

COOPERATIVE GOVERNANCE GRANT

Provincial Disaster Relief Grant	
Transferring department	<ul style="list-style-type: none"> Cooperative Governance (Vote 3)
Grant schedule	<ul style="list-style-type: none"> Schedule 7, Part A
Strategic goal	<ul style="list-style-type: none"> To enable a timely response to needs after a disaster has occurred
Grant purpose	<ul style="list-style-type: none"> To provide for the immediate release of funds for disaster response
Outcome statements	<ul style="list-style-type: none"> Consequences of disasters are mitigated
Outputs	<ul style="list-style-type: none"> Repair of critical infrastructure Provision of goods and services
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 4: Spatial integration, human settlements and local government
Details contained in the business plan	<ul style="list-style-type: none"> Applications for funding from this grant use the National Disaster Management Centre (NDMC) disaster grant guideline which includes the following: <ul style="list-style-type: none"> copy of the classification letter in terms of the Disaster Management Act copy of the declaration of a state of disaster in terms of the Disaster Management Act number of people affected and the extent of damages and losses sectors affected total funds required for disaster response resources (both financial and in-kind) allocated by the province to respond and mitigate the effects of the disaster resources (both financially and in-kind) allocated by other role players, including municipalities, national departments and non-government organisations the affected provincial sector department must indicate funds spent or contributed towards dealing with the disaster support received from non-government organisations and businesses or any other stakeholder copy of the applicable contingency plan and emergency procedures in use by the province (in terms of section 35(1)(d) of the Disaster Management Act) cost-benefit analysis of the projects to be implemented Implementation plan with the following: <ul style="list-style-type: none"> details of the projects to be repaired including GPS coordinates costs of the project consolidated projects cash flow over a six month period as an annexure to the implementation plan An initial funding application from the Provincial Disaster Relief Grant may be based on the initial disaster assessment and verification (draft versions of the supporting documentation required above may be accepted for the initial application)
Conditions	<ul style="list-style-type: none"> Copies of the declaration notice and classification letter in terms of the Disaster Management Act must be submitted to the NDMC This grant may only be used to fund expenditure in the event that the responsible line function organ of state is unable to deal with the effects of the disaster utilising their own legislation, guidelines and resources Funds from this grant must be utilised within six calendar months following the date of the transfer of the funds to the province A provincial department may request the NDMC through their Provincial Disaster Management Centre (PDMC) to apply to the National Treasury to approve that an allocation be utilised more than six calendar months after the date of transfer in terms of section 26(3)(d) of the Division of Revenue Act The emergency procurement system as provided for in the Public Finance Management Act should be invoked to ensure assistance to the affected communities Funds may only be used in line with the approved implementation plan. Any amendments to the implementation plan must be approved by the NDMC and copies of the approved amendments shared with National Treasury The provincial department must provide details of their rapid response capacity in implementing emergency projects
Allocation criteria	<ul style="list-style-type: none"> The grant is allocated for declared and classified disasters based on reports from assessments conducted by the NDMC and the relevant PDMC and affected sectors for immediate disaster relief needs. This should include implementation of Section 56 and 57 of the Disaster Management Act, 2002 (Act 57 of 2002). Additionally, it must be established that there are immediate disaster relief needs that cannot be met by the province through the contingency arrangements already in place. The Accounting Officer for the relevant organ of state must indicate in their application that the total funds required from the grant for disaster response exceed the available resources and or resources already allocated for disaster relief Funding may be released in tranches, with the first tranche based on an initial assessment, verification of the immediate disaster relief needs and the submitted cash flow projection. The next tranches will be released once proof is submitted that the first tranche has been fully spent or committed
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> This grant caters for response and relief from unforeseen and unavoidable disasters

Provincial Disaster Relief Grant	
Past performance	<p>2018/19 audited financial outcome</p> <ul style="list-style-type: none"> The following funds were transferred to the following provincial departments: <ul style="list-style-type: none"> R38 million to Western Cape Department of Agriculture (R38 million spent by the province) R 5 million to KwaZulu-Natal Department of Social Development (no spending) R11.3 million to the KwaZulu-Natal Department of Cooperative Governance and Traditional Affairs (R0.7 million spent) R84.7 million to the Northern Cape Department of Agriculture (R84.5 million spent) <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 2 152 farmers affected by drought and fires benefitted from the provision and transportation of livestock feed by the Western Cape Department of Agriculture 2 379 farmers affected by drought benefitted from the provision and transportation of livestock feed by the Northern Cape Department of Agriculture
Projected life	<ul style="list-style-type: none"> This grant is expected to continue over the 2020 medium term expenditure framework period, but will be subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R138 million; 2021/22: R146 million and 2022/23: R153 million
Payment schedule	<ul style="list-style-type: none"> Transfers are made subject to approval by National Treasury
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the National Disaster Management Centre</p> <ul style="list-style-type: none"> Conduct a preliminary damage assessment and cost verification and submit an initial request to the National Treasury within 14 days of receiving a written funding request or a submission that meets the conditions Confirm support to be provided by relevant national sector departments to prevent duplication of support and resources Seek approval from National Treasury for the disbursement of funds to provincial sector departments within 35 days of receipt of the written funding request and submission of the preliminary report from the PDMC Notify the relevant PDMC and provincial treasury of a transfer at least two days before transfer. Funds must be transferred no later than five days after notification Provide National Treasury with written notification of the transfer within 14 days of a transfer of the grant Submit financial and non-financial reports to National Treasury within 20 days of the end of each month Provide a performance report, within 45 days of the end of the quarter in which the funds were spent, to the National Treasury using the disaster allocation monitoring template agreed to with the National Treasury Together with the PDMC, monitor the implementation of disaster funded projects <p>Responsibilities of Provincial Disaster Management Centres</p> <ul style="list-style-type: none"> Together with the affected provincial departments, conduct initial assessments of disaster impacts to verify the applications for initial funding within 14 days following the occurrence of a reported incident that meets the conditions Conduct assessments of disaster impacts together with the NDMC and the affected provincial departments, to verify applications for funding, within 35 days of the incident while adhering to the requirements of the Disaster Management Act Confirm support to be provided by relevant provincial sector departments to prevent duplication of support and resources Submit requests for disaster funding, monitor projects and provide reports to the NDMC, and provincial treasury Provide financial reports to NDMC within 15 days of the end of each month Provide a performance report which includes evidence on progress implementation of the projects to the NDMC within 35 days of the end of the quarter in which funds are spent Provide a performance report, within 30 days of the end of the quarter in which the funds were spent, to NDMC using the relevant disaster grant allocation-reporting template Monitor the implementation of funded disaster project by sectors Establish provincial project steering committees to coordinate the monitoring and reporting of implementation of projects <p>Responsibilities of provincial sector departments</p> <ul style="list-style-type: none"> Cooperate with the NDMC and PDMC to conduct damage assessment and cost verification Sector departments to submit the relevant contingency plans Submit initial funding request within 14 days following the declaration of a disaster Consult with the relevant national sector departments and provincial treasury for support on existing resources to address the disasters Consult with the relevant national sector department on a funding request before submission to the PDMC Notify provincial treasury of all requests for funding submitted Invoke emergency procurement processes to implement the immediate disaster response projects Monitor implementation of projects and report on their impact Provide a financial and non-financial report to the PDMC and relevant national sector department within 10 days of the end of each month, signed off by the accounting officer. Include evidence (invoices and pictures of the projects) as annexures Provide a performance report which includes evidence, and progress on implementation of the projects, to the PDMC and relevant national sector department within 20 days of the end of the quarter in which funds

Provincial Disaster Relief Grant	
	are spent, signed off by the accounting officer
	Responsibilities of national sector departments <ul style="list-style-type: none"> • Provide support and guidance in resource mobilisation to provincial sectors before a funding request is lodged to the NDMC through the PDMC • Provide support and guidance to provincial sector departments and NDMC regarding line function related matters on assessments and costing verifications • Sector departments to submit the relevant contingency plans • Provide support and guidance to provincial sector departments and the NDMC in the preparation of funding requests • Provide support and guidance to provincial sector departments in the preparation of reports and ensure compliance to the guidelines • Monitor and evaluate implementation of projects by provincial sectors • Provide progress and closeout reports to NDMC during relevant national coordination platforms on the implementation, performance and impact of the projects • Establish an internal departmental task team to monitor, report and evaluate the impact of projects
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Not applicable

HEALTH GRANTS

HIV, TB, Malaria and Community Outreach Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> The implementation of the National Strategic Plan on the HIV, Sexually Transmitted Infections (STIs) and Tuberculosis (TB) 2017 – 2022 and implementation of the National Strategic Plan on Malaria Elimination 2019 – 2023 To improve access to community based primary care services through Ward Based Primary Health Care Outreach Teams (WBPHCOTs) There are five components to this grant that allow for the achievement of the stated strategic goal: <ul style="list-style-type: none"> HIV and AIDS component (with a separate framework) TB component (with a separate framework) Community outreach services component (with a separate framework) Malaria elimination component (with a separate framework) Human Papillomavirus (HPV) component (with a separate framework)
Grant purpose	<ul style="list-style-type: none"> To enable the health sector to develop and implement an effective response to HIV and AIDS To enable the health sector to develop and implement an effective response to TB To ensure provision of quality community outreach services through Ward Based Primary Health Care Outreach Teams To improve efficiencies of the Ward Based Primary Health Care Outreach Teams programme by harmonising and standardising services and strengthening performance monitoring Prevention and protection of health workers from exposure to hazards in the work place To enable the health sector to develop and implement an effective response to support the effective implementation of the National Strategic Plan on Malaria Elimination 2019 – 2023 To enable the health sector to prevent cervical cancer by making available HPV vaccinations for grade five school girls in all public and special schools and progressive integration of Human Papillomavirus into the integrated school health programme
Outcome statements	<ul style="list-style-type: none"> As specified in the five component frameworks
Outputs	<ul style="list-style-type: none"> As specified in the five component frameworks
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> As specified in the five component frameworks
Conditions	<ul style="list-style-type: none"> As specified in the five component frameworks
Allocation criteria	<ul style="list-style-type: none"> As specified in the five component frameworks
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> As specified in the five component frameworks
Past performance	2018/19 audited financial performance <ul style="list-style-type: none"> As specified in the five component frameworks
	2018/19 service delivery performance <ul style="list-style-type: none"> As specified in the five component frameworks
Projected life	<ul style="list-style-type: none"> As specified in the five component frameworks
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R24.4 billion; 2021/22: R27.9 billion and 2022/23: R29.4 billion, of which the five components are allocated: <ul style="list-style-type: none"> HIV and AIDS component: 2020/21: R21.2 billion; 2021/22: R24.2 billion and 2022/23: R25.5 billion TB Component: 2020/21: R512 million; 2021/22: R540 million; and 2022/23: R569 million Community outreach services component: 2020/21: R2.4 billion; 2021/22: R2.6 billion and 2022/23: R2.7 billion Malaria elimination component: 2020/21: R117 million; 2021/22: R111 million and 2022/23: R117 million HPV component: 2020/21: R223 million; 2021/22: R235 million and 2022/23: R244 million Mental health services component: 2021/22: R110 million and 2022/23: R116 million Oncology services component: 2021/22: R110 million and 2022/23: R116 million
Payment schedule	<ul style="list-style-type: none"> Monthly instalments based on the approved payment schedule
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> As specified in the five component frameworks
	Responsibilities of provincial departments <ul style="list-style-type: none"> As specified in the five component frameworks
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> As specified in the five component frameworks

HIV, TB, Malaria and Community Outreach Grant: Community Outreach Services Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To improve access to community based primary care services through Ward Based Primary Health Care Outreach Teams (WBPHCOTs)
Grant purpose	<ul style="list-style-type: none"> • To ensure provision of quality community outreach services through WBPHCOTs by ensuring Community Health Workers (CHWs) receive remuneration, tools of trade and training • To improve efficiencies of the WBPHCOT programme by harmonising and standardising services and strengthening performance monitoring
Outcome statements	<ul style="list-style-type: none"> • Improved access to quality primary care services at community level with a focus on preventive and promotive care, screening for health conditions and referral for relevant services
Outputs	<ul style="list-style-type: none"> • Number of community health workers receiving a stipend • Number of community health workers trained • Number of outreach team leaders trained • Number of HIV defaulters traced • Number of TB defaulters traced
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> • Output indicators • Milestones with projected dates when these will be achieved • Description of how the project will be managed including roles and responsibilities of national and provincial departments • Key activities and resource schedule • Cash flow projections
Conditions	<ul style="list-style-type: none"> • The grant must be used for the implementation of the WBPHCOTs Policy Framework and Strategy • A business plan must be completed and signed-off by the receiving officer and submitted to the transferring officer by 28 February 2020 and signed by the transferring officer and submitted to the National Treasury by 30 March 2020 • All contracted non-governmental organisations receiving funding from this grant must have a service level agreement with the relevant provincial department of health including performance indicators • Provinces that have contracted non-governmental organisations for the programme should make transfer payments as per the stipulations of section 8.4 of the Treasury Regulations and section 38(1)(j) of the Public Finance Management Act
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on the existing number of CHWs providing community based services in all provinces
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Community outreach services are a national priority that require systematic, focused implementation and monitoring in order to achieve the desired outputs, outcomes and impact on defined health indicators
Past performance	2018/19 audited financial outcome <ul style="list-style-type: none"> • Of the R1.5 billion made available, R1.5 billion was transferred to provinces (100 per cent), of which R1.5 billion (100 per cent) was spent by provinces
	2018/19 service delivery performance <ul style="list-style-type: none"> • 2855 functional WBPHCOTs • 46328 CHWs receiving stipends • 1154 outreach team leaders employed • 12514 TB defaulters traced • 40422 HIV defaulters traced
Projected life	<ul style="list-style-type: none"> • Subject to policy developments that will be finalised as part of the implementation of National Health Insurance
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R2.4 billion; 2021/22: R2.6 billion and 2022/23: R2.7 billion
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments based on the approved payment schedule
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Manage, monitor and support community outreach services planning and implementation • Visit provinces twice a year to monitor implementation and provide support • Report to the National Treasury on indicators agreed upon between the two departments • Meet with National Treasury to review grant performance on a quarterly basis

HIV, TB, Malaria and Community Outreach Grant: Community Outreach Services Component	
	<p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Completion of the business plan, in the prescribed format, signed by each receiving officer (provincial department) by 28 February 2020 • Quarterly performance output reports to be submitted within 30 days following the reporting period using standard formats as determined by the national Department of Health. Submit an electronic version, which will be followed by a hard copy signed by the provincial grant receiving manager • Clearly indicate measurable objectives and performance targets as agreed to between the national department and provincial departments, in the provincial departmental business plan for 2020/21 and over the medium term expenditure framework • Provide a list of contracted non-governmental organisations that will provide services • Provincial departments must provide the national Department of Health with full and unrestricted access to all records and data related to the programme and must facilitate the achievement of grant outputs • Include the indicators in the provincial annual performance plans and ensure compliance with the Division of Revenue Act • Ensure that all national indicator data set indicators related to CHWs are entered into the district health information system and that there is accordance between the metrics in the district health information system and the Division of Revenue Act reporting for COS • COS component to be managed as part of the HIV TB, Community Outreach Services and Malaria Grant by the provincial grant manager; however, each province must assign an official to manage the Community Outreach Services component to ensure accountability and reporting on COS financial and non-financial output indicators • Record and report COS component expenditure separately from the HIV, TB, Community Outreach Services and Malaria grant (create an appropriate category in the fund segment on the Basic Accounting System)
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Submission of draft business plans to the national Department of Health by 30 October 2020 • Submission of final business plans to the national Department of Health by 26 February 2021 • Submission of final business plans to the National Treasury by 31 March 2021

HIV, TB, Malaria and Community Outreach Grant: Human Papillomavirus Component	
Transferring department	<ul style="list-style-type: none"> Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> To reduce the incidence of cancer of the cervix through the provision of the Human Papillomavirus (HPV) vaccination to grade five school girls in all public schools and special schools
Grant purpose	<ul style="list-style-type: none"> To enable the health sector to prevent cervical cancer by making available HPV vaccinations for grade five school girls in all public and special schools and progressive integration of Human Papillomavirus (HPV) into the Integrated School Health Programme (ISHP)
Outcome statements	<ul style="list-style-type: none"> Increased access to HPV vaccines by grade five school girls in all public and special schools
Outputs	<ul style="list-style-type: none"> 80 per cent of grade five school girls aged 9 and above vaccinated for HPV 80 per cent of schools with grade five girls reached by the HPV vaccination team
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> The grant component uses a business plan that should contain the following: <ul style="list-style-type: none"> agreed upon services output indicators inputs key activities and allocation risk management plans cash flow management
Conditions	<ul style="list-style-type: none"> Completion of the business plan in the prescribed format determined by the national Department of Health (DoH), signed and submitted by each receiving officer to the transferring officer by 28 February 2020 and submitted to National Treasury by 30 March 2020 Ensure provinces include HPV vaccination indicators in provincial annual performance plans Grant funding must also be used to strengthen capacity in provinces to manage the programme Social mobilisation to promote the uptake of the HPV vaccination to prevent cervical cancer should be done as part of the ISHP In the 2020/21 financial year, the target group for vaccination will be grade five girls
Allocation criteria	<ul style="list-style-type: none"> Allocations based on the number of grade five girls and schools with grade five from the education management information system in each province
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> Cervical cancer is a high national priority and requires uniform implementation to achieve the minimum coverage of 80 per cent and have the desired impact of significantly reducing incidences of cervical cancer
Past performance	<p>2018/19 audited financial outcome</p> <ul style="list-style-type: none"> Allocated and transferred R200 million, of which R179 million (90 per cent) was spent <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> 83.1 per cent of grade four school girls aged 9 years and above vaccinated for HPV: dose 1 61.2 per cent of grade four school girls aged 9 years and above vaccinated for HPV: dose 2 86.7 per cent of schools with grade four girls reached by the HPV vaccination team
Projected life	<ul style="list-style-type: none"> Grant will continue until 2022/23, subject to review
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R223 million; 2021/22: R235 million and 2022/23: R244 million
Payment schedule	<ul style="list-style-type: none"> Payments will be made according to the approved payment schedule
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> Manage the contracts for vaccines and the supporting information systems Monitor and support provincial planning and implementation and meet the province twice a year to review performance Meet with National Treasury to review the performance of the grant on a quarterly basis Strengthen the capacity of provinces to deliver the HPV vaccination programme <p>Responsibilities of provincial department</p> <ul style="list-style-type: none"> Provincial health departments must provide DoH with full and unrestricted access to all records and data related to the programme Assign a dedicated official the responsibility of managing the HPV vaccination programme Where possible, utilise existing human resource and transport capacity at all relevant levels and augment capacity where needed on a contractual basis
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> Draft business plans for 2021/22 must be submitted in an approved format by 30 October 2020 Final business plans signed by each receiving officer must be submitted to the transferring officer by 29 January 2021 and submitted to the National Treasury by 30 March 2021

HIV, TB, Malaria and Community Outreach Grant: HIV and AIDS Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • The implementation of the National Strategic Plan on the HIV, Sexually Transmitted Infections and Tuberculosis (TB) 2017 – 2022
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to develop and implement an effective response to HIV and AIDS • Prevention and protection of health workers from exposure to hazards in the work place
Outcome statements	<ul style="list-style-type: none"> • Improved coordination and collaboration in the implementation of HIV and AIDS grant component between national and provincial government • Improved quality of HIV and AIDS response including access to: <ul style="list-style-type: none"> ○ HIV counselling and testing ○ antiretroviral treatment (ART) ○ adherence monitoring and support ○ prevention of mother-to-child-transmission ○ medical male circumcision
Outputs	<ul style="list-style-type: none"> • Number of new patients started on ART • Total number of patients on ART remaining in care • Number of male condoms distributed • Number of female condoms distributed • Number of infants tested through the Polymerase Chain Reaction test at 10 weeks • Number of clients tested for HIV (including antenatal) • Number of medical male circumcisions performed • Number of patients on ART initiated on Isoniazid Preventative Therapy • Number of adherence clubs • Number of patients participating in adherence clubs
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
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 following priority areas must be supported through the grant: <ul style="list-style-type: none"> ○ ART related interventions ○ care and support ○ condom distribution and high transmission area interventions ○ post exposure prophylaxis ○ prevention of mother to child transmission ○ programme management strengthening (PMS) ○ regional training centres ○ HIV counselling and testing ○ medical male circumcision
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on antenatal HIV prevalence, estimated share of AIDS cases and population numbers post-demarcation
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • HIV, AIDS and TB are key national priorities and require a coordinated response for the country as a whole and this is effectively achieved through a conditional grant
Past performance	<p>2018/19 audited financial performance</p> <ul style="list-style-type: none"> • Allocated and transferred R19.9 billion to provinces of which R19.7 billion (99 per cent) was spent by provinces by the end of the national financial year <ul style="list-style-type: none"> • 2018/19 service delivery performance • 692 397 new patients that started on ART • 4 629 831 patients on ART remaining in care • 726 202 616 male condoms distributed • 17 658 915 female condoms distributed • 1 385 exposed infants HIV positive at 10 weeks PCR test • 14 874 879 clients tested for HIV (including antenatal) • 595 006 medical male circumcisions performed • 487 025 patients on ART initiated on isoniazid preventative therapy (IPT) • 42 734 missing undiagnosed TB infected persons found • 7 727 clients initiated on new generation MDR and XDR regimen • 78 per cent of TB symptom clients screened in facility • 75 per cent TB client treatment success rate • 75 per cent TB Rifampicin Resistant confirmed treatment start rate • 65.5 per cent TB MDR treatment success rate • 20 530 adherence clubs • 601 605 patients participating in adherence clubs • 0 community health workers trained
Projected life	<ul style="list-style-type: none"> • Ongoing in line with National Strategic Plan on the HIV, Sexually Transmitted Infections and TB 2017 – 2022

HIV, TB, Malaria and Community Outreach Grant: HIV and AIDS Component	
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R21.2 billion; 2021/22: R24.2 billion and 2022/23: R25.5 billion
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments based on the approved payment schedule
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> • Visit provinces twice a year to monitor implementation and provide support • Report to the National Treasury on an additional set of indicators agreed upon between the two departments • Meet with National Treasury to review grant performance on a quarterly basis
	Responsibilities of provincial departments <ul style="list-style-type: none"> • Quarterly performance output reports to be submitted within 30 days following the reporting period using standard formats as determined by the national department. Submit an electronic version to be followed by a hard copy signed by the provincial grant receiving manager • Clearly indicate measurable objectives and performance targets as agreed with the national department in the provincial departmental business plans for 2020/21 and over the medium term expenditure framework period
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Submission of draft business plans to the national Department of Health by 30 October 2020 • Submission of final business plans to the national Department of Health by 29 January 2021 • Submission of final business plans to the National Treasury by 31 March 2021

HIV, TB, Malaria and Community Outreach Grant: Malaria Elimination Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • The implementation of National Strategic Plan on Malaria Elimination 2019 - 2023
Grant purpose	<ul style="list-style-type: none"> • To enable the health sector to develop and implement an effective response to support the implementation of the National Strategic Plan on Malaria Elimination 2019 - 2023
Outcome statements	<ul style="list-style-type: none"> • Improved implementation of malaria strategies in support of malaria elimination efforts
Outputs	<ul style="list-style-type: none"> • Number of malaria-endemic municipalities with >95 per cent indoor residual spray (IRS) coverage • Percentage confirmed cases notified within 24 hours of diagnosis • Percentage of confirmed cases investigated and classified within 72 hours • Percentage of identified health facilities with recommended treatment in stock • Percentage of identified health workers trained on malaria elimination • Percentage of population reached through malaria information education and communication (IEC) on malaria prevention and early health-seeking behaviour interventions • Percentage of vacant funded malaria positions filled • Number of malaria camps refurbished and/or constructed
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
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, signed by the provincial HoD and in the prescribed format, must be submitted to the national Department of Health (DoH) by 28 February 2020. The approved business plan must be submitted by national DoH to National Treasury by 30 March 2020 • The following priority areas must be supported through the grant: <ul style="list-style-type: none"> • Malaria surveillance, prevention, treatment <ul style="list-style-type: none"> ◦ mobile active testing units ◦ testing and treating through active testing in the community • Malaria vector control <ul style="list-style-type: none"> ◦ indoor residual spraying ◦ integrated vector management activities • Programme management strengthening for malaria elimination <ul style="list-style-type: none"> ◦ hiring of staff for approved malaria posts • Provinces must maintain funding for malaria from their equitable share at 2016/17 levels, as adjusted for inflation • The grant may be utilised to strengthen programme and administrative human resources capacity
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on malaria incidence and provincial equitable share allocations in endemic provinces
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Malaria is a key national priority, and a seasonal disease, and requires a coordinated response during defined periods for all endemic provinces which is most effectively achieved through a conditional grant and not all provinces are affected
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • New grant component <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • New grant component
Projected life	<ul style="list-style-type: none"> • Ongoing in line with National Strategic Plan on Malaria Elimination
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R117 million; 2021/22: R111 million and 2022/23: R117 million
Payment schedule	<ul style="list-style-type: none"> • Monthly instalments based on the approved payment schedule
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of the national department</p> <ul style="list-style-type: none"> • Visit provinces twice a year to monitor implementation and provide support • Report to the National Treasury on an additional set of indicators agreed upon between the two departments • Meet with National Treasury to review grant performance on a quarterly basis <p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Quarterly financial and performance output reports to be submitted within 30 days following the reporting period using standard formats as determined by the national department. Reports must include budgets and expenditure under both provincial equitable share and the conditional grant. Provinces must submit an electronic version to be followed by a hard copy signed by the provincial grant receiving manager • Indicate measurable objectives and performance targets as agreed with the national department in provincial departmental business plans for 2020/21 and over the medium term expenditure framework period
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Submission of final business plans to the national Department of Health by 26 February 2021 • Submission of final business plans to National Treasury by 31 March 2021

HIV, TB, Malaria and Community Outreach Grant: TB Component	
Transferring department	<ul style="list-style-type: none"> Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> The implementation of the National Strategic Plan on the HIV, Sexually Transmitted Infections and Tuberculosis (TB) 2017 – 2022
Grant purpose	<ul style="list-style-type: none"> To enable the health sector to develop and implement an effective response to TB
Outcome statements	<ul style="list-style-type: none"> Improved coordination and collaboration in the TB response between national and provincial governments Improved quality of TB (including drug resistant-TB) services including access to prevention, screening, testing, treatment and adherence monitoring and support
Outputs	<ul style="list-style-type: none"> Number of TB symptom clients screened in facility (rates for under 5 years and 5 years and older) Number of patients tested for TB using Xpert Number of eligible HIV positive patients tested for TB using urine lipoarabinomannan assay Percentage of TB clients 5 years and older starting on treatment Percentage of confirmed TB Rifampicin Resistant patients started on treatment Number of eligible clients initiated on Delamanid containing regimen
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: Education, skills and health
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"> Submission of the business plan by provincial departments, in the prescribed format, to the national Department of Health (DoH) and signed by the provincial HoD by 20 March 2020
Allocation criteria	<ul style="list-style-type: none"> Allocation is based on TB workload cases and population numbers post-demarcation
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> TB, multi-drug resistant, and extremely drug resistant strains, are key national priorities and require a countrywide coordinated response which is best achieved through a conditional grant
Past performance	2018/19 audited financial performance
	<ul style="list-style-type: none"> New component
Past performance	2018/19 service delivery performance (of target set in business plans)
	<ul style="list-style-type: none"> New component
Projected life	<ul style="list-style-type: none"> Ongoing in line with National Strategic Plan on the HIV, Sexually Transmitted Infections and TB 2017 – 2022
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R512 million; 2021/22: R540 million and 2022/23: R569 million
Payment schedule	<ul style="list-style-type: none"> Monthly instalments based on the approved payment schedule
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department
	<ul style="list-style-type: none"> Submit final business plans for the grant to National Treasury by 30 March 2020 Visit provinces twice a year to monitor implementation and provide support Meet with National Treasury to review grant performance on a quarterly basis
Responsibilities of the transferring officer and receiving officer	Responsibilities of provincial departments
	<ul style="list-style-type: none"> Quarterly performance output reports to be submitted within 30 days following the reporting period using standard formats as determined by the national department. Submit an electronic version to be followed by a hard copy signed by the provincial grant receiving manager Clearly indicate measurable objectives and performance targets as agreed with the national department in provincial departmental business plans for 2020/21 and over the medium term expenditure framework Must assign an official to be responsible for this component
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> Submission of draft business plans to the national Department of Health by 30 October 2020 Submission of final business plans to the national Department of Health by 29 January 2021 Submission of final business plans to the National Treasury by 31 March 2021

Health Facility Revitalisation Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To enable provinces to plan, manage, and transform health infrastructure in line with national and provincial policy objectives
Grant purpose	<ul style="list-style-type: none"> • To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organisational development systems and quality assurance • To enhance capacity to deliver health infrastructure • To accelerate the fulfilment of the requirements of occupational health and safety
Outcome statements	<ul style="list-style-type: none"> • Improved service delivery by provincial departments as a result of an enhanced and better quality of health services • Improved quality and quantity of well-maintained health infrastructure (backlog and preventative maintenance) • Improved rates of employment and skills development in the delivery of infrastructure • Value for money and cost-effective design of facilities in line with the Framework for Infrastructure Procurement and Delivery Management (FIPDM)
Outputs	<ul style="list-style-type: none"> • Number of PHC facilities constructed or revitalised • Number of hospitals constructed or revitalised • Number of facilities maintained, repaired and/or refurbished
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> • The business plan for this grant consists of the following: <ul style="list-style-type: none"> ○ the User-asset Management Plan (U-AMP) for at least 10 years ○ Infrastructure Programme Management Plan (IPMP) over the 2020 medium term expenditure framework (MTEF) including a list of projects ○ annual implementation plan (AIP)
Conditions	<ul style="list-style-type: none"> • Projects should be initiated in terms of the control framework of the FIPDM stage 0 which requires an initiation report. Pre-feasibility and feasibility reports are required for all projects • With the exception of funding for costs incurred on stages 0, 1 and 2 of FIPDM, projects (business case, project brief and design) must be approved by the national transferring officer before funds can be released for such projects • The management and procurement of all projects funded through this grant must follow the prescripts of the Infrastructure Delivery Management System and FIPDM • Provinces may utilise a portion of grant funding for the appointment of public servants on a permanent basis to their infrastructure units in line with human resource capacitation circular published by National Treasury • In instances where the capacity of the provincial departments of public works is deemed insufficient, the provincial department of health will be entitled to engage alternative implementing agents, provided that supply chain management processes as prescribed in the Treasury Regulations for appointment of service providers are followed • Provincial departments of health must enter into a service delivery agreement with their implementing agents • Appropriately qualified built environment representatives from the provincial departments' infrastructure units must assist in the procurement of professional service providers and contractors by its implementing agent, through representation as a member on the specification, evaluation and adjudication committees of the implementing agent • Continuing in the 2020/21 financial year, new facilities will only be funded from the grant if proof of operational budget that includes the approved organisational structure (staff structure) is submitted prior to the approval of the clinical brief. Endorsement of the operational budget by the provincial treasury will have to be acquired as part of the approval process
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2020/21 are project and performance based
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through a conditional grant enables the national department to ensure the delivery, rehabilitation, maintenance and upgrading of health infrastructure in a coordinated and efficient manner and ensure consistency with national norms, standards and guidelines for health facilities
Past performance	2018/19 audited financial outcomes <ul style="list-style-type: none"> • Of the R6.1 billion made available R6.1 billion was transferred to provinces (100 per cent), of which R6.1 billion (100 per cent) was spent by provinces
	2018/19 service delivery performance <ul style="list-style-type: none"> • 14 facilities completed • 73 facilities maintained • 34 facilities upgraded and renovated • 39 facilities commissioned in terms of health technology
Projected life	<ul style="list-style-type: none"> • Health is a key government priority and given the need to continually maintain health infrastructure to ensure that norms and standards are maintained, the grant will remain in place until at least the end of the 2020 MTEF
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R6.4 billion; 2021/22: R6.7 billion and 2022/23: R7 billion
Payment schedule	<ul style="list-style-type: none"> • Transfers are made on a quarterly basis in accordance with a payment schedule approved by National Treasury
Responsibilities of the transferring officer and	Responsibilities of the national department <ul style="list-style-type: none"> • Coordinate and facilitate site visits

Health Facility Revitalisation Grant	
receiving officer	<ul style="list-style-type: none"> • Attend quarterly provincial infrastructure progress review meetings with National Treasury • Provide guidance to provinces on planning, prioritisation and evaluating of U-AMP, IPMP, AIP, project proposals and concept reports that provinces develop and submit • Review if provinces comply with the FIPDM • Issue guidelines on the capacitation process of infrastructure units, as well as the conditions attached to the utilisation of funds • National Department of Health (DoH) and National Treasury must jointly evaluate progress with capacitation of provincial infrastructure units and provide feedback to all provinces • DoH must submit quarterly infrastructure reports to National Treasury, according to the template agreed between National Treasury and DoH, within 45 days after the end of each quarter
	Responsibilities of provincial departments <ul style="list-style-type: none"> • Provincial departments must hold progress review meetings with the relevant implementing agents • Annual implementation plans signed-off by the Head of Department, sent to the DoH for approval by 6 March 2020 • The 2019 MTEF project list as captured in the AIP for both current and capital budgets should cover: <ul style="list-style-type: none"> ○ maintenance of infrastructure ○ renovations, upgrading and additions of infrastructure ○ new and replacement of infrastructure ○ health technology provision organisational development and quality assurance interventions linked to infrastructure projects • Provinces must submit to national DoH quarterly reports for all projects funded in the 2020/21 financial year in this grant to the Infrastructure Reporting Model (IRM) through the project management information system (PMIS) • Provincial departments of health must align infrastructure plans (U-AMP and IPMP) with their respective Strategic Plans and Annual Performance Plans • Provinces will include or transfer to Department of Public Works the list of completed projects to be part of their asset register • Provinces should undertake life cycle maintenance as well as the full operation, staffing and management of the projects in facilities completed under this grant
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • The process for approval for the 2021 MTEF will be in line with the performance-based incentive approach guidelines published by National Treasury and national DoH • Submission of the U-AMP for 2021/22 by DoH to National Treasury and DoH by 29 June 2020 • Submission of the IPMP for 2020/21 by DoH to National Treasury and DoH by 31 August 2020 • Submission of the final 2021/22 project list aligned with the MTEF Allocations and AIP by 5 March 2021

National Health Insurance Grant	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> • Schedule 5, Part A
Strategic goal	<ul style="list-style-type: none"> • To achieve universal health access through the phased implementation of National Health Insurance (NHI) and to improve access to quality healthcare services
Grant purpose	<ul style="list-style-type: none"> • To expand the healthcare service benefits through the strategic purchasing of services from healthcare providers
Outcome statements	<ul style="list-style-type: none"> • Implementation of strategic purchasing platform for primary healthcare providers
Outputs	<ul style="list-style-type: none"> • Number of health professionals contracted (total and by discipline) • Number of health professionals contracted through capitation arrangements
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> • Number of health professionals to be contracted, including: <ul style="list-style-type: none"> ○ process of accreditation of providers ○ performance monitoring requirements ○ processes for the management and reimbursement of health professionals ○ output indicators, including: <ul style="list-style-type: none"> ○ target population ○ number of patients to access care ○ elimination of backlogs ○ key milestones with projected dates when these will be achieved ○ key activities and resource schedule ○ monitoring and evaluation plan ○ risk management plans ○ cash flow projections
Conditions	<ul style="list-style-type: none"> • Submission of signed business plans by receiving officer to transferring officer on 28 February 2020 and submission to National Treasury by transferring officer on 31 March 2020 • The funding will be used for the following services: <ul style="list-style-type: none"> ○ contracting of health practitioner services for primary care units ○ with respect to addressing surgical backlogs, provincial health departments to supply verified data on backlogs ○ this grant may not fund the costs of drugs, materials, consumables and laboratory tests
Allocation criteria	<ul style="list-style-type: none"> • As identified in the business plan, allocations are based on the following criteria: <ul style="list-style-type: none"> ○ prevalence of identified conditions ○ provinces with greatest needs are prioritised ○ number of health professionals contracted ○ defined reduction in specified backlogs
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • The principle of a single fund is articulated in the Cabinet approved White Paper on National Health Insurance. This situation calls for dedicated funding which will allow for institutionalisation over time as a single NHI Fund
Past performance	<p>2018/19 audited financial outcomes</p> <ul style="list-style-type: none"> • Of the R892 million made available for the NHI Indirect Grant, R589 million (66 per cent) was spent <p>2018/19 service delivery performance</p> <ul style="list-style-type: none"> • Number of health professionals contracted: 247 • Number of health professionals contracted through capitation arrangements: capitation model only completed at year-end and no contracting had started yet • Improved identification and management of high risk pregnancies: funds reprioritised – not achieved
Projected life	<ul style="list-style-type: none"> • Expected to remain in place until the NHI Fund is created through legislation
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R289 million; 2021/22: R300 million and 2022/23: R311 million
Payment schedule	<ul style="list-style-type: none"> • Payments will be made quarterly (in advance) in line with approved programme implementation plans with the service providers
Responsibilities of the transferring officer and receiving officer	<p>Responsibilities of national department</p> <ul style="list-style-type: none"> • Support provincial departments to ensure achievement of grant outcomes • Conduct monitoring and evaluation of the grant • Submission of quarterly financial and non-financial performance reports to the National Treasury in the prescribed format <p>Responsibilities of provincial departments</p> <ul style="list-style-type: none"> • Facilitate the achievement of grant outputs • Ensure that the provision and funding of existing programmes and services continues and is not substituted by the implementation of this grant • Submission of quarterly financial and non-financial performance reports to the national DoH with respect to the continuation of provision and funding of existing programmes and services • Provincial health departments must provide the national DoH with full and unrestricted access to all records and data related to the programme and to facilities to implement systems
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> • Provinces must submit business plans by a date stipulated by the national Department of Health • Submission of signed business plan by the transferring officer to the National Treasury by 31 March 2021

National Health Insurance Indirect Grant	
Transferring department	<ul style="list-style-type: none"> Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> To strengthen the public healthcare system in preparation for National Health Insurance (NHI), design of NHI through innovative testing of new reforms and to improve quality of services at primary health care facilities To achieve universal health access through the phased implementation of NHI and to improve access to quality healthcare services To ensure appropriate health infrastructure that is in line with national and provincial policy objectives This grant has three components: <ul style="list-style-type: none"> Non-Personal Services Component Personal Services Component Health Facility Revitalisation Component
Grant purpose	<ul style="list-style-type: none"> To create an alternative track to improve spending, performance as well as monitoring and evaluation on infrastructure in preparation for National Health Insurance (NHI) To enhance capacity and capability to deliver infrastructure for NHI To accelerate the fulfilment of the requirements of occupational health and safety Expand the alternative models for the dispensing and distribution of chronic medication Develop and roll-out new health information systems in preparation for NHI Enable the health sector to address the deficiencies in the primary healthcare facilities systematically to yield fast results through the implementation of the Ideal Clinic programme To expand the healthcare service benefits through the strategic purchasing of services from healthcare providers
Outcome statements	<ul style="list-style-type: none"> As specified in the three component frameworks
Outputs	<ul style="list-style-type: none"> As specified in the three component frameworks
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> As specified in the three component frameworks
Conditions	<ul style="list-style-type: none"> As specified in the three component frameworks
Allocation criteria	<ul style="list-style-type: none"> As specified in the three component frameworks
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> As specified in the three component frameworks
Past performance	2018/19 audited financial outcome <ul style="list-style-type: none"> As specified in the three component frameworks
	2018/19 service delivery performance <ul style="list-style-type: none"> As specified in the three component frameworks
Projected life	<ul style="list-style-type: none"> Subject to policy developments that will be finalised as part of the implementation of NHI
MTEF allocations	<ul style="list-style-type: none"> 2020/21: R2.3 billion; 2021/22: R2.5 billion and 2022/23: R2.7 billion, of which the three components are: <ul style="list-style-type: none"> Non-Personal Services Component: 2020/21: R740 million; 2021/22: R723 million and 2022/23: R734 million Personal Services Component: 2020/21: R255 million; 2021/22: R339 million and 2022/23: R341 million Health Facility Revitalisation Component: 2020/21: R1.3 billion; 2021/22: R1.5 billion and 2022/23: R1.6 billion, of which the following amounts are earmarked for the Limpopo Academic Hospital project: 2020/21: R653 million, 2021/22: R488 million and 2022/23: R511 million
Payment schedule	<ul style="list-style-type: none"> As specified in the three component frameworks
Responsibilities of the transferring officer and receiving officer	Responsibilities of the national department <ul style="list-style-type: none"> As specified in the three component frameworks
	Responsibilities of provincial departments <ul style="list-style-type: none"> As specified in the three component frameworks
Process for approval of 2021/22 business plans	<ul style="list-style-type: none"> As specified in the three component frameworks

National Health Insurance Indirect Grant: Health Facility Revitalisation Component	
Transferring department	<ul style="list-style-type: none"> • Health (Vote 18)
Grant schedule	<ul style="list-style-type: none"> • Schedule 6, Part A
Strategic goal	<ul style="list-style-type: none"> • To ensure appropriate health infrastructure that is in line with national and provincial policy objectives
Grant purpose	<ul style="list-style-type: none"> • To create an alternative track to improve spending, performance as well as monitoring and evaluation on infrastructure in preparation for National Health Insurance (NHI) • To enhance capacity and capability to deliver infrastructure for NHI • To accelerate the fulfilment of the requirements of occupational health and safety
Outcome statements	<ul style="list-style-type: none"> • Appropriate procurement of service providers for infrastructure delivery for NHI • Improved spending, performance, monitoring and evaluation of infrastructure projects for NHI • Improved employment and skills development in the delivery of infrastructure for NHI • Value for money and cost-effectively designed facilities in line with the Framework for Infrastructure Delivery and Procurement Management (FIDPM) • Improved patient experience of care
Outputs	<ul style="list-style-type: none"> • Number of PHC facilities constructed or revitalised • Number of hospitals constructed or revitalised • Number of facilities maintained, repaired and/or refurbished
Priority of government that this grant primarily contributes to	<ul style="list-style-type: none"> • Priority 2: Education, skills and health
Details contained in the business plan	<ul style="list-style-type: none"> • The infrastructure programme management plan (IPMP) for the 2019 medium term expenditure framework (MTEF) aligned to the infrastructure delivery management system and FIDPM will be submitted on 28 May 2020 and will include the following: <ul style="list-style-type: none"> ◦ costed project lists with annual cash flow projections per project for the full duration of the projects on the programme ◦ projected milestones per project for FIDPM control framework stages indicating current stage of the project
Conditions	<ul style="list-style-type: none"> • The national Department of Health (DoH) must, in consultation with the provinces, have in place an intergovernmental protocol framework covering the 2019 MTEF and outlining how the grant will operate as well as the responsibility and functions of each sphere. Project sheets will form part of the agreement • Should there be an amendment to an existing protocol agreement, the amended agreement should be submitted to the National Treasury by 29 June 2020 • Prior to submitting the IPMP, each provincial department must have signed-off a project sheet for all projects funded from the grant which lists scope of work, current stage and anticipated target dates for achieving stages of the control framework, operational budgets (i.e. personnel, equipment, etc.) and maintenance budgets • With all new projects, DoH must comply with FIDPM processes • For projects with a total project cost exceeding R500 million, DoH must notify National Treasury when FIDPM stage 3 is reached • The grant component must only be spent on projects included in the business plan and project lists signed by provinces. Projects can only be added to the business plan as part of the adjustment budget process, subject to National Treasury approval • Appropriately qualified built environment representatives from the national department must assist in the procurement of professional service providers and contractors by its implementing agent • DoH may utilise a portion of grant funding for the appointment of public servants on 36 month contracts to their infrastructure units. The amount that can be used for this is determined in terms of the conditions set in terms of the 2020 Appropriation Act • All completed projects must have a close-out report with a documented maintenance plan • New facilities will only be funded from the grant if proof of operational budget that includes the approved organisational structure (staff structure) is submitted prior to the approval of the clinical brief. Endorsement of the operational budget by the provincial treasury must be acquired as part of the approval • The amounts earmarked for Limpopo Academic Hospital may only be used for this project and are subject to the conditions set out in Annexure B of the 2019 MTEF allocation letter of the Department of Health
Allocation criteria	<ul style="list-style-type: none"> • Allocations for 2020/21 are project based
Reasons not incorporated in equitable share	<ul style="list-style-type: none"> • Funding infrastructure through an indirect conditional grant enables the national department to ensure the delivery and maintenance of health infrastructure in a coordinated and efficient manner that is consistent with national norms, standards and guidelines for health facilities
Past performance	2018/19 audited financial outcomes <ul style="list-style-type: none"> • Allocated R836 million of which R706 million (84 per cent) was spent by the end of the financial year
	2018/19 service delivery performance <ul style="list-style-type: none"> • 0 new facilities completed • 97 facilities maintained • 0 (completed) facilities upgraded, extended, renovated and refurbished
Projected life	<ul style="list-style-type: none"> • NHI is a key government priority and given the need to continually maintain health infrastructure and ensure that norms and standards are maintained, the grant will continue over the 2020 MTEF, subject to review
MTEF allocations	<ul style="list-style-type: none"> • 2020/21: R1.3 billion, 2021/22 R1.5 billion and 2022/23: R1.6 billion, of which the following amounts are earmarked for the Limpopo Academic Hospital (LAH) project: <ul style="list-style-type: none"> ◦ 2020/21: R653 million, 2021/22: R488 million and 2022/23: R511 million
Payment schedule	<ul style="list-style-type: none"> • Monthly payments made according to verified and approved invoices from the services providers