



South Africa - Denmark



Urban Environmental Management Programme

2006 - 2010

Inception Report

Component One

April 2006

Table of Contents

<u>Executive Summary</u>	3
<u>Purpose</u>	3
<u>Programme Structures and Managers Responsible</u>	4
<u>Diagram: Programme structures and managers responsible</u>	6
<u>Summary of submitted work plans and budgets</u>	7
<u>Monitoring System</u>	11
<u>Partner Reporting on Programme Progress</u>	11
<u>Programme level monitoring</u>	11
<u>Programme Reviews</u>	13
<u>Process Action Plan for 2006/07</u>	14
<u>APPENDIX ONE: PROGRAMME STEERING COMMITTEE TERMS OF REFERENCE</u>	15
<u>APPENDIX TWO: FINANCIAL MANAGEMENT PROCEDURES</u>	18
<u>Budgeting</u>	18
<u>Fund transfer process</u>	18
<u>Spending the funds and interest earned</u>	20
<u>Reporting</u>	20
<u>Audit</u>	20
<u>RDP FUND REQUISITION SCHEDULE</u>	22
<u>APPENDIX THREE: BUSINESS PLANS & MONITORING & REPORTING GUIDELINE GUIDELINE</u>	23
<u>3. SIX-MONTHLY REPORTING AND MONITORING GUIDELINE TABLE</u>	27
<u>Cover Page Checklist to accompany plans and budgets</u>	28
<u>APPENDIX FOUR: RESEARCH QUESTIONS SUBMITTED</u>	30

Executive Summary

This inception report is the final product of the inception phase of component one of the Danida-supported Urban Environmental Programme in South Africa. This report is submitted to the first meeting of the Programme Steering Committee (26th April 2006) for its consideration and approval and to facilitate the transfer of funds to partners.

Further inception reporting will take place upon initiation of Component Three (municipalities) and Component Two (Knowledge Management and Civil Society Support) at the next PSC meeting scheduled for June 2006.

Purpose

This inception report describes:

- the first annual work plan of partners in component one;
- the procedures and people responsible for the proper management of activities;
- details regarding the programme and component monitoring system;
- the agreed financial management procedures.

The work plans and budgets submitted by programme partners in this component one inception phase are in alignment with the objectives, thematic focus and budgets of the agreed programme documentation. Managers responsible have been identified, and where necessary, steps are being taken to legally formalise the submitted plans as officially 'on-budget'. A monitoring system is in place.

This Inception Report also includes the Terms of Reference (ToR) of the **Programme Steering Committee**.

This inception report is the product of a process involving the responsible managers in the National Departments of Environmental Affairs and Tourism, and Health; as well as the Departments responsible for environmental management in the Provinces of Gauteng, Kwa-Zulu Natal and Western Cape.

Annexed to this report are:

- The component work plans and budgets of each of the aforementioned departments (these are available from the PSC Secretariat – summaries are included in this report);
- Terms of Reference for the Programme Steering Committee;
- A financial transfer and accounting manual
- Applied Research Questions identified so far by partners

Programme Structures and Managers Responsible

The Programme Steering Committee (PSC) is the oversight and coordination structure responsible for promoting achievement of the agreed objectives of the programme. This is the only specific parallel coordinating structure within the programme that does not already occur within existing government management and coordination structures.

The PSC will receive reports and give direction to overall programme progress, and also consider and decide upon the recommendations of the Joint Annual Programme Review (JAPR).

As an ‘on-budget’ programme the approved business plans and budgets are managed according to existing government structures and official procedures. The UEM programme recognises the challenges of inter-governmental cooperation and coordination, and wherever possible has been designed to promote these objectives, and to support the designated roles of the different spheres of government.

DEAT is the lead agency responsible for the UEM programme implementation and for coordinating with other national, provincial and local government agencies, including other donor-supported national environmental management interventions. The Environmental Quality and Protection Branch within DEAT is responsible for the overall internal and external national level programme coordination.

The PSC will be chaired by the Deputy-Director General in DEAT responsible for Environment Quality and Protection.

Each partner department or municipality will nominate its most senior manager responsible for UEM programme activities in their department to represent it on the PSC (see table below for nominated representatives and their contact details). An alternate member to the PSC shall also be nominated.

The PSC Secretariat shall comprise of the PSC Chairperson, a representative of the Royal Danish Embassy, the International Programme Advisor, and any other government managers so delegated by the PSC Chairperson. The Secretariat will take responsibility for the timely collection, collation and preparation of necessary reports for the PSC. The Secretariat will also scrutinise the plans and budgets submitted by partners for alignment with the allocations and objectives as described in the programme document, and the corresponding component documents. In addition to the plans and reports submitted by partners, the Secretariat will submit an executive summary of submitted plans and reports, and indicate to the PSC those reports and/or plans and budgets requiring further attention.

Decision-making with respect to component implementation will be taken within normal line functions and committees that exist to manage the associated functions in government. There will be no parallel committee with decision-making responsibility that may contradict official processes. Checks and balances for coherence and alignment of partner plans and budgets with respect to the component and programme agreements will be processed through the PSC Secretariat to the PSC.

Components one and three will be managed using existing intra- and inter-departmental structures of government. For purposes of component-specific integration and coordination, some cities will establish dedicated inter-departmental coordinating committees. Combined component reporting will be collated with support from the national component advisors.

Locally approved work plans and budgets of component partners will be submitted to the PSC Secretariat to the PSC as part of the process of effecting programme coherence and triggering transfer of funds. Collated component-wide progress and financial reports will be submitted to the PSC Secretariat, for tabling at the PSC. Component two progress will reported to the PSC via the RDE. The management of the three components is further outlined in the Component documents.

Changes to approved plans and outputs

It is possible for programme partners to propose changes to the outputs and activities described in the component documentation, or those approved by the Programme Steering Committee. In the event that a department wishes to change an activity that was originally approved, the overall manager responsible should:

- 1) Follow normal departmental procedures for changing officially approved plans and budgets;
- 2) Write to the PSC Secretariat with a motivation and request approval to make the changes.

It is not possible to divert Programme funds to activities that do not fall within the themes and objectives as described in the programme documentation. Any programme funds used for new activities before they are approved in writing by the PSC Secretariat will be classified as unauthorised expenditure. Programme objectives may not be changed.

Diagram: Programme structures and managers responsible

Royal Danish Embassy
Mr Troels Jorgensen
Mr Portia Poulsen

Summary of

Programme Steering Committee
Chaired by DEAT DDG – Ms Joanne Yawitch
Each government partner represented by most senior manager
Meets 2 to 3 times per year

submitted work plans

All partners identified in have submitted business plans according to the in Appendix Three to component one, all of the plans and budgets submitted are in alignment with the objectives thematic focus of agreed programme documentation.

Comp One

DEAT - DDG
Ms Joanne Yawitch
Jyawitch@deat.gov.za

Component One and budgets guidelines contained this document. For

Health: Acting Director
Ms Jabulile Mhlolani
mhlopd@health.gov.za

Gauteng: Chief Director
Mr Thabo Ndlovu
Thabo.Ndlovu@gauteng.gov.za

KZN: Manager
Dr Timothy Fasheun
Timothy.Fasheun@dae.kzntl.gov.za

Ekurhuleni: ED Environment
Mr Mandla Sithole
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011-456-0111

eThekweni: Head Environment
Dr Debra Roberts
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031-311-7527

Cape Town: Head Environment
Mr Osman Asmal
Osman.Asmal@capetown.gov.za
021-487-2200

Johannesburg: Head Environment
Mr M...
flo...

CITIES = Component Three – financial year begins July 06 – next PSC meeting in June

not designed and processed as part of normal annual planning; which began in October 2005 the agreement signed.

South African Cities Network
Ms Sharon Lewis
011-407-6742 sharon@sacities.net

Civil Society Rep
To be nominated

Cities Network, Research, and Civil Society Support = Component Two

Provincial Departments have been requested to submit a letter to the Chair of the PSC, indicating the legal and official status of these plans, and also stating that the finances and budgets will be audited by the Auditor-General. It is also suggested that Partner Departments take proper steps to have these budgets and plans officially recognised as ‘on-budget’ by including them in their Annual Adjustment Estimates in October 2006.

The plan and budget concerning environmental health research is officially recognised in the Strategic Plan of the Department of Health. The budget of R500,000 for this research will be managed through DEAT – upon request by the Department of Health.

Table One: Summary of Component One funds request for 2006/06

Department	UEM funds	UEM budget for	Alignment with
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		requested for 2006/07	2006/07	Programme themes and objectives
DEAT	Air Quality	R500,000	R500,000	YES
	Planning	R1,000,000	R1,000,000	YES
	Waste Act implemented	R300,000	R300,000	YES
			R500,000	YES
	Landfills permitted	R500,000	R2,000,000	YES
	Short Term TA Pool	R2,000,000	R600,000	YES
	National Advisor	R600,000	R500,000	YES
Environmental Health Study	R500,000	YES		
Health	Environmental Health Study	To DEAT		
Gauteng	Waste min plan	R300,000	R2,000,000	YES
	Haz waste study	R500,000		
	EMF for 2 cities	R1,200,000		
KZN	Develop IWMP's	R500,000	R1,000,000	YES
	EMF for one city	R265,000		
	Air quality dbase	R245,000		
W Cape	Chem sector waste management plan	R500,000	R1,000,000	YES
	Manuals on SDF	R500,000		
TOTALS		R9,410,000	R9,400,000	

UEM Component One: Summary of requests for funding to first
PSC meeting – 26th April 2006

Department	Theme	Focus	Poverty links	Institutional links	Legal status of UEM plan and budget
DEAT R4,4 million Health (see DEAT)	International Programme Advisor (IPA): Paid by Danida – advisor to be located in DEAT, starting June				
	National Component Advisor: To be hired by DEAT				
	Pool of Short-Term Technical Assistance (for provinces and national departments) – kept in RDP fund;				
	Air Q	Procurement of international expertise in development of atmospheric quality information system	Reducing burden of disease in polluted areas	Across all spheres – working directly with local	Included in approved plans – on-budget
	Planning	Develop framework for integrating UEM into land development planning – IDPs and SDF's. Review tools, develop guidelines and toolkits	Improved and sustainable human settlement planning	Work directly with Metro and province	Included in approved plans – on-budget
	Waste	Framework for the delegation of Section 20 waste permits to provinces	Reducing burden of disease	With all provinces	Included in approved plans – on budget
Waste	Waste management Act implemented	Reducing burden of disease	With all provinces and municipalities	On budget in officially approved plans	
Env Health	RESEARCH Functional Analysis of EH at local level	Relieve health burden on poor – clarify mandates and funding	DEAT, DoH, District Municipal Metros	DoH annual plan includes study. DDG Health letter to DDG DEAT	
Gauteng R2 million	Waste	Waste minimization plan and waste standard: Source separation for townhouses, hotels and catering	“job creation through recycling”	Local govt	Not clear
	Waste	Haz waste status quo research for Gauteng and for Sedibeng	Reduce burden of disease		Not clear
	Planning	Develop Environmental Management Frameworks for the City of Johannesburg and Sedibeng District Municipality			Not clear
KZN R1,01 million	Waste	Provincial Integrated Waste Management Plan – support identified municipalities to produce IWMPs	Reduce health burden on poor communities	DEAT and loc govt	Not yet clear:
	Planning	Develop EMF for selected municipality	Improve planning	Loc govt and DEAT	Not yet clear

	Air Q	Develop air quality database for province	Reduce health burden on poor communities	DEAT, And local govt	Not clear yet
W Cape R1 million	Waste	Chemical sector industrial waste management plans	Reduce health burden on poor communities		Head of department approval
	Planning	Produce three manuals explaining Spatial Development Framework	Institutional Capacity Development		Head of department approval
COMPONENT ONE: Total Requested for 2006/07					

South African Cities Network Summary Budget and Plan: (Budget available for Five years = R6,000,000 ~ R1,200,000 per year.)

Department	Theme	Focus	Poverty links	Institutional links	Legal status of UEM plan and budget
South African Cities Network	UEM Capacity Development and coordination	4 sustainable cities reference group seminars NSSD follow-up	Awareness raising	Local govt, provs and national invited	Framework approved by SACN Board – specific plan approved by CEO and staff
		Disseminate state of Cities Report and special sustainable cities pamphlet	Awareness raising	Local, provincial national	
		Strategic support to city managers on UEM – confidential briefing and coaching + two public seminars		Local	
		Core support to institution – management costs			

Monitoring System

The Programme Steering Committee assumes responsibility for monitoring of the programme's results, and of its overall management.

The monitoring of the UEM Programme will use existing national, provincial and local government monitoring and evaluation systems or procedures. The monitoring of the UEM Programme will focus on outcomes of urban environmental management and its links to poverty reduction.

The UEM Programme and Component indicators will reflect existing government indicators, e.g. DEAT published "Development of a Core Set of Environmental Performance Indicators" (2004) aimed at local level reporting for air quality, waste management and the planning process. The UEM Programme can assist DEAT to report on those indicators of relevance to UEM.

Partner Reporting on Programme Progress

Reporting on the UEM Programme by partner agencies at national, provincial and municipal level will be embedded in the required reporting as required by government procedures, including South African requirements for reporting on ODA.

Reporting within the UEM Programme has a dual purpose. The *first* purpose of the reporting is on programme implementation. Normal departmental reporting procedures will be used for this. The only additional reporting required is a six-monthly excerpt from standard progress reports which are transcribed onto the Reporting and Monitoring guideline form as contained in Appendix Three. A summary financial report shall also be submitted on a six-monthly basis, listing opening balance of the vote, total draw-downs from the RDP fund, total expenditure in the reporting period, interest earned on unspent funds, closing balance for the reporting period. These reports shall be submitted on a six-monthly basis to the International Programme Advisor based in DEAT.

The reporting will include:

- Programme level: The Chairperson of the PSC (Programme Director) with assistance of the international programme advisor will be responsible for issuing an overall summary report on the submitted six-monthly progress reports on finances and work plans. These reports will include a compilation of the partners' reports based on existing government reporting on business plans. The programme annual report will also address cross-cutting themes and monitoring of risks and assumptions.
- Component level: Each Manager with overall responsibility in their department or municipality will be responsible for issuing, (assisted by national advisors where available) six-monthly progress and financial reports and annual work plans to be compiled in the programme reporting. The six-monthly report is based on existing reporting in the government system.

Management reporting will address performance of the overall UEM Programme and progress of each of partners' performance as defined by indicators in the supported business plans.

Programme level monitoring

Programme level monitoring is based on already developed government indicators and current development work such as the definition of human development indicators, proxy indicators in the Ten Year Review, and the City Development Index applied by SACN.

A key means of verification for the UEM Programme will be the "State of the Cities report" as prepared by the South African Cities Network. The "State of the Cities report 2004" includes:

- key social trends indicators including general access, poverty and exclusion indicators,
- core sustainable cities indicators,
- general environmental and liveability indicators, and
- cities governance indicators.

The indicator framework from the "State of the Cities report 2004" and future updates are a relevant monitoring and indicator framework for the UEM Programme.

Other means of verification are the annual reviews of the departmental and local government business plans, performance reviews of staff, national monitoring of achieving the Millennium Development Goals, reports and studies on urban environment and poverty reduction, and national and local level State of the Environment (SoE) reporting.

The PSC Secretariat will receive six-monthly progress reports from all programme partners. These reports will indicate progress on achievement of activities and a summary financial report on funds drawn down from the RDP Fund and funds spent. (See Appendix for guideline reporting table).

Overview of programme level monitoring framework

Development Objective	Impact Indicators	Means of Verification
Sustainable and poverty oriented environmental management of urban areas in South Africa	<ul style="list-style-type: none"> • Urban poverty reduced as per Government monitoring of national targets, MDGs and the Johannesburg Action Plan. 	<ul style="list-style-type: none"> • National and provincial reporting on urban environment and reduction of poverty
Programme Immediate Objectives	Outcome Indicators	Means of Verification
Component 1: National and provincial framework for pro-poor integrated urban	<ul style="list-style-type: none"> • Increase in government capacity for Environmental Management (EM09) 	<ul style="list-style-type: none"> • Reports on and reviews of DEAT and provincial business annual progress reports

environmental management operational	<ul style="list-style-type: none"> • Increased environmental reporting by government (EM10) 	<ul style="list-style-type: none"> • Municipal, provincial and national SoE reports reporting on reduced air pollution, improved living environments and increased number of urban dwellers having access to basic services • Number of staff in departments with a mandate to protect the environment • Policies plans and programmes for the environment developed and being implemented
<p>Component 2: Knowledge creation, awareness and advocacy on best practices and poverty alleviation in urban environmental management created and applied</p>	<ul style="list-style-type: none"> • Outcome of research programmes (number of trained staff, access to relevant knowledge increased, formulated/documented UEM practices) • Level of civil society organisation involvement in UEM and influence 	<ul style="list-style-type: none"> • Policy briefs and research reports • ‘State of the Cities’ report by SACN • Civil society organisations reporting
<p>Component 3: Improved local urban environmental management and planning for poor communities.</p>	<ul style="list-style-type: none"> • Targets of local government IDPs and business plans for relevant UEM issues • Institutional capacity in local government for UEM and pro-poor service delivery 	<ul style="list-style-type: none"> • Reporting on and review of IDPs and local government business plans • Staff performance reviews • Local State of the Environment reports

Programme Reviews

Programme Reviews will be undertaken on an annual basis. The decision on timing of a Programme Review will be made by DEAT and RDE and endorsed by the PSC. An annual status assessment by the PSC, initiated by DEAT and RDE, can make recommendations and the PSC can decide on management issues and budget reallocations.

The Programme Review should be held in order to inform implementation in the following financial year, in sufficient time before the business plans and budgets for the subsequent financial year are finalised.

The Programme Review will be carried out jointly by DEAT and Danida. Optional representatives on the Programme Review are from local government, SACN and civil society organisations.

Other donors working in the sector such as Norad will also be invited as observers for the Programme Review.

RDE and DEAT may decide to have Technical Reviews preceding the Programme Review and/or annual status meetings in order to address specific issues in any of the components.

The purpose of the Programme Review is to assess progress within the UEM sector, the UEM Programme implementation, monitoring of risks and assumptions, and make recommendations within the available flexibility of the programme.

The Programme Review can make recommendations on the reallocation of the budget, unspent funds and release of the unallocated budget for new activities. The findings and recommendations of the Programme Review will be presented in a *Review Aide Memoire* signed by the RDE and DEAT. The *Review Aide Memoire* will be endorsed by the PSC and guide future work plans.

Towards the end of year four of the UEM Programme, the review will be extended to also include assessment of lessons learned from the programme and each component with the overall aim of developing an optional five-year UEM Programme phase 2 (2011-2015). The preparation of a second five-year programme is subject to agreement by South Africa and Denmark on continued collaboration on urban environmental management, e.g. as documented in signed minutes from the high level Annual Country Consultations between the two countries.

Process Action Plan for 2006/07

Action	Completed by	Responsibility
First PSC meeting	26 th April 2006	RDE and DEAT
Identification and confirmation of Programme Director, Component One Manager and PSC Secretariat within DEAT	26 th April 2006	DEAT
Identification and hire of component one national programme advisor	In process – advert placed in May 2006	DEAT
Inception Report Component 3 prepared and submitted to PSC Secretariat	Prepared by 9 June, 2006	Programme Inception Advisor assisted by municipal managers responsible

Identification and hire of component 3 national advisors	Completed by May 31, 2006 (starting date from July 2006).	Municipalities
Second meeting of PSC	Proposed for week of 19th June in time for fund transfer to municipalities	DEAT Programme Director and RDE

APPENDIX ONE: PROGRAMME STEERING COMMITTEE TERMS OF REFERENCE

Denmark – South Africa

Urban Environmental Management Programme 2006 - 2010 Terms of Reference for the Programme Steering Committee

a) Background

The Steering Committee is the formal mechanism for joint decision-making and oversight concerning the Urban Environmental Management (UEM) Programme formally agreed between the South African Government and the Royal Danish Embassy (RDE) in South Africa. While the Department of Environmental Affairs and Tourism (DEAT) is the lead and coordinating partner, this programme is structured to follow and promote partnerships and inter-governmental cooperation across all spheres of government.

b) Mandate and scope

The Programme Steering Committee (PSC) exercises oversight with respect to ensuring that the programme is implemented, outputs achieved and funds managed efficiently and effectively, in accordance with the programme document, the Government-to-Government Agreement, and other legal documents produced in the course of programme implementation. Where deviations from the programme document are considered necessary, the PSC takes the decisions. Programme objectives cannot be altered by the PSC.

The mandate of the PSC includes:

- delegation of specific management tasks to the PSC Secretariat that may otherwise cause implementation bottlenecks between PSC meetings.
- overall responsibility for monitoring of programme outputs,
- monitoring of the provision and utilisation of technical assistance available,
- monitoring of auditing procedures and results

c) Composition

The most senior member responsible for component coordination in each partner government department shall be a member of the PSC. This includes: DEAT, DoH, one representative from each of the provincial government department partners, and one representative from each partner city. The South African Cities Network will be invited as a member, as will one representative of a civil society organisation receiving support from this programme.

Past members of the Programme Development Advisory Committee (PDAC) are invited to continue their involvement in the programme. In addition to those already mentioned, these include:

- Department of Minerals and Energy

- Department of Housing
- National Treasury
- SALGA
- Royal Danish Embassy

Resource persons, who may be invited to attend to the PSC meetings, include:

- Representatives from Norad (Norwegian Embassy) and other donors
- The international programme advisor and Component advisors

d) The specific tasks of the PSC comprise:

- Ensuring that the proposed annual programme is aligned to existing South African Government UEM priorities and that the business plans and budgets submitted are officially recognised and processed within the formal procedures used by the South African Government for its own plans and budgets.
- Receipt of annual work plans and budgets as submitted through the PSC Secretariat (Component 1 and Component 3). Considering alignment and coherence of submitted plans and budgets with respect to programme and component documentation. Where alignment and coherence is satisfactory, to endorse submitted plans and budgets, and request RDE to effect transfer of funds.
- Promote coordination between the Components, and among partners within components.
- Monitoring of overall progress of the programme with the obligation to take action on delays, problems and bottlenecks.
- Approval of progress and financial reports and decisions on follow-up activities.
- Monitoring of audit procedures and results, ensuring follow-up on unsatisfactory reports.
- Monitoring the continued coherence between the programme and urban environment sector development.
- Decisions concerning deviations from the programme outputs, and consideration of new outputs.
- The PSC will receive an annual report-back of the Joint Annual Programme Appraisal and shall consider and accept the technical report submitted, and take decisions for follow-up on the recommendations made.
- Informed by the Annual Programme Appraisal, and by progress reports submitted, the PSC shall consider recommendations on the re-allocation of programme funds, and also for the inclusion of new partner municipalities and provinces in the programme framework.

e) Working procedures

- The PSC meetings will be chaired by the Deputy Director General: Environment Quality and Protection in DEAT.
- Decisions will be made by consensus.
- The PSC will meet at least twice annually (February and June) but extraordinary meetings may be requested by a PSC member in writing to the PSC Chairperson.
- The agenda, proposals and discussion documents for the PSC meeting will be circulated at least one week before the meeting. Partners are required to submit their reports and proposals to the PSC Secretariat at least two weeks before the meeting.
- DEAT is responsible for drafting the minutes of the PSC meetings and distributing these to all participants within a week after the meeting. The PSC approves the minutes at the subsequent meeting.

f) PSC Secretariat

Given the staggered nature of component implementation cycles in the programme, it is not possible to align all reporting and planning to be submitted to the PSC for approval at the same time. The PSC Secretariat may be delegated by the PSC to perform specific tasks that become necessary between PSC meetings. In addition to compiling and collating reports submitted by each programme partner, the PSC Secretariat will report to the PSC on general progress in overall programme management and coordination, and any other matter deemed necessary by the PSC.

The PSC Secretariat will be composed of:

- Chairperson of the PSC
- A senior DEAT manager
- International Programme Advisor.
- Other representatives nominated by PSC (can be *ad hoc* representations for specific tasks)
- DEAT will host the secretariat for the PSC.

APPENDIX TWO: FINANCIAL MANAGEMENT PROCEDURES

Funds provided to South African Government partners through the Danida UEM Programme are regarded as a donation to the State and are managed in accordance with Section 76(1)(1) of the Public Finance Management Act.

Financial accounting procedures will follow the procedures as described in the accounting practice note prepared by the Office of the Accountant-General (Accounting Practice Note 16 of 2001, Ref SX 8/1 – distributed to all Chief Financial Officers in October 2001 by National Treasury). A synthesis of these procedures is contained in Appendix A (Financial Management of ODA and Related Issues) of the “Policy Framework and Procedural Guidelines for the Management of Official Development Assistance” (www.dcis.gov.za). All UEM Programme financial management and reporting will comply with the above requirements.

Budgeting

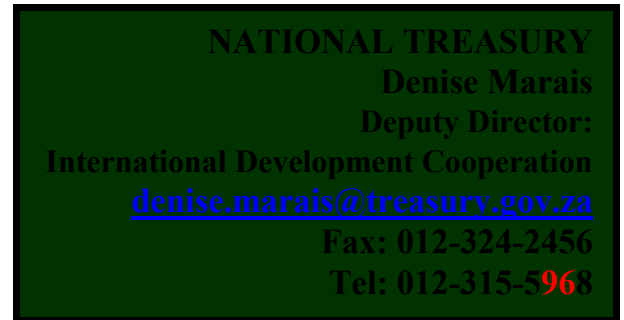
The programme budgeting procedure for support to national, provincial and municipal level is an integrated part of the Government budgeting system. Budgets normally prepared for annual business plans will include line-items for the Danida-supported amounts to be transferred through the RDP Fund. It is in keeping with international best practice and with the intentions of National Treasury that donor funds received are reflected in annual budgets, are reported according to government procedures, and are audited by the Auditor-General. The process of releasing Danida funds can only occur in response to business plans and budgets that have been approved in the same manner that official plans and budgets are approved. Annual budgets and work plans have to be approved by the PSC before Danida can implement requests for transfer of funding to the RDP Fund.

Fund transfer process

The entire process, from Danida’s payment into the RDP Fund account at the Reserve Bank to the transfer payment into the implementing agency’s account should not take longer than one week. However, delays may occur if there is no proper notification of payment by Danida, failed requests by the recipients, or the Accountant-General’s office does not have all the information required to make the transfer payments. The procedure described below is prescribed in the RDP Fund Amendment Act

- 1) The Programme Steering Committee (PSC) considers and approves submitted plans and budgets. A copy of the PSC minutes, recording the approved amounts and partners, is forwarded to Ms Denise Marais at IDC in National Treasury.
- 2) Approved partners need to submit the following details to Portia Poulsen (porpou@um.dk) at the Royal Danish Embassy:
 - a. Name, telephone, fax and e-mail of PSC Representative (overall implementing agency manager responsible for the UEM programme);
 - b. Bank; Branch; Branch Number and Account Number of your Paymaster-General Account.

- 3) Danida deposits funds into the RDP Fund account at the South African Reserve Bank, Account No 8030-175-4.
- 4) Danida notifies Ms Denise Marais at IDC in National Treasury and the manager as designated in section 2)a. above of the deposit.
- 5) Upon receipt of the notification of payment into the RDP Fund, Ms Marais notifies the Office of the Accountant General and forwards a letter of acknowledgement to Danida.
- 6) The financial section of the relevant spending agency is also notified by Ms Marais. A fund requisition form accompanies the notification. (See below for an example).
- 7) The implementing agency's Chief Financial Officer completes the RDP Fund requisition form and submits it and a copy of the PSC-approved business plan to the Accountant-General's Office (for attention Director: Financial Reporting Services, National Treasury). **The requisition form is the authorisation instructing the Accountant-General to make a transfer payment to the implementing agency.** This step is an essential requirement to ensure proper financial control. Only original requisition forms are acceptable. No Funding can or will be transferred unless a completed requisition form is received by the Office of the Accountant General.
- 8) Partners may make multiple requests to the RDP Fund during the course of the year, and are thus encouraged not to draw down more funds than are needed. The accumulation of unspent funds in partner accounts (as opposed to in the RDP Fund) creates additional demands in terms of paying back the interest earned (see below).
- 9) The IDC verifies the provisions in the Programme Agreement, and cross-checks with the PSC-approved business plan and budget and then makes the transfer payment.
- 10) (a) National Departments
The Accountant-General makes the transfer payment to the spending agency's Paymaster-General's (PMG) account as specified in the requisition form.
- (b) Provincial Departments
The Accountant-General makes the transfer payment to the Provincial Treasury's Account from where the Provincial Departments then request the funds.
- (c) Municipalities
National Treasury has requested that Chief Financial Officers in partner municipalities obtain a letter of concurrence from their Provincial Treasuries.



This letter (which should be submitted to Ms Marais, with a copy to Portia Poulsen) should indicate that the Provincial Treasury does not believe it necessary for the funds to be first transferred to the Provincial Treasury, and that it approves of the Accountant-General making a direct transfer to the Municipal Treasury concerned.

Should the Provincial Treasury believe it necessary for the funds to be transferred via its offices, the Accountant-General will take this route. In the event of a direct transfer being approved, the Accountant-General will transfer payment to the Municipal Treasury from where the Municipal Departments then request the funds.

- 11) A second tranche of funds can only be transferred to a partner once it is established and reported to the PSC that previously paid instalments have been spent in accordance with the programme agreement, and that satisfactory financial reporting on previous periods has been submitted.

Spending the funds and interest earned

The Danish grant shall be spent solely on the objectives specified in the agreement (programme and component documents); and as contained in the business plans and budgets as approved by the Programme Steering Committee. Partner departments and designated managers responsible are expected to do everything within their power to ensure that the grant is spent in accordance with approved budgets.

Budget changes or reallocations in excess of 10% of the total grant can be made only after prior written agreement with Danida. It is the responsibility of the partner organisation to open negotiations with Danida and the PSC Secretariat in seeking approval to change to activities that were not approved by the PSC.

At financial year-end unspent funds shall be repaid via the RDP Fund to the Danish government. It is possible, following prior agreement with Danida and the PSC Secretariat, that unspent funds be credited against subsequent grants that may be authorized. Annual financial allocations as presented in the programme documentation are indicative. Should it be found that partners are unable to absorb, spend or effectively use the funds provided in one financial year, the programme is entitled to reduce and re-allocate funding.

Spending in excess of the allocated budget for any activity – even when the excess spending has been caused by an increase in costs – cannot be covered by the Danish grant.

Partners are encouraged to leave funds in the RDP Fund until such time as they are to be spent. The Department of Environmental Affairs and Tourism, for example, keeps its donor account as low as possible and makes regular draw-down requests from the RDP Fund. DEAT report that the turn-around time for transfer from the RDP Fund is three days.

Interest that accrues on funds received through this programme must be returned via the RDP Fund to Danida on an annual basis.

Reporting

Every six months programme partners must report to the PSC Secretariat on the overall progress of activities and a summary report of expenditure. (see guideline template).

Audit

All accounts shall be appropriately audited as part of that department's normal annual audit of accounts. The audit must be completed by the Auditor-General's Office.

The Auditor General's report, including a financial statement for the financial period audited, is to be submitted to Danida not later than six months after the end of the financial year. A final audit will be undertaken within three months after the completion of the components.

In the event that the Auditor-General provides a qualified report of accounts, Danida may request a more detailed and specific audit on programme fund accounts be conducted.

South African Treasury Regulations require that annual financial statements of departments, which are audited annually by the Auditor General, have to include the following information with regard to donor funding:

- Balance sheet (current assets, amounts recoverable from donors, current liabilities, amounts repayable to donors)
- Income statement and amount spent in respect of local and foreign donor assistance
- Notes to annual financial statements (use of foreign aid assistance, detailing the source and intended use of the assistance, performance information on the institution using the assistance, any pending application for assistance).
- Analysis of donor funded expenditure (expenditure per item, e.g. administration, equipment, etc).
- Statement of foreign aid assistance received (intended use, amount rolled over from previous year, amount received in current year, amount spent during the year, balance at the end of current year, performance information on the use of assistance).

ENDS

RDP FUND REQUISITION SCHEDULE

TO: ACCOUNTANT-GENERAL'S OFFICE: NATIONAL TREASURY
 ATT: DIRECTOR: FINANCIAL REPORTING SERVICES
 FAX NO: (012) 324 2456

PROGRAMME: Danida Urban Environmental Management Programme

DEPARTMENT: _____

Please credit our PMG account with the amount indicated in column six below

PMG account details are as follows:

Bank: South African Reserve Bank
 Branch: Paymaster General
 Account No: _____

Date	Donor	Amount deposited	Paid to date	Available	Requisition

	SPENDING AGENCY		National Treasury Approved by
	Requested by	Approved by (CFO of Department)	
Name			
Designation			
Signature			
Date			

**APPENDIX THREE: BUSINESS PLANS & MONITORING
& REPORTING GUIDELINE GUIDELINE**

**(Name of provincial/national
department)
(Branch / sub-department)**

**Extract from Approved Business
Plan**

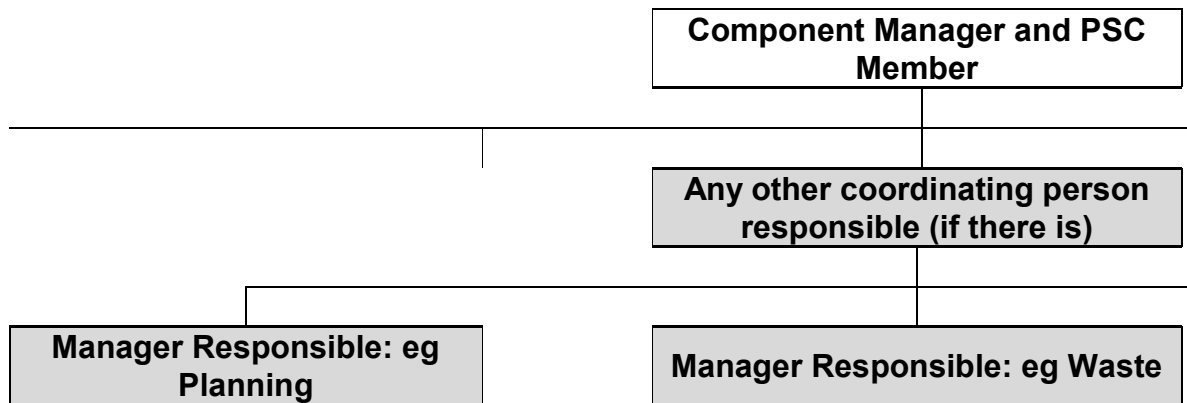
**To show Danida-supported
UEM Outputs and Budgets**

1 APRIL 2006 TO 31 MARCH 2007

1. GENERAL DESCRIPTION

1.1 NAME OF DIRECTORATE / DEPARTMENT: **XXX**

ORGANOGRAM (Fill in official positions of persons responsible for management of the UEM programme – adjust according to thematic areas of intervention for which your department is using Danida support)



NAMES OF MANAGERS RESPONSIBLE FOR REPORTING AND SIGNING OFF ON UEM FUNDS

POST	NAME OF INCUMBENT	Tel:
Official Position of component manager in your province / national department (ie overall person accountable for UEM Programme and PSC representative)		
Position of mandated alternate member of Programme Steering Committee		
Official position of manager responsible for thematic area xxx (eg air quality)		
Official position of manager responsible for thematic area xxx (eg waste)		
Official position of manager responsible for thematic area xxx (eg planning)		
?		

2. ACTIVITIES

Programme Development Objective is: “Sustainable and poverty-oriented environmental management of urban areas in South Africa”.

Component One Development Objective is: “National and provincial framework for pro-poor integrated urban environmental management operational.”

Component One Immediate Objective is: “National and Provincial governance institutional capacity for Urban Environmental Management enhanced.”

The outputs identified to support the achievement of the above agreed objectives are as follows: (These eight outputs are taken from the Component Document - Choose the outputs relevant to your department and delete the rest)

1. Framework in place for integration of Urban Environmental Management in planning
2. The Waste Management Act implemented
3. The National Air Quality Management Act implemented
4. Section 20 waste facility permitting operational
5. Joint DEAT and DoH mandate on environmental health prepared and operational
6. Integrated Urban Environmental Management implemented in Western Cape province
7. Integrated Urban Environmental Management implemented in Gauteng province
8. Integrated Urban Environmental Management implemented in KwaZulu-Natal province

Key Performance Area <i>(related to your output/s)</i>	Key Performance Indicators <i>Relating to specific thematic areas within the output – eg planning, waste, air quality</i>	Targets for 2006/2007	Key activities	Timeline <i>Framework delivery 2006</i>
	<i>Eg for a province number of municipalities supported in integrating environment into IDPs</i>	<i>Must be specific, measurable / verifiable –</i>		

	Eg: for a province: waste management strategy approved			

**3. SIX-MONTHLY REPORTING AND MONITORING GUIDELINE
TABLE**

KEY RESULT AREA (related to achievement of outputs)	KEY ACTIVITIES / OUTPUTS	PERFORMANCE MEASURES		PROGRESS / STATUS
		TARGET DATE	INDICATOR	

Cover Page Checklist to accompany plans and budgets

Component Partner: <i>(Each implementing UEM partner department within a city, province or national department must complete separate forms)</i>	Sphere of Govt:	Directorate Name:
	Province/City Name:	
	Implementing Department:	
Responsible Official: <i>(Government Manager controlling specific UEM budget and monitoring implementation)</i>	Name:	Position:
	Signature:	
	Date submitted to PSC:	
Committee approval of this submission: <i>(Formal Government Committee mandated to approve department's normal budgets and business plans)</i>	Committee Name:	
	Name of Chairperson:	
	Date of committee meeting where approved:	
	Date of minutes where approval was recorded:	
This financial year:	From:	April 200_ To:
	200_	
FUNDS		
Funds requested from UEM Programme for this year: <i>(Requests may not exceed indicative budget allocated)</i> <i>(attach committee-approved budget)</i>		
Department's own corresponding budget total as approved for same period: <i>(attach committee-approved budget)</i>		
INTER-GOVERNMENTAL COOPERATION		
Other directorates within your sphere of government contributing to achievement of your planned UEM programme outputs		
Other departments in another sphere of government contributing to achievement of your planned UEM programme outputs		
(National and Provincial Departments). Any specific municipalities will you be working with in the implementation of these plans?		
POVERTY REDUCTION		
How does the achievement of the planned outputs (deliverables) for which you seek support from the UEM programme contribute towards poverty reduction? <i>(Separate summary pages for each planned output may be annexed to this submission)</i>		

UEM OUPUT LINKS TO YOUR MAIN BUSINESS PLAN OUTPUTS	
<i>(please attach your approved annual business plan, and the associated, approved UEM programme business plan)</i>	
Also: please see and use SEPARATE SHEET “ <i>UEM Business Plan Guideline Template</i> ”	
	Any Pilot or Demonstration Projects? <i>(please attach summary proposal – costs for this must come from within the UEM budget available)</i>
Name of proposed Project:	How will this project inform or support national policy or laws?
To which of your UEM output/s is this related?	
How will this contribute to poverty reduction?	
Proposed Timeframe:	Start: _____ Complete: _____
Budget:	Requested from UEM Programme
	Co-contribution from your budgets
	Applied Research Questions
Any key research questions, whose answers could strengthen your implementation?	

APPENDIX FOUR: RESEARCH QUESTIONS SUBMITTED

Partners are further encouraged to submit questions for which they would like to see some applied research being undertaken. The UEM Programme has a budget of R11 million to commission research “aimed at developing locally relevant policy and management responses to UEM challenges as identified by city environmental managers and other stakeholders”.

The strategy is to generate applied research in response to UEM challenges faced by cities. Such research needs to enjoy wide legitimacy and be relevant, applicable and provide UEM managers with an improved understanding and with ideas for effectively implementing integrated pro-poor UEM. There are important links between this strategy of developing applied research and building UEM knowledge with the goal of supporting a network of stakeholders in UEM.

Limited capacity in UEM is widely experienced across government, the private sector and civil society. If UEM is to become established in South Africa as a recognised sectoral pursuit, and entrenched in the practice of city strategy formation and management, then stakeholders, including but not restricted to municipal officials and politicians, will need to develop and share knowledge about UEM. Because of the complex scales at which the causes and solutions to urban environmental problems are found, intergovernmental co-operation and the involvement of government, civil society and the private sector is imperative. Developing a common discourse on UEM will require participation of a range of urban environmental actors.

The following questions have so far been submitted by partners in the process of submitting their UEM Business Plans.

Programme Partner	Question
Western Cape	The role that Central Improvement Districts (CIDs) that incorporate industrial parks (such as Beaconvale, Epping, Sacks Circle or Paardeneiland) could play in catalysing industrial symbiosis (industrial ecology) and the spin-offs of creating employment or entrepreneurial ventures for the surrounding communities?
Gauteng	<p>What are the priority hazardous waste streams in Gauteng? Could the waste exchange system be successfully implemented in Gauteng? What strategic approach must be followed to improve the management of hazardous waste in Gauteng? What treatment / disposal options are available for dealing with Gauteng’s hazardous waste?</p> <p>What are the economies of scale required to make waste recycling sustainable? What economic instruments can be used to support waste minimisation initiatives? How will Provincial and Local Governments influence behavioural change of waste generators, especial for domestic waste to encourage waste separation at source? Will waste management service providers buy into waste separation at source, as it is likely to reduce the volumes they collect, transport and dispose and thus result into the unintended consequence of reducing their revenue?</p>
KZN	How do you separate and quantify the impacts of HIV/AIDS on the health status of the community? In other words, what proportion of ill health is attributable to filthy

	environment?
Health	What are the key and priority environmental health functions that must be carried out by all municipalities? How to develop various career paths and recognised training options for environmental health practitioners.