

CHANGES TO CONDITIONAL GRANT FRAMEWORKS TO SUPPORT THE COVID-19 RESPONSE

Presentation to the Select Committee on
Appropriations
20 May 2020



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

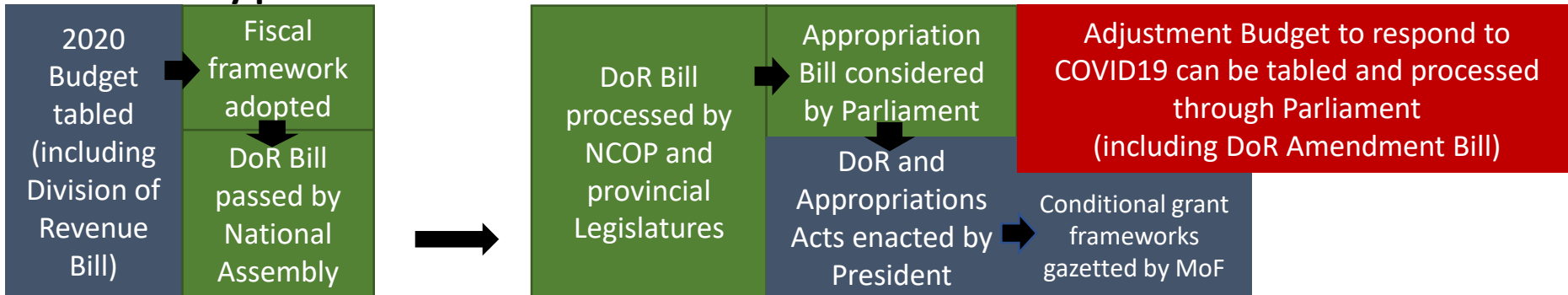


TIMELINES FOR RESPONDING TO COVID-19

February	March	April	May	June	July	August and beyond
2019/20		2020/21 national and provincial financial year				
2019/20 municipal financial year					2020/21 Municipal financial year	



Parliamentary process



Spending impact

for provinces and municipalities

2019/20 Disaster grant funds released: R466m to provinces for PPE	Reallocation of grants through s20(6) of DoRA: <ul style="list-style-type: none"> R306m for water tanks in RBIG R2 billion in USDG for informal settlements Amounts in MIG and PTNG being processed Reprioritisation within existing business plans: <ul style="list-style-type: none"> Health Facility, Education Infrastructure grants MIG, USDG, IUDG 	New conditions for COVID-19 in gazetted frameworks	Adjusted budget: Changes will include R20bn addition to health, R20bn to local govt and reductions to fund COVID spending
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Provinces and municipalities are also using their own funds to respond

IN THE PRESENTATION ON THE DOR BILL ON 22 APRIL 2020, WE SAID:

- National Treasury is currently engaging with sector departments, provinces and SALGA on how conditional grants can best be used to assist the response to the COVID-19 pandemic
 - This is in addition to the funds provinces and municipalities are reprioritising in their own budgets
- Many grants already fund activities that assist, and in these cases those activities will be prioritised within the grant
- **A few grants will need small changes to grant frameworks to accommodate spending on additional activities** (for example the purchasing of personal protective equipment)
 - There are sometimes small changes to conditional grant frameworks between what is tabled as annexures to the Bill and what is gazetted. These are usually corrections to small errors, but we are proposing to use this same approach to make the necessary changes to assist in the COVID-19 response
 - The details of these changes are still being finalised with departments
 - Parliament will be informed of all of the proposed changes before the Select Committee on Appropriations finalises its report on the Division of Revenue Bill

WHAT HAPPENS ONCE THE DIVISION OF REVENUE BILL IS ENACTED

- Division of Revenue Bill clauses
- Schedules contain the allocations
 1. Equitable division of revenue among 3 spheres of government
 2. Each province's equitable share
 3. Each municipality's equitable share
 4. Supplementary conditional grants to provinces and municipalities
 5. Specific purpose allocations to provinces and municipalities
 6. Grant-in-kind (or indirect) grants to provinces and municipalities
 7. Provision to specifically cater for immediate release of funds to provinces and municipalities for disaster response

This becomes the **Division of Revenue Act** (once enacted)

- Annexure W1: Explanatory memorandum

Falls away (remains on NT website)

- W2: Provincial conditional grant frameworks
- W3: Local Government conditional grant frameworks
- Annexures W4-W7: allocations per municipality
- Appendixes: Further details of grants (including breakdown of components within grants)

These are drafts in the Bill, but are given legal force when **gazetted** by the Minister of Finance in terms of s16(1)

PROVINCIAL CONDITIONAL GRANTS

(1 OF 2)

Grant name	Proposed changes to the grant framework
School Infrastructure Backlogs Grant	<ul style="list-style-type: none">• Add trucking of water to fill tanks as a grant output• Change conditions to allow for submission of an amended business plan to National Treasury
Education Infrastructure Grant	<ul style="list-style-type: none">• Add output and condition to allow the grant to fund the costs to connect to local water supplies or drill and equip boreholes• Add a condition to allow the grant to be used to truck water to schools for a limited period of time, subject to approval by the Department of Basic Education
National School Nutrition Programme Grant	<ul style="list-style-type: none">• Add a condition that personal protective equipment (PPE) and sanitisation equipment may be funded from the grant• Add a condition that if schools are closed due to a declared state of disaster, funds from the grant that would have been spent on providing meals in schools may instead be used to provide meals to learners through alternative means
Maths Science and Technology Grant	<ul style="list-style-type: none">• Add conditions to allow funds to be used to support catch up activities.• Add provision for provinces to be exempted from percentage spending restrictions prescribed for existing business plans.
Learners with Profound Intellectual Disabilities Grant	<ul style="list-style-type: none">• Add a condition to allow purchase of PPE and sanitizer from the grant.

PROVINCIAL CONDITIONAL GRANTS

(2 OF 2)

Grant name	Proposed changes to the grant framework
HIV, Aids Life Skills Grant	<ul style="list-style-type: none">• Add conditions to allow funds to be used to support catch up activities and to provide education on measures to respond to the pandemic.
Community Library Services Grant	<ul style="list-style-type: none">• Add a condition to allow purchase of PPE and sanitizer from the grant and to pay for the deep cleaning of libraries.
Public Transport Operations Grant	<ul style="list-style-type: none">• Add outputs for the number of vehicles and public transport facilities sanitized and personal protective equipment provided for drivers and other employees• Add a condition that provinces may use funds from this grant to pay for the sanitizing of busses and public transport facilities and the provision of personal protective equipment for staff of the bus operators and provision for hand washing and sanitiser for passengers
HIV, TB, Malaria, Community Outreach Grant	<ul style="list-style-type: none">• Create a new COVID-19 component. The framework for this new component of the grant is attached as Annexure A. The Department of Health has reallocated R452 million to this component.• In the Community Outreach component, add outputs for number of people screened for COVID-19 and number of COVID-19 contacts traced
Early Childhood Development Grant	<ul style="list-style-type: none">• Add a condition that allows the maintenance component of the grant to be used to install additional hand washing facilities and to provide PPE for ECD practitioners.

LOCAL GOVERNMENT CONDITIONAL GRANTS (1 OF 2)

Grant name	Proposed changes to the grant framework
Urban Settlements Development Grant	<ul style="list-style-type: none">• Add outputs and conditions to allow the grant to fund operational costs for increased services in informal settlements• Add conditions to allow the grant to fund temporary relocation assistance• Add output and conditions to allow MIG funds to be used for sanitisation and physical distancing in public transport and other public facilities in metros that do not receive the Public Transport Network Grant
Municipal Infrastructure Grant	<ul style="list-style-type: none">• Amend conditions to allow non-water service authorities to spend on water infrastructure• Add output and conditions to allow MIG funds to be used for sanitisation and physical distancing in public transport and other public facilities
Integrated Urban Development Grant	<ul style="list-style-type: none">• Add output and conditions to allow MIG funds to be used for sanitisation and physical distancing in public transport and other public facilities in municipalities that do not receive the Public Transport Network Grant

LOCAL GOVERNMENT CONDITIONAL GRANTS (1 OF 2)

Grant name	Proposed changes to the grant framework
Water Services Infrastructure Grant	<ul style="list-style-type: none"> • Add conditions to allow grant funds to be used for trucking of water to refill tanks (subject to additional reporting requirements and time limits to be set by National Treasury)
Regional Bulk Infrastructure Grant	<ul style="list-style-type: none"> • Add conditions to allow grant funds to be used for trucking of water to refill tanks (subject to additional reporting requirements and time limits to be set by National Treasury) • Add condition to allow funding of local source development for areas served by water trucking
Public Transport Network Grant	<ul style="list-style-type: none"> • Add outputs for the number of vehicles and public transport facilities sanitized and personal protective equipment provided for drivers and other employees • Add a condition that funds may be used to pay for the sanitizing of busses and public transport facilities (including taxi ranks) and the provision of PPE for staff of the vehicle and station operators (including taxis). • Add a condition to allow the Department of Transport to approve spending on changes to public transport facilities that may be necessary to provide for physical distancing
Municipal Disaster Relief Grant	<ul style="list-style-type: none"> • Add a condition to clarify that the grant may be used to reimburse cities for spending on food and shelter for homeless persons during a disaster

CONCLUSION

- We would appreciate if Parliament could recommend that National Treasury include the proposed conditions in gazetted grant frameworks that enable grant funds to be used more effectively to respond to the COVID-19 pandemic

THANK YOU



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