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● New grants for financial management, energy efficiency and urban development financing in budget

# R200m boost for Bay's finances

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The addition of three new conditional grants has boosted Nelson Mandela Bay's overall disbursement by R200m for the 2025/2026 financial year.

This is according to the Division of Revenue Bill released by finance minister Enoch Godongwana yesterday.

The grants are earmarked for financial management, energy efficiency and urban development financing.

It represents a critical boost to the metro's fiscal health.

With R3.1bn in grant funding allocated for the 2024/2025 financial year, the additional funding propels the city's

allocation to R3.3bn.

The introduction of an Urban Development Financing Grant combines the metro's Neighbourhood Development Partnership Grant and the Project Preparation Support Grant.

This grant is intended to strengthen the management of infrastructure investment in municipal entities that supply water, sanitation, electricity, energy and solid waste management services.

No separate allocation was made for the Neighbourhood Development Partnership Grant as was the case in the current financial year, while the city-led public works programme has been completely removed.

The Energy Efficiency and Demand Side Management Grant aims to reduce electricity consumption and improve energy efficiency in the country by funding municipal projects and incentive-based programmes.

The Financial Management Grant is a programme designed to support and promote reforms in municipal financial management such as municipal standard chart of accounts (mSCOA).

The city has been battling to become mSCOA compliant for over a decade, with millions spent over the years with nothing to show for it.

The R1m allocation for the financial management grant is a drop in the ocean for the

R400m the city has envisaged to be spent over the next three years to become mSCOA compliant.

Conditional grant allocations for the city include:  
● Urban Settlement Development Grant — R663m;  
● Equitable Share — R1.6bn;  
● Informal Settlements Upgrading Partnership Grant — R377m;  
● Public Transport Network Grant — R286m;  
● Infrastructure Skills Development Grant — R8.9m;  
● Expanded Public Works Programme — R2.4m;  
● Regional Bulk Infrastructure Grant — R390m;  
● Financial Management Grant R1m;

● Energy Efficiency and Demand Side Management Grant R7m; and  
● Urban Development Financing Grant R48m.

The equitable share is an increase of R100m for the 2025/2026 allocation, totalling R1.6bn.

Delivering his speech, Godongwana said R2.4-trillion had been allocated to provinces over the medium term expenditure framework.

The local government equitable share is increasing from R99.5bn in 2024/2025 to R115.7bn in 2027/2028.

"This budget includes additional allocations to support critical provincial functions related to health and education.

"This is to fund increases in the cost of bulk water and electricity costs provided for free to needy households.

"In the 2025/2026 fiscus, 83% of the local government equitable share provides a free basic services package of R610 per month to 11.2-million poor households."

Godongwana said this package of free municipal services continued to be a key tool for reducing poverty and inequality, raising living standards and facilitating access to greater economic opportunities.

Budget and treasury political head Khanya Ngqisha could not be reached for comment by the time of publication.