



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA

GRANT AGREEMENT FOR THE EPWP INTEGRATED GRANT TO MUNICIPALITIES

between

THE NATIONAL DEPARTMENT OF PUBLIC WORKS

represented herein by **Mziwonke Dlabantu** in his capacity as the Director-General of
the Department

and

KAREEBERG LOCAL MUNICIPALITY

represented herein by WILLEM DE BRUIN in his/her capacity as the
Municipal Manager

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PREAMBLE

WHEREAS the National Department of Public Works in its EPWP Programme has been allocated a budget for the EPWP Integrated Grant to Provinces and Municipalities for the 2015/16 to 2017/18 Medium Term Expenditure Framework (MTEF) period, to incentivise infrastructure and environment and culture programmes in the 9 (nine) provinces within the Republic;

AND WHEREAS the National Department of Public Works intends to enter into the EPWP Integrated Grant Agreements with the municipal managers in the 9 (nine) provinces to incentivise eligible municipalities to maximise its EPWP contribution towards job creation;

AND WHEREAS the National Department of Public Works intends to establish an agreed framework for cooperation and coordination between the parties in the implementation of its EPWP Programme(s); this agreement sets out the basis of the EPWP Integrated Grant; and records the terms and conditions which will govern the disbursement of the EPWP Integrated Grant by National Department of Public Works to eligible municipalities.

PART I: INTRODUCTION

1. Parties to the Incentive Agreement

1.1 The parties to this Agreement are:

1.1.1 The National Department of Public Works (NDPW) represented herein by **Mziwonke Dlabantu** in his representative capacity as the Director-General and Accounting Officer of the Department; and

1.1.2 The Kareeberg Local Municipality represented herein by WILLEM DE BRUIN in his/her representative capacity as the accounting officer and Municipal Manager.

2. Interpretation

2.1 The head notes to the Clauses in this EPWP Integrated Grant Agreement are inserted for convenience purposes and shall affect the interpretation thereof;

2.2 In this Agreement, unless inconsistent with the context or the contrary is clearly indicated;

2.2.1 Words importing the one gender shall include the other gender, and

2.2.2 The singular shall include the plural and vice versa, unless the contrary is clearly intended.

3. Definitions

3.1 In this Incentive Agreement, unless the context indicates otherwise –

3.1.1 “**Division of Revenue Act, 2015**” refers to the Division of Revenue Act

3.1.2 “**Eligible Public Body**” Refers to any organisation defined by legislation as a government body; and for purposes of this document, refers to a provincial department or municipality within these spheres of government that complies with the criteria of eligibility as set by the National Department of Public Works;

- 3.1.3 **"EPWP"** means the Expanded Public Works Programme third phase (2014 – 2019) as approved by Cabinet;
- 3.1.4 **"EPWP Integrated Grant"** refers to the conditional grant paid to public bodies (Provincial Departments and/or Municipalities) to incentivise job creation;
- 3.1.5 **"EPWP target group"** refers to unemployed, local, low skilled South Africans willing to work on EPWP projects and programmes at a wage rate not lower than R75.10 per day, which is the current minimum wage rate stipulated as per the Ministerial Determination for the Expanded Public Works Programme.
- 3.1.6 **"EPWP worker"** is a person employed to work in an EPWP project under the Code of Good Practice for Special Public Works Programmes stipulated in Gazette No 9745, 4th May 2012; or the Learnership Determination for unemployed learners;
- 3.1.7 **"Full time equivalent job"** refers to one person-year of employment. One person year is equivalent to 230 person days of work. Person-years of employment = total number of person days of employment created for targeted labour during the year divided by 230;
- 3.1.8 **"Grant allocation"** is the incentive amount appropriated by Parliament which is available for payment to the respective public body (provincial department and/or municipality) provided the full FTE target is met.
- 3.1.9 **"Infrastructure or Environment and Culture or Social sector budget"** for purposes of this Agreement, it refers to the EPWP Integrated allocation to a municipality available for construction or the maintenance of infrastructure or any other environment and culture or social services;
- 3.1.10 **"Intergovernmental Relations Framework Act, 2005"** refers to the Intergovernmental Relations Act, 2005 (Act No. 13 of 2005);
- 3.1.11 **"Party"** means a signatory to this Incentive Agreement;
- 3.1.12 **"This Agreement"** means this Incentive Agreement and the Annexure hereto.

4. Duration and termination of the Incentive Agreement

4.1 Notwithstanding the date of signature by the parties, this Agreement applies to the financial year commencing on 1 July 2015 and ending on 30 June 2016.

5. Purpose of the EPWP

5.1 The Expanded Public Works Programme (EPWP) is one element within a broader government strategy to reduce poverty through the alleviation and reduction of unemployment. The Expanded Public Works Programme involves creating work opportunities for unemployed persons, and so allowing them to participate economically and contribute to the development of their communities and the country as a whole.

5.2 Phase III of EPWP aims to:

5.2.1 Significantly expand the creation of temporary work opportunities that provide income to the poor and unemployed;

5.2.2 Increase the duration of work opportunities for maximum impact;

5.2.3 Utilise EPWP grants to motivate increased job creation efforts by Public Bodies, as anticipated in clause 8 below, for the provision of a financial reward.

5.3 The National Department of Public Works is mandated to lead and coordinate the EPWP.

5.4 The success of EPWP depends on concerted effort, cooperation and implementation across all sectors, spheres of government as well as non-state entities.

6. Purpose of the EPWP Integrated Grant Agreement

6.1 The purpose of the grant Agreement is –

- 6.1.1 To establish an agreed framework for cooperation and coordination between the parties in the implementation of its EPWP programmes/projects;
 - 6.1.2 To set out the basis of the EPWP Integrated Grant; and record the terms and conditions which will govern the disbursement of the EPWP Integrated Grant by National Department of Public Works to eligible municipalities;
 - 6.1.3 To provide EPWP funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised;
 - 6.1.4 To confirm the municipality's agreement and commitment to:
 - 6.1.4.1 Promote the objectives of the EPWP;
 - 6.1.4.2 Utilise the grant effectively, to increase and maximise job creation in the delivery of its EPWP programmes/projects;
 - 6.1.4.3 Aim to achieve the targeted number of full time equivalent jobs through its EPWP programmes/projects by the end of June 2016 as specified in clause 9 of this Agreement.
 - 6.1.5 To specify the processes and procedures to report on progress in achieving job creation targets; as well as the processes to indicate the incentive amounts earned and spent;
 - 6.1.6 To provide a framework for technical support to public bodies in implementing EPWP.
- 6.2 This Agreement does not limit the constitutional and statutory powers and functions of the parties.

7. Principles of Cooperation

- 7.1 In order to achieve the purpose of the Grant Agreement, the parties have adopted and undertaken to comply with the following principles of cooperation:
- 7.2 The parties will perform their obligations under this Grant Agreement –

- 7.2.1 In accordance with applicable laws;
- 7.2.2 In accordance with this Agreement and related prescripts.
- 7.3 The Parties will assist and support one another in the exercise of their powers and the performance of their functions in order to ensure the effective implementation of the EPWP.
- 7.4 The Parties will cooperate with each other in mutual trust and good faith and will take into consideration the impact of their decisions on the other.
- 7.5 The Parties will adhere to the processes and procedures contained in this Agreement.

PART II: EPWP INTEGRATED GRANT TO MUNICIPALITIES

8. Basis of the EPWP Integrated Grant

- 8.1 The parties record that the Kareeberg Local Municipality satisfies the criteria to be eligible to receive the EPWP Integrated Grant to Municipalities.
- 8.2 The goal of the EPWP Integrated Grant is to provide EPWP funding to expand job creation efforts in specific focus areas, where labour intensive delivery methods can be maximised and the expansion of job creation in line with the EPWP guidelines.
- 8.3 The EPWP Integrated Grant allocation for the 2015/16 financial year is determined based on:
- 8.3.1 the number of full time equivalent jobs (FTEs) reported in the 2013/14 financial year and or before the 15th of October 2014 in the 2014/15 financial year;
 - 8.3.2 labour intensity of the FTE creation in 2013/14; and
 - 8.3.3 need and service delivery factors for the municipality based on Census 2011 data.
- 8.4 40% of the allocation will be disbursed at the beginning of the financial year and a further 2 payments of 30% each will take place in the remainder of the year provided the public body is implementing its EPWP projects in line with the

submitted project list and is spending as planned towards its job creation targets.

The disbursement of the EPWP Integrated Grant will take place in 3 payments.

8.5 Once received, the EPWP Integrated Grant cannot be used for any other purpose except the EPWP approved project. Any deviation from the project list by the eligible Public body will lead to the National Department of Public Works not transferring the additional tranches of funding after the initial 40% transfer.

8.6 The EPWP Integrated Grant will be allocated, earned, disbursed and utilised in the manner contemplated in this Agreement.

9. Job Creation Targets and the EPWP Integrated Grant Allocation

9.1 The National Department of Public Works (DPW) has determined the EPWP Integrated Grant allocation **for your Infrastructure/Environment and Culture/Social programmes** which must achieve the following job creation targets to earn the incentive:

For the 2015/16 financial year,

9.1.1 ***23 FTEs is the performance target for your municipality***, which is the total number of FTEs that your municipality must endeavour to create in implementing Infrastructure/Environment and Culture/Social EPWP programmes/projects for the 2015/16 financial year. It includes the targeted number of FTEs to be created using this grant, as well as other conditional grants that could be used for EPWP.

9.1.2 ***R 1 000 000 is the 2015/16 grant allocation to your municipality***, the disbursement of which will take place in the manner that normal conditional grants do. It is anticipated that:

9.1.2.1 40% of the allocation will be disbursed at the beginning of the financial year (14th August 2015 for municipalities). This amount includes the first tranche of the EPWP Integrated Grant provided the public body's EPWP plan has been approved by the National Department of Public Works and the Memorandum of Agreement signed by both parties.

- 9.1.2.2 A further 2 payments of 30% each will take place in the remainder of the year (13th November 2015 and 15th February 2016), provided the public body is implementing its EPWP projects and spending as planned towards its job creation.

10. Conditions on the Use of the EPWP Integrated Grant

- 10.1 Once received, the EPWP Integrated Grant cannot be used for any other purpose except EPWP approved project. The EPWP Integrated Grant must be applied to continuing or expanding job creation programmes in any sector.
- 10.2 The EPWP target group may not be paid below the EPWP minimum wage rate of R75.10 per person day of work and all conditions stipulated in the Ministerial Determination for Public Works Programmes should be complied with.
- 10.3 Expenditure on the EPWP Integrated Grant must be reported to the relevant Provincial Treasury in the monthly In-Year-Monitoring tool used by your municipality to report to Provincial Treasury, and copied to National Department of Public Works by 10 calendar days after the end of every month.
- 10.4 The reports should include the outputs intended to be achieved on the projects implemented through the grant. This will be measured monthly until the projects are finished.

PART III: PROCEDURES SUPPORTING THE IMPLEMENTATION OF THE EPWP INTEGRATED GRANT

11. EPWP Planning

- 11.1 Your municipality must prepare an EPWP project list, which must include:
- 11.1.1 project details: the sector to which it belongs, the name of the project, a description of the project, its start date and projected end date, and the type of work ;

- 11.1.2 the project budget;
- 11.1.3 the project's planned job creation outputs: estimated number of work opportunities, FTEs and training days to be created in respect of the project, as well as a description of the products/services produced by the project.
- 11.2 The National Department of Public Works may assist your municipality through the provision of technical support in preparing its EPWP project list by identifying suitable EPWP projects and assisting to develop targets for such projects.
- 11.3 Your municipality is required to register all of its EPWP programmes/projects, at the beginning of the financial year (in terms of its EPWP project list) and as new programmes/projects are initiated, on the EPWP Reporting System by providing the information required in the EPWP project data fields.

12. Project Information Management

- 12.1 Your municipality must ensure that the following information is being collected and verified for your EPWP programmes/projects for the purpose of determining progress towards job creation targets:
- 12.1.1 Site information: Monthly attendance registers showing the number of person days worked per beneficiary for all beneficiaries;
- 12.1.2 Payment information: Payment records, in either a payment register or reflected in bank records, confirming what was paid in wages, at what wage rate, for how much work and to whom;
- 12.1.3 Beneficiary information: This should be a list of beneficiaries containing information on the identity and profile of beneficiaries, including: name and surname, identity or other official number; date of birth; gender; and disability status

13. Reporting

- 13.1 Your municipality must report the progress of all EPWP programmes/projects on the EPWP reporting system 15 calendar days after the end of every quarter - *on the following dates: 5 July 2015, 15 October 2015, 15 January 2016 and 15 April*

2016. This quarterly report must be "authorised" by a delegated official from your municipality. The following information will be required to update progress on the EPWP MIS:

13.1.1 Employment information

Number of work opportunities, person days of work and training days created for the quarter being reported.

13.1.2. Financial information

Any changes to the project's budget; spending and the wage bill for the project for the quarter being reported

13.1.3 Beneficiary information

Summary of beneficiaries, their days worked and their daily wage rate for the quarter being reported.

13.1.4 Project outputs

A description of the products/services produced by the project. This will be measured in kilometres of roads constructed, kilometres of roads maintained, number of units erected, etc..

13.2 The EPWP Reporting System will validate the performance information captured on the EPWP MIS/EPWP Integrated Reporting System; and will upon this basis determine the incentive amounts earned against the FTEs created above the quarterly threshold.

14. Disbursement of the EPWP Integrated Grant

14.1 An EPWP Integrated Grant allocation of ***R 1 000 000 has been allocated to your municipality for the 2015/16 financial year, which 40% of the allocation will be disbursed at the beginning of the financial year.*** A further 2 payments of 30% each will take place in the remainder of the year provided the public body is implementing its EPWP projects and spending as planned towards its job creation targets. *This is indicated below.*

- 14.2 Within 45 calendar days of the end of every quarter - *on the following dates:*
14 August 2015, 13 November 2015, 15 February 2016 - National Department of Public Works will authorise the disbursement of that portion of the EPWP Integrated Grant which your municipality has earned and is entitled to receive by issuing a disbursement letter to your municipality and the relevant Provincial Treasury. The disbursement letter will record:
- 14.2.1 the *validated* (cumulative) number of full time equivalent jobs your municipality has created in the relevant quarter;
- 14.2.2 the portion of the grant that your municipality that has been transferred in a particular tranche.
- 14.3 Your municipality undertakes that it will receive the portion of the EPWP Integrated Grant to which it is entitled every quarter from the transferring national officer –
- 14.3.1 in accordance with the terms of the disbursement letter.

15. Compliance and performance auditing

- 15.1 Your municipality must ensure that adequate records (as indicated in clause 12 and 13 of this Agreement) are maintained for the purpose of verifying and/or auditing job creation performance reported.
- 15.2 The National Department of Public Works reserves the right to *formally* request your municipality to provide any further information and documentation it may require for the purposes of reviewing, auditing and verifying actual performance by your municipality towards achieving its FTE targets. Your municipality undertakes to comply with such request.
- 15.3 The National Department of Public Works reserves the right not to disburse the incentive to your municipality in cases where there is failure to comply with the requirements of the Division of Revenue Act, 2015, the grant framework and/or this Agreement.

PART IV: OBLIGATIONS OF THE PARTIES

Part IV of this Agreement details the obligations of a municipality implementing EPWP programmes/projects as well as the obligations of the National Department of Public Works as the Department leading and coordinating the EPWP and its EPWP Integrated Grant funding.

16. Obligations of National Department of Public Works in terms of the EPWP Integrated Grant

16.1 The National Department of Public Works will:

- 16.1.1 Provide your municipality with technical support and assistance as agreed to by the Parties in order to promote the achievement of the municipality's performance target;
- 16.1.2 Disburse the incentive grant in three tranches of 40%, 30% and 30% respectively provided that the eligible public body is compliant to the conditions of this agreement according to the approved payment schedule and issue a disbursement letter to your municipality and the relevant Provincial Treasury indicating the portion of the grant allocation to be disbursed in a particular tranche;
- 16.1.3 In cases of considerable over or under expenditure, revise the municipality's allocation based on actual and projected performance for 2015/16 in the Adjusted Estimates of National Expenditure;
- 16.1.4 Undertake sample audits on the reported performance of the municipalities.

17. Obligations of the Municipalities

17.1 Your municipality must:

- 17.1.1 Sign a standard incentive agreement with National Department of Public Works by 31st of July 2015 to agree to comply with the conditions and obligations of the EPWP Integrated Grant. The grant agreement must be signed in order to receive the initial 40% disbursement;
- 17.1.2 Agree to comply with the conditions regarding the use of the EPWP Integrated Grant as contemplated in the framework for the grant;
- 17.1.3 Prepare an EPWP project list that it will implement, as indicated in the annexure of this Agreement, in order to meet or exceed its performance target;
- 17.1.4 Register all of its EPWP projects on the EPWP reporting system by providing the minimum information required in the EPWP MIS project data fields as contemplated in clauses 12 and 13 of this Agreement;
- 17.1.5 Comply with the stipulations of National Department of Public Works regarding the content and form of reporting on its EPWP programmes/projects and the timelines for submission of such reports to DPW;
- 17.1.6 Expenditure on the EPWP Integrated Grant must be reported to the relevant Provincial Treasury in the monthly In-Year-Monitoring tool used by your Provincial Treasury, and copied to National Department of Public Works by 10 calendar days after the end of every month;
- 17.1.7 On a quarterly basis, within 15 calendar days after the end of every quarter, report to National Department of Public Works the progress of its EPWP programmes/projects on the EPWP reporting system as contemplated in clause 13 of this Agreement;
- 17.1.8 Maintain project and payroll records as specified in the EPWP Audit Requirements for all of its EPWP programmes/projects;
- 17.1.9 Ensure that these project and or payroll records are available for auditing as and when required by National Department of Public Works;

- 17.1.10 Comply with the terms of the EPWP Integrated Grant Manual, the relevant provisions of the Division of Revenue Act, 2015 and this Agreement.
- 17.1.11 Ensure that the project sign board of a project funded by the EPWP Integrated Grant is branded according to the EPWP Corporate Identity. In addition, the Personal Protective Clothing worn by the workers on funded projects must be branded according to the EPWP Corporate Identity.

PART V: GENERAL

18. Dispute resolution

The Parties agree that any disagreement or dispute arising between the parties with regard to the interpretation or application of this Agreement will be dealt with in terms of Chapter 4 of the Intergovernmental Relations Framework Act, 2005.

19. Amendments to the Grant Agreement

No amendment, alteration, addition or variation of this Agreement is of any force or effect unless reduced to writing and signed by the Parties.

20. Whole agreement

- 20.1 This agreement together with its annexure constitutes the entire contract between the Parties, no agreement varying, adding to, deleting from or cancelling this Agreement and no waiver of any right under this Agreement is effective unless reduced to writing and signed by or on behalf of the Parties.
- 20.2 This Agreement contains all of the express provisions agreed on by the Parties with regard to the subject matter hereof and the Parties waive the right to rely on any alleged express provision not contained in this Agreement.

- 20.3 No Party may rely on any representation that allegedly induced that party to enter into this Agreement, unless the representation is recorded in this Agreement.
- 20.4 No relaxation by a party of any of its rights in terms of this Agreement at any time prejudices or constitutes a waiver of its rights (unless it is a written waiver) and it will be entitled to exercise its rights thereafter as if such relaxation had not taken place.
- 20.5 No party may cede any of its rights or delegate or assign any of its obligations in terms of this Agreement without the prior written consent of the other Party.
- 20.6 Headings of clauses are inserted for the purpose of convenience only and must be ignored in the interpretation of this Agreement.


21. Address and Signature of the National Department of Public Works

- 21.1 Notice of change of address must be given in writing by the party concerned and delivered by registered mail, hand or telefax to the other party.
- 21.2 The parties choose the following as their respective addresses for the purpose of any notices contemplated by this Agreement –
- 21.3 The Director-General of the National Department of Public Works:

Mr. Mziwonke Dlabantu

Physical Address:	CGO Building Cnr Bosman and Vermeulen Streets 7 th Floor, Room 736 Pretoria, 0001
Postal Address:	Private Bag X65 Pretoria, 0001
Tel:	012 406 1988/012 406 1000
Fax:	012 310 5180
E-mail:	Dgpa@dpw.gov.za

Signed at PRETORIA on the 29th day of JUNE 2015.

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**Signed for and on behalf of
THE NATIONAL DEPARTMENT OF PUBLIC WORKS
who warrants his authority**



public works

Department:
Public Works
REPUBLIC OF SOUTH AFRICA



EXPANDED PUBLIC WORKS PROGRAMME

22. Address and Signature of the Municipality

22.1 Notice of change of address must be given in writing by the party concerned and delivered by registered mail, hand or telefax to the other party.

22.2 The parties choose the following as their respective addresses for the purpose of any notices contemplated by this Agreement –

22.2.1 The Municipal Manager of the Kareeberg Local Municipality

Physical Address:	<u>HANAU ST</u>
	<u>CARNARVON, 8925</u>
Postal Address:	<u>P.O. BOX 10</u>
	<u>CARNARVON, 8925</u>
Tel:	<u>053. 3823 012</u>
Fax:	<u>053. 3823 142</u>
E-mail:	<u>kareeberg@xsinet.co.za</u>

Signed at CARNARVON on the 8TH day of JUNE 2015.

Signed for and on behalf of
KAREEBERG LOCAL MUNICIPALITY
who warrants his/her authority

Annexure A

List of Projects to be funded by the 2015/16 EPWP Integrated Grant:

Please use the attached Project List Template, to submit a list of projects to be funded by the EPWP Integrated Grant.

A signed hard copy of the list must be attached to the signed Agreement.

A soft copy of the list must be submitted to the National Department of Public Works by email.

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