



# Department of Energy

**PLEDGING**

**14 NOVEMBER 2014**

**WESTERN CAPE AMEU**



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25 November 2014

# APPLICATION PROCESS

- Revise the application form and advise municipalities to apply
- Application forms are received and verified and assessed at the regional level with the support from head office



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# ALLOCATIONS:

- Applications gets assessed by Regional Office
- Applications forwarded to Head Office by the regions with recommendations
- Applications get captured on INEP Database
- Allocations criteria considered
- Funding is recommended per municipality
- Present the allocated projects to NEAC meetings for recommendation
- DG approves allocation and thereafter submitted to National Treasury
- National Treasury consider for submission to draft DoRA to Parliament.



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# CONTRACTING

- Contracts are developed according to the agreed projects and allocated funds.
- One contract is signed with each Municipality.
- Details of each project are appended to the contract as annexures



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# PROJECT IMPLEMENTATION

- Reporting
- Monitoring
- Interventions



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# FRONT LOADING/PLEDGING

- Section 8 (4) (a) of the DoRA states that a municipality may only with the approval of the National Treasury pledge, offer as security or commit to a person or institution any envisaged conditional allocation to the municipality for the 2015/16 and the 2016/17 financial year, for the purpose of securing a loan or any other form of financial or other support from that person or institution



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# FRONT LOADING/PLEDGING

If the municipality intends to pledge against INEP grant the following guidelines should be followed:

- Request a letter from the DoE to confirm MTEF allocations
- The munic will approach a financial institution or a person to request financial assistance for the implementation of electrification projects using two outer years INEP conditional grant allocation as security
- NT recommends that Munics should pledge 75% of their two outer year allocation



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# FRONT LOADING/PLEDGING

- A business plan prepared by the financial institution and or the municipality will be sent to National Treasury together with supporting letter from DoE for approval
- After approval from NT agreements will be entered into by the Municipality and the Financial Institution or a person.
- Thereafter Funds will be transferred to the municipality as per agreement and a Project Steering Committee will be formed to monitor the progress of the project during implementation



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# FRONT LOADING/PLEDGING

- In the following financial year the DoE will transfer the allocation in JULY to the municipality.
- The Municipality will then reimburse the bank or a person together with interest as per agreement
- The same will happen in the second financial year



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# THANK YOU



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