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**PUBLICATION OF GOVERNMENT GAZETTE REQUIRED
IN TERMS OF SECTION 24(1) OF THE DIVISION OF
REVENUE ACT, 2003 (ACT 7 OF 2003)**



AIDS HELPLINE: 0800-0123-22 Prevention is the cure

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GENERAL NOTICE

NOTICE 616 OF 2003

NATIONAL TREASURY

In accordance with section 24 of the Division of Revenue Act, 2003 (Act No. 7 of 2003) ("the Act"), I, Trevor Andrew Manuel, MP, in my capacity as the Minister of Finance, hereby publish the conditions to the allocations made to the provinces in terms of section 7 of the Act, as set out in the attached frameworks for such allocations marked Annexure A.



TREVOR A MANUEL, MP
MINISTER OF FINANCE

Frameworks for Conditional Grants to Provinces

Detailed Frameworks on Schedules 4, 5 and 7 Grants to Provinces

Introduction

This appendix provides a framework for each grant in Schedules 4, 5, and 7 of the Division of Revenue Bill. The following are key areas considered for each grant:

- Purpose and measurable objectives of the grant
- Conditions of the grant
- Criteria for allocation between provinces or municipalities
- Rationale for funding through a conditional grant
- Monitoring mechanisms
- Past performance
- The projected life of the grant
- The payment schedule
- Capacity and preparedness of the transferring department

AGRICULTURE GRANTS

Land Care Programme Grant	
Transferring Department	Agriculture (Vote 26)
Purpose	<ul style="list-style-type: none"> • To address the degradation problems of natural resources and improve the socio-economic status of rural communities
Measurable objectives/outputs	<ul style="list-style-type: none"> • Rehabilitation of irrigation schemes to benefit small scale farmers • Rehabilitation and improvement in veldt management • Improvement in production systems for small scale farmers • Reduction in depletion of soil fertility and soil acidity • Training facilitation
Conditions	Implementation of approved projects according to the project schedule
Allocation criteria	Based on the submission of projects by Provinces, with some bias towards the poorest provinces
Reasons not incorporated to equitable share	The funding is from the special poverty allocation made by national government
Monitoring mechanisms	<ul style="list-style-type: none"> • Provinces report monthly on implementation progress • Impact assessment to be completed by the end of 2002/03 financial year
Past performance	2001/02 <ul style="list-style-type: none"> • 100 per cent spending of allocation • Evaluation of completed and ongoing projects completed
	2002/03 <ul style="list-style-type: none"> • 50 per cent has already been spent on projects by end of December 2002 • Expect all funds to be spent, although in some provinces they have been waiting for the rains to start in order to proceed without causing any degradation of the land and environment
Projected life	12 Months
Payment schedule	Four quarterly instalments
Capacity and preparedness of the transferring department	All administration, monitoring and reporting capacity is in place

Special Food Security Projects (Indirect Transfer)	
Transferring Department	Agriculture (Vote 26)
Purpose	To implement special programme for food security
Measurable Objectives/ outputs	<ul style="list-style-type: none"> • Rehabilitation of irrigation schemes to benefit small scale farmers • Training facilitation • Improvement of community vegetable garden • Reduce household food insecurity
Conditions	Funds used specifically for special programme for food security
Allocation criteria	<p>Based on the implementation report prepared by the Food Agricultural Organisation of the United Nation which has identified three poorest provinces to be included in the pilot programme</p> <p>Total allocations of R10 million are made to: Eastern Cape—R2 million Limpopo—R6 million Kwazulu-Natal— R2 million</p>
Reasons not incorporated to equitable share	The funding is from the special poverty allocation made by the national government
Monitoring mechanisms	Province to report monthly on implementation progress
Past performance	The preparatory phase completed
Projected life	12 Months
Payment schedule	Not applicable (indirect transfer) – Accounting responsibility rests with the accounting officer of the transferring national department

EDUCATION GRANTS

Financial Management and Quality Enhancement	
Transferring department	Education (Vote 15)
Purpose	To improve financial management in the education system and improve the quality of education in schools
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Training of school management teams governing bodies and district officials in leadership, management, financial planning, asset management and school development planning • Training of educators on curriculum and classroom management, and teaching of scarce subjects such as mathematics and science • Training of education officials on systemic evaluation and whole school evaluation • Increase in the number of girl learners from disadvantaged communities, focusing on the nodal areas that study gateway subjects such as Maths, Science, Technology and Art • Schools that obtained 0-30 per cent in 2002 matriculation to improve the pass rate by 45 per cent • Improved school safety, targeting crime such as drugs, vandalism, and racism through advocacy campaigns • Development and distribution of handbooks on financial management including, systems on finances, education management information and learner support management systems • Establishment of food gardens in schools in the nodal areas to supplement the Integrated Nutrition Programme and to improve the physical environment • Rationalisation of 152 Technical colleges into 50 further education and training institutions • Schools in the nodal areas participate in music competitions and learners to take part in extra curricula activities including art, sport, culture and indigenous games • Schools in the nodal areas are supplied with Science, Technology, and Art kits and educators would be trained in the use of the kits • Conversion of some schools in nodal areas into full-service schools that can deal with all types of learners, and training of district support teams on strategies to deal with learners with disabilities • Audits of leave records in all provincial education departments completed by 31 March 2004
Conditions	<ul style="list-style-type: none"> • Provincial business plans with the focus on the above outputs must be approved by the Accounting Officer of the Department of Education (DoE) before the flow of the first instalment • The outputs as outlined in the approved business plans must be achieved • The conditional grant should not be used to cover recurrent costs such as rates and taxes, salaries and construction of buildings and procuring equipment such as computers • The Director-General must approve deviation from the approved business plans
Allocation criteria	Education component of the provincial equitable share formula
Reasons for funding through conditional grants	Enables the DoE to play an oversight role over the implementation of national education priorities for improvement in management and outputs of the education system and ensures that the priority areas are given prominence in the provinces
Monitoring mechanisms	<ul style="list-style-type: none"> • The Department of Education has scheduled inter-provincial meetings to be held once every three months to discuss progress on projects under this programme • Financial reports to be submitted to the national Department of Education by the 15th of every month; and narrative reports to be submitted a week before the inter-provincial meeting • On-site visits by the national department to ensure compliance with the approved business plans are conducted twice a year • The DoE will conduct performance monitoring and evaluation
Performance	<p>2001/02</p> <ul style="list-style-type: none"> • All funds were transferred to provinces. Although there was an under-expenditure of about 14 per cent, this was an improvement compared to previous years of the existence of this conditional grant • A number of workshops, training and advocacy activities were undertaken targeting school governing bodies, school management, regional and district education management and educators. These are expected to contribute to improved school effectiveness through improved school management and governance, improved assessment of learners, reduced crime, and improved learner enrolment for mathematics and science <p>Projections for 2002/03</p> <p>The planning for this year has significantly improved compared to the past years. By April 2002 business plans of all the provinces were approved and the first transfer was affected in April 2002. Expenditure as of December 2002 amounts to R69 million or 52,6 per cent of total allocation</p>
Projected life	The allocation of this grant is envisaged to continue for at least the current MTEF years [2003/04 until 2005/06]
Payment schedule	Four instalments (15 April 2003, 15 July 2003, 15 October 2003 and 15 January 2004)
Capacity and preparedness of the transferring department	<ul style="list-style-type: none"> • The overall co-ordination of the programme is the responsibility of the Development Support Directorate in the Department of Education. The Budget Review and Advisory Committee of the Department of Education, chaired by the Chief Financial Officer is overseeing the management of the grant. The Deputy Director-General responsible for Planning and Monitoring chairs the inter-provincial meetings • Coordination with the provincial education departments is realised through the inter-provincial meetings that happen every eight weeks. The individual project managers at national have also developed their own system of coordinating with the provinces

Early Childhood Development Grant (ECD)	
Transferring department	Education (Vote 15)
Purpose	To provide children eligible for the Reception Year (Grade R) with access to a quality education and care programme, particularly in poor communities.
Measurable objectives/outputs	<ul style="list-style-type: none"> • 4 500 Licensed Grade R practitioners • 4 500 Registered community based ECD sites • 135 000 learners able to continue their learning in the Foundation Phase • Accreditation of 25 training providers • 4 500 basic educational kit of learning materials for each learning site
Conditions	<ul style="list-style-type: none"> • Provincial business plans with the focus on the above outputs must be approved by the Accounting Officer of the national Department before the flow of the first instalment • The outcomes as outlined in the approved business plans must be achieved
Allocation criteria	Education component of the equitable share formula is used to allocate amongst provinces.
Reason not incorporated in equitable share	Enables the Department of Education to provide overall direction to ensure congruency, coherence, and alignment with the agreed upon National ECD Strategy and the National Framework Plan for ECD. It also enables the Department of Education to play an oversight role over the implementation of the pilot ECD programme in primary schools and selected community based sites in the provinces
Monitoring mechanisms	<ul style="list-style-type: none"> • Quarterly review <ul style="list-style-type: none"> — The Department of Education in collaboration with the responsible provincial officials will conduct these reviews. The reviews will be targeted at projects in which expenditure levels are lower or significantly higher than the projected figures in the business plans following an analysis of monthly cash flow statements on the projects. This exercise is intended to deal with difficulties in the implementation of projects by providing the necessary support in good time • Mid-year review <ul style="list-style-type: none"> — This is a substantive review exercise intended for all national and provincial projects under this programme. It will focus on the financial and programmatic issues on all projects with the view to assess the impact and identify key systemic problems that need to be confronted in the education system. There will be broad consultations between the national and provincial officials to finalise details on this matter
Performance	<p>2001/02</p> <ul style="list-style-type: none"> • All provinces participated in development of business plans and activated delivery • Achievements to date include the following: <ul style="list-style-type: none"> — Financial and administrative systems are in place in the provinces to administer the programme — National and provincial co-ordinators contracted to support implementation of the project — 2 668 selected sites are receiving subsidies as planned — Tenders have been awarded for the procurement and delivery of basic educational kit to 3 000 sites <p>Projected for 2002/03</p> <ul style="list-style-type: none"> • 2668 practitioners to be trained during 2002/3 to acquire accredited Level 4 qualifications • Basic educational kits delivered to 3 000 sites • 150 management structures to be trained to offer support to the selected sites • Promotion of the programme through the advocacy and information campaign
Projected life	The pilot programme is planned to run until 2003/04. thereafter the programme will be funded from provincial budgets
Payment schedule	Quarterly instalments (April, July, October and January)
Capacity and preparedness of the transferring department	The overall co-ordination of the programme is the responsibility of the Chief Directorate: Curriculum and Assessment Development and Learner Achievement in the Department of Education

HIV/Aids Grant—Education	
Transferring Department	Education (Vote 15)
Purpose	<ul style="list-style-type: none"> To deliver life skills and HIV/Aids education in primary and secondary schools
Measurable/objectives outputs	<ul style="list-style-type: none"> An additional 200 trained master trainers An additional 15 000 trained primary and secondary school teachers Verified implementation of the life skills programmes in an additional 35 per cent primary and secondary schools Peer education framework conceptualised and piloted in 6 secondary schools per province Course for life skills programme for teachers designed and related support material developed Ongoing training of life orientation educators, and other educators in sexuality education and care, support of infected and affected learners and educators, which they have to teach to learners as part of a compulsory curriculum in schools Training of all educators in the system in life skills to deal with their own sexuality and risks to HIV/Aids infection
Conditions	<ul style="list-style-type: none"> Provincial business plans with the focus on the above outputs must be approved by the Accounting Officer of the national department before the flow of the first instalment The outcomes as outlined in the approved business plans must be achieved
Allocation criteria	Education component of the equitable share formula is used to allocate amongst provinces
Reason not incorporated in equitable share	Enables the Department of Education to provide overall direction to ensure congruency, coherence, and alignment with the National Strategy for HIV/Aids and the National Integrated Plan for Children Infected and Affected by HIV/Aids is ensured. It also enables the Department of Education to play an oversight role over the implementation of life skills programmes in primary and secondary schools
Monitoring mechanisms	<ul style="list-style-type: none"> Departments of Education, Health and Social Development will schedule inter-departmental and inter-provincial meetings Monitoring and evaluation will be conducted by the national Department of Education
Performance	2001/02 An HIV/Aids provincial co-ordinator was appointed for each province, and booklets on HIV/Aids were printed and distributed in all provinces
	Projections for 2002/03 <ul style="list-style-type: none"> 46.5 per cent of the allocation was spent up to the end of December 2002 HIV/Aids provincial co-ordinators have been re-appointed and vacancies filled as they arise. National co-ordinator has been appointed and this has enhanced project management capacity, effectiveness and efficiency
Projected life	It is envisaged that, given the nature of the epidemic, the need for such a grant will persist for another 6 to 9 years at least
Payment schedule	Four instalments (15 April 2003, 15 July 2003, 15 October 2003 and 15 January 2004)
Capacity and preparedness of the transferring department	The overall co-ordination of the programme is the responsibility of the Chief Directorate: Curriculum and Assessment Development and Learner Achievement in the Department of Education. The Budget Review and Advisory Committee of the Department of Education, chaired by the Chief Financial Officer is overseeing the management of the grant

Thuba-Makote: Schools as Centres for Community Development (Indirect Transfer — Grant in Kind)	
Transferring department	Education (Vote: 15)
Purpose	To develop and pilot a cost effective approach to the design, construction and management of school facilities which will also meet the developmental needs of rural communities
Measurable outputs	<ul style="list-style-type: none"> • Construction of 20 multi-functional schools facilities • 9 projects (schools) to be completed in 2002/03 financial year • Construction of 11 schools to be started in 2003/04 financial year
Conditions	<ul style="list-style-type: none"> • Construction and utilisation of facilities must adhere to the requirements of Poverty Relief, Infrastructure Investment and Job Summit Fund for creation of job opportunities for local people, focusing on women, youth, and disabled • Skills training and transfer to the local people must be a major focus in the conceptualisation of the programme • Capacity building in the school community for the effective maintenance and management of the facilities must also be included in the programme
Allocation criteria	For 2001/02 the amount was divided equally amongst the provinces and for 2002/03 and 2003/04 the backlog in infrastructure in provinces was taken into account
Reason not incorporated in equitable share	The programme aims to develop and pilot models, which will provide a new approach to the design, construction and management of school facilities. The programme provides innovations in these areas and needs to be managed from a national level
Monitoring mechanisms	<ul style="list-style-type: none"> • The implementation of the projects will be monitored and supported through a steering committee comprising representatives from provincial education departments and other appropriate organizations • Each pilot project site will be visited regularly to monitor progress • Monthly progress reports for approved pilot projects • Quarterly progress reports in line with the reporting requirements set by National Treasury for the special allocations for poverty relief, infrastructure and job summit projects
Past performance	<p>2001/02 The allocation for the financial year 2001/2 totalled R48 million:</p> <ul style="list-style-type: none"> • Expenditure amounted to R35 million, resulting in roll over of R13 million • 9 projects were started <p>Projection for 2002/03 The rollovers and the R47 million allocated this year are used to honour contractual obligations for 9 projects (<i>schools</i>) started in the 2001/02 financial year, which will be completed by the end of this year.</p>
Projected life	This grant phases out in 2003/04
Payment schedule	Not applicable (indirect transfer) — Accounting responsibility rests with the accounting officer of the transferring national department
Capacity and preparedness of the transferring department	<ul style="list-style-type: none"> • An implementing agency has been appointed • The Department of Education has established a Directorate: Physical Planning and has appointed the Director: Physical Planning as the Programme Manager of the project

Poverty Relief Allocation for National Ikhwelo Project (Indirect Transfer — grant in kind)	
Transferring department	Education (Vote 15)
Purpose	The overall goal of the project is to provide access to skills development in General Education and Training for adult learners to enhance their social and economic capacity
Measurable objectives outputs	<ul style="list-style-type: none"> • 450 Educators trained and employed to deliver agriculture and SMME learning programmes • 16 000 Adults engaged in lifelong learning • 480 Governing bodies and center managers capacitated to govern and manage
Conditions	<ul style="list-style-type: none"> • The programme must adhere to the requirements of Poverty Relief, Infrastructure Investment and Job Summit Fund for creation of job opportunities for local people, focusing on women, youth, and disabled
Allocation criteria	The illiteracy rates in provinces as well as the socio-economic conditions of the provinces were taken into account
Reasons not incorporated in equitable share	Special allocation from the national Poverty Relief Fund
Monitoring mechanisms	<ul style="list-style-type: none"> • Quarterly progress reports in line with the reporting requirements set by National Treasury for the special allocations for poverty relief, infrastructure and job summit projects • National Committee of provincial Adult Basic Education and Training (ABET) heads together with the Directorate Adult Education and Training monitor and provide progress reports to the Director-General
Past performance	<ul style="list-style-type: none"> • Learner Support Materials in agriculture have been procured through SMMEs and sent to provinces • 240 educators have been appointed to work in the 60 centers • Placement tests are being conducted in the centers • 10 co-coordinators have been appointed to coordinate the project • Information sessions about conditions of service are taking place in provinces
Projected life	The allocation of this grant is envisaged to end in 2003/04 financial year
Payment schedule	Not applicable (indirect transfers to provinces) — accounting responsibility rests with the accounting officer of the transferring national department
Capacity and preparedness of the transferring department	The overall co-ordination of the programme is the responsibility of the Chief Directorate: Curriculum and Assessment Development and Learner Achievement in the Department of Education

HEALTH GRANTS

National Tertiary Service Grant (NTSG)	
Transferring department	Health (Vote 16)
Purpose	<ul style="list-style-type: none"> To fund national tertiary services, as identified and costed by the Department of Health (DOH) To ensure equitable access by all South Africans to basic tertiary health level care To ensure collective planning for tertiary services
Measurable objectives/outputs	<ul style="list-style-type: none"> Improvement in management information in the benefiting hospitals Number of admissions, outpatients and day cases per specialised service unit Number of treated patients managed from outside each province
Conditions	<ul style="list-style-type: none"> Maintenance of a separate cost and management centre in each benefiting hospital Appointment of a chief executive officer by 30 April 2003 for each benefiting hospital identified Delegation of management, accounting officer, procurement, hiring, disciplining and dismissal powers to chief executive officer by 30 May 2003 Provision of designated national tertiary services Provision of services at activity levels as agreed between the province and the national DOH Provinces to include appropriate information in their strategic plans to be tabled by 31 March 2004 Departments that receive this grant must communicate in writing to each benefiting hospital the allocations made, conditions and expected service level outputs. For monitoring purposes, this information should be supplied to the national DOH
Allocation Criteria	<ul style="list-style-type: none"> Cost of designated national tertiary services standardised between provinces to ensure "like for like" funding Non-personnel costs based on service delivery levels
Reason not incorporated in equitable share	<ul style="list-style-type: none"> National tertiary services have spill-over benefits and need to be planned nationally and collectively These services benefit other provinces and the spill-over costs cannot be covered by the equitable share formula
Monitoring mechanisms	Quarterly submission of NTSG monitoring data via District Hospital Information System (DHIS)
Past performance	<ul style="list-style-type: none"> Funds have been flowing to provinces according to payment schedules as these funds form part of general recurrent funding within the health budget Transition from former Central Hospitals Grant has been successfully achieved, including establishment of routine monitoring system for NTSG via DHIS
Projected life	The need to support the provision of tertiary services in provinces will continue into the foreseeable future. The planning of the service configuration and the basis for the calculation of the grant will be regularly reviewed
Payment schedule	Equal monthly instalments — normally on the 10th day of the month.
Capacity and preparedness of the transferring department	<ul style="list-style-type: none"> The grant funds existing services and ongoing activities so the capacity to spend is in place. The national DOH has a designated unit to monitor compliance with the conditions of the grant. There is a constant need to improve information on actual service delivery and costs to facilitate monitoring and planning
Further work by national department	<p>2003/04</p> <ul style="list-style-type: none"> Adoption of a restructuring plan for benefiting provinces by 30 April 2003 Agreements to be completed and signed by 30 April 2003 Finalise long term plan for modernisation of tertiary services <p>2004/05-2005/06</p> <ul style="list-style-type: none"> Develop grant framework to support modernisation process

Health Professions Training and Development Grant	
Transferring department	Health (Vote 16)
Purpose	<ul style="list-style-type: none"> • Support provinces to fund service costs associated with training of health professionals • Development and recruitment of medical specialists in under-served provinces • Enable shifting of teaching activities from central hospitals to regional and district facilities
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Increase number and improve composition of health sciences students by province and institution • Shift in the location of practical training placements by discipline to regional and district facilities • Expanded specialist and teaching infrastructure in target provinces
Conditions	<ul style="list-style-type: none"> • Each province to publish, in its strategic plan for 2004, information as required by the national DOH, on the training of all medical personnel by institution, including any subsidies and other associated costs, deployment of additional registrars and specialists by gaining provinces and institutions showing current and proposed posts and related infrastructure • Provinces to create and budget for additional posts related to registrars and specialists as agreed with national DOH and the deans of medical faculties in universities • Timely submission of monitoring information as agreed with national DOH. The annual reports should also indicate additional numbers of registrars and specialists in benefiting provinces
Allocation criteria	<ul style="list-style-type: none"> • A specific increment has been allocated to provinces without medical schools to develop specialist and teaching capacity • The remaining funds are divided between the five provinces with medical schools on the basis of proportion of medical undergraduates; 10 per cent of the remainder is divided equally between the four provinces with no medical school • Target allocations per province to be phased in over a 5 year period, subject to annual review to accelerate the phase in period
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • Grant primarily targets certain provinces, which currently provide the bulk of health professionals training nationally • Expansion and shifting of location of teaching activities requires national coordination
Monitoring mechanisms	<ul style="list-style-type: none"> • Quarterly and annual reporting by provinces on number of students enrolled by discipline, level and training institution (frequency to be significantly decreased once national DOH has adequate database) • Quarterly and annual reporting by provinces on the number and duration of practical placements by health science students by type/level of health facility (frequency to be significantly decreased once national DOH has adequate data-base) • Quarterly and annual reporting by targeted provinces on achievement of planned expansion of specialist and teaching infrastructure • National department reports monthly on transfers
Past performance	Funds have been flowing to provinces according to payment schedules as these funds form part of general recurrent funding within the DoH budget
Projected life	The need to compensate provinces undertaking the bulk of training is likely to continue for the foreseeable future, but ongoing review of this grant continues to improve its alignment with national human resource development policy
Payment schedule	Equal monthly instalments — normally on the 10th working day.
Capacity and preparedness of the transferring department	The department has designated an official to administer and monitor the grant. Increased emphasis is being placed on ensuring compliance with monitoring requirements
Further work by national department	<p>2003/04</p> <ul style="list-style-type: none"> • Submission by 30 April 2003 by provinces to national DOH of plan for deployment of additional registrars and specialists by benefiting provinces and institutions showing current and proposed posts and related infrastructure. • Ensure co-ordination of medical personnel with deans of medical faculties at university, and with provincial health departments • Continue research to improve and reconfigure this grant • Table new proposals to progressively improve this grant alongside modernisation of tertiary services proposals <p>2004/05-2005/06</p> <ul style="list-style-type: none"> • Progressive improvement of grant

HIV/Aids Grant — Department of Health	
Transferring department	Health (Vote 16)
Purpose	To enable the health sector to develop an effective response to HIV/Aids epidemic including to support approved interventions including voluntary counselling and testing (VCT), mother to child transmission prevention (PMTCT) programmes, strengthening of provincial management, post exposure prophylaxis (PEP), home based care and step-down care
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Increased access to voluntary counselling and testing by 12,5 per cent of adult population aged between 15-49 years within three years, with specific targets for the youth and rural communities • Number of health districts which have voluntary counselling and testing facilities • Number of mothers receiving VCT and number of mother/baby pairs receiving PMTCT prophylaxis • Number of home based care teams in operation, caseload and number of patient contacts • Number of step-down facilities in operation, number of admissions and bed days • Number of adults and children receiving PEP after sexual assault • Number of projects targeting commercial sex workers and number of sex workers reached
Conditions	<ul style="list-style-type: none"> • The flow of first instalments is subject to approval of business plans • Quarterly monitoring returns to be submitted • Provinces should budget for long-term recurrent funding of home based care and step down care (i.e. once projects have matured)
Allocation criteria	<ul style="list-style-type: none"> • 2001 Antenatal HIV Prevalence Survey, estimated share of HIV+ births, share of reported rapes, estimated share of Aids cases
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • National priority • Distribution of epidemic differs from equitable share distribution
Monitoring mechanisms	<ul style="list-style-type: none"> • Quarterly reporting of output in terms of the monitoring framework established by national DOH • Provincial liaison and technical support visits by members of the national DOH • Regular meetings by the National Steering Committee
Past performance	<p>2001/02 Underspending was a problem in some provinces, procedures were simplified for 2002/03</p> <p>Projections for 2002/03</p> <ul style="list-style-type: none"> • 43,1 per cent of allocated funds spent by end of December 2002 • Four provinces remain significantly underspent; additional funds have been targeted towards provinces with stronger spending performance
Projected life	For duration of the allocation
Payment schedule	Equal quarterly instalments
Capacity and preparedness of the transferring department	The structures for planning, co-ordinating and monitoring the implementation of the programme are in place. The department is in the process of appointing additional staff, mainly co-ordinators at provincial and national level
Further work by national department	<p>2003/04 Budget</p> <ul style="list-style-type: none"> • Output monitoring framework finalised by 30 April 2003 • Interventions to address under-spending to be implemented <p>2004/05 — 2005/06</p> <ul style="list-style-type: none"> • Joint Treasury / Health Technical Task Team on HIV Financing will review appropriate long-term mechanisms for HIV/Aids funding

Construction Grants — Pretoria Academic	
Transferring department	Health (Vote 16)
Purpose	To contribute toward the funding of construction for Pretoria Academic Hospital in Gauteng
Measurable objectives/ outputs	Completion of construction of hospitals
Conditions	The departments of health of the provinces in which the hospitals are located will accept full responsibility to fund future operational costs of the hospitals, and to reflect this in their budgets
Allocation criteria	Grant targeted to Pretoria Academic Hospital in Gauteng and it phases out in 2003/04 with the allocation R92,4 million
Reason not incorporated in equitable share	This is funding designated for central and academic hospital, which will deliver mostly tertiary and quaternary services to benefit all provinces
Monitoring mechanisms	<ul style="list-style-type: none"> • Status reports are received regularly and the construction site is visited every 2-3 months for progress assessment • When the commissioning stage has started the frequency of reports and site visits will decrease to once a month
Past performance	Conditional grants have been allocated for the construction of the Nkosi Albert Luthuli Academic hospital in KZN (Durban Academic) and Nelson Mandela Academic (Umtata) hospital in the Eastern Cape in the past
Projected life	Funding for Pretoria Academic phases out in 2003/04
Payment schedule	Four instalments — 18 April, 18 July, and 17 October, 2003, 16 January 2004
Capacity and preparedness of the transferring department	The department is adequately prepared to monitor the implementation of this programme by the province

Hospital Revitalisation Grant	
Transferring department	Health (vote 16)
Purpose	To transform and modernise hospitals in line with national policy and to achieve a sustainable infrastructure from which modern, equitable and sustainable services can be delivered
Measurable objectives / outputs	Number of hospitals revitalised
Conditions	<ul style="list-style-type: none"> • Compliance with Integrated Health Planning Framework (IHPF) and monitoring and reporting requirements • Compliance with provincial priorities for sustainable service delivery as identified in the provinces' Strategic Position Statements (SPS) • Allocations after 2003/2004 will depend on progressive increases in spending on maintenance up to targets set in IHPF • All projects must involve comprehensive revitalisation, including at least management, health technology, infrastructure and quality improvement programmes • Business cases in a standard format must be submitted to Department of Health by 30th May 2003 for any additional projects to be funded in following years allocation
Allocation criteria	<ul style="list-style-type: none"> • Allocations are based on projects comprised of at least one hospital per province • The number of projects per province will be agreed between national DOH and National Treasury each year subject to the availability of resources and progress with current projects • Allocations take into consideration performance in achieving planned and national targets
Reasons not incorporated in the equitable share	To provide the additional investment to provincial health departments to enable them to transform and modernise the hospital sector in line with nationally agreed goals and timeframes
Monitoring mechanisms	<ul style="list-style-type: none"> • Prescribed format and indicators in hospital and provincial monitoring modules • Monthly reporting on project implementation progress and expenditure to the DoH
Past performance	<p>2001/2002</p> <ul style="list-style-type: none"> • All allocated funds were transferred to provinces and all roll overs from 2000/01 were spent • Under expenditure of R60 million, because of poor provincial cash flow projections and transition to revitalisation project <p>2002/2003</p> <ul style="list-style-type: none"> • Spending amounts to 71,4 per cent of total available funds by the end of December 2002/03 • Cash flows of currently committed projects indicate that all allocated funds will be spent • This is the last year that rehabilitation projects will be funded from this grant, which will in future be covered through the provincial infrastructure grant and/or equitable share allocations
Projected life	Will largely depend on the rate of funding and pace of revitalisation of hospitals and infrastructure priorities of the health sector
Payment Schedule	Four installments
Capacity and preparedness of transferring department	The department has increased its capacity, including a project management unit for the revitalisation programme and has implemented a project implementation structure including national and provincial management teams and steering groups

Integrated Nutrition Programme Grant	
Transferring department	Health (Vote 16)
Purpose	<ul style="list-style-type: none"> • Improve the nutrition status of South African children; specifically to enhance active learning capacity and improve school attendance in schools • Improve nutritional knowledge, perceptions, attitudes and behavior amongst school learners, their parents and teachers
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Improve coverage of targeted primary school feeding from 86 per cent to 100 per cent • Improve coverage of planned feeding days from 85 per cent to 100 per cent • Improve compliance with nutritional criteria for school feeding from 0 per cent to 100 per cent • Decrease underweight, stunting and wasting in children from 10.3 per cent to 10 per cent, 21.6 per cent to 20 per cent and 3.7 per cent to 2 per cent respectively • Increase provision of Road to Health Chart from 74.6 per cent to 85 per cent • Eliminate micronutrient deficiencies • Increase exclusive breastfeeding from 5 per cent to 10 per cent and breastfeeding from 67.9 per cent to 70 per cent • Increase baby-friendly health facilities from 40 to 72 out of 480
Conditions	<ul style="list-style-type: none"> • Access of funding through business plans • Use of funds only for approved purposes • Grant must be kept on separate responsibility and objective codes • Feeding in poor primary schools should be a priority of the grant • Compliance with minimum norms and standards as determined by policy and implementation guidelines
Allocation criteria	<ul style="list-style-type: none"> • The INP conditional grant is distributed in total to the provincial departments of health according to an Index comprised of three indicators: • Indicator 1: 1996 poverty gap (65 per cent of Index) • Indicator 2: 1996 population 0 to 15 years living under the poverty line (30 per cent of Index) • Indicator 3: 2000 anthropometric indicators (5 per cent of Index)
Reason not incorporated in equitable share	School feeding started as a Presidential Lead Project under the Reconstruction and Development Programme (RDP). The Conditional Grant replaced the RDP allocation to ensure continued funding for nutrition and specifically for school feeding which is seen as one of Government's key responses to poverty
Monitoring mechanisms	<ul style="list-style-type: none"> • Provinces must report quarterly in terms of progress indicators • Provinces must report monthly in terms of financial indicators • Monitoring visits • Formal assessments
Past performance	2001/02 <ul style="list-style-type: none"> • Although funds have been flowing as scheduled, under-spending has occurred at provincial level
	Projected for 2002/03 <ul style="list-style-type: none"> • Expenditure to up to the end of December 2002 amounts to 73,9 per cent • 100 per cent expenditure is projected by the end of the year
Projected life	The portion of the grant that fund school feeding will be transferred to the Department of Education in 2004/05
Payment schedule	Four instalments
Capacity and preparedness of transferring department	The Department has a dedicated directorate for the management of the INP

Hospital Management and Quality Improvement Grant	
Transferring department	Health (Vote 16)
Purpose	<p>To strengthen management in hospitals including the development of management systems and structures, especially in the following areas:</p> <ul style="list-style-type: none"> • Financial management including cost centre accounting • Hospital management information systems and patient administration systems • Support improvement of monitoring and evaluation capacity of hospital services at provincial level • Support quality of care interventions to substantially improve quality of hospital services
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Demonstrable progress with the delegation of personnel, financial and procurement functions to identified hospitals inclusive of the associated capacity development • Demonstrable progress with the implementation of standardised service delivery packages in identified hospitals • Mechanisms for quality improvements in all hospitals receiving funding in place – including complaints procedures, patient satisfaction surveys, medical audit, morbidity and mortality reviews and other structured systems of quality assessment • Implementation of standardised diagnostic and treatment protocols • Demonstrable progress towards the establishment of key management structures in terms of suitability and functionality in identified hospitals • Demonstrable progress with the implementation of strong financial systems including Cost Centre Accounting in hospitals • Demonstrable progress towards functional hospital management information systems • Systems for monitoring and evaluation of hospital services developed at provincial level
Conditions	<ul style="list-style-type: none"> • Business plans approved by HOD's to be submitted before the first payment. These business plans will outline the projects/programmes in support of the purpose of the grant • Significant progress must be reported on spending and measurable outputs before the second and third payments are transferred • This grant is mainly to support revitalisation projects, it may also, to a certain extent, be used for other hospitals
Allocation Criteria	<ul style="list-style-type: none"> • The grant will need to accommodate funding, on a limited scale, of the existing activities/projects started in the 2001/2 financial year • Allocations are based on the number of revitalisation projects and the costs of these projects per province
Reason not incorporated in equitable share	The main aim of the grant is to fund organisational development and quality improvement component of the Revitalisation Programme
Monitoring mechanisms	<ul style="list-style-type: none"> • Monthly and quarterly financial reports to be submitted in the prescribed Treasury format. • Quarterly reports on progress against approved business plans
Past performance	This programme was funded as part of the financial management grant administered by National Treasury (2000/01). It has since been redefined to support the organisational development and quality components of the Hospital Revitalisation Programme and is now managed by the National Department of Health. The redefinition of focus is designed to strengthen internal efficiencies in the operational management of hospitals
Projected life	The grant is linked to the projected lifespan of the Revitalisation Programme, and will be revised after 4 years
Payment schedule	Three instalments — 30 April, 15 August and 16 January
Capacity and preparedness of the transferring department	The National Department of Health already has monitoring systems in place to manage the hospital Revitalisation Programme and the hospital management development program

HOUSING GRANTS

Housing Subsidy Grant	
Transferring department	Housing (Vote 29)
Purpose	To finance subsidies under the national housing programme
Measurable objectives/outputs	<ul style="list-style-type: none"> • Number of subsidies financed per annum averages 190 000 houses • Number of housing units completed per province • Number of households benefiting • Number of jobs (direct and indirect) created/maintained per annum through construction • Improvement in quality of life for beneficiaries (change from shack to proper houses impacting on health etc.)
Conditions	<ul style="list-style-type: none"> • Provincial spending plans must be approved by national Department of Housing before the flow of the first instalment • Provincial housing departments, to ensure that all subsidies for 2003/04 are allocated by 30 April 2003, through consultation with municipalities. Provincial departments must ensure a coordinated developmental approach with other line function departments, which will provide funds for infrastructure including social facilities and services • Provincial housing departments to ensure that all subsidy allocations for 2004/05 are allocated by 31 October 2003, in consultation with every municipalities, and in line with the Integrated Development Plans • Provinces must utilise the transversal system for budgeting, subsidy administration, financial administration and reporting purposes • Comprehensive reporting on expenditure on any transfers to municipalities or public entities • Provincial Governments have to set aside 0,5 to 0,75 per cent per year to finance emergency housing needs. This will provide for the people who have been affected by disasters; and need to be assisted as a matter of urgency access • Housing allocations must be in terms of national housing programmes and priorities • Provinces to modernise and reform accounting and classification systems in line with a framework approved by the national Department of Housing and the National Treasury
Allocation criteria	<p>Two formulae are used to allocate the funds for the 2003 MTEF. This is intended to phase out the old allocation formula by the end of the 2003/04 financial year as follows:</p> <ul style="list-style-type: none"> • The baseline allocations for 2003/04 remain unchanged, and they are allocated using an old formula that is based on the number of households earning less than R3500 per month • A new formula which introduces an urban bias is used to determine allocations for 2004/05 and 2005/06. This formula is based on the following: <ul style="list-style-type: none"> — The needs of each province as measured by the housing backlog. Backlog is a function of people who are homeless, staying in inadequate housing or conditions, and is assigned a weight of 50 per cent; — A poverty indicator as measured by the number of households earning less than R3500 in each province and is weighted 30 per cent; and — A population indicator as measured by each province's share of total population using statistics from 1996 census and is weighted 20 per cent
Reason not incorporated in equitable share	The provision of housing to the poor is a national priority. The conditional grant enables the national government to provide for the implementation of housing delivery in provincial budgets, and the monitoring of provinces accordingly
Monitoring mechanisms	The national Department of Housing has installed a transversal computerised subsidy management system (HSS) in all provincial housing departments for the administration of the subsidy scheme and to allow the national department to monitor progress and expenditure continuously through monthly reporting, quarterly visits to provinces, interaction by the housing sector Chief Financial Officers and Heads of Housing and MINMec meetings
Past performance	<p>2001/02</p> <ul style="list-style-type: none"> • The number of subsidies approved in the last three years averaged 168 519 subsidies per annum, while the number of houses built during the same period averaged 197 520 per annum, benefiting 2,3 million people. • Currently funds that remained unspent at provinces and in the Housing Fund collectively amounted to R604 million or 15 per cent of funds available for spending. These amounts include R240 million (R80 million in Gauteng, Mpumalanga and KwaZulu-Natal) earmarked for the implementation of the Presidential Job Summit projects for new rental housing subsidies. Implementation has been delayed due to delays in the finalisation of the funding model and institutional arrangements for channeling of the funds for the rental housing projects <p>Projections for 2002/03</p> <ul style="list-style-type: none"> • Expenditure up to the end of December 2002 amounts to 47 per cent of total allocation • All allocated funds will be transferred, of which approximately 80 per cent is expected to be spent by the end of the financial year
Projected life	Unless government directs otherwise and taking into account the level of backlogs in housing, it is anticipated that the need for funding will exist until these backlogs are eradicated
Payment schedule	Monthly instalments (payment schedules) as determined through predetermined provincial expenditure projections
Capacity and preparedness of the transferring department	The national department has the capacity to manage and administer the transfer of housing funds to Provincial Governments and to monitor their performance in this regard continuously

Housing Subsidy Grant	
Commitment of the national department	2003/04 <ul style="list-style-type: none">• Adjusted national planning framework taking into account medium-density housing to be presented in the strategic plan of the department as part of the 2004 Budget• The department to ensure that all provincial housing departments deal with all the housing related audit queries raised in the 2003 annual reports of provincial housing departments

Human Resettlement Grant	
Transferring department	Housing (Vote 29)
Purpose	To fund projects that aim to improve the quality of the environment by identifying dysfunctionalities in human settlement
Measurable outputs	<p>The improvement of the quality of human settlement by funding projects, which will address dysfunctionalities in such settlement. The outputs of the programme depend largely on the unique content of each project funded in terms of the pilot programme. This will include:</p> <ul style="list-style-type: none"> • Upgraded infrastructure in depressed areas • The number of existing depressed areas re-planned and redeveloped, such as inner city redevelopment, urban renewal and informal settlement upgrading; and • Completed plans of areas which could promote integration (new developments)
Conditions	To form part of the contract between the provincial government and the national Department of Housing on specific projects based on approved business plans.
Allocation criteria	Division between provinces is made on the basis of the housing subsidy grant formula
Reason not incorporated in equitable share	As a pilot programme, the Department of Housing needs to be involved in approving, monitoring and evaluating the projects in line with expected outputs. The outputs of the pilot programme will inform the formulation of a more comprehensive permanent programme
Monitoring mechanisms	The Directorate: Special Programmes Support monitors projects on a monthly basis through financial and implementation progress reports, as well as site visits in order to ensure compliance and correct reporting on Key Performance Indicators, in accordance with an approved monitoring framework
Past performance	<p>2001/02</p> <p>R96 million was transferred to provinces, to finance 49 approved projects:</p> <ul style="list-style-type: none"> • Twenty-one of 49 business plans are for planning and/ or replanning exercises. Furthermore, 11 of the 21 business plans are located within the urban renewal nodes and a further 6 are located within the rural development nodes. The planning initiatives funded vary from the formulation of strategic urban renewal plans to the compilation of rural strategic development plans • The remaining 28 business plans will upon completion provide upgraded infrastructure in depressed areas, of which 9 will lead to upgraded infrastructure in urban renewal nodes, and an additional 2 will provide infrastructure in rural development nodes. The infrastructure upgrading projects vary from the installation of sewer and water connections to the repair of damaged roads <p>Projections for 2002/03</p> <ul style="list-style-type: none"> • Expenditure up to the end of December 2002 amounts to 25 per cent of total allocation • It is expected that all funds will be transferred to provinces by the end of the financial year, and that all funds will have been committed to projects through approved business plans
Projected life	The programme is an important tool in achieving functional human settlements. It is expected to continue until all settlement areas that need improvements are covered
Payment schedule	Monthly instalments (payment schedules) as determined through predetermined provincial expenditure projections
Capacity and preparedness of the transferring department	The Directorate: Special Programme Support is dedicated to manage this Programme and the necessary capacity and expertise exists to undertake this task

DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT GRANTS

Local Government Capacity Building Grant (Provincial Component)	
Transferring department	Provincial and Local Government (Vote 5)
Purpose	To support municipalities' institutional capacity and ensure sustainable service delivery through supporting the finalisation of amalgamation processes, strengthening financial management and reporting systems, and building technical capabilities around service delivery
Measurable objectives/ outputs	Although outputs will vary between municipalities, the following issues, inter alia, should be addressed: <ul style="list-style-type: none"> • Finalisation of amalgamation processes • Mechanisms and processes for sustainable service delivery, including service delivery agreements, outsourcing and partnerships in place • Improved financial management and reporting processes • Provision of training, technical support and equipment for infrastructure development • Technical skills located at municipalities
Conditions	Provincial business plans submitted to the national transferring officer and approved by 11 April 2003
Allocation criteria	Allocations are made to provinces according to prioritised municipal needs
Reason not incorporated in Equitable Share	According to section 154 (1) of the Constitution, the national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions
Monitoring mechanisms	The Department will require quarterly reports on the progress made with the restructuring of municipalities, and monthly reports as required by the Division of Revenue Act, 2003
Past performance	<p>2001/02</p> <ul style="list-style-type: none"> • Over one hundred municipalities have been assisted to stabilise their financial situation through financial restructuring exercises • Over 1 600 infrastructure projects have been implemented since the inception of the CMIP grant. • Municipalities in need have been assisted with technical expertise, equipment and training to ensure the sustainability of the developments <p>2002/03</p> <p>Provincial expenditure by the end of December 2002 amounts to 41 per cent of total allocation</p>
Projected life	This grant will be incorporated into a single grant in terms of the National Capacity Building Framework, for transfer directly to municipalities, by 2004/05
Payment schedule	Monthly instalments
Capacity and preparedness of transferring department	The Department has an established grant and project management framework and the Department has introduced extra capacity

Consolidated Municipal Infrastructure Programme (CMIP) (Provincial Management)	
Transferring Department	Provincial and Local Government (Vote 5)
Purpose	To provide support to provinces to manage CMIP effectively and efficiently in their respective provinces on behalf of the Department to ensure sustainability of CMIP projects.
Measurable objectives/ outputs	The key outputs of the programme are: <ul style="list-style-type: none"> • Proper co-ordination between all municipal infrastructure programmes in their respective provinces • To ensure that CMIP projects are aligned to provincial development plans and integrated development plans of municipalities. • To encourage and promote municipal service partnerships through the CMIP programme.
Conditions	<ul style="list-style-type: none"> • Business plan setting out clear objectives and outputs in respect of programme management for CMIP in their respective provinces must be submitted to the national transferring officer and approved by 11 April 2003 • The submission of monthly and quarterly reports in respect of targets, key performance indicators and measurable outputs as required by the Department.
Allocation criteria	Programme management costs ranging between 1,5 per cent and 2,2 per cent depending on the size of the provincial allocation
Reasons for funding through conditional grants	According to Section 154(1) of the Constitution, the national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions. Provinces monitor and report to the Department on a monthly basis on progress made with the implementation of CMIP projects on the ground
Monitoring mechanisms	Through monthly and quarterly reports and monthly meetings in the provinces
Past Performance	Provinces assisted the Department successfully in managing the programme through improved monitoring and expenditure and putting capacity in place in municipalities
Projected life	The management of the Municipal Infrastructure Grant Programme will be done by programme management units established at district level
Payment schedule	Monthly payments to provinces
Capacity and Preparedness of Transferring Department	The Department has dedicated capacity

SOCIAL DEVELOPMENT GRANTS

HIV/Aids for Community-Based Care Grant	
Transferring Department	Department of Social Development (Vote 19)
Purpose	The Department of Social Development is responsible for the provision of social welfare services to orphans and vulnerable children who are infected and affected by HIV/Aids
Measurable objectives/outputs	<ul style="list-style-type: none"> • An increase in the number of orphans receiving appropriate care • Increase in the number of identified children infected and affected by HIV/Aids • Provision of essential material assistance to identified children and families • Provision of alternative care to vulnerable children • 50 per cent of care givers identified from communities, NGOs, CBOs, faith based organizations, families and volunteers to be capacitated through training and support • Provision of counseling and support services to children and families • Increase in the number of coordinating structures and partnerships for management and maintenance of social welfare services to children infected and affected by HIV/Aids
Conditions	<ul style="list-style-type: none"> • Approved business plans with measurable outputs must exist for each province in line with the framework for the grant • Contracts must be signed between provincial departments of social development and the implementing agencies.
Allocation criteria	<p>In developing the National Integrated Plan for HIV/Aids, the following were guiding principles:</p> <ul style="list-style-type: none"> • HIV/Aids prevalence • Resources available in the provinces and linkages with the following programmes and strategies: <ul style="list-style-type: none"> — Urban renewal and rural development strategy — Poverty alleviation programme — Integrated nutrition programme
Reason not incorporated in equitable share	<ul style="list-style-type: none"> • The National Integrated Plan for Children Infected and Affected by HIV/Aids is a programme involving three social service departments (Education, Health and Social Development) • The conditional grant provides the opportunity to establish a coordinated approach across the provinces in terms of planning and implementation, and also enables more effective monitoring by the national departments
Monitoring mechanisms	<ul style="list-style-type: none"> • Monthly and quarterly reporting by provinces and evaluation by national/provincial coordinators. • Provincial visits to evaluate implementation of the programmes. • Structured site visits twice a year by a team consisting of both Social Development and Health officials on the national and provincial levels.
Performance	<p>2001/02</p> <p>90 per cent of the allocated amount of R12,5 million was spent by provinces</p> <ul style="list-style-type: none"> • 49 sites were established, bringing the total number of sites to 55. The total number of sites including those funded through the Poverty Relief Programme is 185 • Approximately 50 000 children have been reached through the programme • The Rapid Appraisal of home/community based care identified 466 projects of which 136 were receiving government funding • Practice guidelines were developed and made available to NGO's, CBO's and government officials to assist them in providing services to children within the basic parameters of children's rights and childcare legislation. <p>2002/03</p> <p>It is envisaged that more than 95 per cent of the allocated amount (R47,5 million) will be spent</p>
Projected life	For the duration of the allocation
Payment schedule	Three installments
Capacity and preparedness of the transferring department.	The Department is in the process of upgrading the capacity for the management of the HIV/Aids programme, and the Provincial Departments of Social Development have appointed dedicated programme coordinators at provincial and district levels.

Child Support Grant Extension to Children Aged 7- 14 Years	
Transferring department	Social Development (Vote 19)
Purpose	To fund extension of child support grant to eligible children between the ages of 7 to 14 years, (entitlement coming to and end on the child's 14 th birthday) phased in over three years, and to cover associated administrative and payment costs
Measurable objectives/ outputs	Number of children between the ages of 7 and 14 years who access the grant according to the proposed annual phasing in as follows: <ul style="list-style-type: none"> • Children under the age of 9 years in 2003/04 • Children under the age of 11 years in 2004/05 • Children under the age of 14 years in 2005/06
Conditions	<ol style="list-style-type: none"> 1. The funds may only be utilised for the payment of child support grants to eligible children (as determined in the Social Assistance Act, 1992 and regulations) between the ages of six and fourteen years (i.e. from their seventh to fourteenth birthday) and to cover reasonable administrative and payment cost associated with this 2. Provincial implementation plans must be submitted to the national transferring officer and approved by 15 April 2003. Provincial plans must consider capacity to implement and reasonable processes to build capacity. 3. A consolidated implementation plan as per (2) above to be submitted to the DG of National Treasury by 22 April 2003 4. Provinces must submit to the DG: National DoSD, within 15 days after the end of each month, a report detailing: <p><i>Beneficiary Numbers</i></p> <ul style="list-style-type: none"> • The total number of CSG beneficiaries (children) registered and eligible • Age distribution (by year-group) of registered beneficiaries • Number of new beneficiaries registered for payment in the relevant month and the age distribution of these beneficiaries • Number of beneficiaries deregistered during the relevant month and reason and age (by year-group) • Number of applications still being processed and projected beneficiaries numbers for the year <p><i>Expenditure</i></p> <ul style="list-style-type: none"> • Final grant expenditure for the month and composition of expenditure for the CSG • Final administrative and payment expenditure related to the child support grant extension grant • Progress with extension of the child support grant relative to the provincial implementation plan • Projected expenditure based on trends in beneficiary numbers 5. A consolidated monthly report as per (4) above to be submitted to the DG: National Treasury by the DG: Social Development within 20 working days after the end of each month 6. Bi-annual audits (September and March) of grant application and approval processes to ensure compliance with legislative requirements and norms and standards for grant payment.
Allocation criteria	Based on number of eligible beneficiaries (as per application of the means-test) by province, determined through the most reliable demographic and socio-economic data available and in line with the purpose of the Child Support Grant Extension grant (7 to 14 years)
Reason not incorporated in equitable share	<p>A conditional grant is used for the following reasons:</p> <ul style="list-style-type: none"> • Distribution between provinces may need to be different from proportions in the equitable share formula • To ensure that undue pressure is not placed on provincial budgets. A need to have transparent and adequate budgeting for the extension. Provinces must be fully funded for this national mandate • There is substantial uncertainty around population numbers, numbers of children that would qualify, their provincial distribution and the likely rates of uptake. A conditional grant will ensure that there is more flexibility to make adjustments in line with changing information and data • A function shift to national is contemplated regarding the administration of social grants. Transparent funding through a conditional grant will allow for greater ease in

	eventually transferring the function
Monitoring mechanisms	Monthly reports as set out under conditions
Past performance	New Grant
Projected life	Maximum of three years while establishment of a national public entity for grant administration is investigated
Payment schedule	Quarterly transfers in advance to provinces in line with cash flow projections agreed to between the national and provincial DoSD
Capacity and preparedness of the transferring department	<p>A National Implementation Team chaired by the Director-General of the national DoSD and with representation from the National Treasury and provinces will be convened to:</p> <ul style="list-style-type: none"> • Identify detailed options for phasing in of the extension over the three year period of Child Support Grant Extension (7 to 14 years) grant • Assess provincial readiness for further implementing the extension • Advise the Heads of Social Development on areas and locations where capacity has to be strengthened • Ensure the establishment of a teams within the national and each provincial DoSD to monitor and evaluate progress made with the implementation of provincial business plans and advise on actions to be taken to achieve set outputs

Food Relief Grant	
Transferring department	Social Development (Vote 19)
Purpose	To provide food relief to vulnerable individuals and households
Measurable objectives/outputs	Number of beneficiaries (households and individuals) receiving food relief
Conditions	<ol style="list-style-type: none"> 1. The funds may only be utilised to provide food relief to vulnerable individuals and households and to cover reasonable administrative and payment cost associated with this. Such administrative and payment costs must not exceed 3% of total provincial allocation. The Director-General of Social Development must approve any access amount above this limit. 2. A national business plan must be developed and approved by the Director-General of Social Development, in consultation with the National Treasury, by 30 April 2003. 3. Provincial implementation plans, which must be in line with the national business plan, must be submitted to the national DG: Social Development for approval by 15 May 2003. Provincial plans must consider capacity to implement and reasonable processes to build capacity. 4. Joint centralized procurement of service providers to effect uniformity and economies of scale. 5. Provinces to submit to the DG: National Department of Social Development (DoSD), within 15 days of the end of each quarter, a report detailing: <ul style="list-style-type: none"> <i>Services</i> <ul style="list-style-type: none"> • Number of beneficiaries reached per month by location (municipality) and composition (gender, age, HIV/Aids Status, recipient of social security benefit) • Nature of food relief interventions (food parcel / drop in centres/ soup kitchens) • Implementing agents (whether departmental offices, NGOs, etc.) and nature of association • Number of beneficiaries that have exited the programme and whether alternative support has been arranged <i>Expenditure</i> <ul style="list-style-type: none"> • Expenditure on food relief for the month and the composition of expenditure • Projections regarding new beneficiaries for the remainder of the financial year and the spending implications of these trends relative to budget allocations 6. The DG: National DoSD to submit a consolidated monthly report as per (3) above to the DG: National Treasury, 20 days after the end of each quarter 7. A national and 9 provincial annual evaluation reports
Allocation criteria	The allocation per province is based on the proportional shares of poverty and income adjustment distribution per province
Reason not incorporated in equitable share	This is a high priority, national Government intervention for which capacity in provinces is limited. A conditional grant is therefore required to ensure adequate monitoring and national support and to ensure that the capacity is established without impacting on other provincial functions
Monitoring mechanisms	Monthly reports as set out under conditions
Past performance	New Grant
Projected life	Maximum of three years as approaches and mechanisms for food relief are developed
Payment schedule	Quarterly transfers to provinces in line with cash flow projections and based on monthly/quarterly reports capturing expenditure and beneficiary
Capacity and preparedness of the transferring department	<p>The national DoSD will strengthen the management and administration of poverty relief programme in order to ensure effective monitoring of this grant, and would:</p> <ul style="list-style-type: none"> • Identify more detailed options for expanding the social relief programme interventions and programmes • Assess the possibility of integrating rapid emergency food relief with social welfare services

Poverty Relief (Indirect transfer – Grant in Kind)	
Transferring department	Social Development (vote 19)
Purpose	To increase the self-reliance and improve social cohesion of specific demographic groups such as women, youth, children, disabled and the aged who are particularly vulnerable to the conditions associated with poverty
Measurable outputs	<ul style="list-style-type: none"> • 94 HIV/AIDS community based structures will be established • Establishment of 102 Food Production Clusters • Establishment of 12 Urban Regeneration skills projects for youth and employment • 104 income generation initiatives for rural women will be established and existing ones integrated over the next three years • Integration of at least 2% social finance for disabled in all poverty relief projects
Conditions	<ul style="list-style-type: none"> • Legal contracts signed between national programme manager at the National Department of Social Development/Heads of Provincial Departments of Social Development and the implementing agencies • Before any disbursement of funding, projects must submit to the National Department of Social Development via the Provincial Departments of Social Development where applicable the Compliance Certificate in terms of section 38 (1) (j) of the PFMA (Act no. 1 of 1999) • Training funded by the allocation should be aimed at increasing the skills base in communities requiring accreditation.
Allocation criteria	<ul style="list-style-type: none"> • Focuses on specific target groups and spatial pockets of poverty • Poverty levels per province (based on household expenditure) • About 30% of the total budget was also allocated to the 13 poverty nodal points, identified by the Integrated Sustainable Rural Development Strategy (ISRDS)
Reason not incorporated in equitable share	Special allocation to the Department from the Poverty Relief fund
Monitoring mechanisms	<ul style="list-style-type: none"> • Monthly visit of projects by dedicated official to promote effective monitoring and support to projects. • Monthly/quarterly reporting to the Provincial Departments of Social Development by implementing agencies, and consolidated reports submitted to the National Department of Social Development • Provincial visits to evaluate progress in the implementation of the projects • Structured sited visits twice a year by a team consisting of both national and provincial officials.
Past performance	<ul style="list-style-type: none"> • Poverty Relief Funds for disbursement to projects were transferred since 1999/2000 to the IDT in terms of a legal contract – disbursement agency for the Department
Projected life	The project period covered by the grant is the current MTEF (2001/02-2003/04) period
Payment schedule	Three instalments – 21 May 2003, 17 September 2003 and 22 January 2004 – Accounting responsibility lies with the accounting officer of the transferring national department
Capacity and preparedness of the transferring department	A National Manager for the Poverty Relief Programme of the Department has been appointed at Deputy Director-General level to head the National Project Office. Additional support staff has also been appointed to assist with the management and administration of these funds

THE NATIONAL TREASURY

Provincial Infrastructure Grant	
Transferring department	National Treasury (Vote 8)
Purpose	To help accelerate construction, maintenance and rehabilitation of new and existing infrastructure, and to fund the reconstruction and rehabilitation of infrastructure damaged during the 1999/00 floods
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Rehabilitation and maintenance of roads, schools, health facilities, and rural development • Rehabilitation of flood-damaged infrastructure
Conditions	<ul style="list-style-type: none"> • Provinces to submit to the National Treasury by 11 April 2003 a detailed plan on proposed spending for the 2003 MTEF allocation for approval. The plans must disaggregate the information by project or cluster of projects, and should demonstrate how its implementation fits into an overall infrastructure strategy in that province. These plans should form part of the treasury's strategic plan to be tabled 15 days after the Budget, as well as that of each of the line function departments receiving funds • Submission of quarterly reports on physical progress with implementation of infrastructure projects in addition to in year expenditure monitoring reports. Reported information should cover the full infrastructure budget in the province, not only the grant allocation • In addition to the above conditions, the following conditions apply specifically to the Flood Reconstruction and Rehabilitation portion of the grant: Funds allocated must be used exclusively for rehabilitation and reconstruction of flood damaged infrastructure as verified by the national government
Allocation criteria	<ul style="list-style-type: none"> • The Infrastructure Grant component: An average of the per centage equitable shares and backlog component of equitable share formula has been used to allocate among funds provinces. The aim is to introduce a bias in favour of provinces with substantial backlogs while at the same time supporting those that inherited substantial infrastructure. • The flood damage component: The allocations were informed by the recommendations of the Command Centre and took account of: <ul style="list-style-type: none"> — The overall verified infrastructure damage suffered in each province; — Recommendations made by the Command Centre; — Expenditure trends in the current financial year, reflecting the rate of expenditure in the province; and — Available funds • The flood damage component phases out in the 2003/04 financial year
Reason not incorporated in equitable share	This grant ensures that provinces give priority to infrastructure maintenance, rehabilitation and construction in line with Government priorities
Monitoring mechanisms	Provinces are required to submit detailed quarterly reports, which capture the full details of the projects including the allocation for the year, the expenditure for the period in question and on outputs achieved.
Past performance	<p>2001/02 Spending</p> <ul style="list-style-type: none"> • Allocation of this grant amounted to R1 400 million, including R600 million for flood rehabilitation. Provinces increased spending on capex from R7,6 billion in 2000/01 to R10,7 billion in 2001/02, which amounts to 33 per cent. This has increased the share of capital spending from 6 per cent in 1998/99 to about 10 per cent. A large share of growth in capital spending is in social services and roads. • Infrastructure grant constitute less than 10 per cent of total capex. Spending trend reflects that provinces have used all their infrastructure grant allocation, and improved their spending capacity. <p>Projections for 2002/03</p> <ul style="list-style-type: none"> • Provinces have spent R8,3 billion or 51 per cent capital budget by end of December 2002. This amounts to about 50 per cent more than expenditure level in December 2001. • Notable improvements are in Eastern Cape, Free State, KZN and North West. This indicates that provinces are set to spend a substantial proportion of the R14,7 billion allocated to capex, of which infrastructure grant amounts to R1,6 billion
Projected life	To be reviewed after 3 years.
Payment schedule	Quarterly instalments, subject to the submission of quarterly reports on physical progress with the implementation of infrastructure project in addition to in year expenditure monitoring reports by provinces
Capacity and preparedness of the transferring department	The National Treasury has a dedicated chief directorate responsible for administering the grant.

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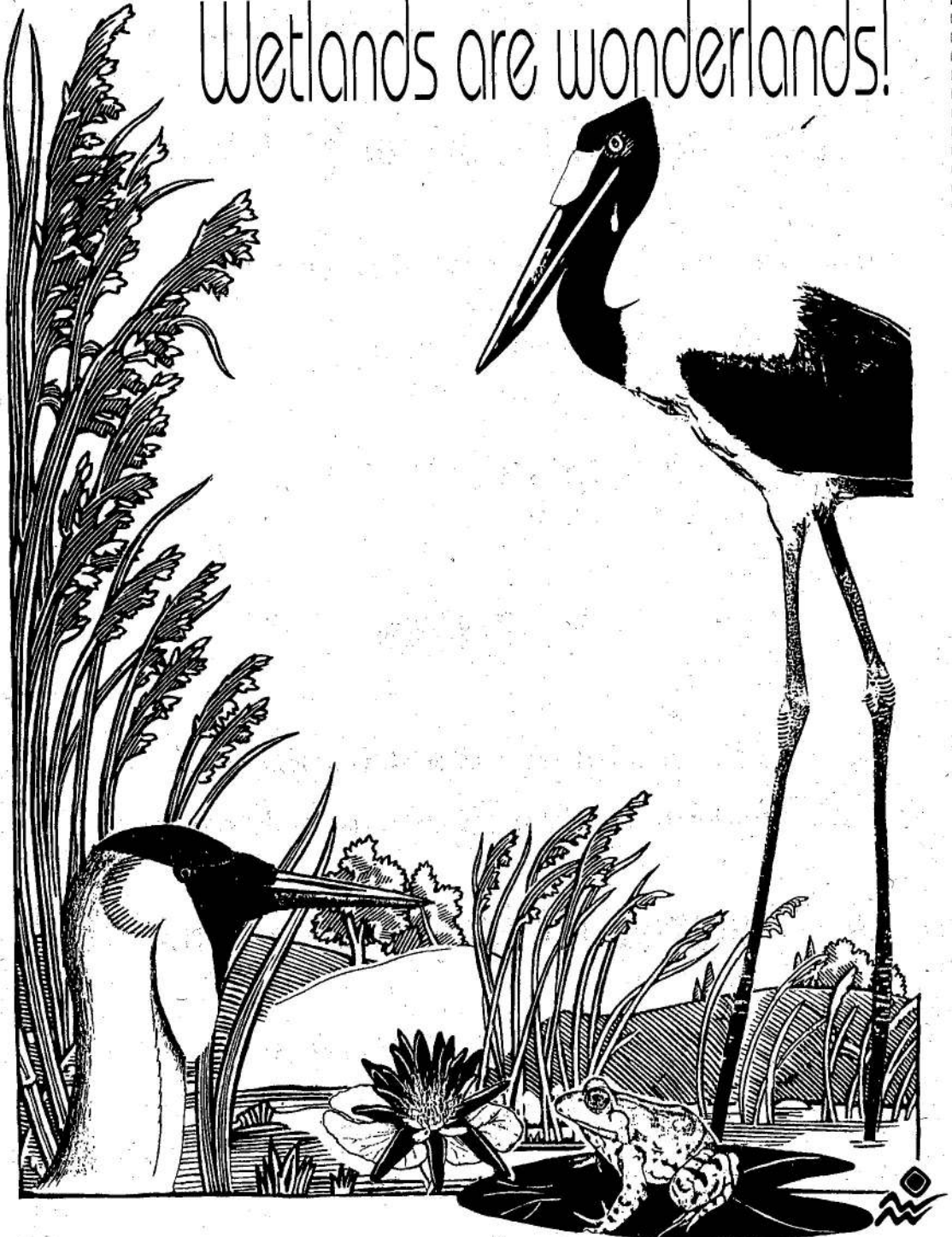
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