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**PUBLICATION OF GOVERNMENT GAZETTE REQUIRED
IN TERMS OF SECTION 24 OF THE
DIVISION OF REVENUE ACT, 2004
(ACT NO. 5 OF 2004)**



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

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GOVERNMENT NOTICE

NATIONAL TREASURY

No. 444

1 April 2004

In accordance with section 24 of the Division of Revenue Act, 2004 (Act No. 5 of 2004) ("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
Minister of Finance

Frameworks for Conditional Grants to Provinces

Detailed Frameworks on Schedules 4 and 5 Grants to Provinces

Introduction

This appendix provides a brief description of the framework for each grant in Schedules 4 and 5 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
- 2004 MTEF Allocations
- The payment schedule
- Responsibilities of national transferring department

AGRICULTURE GRANTS

Land Care Programme: Poverty Relief and Infrastructure Development	
Transferring Department	Agriculture (Vote 26)
Purpose	To address the degradation problems of natural/agricultural resources and improve the socio-economic status, and food security of rural communities
Measurable objectives/outputs	<ul style="list-style-type: none"> • Rehabilitation of irrigation schemes to benefit small scale farmers • Improvement of veld management systems • Improvement in production systems for small scale farmers • Reduction in depletion of soil fertility and soil acidity • Training facilitation • Raise the level of awareness to show how incorrect farming activities impact negatively on resources
Conditions	Implementation of approved projects according to the project schedule
Allocation criteria	Based on: <ul style="list-style-type: none"> • Four thematic areas of soil care, water care, veld care and junior land care • Targeting the poverty nodes, and nationally targeted areas for poverty alleviation • Targeting areas with high levels of degradation of natural resources
Reasons not incorporated to equitable share	The funding originated with the special poverty allocations made by national government
Monitoring mechanisms	<ul style="list-style-type: none"> • Provinces report monthly and quarterly on implementation progress • The Intergovernmental Technical Working Group on Land Care assesses progress and ensures sharing of best practises across provinces
Past performance	2002/03 financial outcomes <ul style="list-style-type: none"> • Allocated amount of R38 million was transferred and spent by provinces
	2002/03 service delivery performance <ul style="list-style-type: none"> • 2 800 people benefited from upgraded water supply for drinking and irrigation, 115km of irrigation channels repaired • 60 000 ha of natural veld planned, with 350 km fencing and 90 km of stock watering supply network constructed • 82 000 ha of invasive plants were eradicated in order to improve veld condition • 1 115 ha arable land was improved through the demonstration of various soil care practices • Training was done to ensure that land care groups are self-sustainable after completion of the projects
Projected life	3 years
2004 MTEF Allocations	R27,1 million, R40 million and R44,5 million
Payment schedule	Quarterly instalments
Responsibilities of national department	<ul style="list-style-type: none"> • Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems with this grant identified during audit. Also to report on outputs achieved in 2002/03 per province • Detailed information on the allocation formula and data used, and on monitoring system, to be submitted to SCOF in NCOP during DoR hearings or as agreed • Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

Comprehensive Agriculture Support Programme	
Transferring Department	Agriculture (Vote 26)
Purpose	To enhance the provision of support services to promote and facilitate agricultural development targeting beneficiaries of the Land and Agrarian Reform programmes and resource poor land-users
Measurable objectives/outputs	<ul style="list-style-type: none"> Increased access to and improvement in the quality of agricultural support services provided to targeted beneficiaries (i.e. advisory, information and knowledge management, training and capacity building, market and business development support; financial, on and off farm infrastructure such as dipping) Improvement in the capacity of the departments to deliver agricultural support services Number of targeted beneficiaries [from Land and Agrarian Reform Programmes] getting access to public agricultural support services Increased access by resource poor farmers to timeous market and technical information Improvement in the availability of farm and off farm infrastructure supporting targeted farmers (for example dipping, fencing, rehabilitation of irrigation schemes etc)
Conditions	<ul style="list-style-type: none"> Funds to be used to supplement provincial budgets to improve and increase farmer support services within the CASP framework Submission of business plans by 31 March 2004 indicating how this allocation will be used in line with CASP objectives. Information should indicate additional inputs to be acquired and services to be improved or developed Quarterly reports on performance (i.e output) in terms of reporting schedule as agreed between provinces and national department Provincial departmental strategic plans for 2005/06 to clearly indicate CASP measurable objectives and performance targets as agreed with national department
Allocation criteria	<p>The formula used to allocate funds is a weighted average of the following variables:</p> <ul style="list-style-type: none"> The size of agricultural land, with higher weights for arable land Number of farmers emerging from the land reform programme – considering restitution and LRAD – increasing number of farmers increases demand for support services Rural population as determined by Stats SA based on 2001 Census – farming mostly targets rural areas – this variable captures the possibility of rural people undertaking various types of farming including livestock
Reasons not incorporated to equitable share	<ul style="list-style-type: none"> The development of support services is a national priority given that they will enhance the productive capacity and economic success of the resource limited land users; household and communal food producers; beneficiaries of the Land Reform and Agrarian Reform programmes The grant will allow for the development and implementation of national norms and standard for service delivery, and for better targeting
Monitoring mechanisms	<ul style="list-style-type: none"> Submission of quarterly reports reflecting outputs against the plans Provincial visits by national department to assess performance and provide advice Regular assessment by ITCA
Past performance	New conditional grant
Projected life	The grant will be reviewed after 3 years
2004 MTEF Allocations	R200 million, R250 million, and R300 million
Payment schedule	Quarterly instalments
Responsibilities of national department	<ul style="list-style-type: none"> Submit format for business plan to provinces no later than 28 February 2004, and all approvals of business plans to be completed by 30 April 2004 Detailed information on the allocation formula and data used, and on monitoring system, to be submitted to SCOF in NCOP during DoR hearings or as agreed Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

EDUCATION GRANTS

HIV and Aids Grant (Life Skills Education)	
Transferring department	Education (Vote 15)
Purpose	<ul style="list-style-type: none"> To ensure access to an appropriate and effective integrated system of prevention, care and support for children infected and affected by HIV and Aids To deliver life skills, sexuality and HIV and Aids education in primary and secondary schools
Measurable outputs	<ul style="list-style-type: none"> Additional 400 master trainers to be trained Additional training of 10 000 educators to deliver programmes to learners Verified reporting of implementation of the life skills programmes in schools Peer education, care and support programmes implemented in selected schools in nodal areas
Conditions	<ul style="list-style-type: none"> Provincial business plans with focus on the above outputs must be approved by the national Accounting Officer before the transfer 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 as explained in Annexure E of Budget Review is used to allocate this grant amongst provinces
Reason not incorporated in equitable share	Enables the Department of Education to provide overall direction such that congruency, coherence, and alignment with the Department of Education's National Strategy for HIV and Aids and the National Integrated Plan for Children Infected and Affected with HIV and Aids (NIP) is ensured, and 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 as part of the National Integrated Plan for Children and Youth affected and infected with HIV and Aids Monitoring and evaluation will be conducted by the Departments of Education both at national and provincial level At least two site visits per province and 4 inter-provincial meetings/workshops held to support and monitor implementation of programmes
Past performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> Of the total allocation amounting to R144,6 million, R133 million was transferred to provinces, R11 million was not transferred to Limpopo due to slow spending Administration of conditional grants was a matter emphasised in 2002/03 audit, and six of ten education departments received qualified audits <p>2002/03 service delivery performance</p> <ul style="list-style-type: none"> HIV and Aids learner support materials for Grades 1 to 9 were developed and distributed to schools Provinces trained more than 300 Master Trainers (mainly district-based officials) to cascade training to educators to deliver curriculum-based programmes to all learners Provinces trained and provided ongoing follow-up support to more than 50 000 educators on care and support, sexuality education, HIV and Aids and other related life skills Provided schools with age-appropriate Teacher Learner Support Material – more than 80% of schools covered According to surveys conducted in provinces, 70%-80% of schools are implementing the life skills programme through the curriculum
Projected life	It is envisaged that, given the nature of the epidemic, the need for such a grant will persist for at least another 5 to 8 years
Payment schedule	Four instalments (15 April 2004, 15 July 2004, 15 October 2004 and 14 January 2005)
2004 MTEF Allocations	R128,6 million, R136,3 and R144,5 million
Responsibilities of national department	<ul style="list-style-type: none"> Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province Submit format for business plan to provinces no later than 28 February 2004, and all approvals of business plans to be completed by 30 April 2004 Detailed information on the allocation formula and data used, and on monitoring system, to be submitted to SCOF in NCOP during DoR hearings or as agreed Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

Primary School Nutrition Programme	
Transferring department	Education (Vote 15)
Purpose	To improve the nutrition status of South African children: specifically to enhance active learning capacity and improve attendance in schools
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Reach about 15 000 poverty stricken schools at which about 5 million learners will be fed • Improve coverage of planned feeding days to a minimum of 156 in all 9 provinces • Comply 100% with nutritional criteria for school feeding as directed by Cabinet decision (feed according to approved menu, feed by 10h00, and comply with food safety standards)
Conditions	<ul style="list-style-type: none"> • Provincial business plans with focus on the above outputs must be approved by the national Accounting Officer before the transfer of the first instalment • Grant must be kept on separate responsibility and objective codes • Compliance with the targeting criteria and minimum norms and standards as determined by Cabinet decision of 23/1/02 and implementation guidelines of the national Department with regard to approved menus, nutrition quality and quantity and food safety • Measurable objectives as outlined in this document must be achieved
Allocation criteria	The distribution formula that is based on an index comprising of three indicators, namely the poverty gap (1996), poverty distribution according to population (1996) and anthropometric indicators of children (2000)
Reason not incorporated in equitable share	The Primary School Nutrition Programme is a government programme for poverty alleviation specifically initiated to uphold the rights of children to basic food. For this reason, there is a national mandate to fund, spend and account transparently before government and the public
Monitoring mechanisms	<ul style="list-style-type: none"> • Provinces must report quarterly in terms of progress indicators • Monitoring visits by Education and Health on nutrition quality, quantity and food safety • Periodic assessment commissioned by national Department
Past performance	This is the first year of this conditional grant in education
Projected life	It is envisaged that, given the economic climate in the country and the impact of HIV and Aids, the need for such a grant will persist for another 8 to 10 years at least
Payment schedule	Four instalments (15 April 2004, 15 July 2004, 15 October 2004 and 14 January 2005)
2004 MTEF Allocations	R832,2 million, R912,2 million and R1 098 million
Responsibilities of national department	<ul style="list-style-type: none"> • Submit format for business plan to provinces no later than 28 February 2004, and all approvals of business plans to be completed by 30 April 2004 • Information on allocation formula, and data used to be tabled with SCOF in NCOP during DoR hearings or as agreed • Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

HEALTH GRANTS

National Tertiary Services Grant	
Transferring department	Health (Vote 16)
Purpose	<ul style="list-style-type: none"> To fund national tertiary services delivered in 27 hospitals across the nine provinces, as identified by the national Department of Health (DOH), in order to ensure equitable access to basic tertiary health services by all South Africans
Measurable outputs	<ul style="list-style-type: none"> Number of admissions, outpatients and day cases per specialised service unit, per institution Improvement in management of information for identified hospitals
Conditions	<ul style="list-style-type: none"> Maintenance of a separate budget and management centre for each identified hospital Appointment of a chief executive officer and delegation of general management functions and powers to the Chief Executive Officer of each identified hospital. These functions should cover – financial accountability, supply chain management, hiring and disciplining of staff Provision of designated national tertiary services at activity levels as agreed between the province and the national DOH Provinces to include appropriate information in their strategic plans 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 No discrimination in admitting patients on the grounds of residency or province
Allocation Criteria	<ul style="list-style-type: none"> Cost of designated national tertiary services as determined by 2001 costing and service review Phasing in over a five year period Costs based on service delivery levels and should a province provide less than the agreed services, funding may be adjusted downwards accordingly, in consultation with the National Treasury
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) or any other agreed to mechanism
Past performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> Allocated amount of R3,7 billion was transferred and spent by provinces Administration of conditional grants was a matter emphasised in 2002/03 audit, and four of ten health departments received qualified audits Funding of academic hospitals under pressure in 2003/04 <p>2002/03 service delivery performance</p> <ul style="list-style-type: none"> Transition from former Central Hospitals Grant has been successfully achieved, including establishment of routine monitoring system for NTSG via DHIS Standards of reporting Standards of reporting particularly in terms of statistics and data sets improved Management has in general improved in tertiary hospitals
Projected life	<ul style="list-style-type: none"> 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 constantly reviewed
2004 MTEF Allocations	R4 273 million, R4 529,4 million, and R4 801,1 million
Payment schedule	Equal monthly instalments – normally on the 10 th day of the month
Responsibilities of national department	<p>2004/05</p> <ul style="list-style-type: none"> Finalise long term plan for modernisation of tertiary services Develop grant framework to support modernisation process Review of funding based on first two years of output monitoring Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP Detailed information on the allocation formula and data used, and on monitoring system, to be submitted to SCOF in NCOP during DoR hearings or as agreed <p>2004/05-2005/06</p> <ul style="list-style-type: none"> Develop structures and mechanisms to implement modernisation of tertiary services Review funding of academic hospitals with National Treasury and Department of Education

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 Enable shifting of teaching activities from central hospitals to regional and district facilities Development and recruitment of medical specialists in under-served provinces
Measurable outputs	<ul style="list-style-type: none"> Number and composition of health sciences students by province and institution Number of filled training placements per discipline and per institution as compared to plan Expanded specialist and teaching infrastructure in target provinces
Conditions	<ul style="list-style-type: none"> Business plans for provinces receiving developmental portion of the grant should be approved by 1 April 2004 for this portion to the national DOH, indicating planned deployment of additional registrars and specialists, showing current and proposed posts Each province to publish in its strategic plan for 2004/05, information as required by the national DOH, on the training of all health care 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 faculty in universities Timely submission of monitoring information as agreed with national DOH. This should include annual reports on additional numbers of registrars and specialists in gaining provinces
Allocation criteria	<ul style="list-style-type: none"> A specific increment has been allocated to provinces without health professional training facilities 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; ten percent of the remainder is divided equally between the four provinces with no medical school Target allocations per province to be phased in over 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"> Bi-annual reporting by province on number of students enrolled by discipline, level and training institution (frequency to be significantly decreased once national DOH has adequate database) using the prescribed format Bi-annual reporting by province on the number and duration of practical placements by health sciences students by type/level of health facility (frequency to be significantly decreased once national DOH has adequate data-base) Bi-annual reporting by targeted province on achievement of planned expansion of specialist and teaching infrastructure
Past performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> All allocated amounts (R1,3 billion) were transferred to provinces and funding flowed to institutions as planned Administration of conditional grants was a matter emphasised in 2002/03 audit, and four of ten health departments received qualified audits <p>2002/03 service delivery performance</p> <ul style="list-style-type: none"> The actual deployment of postgraduate employees was achieved with mixed results
Projected life	<ul style="list-style-type: none"> The need to compensate provinces undertaking the bulk of training is likely to continue for the foreseeable future, but ongoing review of this grant is expected to improve its alignment with national human resource development policy
2004 MTEF Allocations	R1 434,1 million, R1 520,2 million, R1 520,2 million
Payment schedule	Equal monthly instalments – normally on the 10 th working day.
Responsibilities of national department	<p>2004/05</p> <ul style="list-style-type: none"> Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP Continue research to improve and reconfigure this grant. It is envisaged that this grant will be completely reformed within the next two years Table new proposals to progressively improve this grant alongside modernisation of tertiary services proposals

Comprehensive HIV and Aids Grant	
Transferring department	Health (Vote 15)
Purpose	<p>To Enable the health sector to develop an effective response to HIV and Aids epidemic:</p> <ul style="list-style-type: none"> • Support approved interventions including voluntary counselling and testing (VCT), mother to child transmission prevention (PMTCT) programmes, strengthening of provincial management, establishment of Regional Training Centres, post exposure prophylaxis (PEP), home-based care, and step-down care to provide a comprehensive treatment package • Support implementation of the National Operational Plan for Comprehensive HIV and Aids Treatment and Care
Measurable outputs	<ul style="list-style-type: none"> • 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 facilities providing PMTCT services • 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 presenting after sexual assault, and number receiving PEP • Number of projects targeting commercial sex workers and number of sex workers reached • Increased condom distribution • Number of persons enrolled in Comprehensive Treatment & Care programme • Number of persons receiving nutritional support and supplementation • Number of persons receiving antiretroviral therapy • Number of sites accredited to provide Comprehensive Treatment and Care programmes
Conditions	<ul style="list-style-type: none"> • Flow of instalments will be dependant on adequate performance on expenditure and outputs; in particular, continued poor performance in implementing Comprehensive Treatment and Care Programme may result in reallocation of funds to other provinces • Quarterly monitoring returns to be submitted • Provinces must comply with all data reporting requirements of the National Monitoring & Evaluation Framework for Comprehensive Treatment and Care programme; non-compliance will result in withholding of funds • Comprehensive Treatment & Care programme must be delivered at nationally accredited facilities only • All treatment and care must follow national treatment and clinical guidelines as published by the National Comprehensive Treatment & Care programme • Procurement of pharmaceuticals and nutritional supplements/products for use in the Comprehensive Treatment & Care programme must be undertaken as agreed with the national Department of Health including through the appropriate use of national tenders • All laboratory and diagnostic monitoring under the Comprehensive Treatment & Care programme must be procured from the National Health Laboratory Service • Payment of all suppliers (including NHLS) will be effected within 30 days of receipt of invoice, continuing late payment may result in withholding of funds • Provinces should budget for long-term recurrent funding of home based care and step-down care (i.e. once projects have matured)
Allocation criteria	Based on prevalence as determined by: 2001 Antenatal HIV Prevalence Survey, estimated share of HIV+ births, share of reported rapes, and 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 • Reporting requirements as specified by the National Monitoring & Evaluation Framework for Comprehensive Treatment and Care Programme • Provincial liaison and technical support visits by members of the national DOH • Regular meetings by the National Steering Committee

Past performance	2002/03 audited financial outcomes <ul style="list-style-type: none"> • All funds (R210 million) were transferred to provinces. Most provinces spent their allocated amounts with the exception of Mpumalanga which spent 60 percent • Administration of conditional grants was a matter emphasised in 2002/03 audit, and four of ten health departments received qualified audits
	2003/04 service delivery performance <ul style="list-style-type: none"> • 400 new sites provided comprehensive PMTCT interventions bringing a total number of sites to 650, reaching out to more than 80,000 women • Kwazulu-Natal, Western Cape and Gauteng achieved close to full coverage for the implementation of post-exposure prophylaxis • Operational sites for Voluntary Counselling and Testing (VCT) increased from 472 in 2001/02 to 1625 in 2002/03
Projected life	For duration of the allocation
2004 MTEF Allocations	R781,6 million, R1 135,1 million, and R1 567,2 million
Payment schedule	Equal monthly instalments
Responsibility of national Department	2004/05 – 2005/06 <ul style="list-style-type: none"> • Finalise the output reporting framework for the programme to incorporate National Monitoring & Evaluation Framework for Comprehensive Treatment and Care Programme • Constant monitoring of outputs and spending trends under Comprehensive Treatment and Care Programme to allow for revision of grant amounts and allocations as required to support implementation • Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province • Submit format for business plan to provinces no later than 28 February 2004, and all approvals of business plans to be completed by 1 April 2004 • Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed. • Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP

Hospital Revitalisation Grant	
Transferring department	Health (vote 16)
Purpose	To transform and modernise infrastructure and equipment in hospitals in line with national policy and to achieve a sustainable infrastructure from which modern, equitable and sustainable services can be delivered
Measurable outputs	<ul style="list-style-type: none"> • Number of hospitals approved and started on the revitalisation programme • 27 hospitals currently in the programme will be completely upgraded or replaced
Conditions	<ul style="list-style-type: none"> • Compliance with Integrated Health Planning Framework (IHPF) • Compliance with provincial priorities for sustainable service delivery as identified in the provinces' Strategic Position Statements (SPS) • All projects must comply with the 2004/05 Project Implementation Manual requirements for implementation • Business cases in a standard format indicated in the 2004/05 Project Implementation Manual must be approved by the National Department of Health by 30th May for any additional projects to be funded in the following years allocation • Submission of prioritisation schedule for all hospitals reflecting order of implementation of revitalisation hospitals over the long-term and backlog reduction in lower priority hospitals • Annual Project Implementation Plans for each approved project in a standard format indicated in the 2004/05 Project Implementation Manual must be submitted to National Department of Health by the 28th February. Transfer of first instalment is subject to prior approval of implementation plans
Allocation criteria	<ul style="list-style-type: none"> • Allocations will be based on projects comprised of at least one hospital per province • The number of projects per province will be agreed between the National Department and Treasury each year • Monitoring of performance in achieving planned and national targets will affect allocations
Reasons not incorporated in the equitable share	<ul style="list-style-type: none"> • To provide the additional, targeted and time bound investment to provincial health departments to enable them to transform and modernise the hospital sector in line with nationally agreed goals and timeframes • The large size of the whole hospital projects makes them difficult for provinces to fund from equitable share
Monitoring mechanisms	<ul style="list-style-type: none"> • Annual and Quarterly reporting on hospital monitoring modules in the prescribed format • Prescribed monthly reports to Treasury • Quarterly reporting on project implementation progress and expenditure to the National Department in the prescribed format
Past performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> • The revised allocation for the grant amounted to R650 million. Provinces spent all transferred funds • Administration of conditional grants a matter emphasised in 2002/03 audit, and four out of ten health departments received qualified audits <p>2002/03 Service Delivery Performance</p> <ul style="list-style-type: none"> • All provinces converted fully to project based funding for revitalisation by April 2003 • 18 new projects (two per province) were added to the 9 that were initiated in 2001/02, bringing the total hospitals earmarked for complete revitalisation projects to 27. Of these hospitals, 16 are new hospitals, either to replace existing dilapidated hospitals or provide a complete new service. Some of these projects (15) are already under construction, while the rest are in planning stage • Three large hospitals funded through conditional grants have been completed, Inkosi Albert Luthuli Central Hospital (846 beds) in Kwazulu-Natal, Nelson Mandela hospital (460 beds) in the Eastern Cape, and Pretoria Academic (777 beds) in Gauteng
Projected life	The National and Provincial Departments of Health agreed target is to achieve full revitalisation of all hospitals in 20 years
2004 MTEF Allocations	R911,9 million, R1 027,4 million, and R1 180,3 million
Payment Schedule	Equal monthly instalments

Responsibilities of national department	2004/05 – 2005/06. <ul style="list-style-type: none">• Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province• Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed• Agree with provinces and Treasury on the number and distribution of projects by province to be funded through the grant over the MTEF• Obtain and evaluate additional business cases for projected project start requirements through the entire MTEF• The department must publish a detailed performance assessment and report on this grant in its 2004/05 annual report, including the performance of the national department and provincial health departments• The department must submit non-financial performance information per province (and if requested, by hospital) to the National Treasury and Select Committee on Finance in the NCOP no later than 90 days after end of each quarter
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Integrated Nutrition Programme Grant	
Transferring depart.	Health (Vote 16)
Purpose	To implement integrated nutrition activities aimed at improving the nutritional status of all South Africans
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Reduce wasting to < 2%, stunting < 18%, underweight < 8%, and severe underweight < 1% in children by 2006/07 • Reduce Vitamin A deficiency < 19%, Iron Deficiency < 7,5% and Iodine deficiency < 5% in children by 2006/07 • Increase percentage of children 6 – 11 months receiving vit A supplementation to ≥ 90% by 2006/07 • Increase percentage of children 1 – 5 years receiving vit A supplementation to ≥ 75% by 2006/07 • Increase percentage of post partum mothers receiving vit A supplementation to ≥ 90% by 2006/07 • Increase the percentage of infants exclusively breastfed for 6 months ≥ 10% by 2006/07 • Increase percentage of 12 month olds with Road to Health Charts = 100% by 2006/07 • Increase Percentage of baby-friendly maternity facilities ≥ 32% by 2006/07
Conditions	<ul style="list-style-type: none"> • Access of funding through business plans • Grant must be kept on separate cost center codes • Compliance with minimum norms and standards as determined by policy and implementation guidelines • Funding for programme management functions restricted to a maximum of 1 % of the grant
Allocation criteria	<p>The INP conditional grant is distributed in total to the provincial departments of health according to an index comprised of three indicators:</p> <ul style="list-style-type: none"> • 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	<ul style="list-style-type: none"> • The Primary School Nutrition Programme has shifted to education in 2004/05. The INP remains a conditional grant for two years, this establishes the level at which the programme has to be funded when it phases into equitable share in 2006/07
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 • The National office conducts regular monitoring and technical support visits to the provinces • Formal assessments
Past performance 2002/03	<p>2002/03 Audited financial outcomes</p> <ul style="list-style-type: none"> • R592 million was allocated and transferred to provinces, and 98% was reported as spent • Administration of conditional grants was matter emphasised in 2002/03 audit, and four out of ten health departments received qualified audits <p>2002/03 Service delivery performance</p> <ul style="list-style-type: none"> • Feeding took place in 15,650 schools reaching 4,6 million children. This coverage constitute 95 per cent of targeted number of schools
Projected life	The programme will phased into equitable share in 2006/07
2004 MTEF Allocations	R112,2 million, R123,4 million
Payment schedule	<p>Four installments based on cash flow plans:</p> <ul style="list-style-type: none"> • On approval of Business Plan (April) • On receipt of monthly financial reports for 1st quarter (July) • On receipt of monthly financial reports for 2nd quarter (October) • On receipt of monthly financial reports for 3rd quarter (January)
Responsibilities of national department	<ul style="list-style-type: none"> • Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province • Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed • Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP

Hospital Management and Quality Improvement Grant	
Transferring depart.	Health (Vote 16)
Purpose	<ul style="list-style-type: none"> To transform hospital management and improve quality of care in line with national policy
Measurable objectives/ outputs	<ul style="list-style-type: none"> Number of hospitals with approved management strengthening and quality improvement plans started on the programme
Conditions	<ul style="list-style-type: none"> Implementation plans in the prescribed format must be submitted and approved before the flow of the first instalment Significant progress must be reported on the quarterly targets as stated in the plan before subsequent payments are transferred This grant must support Revitalisation projects, but may additionally be used for appropriate projects in other Hospitals, provided revitalisation project needs are met
Allocation criteria	<ul style="list-style-type: none"> Project based allocation in order to achieve hospital management transformation within agreed period of revitalisation programme
Reason not incorporated in equitable share	<ul style="list-style-type: none"> To provide the additional, targeted and time bound 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"> Annual and Quarterly reporting on hospital monitoring modules in the prescribed format Prescribed monthly reports to Treasury Quarterly reporting on project implementation progress and expenditure to the National Department in the prescribed format
Past performance 2002/03	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> Allocation amounted to R126 million. All funds were transferred. Provinces spent around 85% of transferred funds, with somewhat lower spending in Mpumalanga and Eastern Cape Administration of conditional grants was matter emphasised in 2002/03 audit, and four of ten health departments received qualified audits <p>2002/03 Service Delivery Performance</p> <ul style="list-style-type: none"> The grant was originally targeted at financial management of tertiary hospitals, and this was extended to support management and quality improvement in the revitalisation programme. During the transition utilisation was hampered by split responsibility and lack of clarity, 2003/04 is the first year the grant has been largely focused on revitalisation programme All central hospitals are now headed by chief executive officers and most have fully fledged general management teams in place Systems to support greater delegation of management authority to hospital level are being finalised by the provincial departments of health Cost centre accounting system is in use in 46 public hospitals
Projected for 2003/04	The grant is linked to the projected lifespan of the Revitalisation Programme, currently targeted at completion within 20 years. It is expected that the rollout of management improvements can be achieved in shorter timeframes than the infrastructure and so it is expected to be completed within 10 to 12 years
2004 MTEF Allocations	R141,8 million, R150,3 million, R159,4 million
Payment schedule	Quarterly instalments
Responsibilities of national department	<ul style="list-style-type: none"> Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP

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 180 000 houses • Number of houses under construction • Number of houses completed per province • Number of households benefiting
Conditions	<ul style="list-style-type: none"> • Provincial cash flows linked to projects for 2004/05 must be submitted to the national Department of Housing by 31 March 2004 for approval before the flow of the first instalment • Provincial housing department to ensure that all subsidy allocations for 2005/06 are allocated by 31 October 2004 and such allocations should be submitted to National Housing Department for evaluation and approval by 15th November 2004. The provincial housing HOD must satisfy himself/herself that municipalities will duly provide for infrastructure before allocating subsidy • Provinces must utilise the Housing Subsidy System for budgeting, subsidy administration, financial administration and reporting purposes • Submit comprehensive reporting on expenditure on individual projects by the 15th of each and every month • Housing allocations must be in terms of national housing programmes and priorities, as approved • Provincial housing departments must set aside a minimum 0,75 percent of the allocation to finance emergency housing needs. The funding will provide for the needs of people who must be assisted in cases similar to Constitutional Court ruling in the Grootboom case.
Allocation criteria	<ul style="list-style-type: none"> • A formula which introduces an urban preference is used to determine allocations for 2004/05. The allocation is based on: <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 percent; • A poverty indicator as measured by the number of households earning less than R3 500 in each province and is weighted 30 percent; • A population indicator as measured by each province's share of total population using statistics from 1996 census and is weighted 20 percent. • The third component of the formula will be adjusted with effect from the 2005/06 financial year to: <ul style="list-style-type: none"> • A population indicator, weighted at 20 percent, as measured by each province's share of total population as per the 2001 census data with effect from the 2005/06 financial year
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	<ul style="list-style-type: none"> • 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, visits to provinces, interaction by the housing sector Chief Financial Officers and Heads of Housing and MINMEC meetings • The national Department of Housing requires that the provincial department of housing focus particular attention on the submission of comprehensive non-financial information to form part of the prescribed conditional grant reporting

Past performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> • R3,8 billion was allocated and transferred to provinces. When including unspent funds in 2001/02, the total funds available for spending amounted to R4,5 billion, of which R900 million was not spent • Little information provided on actual spending against transfers to municipalities and housing funds • Three of the ten housing departments and an unknown number of housing funds received qualified audit opinions. The Auditor-General noted as a matter emphasised that there was material contravention of the DoRA, and could not determine whether transfer payments were utilised as stipulated. <p>2002/03 service delivery outcomes</p> <ul style="list-style-type: none"> • The number of subsidies approved in the last three years averaged 346 331 per annum, while the number of houses completed during the same period averaged 179 171 per annum
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 for at least the next 20 years
2004 MTEF Allocations	R4 473,6 million, R4 745,4 million, and R5 030,1 million
Payment schedule	Monthly instalments (payment schedules) as determined through predetermined provincial expenditure projections
Responsibilities of national department	<ul style="list-style-type: none"> • Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audits. Also to report on outputs achieved in 2002/03 per province, linking housing outputs to previous years subsidies. • Detailed information on the allocation formula and data used, and on monitoring system, to be submitted to SCOF in NCOP during DoR hearings or as agreed • Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP • Department and National Treasury to review the housing delivery mechanisms in order to improve spending capacity in the light of past underspending, and to determine interim measures in terms of section 35 of the Division of Revenue Bill

Human Settlement and Redevelopment Grant	
Transferring department	Housing (Vote 29)
Purpose	To fund projects that aim to improve the quality of the environment by identifying dysfunctionalities in human settlements
Measurable outputs	<p>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 • Number of planning projects approved that once completed could promote integration
Conditions	<ul style="list-style-type: none"> • Provincial Housing Departments to ensure that business plans for the 2005/06 financial year are submitted to the National Department of Housing no later than 15 August 2004 • The business plan will form part of the contract (referred to as a Letter of Allocation) 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 with a view to the formulation of a more comprehensive permanent programme, and it should remain a conditional grant. The programme is furthermore viewed as an initiative through which projects and programmes can be funded that are in support of the housing investment being made in an effort to create viable communities
Monitoring mechanisms	<ul style="list-style-type: none"> • 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 • The National Department of Housing requires that provincial departments' of Housing focus particularly on the submission of comprehensive, non-financial, performance related information that forms part of the conditional grant reports to be submitted into the approved Monitoring and Reporting Framework
Past performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> • R106 million was transferred to the provinces, in 2001/02 the grant was underspent by R80 million, this increased total funds available for spending by provinces to R186 million, and spending amounted to R66 million resulting in provincial underspending by about R120 million • Three of the ten housing departments received qualified audit opinions. The Auditor-General noted as a matter emphasised that there was material contravention of the DoRA, and could not determine whether transfer payments were utilised as stipulated <p>2002/03 service delivery outcomes</p> <p>63 project plans were approved and implementation started:</p> <ul style="list-style-type: none"> • Sixteen of the 63 business plans are for planning and/or replanning exercises. Furthermore 14 of the 16 business plans are located within urban renewal nodes • The remaining 47 business plans will upon completion provide upgraded infrastructure in depressed areas, of which 13 will lead to upgraded infrastructure in urban renewal nodes, and an additional 3 will provide infrastructure in rural development nodes
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
2004 MTEF Allocations	R115,5 million, R122,5 million, and R129,8 million
Payment schedule	Monthly instalments (payment schedules) as determined through predetermined provincial expenditure projections
Responsibilities of national department	<ul style="list-style-type: none"> • Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province • Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed • Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP

THE NATIONAL TREASURY

Provincial Infrastructure Grant	
Transferring department	National Treasury (Vote 8)
Purpose	<ul style="list-style-type: none"> • Help accelerate construction, maintenance and rehabilitation of new and existing infrastructure in education, roads, health and agriculture • Gradually increase the labour-intensity of certain specific types of projects over the next five years
Measurable objectives/ outputs	<ul style="list-style-type: none"> • Rehabilitation and maintenance of roads, schools, health facilities and agriculture infrastructure • Average length of employment for labour intensive projects • Number of persons participating in the training programs under the expanded public works programme
Conditions	<ul style="list-style-type: none"> • Submission and approval of detailed infrastructure plans by 1 April 2004. The flow of the first instalment depends on the submission and approval of plans. 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 • To adhere to the labour-intensive construction methods in terms of the Expanded Public Works Programme (EPWP) guidelines agreed between Department of Public Works, National Treasury and SALGA • 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. Reports should also indicate progress in terms of expenditure and jobs created with EPWP designated projects
Allocation criteria	<ul style="list-style-type: none"> • Amounts of R100 million, R115 million and R130 million in 2004/05, 2005/06 and 2006/07 were top sliced for Northern Cape to take account of the vastness of its land area and the resulting length of road network to be constructed and maintained • An average of the percentage equitable shares and backlog component of equitable share formula has been used to allocate the grant among funds to 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
Reason not incorporated in equitable share	This grant ensures that provinces give priority to infrastructure maintenance, rehabilitation and construction, and support rural development initiatives in line with Government priorities
Monitoring mechanisms	<ul style="list-style-type: none"> • 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>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> • Allocation of this grant amounted to R1 950 million, which include R400 million for flood rehabilitation, was transferred to provinces. The grant aims to encourage increased allocation for infrastructure on roads, health and education and improved performance in the implementation of projects. Provinces increased spending on capex from R11 056 million in 2001/02 to R14 473 million in 2002/03, which amounts to 31 percent. This has increased the share of capital spending from 6 percent in 1998/99 to about 13 percent in 2002/03. A large share of growth in capital spending is in social services and roads. This grant only constitutes 12 percent of total capex budgets in provinces, indicating that this grant has achieved its object of increasing provincial budgets for infrastructure. Detailed reporting done by National Treasury in the annual Intergovernmental Fiscal Review. Quarterly spending trends reflect that provinces have improved their spending capacity • Actual spending outcomes of this grant must be based on total spending on capital in each province. Each line function department accounts for its spending separately, to its own legislature <p>2002/03 Service delivery performance</p> <ul style="list-style-type: none"> • The real outcome of the higher levels of spending on infrastructure is left to each province, and relevant Minmecs for key concurrent functions like education, health and roads
Projected life	To be reviewed after five years
2004 MTEF Allocations	R3 348,4 million, R3 730,8 million, and R4 118,1 million
Payment schedule	Quarterly instalments
Responsibilities of national department	<ul style="list-style-type: none"> • National Treasury to ensure that all capital plans submitted are approved by 1 April 2004 • This is a general Schedule 4 grant, and each provincial department accounts for its expenditure to its own legislature. The responsible national department could also, through its Minmec, prepare consolidated reports on infrastructure to the NCOP if requested. The National Treasury publishes the Intergovernmental Fiscal Review to report on spending trends and outcomes as reported

PROVINCIAL AND LOCAL GOVERNMENT GRANTS

Local Government Capacity Building Fund (LGCBF) (Provincial Component)	
Transferring department	Provincial and Local Government (Vote 5)
Purpose	To assist municipalities to build their institutional capacity and improve their systems for sustainable service delivery
Measurable objectives/ outputs	<p>The following should be achieved by municipalities that are being assisted:</p> <ul style="list-style-type: none"> • Prepare operating and capital budgets • Prepare annual financial statements • Council approval and implementation of consolidated credit control, indigence and tariff policies • Monthly and quarterly financial reporting to take place as required by proclamation R1535 and R1536 • Debt restructuring plans to be approved by creditors and council, and implemented
Conditions	<ul style="list-style-type: none"> • Provinces will access LGCBF through the submission of business plans • Council to approve appointment of management support team (MST) and a team to conduct the financial analysis and prognosis • Provinces will be expected to manage the available funds, providing the necessary support where required
Allocation criteria	Allocations are based on the current needs as expressed by the Provinces, after assessing the number of municipalities in financial distress and the extent of the support required. Larger municipalities that can access funding from National Treasury have been excluded from the allocation process
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	Quarterly reports on the support provided to municipalities and the progress made with the implementation of systems in municipalities. Monthly reports of conditional reporting as stipulated in the Division of Revenue Act
Past performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> • Total allocation amounting R170 million was transferred to provinces, the available funds for spending was R187 million, including roll overs from the previous year. Provinces reported spending R146 million, with R41 million unspent • The Auditor-General did not specifically comment on this grant, but reported generally as an emphasis of matter, material contravention of the requirements of the Division of Revenue Act. Two of the provincial local government departments also received qualified audits <p>2002/03 service delivery performance</p> <ul style="list-style-type: none"> • Municipalities have benefited from this grant for the past 3 years. Financial Systems have been put in place and helped municipalities to realise their tax base
Projected life	The fund is phased out into the local government equitable share after 2004/05.
2004 MTEF Allocations	R220,5 million
Payment schedule	Monthly instalments
Responsibilities of national department	<ul style="list-style-type: none"> • Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province • Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings as agreed • Submission of quarterly performance (i.e. output) or reports with a quarter lag to Select Committee on Finance in NCOP

Provincial Project Management Capacity for MIG (previously called the Provincial CMIP Grant)	
Transferring Department	Provincial and Local Government (Vote 5)
Purpose	To provide support to provinces to manage the implementation of Municipal Infrastructure Grant (MIG) effectively and efficiently on behalf of the Department to ensure sustainability of MIG projects
Measurable objectives/ outputs	<p>The key outputs of the programme are:</p> <ul style="list-style-type: none"> • Proper co-ordination between all municipal infrastructure programmes in their respective provinces • MIG projects are aligned to provincial development plans and integrated development plans of municipalities • Support the establishment of municipal service partnerships through the MIG programme
Conditions	<ul style="list-style-type: none"> • Business plan setting out clear objectives and outputs in respect of programme management for MIG in their respective provinces must be submitted before the flow of the first instalment • 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 0,81 percent and 1,49 percent 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 MIG projects on the ground
Monitoring mechanisms	Through monthly and quarterly reports and monthly meetings in the provinces
Past Performance	<p>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> • Provinces spent and transferred funds amounting to R31,2 million • The Auditor-General did not specifically comment on this grant, but reported generally as an emphasis of matter material contravention of the requirements of the Division of Revenue Act. Two of the provincial local government departments also received qualified audits <p>2002/03 service delivery performance</p> <p>Provinces assisted the Department successfully in managing the programme through improved monitoring and expenditure and putting capacity in place in municipalities</p>
Projected life	The grant will phase into MIG in 2005/06
2004 MTEF Allocations	R40,7 million, R43,6 million, and R46,2 million
Payment schedule	Monthly payments to provinces
Responsibilities of national department	<ul style="list-style-type: none"> • Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province • Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed • Submission of quarterly performance (i.e. output) reports with a quarter lag to Select Committee on Finance in NCOP • Grant to be consolidated into MIG in 2005/06

SOCIAL DEVELOPMENT GRANTS

HIV and Aids Grant (Community-Based Care)	
Transferring Department	Department of Social Development (Vote 19)
Purpose	<ul style="list-style-type: none"> To provide social welfare services to orphans and vulnerable children who are infected and affected by HIV and Aids, within family and community context, in partnership with non profit making organizations (NGOs, CBOs and other community organisations) To develop and support institutional structures and professionals, community workers and child and youth care workers through targeted training programmes in order to ensure effective delivery of services
Measurable objectives/outputs	<ul style="list-style-type: none"> Number of orphans receiving appropriate care and support increased 50% of identified children and families receive essential material assistance 50% of the identified vulnerable children provided with alternative care 60% of care givers identified from communities, NGOs, CBOs, faith based organizations, families and volunteers to be capacitated through training and support 70% of the identified children and families provided with counselling and support services Number of coordinating structures and partnerships for management and maintenance of social welfare services to children infected and affected by HIV and Aids increased
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 Each operational plan should be approved and signed by the Head of Department and submitted to the Director-General before 20 February of each year. The first installment will only flow if plans are approved Legal contracts signed between provincial departments of social development and the implementing agencies by 1 April each year
Allocation criteria	A formula based on antenatal HIV and Aids prevalence survey and poverty index
Reason not incorporated in equitable share	<ul style="list-style-type: none"> The National Integrated Plan for Children Infected and Affected by HIV and 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 expenditure reporting by provinces Quarterly performance evaluation and reporting by national and provincial coordinators Quarterly 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>2002/03 audited financial outcomes</p> <ul style="list-style-type: none"> 97% of the allocated amount of R47,5 million was spent by the provinces Audit did not specifically comment on conditional grant. Three of the ten social development departments received qualified audits <p>2002/03 service delivery performance The following outputs has been achieved:</p> <ul style="list-style-type: none"> 314 centers/sites for home/community-based care and support were supported 29,612 additional children orphaned or vulnerable due to HIV and AIDS were identified which brings the number of children identified since the inception of this programme in 2000 to over 75,000 Services provided to children include food parcels, provision of clothing, counseling, support, provision of day care and after school centers/drop in centres, placement of children in foster care and residential care and addressing the education and health needs of children 13061 food parcels ranging between R154 and R350 per parcel were provided Over 1000 care givers received stipends, between R225 and R500 per household 2,695 families received support such as food parcels, counseling, placements, assistance with bereavement, and linking families with income generating projects 1,604 volunteers were recruited and trained 41 Child Care Forums have been established in some parts of the country 85 Support groups for Persons Living With Aids are being provided with both financial and professional services
Projected life	For the duration of the allocation
2004 MTEF Allocations	R70,2 million, R74,4 million, and R78,9 million
Payment schedule	Three instalments
Responsibilities of national department	<ul style="list-style-type: none"> Department to provide report to SCOF on audited outcomes for 2002/03 of receiving provincial departments and the national department, identifying any corrective steps to be taken on any problems identified during audit. Also to report on outputs achieved in 2002/03 per province Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings as agreed Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

Child Support Extension Grant 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 by 20 February and approved by 15 March each year. Provincial plans must consider capacity to implement and reasonable processes to build capacity. The flow of the first instalment depends on submission and approval of plans 3. A consolidated implementation plan as per (2) above to be submitted to the DG of National Treasury by 1 April for information 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 children (seven to ten-years) registered and eligible • Age distribution of registered children (seven to ten-years by year-group) • Number of new children (seven to ten-years) registered for payment in the relevant month and the age distribution of these children • Number of children (seven to ten-years) deregistered during the relevant month and age (by year-group) • Number of applications still being processed and projected children (seven to ten-years) numbers for the year • Expenditure • Final grant expenditure for the month and composition of expenditure for the extension of CSG (children seven to ten-years). • Final administrative and payment expenditure related to the child support 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 quarterly 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 quarter 6. Bi-annual audits (September and March) of grant applications and approval process 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 security 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	Grant introduced in 2003/04. The take-up of the grant has been rapid in 2004/05, causing some pressure on provincial budgets.
Projected life	Maximum of three years while establishment of national social security agency for grant administration is in process of finalisation
2004 MTEF Allocations	R3 650 million, R6 900 million, and R9 284 million
Payment schedule	Quarterly transfers in advance to provinces in line with payment schedule
Responsibilities of national department	<ul style="list-style-type: none">• Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings or as agreed• Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOF in NCOP

Food Emergency 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 give prior approval of any excess 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 October each year. Provincial implementation plans, which must be in line with the national business plan, must be submitted to the national DG: Social Development by 20 February for approval by 15 March of each year. Provincial plans must consider capacity to implement and reasonable processes to build capacity. The flow of the first instalment depends on the submission and approval of the implementation plans 3. Joint centralized procurement of service providers to effect uniformity and economies of scale 4. 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, and 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 5. Provinces to submit to the DG: National Department of Social Development (DoSD), within 15 days of the end of each month, a report detailing: <ul style="list-style-type: none"> <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 5. The DG: National DoSD to submit a consolidated quarterly report as per (4) above to the DG: National Treasury, 20 days after the end of each quarter 6. 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/quarterly reports as set out under conditions
Past performance	The grant was introduced in 2003/04
Projected life	3 years
2004 MTEF Allocations	R388 million, R388 million, and R411,3 million
Payment schedule	Three instalments
Responsibilities of national department	<ul style="list-style-type: none"> • Detailed information on the allocation formula, and data used, to be tabled with Select Committee on Finance in NCOP during DoR hearings as agreed • Submission of quarterly performance (i.e outputs) reports with a quarter lag to SCOP in NCOP

SPORT AND RECREATION SA GRANTS

Mass Sport and Recreation Participation Programme	
Transferring department	Sport & Recreation SA (Vote 20)
Purpose	Promotion of mass participation within disadvantaged communities in a selected number of sport activities and the empowerment of communities to manage these activities in conjunction with provincial departments responsible for sport
Measurable outputs	<ul style="list-style-type: none"> • Coaching and sports administration training within the short and long term (focus on maximizing local community empowerment) • Number of coaches and referees trained • Number of people participating actively in sport • Number of sustainable clubs/leagues created • 27 000 new participants in sport • 18 local municipalities empowered to continue with sports programmes
Conditions	<ul style="list-style-type: none"> • Provincial departments responsible for sport will be required to enter formal agreements after approval of business plans, before funds are transferred • Each approved project must have a sustainability plan • Provinces identify priority areas in accordance with government nodal areas
Allocation criteria	Funds are distributed equally among provinces
Monitoring system	Regular performance monitoring based on in-person inspections by SRSA and reporting by the provinces
Past performance	The programme is to commence in April 2004
Projected life	SRSA will provide project funding and support for the 2004/05 financial year for specific areas, thereafter the projects will be introduced in new areas. Provinces will implement and monitor the projects on an ongoing basis
2004 MTEF Allocations	R9 million, R24 million, and R39 million
Reason not incorporated in equitable share	<p>A conditional grant is necessary to ensure:</p> <ul style="list-style-type: none"> • National Coordination and facilitation • National Campaign to get the nation active
Payment Schedule	The first payment will be made once a Memorandum of Agreement has been signed between SRSA and the relevant province. Thereafter, payments will be effected monthly on the basis of certified expenditure reports

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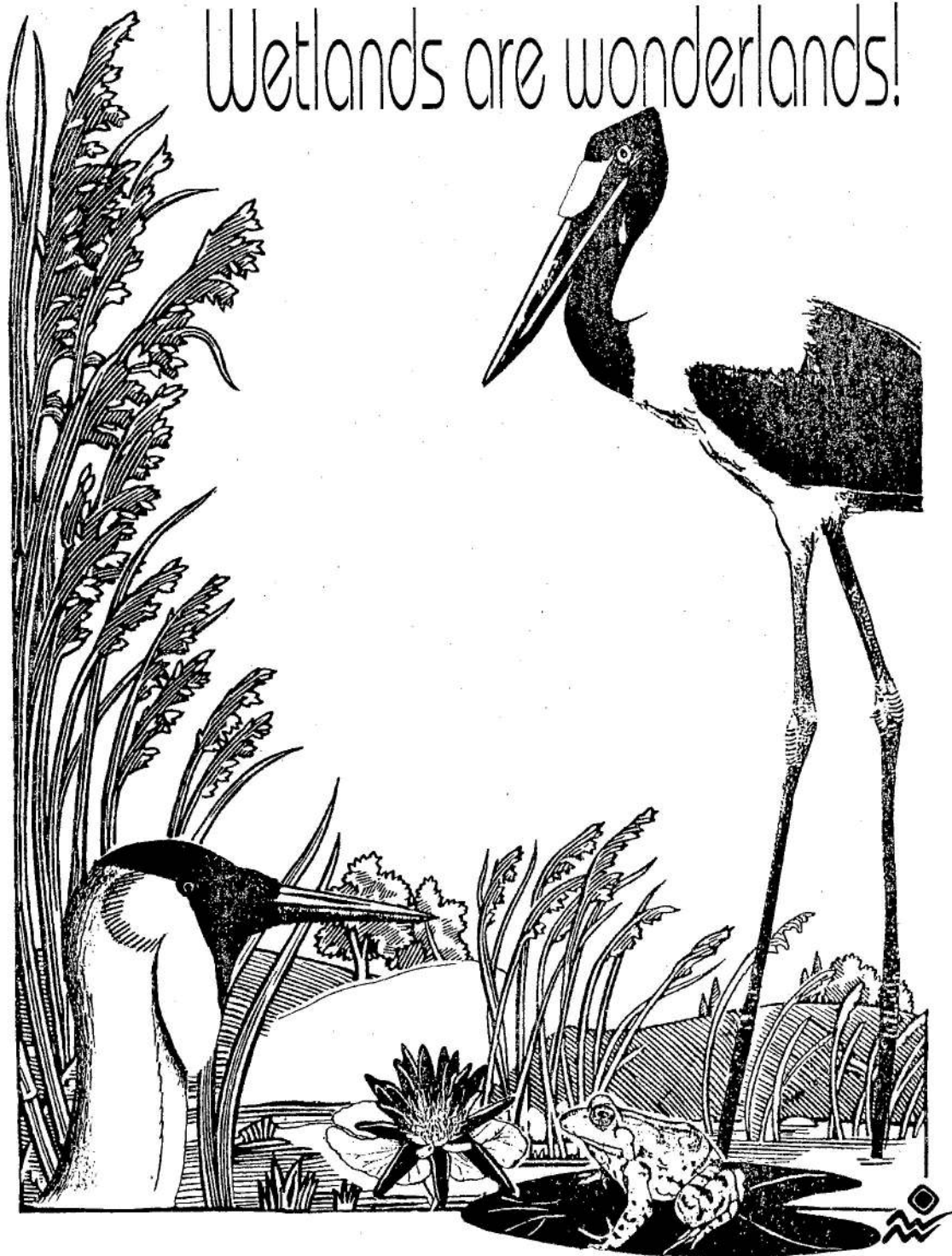
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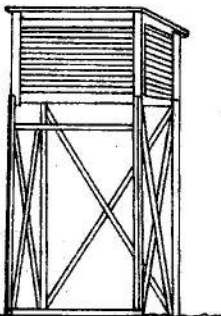
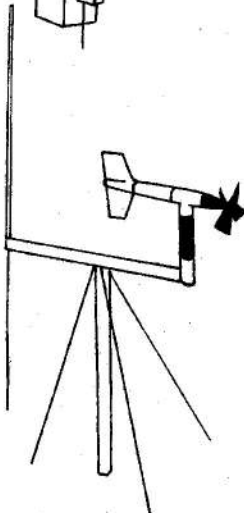
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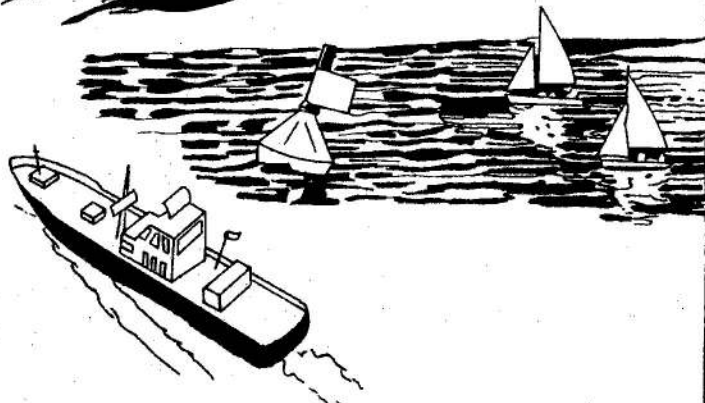
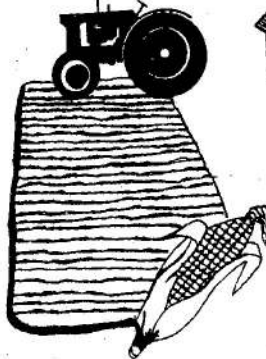
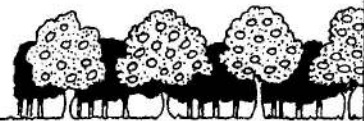
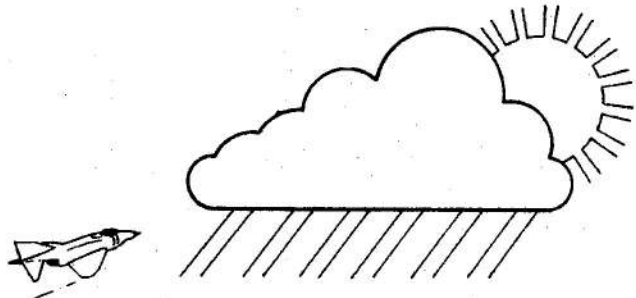
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