

## Funds allocated for future disasters

To cater for the growing pressures imposed by climate change on infrastructure, especially at the local level, government has created a resource pool to specifically respond to future disasters.



February 2023 flooding. Source: SANews.gov.za

“In this regard, R372m has been added to the Municipal Disaster Response Grant, while R1.2bn has been added to the Municipal Disaster Recovery Grant, to cover the repair and rehabilitation of infrastructure damaged by flooding in February and March 2023,” Minister of Finance Enoch Godongwana said on Wednesday in Parliament.

Tabling the Medium Term Budget Policy Statement (MTBPS), the Minister said mitigating the environmental risks posed by climate change must go hand-in-hand with addressing the financial and economic risks posed by climate change.

“The National Treasury is making progress towards developing a disaster risk financing strategy, which will among others, enhance existing risk financing instruments. Despite a robust legal framework, gaps exist in financing and implementation, including overreliance on budget reallocations.

“The National Treasury is analysing fiscal vulnerability and implementing policy reform to improve disaster resilience, reduce risks and ensure resources are efficiently allocated. The strategy adopts a risk-layering approach, incorporating multiple financing instruments based on the incidence and severity of shocks,” the Minister said.

It aims to strengthen governance, improve data quality and build financial and fiscal sustainability. The draft is expected to be ready during 2024/25.

Separately, the National Treasury has initiated the design and piloting of a climate budget tagging system to incorporate climate considerations into public financial management processes.

“The first phase of the project, from October 2020 to October 2022, involved consulting on the design of this system, conducting workshops to raise awareness, reviewing international experience and piloting the system in eight sites across the three spheres of government.

“The next phase is expected to conclude in December 2023. It will involve refining the climate budget tagging framework for additional testing and formal rollout, consulting stakeholders, revising guidance materials and setting up governance arrangements,” the Minister said.

## **Water management**

Over the years, government has observed the impact of poor water management leading to polluted water sources and limited access to clean water for its citizens.

“To address this challenge, the government is making changes to conditional grants, starting with the urban settlement development grant, the integrated urban development grant, and the municipal infrastructure grant.

“These changes include the reconfiguring of grants and revising the grant conditions to align them with the Green Drop, Blue Drop, and No Drop assessments relaunched by the President as part of efforts to ramp up the performance of water service authorities,” the Minister said.

In addition, National Treasury will be working with local governments and the Department of Cooperative Governance and Traditional Affairs to develop new funding models, so that municipalities can continue to earn revenue through the transition to more self-generation of electricity by firms and households.

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