



INTERGOVERNMENTAL RELATIONS

INPUTS TO THE SELECT COMMITTEE ON APPROPRIATIONS ON CAPACITY SUPPORT FOR DISASTER RECOVERY PROJECTS IN THE EASTERN CAPE

1. STRUCTURE OF FUNDING FOR DISASTER RESPONSE AND RECOVERY

Transfers to provinces and municipalities for disaster responses are funded through two processes: (a) funding of the immediate needs and (b) funding for infrastructure rehabilitation (medium to long-term intervention). The procedures of accessing funding for each process are summarised below:

1.1 Immediate relief

Immediate needs refer to provision of temporary structures/shelters, temporary repairs to roads, and temporary repair to infrastructure that supports the provision of basic services. There are two conditional grants to respond to these needs; the municipal disaster grant and provincial disaster grant. These grants are administered by the National Disaster Management Centre (under the custodian of the Department of Cooperative Governance). These grants only fund disaster response within a period from three days up to three months following a declared disaster (section 7(1)(d) of the 2013 Division of Revenue Act).

When a disaster occurs, a municipality must conduct an assessment to determine the needs and estimated costs of the damaged caused. If a municipality is unable to deal with the magnitude and severity of the disaster, the council must declare a state of a disaster in terms of the Disaster Management Act. Depending on the severity of a disaster, a state of a disaster can be declared at a municipal or provincial or national level.

After such a declaration, an application for funding can be submitted to the National Disaster Management Centre (NDMC) through the Provincial Disaster Management Centre (PDMC). The NDMC in consultation with National Treasury will evaluate the request to ensure that it meets the requirements stipulated in the conditional grant frameworks. A decision will be made whether to authorise funding from the municipal disaster grant or provincial disaster grant depending on the kind of infrastructure damaged and the sphere that is responsible for that infrastructure. For example, the funding for immediate needs to respond to damaged water infrastructure will be funded from the municipal disaster grant as it is the functional responsibility of local government.

1.2 Rehabilitation of infrastructure (medium to long-term intervention)

The repair of infrastructure and other damages that falls outside the immediate needs are funded through an adjustments budget or annual budget (which is described below).

The responsibility of repairing infrastructure damaged by disasters lies with the municipality or line department responsible for the infrastructure that is damaged. If the municipality does not have sufficient resources it must request the provincial government to intervene. If the provincial government is unable to provide support, the national government (through NDMC) should be approached to intervene.

The NDMC verifies the cost of damages before the request for funding is submitted to National Treasury for consideration. Based on the verification report, the NDMC together with the National Treasury will prioritise projects to be funded. Depending on the time of the disaster and submission to National Treasury, the funding will be appropriated in the adjustments budget or the annual budget.

In provinces, funds for disaster recovery are added to provincial sector grants (e.g. the Education Infrastructure Grant and Provincial Roads Maintenance Grant). Provincial departments that have a mandate for the type of provincial infrastructure that has been damaged are then responsible for repairing the infrastructure. The national sector departments are responsible for overseeing the performance on the grant.

Until 2012/13, disaster recovery allocations to municipalities were generally allocated through the Municipal Infrastructure Grant and municipal sector specific grants. From 2013/14, a specific disaster recovery grant has been established (under the administration of the Department of Cooperative Governance).

2. PERFORMANCE ON EASTERN CAPE DISASTER ALLOCATIONS WITH RESPECT TO IMMEDIATE RELIEF

2.1 Provinces

2011/12 to 2013/14

There were no immediate response funds allocated to the Eastern Cape Province (provincial departments) in 2011/12, 2012/13 and 2013/14.

2.2 Municipalities

2011/12

There were no immediate response funds allocated to Eastern Cape municipalities in 2011/12.

2012/13

Of the R 43 574 603 from the Municipal Disaster Grant allocated to Eastern Cape municipalities in 2012/13, only R720 000 was not spent due to delays with the Environmental Impact Assessment process. The rest was spent within the prescribed time frame. This was achieved because of the support and monitoring done by the NDMC and PDMC. Support was coordinated through a project steering committee led by the PDMC that met on a bi-weekly basis at first and then on monthly basis. The NDMC was part of the committee and provided support to the PDMC.

2013/14

There were no immediate response funds allocated to Eastern Cape municipalities in 2013/14.

3. PERFORMANCE ON EASTERN CAPE DISASTER ALLOCATIONS WITH RESPECT TO REHABILITATION COSTS

3.1 Provinces

2011/12

In 2011/12 Eastern Cape departments received and spent the disaster funds as follows:

- Agriculture: received R997 000, spent R0, and funds not rolled over to 2012/13
 - Underspending was the result of the department starting the procurement process late and consequently the delivery of goods and services and payments could not be concluded by the end of the financial year.
- Housing: received R56.7 million, spent R0, and funds not rolled over to 2012/13
 - The projects could not be completed due to delays in procurement processes; compilation and approval of funding applications; termination of contracts and inclement weather conditions. There were also challenges regarding planning around re-assessments and work variations. Furthermore, the non-adherence to the signed Performance Improvement Plan (PIP) by contractors also contributed to the delays resulting in poor spending on the grant
- Roads and Public Works: received R81.7 million, spent R81.6 million, surrendered the balance
- Education: received and spent R125 million.
- Health: Received and spent R509 000.

2012/13

In 2012/13 Eastern Cape departments received and spent the Disaster Funds as follows:

- Agriculture: received and spent R1.7 million
- Housing: allocation was R92.9 million, but these funds were not transferred.
 - The national Department of Human Settlements withheld transfers due to poor spending by this province. The main reasons for underspending in the province were delays in the procurement process due to poor capacity and planning.

2013/14

No allocations for disaster recovery allocated to provincial departments in the Eastern Cape in the 2013 Division of Revenue Act and 2013 Division of Revenue Amendment Bill.

3.2 Municipalities

2011/12 and 2012/13

In response to a severe drought at the time, Nelson Mandela Bay Metropolitan Municipality was allocated R450 million in 2011/12 through a Municipal Drought Relief Grant administered by the Department of Water Affairs. The municipality used these funds for the development of the Nooitgedagt/Coega Low Level Scheme which will provide the metro with water from the Sundays River Valley with limited need for pumping. The municipality spent R391.4 million in 2011/12 and the remaining R58.7 million was rolled over to be spent in 2012/13.

2013/14

Several allocations are made to municipalities in the Eastern Cape in the 2013 Division of Revenue Amendment Bill, 2013. The table below lists the amount for 2013/14 that has been allocated each of the disaster affected municipalities in the province:

Municipal Disaster Recovery Grant, 2013/14

R Thousand	2013/14
Eastern Cape municipalities	
Nelson Mandela Bay	71 961
Ndlambe	15 353
Kouga	4 477
Koukama	8 439
Makana	8 724
Sundays River Valley	2 396
Total	111 350

4. CAPACITY SUPPORT AVAILABLE TO PROVINCES AND MUNICIPALITIES WITH RESPECT TO DISASTER RECOVERY PROJECTS

As provincial disaster allocations are transferred through sector grants, all of the support mechanisms provided by sector departments and the Infrastructure Delivery Improvement Programme are available to provinces to assist them in planning and spending their allocations to repair infrastructure damaged by disasters.

Municipal disaster recovery allocations for 2013/14 are being transferred by the NDMC through a new conditional grant. Both the NDMC and the PDMC are responsible for monitoring progress on projects funded through this grant. In terms of the framework for the grant one of the responsibilities of the PDMC is to assist municipalities with business plans and implementation plans for their projects. Municipalities also have the option to request additional support from the new Municipal Infrastructure support Agency (MISA), which also falls under the responsibility of the Department of Cooperative Governance.

Regarding the 2013/14 allocations, the NDMC has already liaised with PDMCs and requested them to begin the process of establishing/reviving project steering committees and ensure that business plans are prepared by all affected municipalities. As part of the business plans, municipalities include cash flow projections which can be used to monitor whether they are not spending and need further assistance. The NDMC has also appointed a service provider to assist them to monitor and evaluate the performance of all disaster funds allocated since 2010/11.

It is the view of the National Treasury that the poor spending on disasters is not a fiscal or financial capacity issue, but rather related to the poor frontline performance of delivery units, and the poor technical capacity within the realm of disaster relief and response. The National Treasury has therefore had intensive engagements with the NDMC (within the national Department of Cooperative Governance) to improve the disaster relief and reconstruction process across the three spheres of government, particularly the provincial and local government spheres. It has been agreed that the focus needs to be on supporting and strengthening PDMCs, and DDMCs (District Disaster Management Centres) with the right technical skills to assess disasters at the point of occurrence and to provide the right logistics in response to the disasters. Where there is a gap in capacity of a responsible stakeholder, the NDMC is in a position to provide support including through a rapid response team that can be deployed to provide support upon request by provinces when a disaster occurs. The NDMC is also currently finalising legislation that will streamline and clarify the roles and responsibilities of different stakeholders in disaster response and recovery.