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To: Danida Urban Environmental Programme - Steering Committee

Re: Reallocation of Funds within the City Of Cape Town's Budget, 2006-7

The purpose of this letter is to request reallocation of budgets (see the attached table) for programmes which the City Of Cape Town intends to implement as part of the Urban Environmental Management Programme. It is requested that approval be granted for funds to be shifted in the budget. Total budget remains unchanged at 2,735,000 rands.

Please refer to the appended table. This is an update of the originally approved budget for 2006/2007 taken from page nine of the "Component Three, Inception Report."

1. The first request is that the amount of R600 000, for the Danida advisor, be reduced to 150 000. Increased value could be gained by retaining the advisor for the six months, until December 2011, following the completion of the UEM Programme. The resulting extra money for this financial year will be used for projects listed below.
2. Request two is for the Interns Programme to be reduced from R300 000 to R200 000. The interns programme was revised and certain costs were removed, without detracting from the quality of the programme.
3. Request number three is for the Integrating UEM in City Planning budget line to be increased from R735 000 to R1 285 000. This increase of R550 000 will allow for a higher quality in the

initiation of a number of programmes within this group. Funds will be allocated in the following manner:

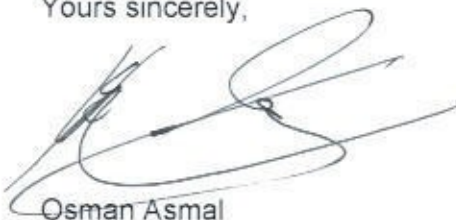
- a. Long term Spatial Development Framework
- b. preparation and refinement of IMEP and enhancing the Public consultation process
- c. development and implementation of Portfolio of sustainability best practices
- d. establish an Urban Growth Monitoring system procedures
- e. preparation of business plans
- f. establish a five year environmental plan and finally
- g. establish environmental contracts and systems.

In addition some of the expenses have appeared to be higher than anticipated. The money will be taken from the Danida advisor line item and the interns programme (both mentioned above).

4. Request four is for R50 000 to be reallocated from "Sustainable Energy Solutions" to "Urban Growth, Monitoring and Modelling."
5. A final request is to have unspent funds from the budget lines, "Improve Environmental Health indicator collection, reporting and multi-sectoral use of data" and "Integrated control," transferred to "Develop Air Quality Management Strategies" and "Support innovations in community based EH management."

The reorganising of the budget aims to achieve maximum value from the available funding for the projects. This is also an attempt to reduce the risks. The available budget will be spent within the current financial year ending on 30 June 2007. Allocation of the budget in the new proposed manner will assist the City in ensuring that the programmes are of a high quality and that all the money is spent effectively.

Yours sincerely,



Osman Asmal

Director: Environmental Resource Management Department
Urban Environmental Management Programme Component Manager
City of Cape Town