KWAZULU-NATAL PROVINCE
ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS
REPUBLIC OF SOUTH AFRICA

Signed by:SENZO WELLINGTON SHEZI
Signed at:2025-09-02 21:03:57 +02:00
Reason:I hereby certify this agreement

AGREEMENT OF GRANT FUNDING

ENTERED INTO BY AND BETWEEN

THE KWAZULU-NATAL DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM AND ENVIRONMENTAL AFFAIRS

Herein represented by **Mr. Nhlakanipho Nkontwana** in his duly authorised capacity as the **Head** of the **KwaZulu-Natal Department of Economic Development, Tourism and Environmental Affairs**

and the

UMDONI LOCAL MUNICIPALITY

Herein represented by **Ms NK Dweba** in her duly authorised capacity as the **Municipal Manager** of the **uMdoni Local Municipality**

IN RE:

MUNICIPAL EMPLOYMENT INITIATIVE (MEI)

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WHEREAS:

A. One of the key purposes of the KZN Department of Economic Development, Tourism and Environmental Affairs (EDTEA) is to advance economic growth and job creation initiatives that prioritise historically disadvantaged individuals (HDI) and groups through enterprise development, economic empowerment and regional and local economic development. This is mainly done by creating a favourable economic growth environment for small businesses in townships and rural areas through the development of economic infrastructure;

B. Local Economic Development (LED) is a mandatory function of local government which is entrenched in the Constitution of South Africa and other accompanying legislations. The goals of LED are to create wealth, generate jobs, increase incomes and ultimately reduce poverty and improve the quality of life for all citizens of South Africa with a focus on disadvantaged and vulnerable groups;

C. EDTEA developed the Municipal Employment Initiative (MEI) in order to support municipalities with their Local Economic Development (LED) mandate given the proven demand and impact of the MEI projects supported by EDTEA in the past. The need existed for EDTEA to identify and allocate additional MEI support funding in a fair, competitive and demand driven process. The RLED Unit of EDTEA therefore initiated a formal Call for Proposals process during November 2023 whereby local municipalities were able to apply for MEI support from EDTEA through a formal project selection process, which was approved by the Acting HOD on 24 June 2024;

D. During the MEI application assessment process of EDTEA, the uMdoni Local Municipality successfully qualified for funding support from EDTEA to implement their MEI and EDTEA made funding available for this purpose. In addition to the financial support provided by EDTEA, technical support will also be provided to the uMdoni Municipality during the implementation of the MEI to enhance the processes whereby viable LED projects are identified, evaluated, funded, implemented and monitored. Through this process the MEI documentation and processes of the Municipality will be reviewed and enhanced;

E. The financial and technical support provided by EDTEA will build the capacity of the uMdoni Municipality and enhance intergovernmental relations to better interact with their citizens to identify, package and implement viable LED projects that will stimulate the local economy. The main beneficiaries of the MEI will be the numerous local micro and small entrepreneurs that will benefit from this initiative; and

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F. The parties deem it expedient to record the terms of their Agreement in writing, in order to establish the terms and conditions on which EDTEA will provide the grant funding to the uMdoni Municipality for the intended purpose.

THE PARTIES AGREE AS FOLLOWS:

INTERPRETATION AND DEFINITIONS

1. In this Agreement, unless the context indicates otherwise –

1.1 an expression, which denotes any gender, includes the genders, a natural person includes a judicial person and vice versa, and the singular includes the plural and vice versa;

1.2 clause headings are for convenience only and will not be used in its interpretation, and the following expressions bear the meanings assigned to them and cognate expressions bear corresponding meanings –

"Agreement" means this Agreement of Grant Funding, and all the Schedules and Annexures thereto;

"Days" means where a number of days are prescribed, they shall consist of all days (excluding Saturday, Sunday and Public Holidays);

"Department" means the KwaZulu-Natal Department of Economic Development Tourism and Environmental Affairs;

"Project Implementation Plan" means the implementation plan contemplated in this Agreement which is attached hereto with Schedule 1 hereto;

"Funding" means the Grant funding contemplated in this Agreement and **"funds"** has a corresponding meaning;

"Municipality" means the uMdoni Local Municipality;

"Parties" means the Department and uMdoni Local Municipality, and **"Party"** has a corresponding meaning;

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"Project" means the implementation of the Municipal Employment Initiate (MEI) of the uMdoni Municipality contemplated in this Agreement;

1.3 words and expressions defined in any sub-clause will, for the purpose of the clause of which that sub-clause forms part, bear the meaning assigned to such words and expressions in that sub-clause; and

1.4 this Agreement is governed by and construed in accordance with the laws of the Republic of South Africa.

DURATION OF AGREEMENT

2. This Agreement commences on the date of signature of the last party signing this agreement, and terminates on **31 August 2026**, provided that the parties may agree to an extension of the Agreement on such terms and conditions as may be agreed to between them in writing.

PROJECT BUDGET AND TRANSFER OF GRANT FUNDING

3. The Municipality and the Department hereby agree on the total budget allocation of funding for the implementation of the Project to the total value of **R2000 000 (Two Million Rand only)** provided that –

3.1 the Department will within 30 days of signing hereof by both Parties transfer the amount of **R1000 000 (One Million Rand only)** during the 2025/26 financial year by way of electronic transfer into the Municipal Bank Account at **Standard Bank Name, Branch Code: 057627, Account Number: 052791688**, to undertake and execute the Project;

3.2 The Municipality shall commit and allocate a co-funding contribution amount of **R1000 000 (One Million Rand only)** towards the implementation of the Project as indicated in Schedule 1, and this contribution must be budgeted and expended in compliance with the MFMA, subject to the provision of clause 8;

3.3 the Municipality shall ensure that the Grant Funding and any co-funding contributions are incorporated into the budget and/or adjustment budget, and reflected in the Service Delivery and Budget Implementation Plan (SDBIP);

3.4 local adaptations to delivery arrangements may be agreed in writing by both parties and appended to this agreement prior to implementation; and

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3.5 no expenditure may be incurred by the Municipality until:

3.5.1 a dedicated budget vote is created by the Municipality for the Grant Funding allocation from the Department; and

3.5.2 the Project Implementation Plan and Procurement Plan are approved by the Project Management Committee and the Department.

ACCEPTANCE OF GRANT FUNDING

4. The Municipality hereby accepts the Grant Funding in order to undertake the Project contemplated in this Agreement, and accordingly takes and accepts full responsibility, accountability and ownership of the Project subject to the terms and conditions of this Agreement and declares that it implements effective, efficient and transparent financial management and internal control systems as contemplated in Section 62(1)(c)(i) of the Municipal Finance Management Act (MFMA), 2003 (Act No. 56 of 2003).

USE OF GRANT FUNDING

5. The Municipality undertakes to utilize the Grant Funding exclusively for the purposes of the Project in accordance with their approved Proposal and Project Implementation Plan, provided that –

5.1 the Department will transfer Funding to the Municipality for the implementation of the Project in terms of this Agreement and the municipality will ensure effective, efficient and transparent financial management and internal control systems and controls as contemplated in section 38(1) of the Public Finance Management Act, 1999 (Act No 1 of 1999);

5.2 the department may conduct an audit at any stage during the term of the Agreement or after termination thereof, to ensure that the Municipality has complied with the provisions of this Agreement;

5.3 where the funds are used for purposes other than the Project, or where unauthorised, irregular, fruitless or wasteful expenditure occurs, the Municipality shall:

5.3.1 report the expenditure in accordance with Section 32 of the MFMA;

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5.3.2 take steps to recover such funds where necessary; and

5.3.3 account to the Department on remedial action taken.

5.4 the Department may invoke the provisions of clause 21 in the event that it is established that the Municipality has utilized the Grant Funding for any purpose other than the Project, and recover such amount and the interest if it is established that the Grant Funding was not utilized by the Municipality for purposes of the Project; and

5.5 the Department will cancel the Agreement and demand a refund of the full amount transferred if the Municipality fails to follow its own procurement legal prescripts.

PROJECT MANAGEMENT COMMITTEE

6. The Department, in consultation with the Municipality, must, within a period of ten (10) days of signing this agreement, establish a Project Management Committee (PMC) consisting of Departmental and Municipal officials from all relevant Municipal Units involved in the project, to manage and monitor the Project, provided that the **Director: Ms. Makhosi Mzizi** of the Department or her duly appointed representative, **Deputy Director: Naledi May**, must be a member of the Project Management Committee, as the Departmental Responsibility Manager for the management of the Project.

MEETINGS OF PROJECT MANAGEMENT COMMITTEE

7. The Project Management Committee must be established within ten (10) days of signing this agreement, and be administered by the Municipality, and meet regularly as mutually agreed and as often as required in terms of the completion of milestones indicated in the Project Implementation Plan contemplated in this Agreement, in order to effectively manage and monitor the project implementation and progress, provided that –

7.1. attendance by the Municipal Manager, or a specific municipal official delegated by the Municipal Manager, and Departmental official is compulsory;

7.2. representatives from all relevant units within the Municipality that are involved in the project implementation from the Supply Chain Management (SCM), Finance, Local Economic Development (LED), Community Participation and others must attend and be actively involved in the Project Management Committee, and may not be absent from two consecutive meetings, unless otherwise agreed with the Department in writing and in advance;

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7.3. dates of scheduled meetings must be agreed upon at the first meeting;

7.4. all other relevant public and private sector stakeholders should be involved as and when required to ensure coordination and alignment and to optimise the Project benefits;

7.5. the Municipality must also involve the Department in any of the project related institutional structures and processes during the implementation of the Project to ensure effective monitoring and support by the Department during the entire process; and

7.6. the Project Management Committee will develop terms of reference stipulating the parameters upon which it will operate in its first meeting.

PROJECT IMPLEMENTATION PLAN AND DELAYED TASKS

8. The Project Implementation Plan is attached to the Agreement as Schedule 1 and indicates the Project phases, activities, objectives, deliverables, time frame and budget. The Project Implementation Plan is used by Project Management Committee to manage and monitor the project implementation in terms of the Agreement. Where Project phases or tasks are delayed by more than thirty (30) days (one month), the Project Implementation Plan, must be amended in accordance with clause 32, provided that –

8.1 the Project Management Committee amend the Project Implementation Plan within the agreed duration period of the project indicated in clause 2;

8.2 the extent of any amendments to the Project Implementation Plan must be agreed and clearly indicated as such in the minutes of the Project Management Committee before it is submitted to the Department for consideration and approval;

8.3 any contractual amendments related to the overall scope and implementation time frame of the Project must be motivated and requested in writing by the Municipally, for consideration and approval by the Department, before it is implemented, and

8.4 the delayed submission of the revised Project Implementation Plan by the Municipality to the Department will be a breach of the Agreement in terms of clauses 17, 20 and 21.

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INTEREST ON GRANT FUNDING

9. Any interest earned on the amount contemplated in clause 3, or VAT rebates on the funds must be utilised for the Project, or for any other purpose as may be agreed to by the Department in writing prior to the expenditure thereof by the Municipality.

SAVINGS ON GRANT FUNDING

10. Any unspent or surplus funds (including accrued interest) must be returned to the Department upon completion of the Project, unless written permission is obtained by the Municipality from the Department to retain and use the savings.

FINANCIAL CONTROLS

11. The Municipality may only effect payment for expenses claimed in terms of the Project if the Municipality is satisfied that –

 11.1. the activities undertaking meet the objectives of the Project;

 11.2. the expenses were validly incurred in terms of the Agreement;

 11.3. all project challenges and risks identified during the implementation of the project were adequately addressed and mitigated by the Municipality;

 11.4. the Municipality create a separate dedicated vote on the municipal financial system for all the project related contributions and payment transactions;

 11.5. the Municipality must cooperate and retain all financial and project records for inspection by the Department, Auditor-General, and Provincial Treasury, and support all audit processes in relation to this Agreement and the associated Project;

 11.6. any unspent or surplus grant funds by the end of the municipal financial year, must be returned to the Department, unless a formal rollover request has been submitted and approved in writing by Provincial Treasury at the end of the financial year; and

 11.7. the grant funding allocation from the Department is reflected in the approved Municipality budget and/or adjustment budget.

PROJECT REPORTS AND RELATED DOCUMENTS

12. The Municipality must provide the Department with the following Project reports and documentation in the format and within the time frame agreed by the Parties, to be presented by the Municipality at the Project Management Committee meetings –

12.1. Project expenditure must be reported monthly as Section 71 and mid-year Section 72 reports in terms of the MFMA;

12.2. the Department shall provide standardised templates and performance indicators for consistent reporting;

12.3. detailed and accurate monthly project progress reports that indicate the implementation status of the Project in terms of the deliverables achieved as indicated in the Project Implementation Plan, the management of challenges and risks identified and all expenditure incurred during the implementation of the Project, and all other supporting documentation required, within ten (10) days of the end of every month for the duration of the Agreement;

12.4. revised Project Implementation Plan if any of the Project phases or activities falls behand schedule by more than thirty (30) days;

12.5. risk register and management plan that indicates all the anticipated and actual challenges and risks identified during the implementation of the Project, that indicates mitigation actions, activities and processes with responsibility allocations and time frames;

12.6. the MEI call for proposals (CFP) guidelines, advert, evaluation procedures and criteria for comments and input by the Department, before it is implemented by the Municipality;

12.7. procurement plan that indicates the Municipal Supply Chain Management process to be followed to acquire MEI equipment for beneficiaries;

12.8. project beneficiaries profile information which can be verified;

12.9. all the required supporting documentation to verify project expenditure and deliverables achieved;

12.10. a final written close-out report and all supporting documentation, as contemplated in clause 19;

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12.11. all reports and relevant documentation pertaining to the Project implementation status and monitoring must be made available by the Municipality to the Department within a reasonable and acceptable time; and

12.12. in the event that the Municipality fails to provide the Department with project reports and documentation, or fails to implement the Project Implementation Plan effectively, the Abandonment, Dispute Resolution and Breach measures indicated in clauses 17, 20 and 21 will come into effect.

PROJECT HANDOVER AND RELATED EVENTS

13. The Municipality must -

13.1. Timeously communicate with the Department on matters related to any handover events, project publicity and activities related to the project; and

13.2. allow the Department to use its branding materials on all related project documentation and during Project hand over events to project beneficiaries.

PROCUREMENT

14. The Municipality will undertake the procurement of equipment for the Project beneficiaries, in consultation with the Department, and in accordance with the provisions of the Local Government Municipal Systems Act, 2000 (Act No. 32 of 2000) and the Local Government Municipal Finance Management Act, 2003 (Act No. 56 of 2003) municipal Supply Chain Management policies and Treasury Regulations, subject to –

14.1. the submission of a procurement plan for the Project by the Municipality, that indicates the procurement process to be implemented in terms of the Municipal Supply Chain Management Policy, for endorsement by the Department prior to the commencement of the procurement process by the Municipality;

14.2. the use of internal Municipal Supply Chain Management processes and procedures from the collective allocated Project budget, at no additional cost to the Project budget indicated in clause 3 of this agreement;

14.3. if the Municipality outsources the Project procurement to external service providers, the cost thereof cannot be covered from the collective Project Funding budget allocation indicated in clause 3 of this agreement, and must be covered by the Municipality from other additional funding sources;

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14.4. all procurement by the Municipality must comply with Section 112 of the MFMA. Deviations from SCM policy must be disclosed and non-objection by the Department sought before the relevant expenditure is incurred;

14.5. all Supply Chain Management records and documents relevant to the Project must be submitted by the Municipality to the Department as part of the monthly project progress reports, as stipulated in clause 12.3;

14.6. the Department reserves the right to review procurement documentation and request re-evaluation if irregularities are identified during any stage of the Municipal procurement process, and before the award is made.

OWNERSHIP AND FORMAT OF INTELLECTUAL PROPERTY

15. Ownership of all assets, documents, materials, data and information in whatever manner or format, whether hard copy, digital, video tape, audio tape, or otherwise, pertaining to the Project will vest in the Municipality, provided that –

15.1. the Municipality must furnish a hard copy and electronic copy of all Project reports, plans or similar documents free of charge to the Department, if the product of the Project is a report, plan or similar document within a reasonable agreed time frame; and;

15.2. the Department reserves the right to make reports, plans or similar documents received by it as part of this Agreement available to the public free of charge in downloadable electronic form.

AVAILABILITY OF DOCUMENTS

16. All documents, materials, data and information in whatever manner or format, whether hard copy, digital, video tape, audio tape, or otherwise, must be made available on request to organs of state at the cost of reproduction.

ABANDONMENT OF THE PROJECT

17. The Project must be regarded as abandoned, if the commencement thereof is postponed for longer than 60 days (two months) after the signing of this Agreement due to no fault on the part of the Department, unless the Municipality requested an extension of time as provided for in clause 32, or the implementation of the Project Implementation Plan indicated in Schedule 1 is abandoned for more than 60 days (two months) with no clear

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project progress indicated or reported by the Municipality. In the event that the Project is abandoned and terminated in terms of clause 18 and 21, the Municipality must –

17.1. refund the Department the total amount of the funding transferred in terms of this Agreement within a period of thirty (30) days of the date of abandonment; and

17.2. account for the eligible funds spent until the day the project was regarded as abandoned to justify the failure to refund the total amount in terms of sub-clause 17.1.

TERMINATION OF AGREEMENT

18. This Agreement terminates on the date indicated in clause 2 of this agreement, unless extended in writing and signed by both Parties, subject to the provisions of clauses 5.3, 17 and 21.

CLOSE-OUT REPORT

19. Sixty (60) days prior to the termination date of the Agreement indicated in clause 2, the Municipality must submit a close-out report to the Department in the format agreed by the Parties, as contemplated in clause 12.10, which must include–

19.1. project close-out report(s) in the prescribed format of the Department, or as agreed with the Municipality;

19.2. all supporting documents required by the Department for the purposes to verify procurement processes and expenditure to close the project out; and

19.3. the right for the Department to undertake monitoring and impact assessment engagements with relevant stakeholders in conjunction with the Municipality during and for an agreed period of time after the project implementation has been completed and closed out.

DISPUTE RESOLUTION AND SETTLEMENT

20. Either Party to the Agreement may, in the event of any dispute arising out of the Agreement, refer the dispute for resolution as contemplated in the Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005).

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BREACH OF AGREEMENT

21. If either party fails to meet its obligations in terms of this Agreement, the innocent party, at its choice, without prejudice to any other rights and remedies the party may have, after compliance with clause 20, and after giving fourteen (14) days written notice to the defaulting party at its *domicilium*, calling on the latter to remedy the breach, may –

21.1. cancel the Agreement;

21.2. enforce the terms of the Agreement; and

21.3. in any event claim damages that it may have suffered as a result of the breach.

DOMICILIUM

22. The Parties choose their *domicilium citandi et executandi* for all purposes of the giving of any notice, the payment of any sum, the serving of any process and for any other purpose arising from this Agreement, as follows:

The Department: **Office of Head of Department**
270 Jabu Ndlovu Street
Pietermaritzburg
3201
Telephone: 033 264 2500
Email: Naledi.May@kznedtea.gov.za

The Municipality: **Office of the Municipal Manager**
Umdoni Local Municipality
P.O. Box 19
Scottburgh
4180
Telephone: 039 976 1202
Email: mmoffice@umdoni.gov.za
sifison@umdoni.gov.za

VARIATION TO DOMICILIUM

23. Either party, upon written notice to the other party, may vary its physical or e-mail address to any other physical or e-mail address number within the Republic of South Africa.

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NOTICES

24. Any notice given by either party to the other party, which –

24.1. Is delivered by hand during the normal business hours of the addressee at the addressee's *domicilium* will be deemed to have been received by the addressee at the time of delivery;

24.2. Is posted by prepaid registered post from an address within the Republic of South Africa to the addressee at the addressee's *domicilium* will be deemed to have been received by the addressee on the seventh day after the date of posting; and

24.3. is sent by e-mail during the normal business hours of the addressee to the addressee's *domicilium* will be deemed to have been received on the date and time of successful transmission thereof.

SOLE RECORD

25. This Agreement, together with its appendices, constitutes the sole record of the Agreement between the Parties in regard to its subject matter, and neither party will be bound by any representation, express or implied term, warranty, promise or the like not recorded herein, or reduced to writing and signed by both parties.

VARIATION

26. No variation, modification, addition, alteration, erasure or abandonment of any clause of this agreement or consent to deviation from the agreement will be valid unless it is recorded in writing and signed by both Parties.

GRACE

27. No grace, delay, relaxation, leniency or indulgence granted by the Department to the Municipality will be deemed to be an abandonment of any right by the department contemplated in this Agreement, and will not prevent the Department from insisting on strict future compliance by the Municipality with all the terms and conditions of this Agreement.

SEVERABILITY

28. Each clause of this Agreement is severable from each of the other clauses and if any clause in this Agreement is found to be void, invalid or unenforceable for any reason, the remaining clauses will remain in full force and effect.

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SUCCESSORS-IN-TITLE

29. The provisions of this Agreement will be binding upon the successors-in-title of the Parties, and the rights and obligations of each party arising out of or pursuant to this agreement will devolve upon and bind its successors-in-title.

CESSION

30. Neither party may cede, assign, transfer or otherwise make over any of its rights or obligations contemplated in this Agreement, without the prior express, written consent of the other party.

COSTS

31. Each party must bear its own costs of and incidental to the negotiation and preparation of this Agreement.

AMENDMENT OF AGREEMENT

32. The Department, in its sole discretion, may agree with the Municipality to amend any term or condition of this Agreement in writing, subsequent to –

    32.1. the scope of the Project needs to be increased or reduced; or

    32.2. any other term of the agreement that needs to be amended.

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SIGNED AT Pietermaritzburg **ON THIS** 03 **DAY OF** September **2025**

Signed by:Brightboy Nhlakanipho Nkonl
Signed at:2025-09-03 19:54:15 +02:00
Reason:I approve this document

Mr. Nhlakanipho Nkontwana
Duly authorised to sign this Agreement on behalf of the Department

AS WITNESSES:

1. ______

NAME: Diane Lucille Michael

2. Videshni Naidoo

NAME: Videshni Naidoo

SIGNED AT SCOTTBURGH **ON THIS** 11 **DAY OF** SEPTEMBER **2025**

Ms N.K. Dweba
Duly authorised to sign this Agreement on behalf of the uMdoni Local Municipality

AS WITNESSES:

1. ______

NAME: Masixole Sitshwe

2. ______

NAME: sifiso Nxele

SCHEDULE 1

"See attached Project Implementation Plan"

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