

Select Committee on Appropriations

Provincial Conditional Grants

2019/20 and 1st quarter 2020/21

Presenter: National Treasury | 7 October 2020



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Provincial Conditional Grants

- Schedule 4A grants – To supplement funding of programmes or functions funded from provincial budgets, .e.g. the Provincial Road Maintenance Grant and the Education Infrastructure Grant.
- Schedule 5A grants – Specific purpose allocations to provinces, e.g. National School Nutrition Programme

Schedule 4A conditional grants

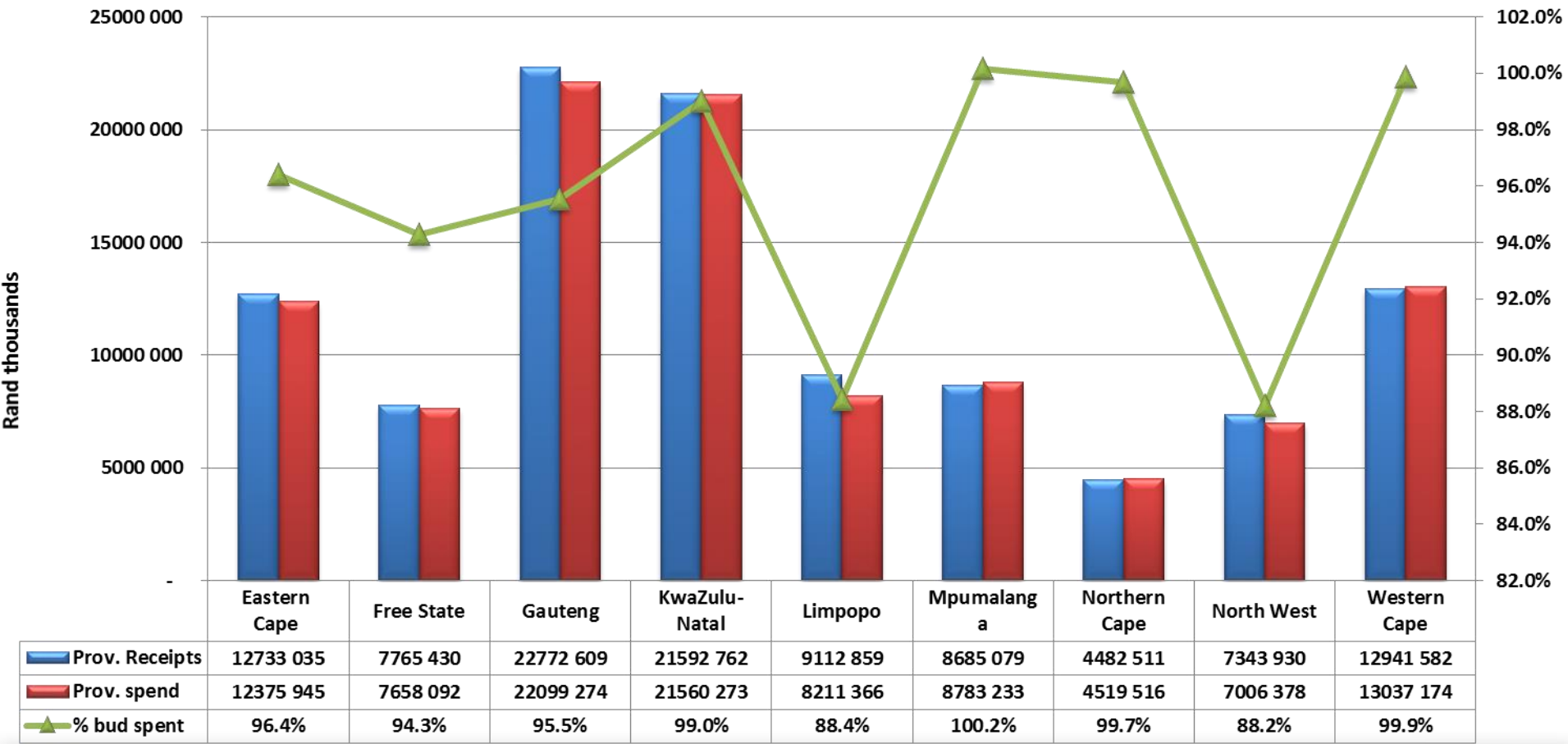
- Schedule 4A conditional grants are supplementary allocations to provinces that must be spent in accordance with the respective frameworks.
- The Transferring and Receiving Officer are not obliged to submit business plans, but some do so.
- National and provincial departments must report on performance on a monthly, quarterly and annual basis to National Treasury.
- The transferring Officer and the receiving Officer must implement the grant in terms of the Division of Revenue Act.

Schedule 5A conditional grants

- Schedule 5A conditional grants are specific purpose allocations to provinces that must be spent in accordance with the respective frameworks.
- The Transferring and Receiving Officer must submit annual business plans to NT that outline how the department intends spend their allocation.
- The Transferring Officer must submit a compliance certificate to confirm that provinces are capacitated and able to implement the grant.
- National and provincial departments must report on performance on a monthly, quarterly and annual basis to National Treasury.
- The transferring Officer and the receiving Officer must implement the grant in terms of the Division of Revenue Act.

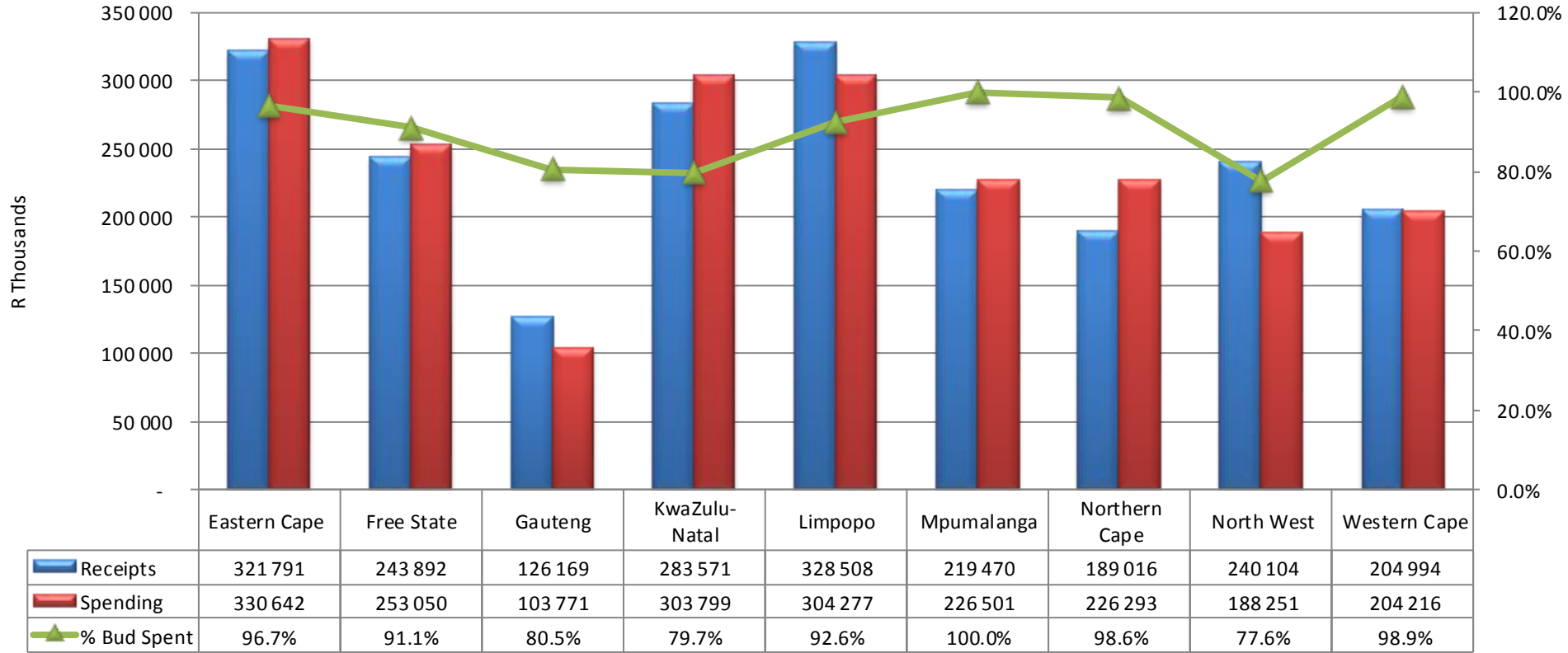
Summary of provincial grants as at 31 March 2020

Conditional grant spending - March 2020 (pre-audited)



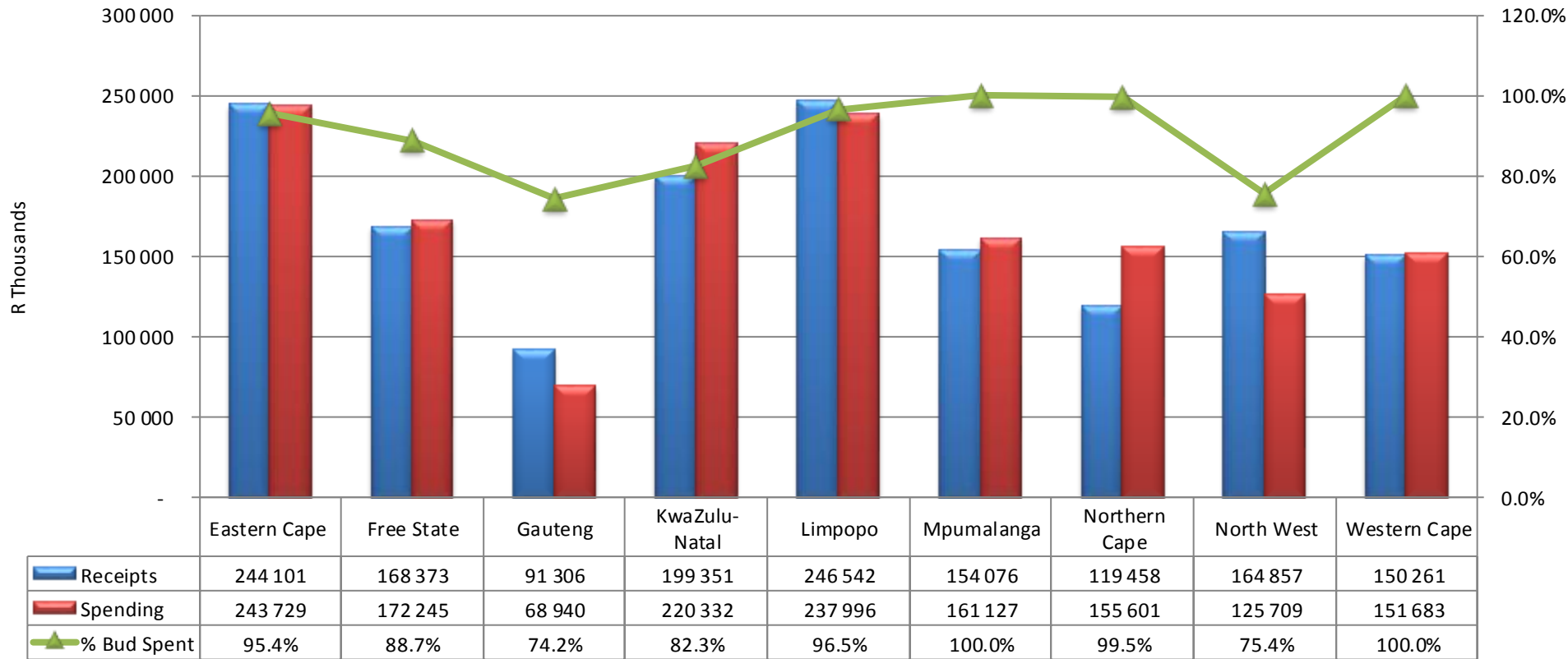
Agriculture grants

Agriculture spending - 31 March 2020



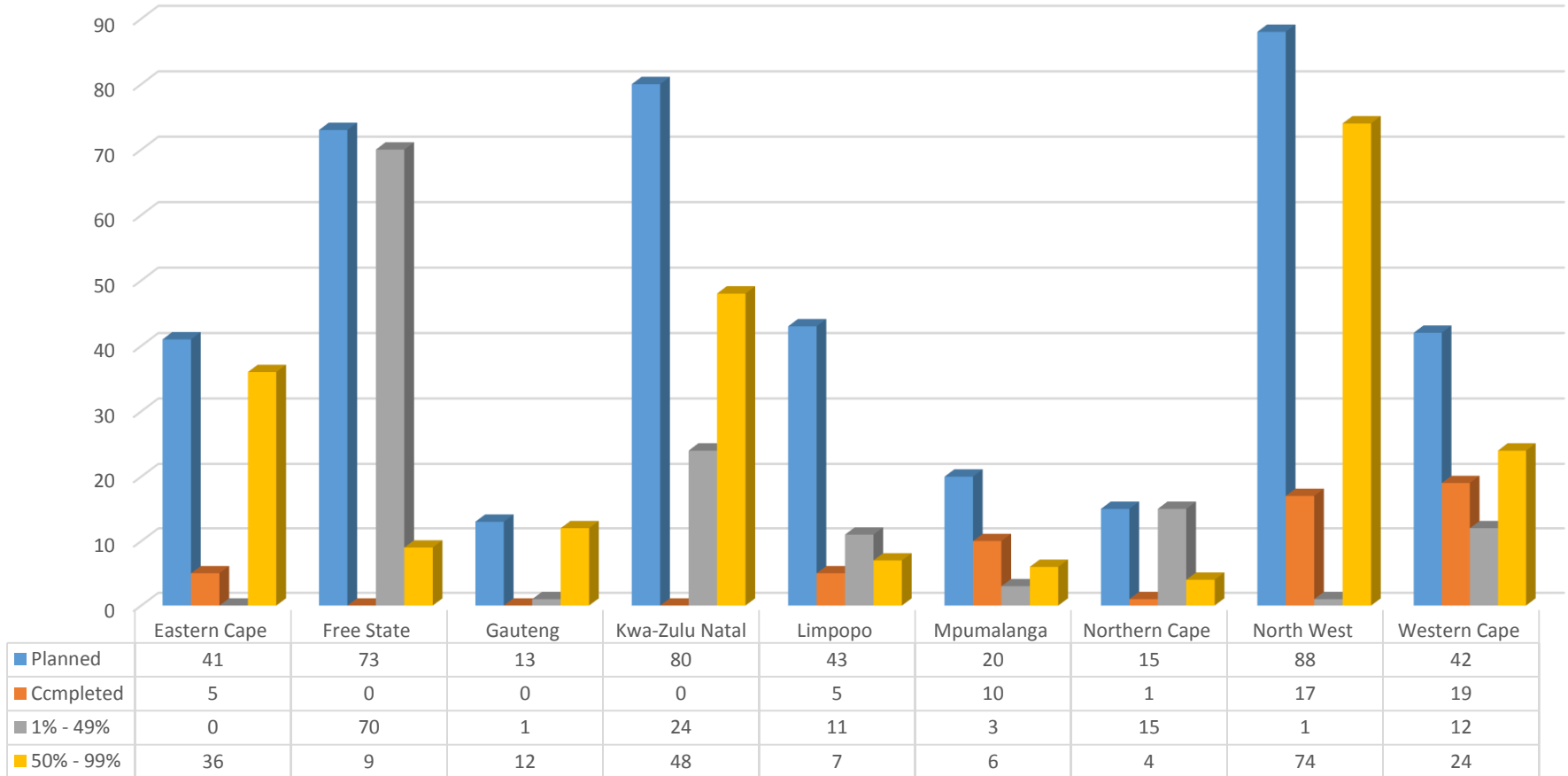
Comprehensive Agricultural Support Programme

CASP spending - March 2020



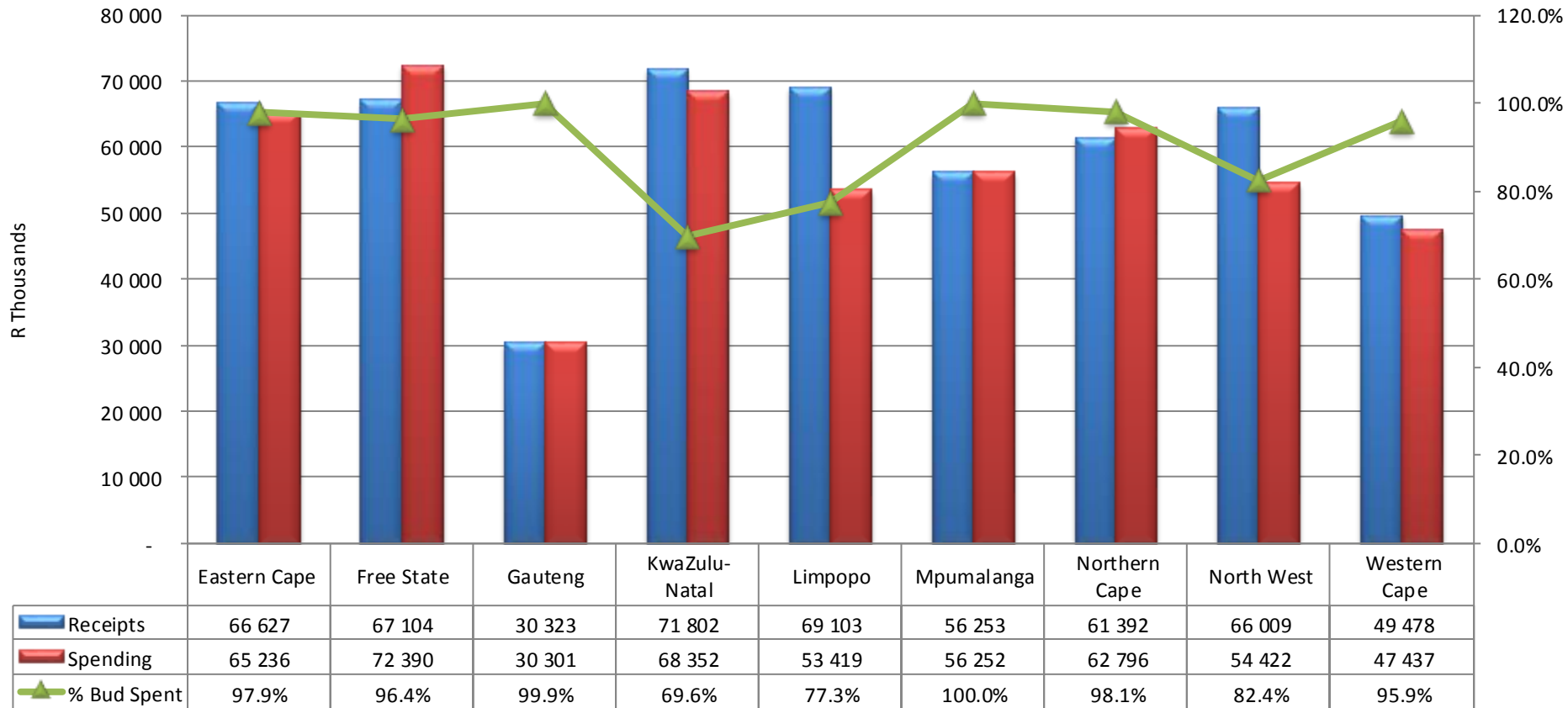
CASP Performance

CASP Projects



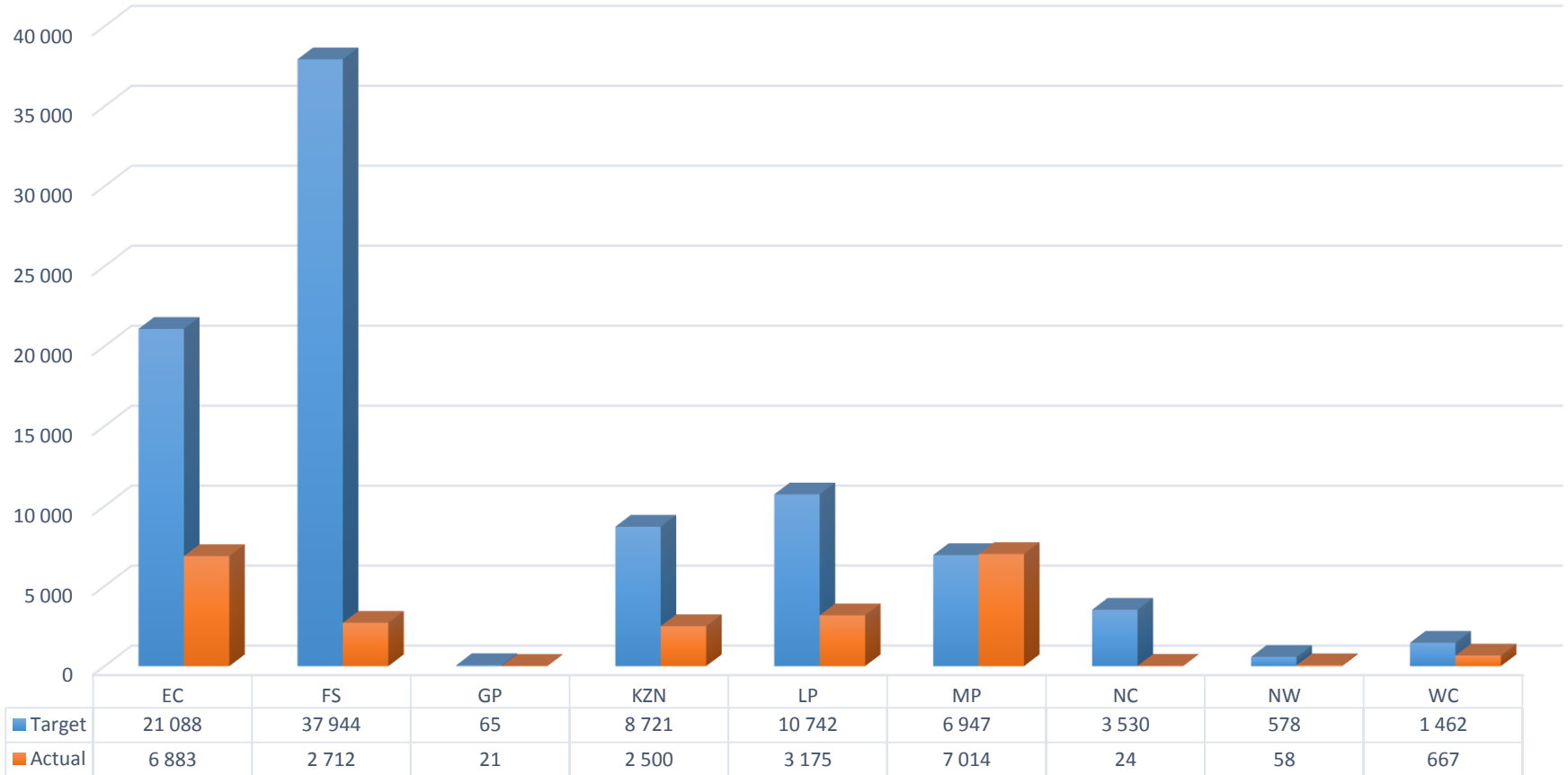
Ilima/Letsema

Ilima/Letsema spending - March 2020



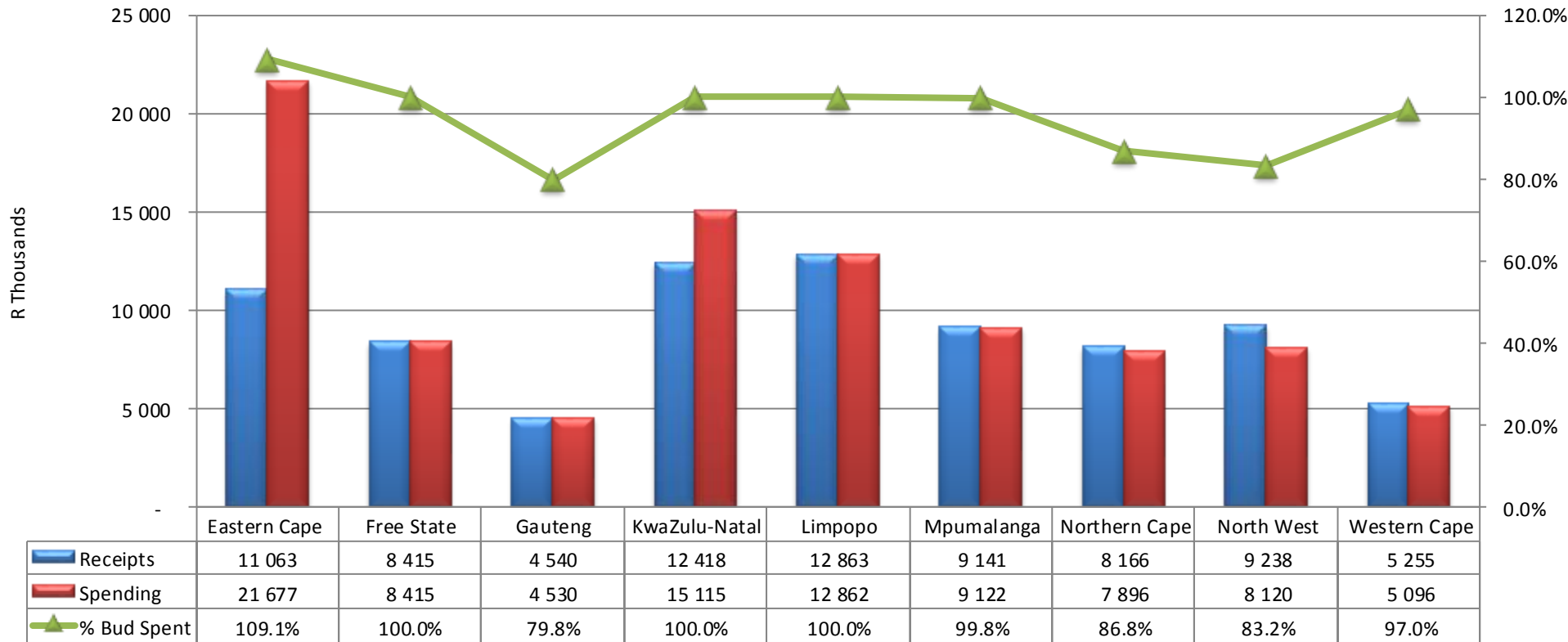
Ilima Performance

Ilima - Beneficiaries Supported



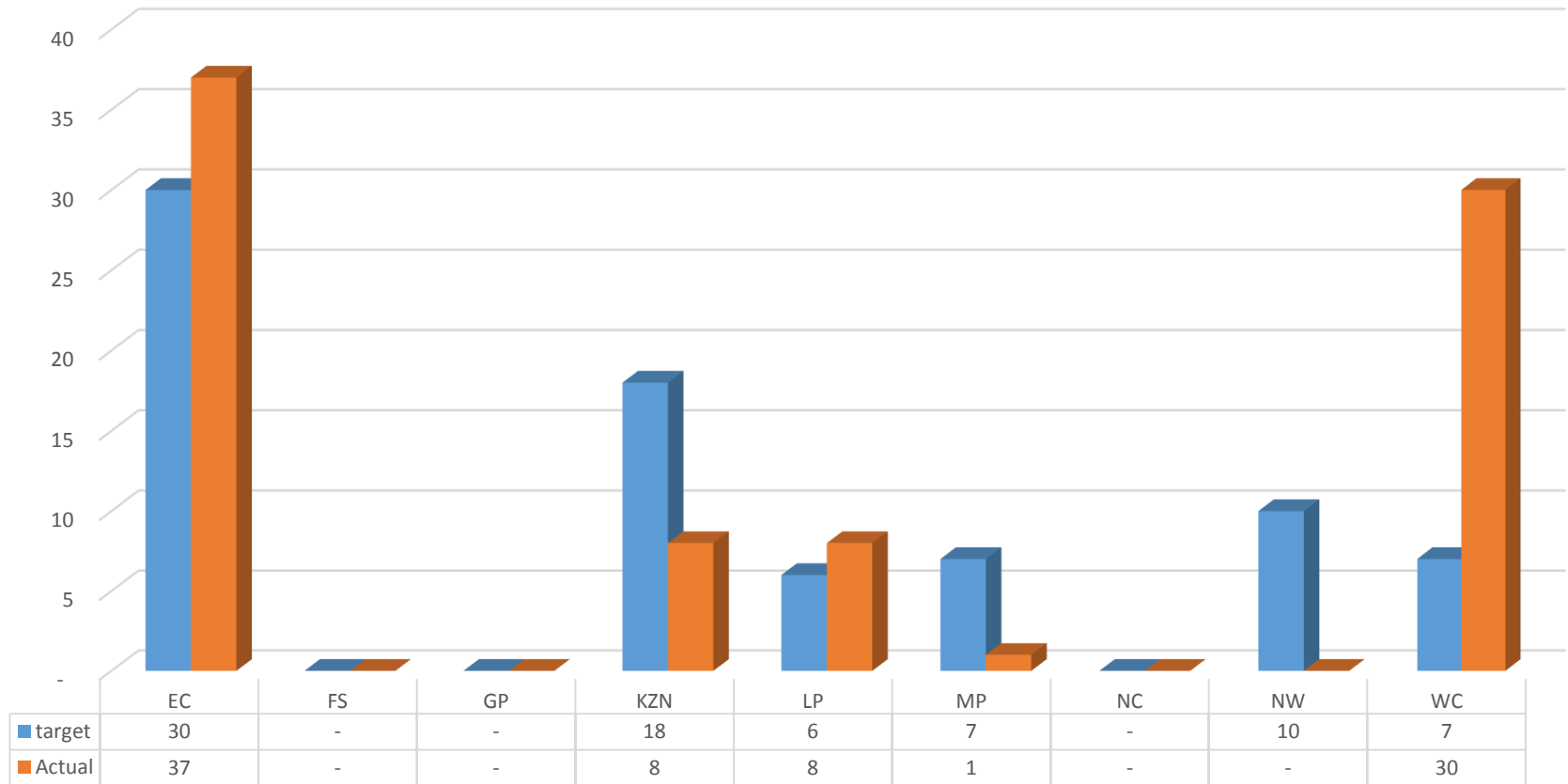
Land Care

Landcare spending - March 2020



LandCare Performance

LandCare - Kms fence erected

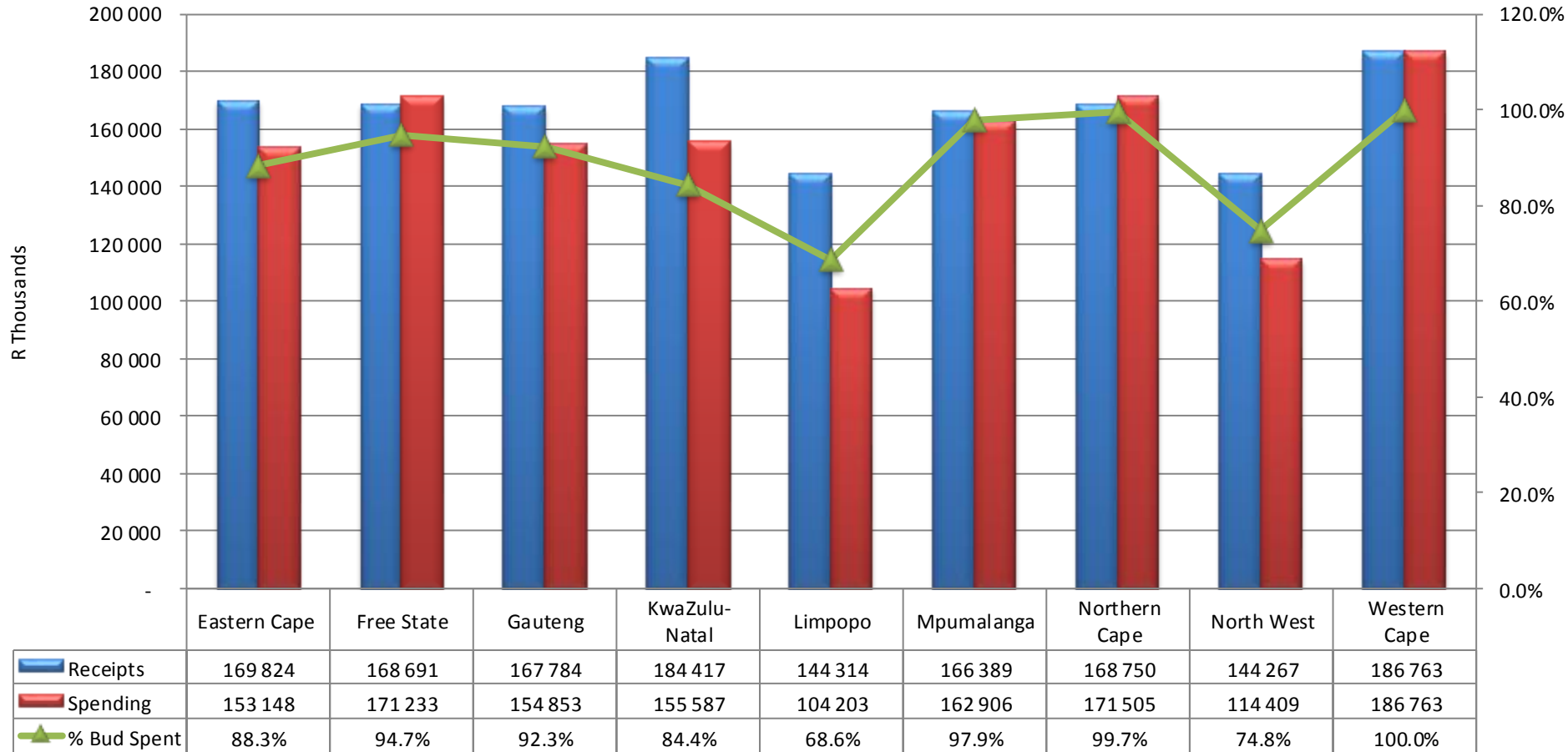


Agriculture issues

- Delay in the approval of designs and plans by Municipalities.
- Persistent drought conditions have had a negative impact on implementation areas such as planting – EC, MP, LP, NC
- Slow SCM process resulting in extension officers not having tools of trade. And inputs such as seeds and fertilizer not being procured on time – FS, KZN, NC, NW
- Suppliers not meeting the specifications and that delays the process even further – KZN, LP, NC
- Non delivery of materials for fencing and other infrastructure related items in some provinces – LP, KZN, NW

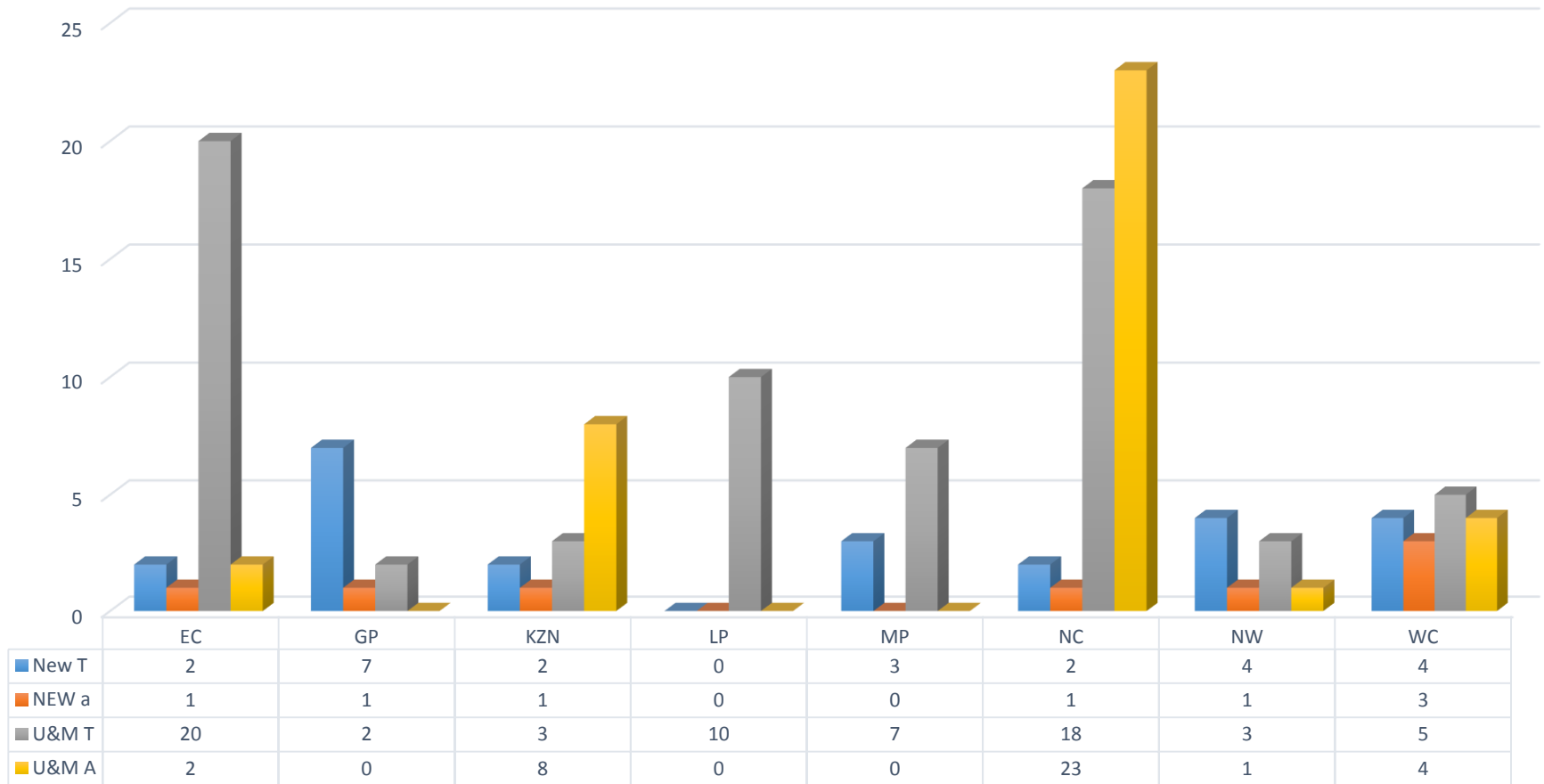
Arts and Culture grants – Community Library Services Grant

Community Library Services Grant - March 2020



Libraries performance

Libraries - New and Upgrades & Maintenance

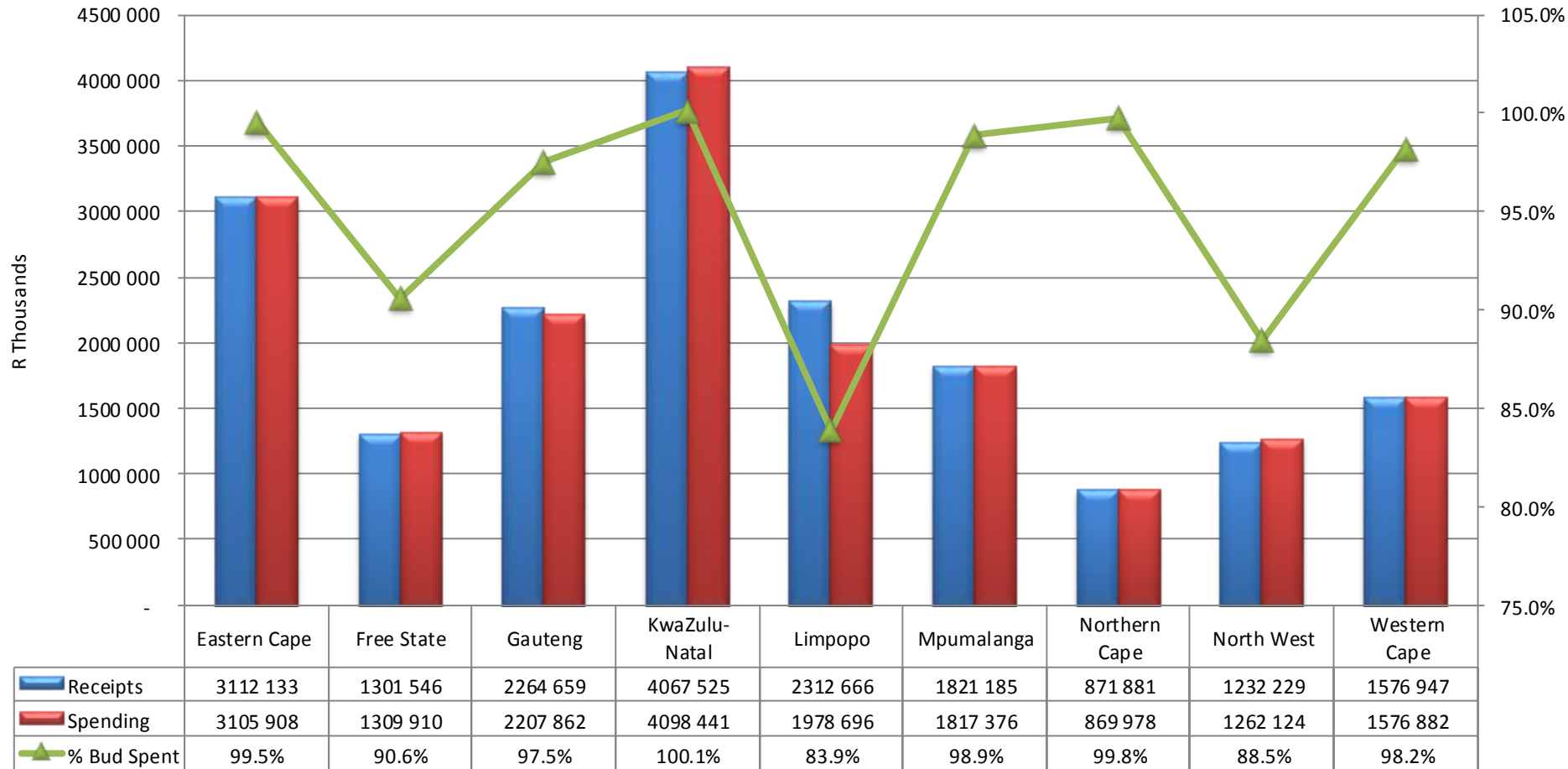


Arts and Culture issues

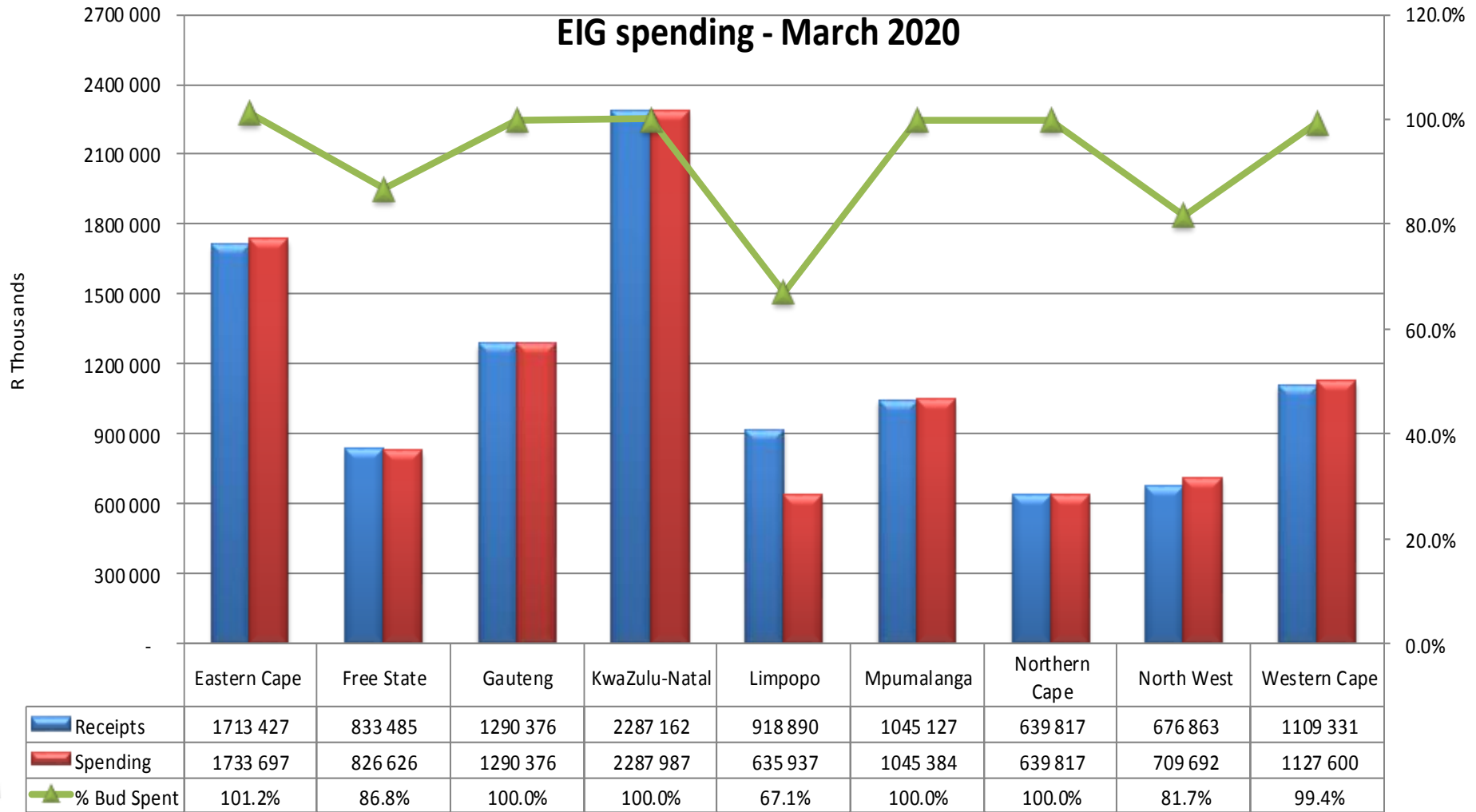
- Poor planning that results in:
 - Disparities between business plan allocations and cash flows (BAS reports).
 - Shifting of funds immediately after the submission of approved business plans.
- Poor delivery of infrastructure programme in the construction of new libraries – implementing agents not being adequately managed and held accountable for poor performance.
- Inadequate quality assurance resulting in new libraries being maintained within two to three years after construction.
- Disparity in cost of library material i.e. average of R200 per book in some provinces, more than R400 per book in others.

Basic Education grants

Basic Education - March 2020

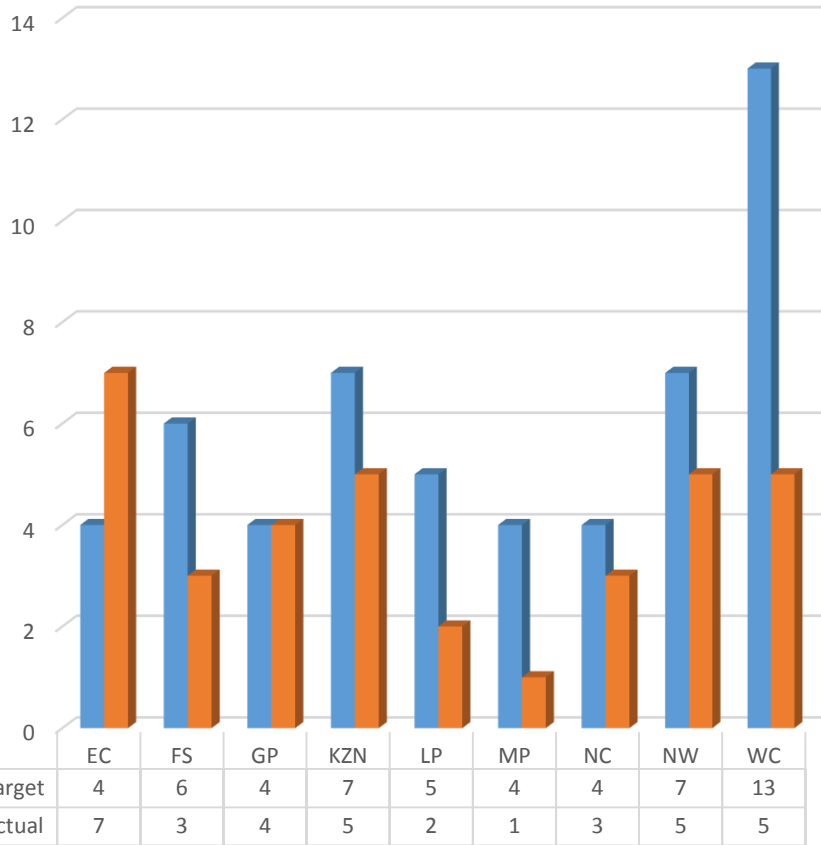


Education Infrastructure Grant

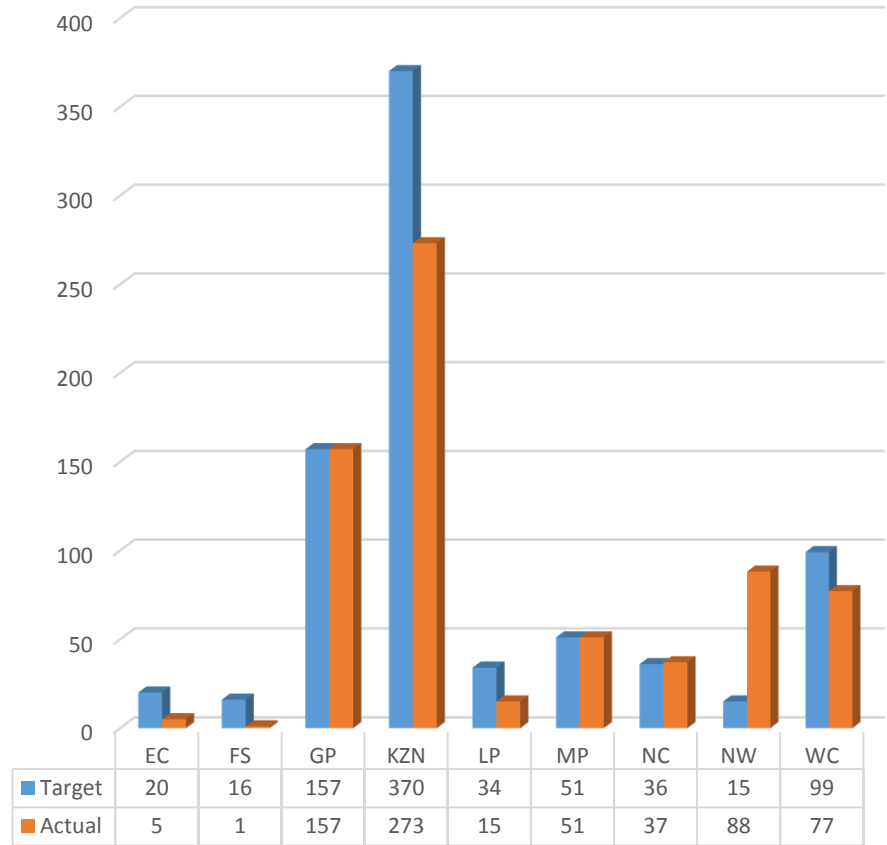


Schools Infrastructure performance

New Schools completed

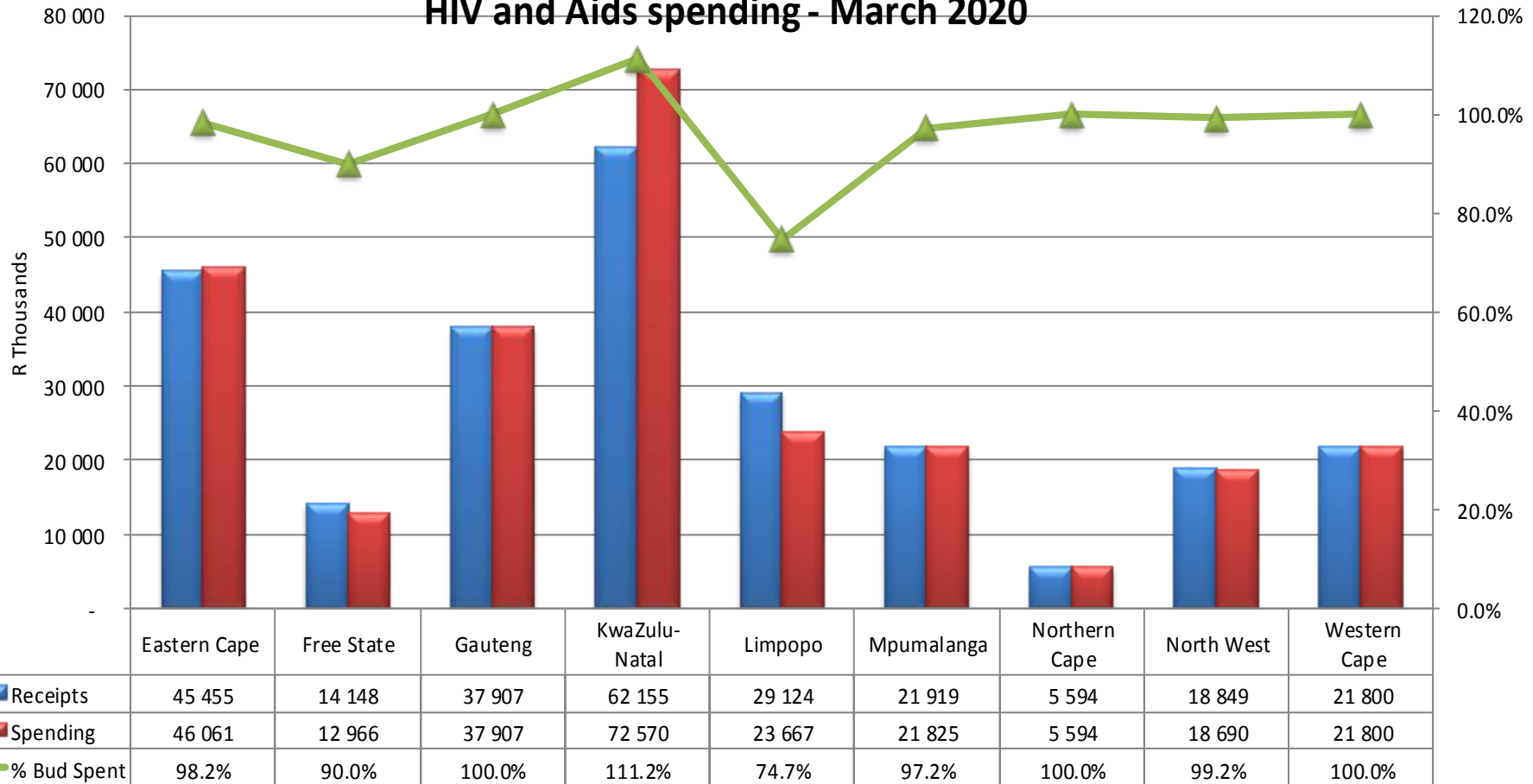


Schools Maintained



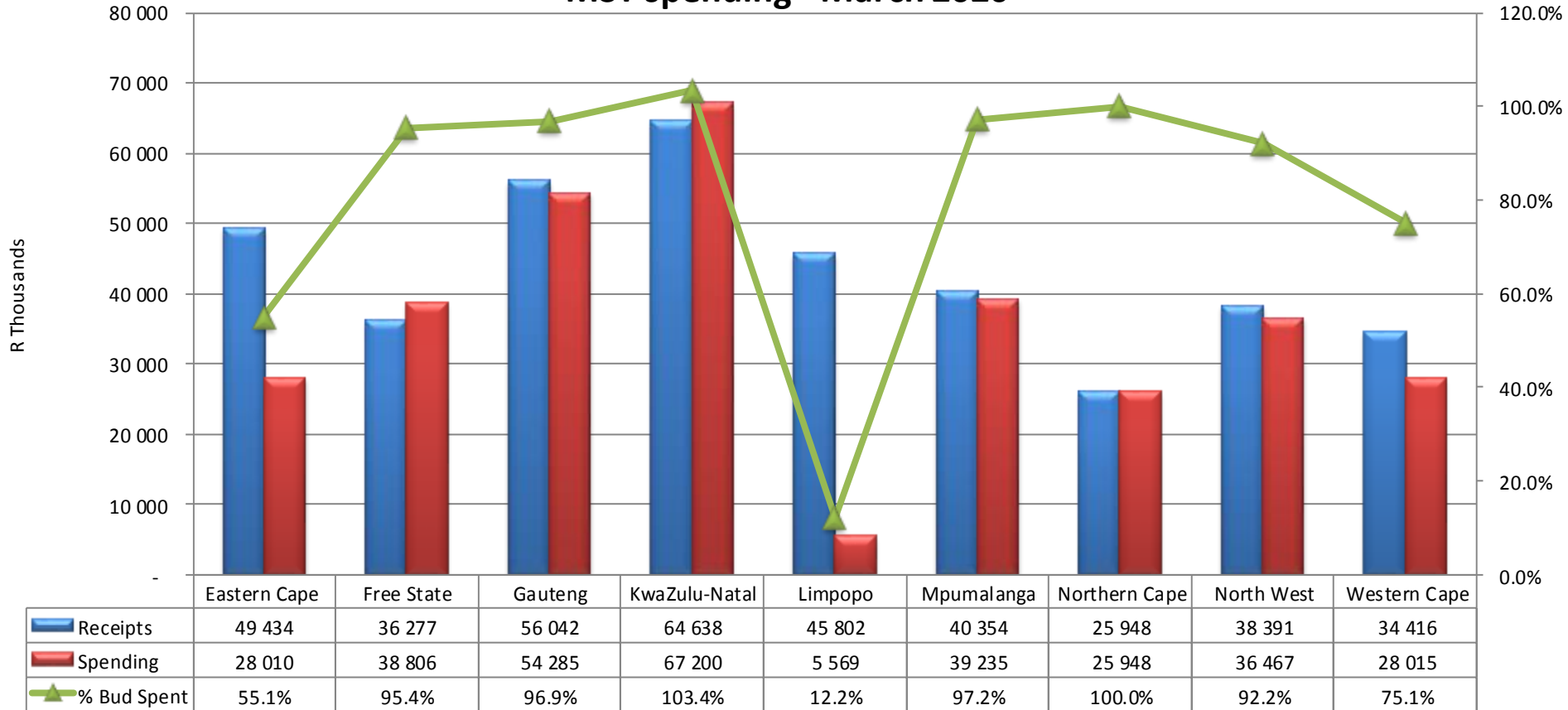
HIV and Aids Life Skills Grant

HIV and Aids spending - March 2020



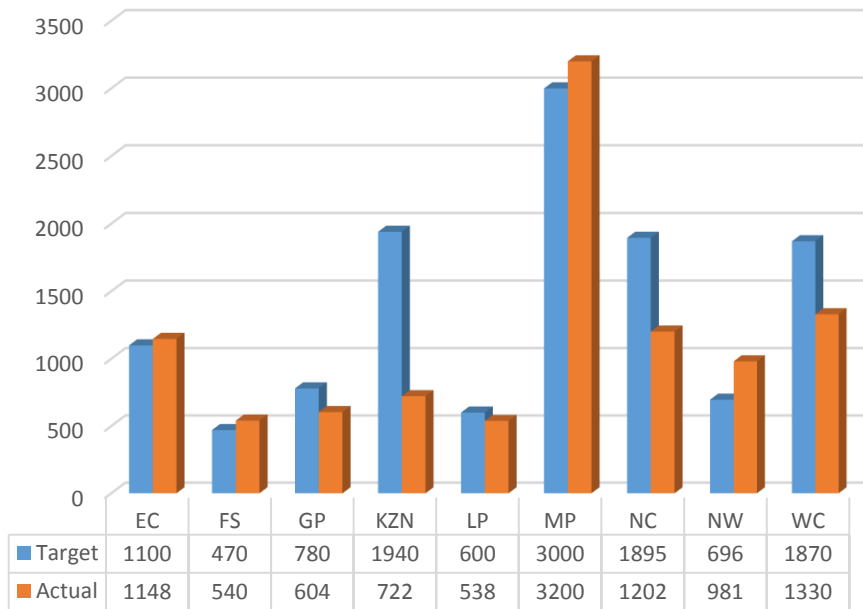
Maths Science and Technology

MST spending - March 2020

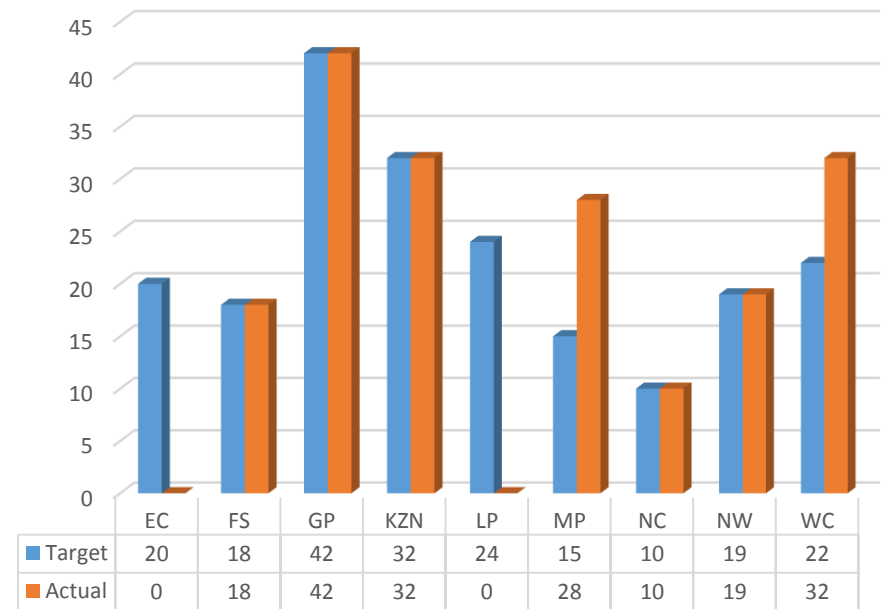


MST performance

MST - Teachers trained

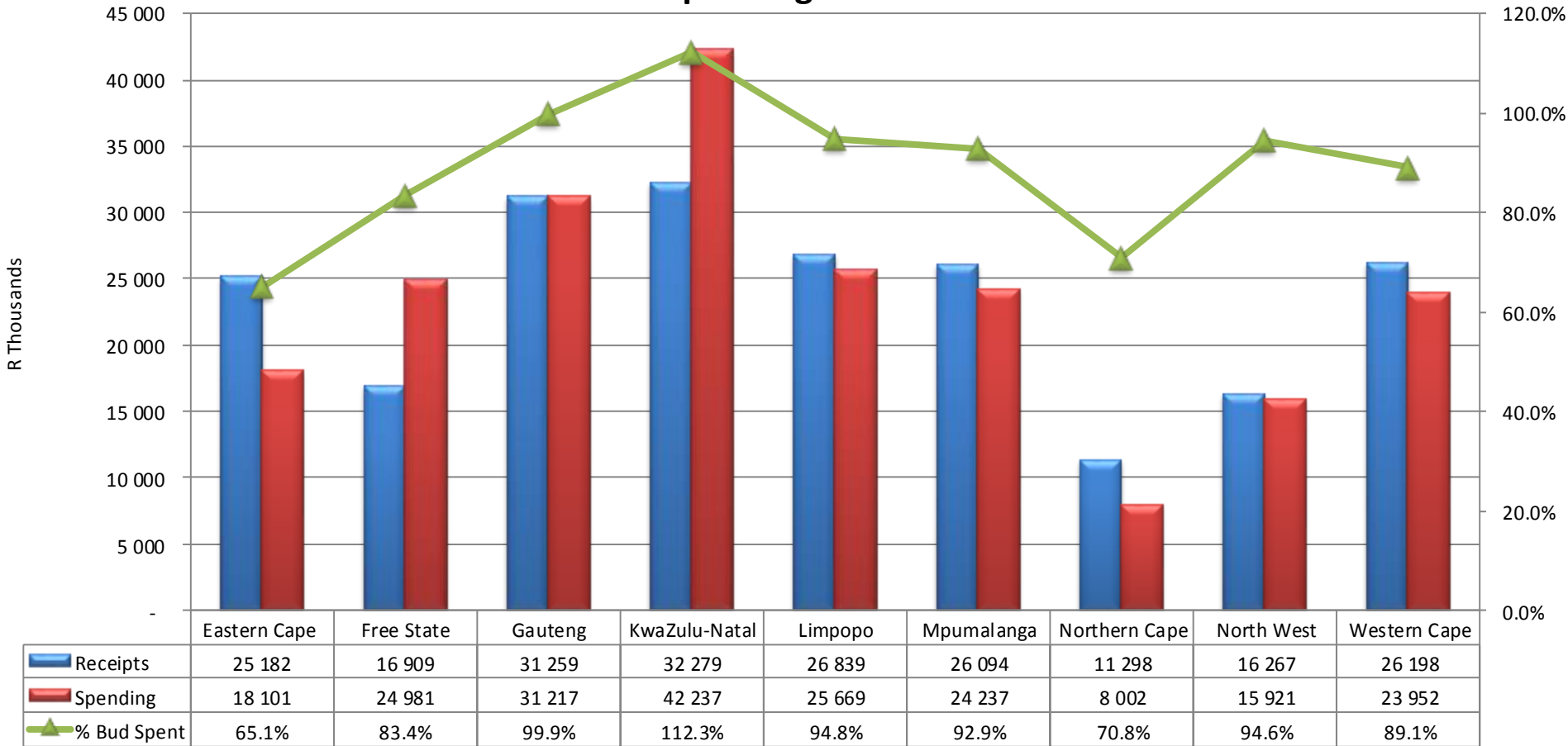


MST - Workshop equipment



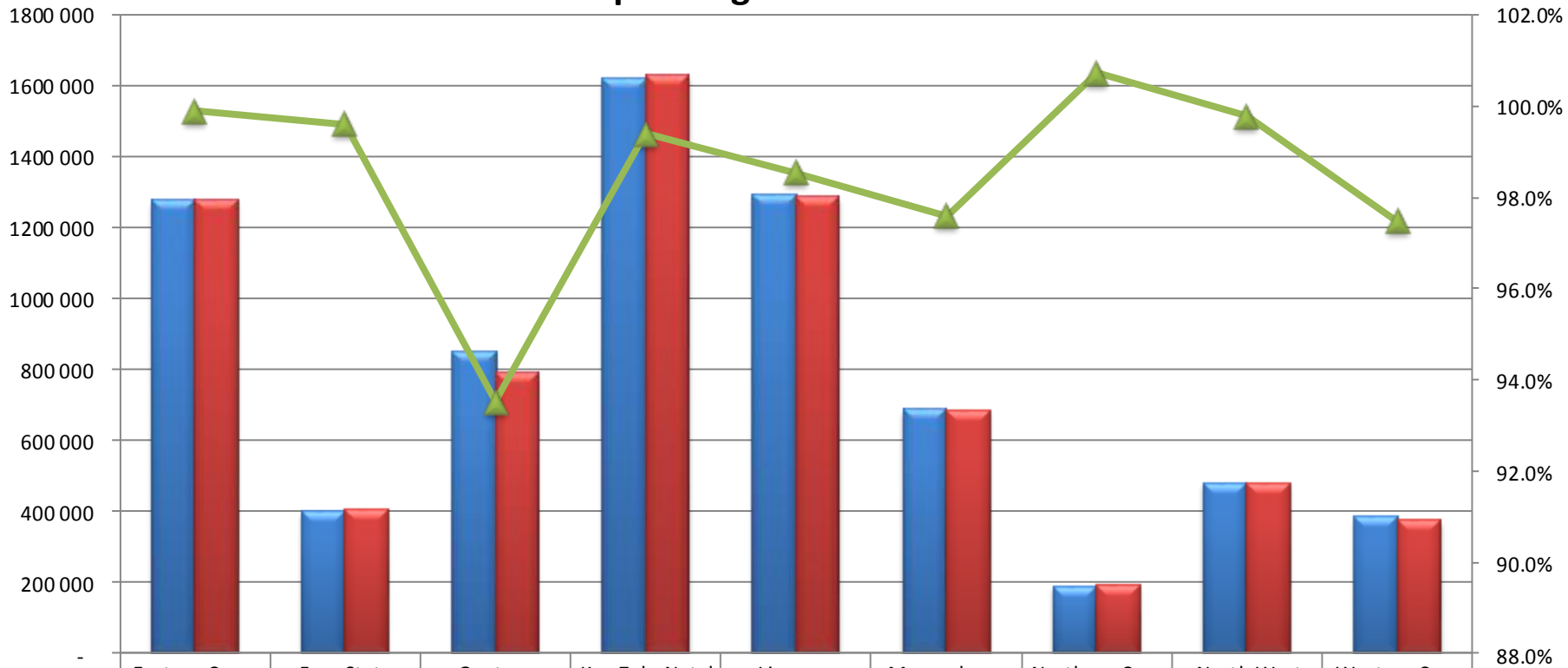
Learners with Profound Intellectual Disabilities grant

LPID spending - March 2020



National School Nutrition Programme

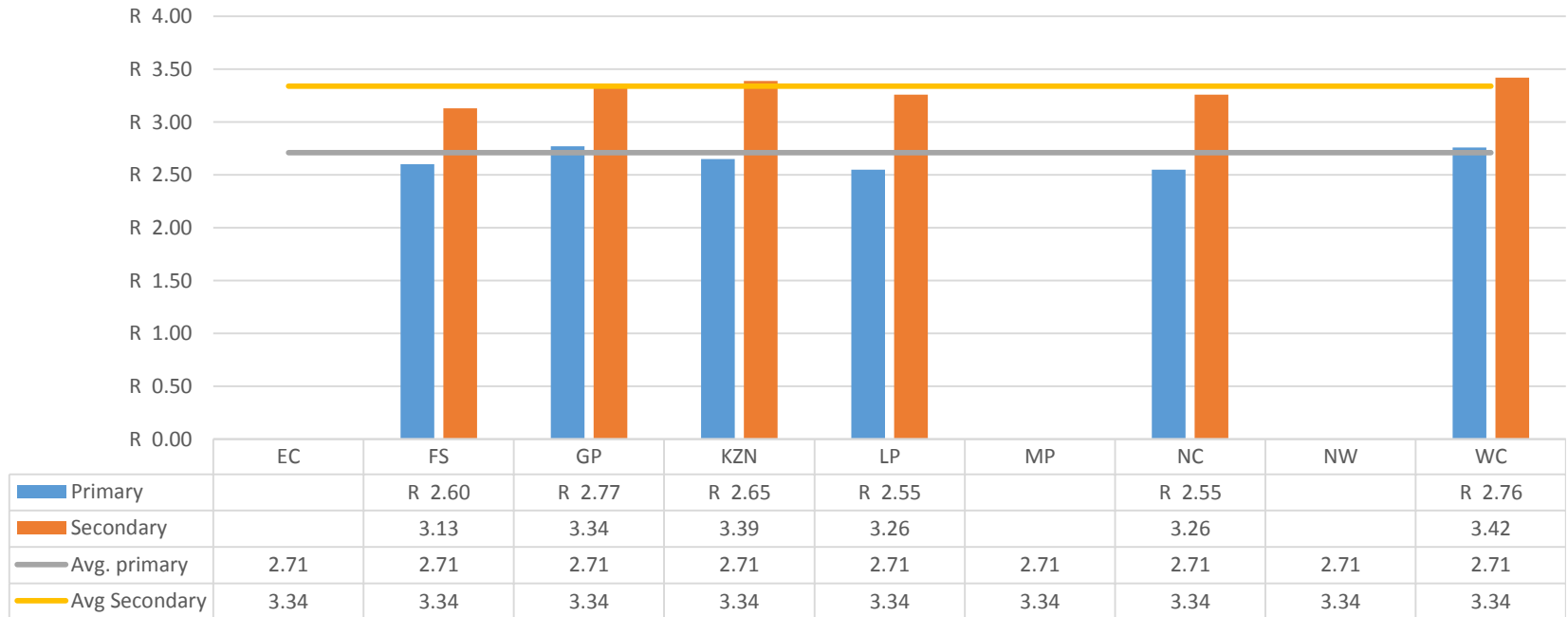
NSNP spending March 2020



	Eastern Cape	Free State	Gauteng	KwaZulu-Natal	Limpopo	Mpumalanga	Northern Cape	North West	Western Cape
Receipts	1278 635	400 727	849 075	1621 291	1292 011	687 691	189 224	481 859	385 202
Spending	1280 039	406 531	794 077	1628 447	1287 854	686 695	190 617	481 354	375 515
% Bud Spent	99.9%	99.6%	93.5%	99.4%	98.5%	97.6%	100.7%	99.8%	97.5%

NSNP Performance

Cost per meal per learner per day



Basic Education Issues 1 of 3

- LSIPD
 - Lack of implementation of learning programmes due to unqualified new staff at some care centres.
 - High rate of absenteeism and dropout of learners due to transport affordability.
 - Lack of parental involvement impacts negatively on the support service delivery to learners.
- NSNP
 - Inadequate human resource capacity at provincial office and at districts that has a negative effect monitoring of the programme.
 - Some schools keep gas canisters inside food preparation areas, which a safety hazard.

Basic Education Issues 2 of 3

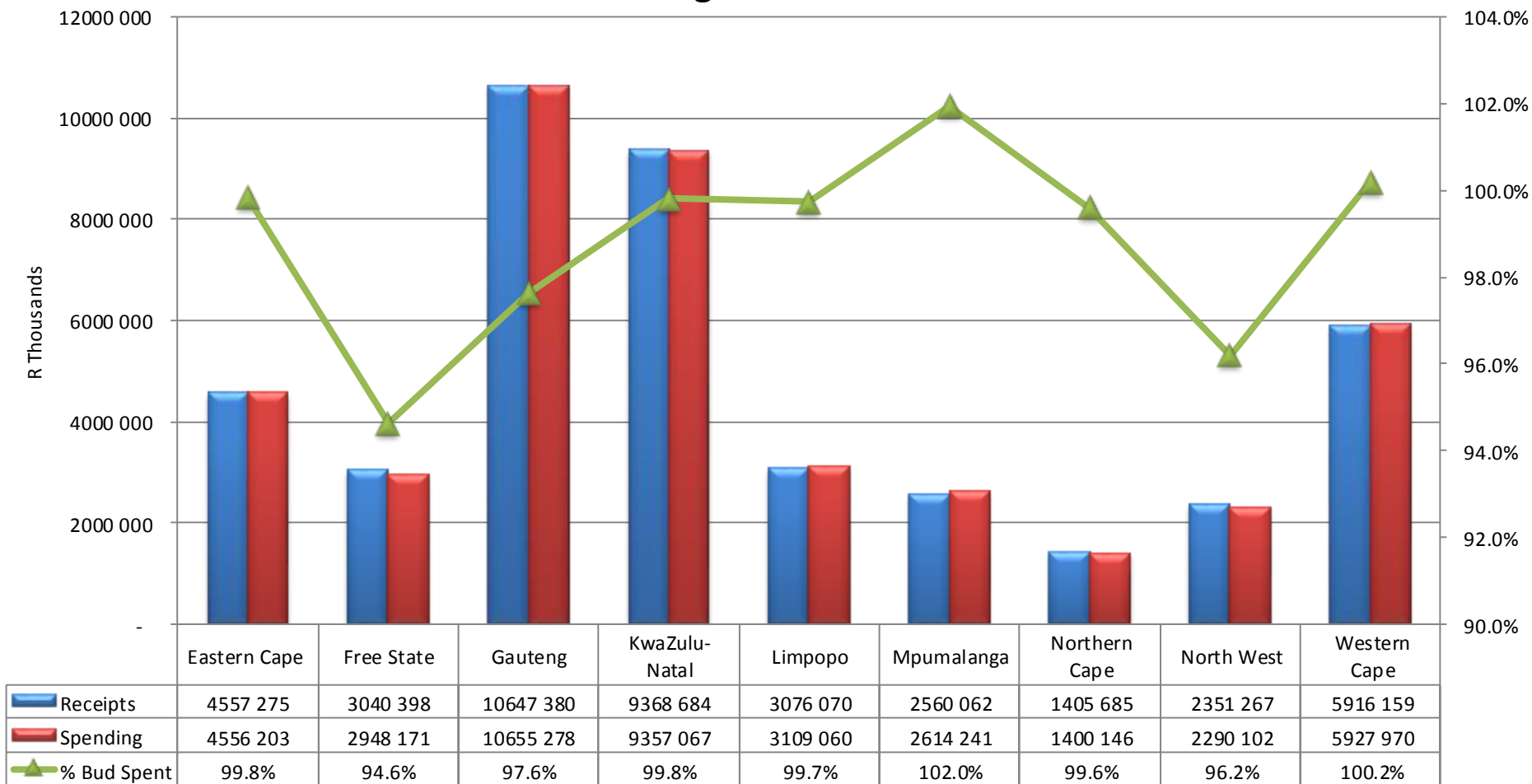
- MST
 - Delays in the procurement of machinery for workshops and equipment for laboratories.
 - The under-utilisation of the ICT resources in many schools is partly attributed to the lack of training, and apathy.
 - Workshops are not coordinated well resulting in poor attendance.
- HIV/Aids life skills
 - Inadequate implementation of programme activities as a result of staff attrition and non-filling of vacant posts.
 - The target for teacher training could not be achieved because of the unavailability of educators as training of educators is scheduled for over weekends.

Basic Education Issues 3 of 3

- Education Infrastructure Grant
 - Planning delays for the construction of new schools and maintenance projects.
 - Poor delivery by Implementing Agents (IAs) – some of whom are struggling with cash flow.
 - Delays by IAs in paying contractors results in delays in implementation of different projects. Delays by contractors in paying sub-contractors has the same negative effect in implementation of projects.
 - Slow appointment of Professional Service Providers (PSPs) impacts negatively on performance.
 - Provincial Departments Of Public Works procurement for infrastructure delivery not fully efficient.
 - Vandalism during the lockdown.

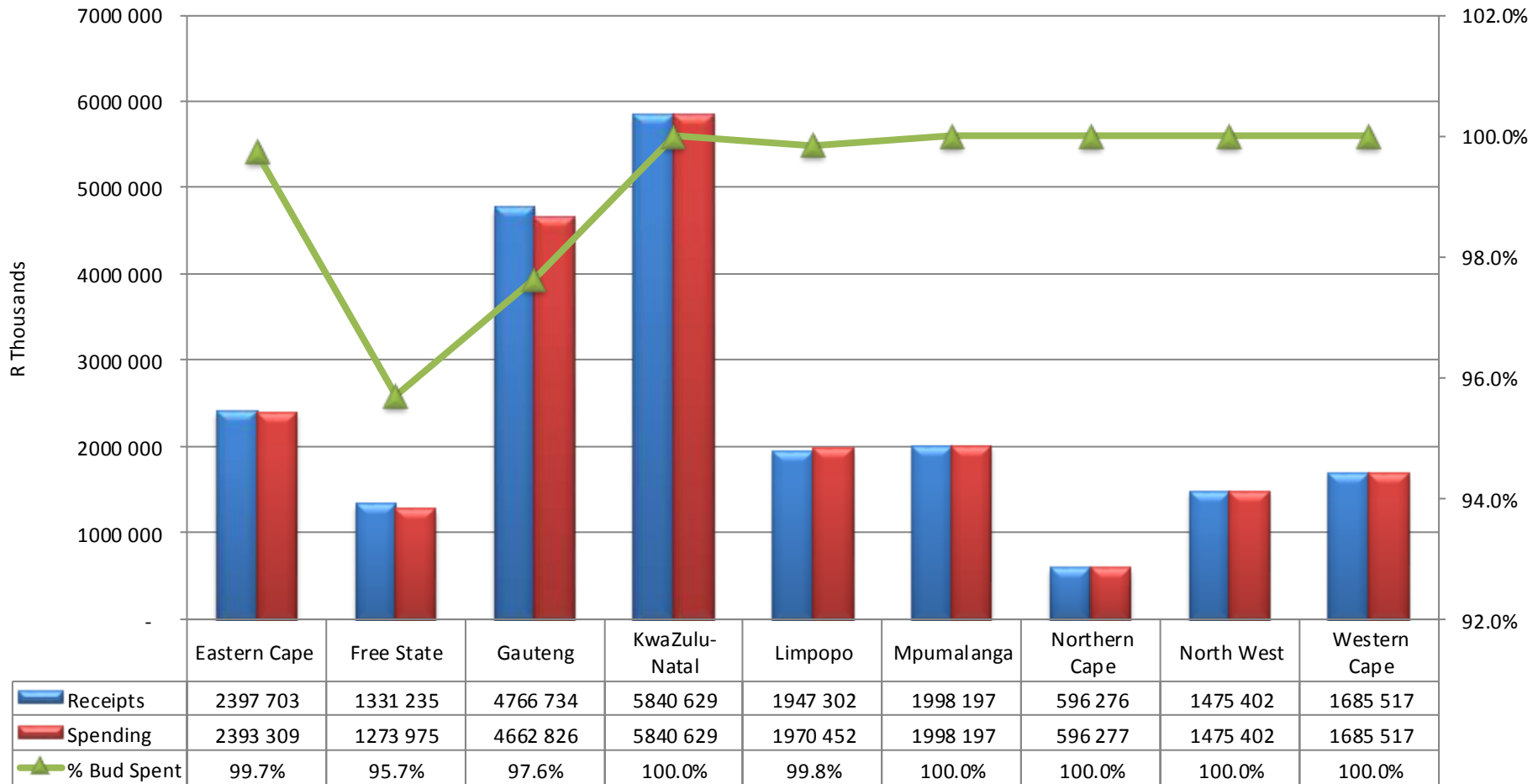
Health grants

Health grants - March 2020



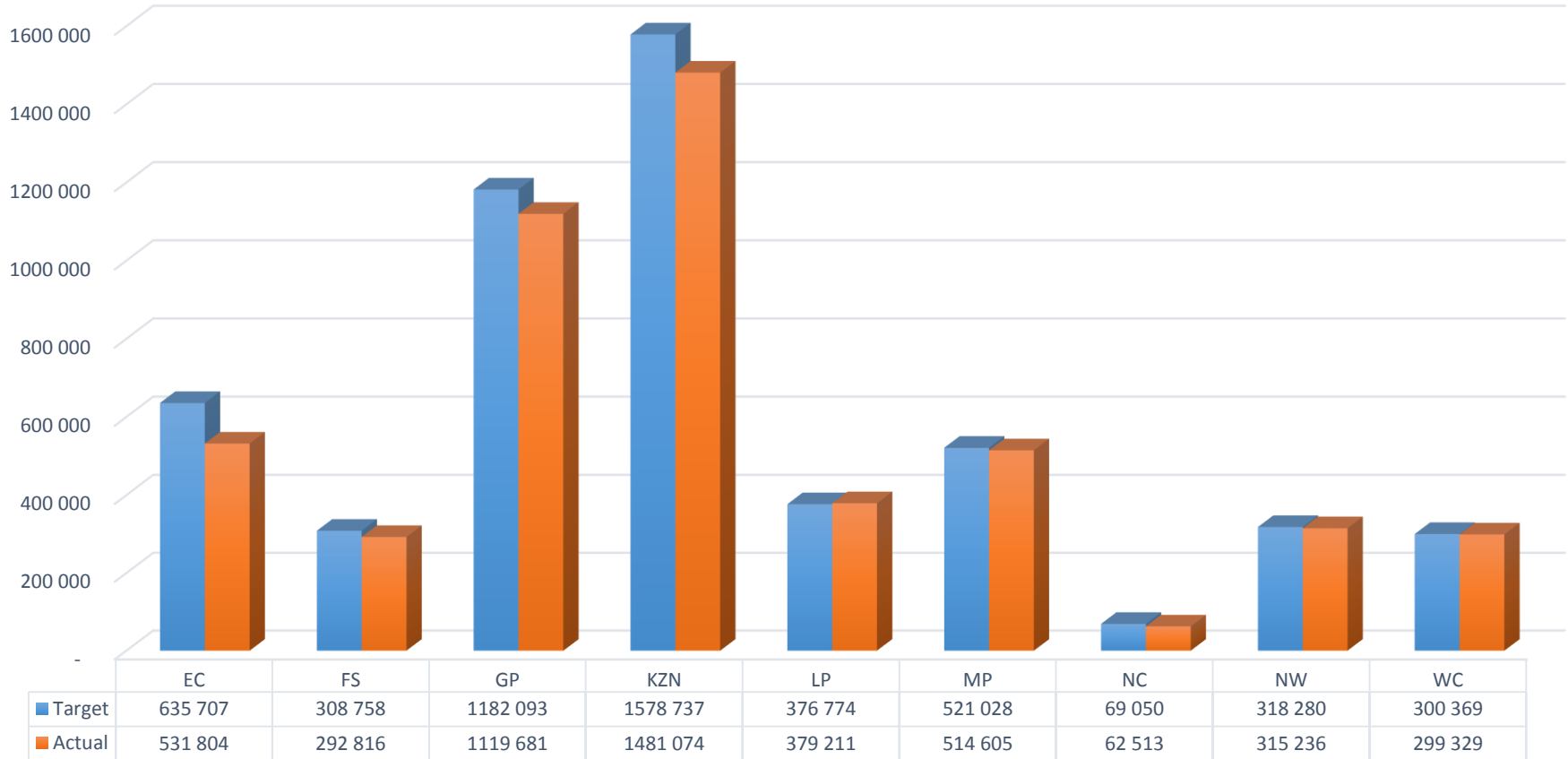
HIV, TB, Malaria and Community Outreach Grant

HIV & Aids- March 2020



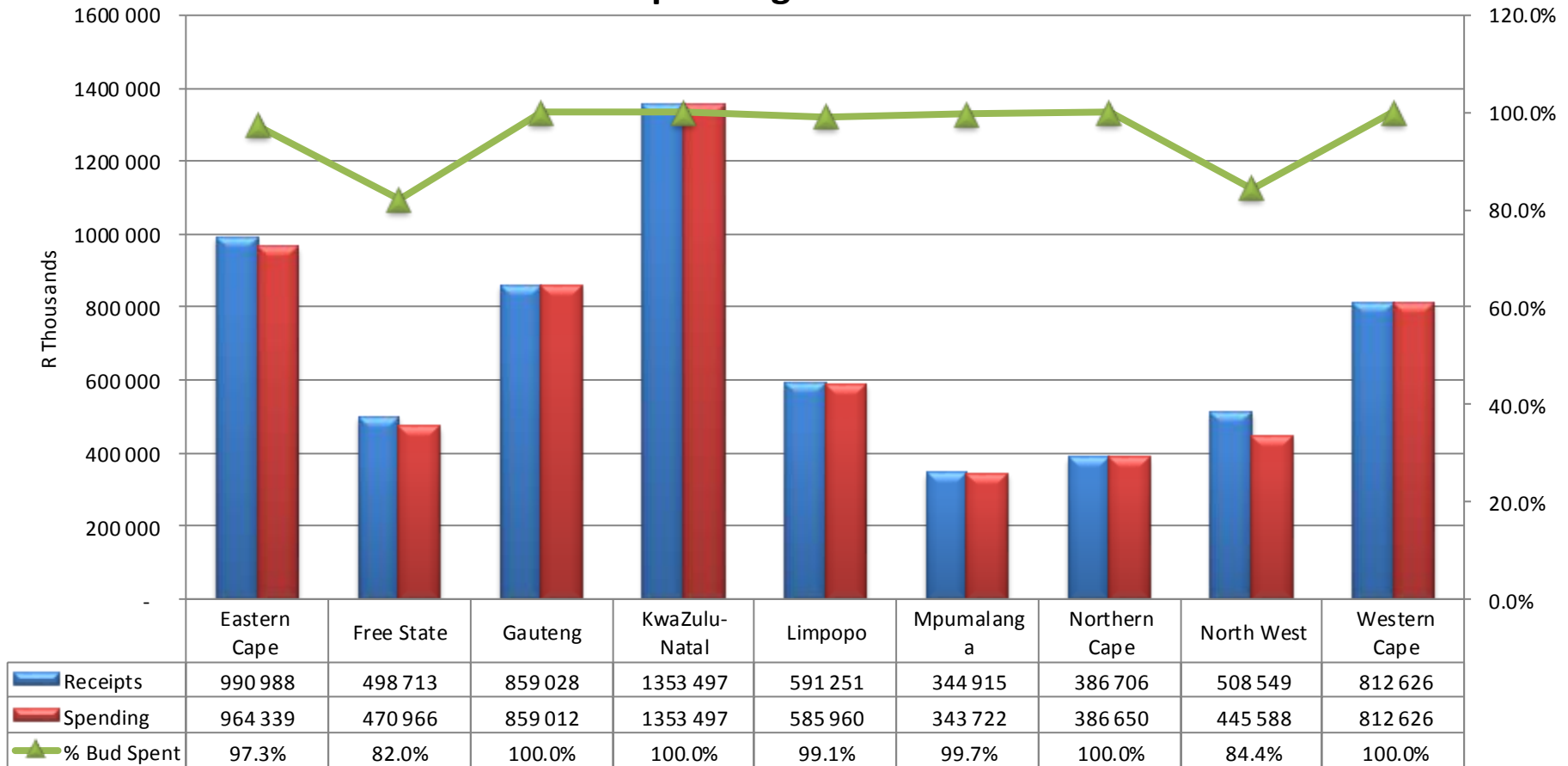
HIV performance

Patients remaining on ART



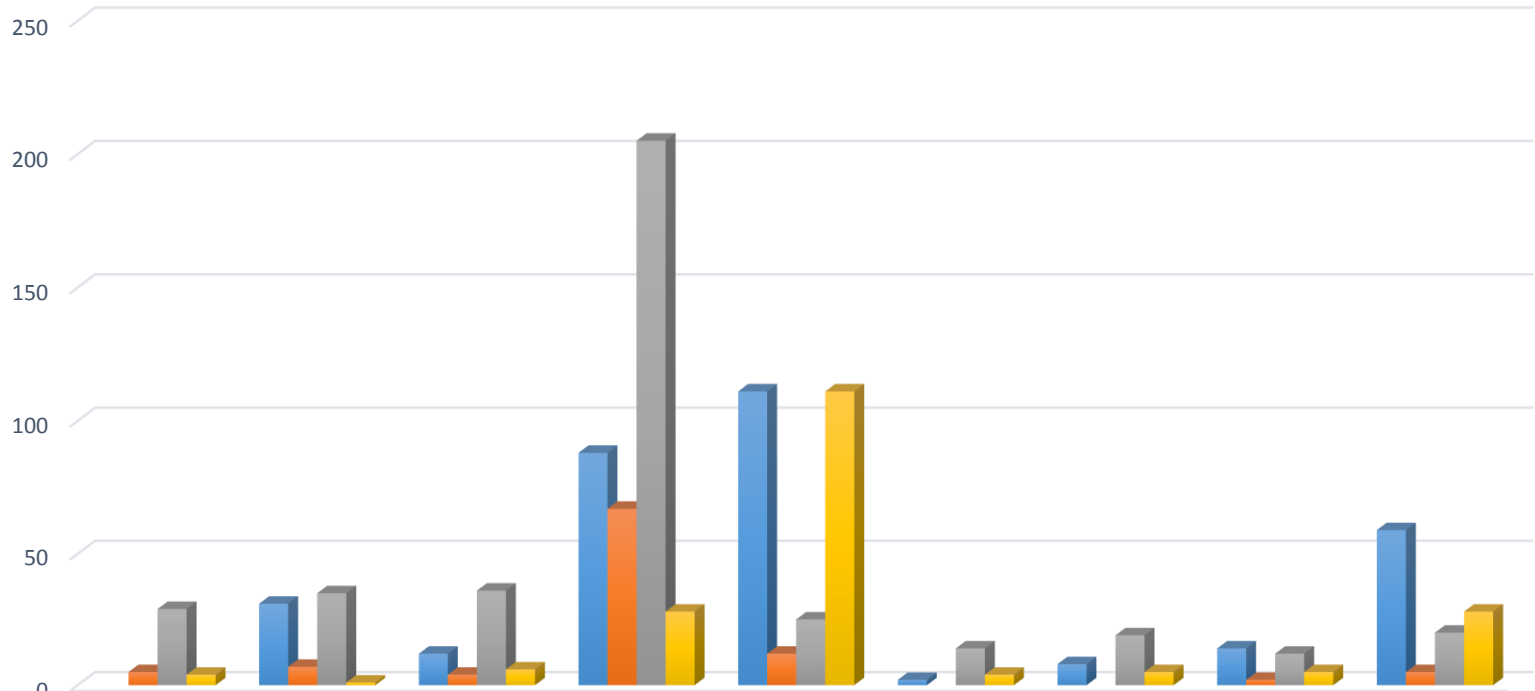
Health Facility Revitalisation Grant

HFR spending - March 2020



Health Facilities Revitalisation performance

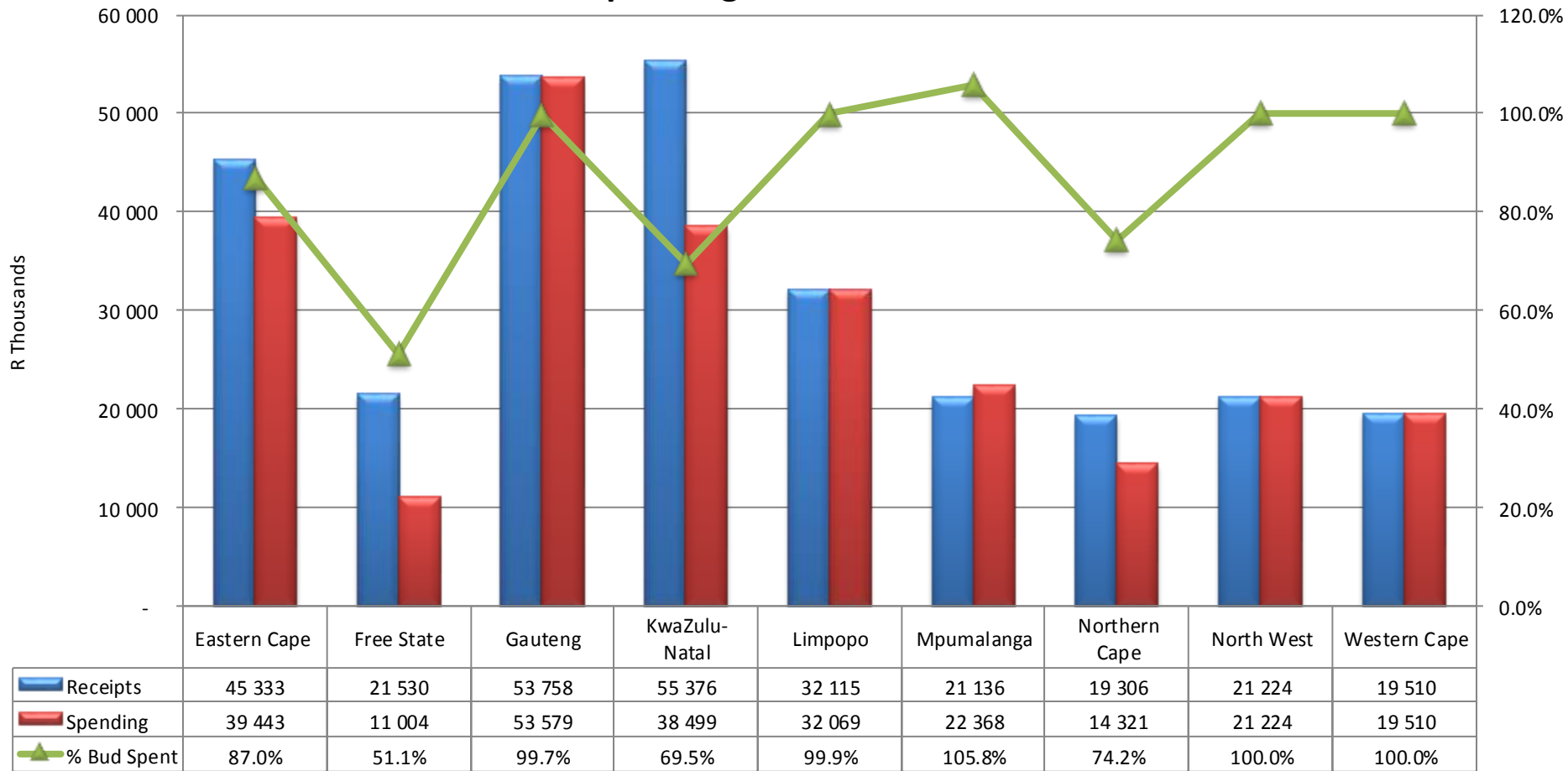
HFRG Project milestones



	EC	FS	GP	KZN	LP	MP	NC	NW	WC
■ Feasibility and design		31	12	88	111	2	8	14	59
■ Tender	5	7	4	67	12			2	5
■ Construction	29	35	36	205	25	14	19	12	20
■ Practical completion	4	1	6	28	111	4	5	5	28

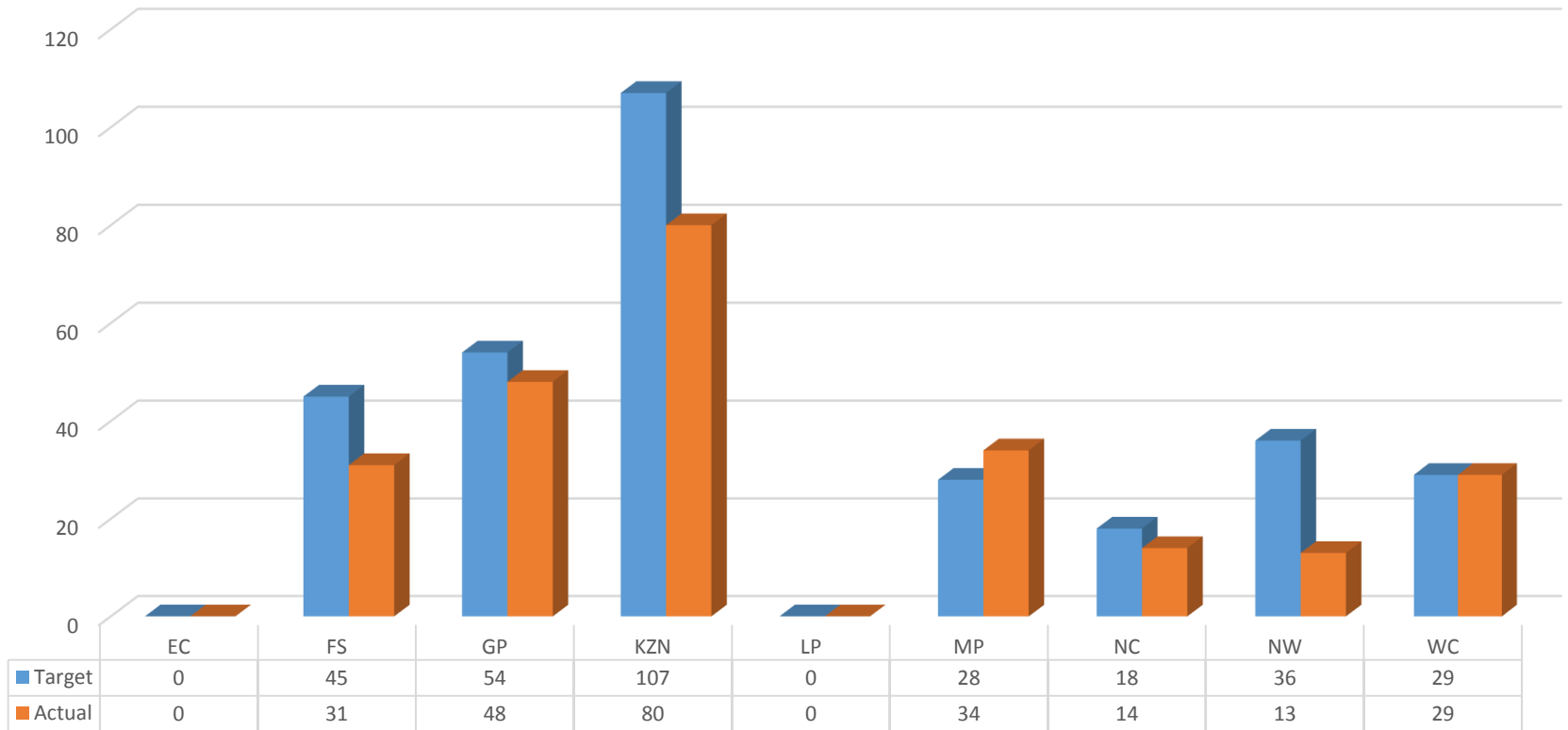
National Health Insurance Grant

NHI spending - March 2020



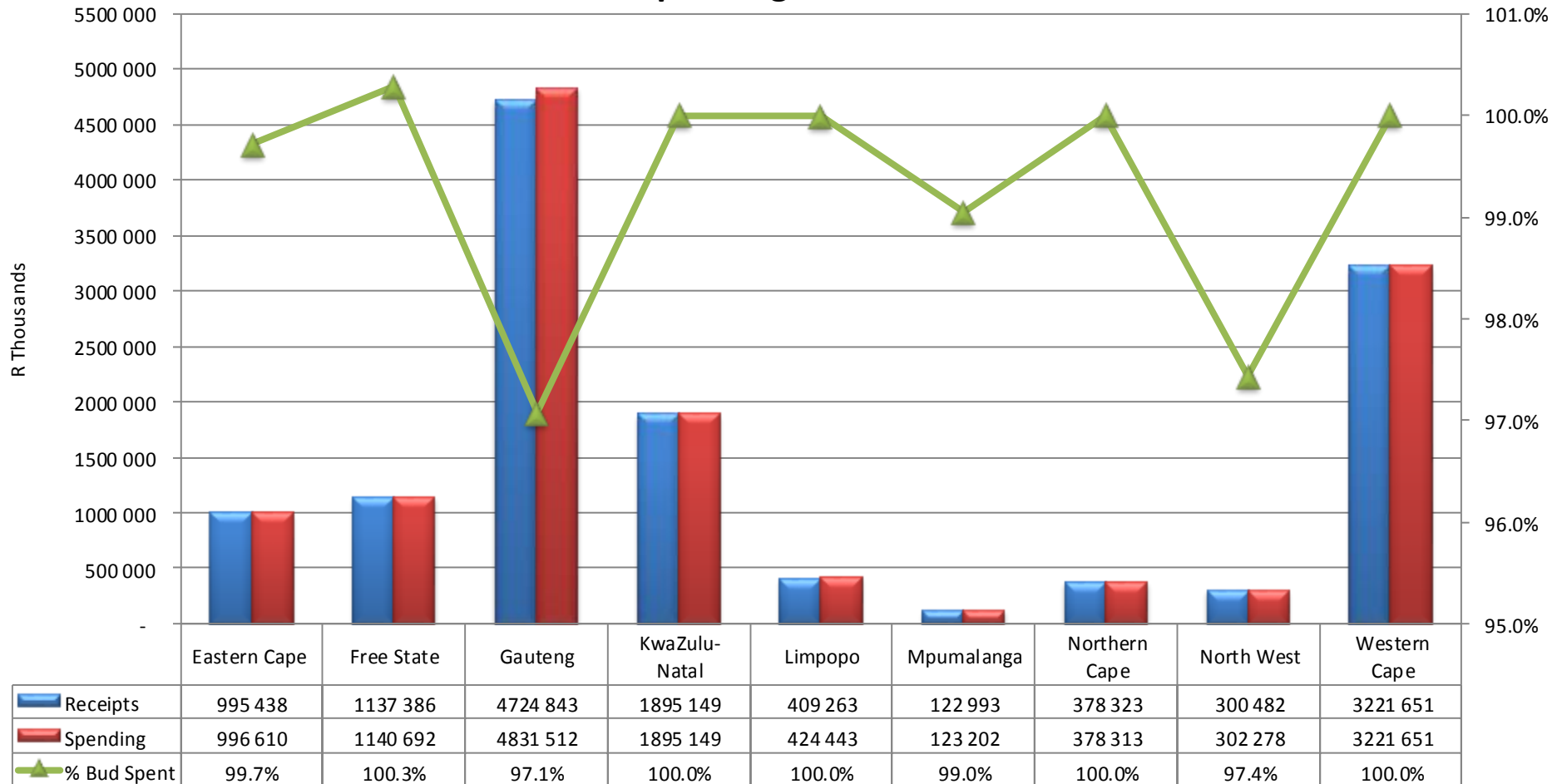
NHI - GP Contracting

Health Professionals contracted



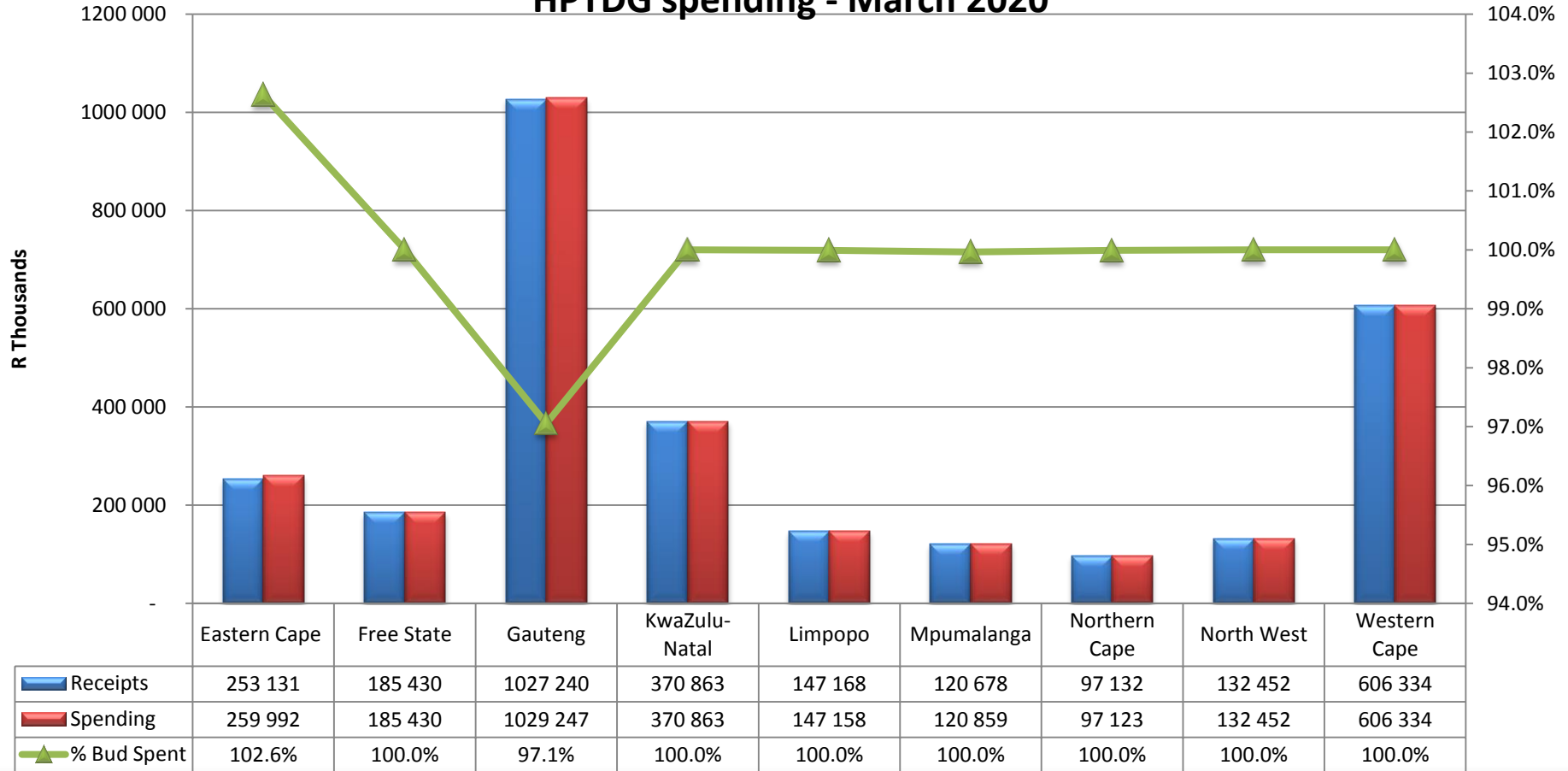
National Tertiary Services Grant

NTSG spending - March 2020



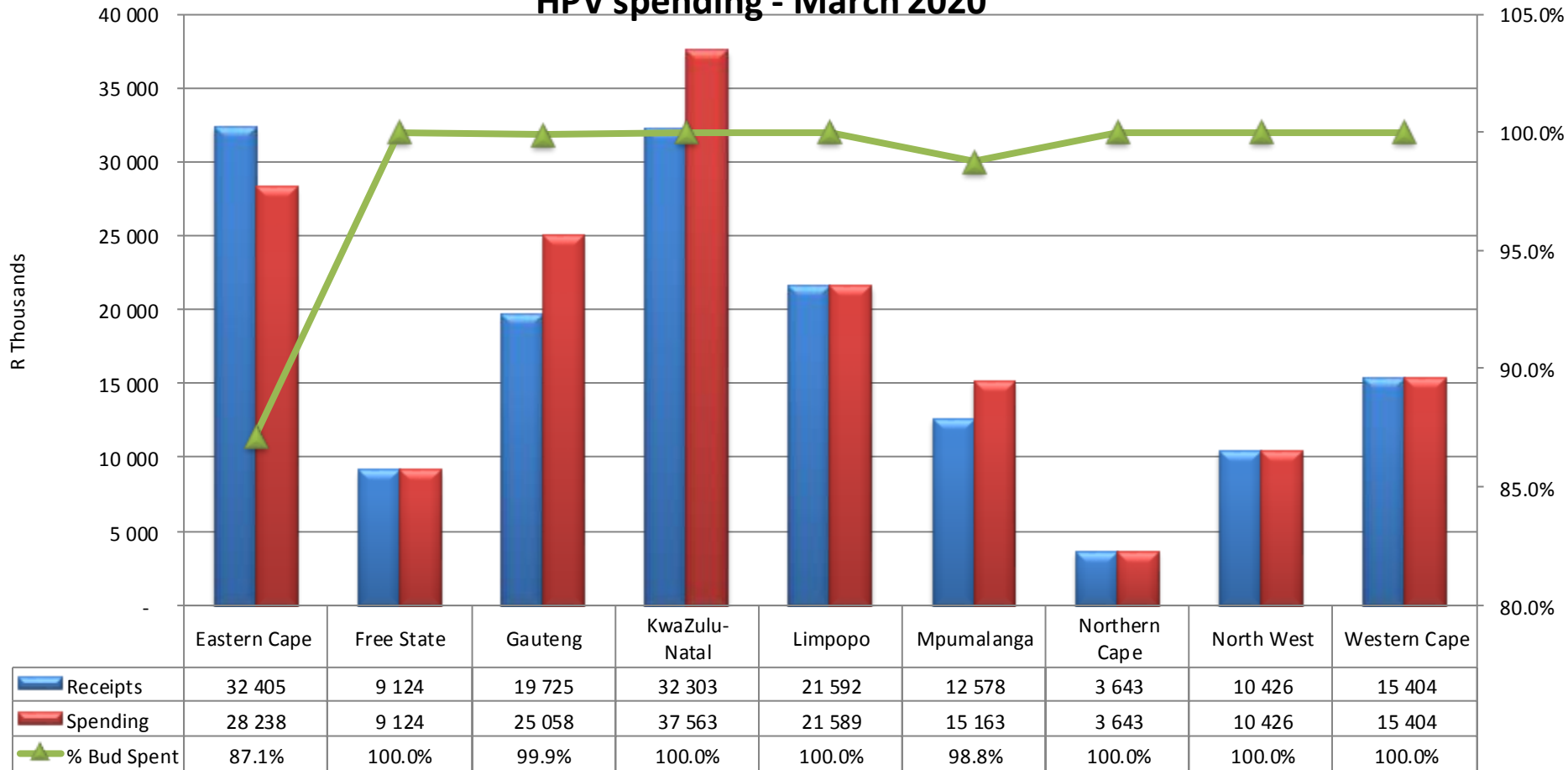
Health Professions Training and Development Grant

HPTDG spending - March 2020



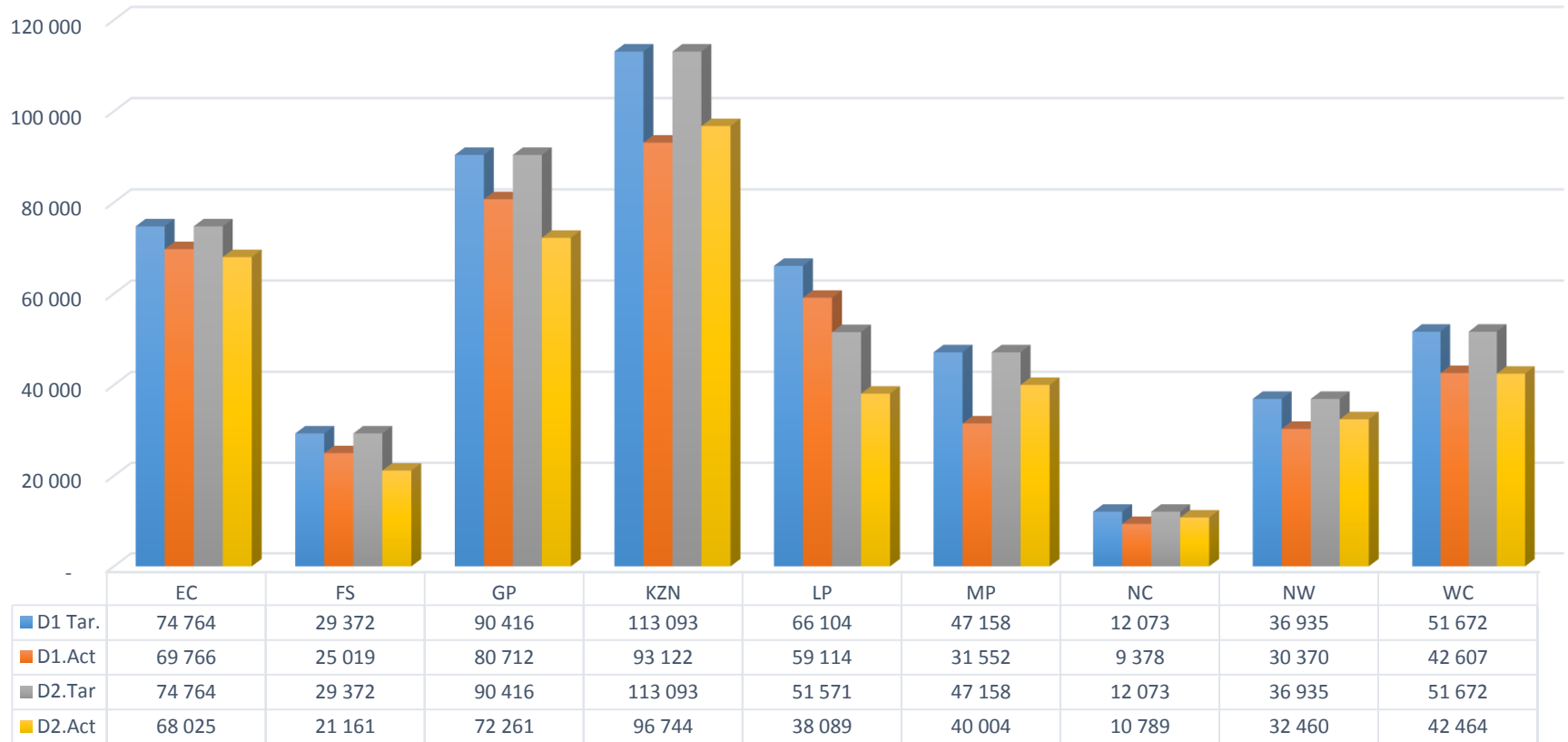
Human Papillomavirus Vaccine Grant

HPV spending - March 2020



HPV

HPV Dose 1 & 2



Health Issues 1 of 2

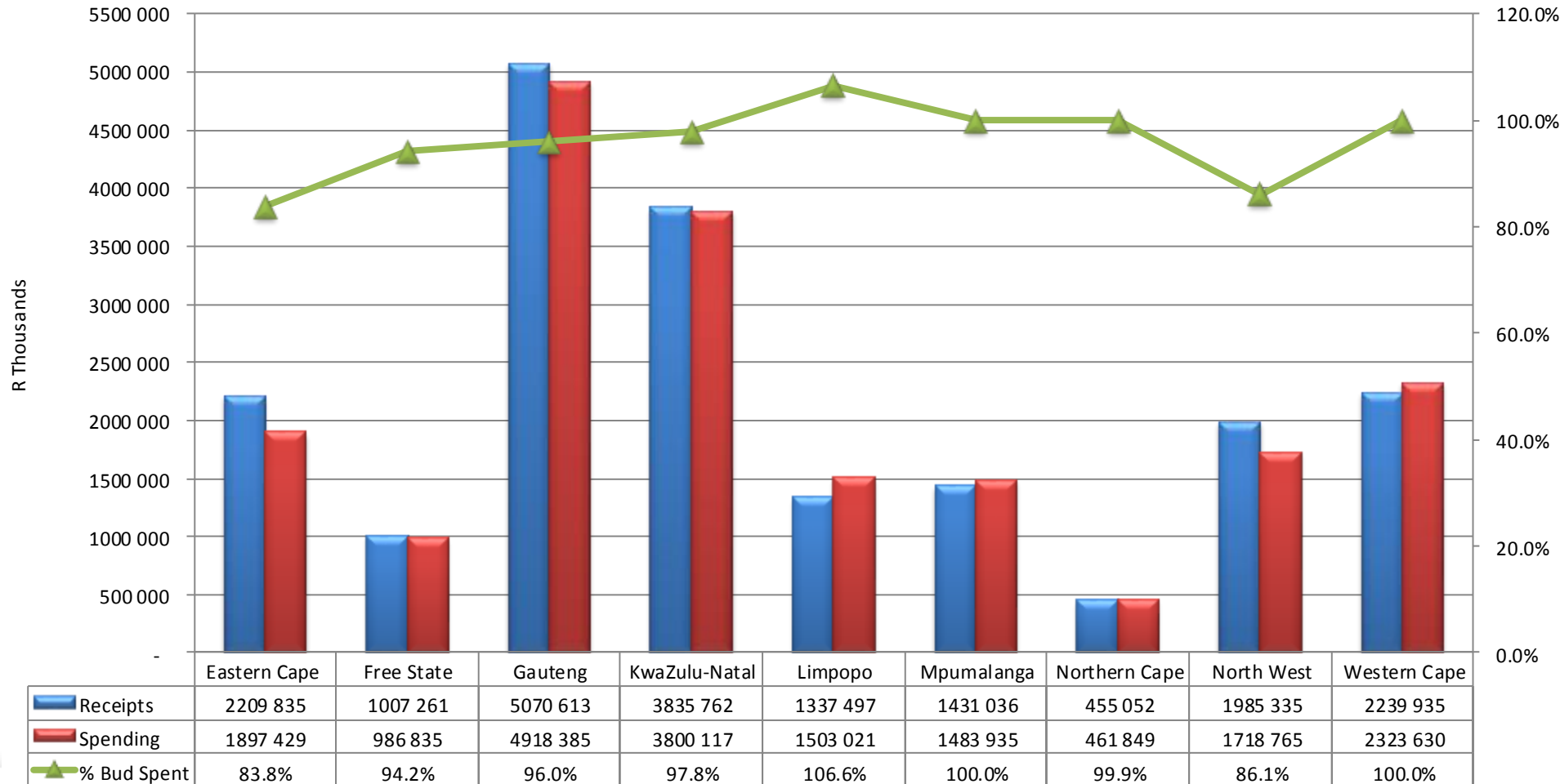
- HIV, TB, Malaria and Community Outreach
 - Poor performance on condoms – suppliers not delivering on time and poor distribution once received.
 - Male Medical Circumcision – expiry of the transversal contract RT35 in February 2020.
 - TB - poor recording and reporting, partly due to the unavailability of dedicated personnel for data management in some provinces.
- Health Facility Revitalisation Grant
 - Poor workmanship by the contractors, delays in the awarding of contracts, labour unrest, and delay in terms of processing of payments on time.
 - Health Technology – poor planning resulting in late procurement and commissioning of health facilities.

Health Issues 1 of 2

- National Health Insurance
 - Health Professional (HP) contracting – some HPs were appointed late in the financial year. Resignation of GP's due to poor communication regarding future of HP contracting.

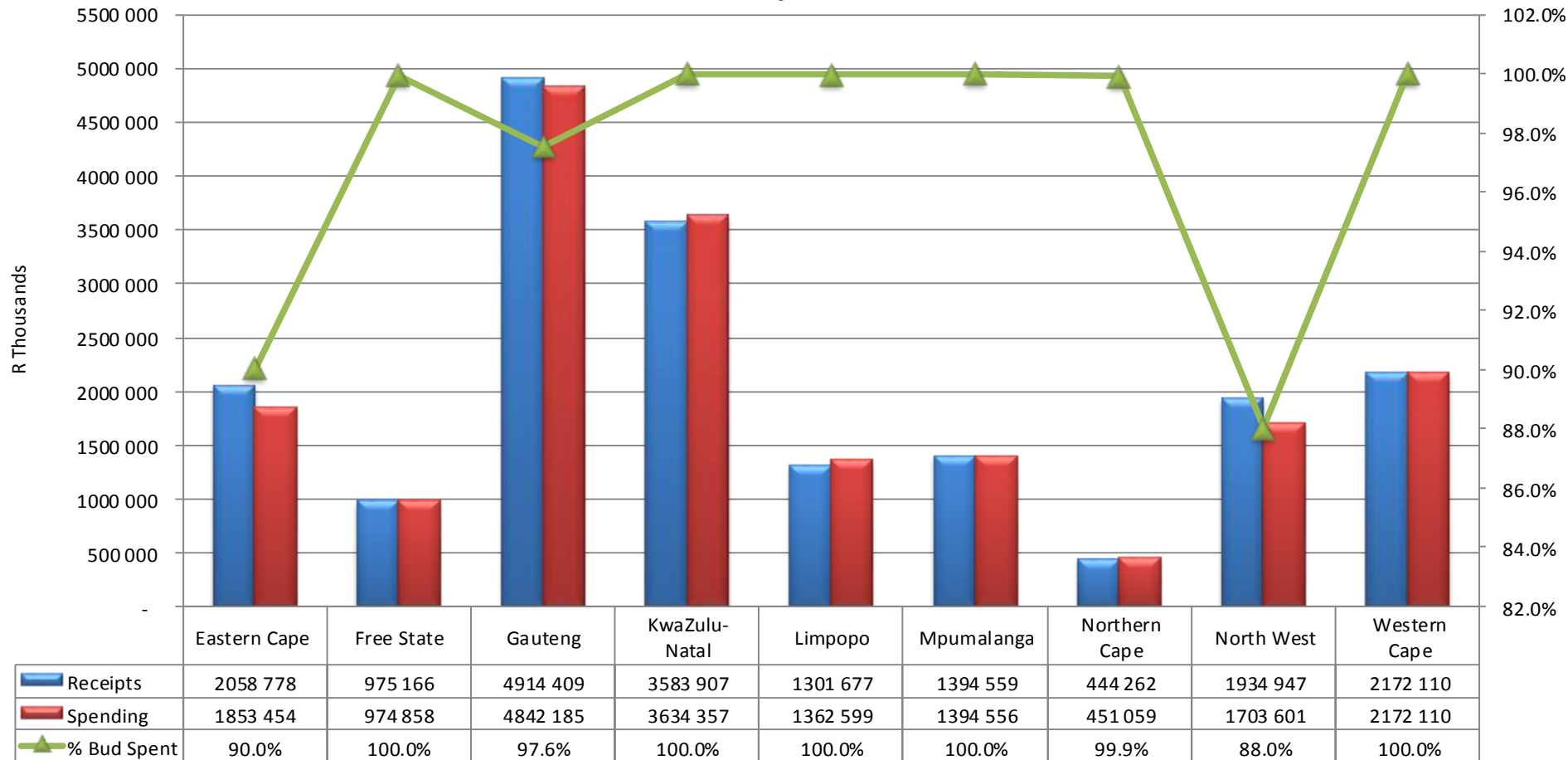
Human Settlements Grants

Human Settlements Grants - March 2020

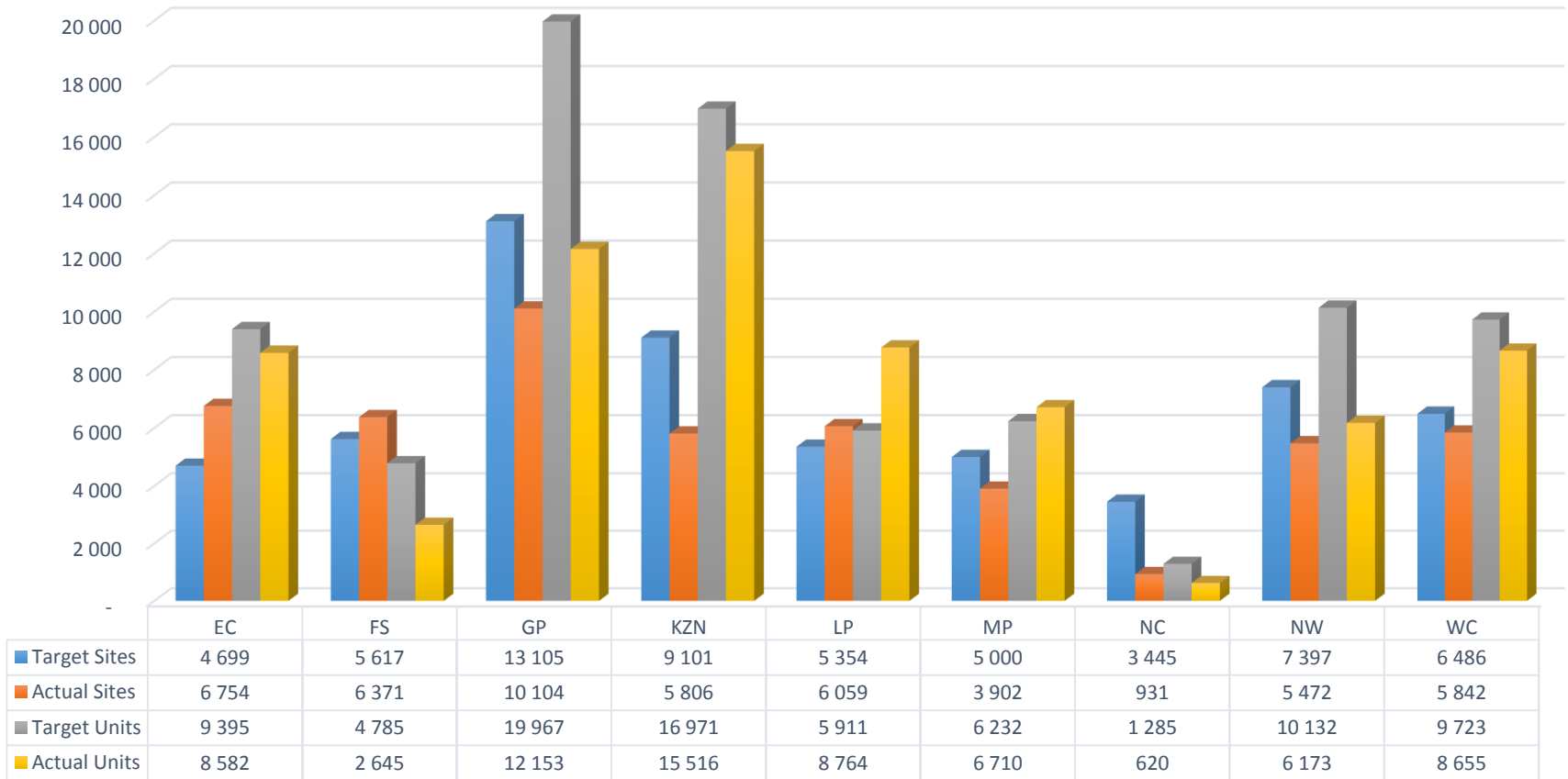


Human Settlements Development Grant

Human Settlements Development Grant - March 2020

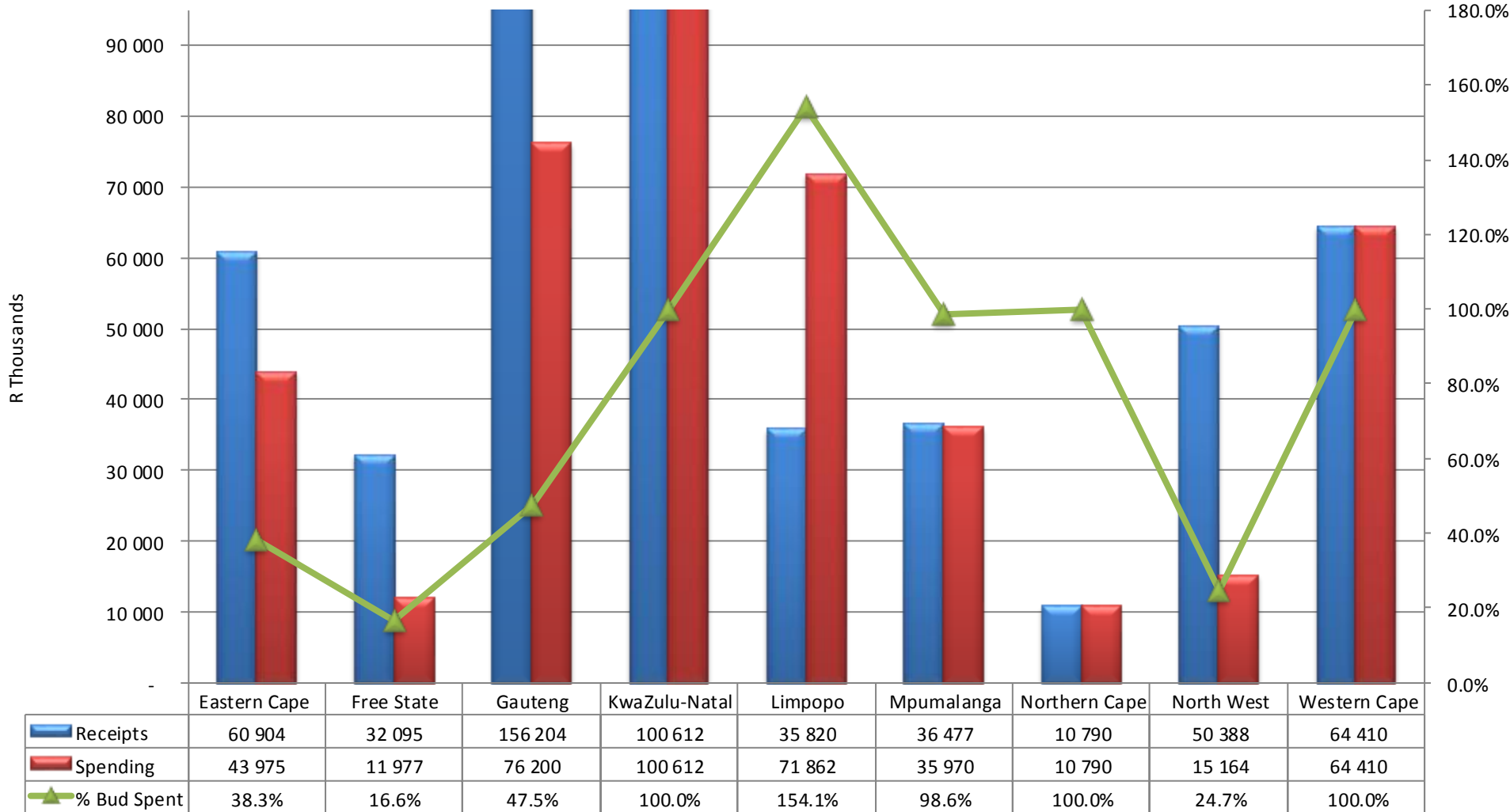


HSDG - Sites and Units - 2019/20



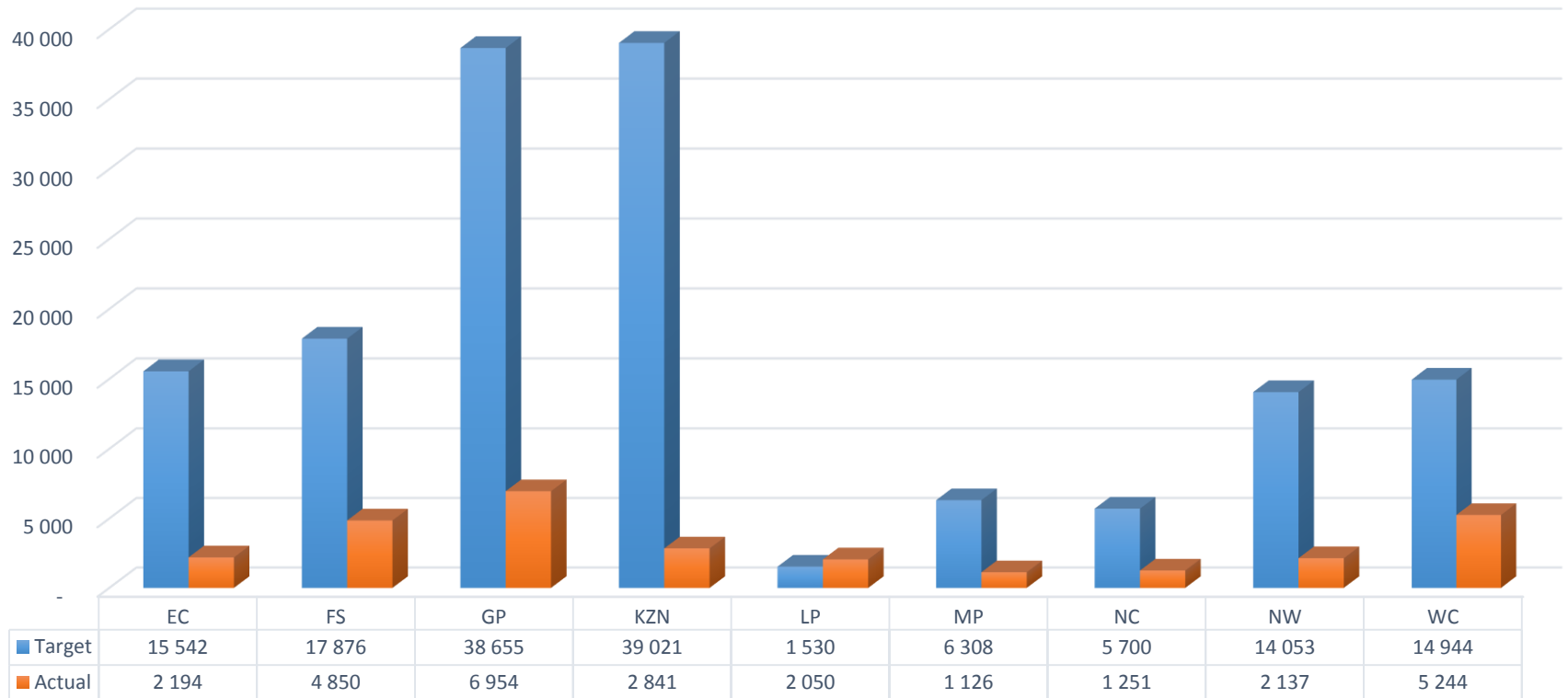
Title Deeds Restoration Grant

Title Deeds Restoration Grant - March 2020



Title Deeds

Title Deeds Restoration

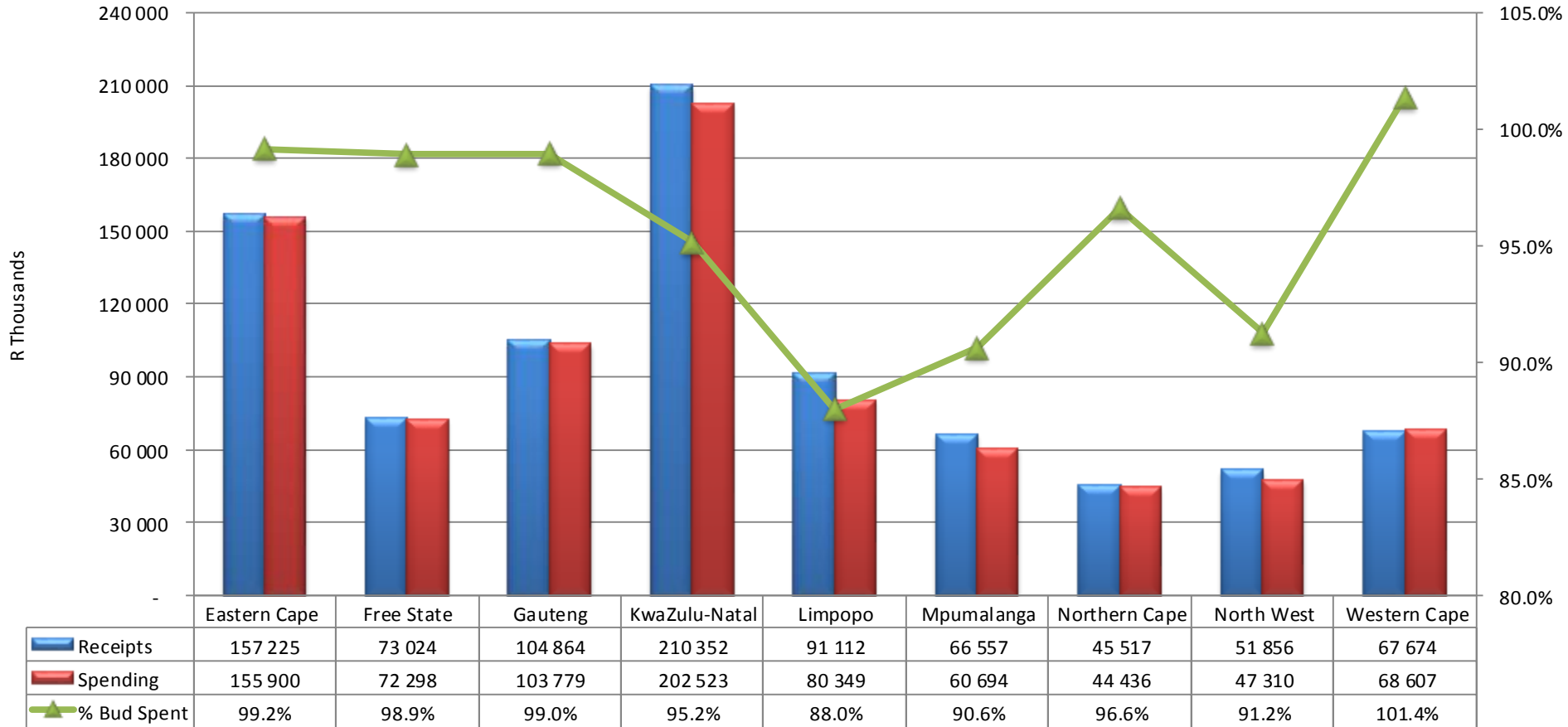


Human Settlements issues

- Human Settlements Development Grant
 - Late appointment of contractors resulting in projects not being complete, and will have to be carried over to the next financial year.
 - Insufficient bulk services that delay projects implementation – poor planning and integration with municipalities.
 - Slow or non-performance by contractors, termination of contracts and reappointment of new contractors, slow building plan approvals and procurement delays.
 - Disjuncture between spending and performance
- Title Deeds Restoration Grant
 - Inability to conclude township establishment processes – process could take up to 36 months.
 - Beneficiary verification still a challenge – difficulty in tracing.

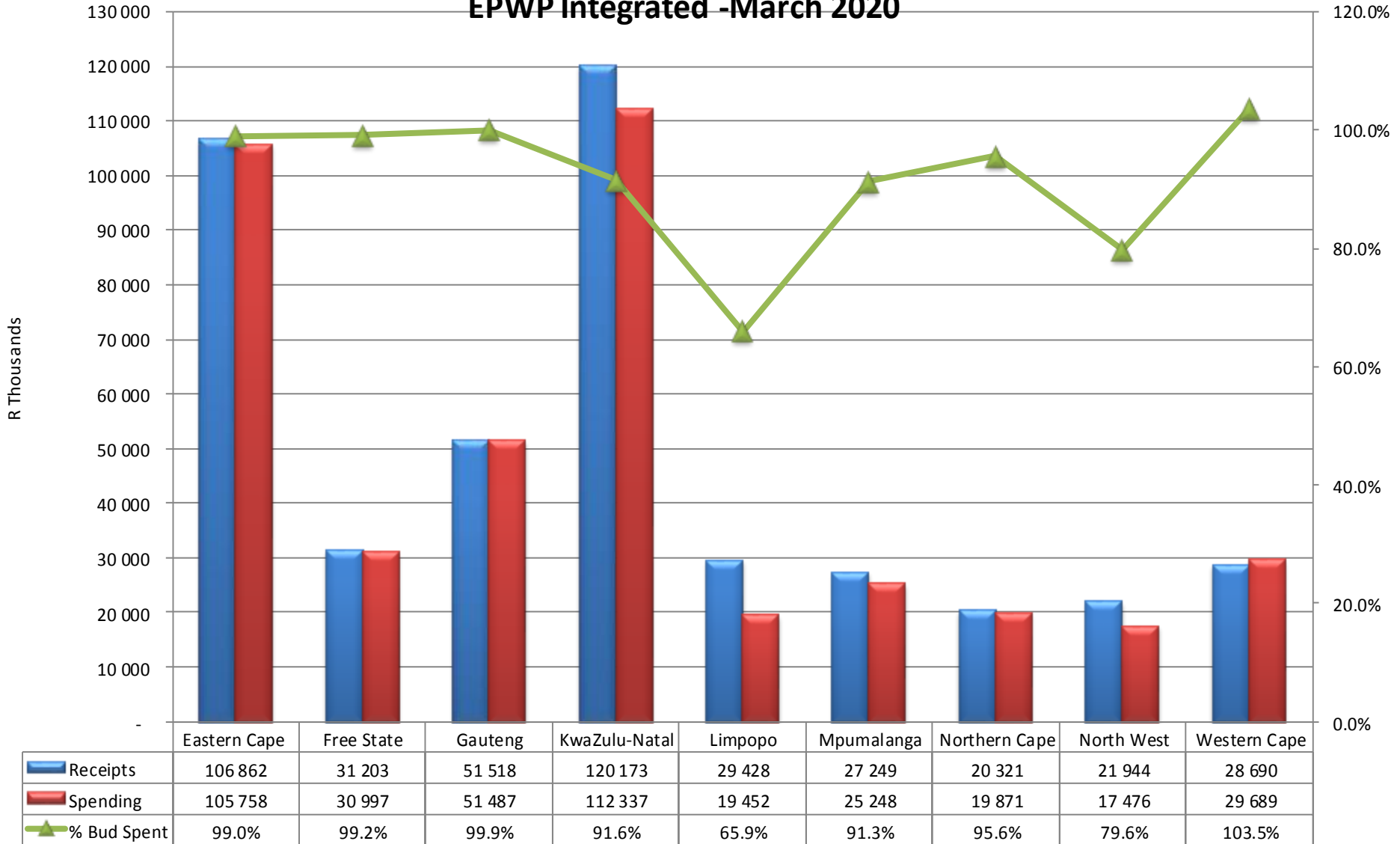
Expanded Public Works Grants

EPWP grants - March 2020



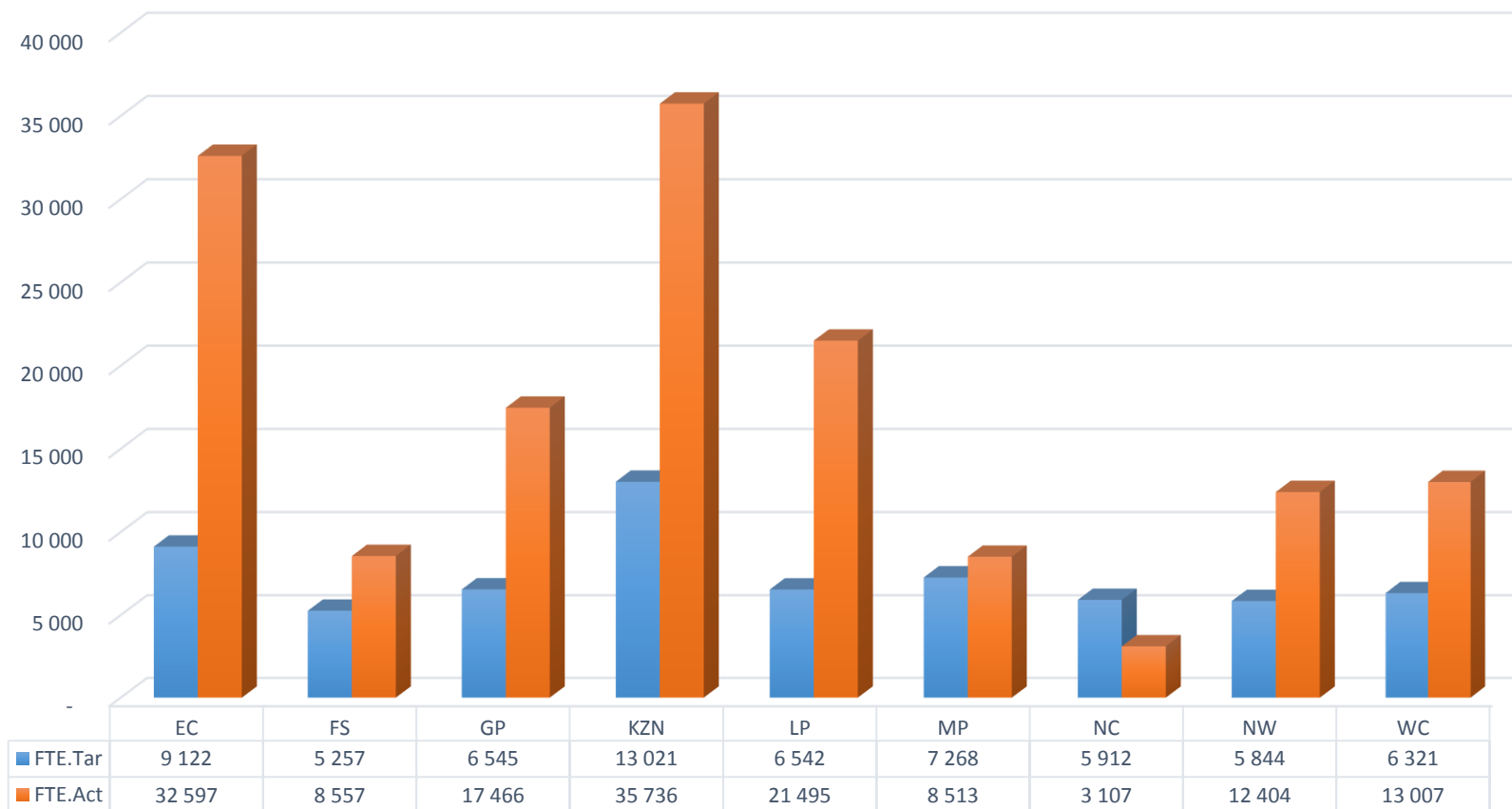
EPWP Integrated Grant

EPWP Integrated - March 2020



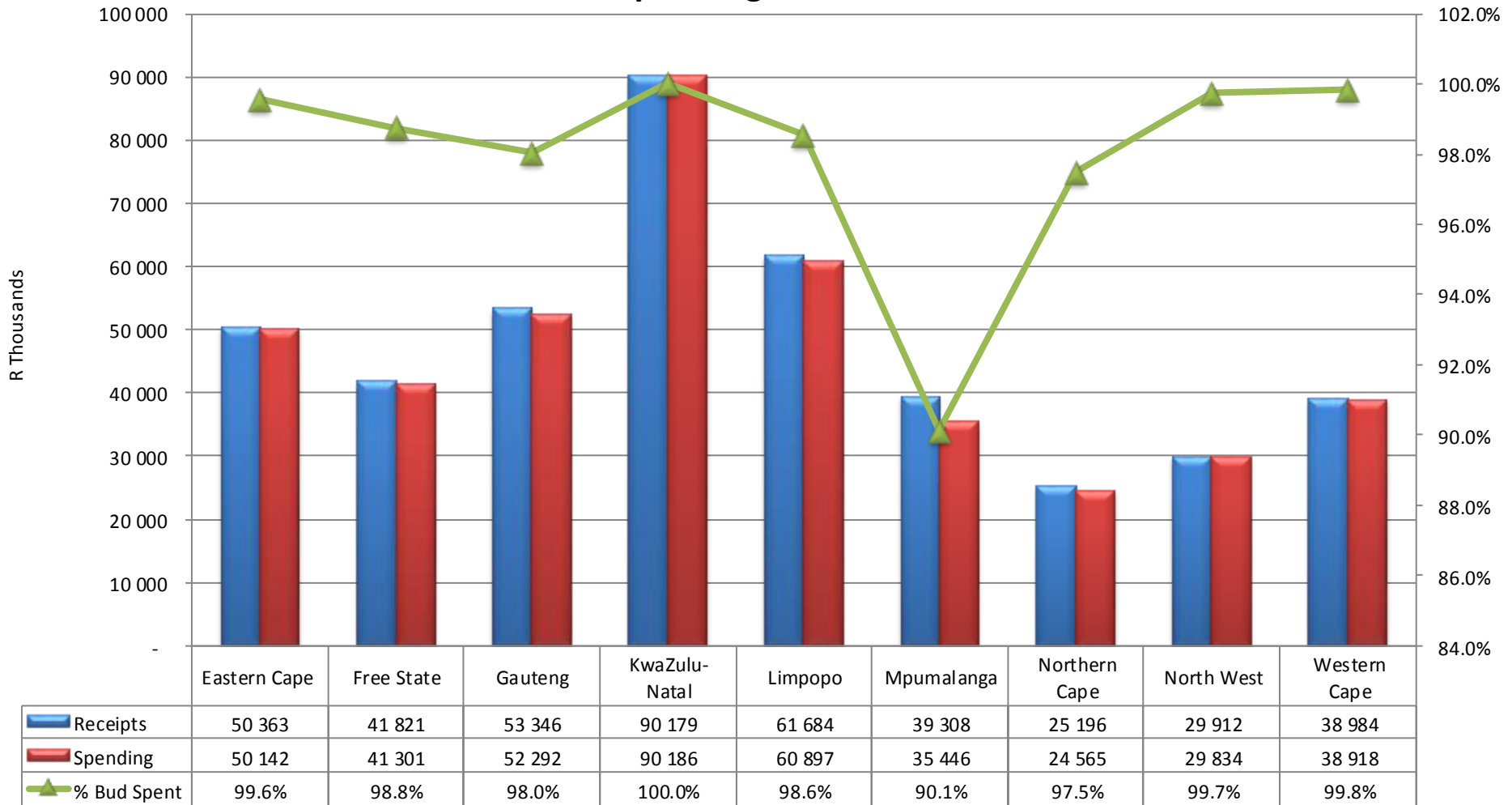
EPWP Integrated performance

EPWP Integrated grant



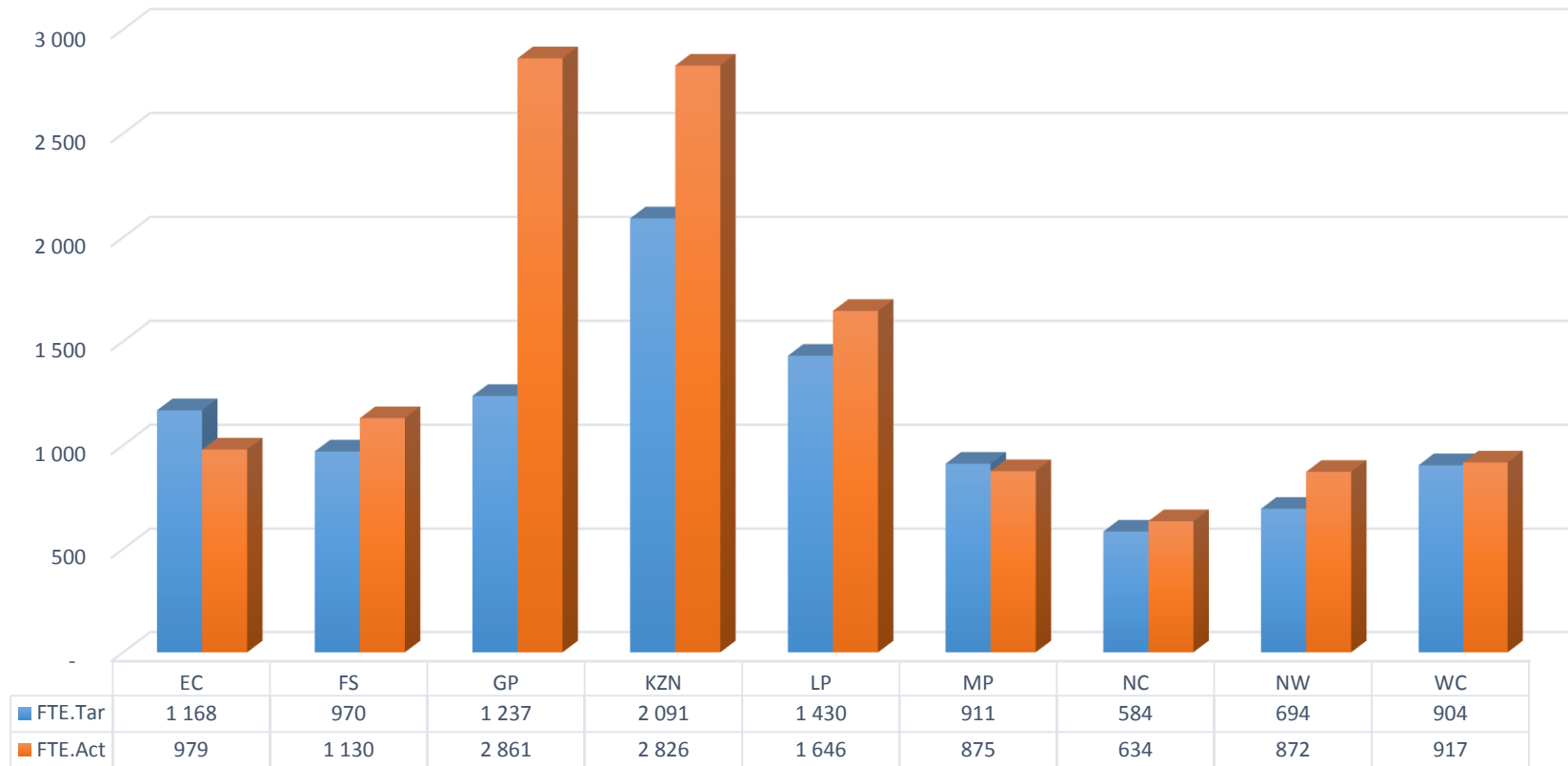
EPWP Social Sector Grant

EPWP SS spending - March 2020



EPWP Social Sector performance

EPWP Social Sector grant

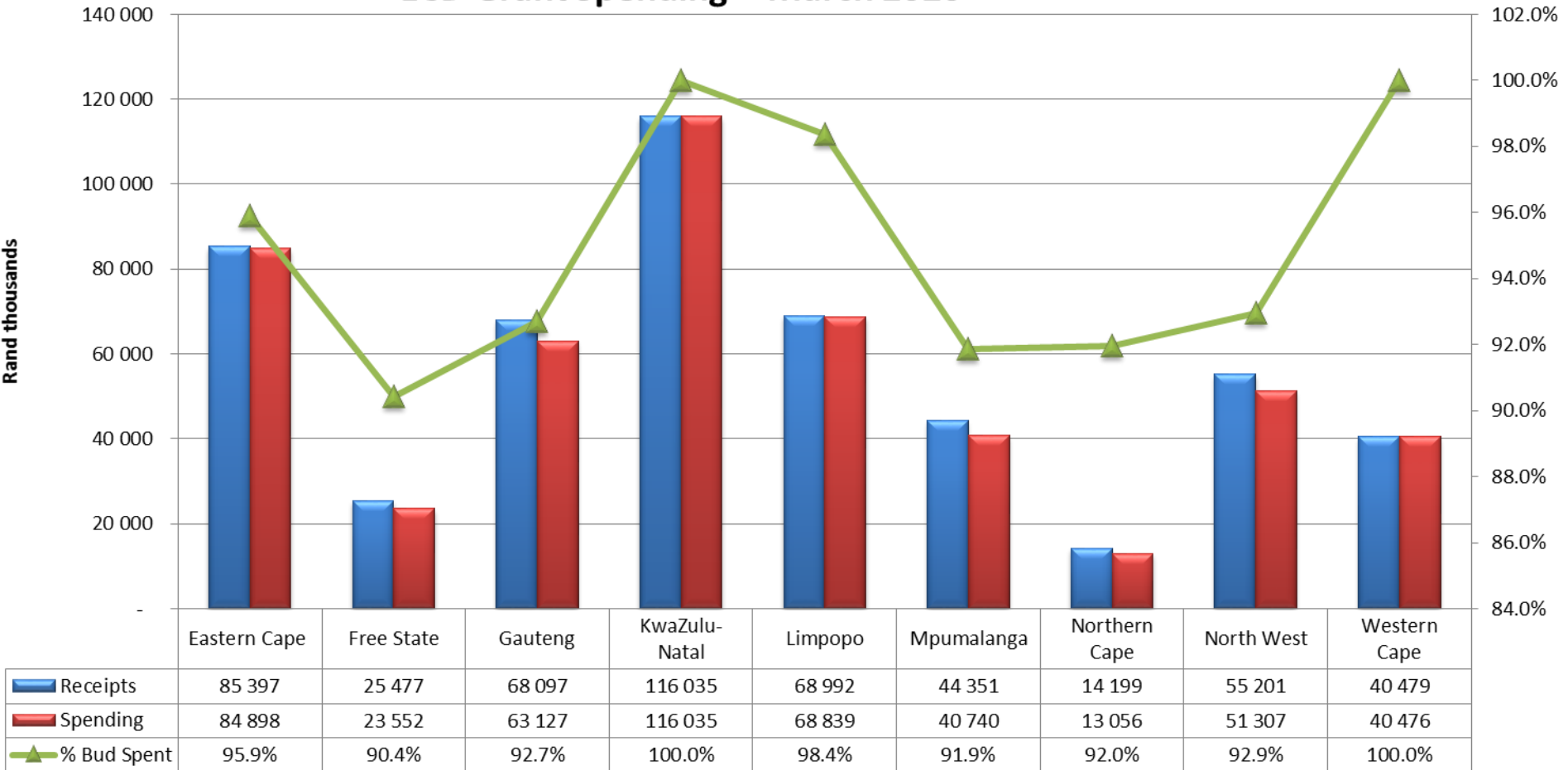


Public Works issues

- Projects reported on the EPWP reporting system not aligned to the information provided on the submitted project list/business plan.
- Widespread withholding due to provincial departments not complying with the prescripts of DoRA e.g. submission of reports.

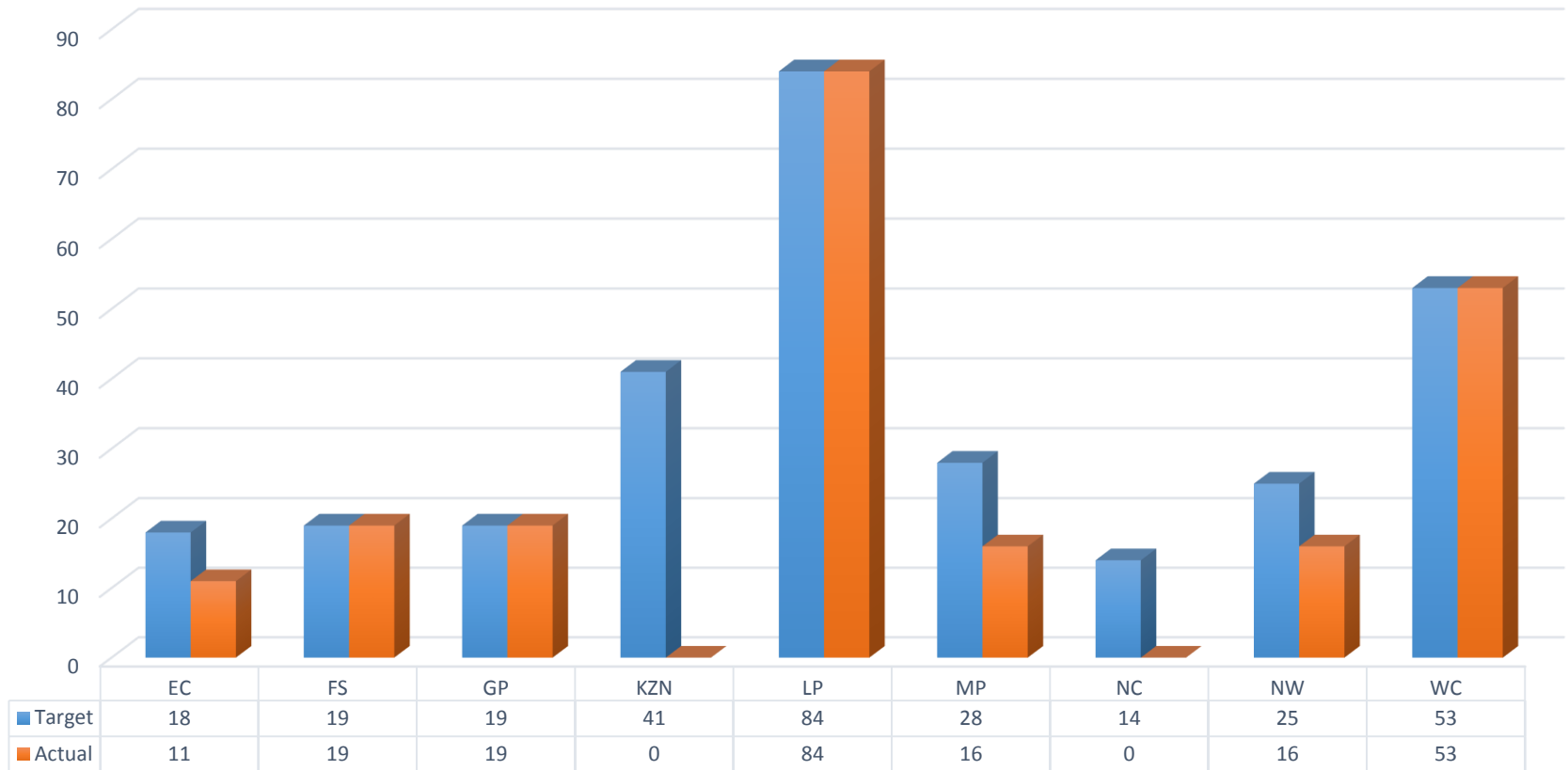
Social Development Grant

ECD Grant Spending - March 2020



ECD Performance

ECD Maintenance projects

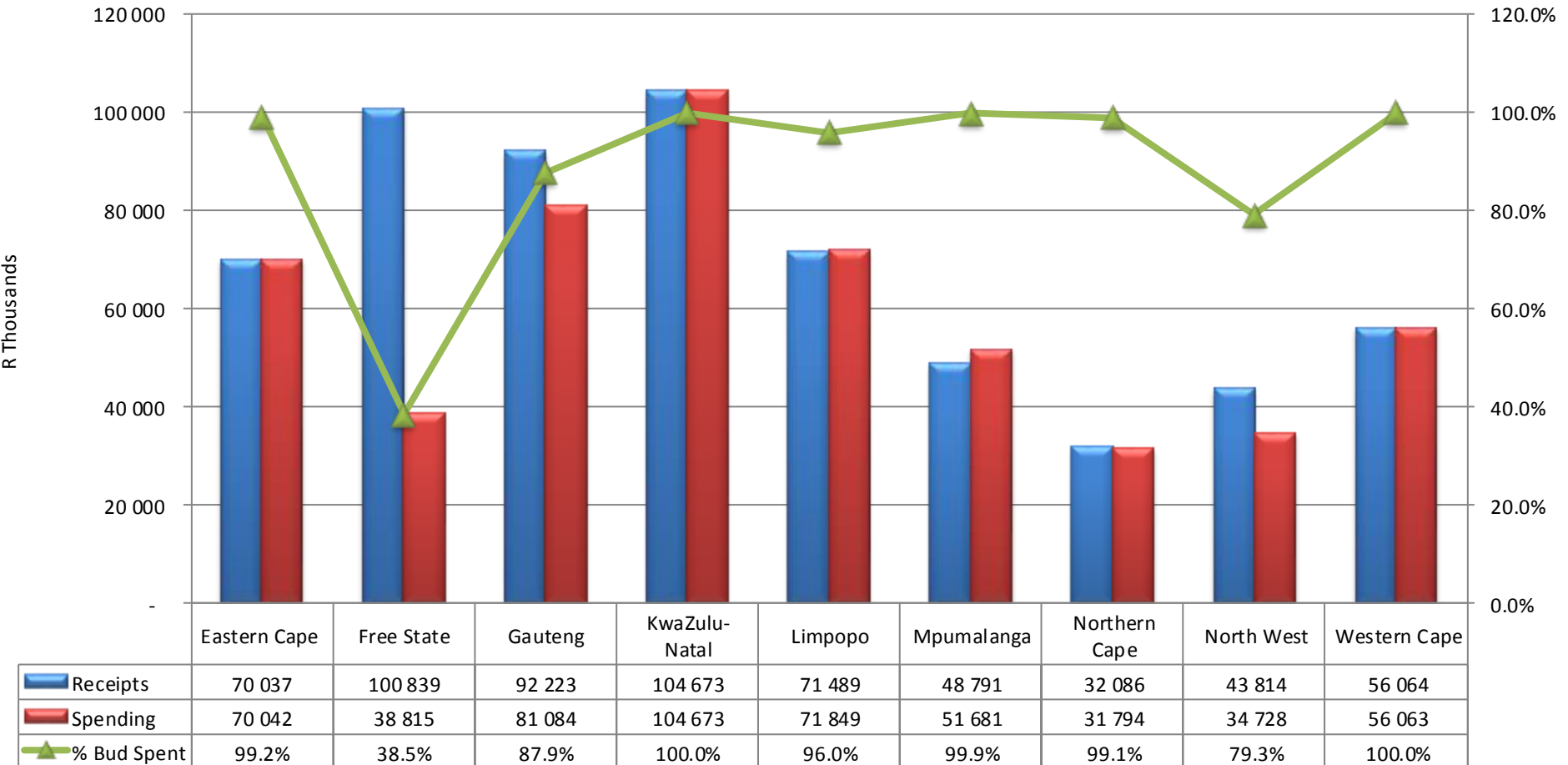


Social Development issues

- Delays in the procurement process with the maintenance component of the grant.
- Late submission of claims by NPOs which results in transfers being delayed.
- Delays in the registration process - from partial to fully registered facility.

Sports Grant

Mass Participation and Sport Development Grant- March 2020

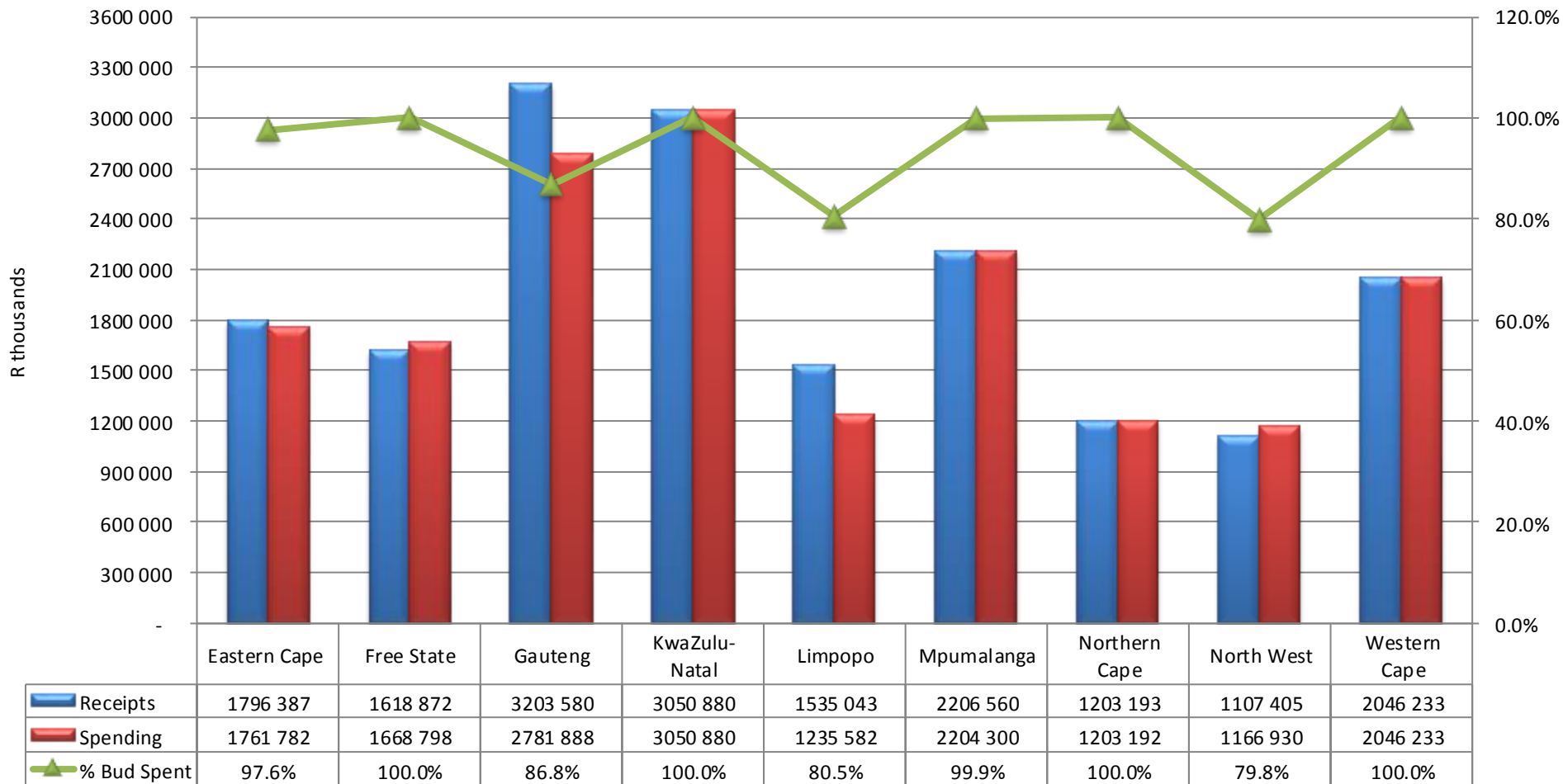


Sports issues

- Insufficient management systems and controls within provincial departments leading to significant inefficiencies in the implementation of the programme.
- The quality, relevance and frequency of training provided needs to be assessed, as people trained are not fully equipped to carry out tasks.
- Many clubs/schools lack equipment required for their sports activities, while some clubs/schools have been given equipment that they do not require. A proper equipment needs analysis should be conducted.

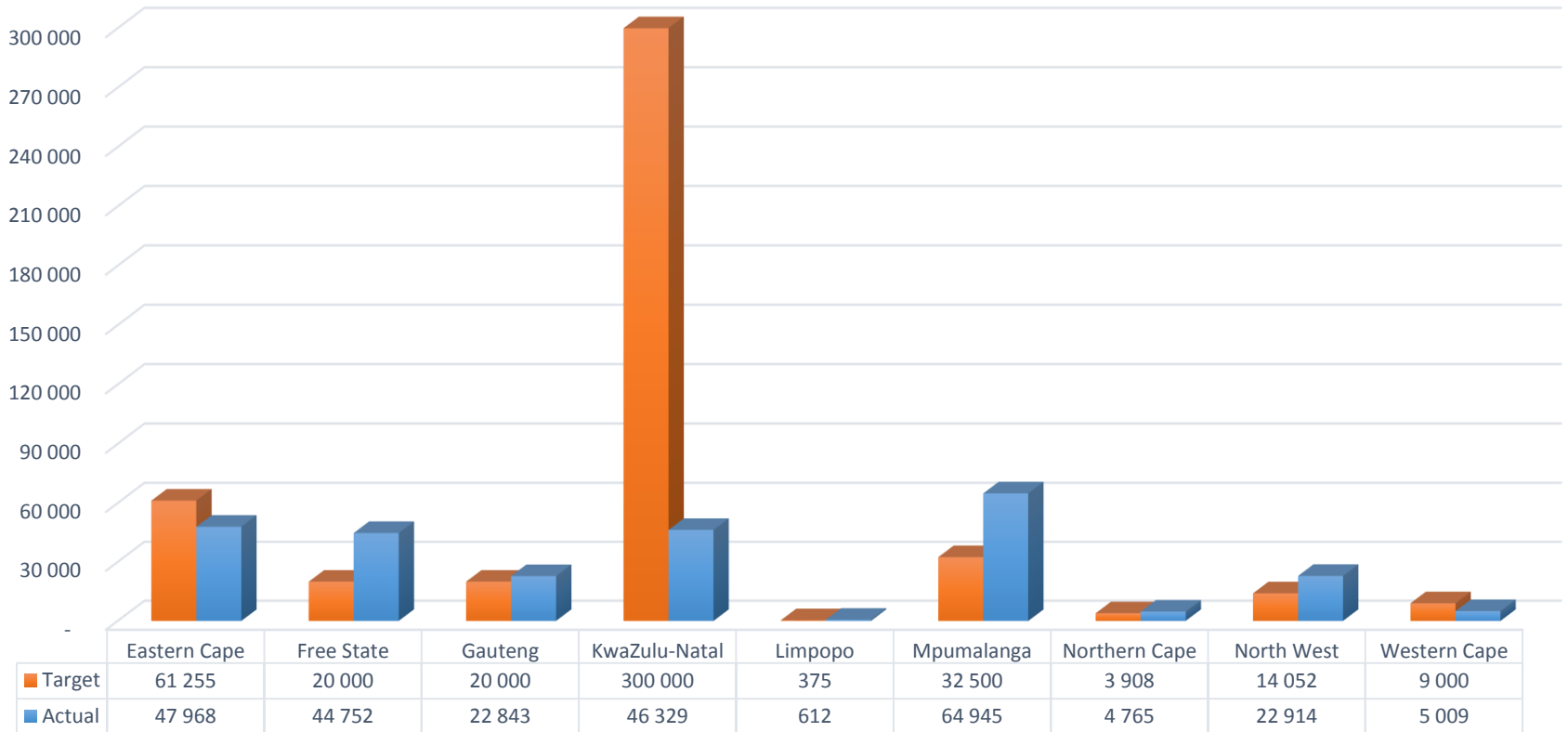
Roads and Transport Grant

Roads and Transport grants - March 2020



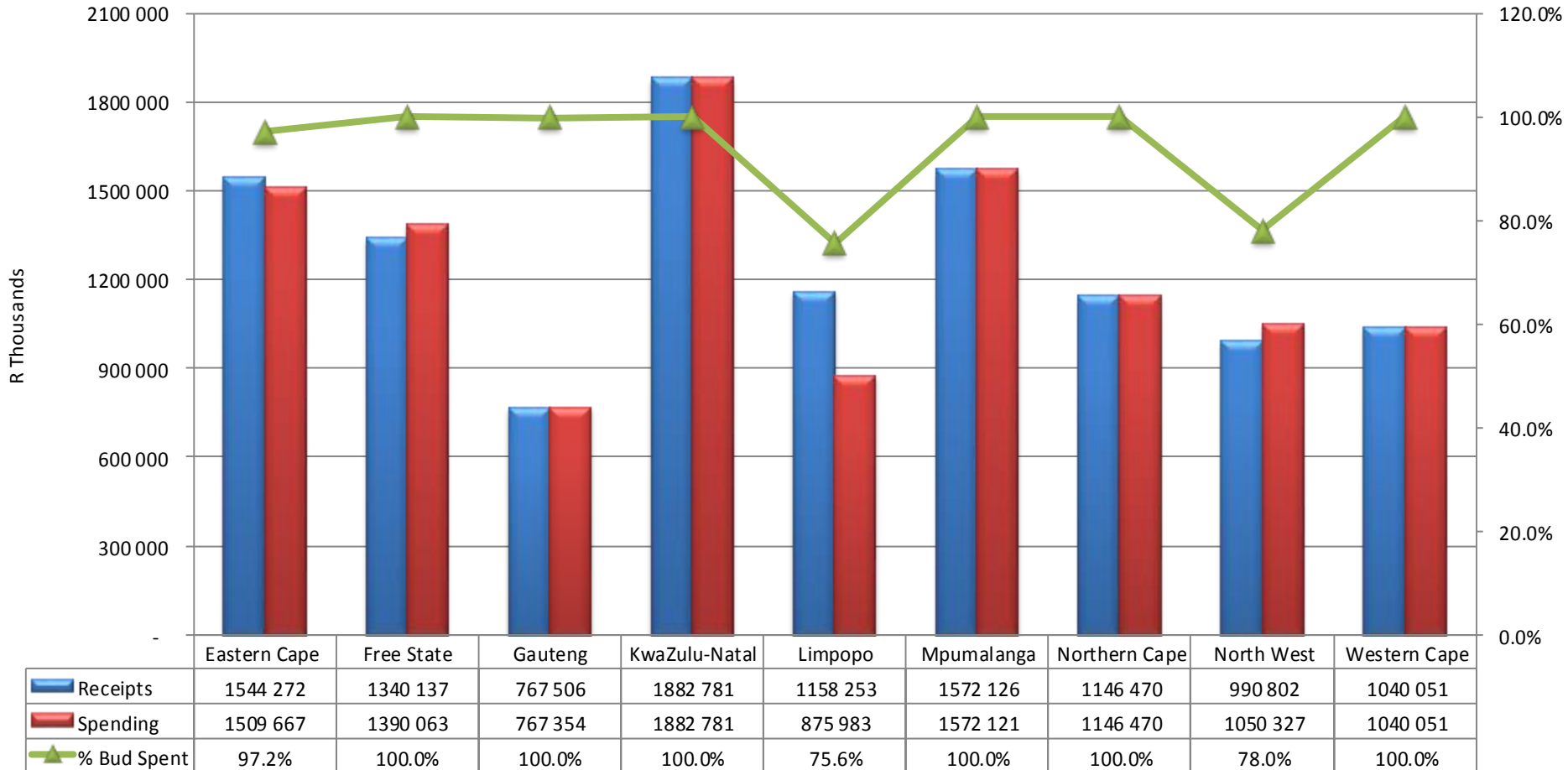
PRMG Performance

PRMG Blacktop patching M₂



Provincial Transport Operations Grant

PTOG Spending - March 2020



Roads and transport issues

- PRMG
 - Poor contractor performance and poor quality of work on road maintenance projects.
 - Inadequate reporting by provincial departments, completed projects showing up as incomplete in the reporting systems.
 - Interruptions caused by construction mafia who hijack projects (also affecting infrastructure projects in other sectors as well).
- PTOG
 - Provinces are becoming increasingly reliant on the grant by scaling down on the equitable share contributions.
 - Some service providers are utilising aging fleets which results in frequent breakdowns.
 - Monitoring of services is not done frequently enough -
Implementation of the Automated Bus Monitoring System is still

Provincial Conditional Grants 1st Quarter - 2020/21

Presenter: National Treasury | 23 September 2020



national treasury

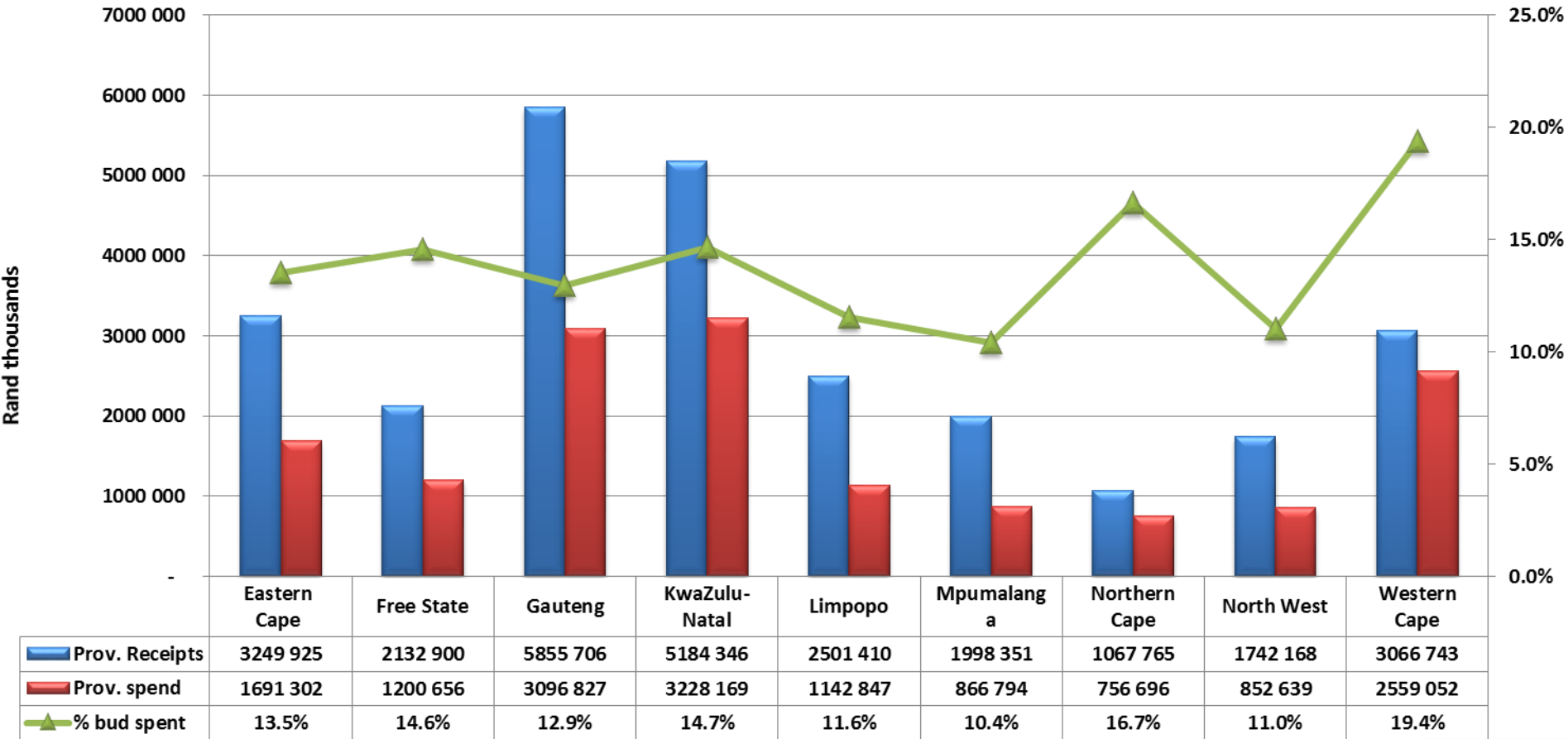
Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Grant performance 1st quarter 2020/21

- Overall spending at around 14 per cent is much lower than the trend of previous years, primarily due to the impact of COVID-19.
- During the initial months of the lockdown, very little work was able to be carried out, especially during the April and May.
- With the easing of the restrictions, spending began to pickup in June, but not to the level that is usually recorded.
- Infrastructure grants were particularly affected with work across sites being stalled. Construction only began towards the end of the reporting quarter.
- While the lockdown was the chief reason for the poor spending in the first quarter, the issues plaguing grants that were mentioned above need to be monitored and attended to so that do not recur in the remainder financial year.

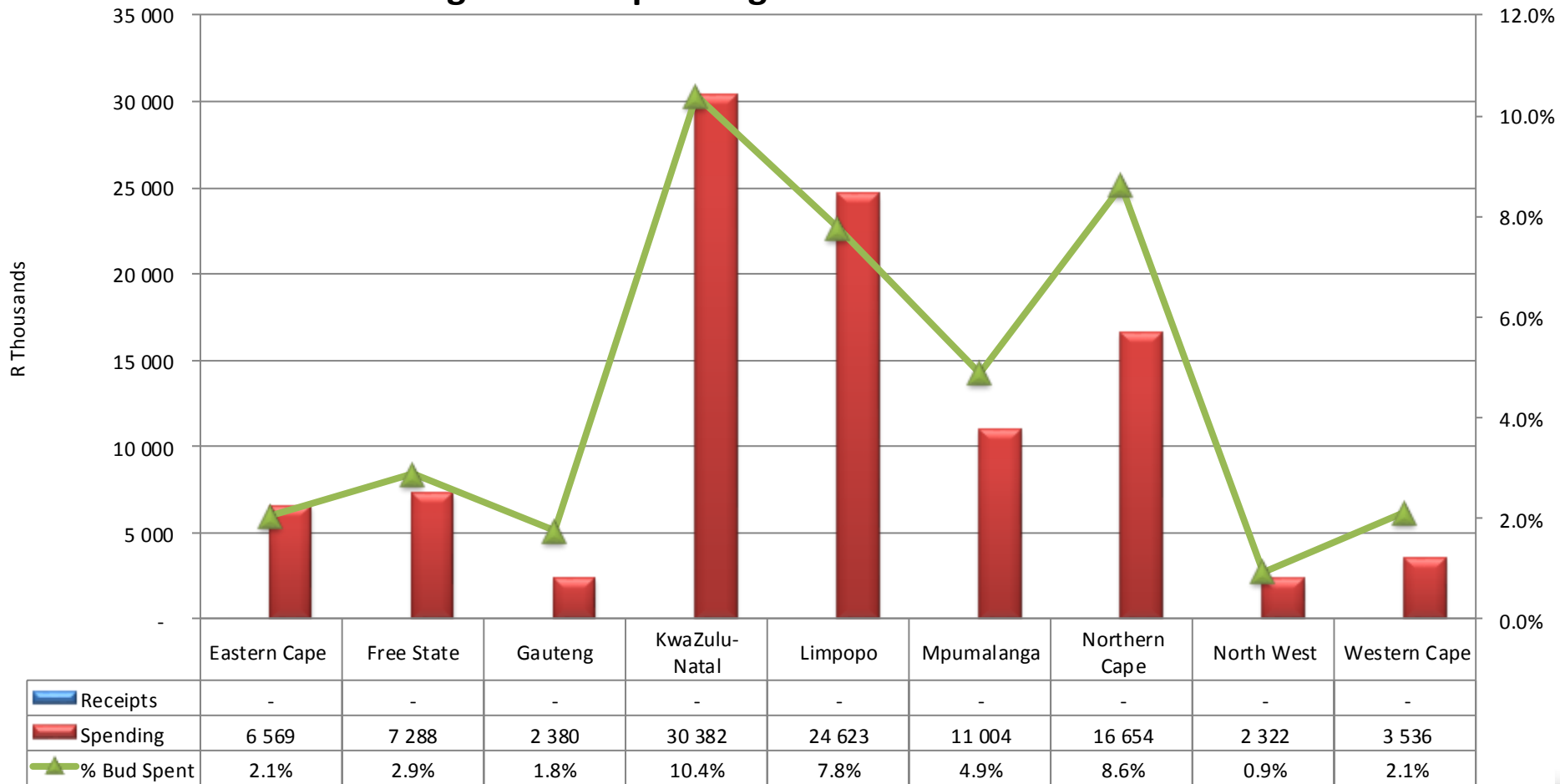
Summary of provincial grants as at 30 June 2020

Conditional grant spending - June 2020



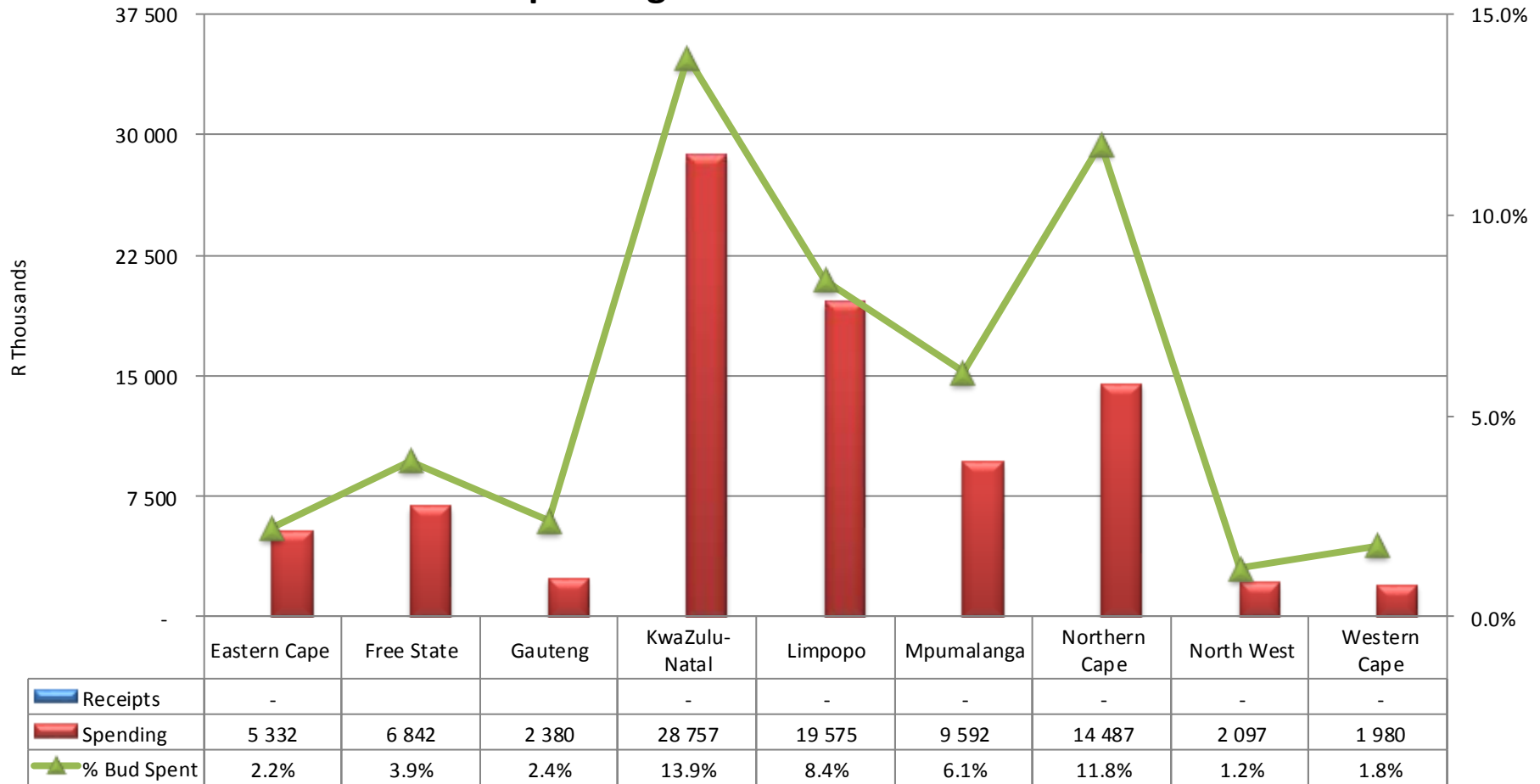
Agriculture Grants

Agriculture spending - June 2020

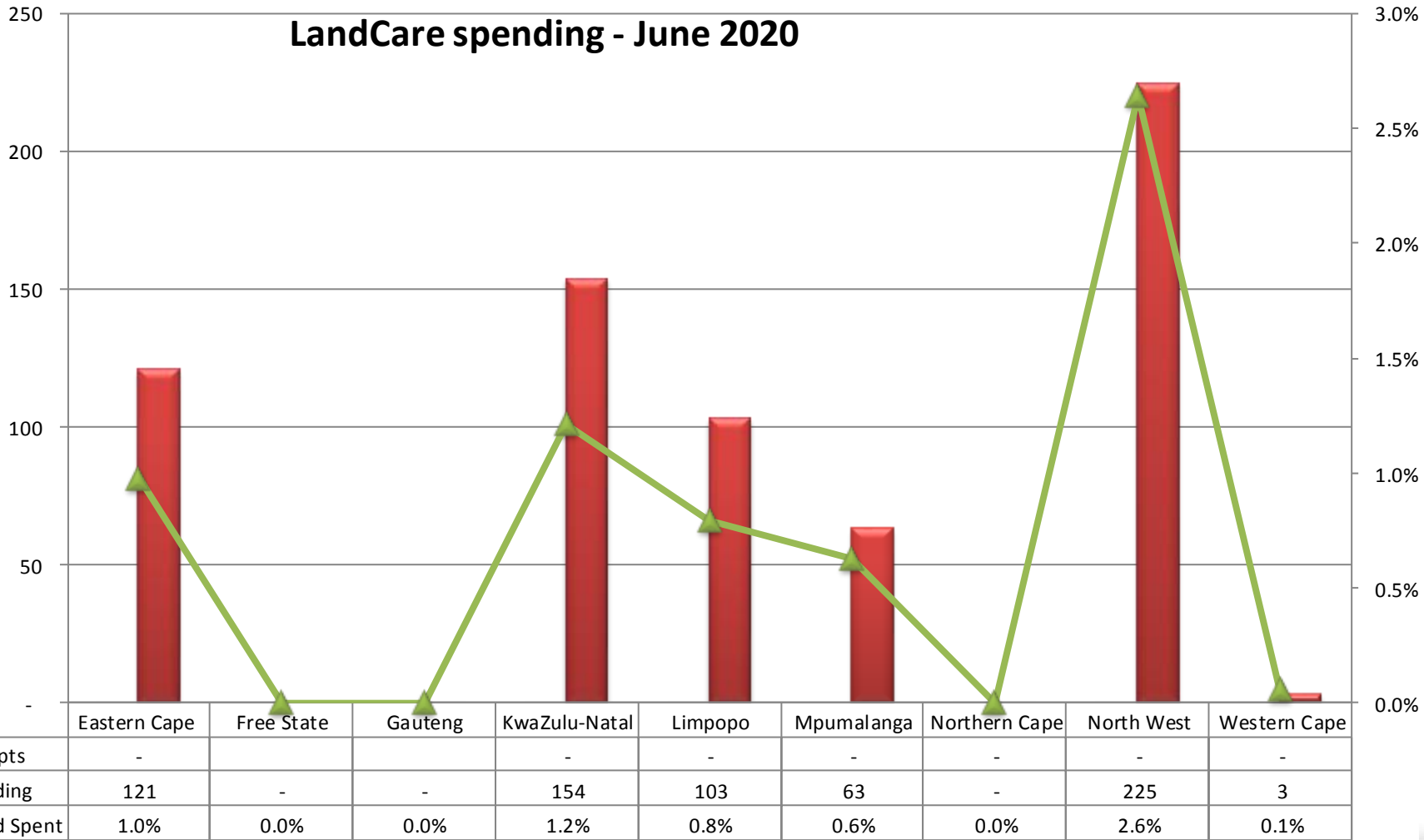


Comprehensive Agricultural Support Programme

CASP spending - June 2020

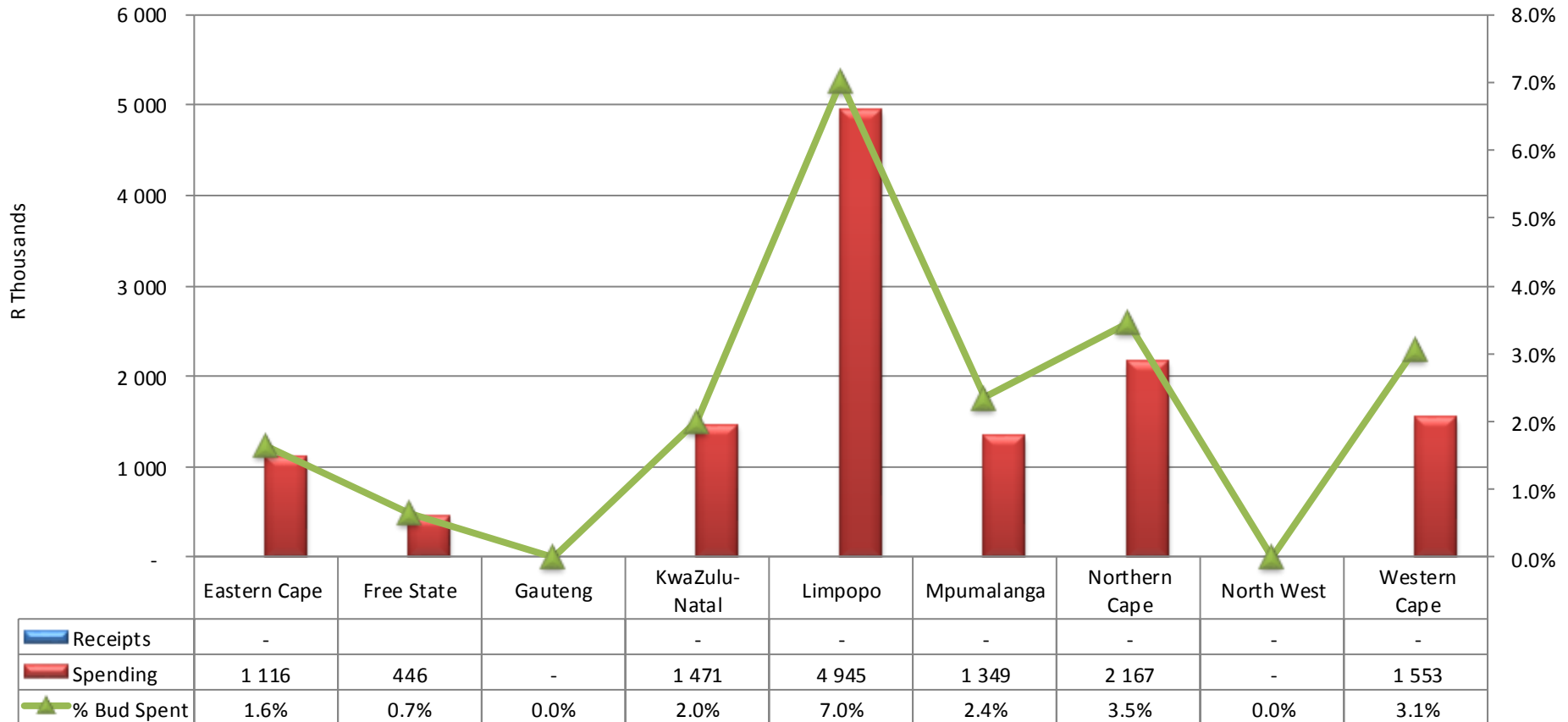


Land Care



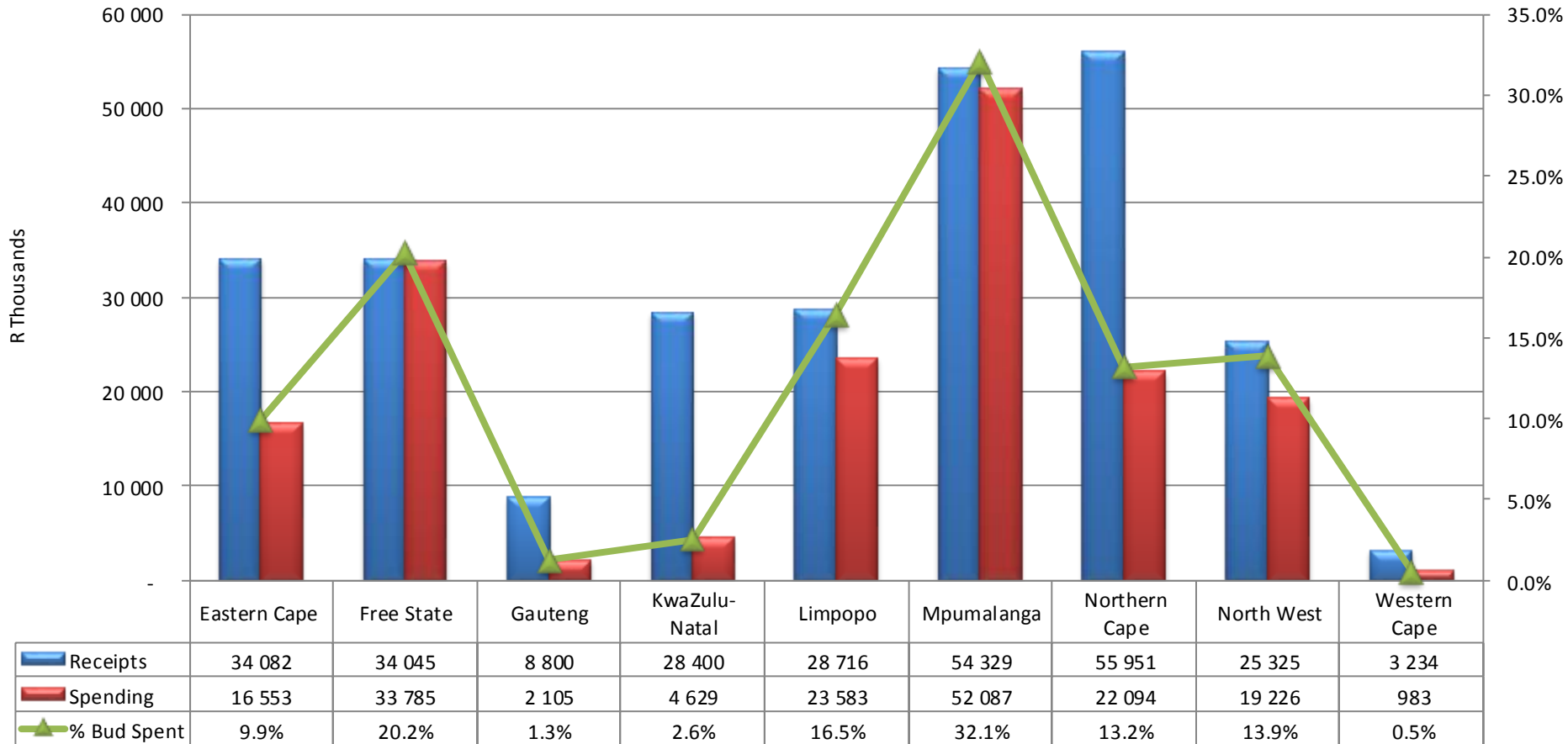
Ilima/Letsema

Ilima/Letsema spending - June 2020



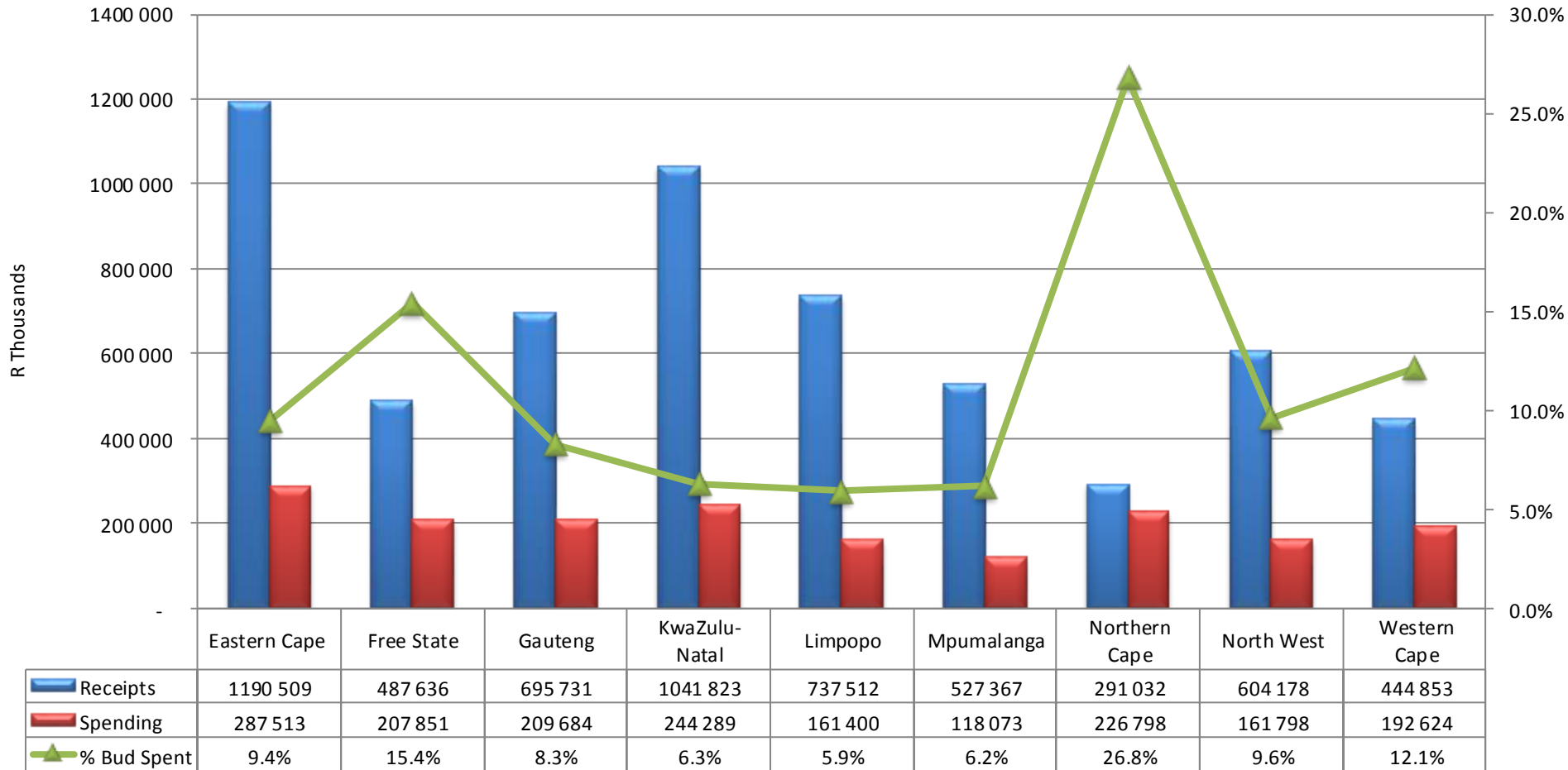
Arts and Culture

Community Library Services Grant - June 2020



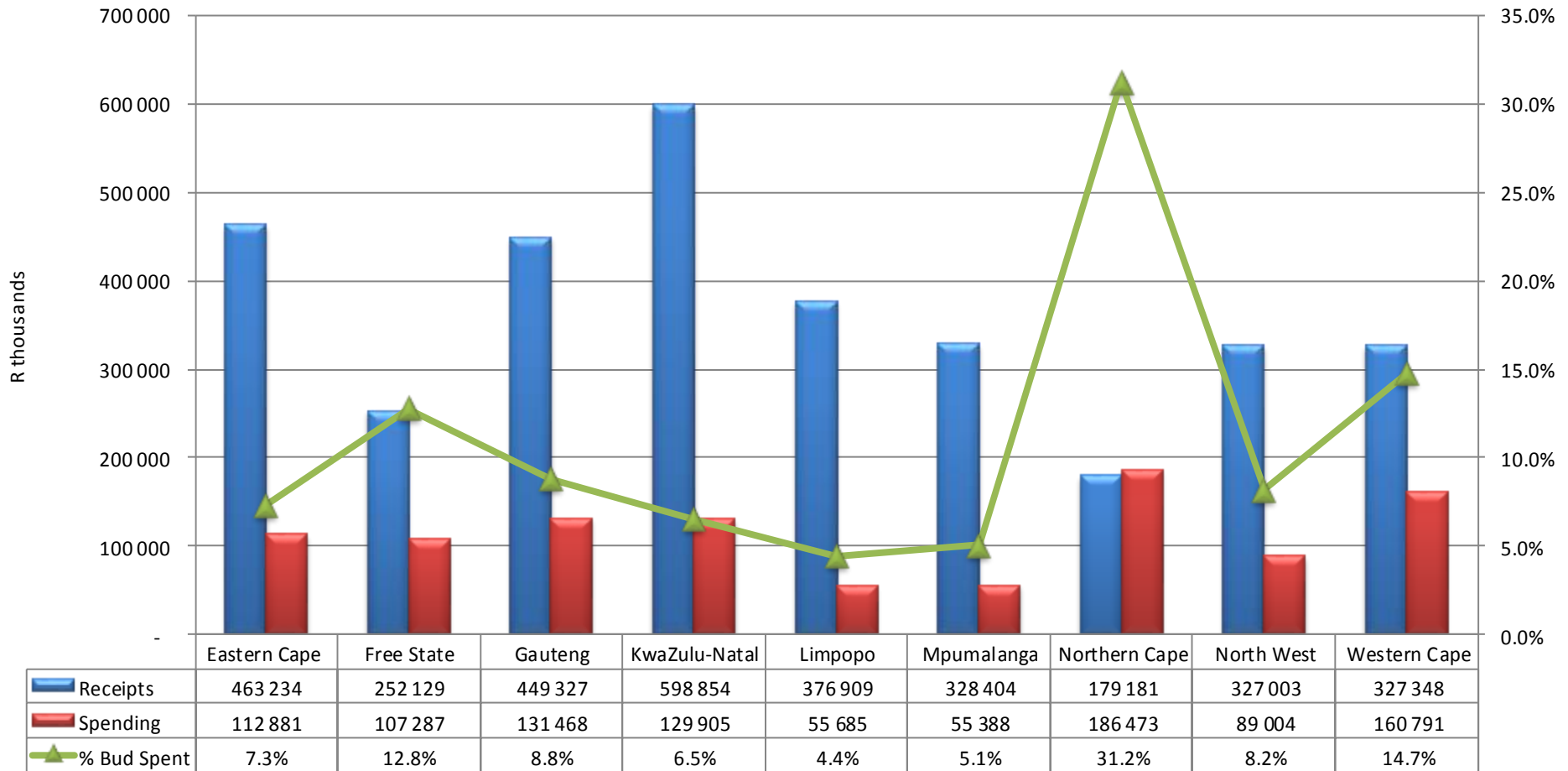
Basic Education

Education spending - June 2020



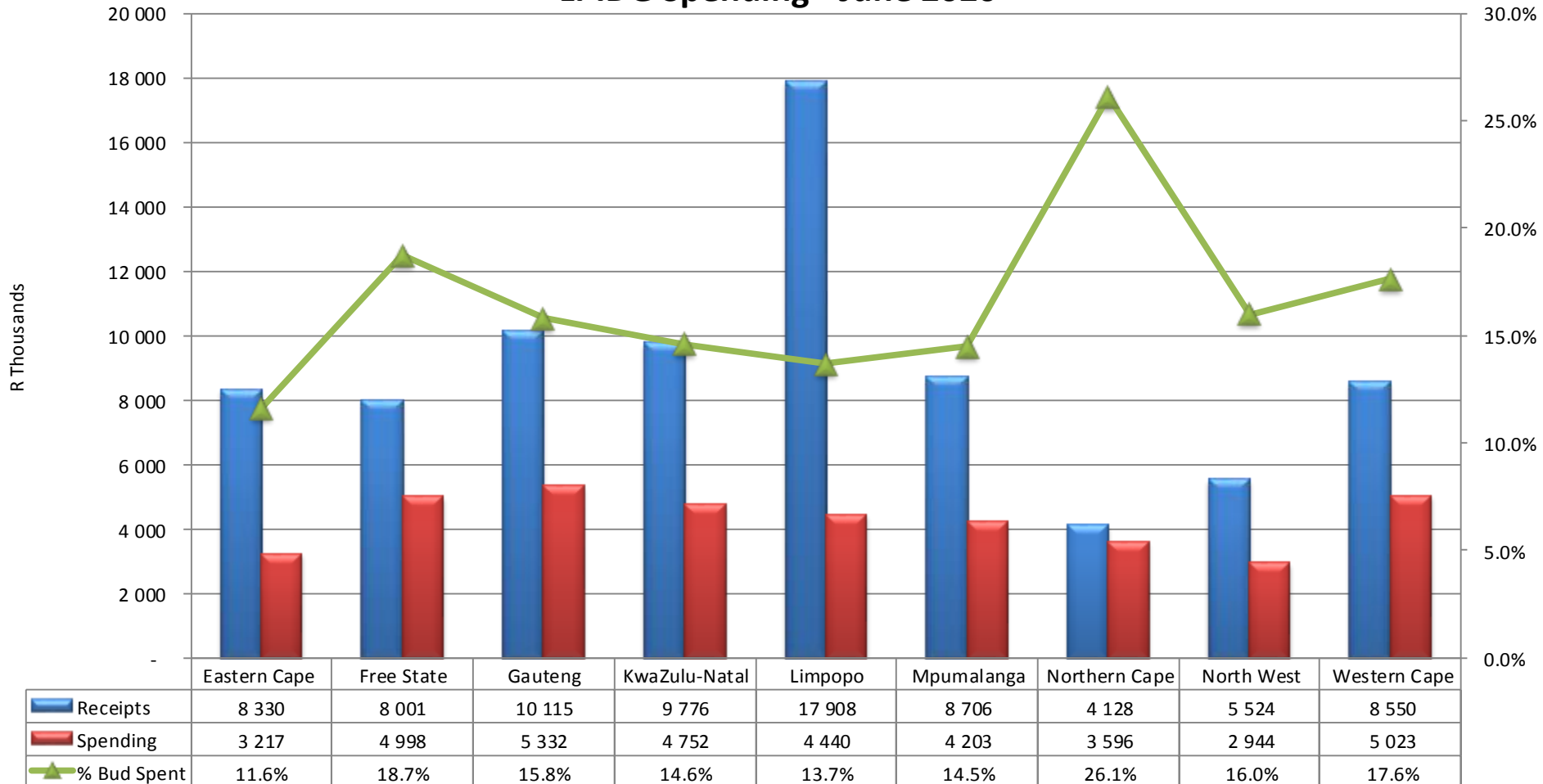
Education Infrastructure Grant

EIG spending - June 2020



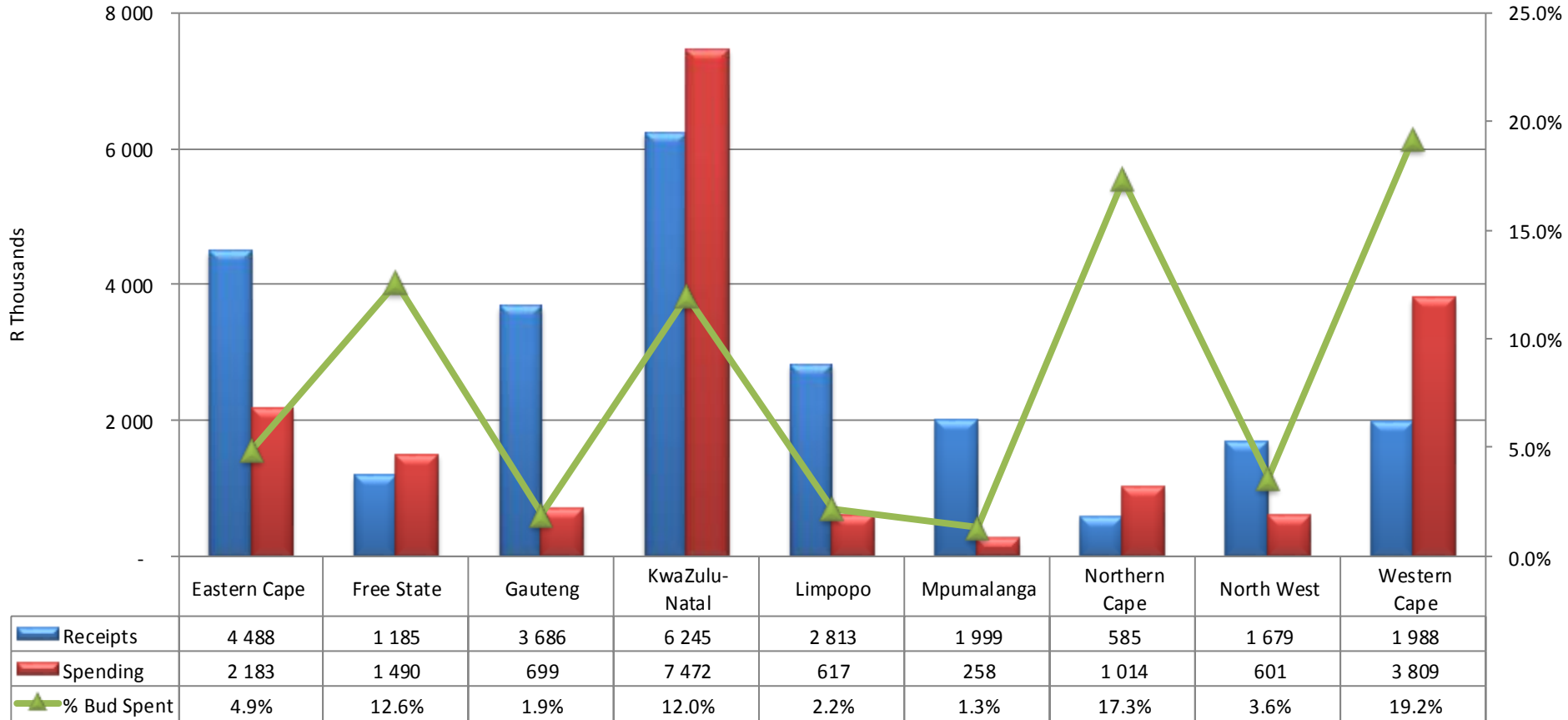
Learners with Profound Disabilities Grant

LPIDG Spending - June 2020



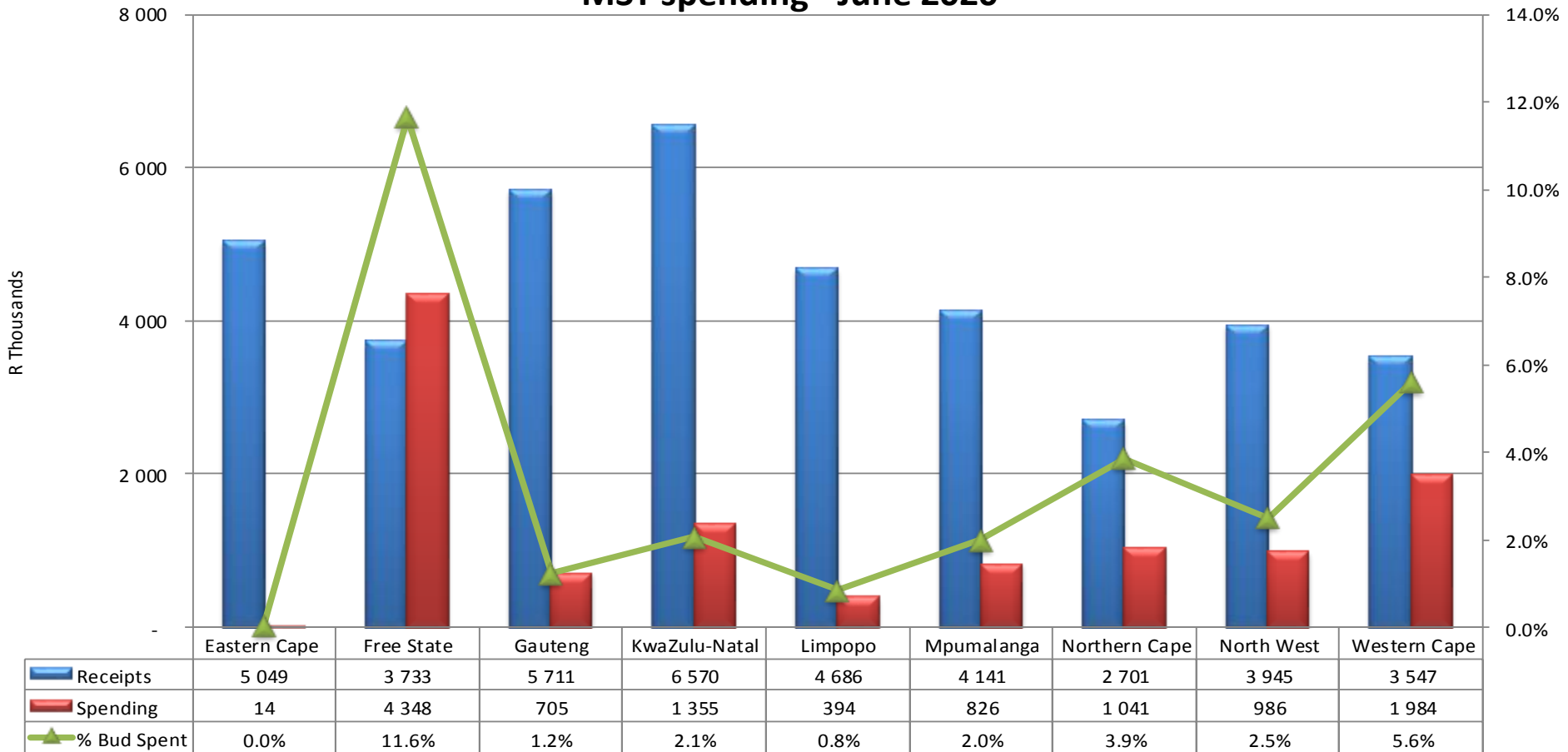
HIV and Aids Life Skills

HIV and Aids spending - June 2020



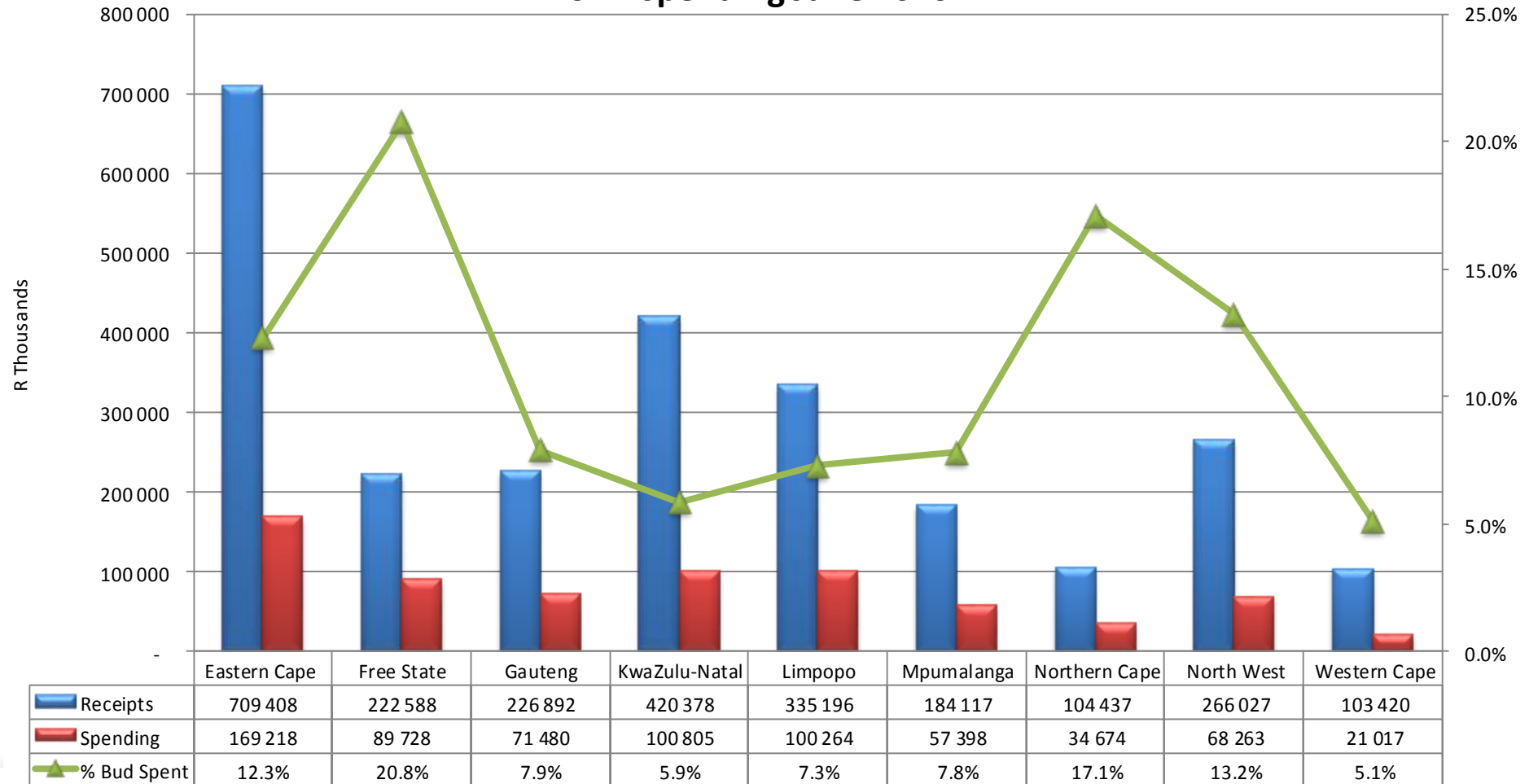
Maths, Science and Technology Grant

MST spending - June 2020



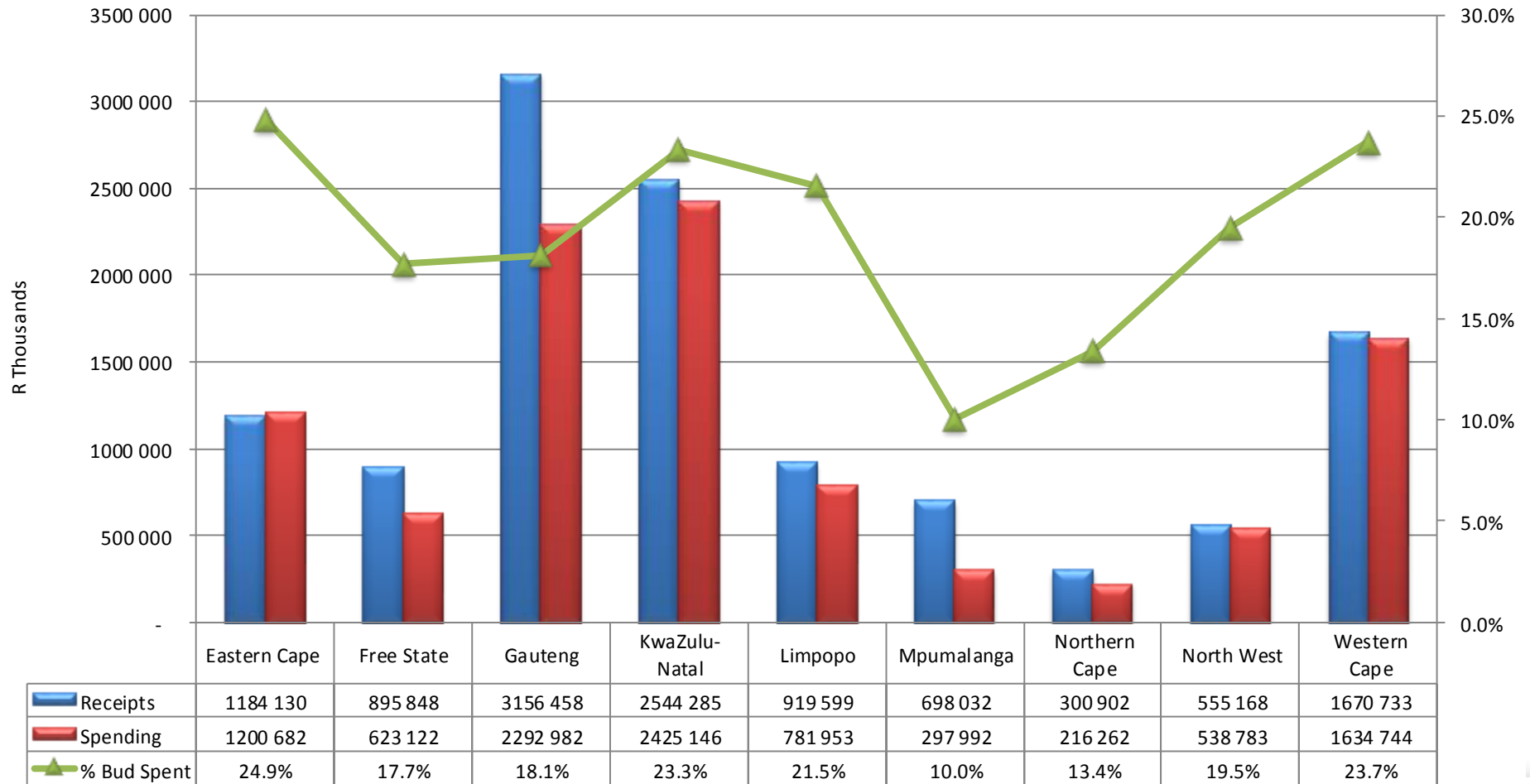
National School Nutrition Programme

NSNP spending June 2020



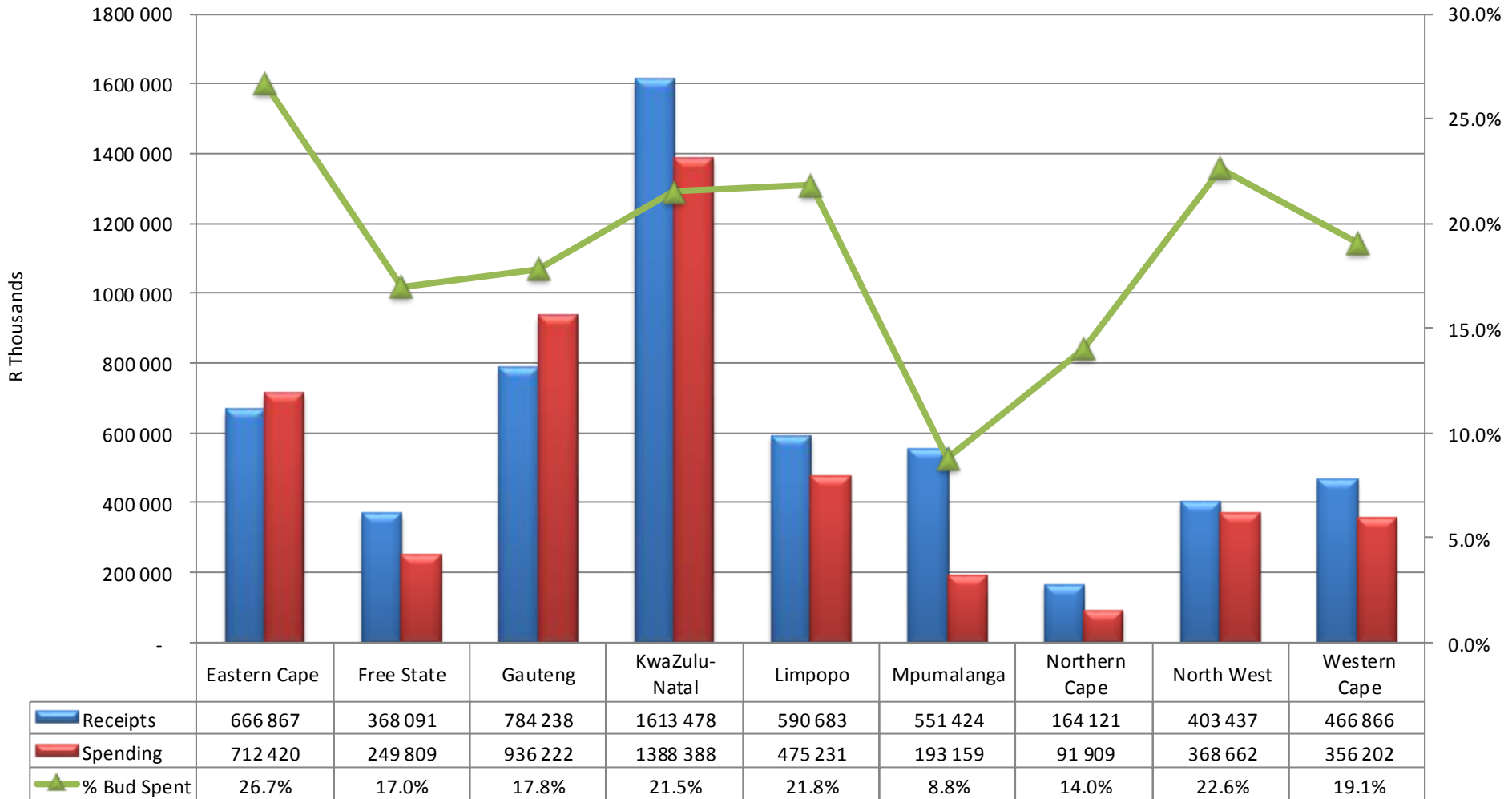
Health Grants

Health Grants - June 2020



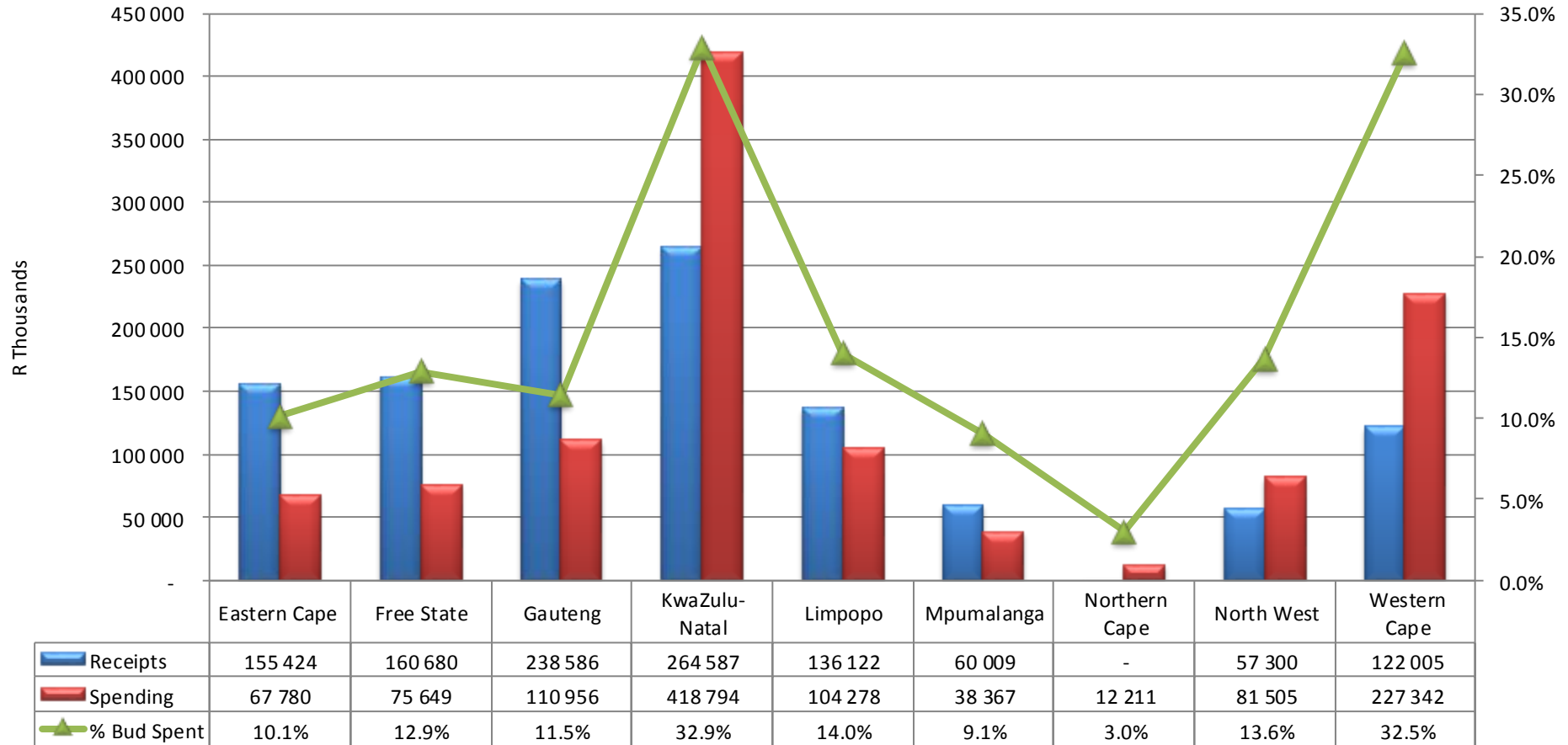
HIV, TB, Malaria and Community Outreach Grant

HIV & Aids- June 2020



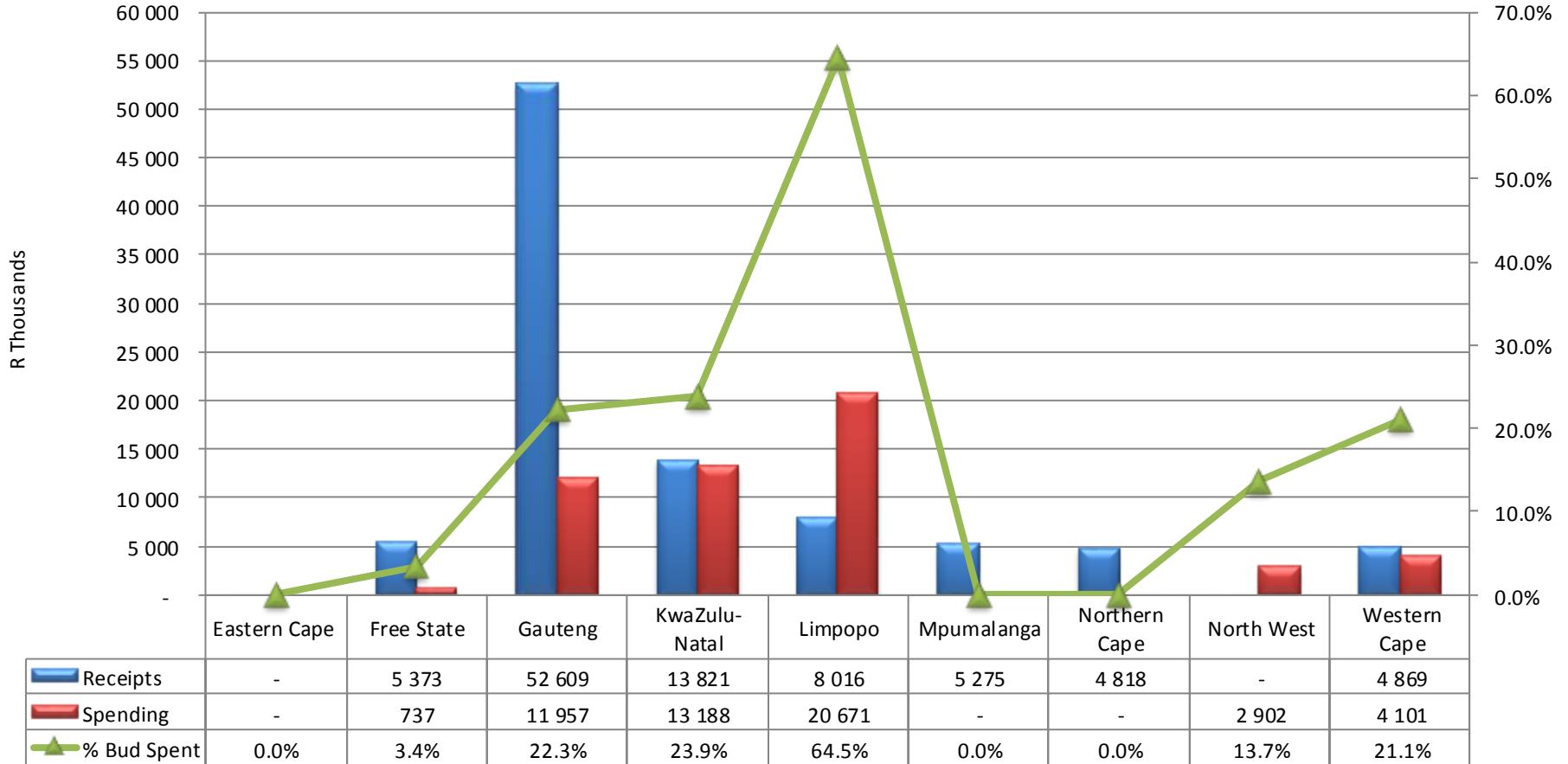
Health Facility Revitalisation Grant

HFR spending - June 2020



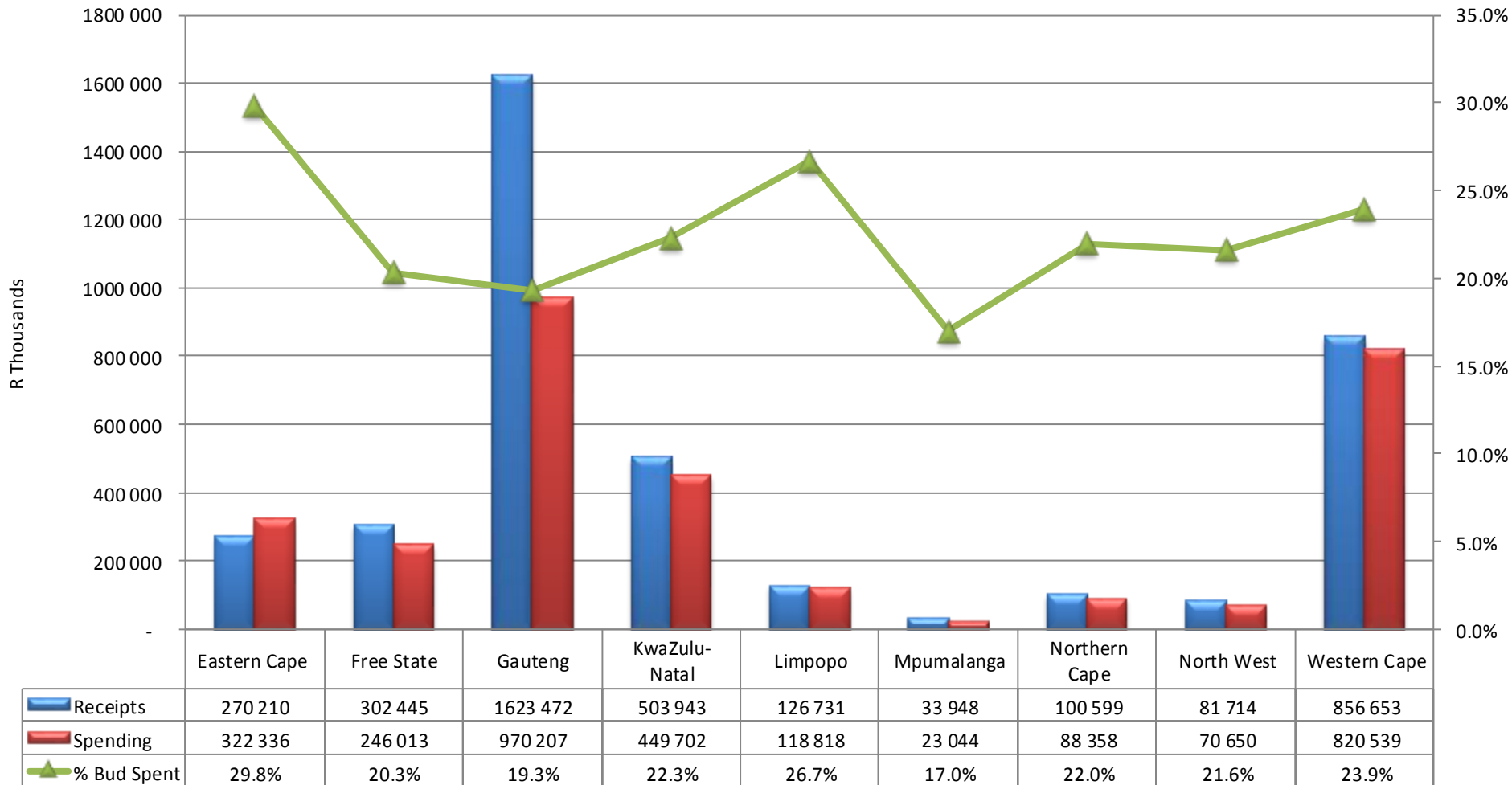
National Health Insurance Grant

NHI spending - June 2020



National Tertiary Services Grant

NTSG spending - June 2020



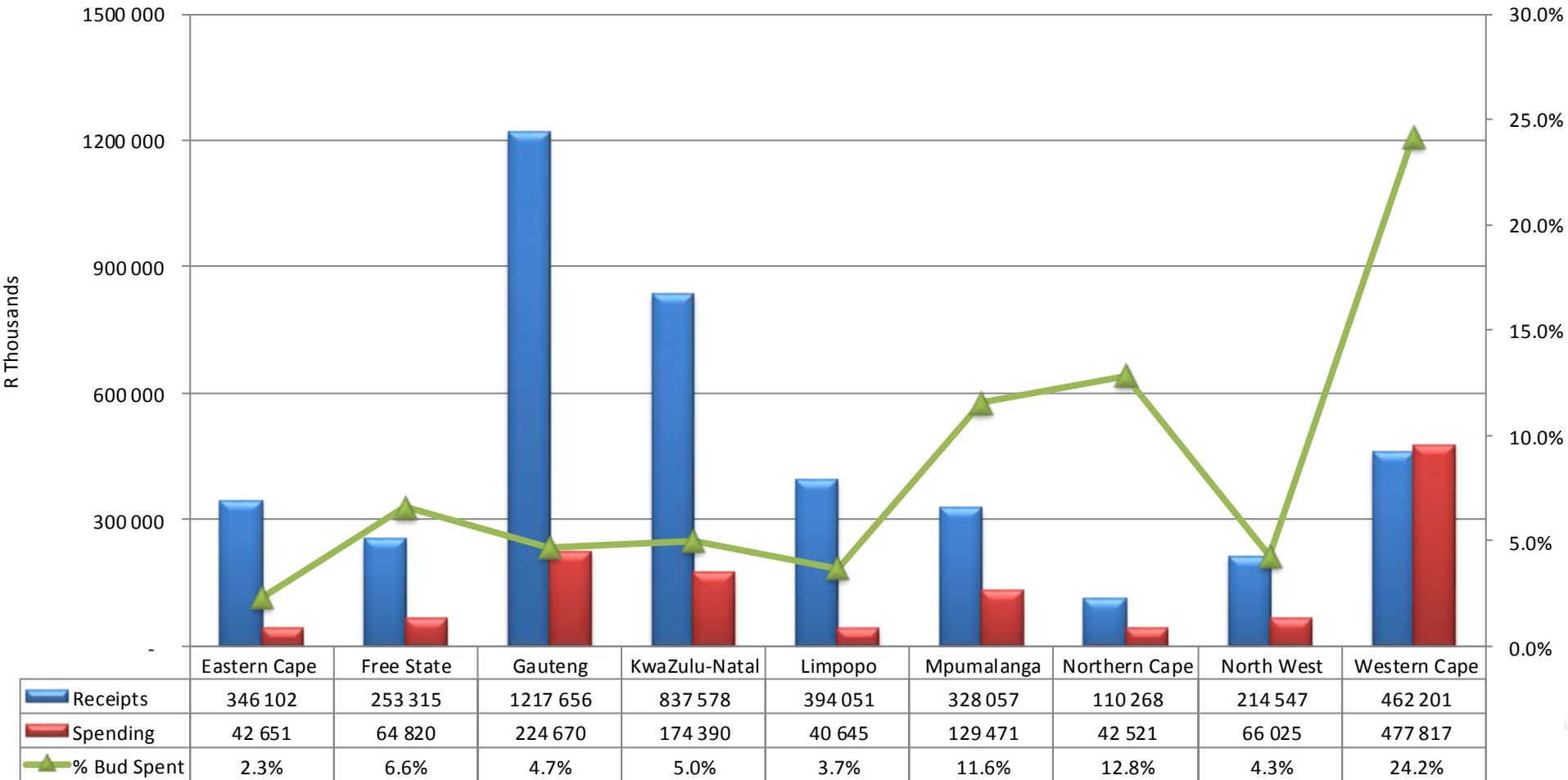
Human Resource Capacitation Grant

HRC spending - June 2020



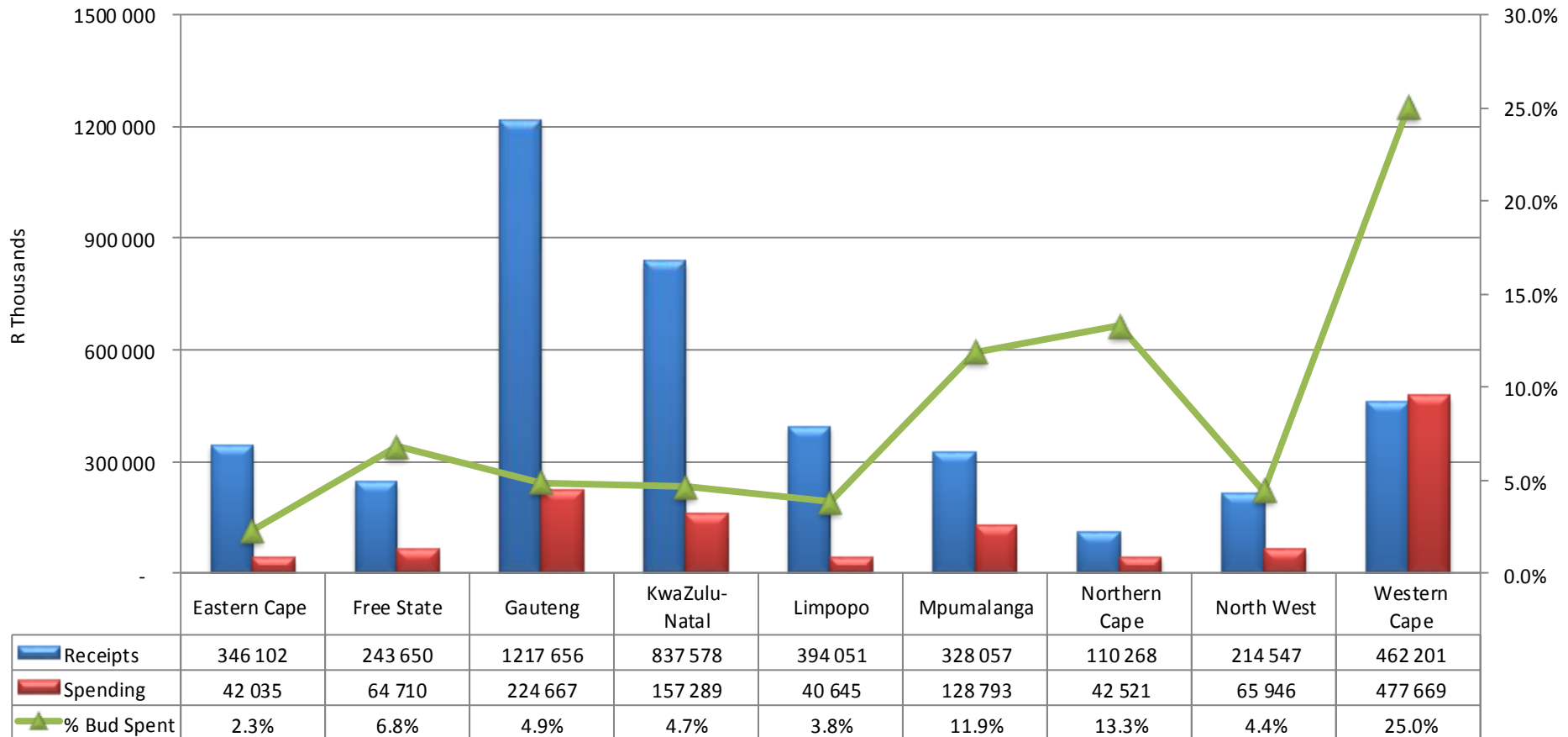
Human Settlements Grants

Human Settlements - June 2020



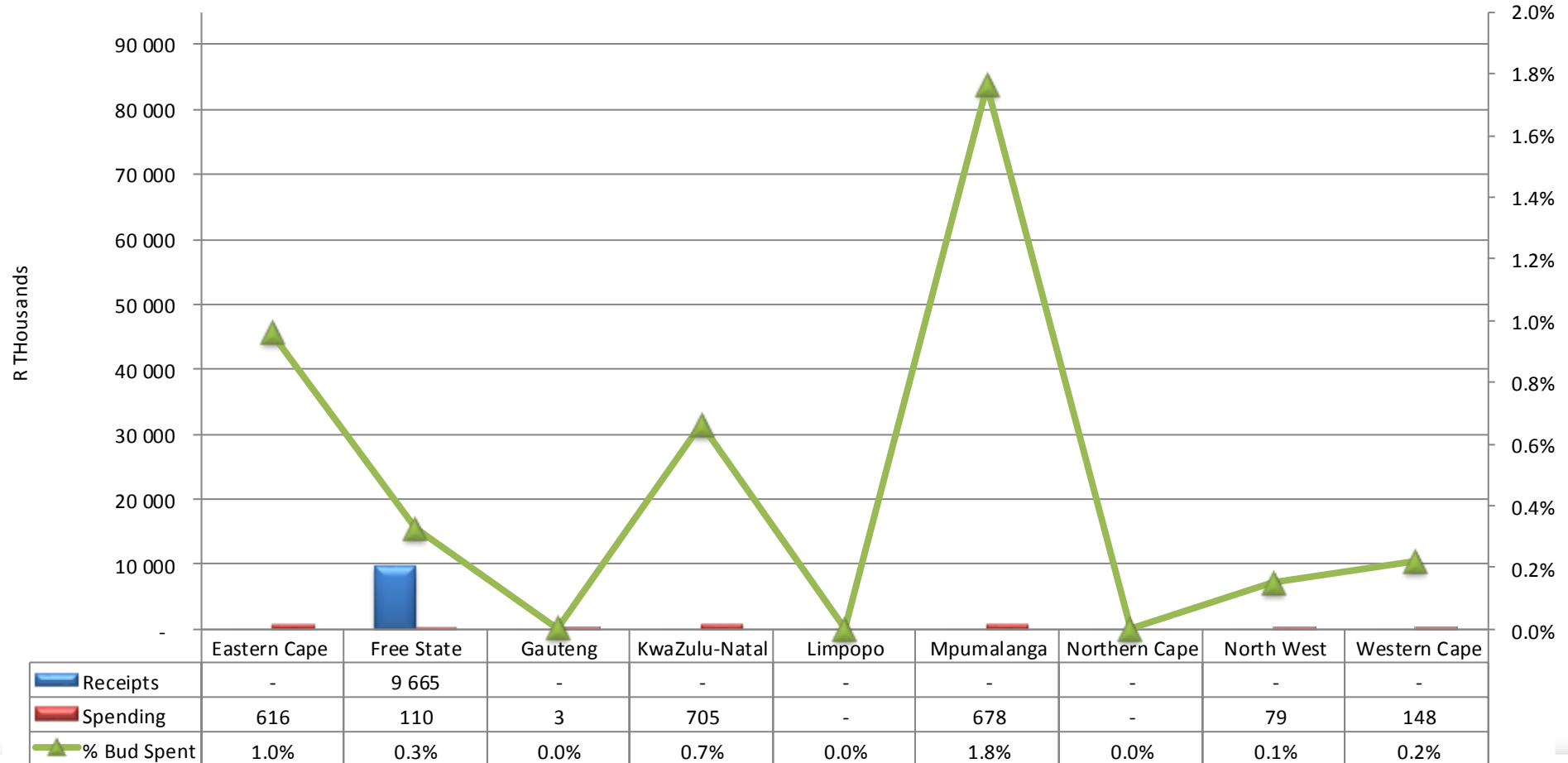
Human Settlements Development Grant

Human Settlements Development Grant - June 2020



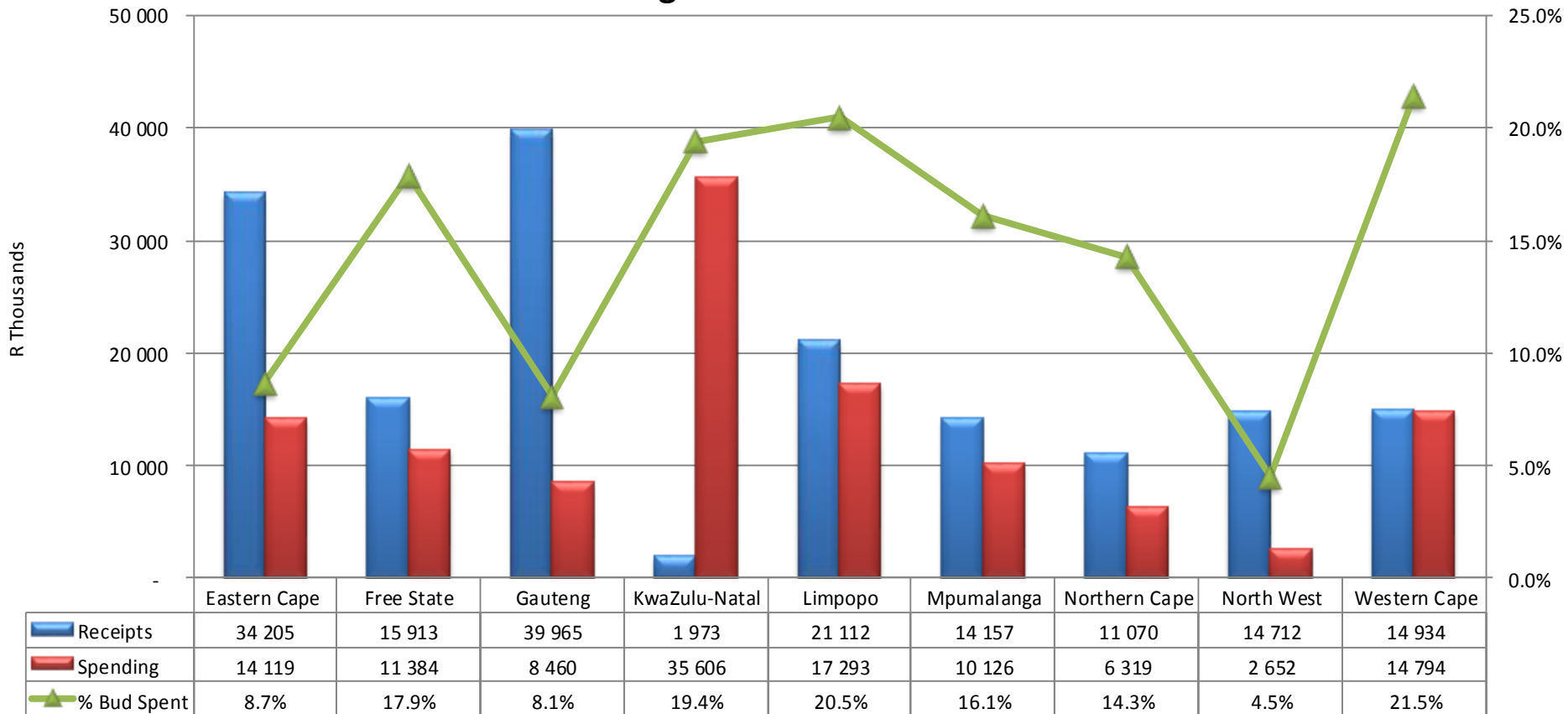
Title Deeds Restoration Grant

Title Deeds Restoration Grant - June 2020



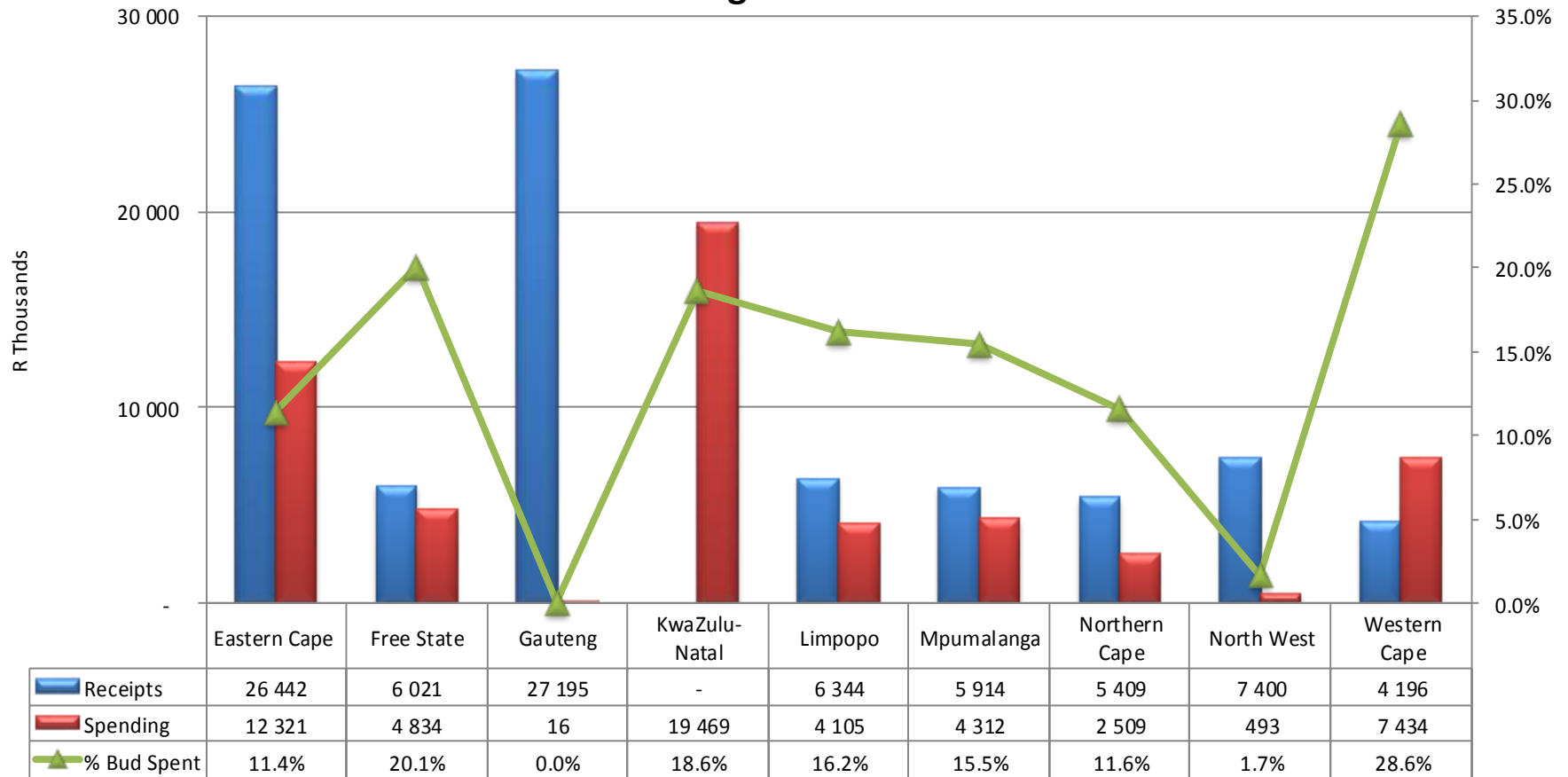
Expanded Public Works Programme

EPWP grants 30 June 2020



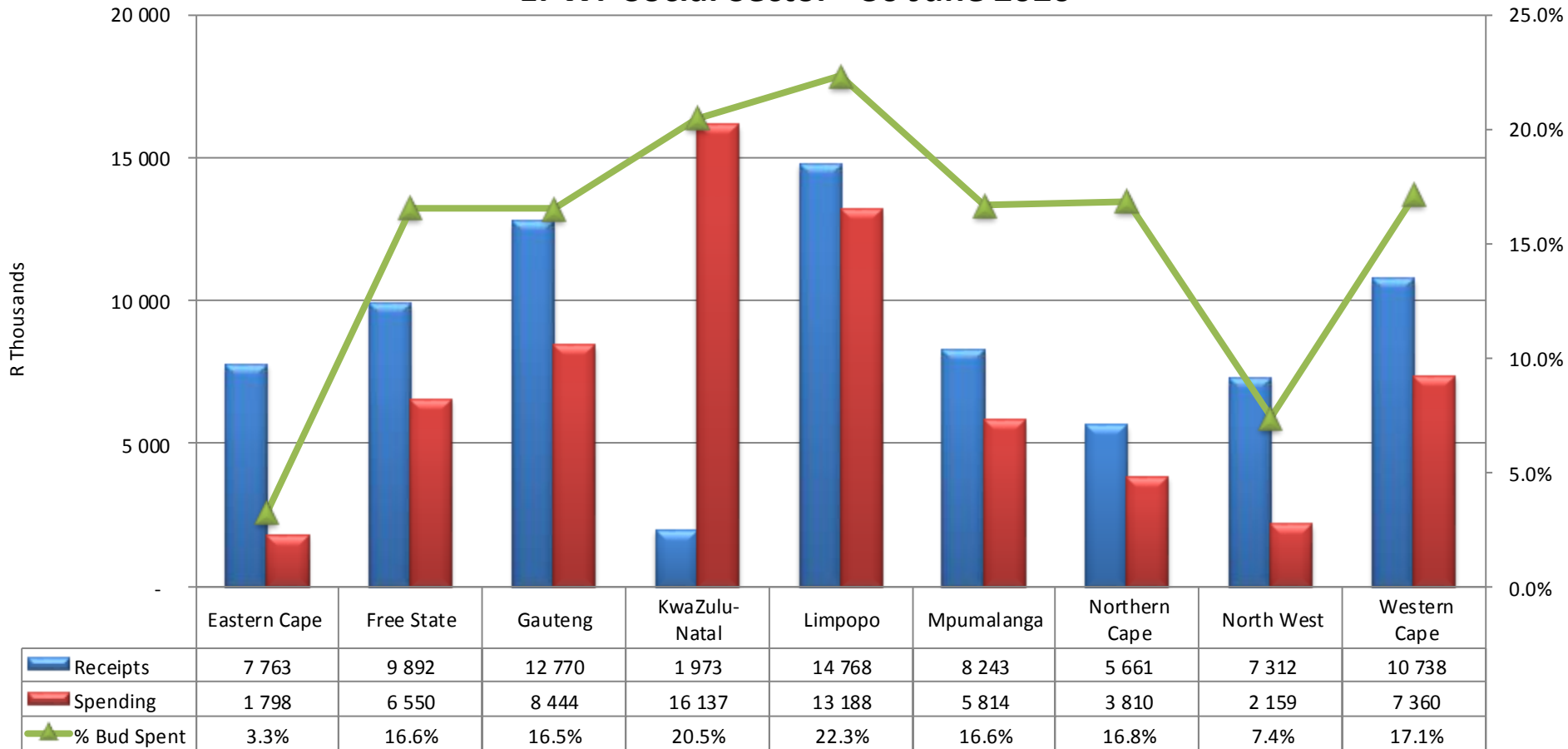
EPWP Integrated Grants

EPWP Integrated -30 June 2020



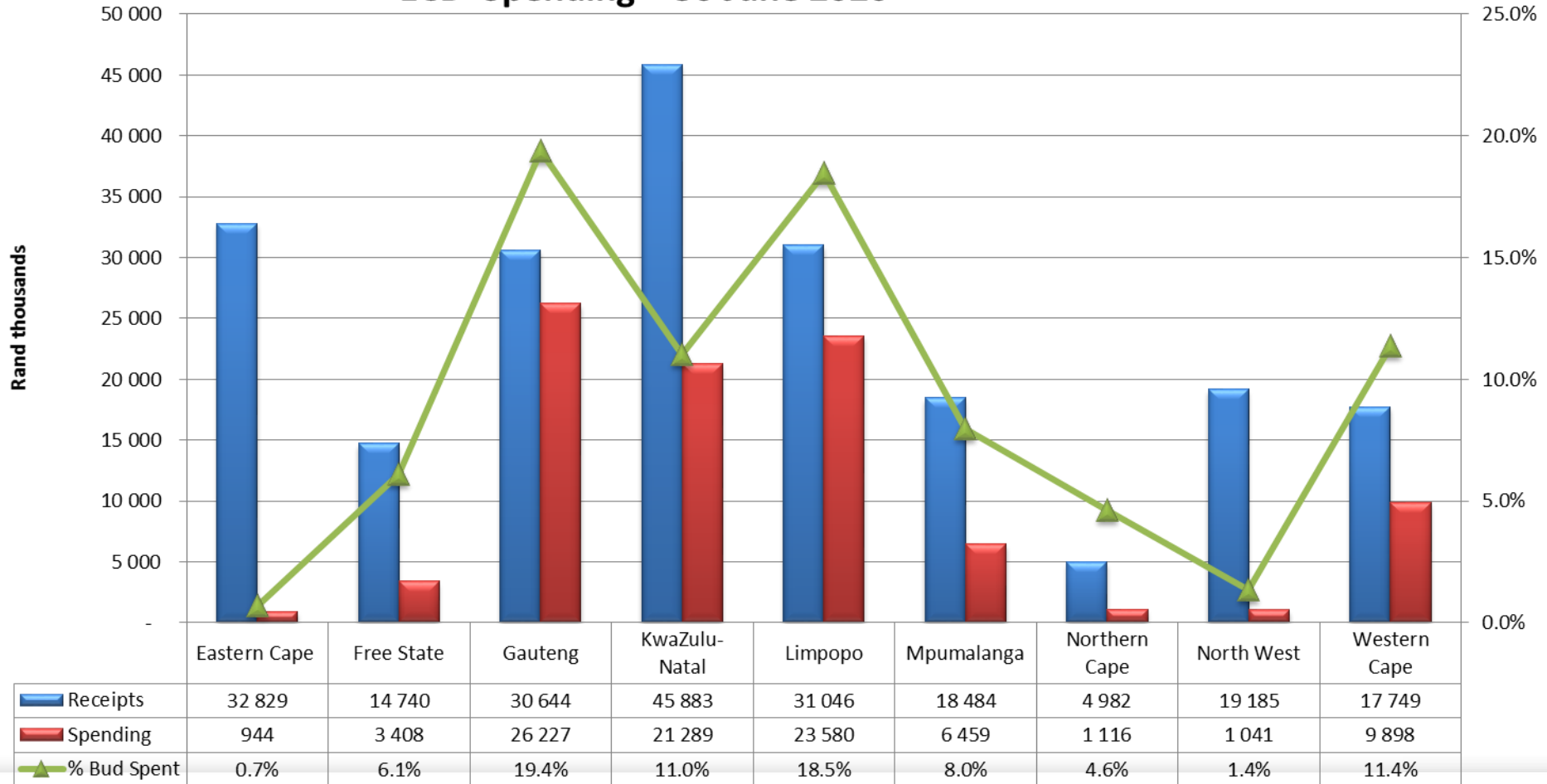
EPWP Social Sector Grant

EPWP Social Sector - 30 June 2020



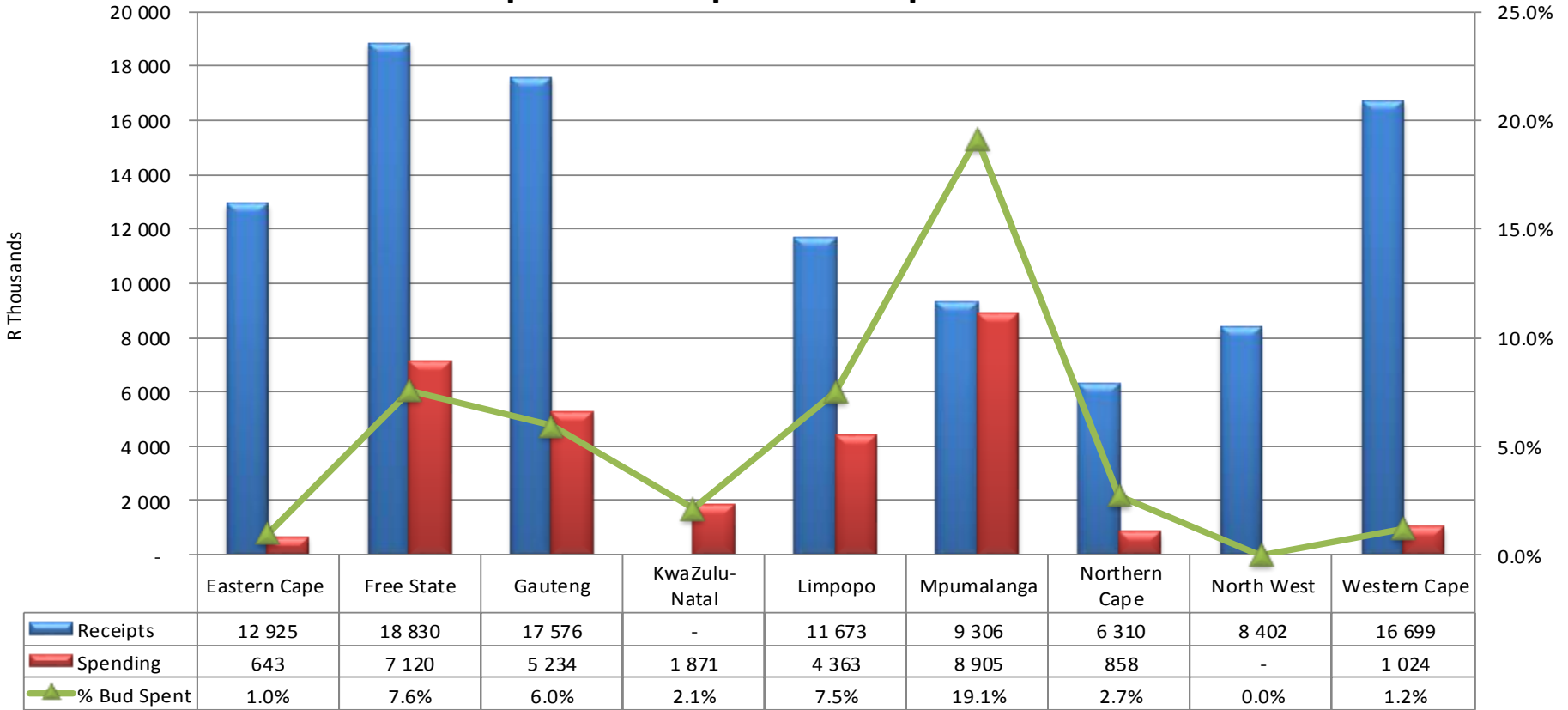
Social Development

ECD Spending - 30 June 2020



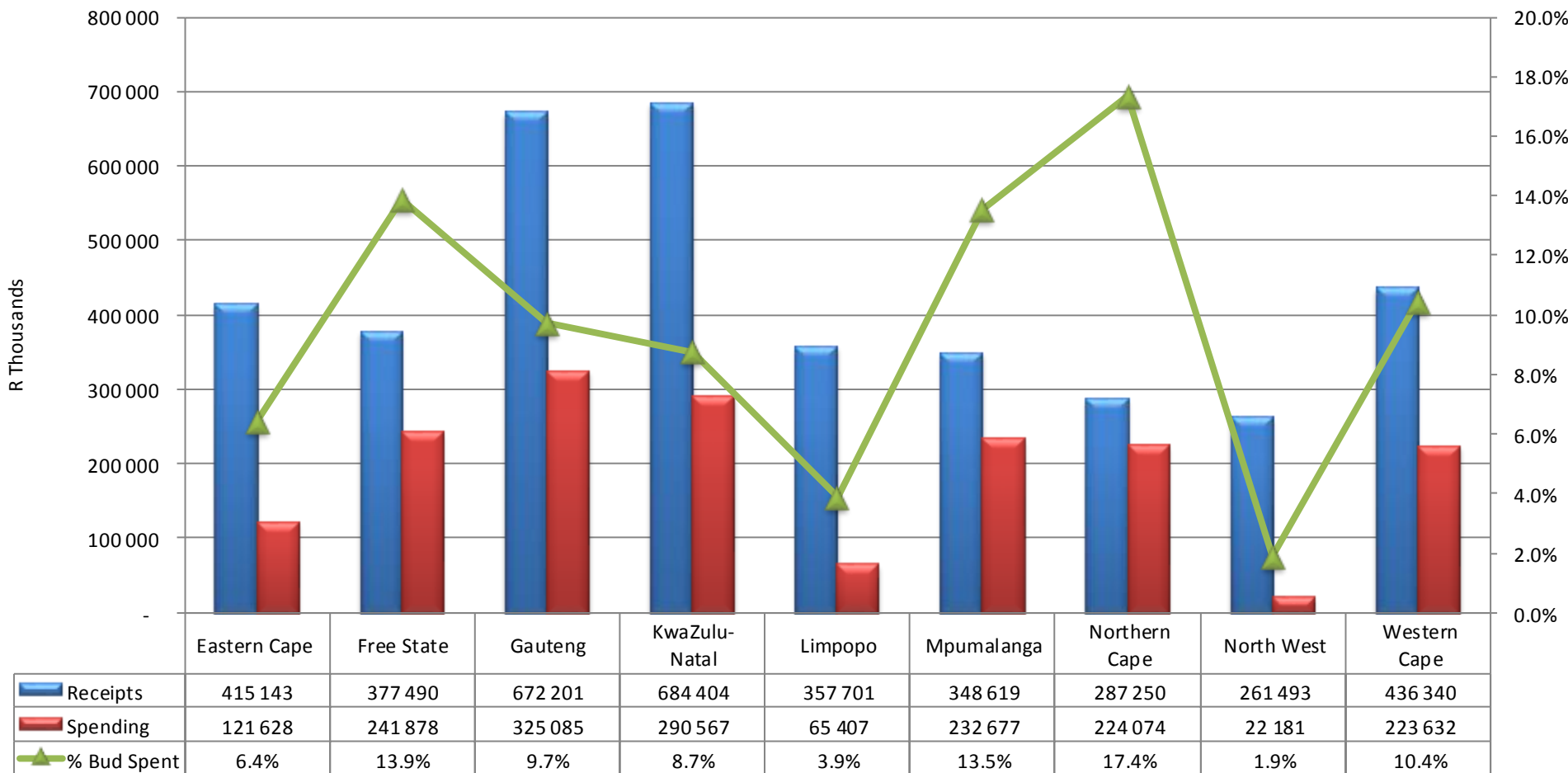
Sports Grant

Mass Participation and Sport Development Grant- 30 June 2020



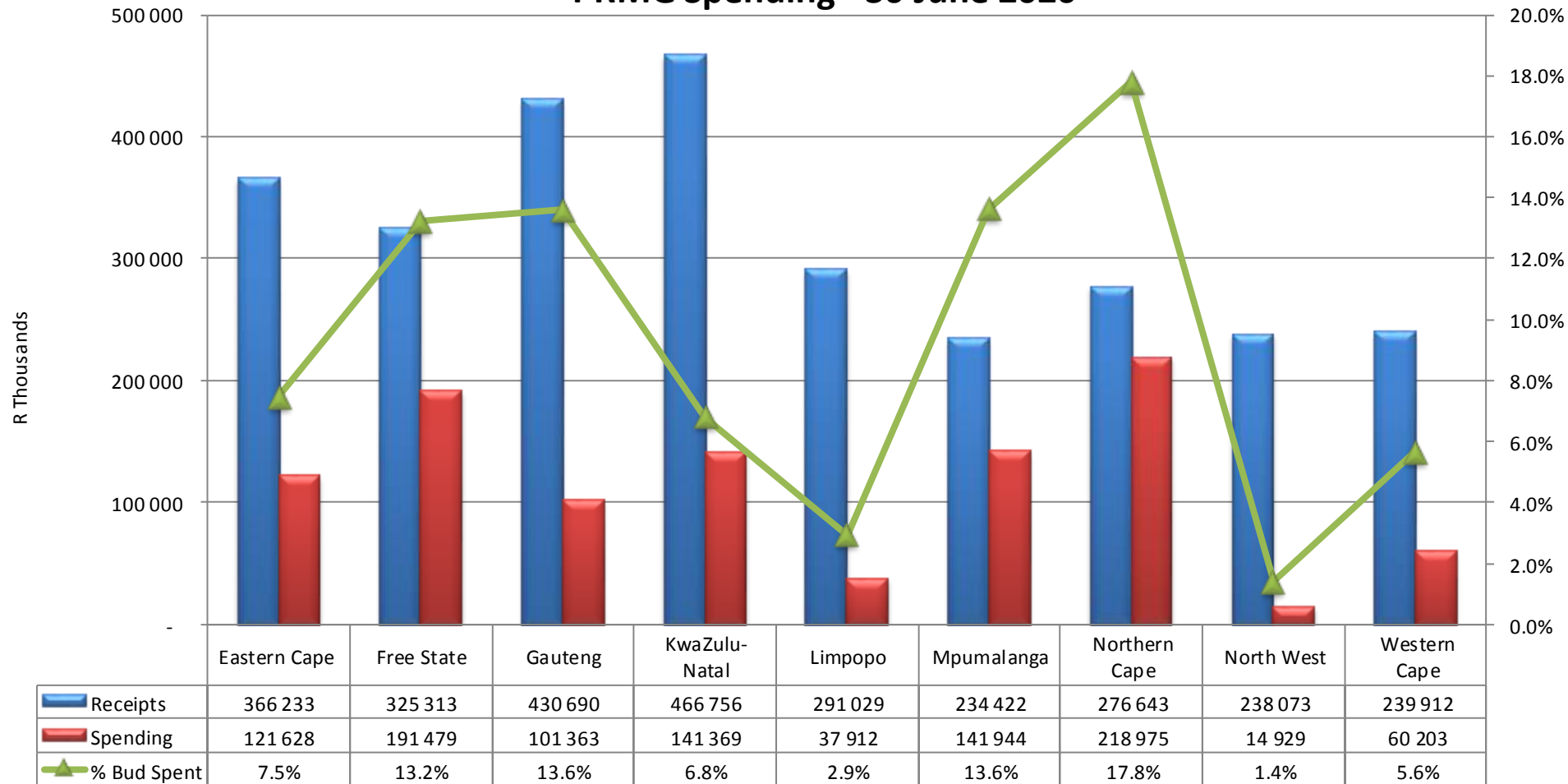
Roads and Transport Grants

Roads and Transport grants - 30 June 2020



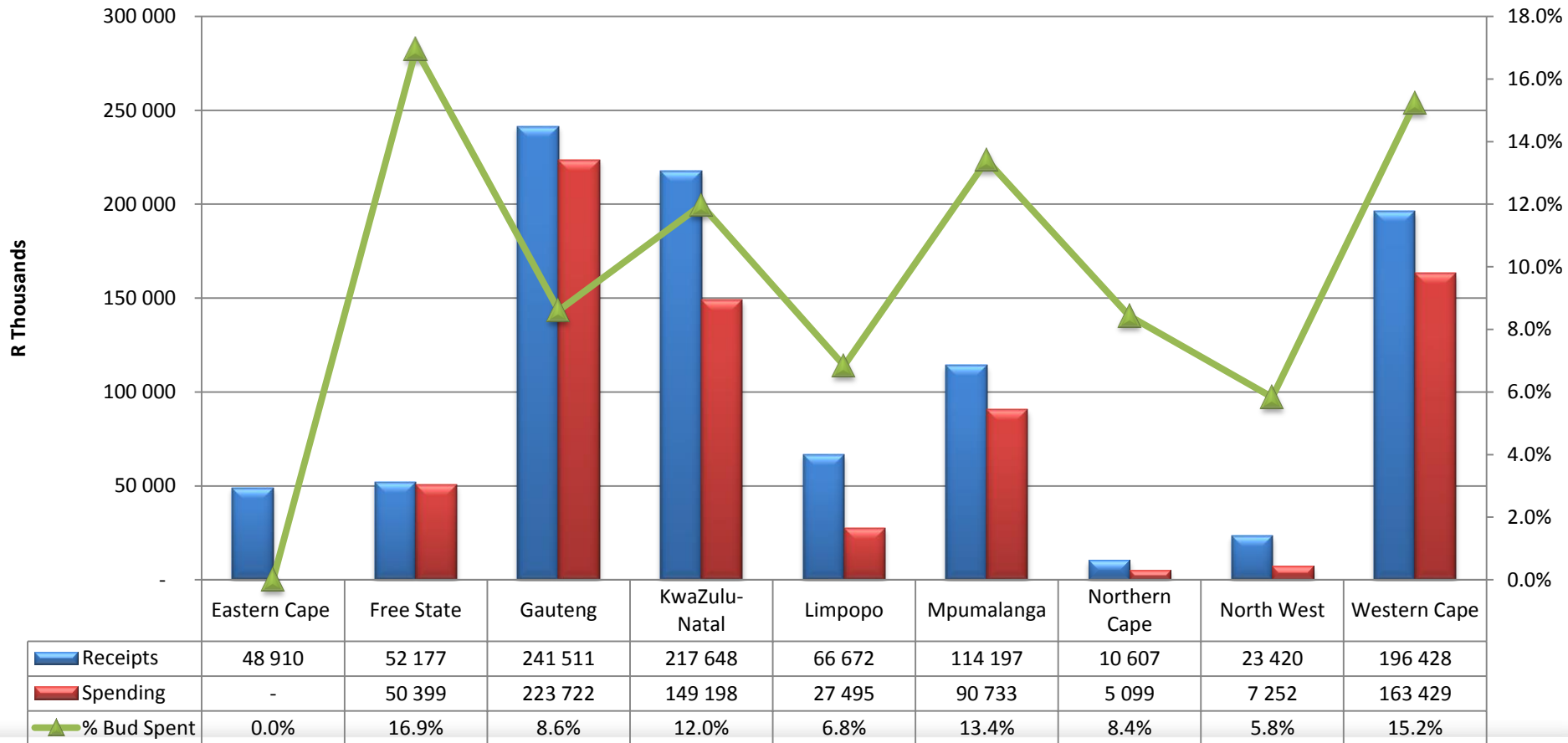
Provincial Roads Maintenance Grant

PRMG Spending - 30 June 2020



Provincial Transport Operations Grant

PTOG Spending - 30 June 2020



Conclusion 1 of 2

- COVID-19 has had a significant impact on the 1st quarter overall spending, which is around 14 per cent. Departments will have to put in a determined effort in the remaining months to recover.
- It is quite likely that grants across all sectors will be underspent by some degree, and will be subject to the roll over process.
- Generally, provinces are still experiencing difficulties with SCM processes, where delays impact negatively on performance. If this is not resolved it would compound the negative effects of COVID-19 on spending and performance.
- Non compliance with DoRA has been identified on certain grants e.g. EPWP, resulting in transfers being withheld.
- Planning for construction and operating of infrastructure not done thoroughly e.g. health facilities built without fully considering Health Technology.

Conclusion 2 of 2

- Protracted recruitment processes results in key staff on being appointed on time, e.g. Learners with Profound Intellectual Disabilities.
- Mismatch between spending and performance continues to persists on some grants, e.g. Human Settlements Development Grant.
- Poor contractor performance and poor quality of work is still an issue on many infrastructure projects – resulting in project delays and additional costs.

Thank You