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# 2019

# Education Budget Brief

Public Service Accountability Monitor  
Eastern Cape, South Africa



## PSAM

Public Service  
Accountability  
Monitor

# Siyabulela Fobosi



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ADVANCING YOUR RIGHT TO SOCIAL ACCOUNTABILITY

## **Budget Analysis Brief: Education**

**2019/20**

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Monitoring and Advocacy Programme  
Public Service Accountability Monitor

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### **1. INTRODUCTION**

The South African Constitution commits government departments to the progressive realisation of socio-economic rights, including the right to education, healthcare, housing and social welfare, within available resources. Social accountability is central to good governance and relates to being accountable or responsive to citizens. Through social accountability, the citizens as users of public services voice their needs and demand for an improved delivery of basic services.<sup>1</sup> The Public Service Accountability Monitor (PSAM) defines social accountability as the obligation by public officials and private service providers to justify their performance in progressively addressing the socio-economic rights through the delivery of public services, state departments and private service providers responsible for the management of public resources must implement effective accountability and service delivery processes. These include planning and resource allocation processes; expenditure management processes; performance monitoring processes; integrity management processes and, oversight processes. These processes, together, combine to form a *social accountability system*, which acts as the central pillar of a responsive democratic space.

This budget brief analyses the 2019/20 budget allocations to Programme 6 (Infrastructure Development) of the Eastern Cape Department of Education (ECDoE). While this budget brief analyses the 2019/20 budget allocations, it also refers to past budget allocations between 2014 and 2018. The analysis of budget allocations will provide recommendations for the 6<sup>th</sup> administration. This budget brief is situated within the planning and resource allocation processes of the social accountability system (SAM)<sup>2</sup>, and is using a rights-based approach to evaluating

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<sup>1</sup> Baez Camargo, C and Jacobs, E. 2013. *Social Accountability and Its Conceptual Failures: An analytical framework*. Basel Institute on Governance: Working paper series No. 16.

<sup>2</sup> The Social Accountability System (SAM) has the following five processes: 1) planning and resource allocation; 2) expenditure management; 3) performance management; 4) public integrity; and 5) oversight

resource allocation for programme 6. This approach places an obligation on the state to fulfill the rights of citizens to quality basic education, as enshrined in Section 29 of the Constitution.

## KEY FINDINGS AND RECOMMENDATIONS

### I) Finding

The budget allocated to the Department of Basic Education (DBE) increased by 4%, in nominal terms, over the years of the 5<sup>th</sup> national administration, from R19.68 billion in 2014/15 to R24.50 billion in 2019/20. However, between 2017/18 and 2018/19, the DBE experienced budget cuts. For example, the national budget to the DBE decreased by 3% in nominal terms, from R23.40 billion in 2017/18 to R22.72<sup>3</sup> billion in 2018/19.

### I) Recommendation

The national treasury should consider inflation when allocating funds to departments, especially considering its impact on the delivery of services by departments.

### II) Finding

While the budget allocations to the DBE increased by 4% between 2014/15 and 2019/20, the department faced underspending and poor performance over the 5<sup>th</sup> national administration. For example, on the target of building 100 schools in the 2014/15 financial year, the department only built 24 schools. Also, the department only managed to build 9 schools against the target of 50 schools in 2018/19. Underperformance was also reported in the provision of sanitation to schools, where 64 schools were provided against a target of 285 in 2018/19.

### II) Recommendation

In order to realise quality education, the 6<sup>th</sup> administration should ensure that the poor performance is addressed in order to realise quality education. The National Treasury should play a leading role in this regard, through building capacity of the DBE for improved performance. Similar to this, President Cyril Ramaphosa in his State of the Nation Address (SONA) 2019 speech, mentioned that government will strengthen the technical capacity of departments so as “ensure that projects move faster, building a pool of engineers, project managers, spatial planners and quantity surveyors – an action team that can make things happen faster on the ground”.<sup>4</sup> Strengthening technical capacity for departments will ensure that the poor implementation problem is addressed.

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<sup>3</sup> Main appropriation (budget allocation) before it got adjusted.

<sup>4</sup> [http://kznlegislature.gov.za/wp-content/uploads/2019/02/190207-SONA-2019-v7-2\\_628.pdf](http://kznlegislature.gov.za/wp-content/uploads/2019/02/190207-SONA-2019-v7-2_628.pdf)

**III) Finding**

During the Eastern Cape 5<sup>th</sup> administration, the budget allocations to the Eastern Cape Department of Education (ECDoE) increased from R26.85 billion in 2014/15 to R36.32 billion in 2019/20. While the budget allocation to the ECDoE increased by 4% from R34.89 billion in 2018/19 to R36.32 billion in 2019/20; in real terms, this only increased by 2% to R35.56 billion.

**III) Recommendation**

The 6<sup>th</sup> provincial administration – the provincial treasury – should consider that building new schools, providing sanitation and water to schools, and eradication of pit latrines will cost more in the current financial year than the previous year, as more funding is required for this.

**IV) Finding**

While the allocations to Programme 6 (Infrastructure Development) of the ECDoE increased during the 5<sup>th</sup> provincial administration, from R1.10 billion in 2014 to R1.58 billion in 2019/20, it is worth noting that the ECDoE experienced budget cuts between 2017/18 and 2018/19, specifically for infrastructure development. The budget allocation decreased from R1.65 billion in 2017/18 to the adjusted budget of R1.59 billion in 2018/19. This decrease continued until the current financial year, where the allocation to the programme decreased by 1% in nominal terms, from the *adjusted budget* of R1.59 billion in 2018/19 to R1.58 billion in 2019/20. In real terms, this decreased by 3% to R1.55 billion. It appears that the 5<sup>th</sup> provincial administration experienced budget cuts.

**IV) Recommendation**

The 6<sup>th</sup> provincial administration – the provincial treasury should provide more funding and ensure better spending to school infrastructure and resolve ensuring the realisation of quality education.

**V) Finding**

Between 2017 and 2018, six (6) of the nine (9) provinces had their budget allocations for the Education Infrastructure Grant (EIG) reduced – with the Northern Cape having had the highest reduction by 21%, in nominal terms, from R612 million in 2017/18 to R483 million in 2018/19. In nominal terms, the allocations for the EIG to the Eastern Cape decreased by 5% from R1.58 billion in 2017/18 to R1.47 billion in 2018/19, and increasing by 7% to R1.58 billion in 2019/20.

**V) Recommendation**

The National Treasury should ensure that there is sufficient funding for the historically disadvantaged province of the Eastern Cape, especially given the lack of proper sanitation in most schools of the province.

## VI) Finding

Between 2018/19 and 2019/20 the ECDoE still experienced budget cuts, in nominal terms, in the following two (2) of the seven (7) conditional grants: Maths, Science and Technology Grant (by 16%) and Learners with Profound Intellectual Disabilities Grant (by 2%). In real terms, these two conditional grants had their budget allocations decreased by 18% and 4% respectively. With these reductions, it is unlikely that the ECDoE will provide support and resources to schools, teachers and learners with profound intellectual disabilities.

## VI) Recommendations

In order to improve the provision of support and resources to schools, teachers and learners, the 6<sup>th</sup> administration should ensure that there is sufficient funding for the Maths, Science and Technology (MST) grant. Moreover, government should ensure that there is more funding for learners with intellectual disabilities. The Department of Basic Education's White Paper 6 outlines the commitment of government to provide education "opportunities to learners who experience, or have experienced, barriers to learning and development".<sup>5</sup> This commitment is meant to ensure that education is accessible to all, regardless of any barriers that one may encounter.

## 2. THE PRIORITY OF BASIC EDUCATION IN THE BUDGET BETWEEN 2014 AND 2019

The South African Department of Basic Education (DBE) deals with all schools from Grade R to Grade 12, including the adult literacy programmes – and has the aim to develop, maintain and support a South African school education system for the 21<sup>st</sup> century. In 2015, the DBE produced the Action Plan to 2019: Towards the realisation of Schooling 2025 – representing a development in the journey towards quality education for all South Africans.<sup>6</sup> The Public Service Accountability Monitor (PSAM) has previously noted, apart from the Action Plan to 2019, [there are a number of planning documents that guide the basic education sector](#).<sup>7</sup> The other important documents include the National Development Plan Vision 2030; the Medium Term Strategic Framework; and the Strategic Plan for the DBE 2014-2019. In order to realise the priorities of quality education, as contained in these planning documents, the 5<sup>th</sup> administration allocated budget to the DBE.

It is worth noting that the budget allocation to the DBE increased by 4% over the years of the 5<sup>th</sup> national administration; from R19.68 billion in 2014/15 to R24.50 billion in 2019/20, as shown in Figure 1 below. While this increase can be noted, it is worth mentioning that the 5<sup>th</sup> administration implemented budget cuts between 2017/18 and 2018/19. The PSAM, in its [2018 Budget Brief](#),

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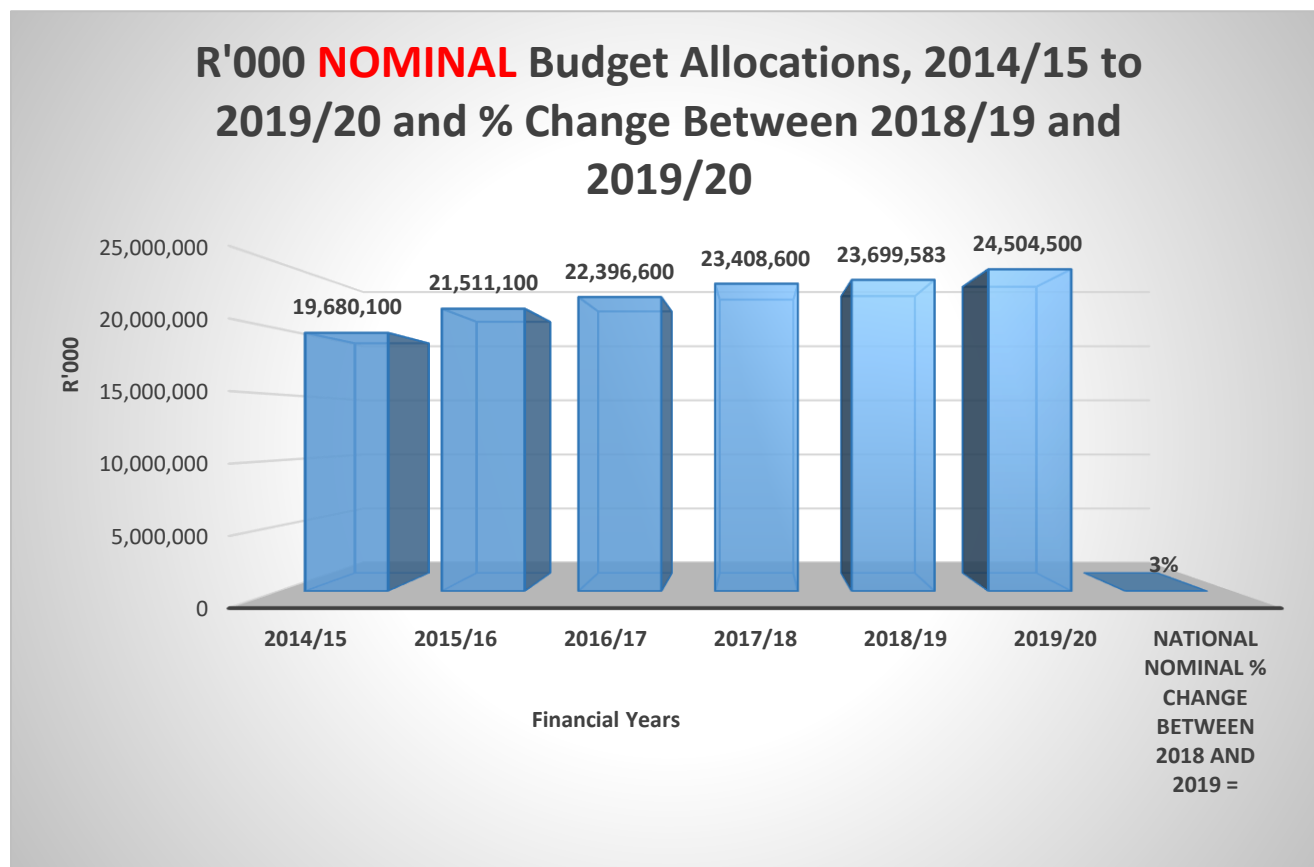
<sup>5</sup> General Household Survey. 2017. Focus on Schooling. Accessed from [https://www.education.gov.za/Portals/0/Documents/Reports/General%20Household%20Survey%202017\\_Focus%20on%20Schooling.pdf?ver=2019-01-09-085659-013](https://www.education.gov.za/Portals/0/Documents/Reports/General%20Household%20Survey%202017_Focus%20on%20Schooling.pdf?ver=2019-01-09-085659-013)

<sup>6</sup> Action Plan to 2019: Towards the realisation of Schooling 2025

<sup>7</sup> [http://psam.org.za/wp-content/uploads/2018/09/Education-SPE-2018\\_Final.pdf](http://psam.org.za/wp-content/uploads/2018/09/Education-SPE-2018_Final.pdf)

reported that the national budget for the basic education decreased by 3%, in nominal terms, from R23.40 billion in 2017/18 to R22.72 billion in 2018/19. PSAM noted that the budget reductions will affect the progressive realisation of the rights of learners to quality basic education, through the delayed delivery of infrastructure projects, for example.

**Figure 1: DBE **NOMINAL** Budget Allocations, 2014/15 to 2019/20<sup>8</sup> and % Change Between 2018/19 and 2019/20**

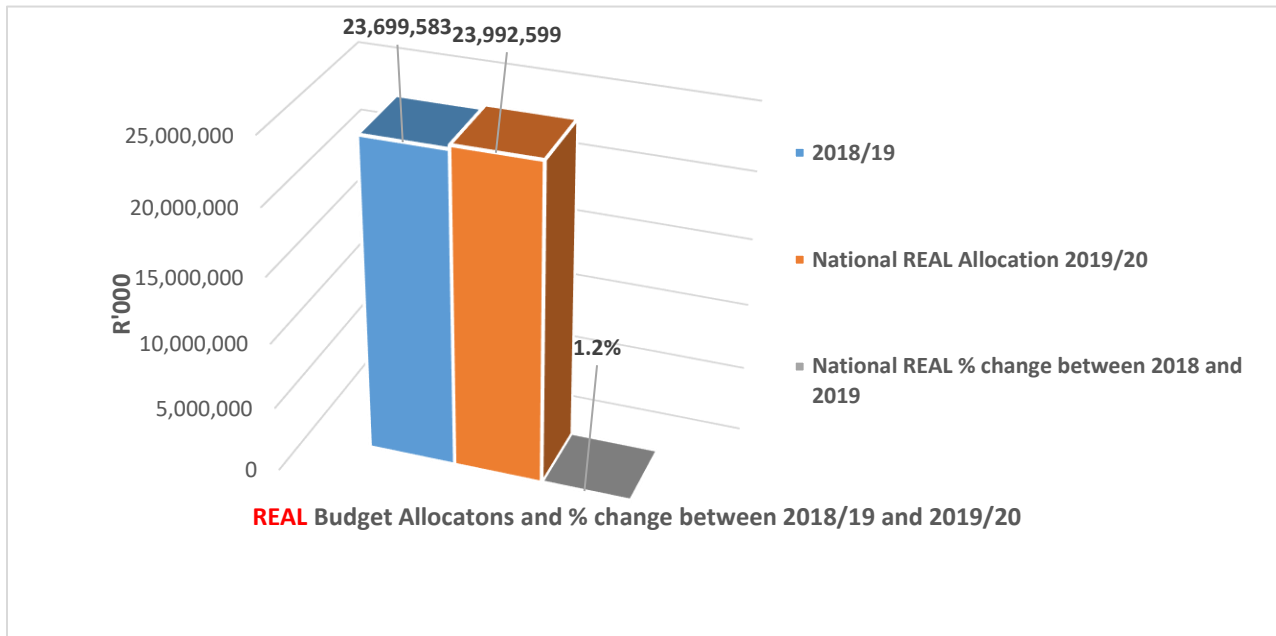


The PSAM welcomes the 3% increase, in nominal terms, in the current financial year (2019/20), from the *adjusted budget* of R23.69 billion in 2018/19 to R24.50 billion in 2019/20. However, while we welcome this nominal increase, when inflation is taken into account, the allocation only increased by 1.2% to R23.99 billion – as shown in Figure 2 below.

<sup>8</sup> Budget Estimates of National Expenditures, 2014/15 – 2019/20.



**Figure 2: DBE REAL Budget Allocations, Between 2018/19 and 2019/20**



Also, even though the budget allocations increased by 4% from 2014/15 to 2019/20, the DBE faced underspending and performance challenges over 5<sup>th</sup> national administration. It was reported in the first quarter of the 2018/19 financial year that the department provided water to 64 schools against the target of 325. It is, therefore, unlikely that the department will meet the target of providing water to 227 schools in the 2019/20 financial year if the underperformance challenge is not addressed.

The 2019 Budget Estimates of National Expenditure noted that an additional R2 billion is allocated to the School Infrastructure Backlogs grant (SIBG) to replace pit latrines. The allocation for school infrastructure targets replacing 59 inappropriate and unsafe schools with newly built schools, provide water to 227 schools and provide sanitation to 717 at schools. The SIBG funds the nationally-administered Accelerated School Infrastructure Delivery Initiative (ASIDI). Table 1 below shows budget allocations to the SIBG, between 2014/15 and 2019/20.

**Table 1: SIBG NOMINAL Budget Allocation – 2014/15 – 2018/19 and REAL Allocation Between 2018/19 and 2019/20**

National School Infrastructure Backlogs Grant (NSIBG) <i>R'000</i>	2014/15	2015/16	2016/17	2017/18	2018/19	Nominal Medium Term Estimates			Nominal Change over MTEF (%)	REAL Allocation Between 2018 and 2019
						2019/2020	2020/21	2021/22		
Provinces										
Eastern Cape	1,598,271	1,084,091	1,543,664	1,574,120	1,133,512	1,362,327	1,156,591	1,423,735	1.5%	1,333,868
Free State	515,217	478,416	237,487	656,578	73,257	77,466	32,000	52,000	-12.4%	75,848
Gauteng	12,737	11,202	-	-	-	-	-	-		_ <sup>9</sup>
Kwazulu-Natal	182,578	138,097	106,869	15,000	-	245,000	280,000	455,000	22.9%	239,882
Limpopo	76,792	104,316	83,120	317,000	113,046	135,689	104,000	169,000	7.6%	132,854
Mpumalanga	106,177	128,569	83,120	15,000	-	21,000	34,000	39,000	22.9%	20,561
Northern Cape	15,671	33,638	23,749	-	-	-	-	-		-
North West	33,384	68,496	35,623	17,000	976	28,000	32,000	52,000	22.9%	27,415
Western Cape	397,676	-	142,492	-	-	-	-	-		-
<b>Total</b>	<b>2,938,503</b>	<b>2,046,825</b>	<b>2,256,124</b>	<b>2,594,698</b>	<b>1,320,791</b>	<b>1,869,482</b>	<b>1,638,591</b>	<b>2,190,735</b>	<b>5.4%</b>	<b>1,830,428</b>

<sup>9</sup> Budget allocations not provided in the Division of Revenue Bills.



It is worth mentioning that the SIBG experienced budget cuts between 2015/16 and 2018/19. Therefore, cuts to this grant are not new. Between 2017/18 and 2018/18, the total budget allocation to the SIBG decreased by 49% from R2.59 billion in 2017/18 to R1.32 billion in 2018/19. While the budget increases by 42% from R1.32 billion in 2018/19 to R1.86 billion in 2019/20, it still does not make up for the budget cuts implemented over the years – where the budget decreased from R2.93 billion in 2014/15 to R1.32 billion in 2018/19. These budget reductions were results of the historical inability of provincial and national governments to spend grants for school infrastructure effectively.<sup>10</sup> The National Treasury explained the reasons for the budget reductions as due to the poor performance (shown in Table 2 below) by the DBE. However, the PSAM has previously noted that decreasing budget is not a solution to address the problem of poor spending. What is required rather is for the 6<sup>th</sup> administration to provide technical assistance to the department to ensure that the performance is improved. This is important in the context of the history of poor performance on the use of EIG by the ECDoE. For example, in its [2017 Expenditure Tracking Report](#), the PSAM reported the failure of the department to meet targets where it provided 88 public ordinary schools with adequate sanitation against the planned target of 246 schools. This poor performance was because of the lack of capacity in the contractors who are awarded tenders.

In the 2019 budget, Included in the SIBG is an additional budget allocation of R2.8 billion allocated specifically to eradicate pit toilets. While this allocation is welcomed, it provides little reprieve following the reductions to school infrastructure implemented in 2018/19.

**Table 2: ASIDI Targets vs Performance, 2014/15 – 2018/19**

Basic services	2014/15		2015/16		2016/17		2017/18		2018/19	
	Planned Targets	Actual Output	Planned Targets	Actual Output	Planned Targets	Actual Output	Planned Targets	Actual Output	Planned Targets	Actual Output
Schools Built	100	24	171	35	136	16	115	12	50	9
Sanitation	<sup>11</sup>				265	9	257	29	285	64
Water					459	10	344	43	352	64
Electricity					620	0	134	17	-	-

Source: Estimates of National Expenditures, 2014/15 – 2019/20

<sup>10</sup> <https://equaleducation.org.za/2018/05/10/media-statement-2018-19-basic-education-budget-vote-speech-compromises-a-public-education-system-already-under-duress/>

<sup>11</sup> Figures not provided in the 2014/15 – 2015/16 ENE

Table 2 above shows that DBE does not only have a history of underperforming on building schools; underperformance can also be noted in the provision of sanitation to schools where only 9 schools were provided with sanitation from the target of 265 in the 2016/17 financial year. This underperformance continued right until the first quarter of the 2018/19 financial year, where the department provided sanitation to 64 schools against the target of 285. Therefore, the 5<sup>th</sup> administration underperformed on the provision of all basic services to schools. Also, it is not clear why the 500 odd schools were not included in the 134 schools target for 2017/18, given that none of the schools were provided with electricity against the target of 620 in the preceding year, 2016/17. The 6<sup>th</sup> administration should resolve this poor performance problem in order to ensure the realisation of the quality of education, as outlined in the National Development Plan Vision 2030. The realisation of the quality of education relates to ensuring quality education from the foundation phase onwards.

### **3. EASTERN CAPE DEPARTMENT OF EDUCATION BUDGET ALLOCATIONS, 2014/15 – 2019/20**

The vision of the ECDoE is to provide learners with opportunities to become productive and responsible citizens through the quality of basic education. The ECDoE has seven (7) programmes (listed in Table 3 below with their Nominal budget allocations between 2014/15 and 2019/20). The PSAM welcomes the decision by the ECDoE in reshaping and re-organising the education system in the province. As explained in the 2019/20 Eastern Cape Estimates of Provincial Revenue and Expenditure (EPRE), this will be done “through the school rationalisation programme in order to provide quality education for each learner and a better teaching environment for teachers”.<sup>12</sup> In 2019/20, the budget for education will be mainly used for improving the matric pass rate, improving the capacity of educators, school managers and school governing bodies.<sup>13</sup>

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<sup>12</sup> Eastern Cape Estimates of the Provincial Revenue and Expenditure (EPRE) 2019/20, p. 304. The school rationalisation programme will focus on building a number of large, viable schools with hostels in rural areas, revitalization of township schools and building day schools in new urban settlements thus decreasing the need to transport learners.

<sup>13</sup> *Ibid*, at page 42.

**Table 3: ECDoE Composition of **NOMINAL** Allocation by Programme, 2014/15 to 2021/22<sup>14</sup>**

Programmes, R'000	Outcome				Adjusted Budget	Nominal Medium-term estimates			Nominal Change over MTEF (%)	Nominal change between 2018 and 2019 (%)
	2014/15	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21		
Administration	2,192,119	2,244,624	2,608,524	2,717,698	3,022,164	<b>3,062,988</b>	3,438,316	3,735,003	7%	1%
Public Ordinary Schools Education	22,323,628	23,090,763	25,012,249	26,596,281	28,121,530	<b>29,705,225</b>	31,169,198	31,887,197	2%	6%
Independent Schools Subsidies	10,314	115,587	119,985	122,899	131,009	<b>135,524</b>	141,789	153,982	4%	3%
Public Special Schools Subsidies	525,386	596,817	643,705	682,834	815,255	<b>737,374</b>	777,626	956,573	9%	-10%
Early Childhood Development	389,660	460,484	449,985	495,651	723,500	<b>602,070</b>	640,917	814,514	11%	-17%
Infrastructure Development	1,100,072	1,448,205	1,629,640	1,659,618	1,594,328	<b>1,585,532</b>	1,564,208	1,685,128	2%	-1%
Examination and Education Related Services	316,647	469,447	502,863	532,639	490,367	<b>499,787</b>	554,610	565,803	4%	2%
<b>TOTAL BUDGET</b>	<b>26,857,826</b>	<b>28,425,927</b>	<b>30,966,951</b>	<b>32,807,620</b>	<b>34,898,153</b>	<b>36,328,500</b>	<b>38,286,664</b>	<b>39,798,200</b>	<b>3%</b>	<b>4%</b>

<sup>14</sup> Eastern Cape Estimates of the Provincial Revenue and Expenditure (EPRE) 2019/20, p. 305

Table 3 above shows that the budget allocations to the ECDoE increased over the years, from R26.85 billion in 2014/15 to R34.77 billion in 2018/19.<sup>15</sup> Between 2018 and 2019, the budget allocation to the ECDoE increased by 4%, in nominal terms, from the *adjusted budget* of R34.89 billion in 2018/19 to R36.32 billion, 44% of the overall provincial budget of R82.19 billion in 2019/20.<sup>16</sup> But, three (3) programmes – Public Special Schools Subsidies, Early Childhood Development, and Infrastructure Development – had their budget reduced in both nominal and real terms. Also, while the department had a 4% nominal increase – with the hope that it will help in addressing the infrastructure challenges facing the department – when inflation is taken into account, the allocation only increased by 2% to R32.56 billion in 2019/20, as shown in Table 3.1 below. This means that building new schools, providing sanitation and water to schools, and eradication pit latrines will be more expensive in current financial year (2019/20) than the last financial year (2018/19). As such, government must ensure that budget allocations take inflation into account each year.

While noting that the allocations to the Infrastructure Development programme increased during the 5<sup>th</sup> provincial administration, from R1.10 billion in 2014 to the *adjusted budget* of R1.59 billion in 2018 – as shown in Table 3 above – it is worth mentioning the budget cuts that were implemented in 2018, specifically for the Infrastructure Development programme. For example, the budget allocations to the to this programme decreased from R1.66 billion in 2017/18 to the *adjusted budget* of R1.59 billion in 2018/19. The Infrastructure Development programme has a purpose of providing infrastructure facilities for schools. Between 2018 and 2019, the budget allocation to this programme decreased by 1%, in nominal terms, from the *adjusted budget* of R1.59 in 2018/19 to R1.58 billion in 2019/20. In real terms, the allocation to the programme decreased by 3% to R1.55 billion. It appears that the 5<sup>th</sup> provincial administration had budget cuts and poor performance, with a failure to meet targets – for example, where the ECDoE provided only 17 schools with water against the target of 169 in the mid-year performance of 2018/19. The 6<sup>th</sup> provincial administration should provide more funding and ensure better spending/performance to school infrastructure and resolve to ensure the realisation of the quality of education.

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<sup>15</sup> Eastern Cape Estimates of Provincial Revenue and Expenditure 2019/20.

<sup>16</sup> Education and Health remain the primary focus of the province and together accounts for approximately 75% of the provincial budget in 2019/20.

Table 3.1: ECDoE Composition of **REAL**<sup>17</sup> Allocations by Programme, 2019/20 to 2021/22

Programmes	Real Medium-term estimates			Real Change over MTEF (%)	Real change between 2018 and 2019 (%)
	2019/20	2020/21	2021/22		
Administration	<b>2,999,002</b>	3,079,039	3,540,290	6%	-1%
Public Ordinary Schools Education	<b>29,084,680</b>	27,912,261	30,224,851	1%	3%
Independent Schools Subsidies	<b>132,693</b>	126,973	145,955	3%	1%
Public Special Schools Subsidies	<b>721,970</b>	696,370	906,705	8%	-11%
Early Childhood Development	<b>589,493</b>	573,946	772,052	9%	-19%
Infrastructure Development	<b>1,552,410</b>	1,400,760	1,597,279	1%	-3%
Examination and Education Related Services	<b>489,346</b>	496,658	536,307	3%	0%
<b>TOTAL BUDGET</b>	<b>35,569,594</b>	<b>34,286,007</b>	<b>37,723,437</b>	<b>2%</b>	<b>2%</b>

It is concerning that the Early Childhood Development (ECD) programme had its budget allocation decreased both in nominal and real terms. For example, the allocation to the ECD programme decreased by 17% in nominal terms, from the *adjusted budget* of R723 million in 2018/19 to R602 million in 2019/20, as can be seen in Table 2 above. In real terms, the allocation to the ECD programme decreased by 19% to R589.49 million in 2019/20, as shown in Table 3.1 above. The programme reductions are in the Grade R in Public Schools, as shown in Table 3.2 below.

<sup>17</sup> Figures adjusted to 2019 CPI

**Table 3.2: ECD Sub-programmes **NOMINAL** and **REAL**<sup>18</sup> Budget Allocations, 2018/19 – 2021/22**

Early Childhood Development sub-programmes allocations	Adjusted Budget R'000	Nominal Medium-term estimates			Nominal Change over MTEF (%)	Nominal change between 2018 and 2019 (%)	2019/20 Real Allocation	Real change between 2018 and 2019 (%)
	2018/19	2019/20	2020/21	2021/22				
Grade R in Public Schools	697,724	575,183	612,576	783,737	11%	-18%	563,167	-19%
Grade R in Early Childhood Development Centres	-. <sup>19</sup>	-	-	-	-	-	-	-
Pre-Grade R Training	23,325	24,350	25,688	27,896	5%	4%	23,841	2%
Human Resource Development	2,451	2,536	2,653	2,881	4%	3%	2,483	1%
<b>Total payments and estimates</b>	<b>723,500</b>	<b>602,069</b>	<b>640,917</b>	<b>814,514</b>	<b>11%</b>	<b>-17%</b>	<b>589,492</b>	<b>-19%</b>

The reductions in the ECD sub-programme of Grade R in Public Schools will have a negative effect on the provision of specific public ordinary schools with resources that are required for Grade R. These budget cuts will result in the delay of the universalization of access to ECD in accordance with the NDP goal of 2019. More funding and better spending is required for the ECDoE to be able to realise its strategic objective of improving access of children to quality ECD. The [PSAM](#) has previously commented on the importance of ensuring quality education from the foundation phase onwards. The provincial treasury should provide an explanation for the budget cuts in the key programmes of the ECDoE.

<sup>18</sup> Adjusted to 2019 CPI

<sup>19</sup> Figures not provided in the 2019 EPRE. This is probably because funding has not been allocated to this sub-programme. The national and provincial treasuries should explain where the money for this would come from once the ECD responsibility has been moved from the Department of Social Development to the Department of Education.

Table 4 below shows budget allocations for economic classification to the Infrastructure Development programme, between 2015/16 and 2019/20. The budget allocation for Infrastructure Development Compensation of Employees increased from R6.581 million in 2015/16 to 16 million in 2019/20.<sup>20</sup> Between 2018 and 2019, the budget allocation increased by 7% in nominal terms, from R15 million in 2018/19 to R16 million 2019/20.

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<sup>20</sup> Eastern Cape Estimates of Provincial Revenue and Expenditure 2019/20.



Table 4: ECDoE **NOMINAL** Allocation by Economic Classification: Programme 6 – Infrastructure Development, 2015/16 to 2021/22

Economic Classification: Infrastructure Development R' 000	Outcome				Nominal Medium-estimates			Nominal Change over MTEF (%)	Nominal change between 2018 and 2019 (%)
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22		
<b>Current payments</b>	<b>471,899</b>	<b>156,343</b>	<b>229,557</b>	<b>147,282</b>	<b>247,696</b>	<b>204,338</b>	<b>237,958</b>	-1%	<b>68%</b>
Compensation of employees	6,581	12,112	13,841	15,000	<b>16,000</b>	18,000	20,000	8%	7%
Goods and services	465,318	144,231	215,716	132,282	<b>231,696</b>	186,338	217,958	-2%	75%
<b>Payments for capital assets</b>	<b>969,880</b>	<b>1,473,297</b>	<b>1,430,061</b>	<b>1,447,046</b>	<b>1,337,836</b>	<b>1,359,870</b>	<b>1,447,170</b>	<b>3%</b>	<b>-8%</b>
Buildings and other fixed structures	969,880	1,473,297	1,430,061	1,447,046	<b>1,337,836</b>	1,359,870	1,447,170	3%	-8%
<b>Total economic classification</b>	<b>1,441,779</b>	<b>1,629,640</b>	<b>1,659,618</b>	<b>1,594,328</b>	<b>1,585,532</b>	<b>1,564,208</b>	<b>1,685,128</b>	<b>2%</b>	<b>-1%</b>

As can be seen in Table 4 above, budget allocations for Goods and Services within the Infrastructure Development programme decreased from R465.318 million in 2015/16 to R231.696 million in 2019/20. While the allocation for Goods and Services increased by 75%<sup>21</sup> from R132.2 million in 2018/19 to 231.6 million in 2019/20, it is worth noting that the allocations decreases by 2% over the medium-term. PSAM hopes that the huge increase of 75% will assist the department on the eradication of pit latrines at various affected schools in the Eastern Cape. Table 4 above also shows that budget for buildings and other fixed structures decreased by 8%<sup>22</sup> in nominal terms, from R1.44 billion in 2018/19 to R1.33 billion in 2019/20. While it is explained in the 2019/20 Eastern Cape EPRE this this decrease was due to the impact of additional funding provided in the adjustment estimate, when the MEC for Education tables the policy and budget speech for the 2019/20 financial year, he should explain the reasons for this reduction.

### **3.1 Conditional Grant Allocations, 2014/15 – 2019/20**

Between 2014 and 2019, the ECDoE received seven (7) conditional grants<sup>23</sup>, shown in Table 5 below. Provinces make use of the Education Infrastructure Grant (EIG) to build, maintain and refurbish education infrastructure and schools. An indirect grant to provinces is the SIBG that was introduced in 2011 as a temporary, high-impact grant. This is called an indirect grant because the National Department of Education performs the function of addressing the inappropriate structures and access to basic services to schools on behalf of the ECDoE. This grant addresses the conditions of mud schools which have unsafe and inadequate school infrastructure. This kind of infrastructure endangers learners and teachers, including making effective learning and teaching impossible. Poor school infrastructure is found throughout the country, but the problem is particularly worse in the Eastern Cape where the majority of mud schools are located.<sup>24</sup>

Between 2017 and 2018, two (2) Mpumalanga and North West, of the nine (9) provinces had their budget allocations for the EIG reduced in both nominal (6.25%) and real (8%) terms. Table 5 below depict the nominal and real allocations to the EIG by provinces.

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<sup>21</sup> This huge increase is due to “additional funding provided for the maintenance of pit latrines at various affected schools in the province” - Eastern Cape Estimates of Provincial Revenue and Expenditure 2019/20, at page 30.

<sup>22</sup> It is explained in the 2019/20 Eastern Cape EPRE that this decrease was “due to the impact of once-off additional funding provided in the adjustment estimate as well as the disbursement of infrastructure projects, which were not original provided for during the budget planning”.

<sup>23</sup> Eastern Cape Estimates of Provincial Revenue and Expenditure 2019/20.

<sup>24</sup> Abdoll, C and Barberton, C. 2014. Mud to bricks: A review of school infrastructure spending and delivery. Accessed from <https://www.cornerstonesa.net/list-of-publications> on 21 September 2017

**Table 5: Education Infrastructure Grant **NOMINAL** and **REAL**<sup>25</sup> Allocations, 2014/15 – 2021/22, by Provinces**

Education Infrastructure Grant Allocations	2015/16	2016/17	2017/18	2018/19	Nominal Allocations			Real Allocations		
					Medium Term Estimates					
					2019/2020	2020/21	2021/22	2019/20	2020/21	2021/22
<i>R thousand</i>										
Provinces										
Eastern Cape	1,136,427	1,505,088	1,582,835	1,479,828	1,585,532	1,564,208	1,685,128	1,552,410	1,400,760	1,597,279
Free State	762,553	695,122	661,635	690,455	833,485	722,425	778,272	816,073	646,937	737,699
Gauteng	935,725	1,385,737	1,468,146	1,376,435	1,474,715	1,440,169	1,551,501	1,443,908	1,289,683	1,470,618
Kwazulu-Natal	1,978,683	1,958,321	1,993,146	1,924,302	2,187,162	2,013,404	2,169,050	2,141,472	1,803,019	2,055,973
Limpopo	805,128	830,532	810,523	845,828	1,050,160	1,175,467	1,266,336	1,028,222	1,052,640	1,200,319
Mpumalanga	857,247	788,153	750,184	782,861	731,792	819,111	882,432	716,505	733,520	836,429
Northern Cape	446,998	486,538	612,267	483,272	639,817	505,649	544,738	626,451	452,813	516,340
North West	995,107	971,989	1,074,331	965,464	902,484	1,010,169	1,088,260	883,631	904,614	1,031,527
Western Cape	1,032,237	992,212	1,093,580	985,552	1,109,331	1,031,186	1,110,902	1,086,157	923,435	1,052,988

<sup>25</sup> Figures adjusted to CPI 2019

It is worth noting in Table 5 above, that all almost all nine provinces had their budget allocations for EIG reduced between 2017 and 2018. Specifically in relation to the Eastern Cape, the EIG budget allocation was reduced by 7%, in nominal terms. Table 6 below shows that the ECDoE allocations to the EIG increased over the years, from R996.5 million in 2014/15 to R1.58 billion in 2019/20.<sup>26</sup> The allocation to the EIG increased by 7%, in nominal terms, from However, between 2017/18 and 2018/19, the 5<sup>th</sup> provincial administration implemented budget cuts to this grant. PSAM calls for more budget allocations to the school infrastructure, especially in the 6<sup>th</sup> administration. [The PSAM has previously commented that the reduction](#) in the EIG, which has a history of underperformance, will result in projects that are currently underway being delayed.<sup>27</sup> Between 2018/19 and 2019/20, two (2) – Maths, Science and Technology Grant, and Learners with Profound Intellectual Disabilities Grant – of the seven (7) conditional grants had their budget decreased, by 16% and 2% respectively, in nominal terms. Whilst, in real terms – the allocation to these grants decreased by 18% and 4% respectively.

The Eastern Cape MEC for Finance, in his 2019/20 Budget Speech, explained that through the work on education infrastructure development, the ECDoE has been allocated additional funding of R230.183 million in the 2019/20 financial year.<sup>28</sup> He explained that this was funding which was not spent by other provinces. The MEC presented this additional funding to the Provincial Legislature at a special seating on 12 March 2019. These funds have been re-allocated by the National Treasury to the Eastern Cape following revised allocations by the national Department of Basic Education, because the province was properly spending its budget and needed more funding for the implementation of infrastructure programmes in line with the EIG.

While it is important that R230.183 million have been re-allocated in the second adjustment to the EIG, the ECDoE needs to improve on its performance on the delivery of basic services to schools. Also, though it is explained in the 2019/20 EPRE that “the majority of funds have been reprioritised from non-core items, e.g. communication towards core service areas where funding is required most”<sup>29</sup>, it still not clear where the additional funding for the EIG is coming from.<sup>30</sup>

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<sup>26</sup> Eastern Cape Estimates of Provincial Revenue and Expenditure 2019/20.

<sup>27</sup> <http://psam.org.za/wp-content/uploads/2016/11/Education-Brief-1.pdf>

<sup>28</sup> Eastern Cape Budget Speech 2019/20, at page 15.

<sup>29</sup> Eastern Cape Estimates of Provincial Revenue and Expenditure 2019/20, at page 305.

<sup>30</sup> It is explained in the EPRE 2019/20 that “there has been a change in the EIG as a portion of the conditional grant funding that initially allocated through the EIG to provide safe and appropriate sanitation at schools has been allocated in the 2019 MTEF to the SIBG as an indirect conditional grant in order for the DBE to leverage both public and private funds as well as expertise to achieve economies of scale”. While noting this change, it is important that the 6<sup>th</sup> national and provincial administration addresses the poor performance challenges, as shown in Table 2 above.

**Table 6: ECDoE Conditional Grants **NOMINAL** Allocations, 2014/15 – 2021/22**

Conditional Grants (R'000)	Outcome				Adjusted Budget	Nominal Medium-term estimates			Nominal Change over MTEF (%)	Nominal change between 2018 and 2019 (%)
	2014/15	2015/16	2016/17	2017/18		2018/19	2019/20	2020/21		
National School Nutrition Programme	977,489	1,017,979	999,890	1,146,466	1,216,559	1,277,387	1,348,960	1,423,153	4%	5%
EPWP Integrated Incentive Grant <sup>31</sup>	2,811	2,170	1,993	2,411	2,673	4,190				57%
Social Sector EPWP Incentive Grant <sup>32</sup>	2,126	3,379	19,871	5,022	23,175	24,396	-	-	-	5%
Maths, Science and Technology	-. <sup>33</sup>	26,349	58,241	34,527	58,889	49,434	51,875	54,698	3%	-16%
Education Infrastructure Grant	996,571	1,136,427	1,505,088	1,582,835	1,479,828	1,585,532	1,564,208	1,685,128	2%	7%
HIV and AIDS (Life Skills Education) Grant	35,797	35,331	38,703	41,936	43,062	45,455	47,878	50,511	4%	6%
Learners with Profound Intellectual Disabilities Grant	-. <sup>34</sup>	-	-	728	25,778	25,182	27,768	29,295	5%	-2%
<b>TOTAL BUDGET</b>	<b>2,014,794</b>	<b>2,221,635</b>	<b>2,623,786</b>	<b>2,813,925</b>	<b>2,849,964</b>	<b>3,011,576</b>	<b>3,040,689</b>	<b>3,242,785</b>	<b>2%</b>	<b>6%</b>

<sup>31</sup> The purpose of the grant is; “to support national building through involving young people in delivery of crucial government services and through this to enable these young people to acquire and apply skills and values to access economic opportunities upon completion of the programme and to continue to engage with community activities and social processes” – Eastern Cape Department of Education, 2017/18 Annual Report, at page 95.

<sup>32</sup> The purpose of the grant is; “to incentivise Provincial Social Sector Department identified in 2014 Social Sector EPWP Io frame. To increase work opportunities by focusing on the strengthening and expansion of Social Sector programmes that have employment potential” – Eastern Cape Department of Education, 2017/18 Annual Report, at page 96.

<sup>33</sup> Figures not provided in the 2019/20 EPRE

<sup>34</sup> *Ibid*

It is clear from Table 6 above that while the allocation for EIG increased by 7% in nominal terms, from the *adjusted budget* of R1.47 billion in 2018/19 to R1.58 billion in 2019/20, this only increased by 2% when inflation is considered. PSAM calls on the National Treasury to ensure that there is sufficient funding for the historically disadvantaged province, especially, given the lack of proper sanitation in most schools of the Eastern Cape. For example, in January 2018 the Department of Basic Education, in its National Education Infrastructure Management System (NEIMS), reported that out of the 5 400 schools in the Eastern Cape, 1 945 schools used pit latrines, 154 schools had no electricity.

Table 6.1 below shows that two (2) conditions grants: Maths, Science and Technology (MST) Grant and, Learners with Profound Intellectual Disabilities Grant, had their budget allocations decreased by 18% and 4% respectively, in real terms. It is important that the 6<sup>th</sup> administration ensures sufficient funding so that the ECDoE can continue providing support and resources to schools, teachers and learners for the improvement of MST teaching and learning at selected public schools.

Table 6.1: ECDoE Conditional Grants 2018/19 Adjusted Budget and REAL<sup>35</sup> Allocations, 2019/20 – 2021/22

Conditional Grants (R'000)	Adjusted Budget 2018/19	Real Medium-term estimates, 2019/20 to 2021/22		2021/22	Real Change over MTEF (%)	Real change between 2018 and 2019 (%)
		2019/20	2021/22			
National School Nutrition Programme	1,216,559	1,250,702	1,208,004	1,348,961	3%	3%
EPWP integrated grant for Provinces	2,673	4,102	- <sup>36</sup>	-	-	53.5%
Social sector EPWP incentive grant for provinces	23,175	23,886	-	-	-	3.1%
Maths, Science and Technology	46,805	48,401	46,454	51,846	2%	-17.8%
Education Infrastructure Grant	1,479,828	1,552,410	1,419,856	1,597,279	1%	4.9%
HIV and AIDS (Life Skills Education) Grant	43,062	44,505	40,705	47,878	2%	3.4%
Learners with Profound Intellectual Disabilities Grant	23,957	24,656	22,551	27,768	4%	-4.4%
<b>TOTAL BUDGET</b>	<b>2,836,059</b>	<b>2,948,664</b>	<b>2,696,890</b>	<b>3,073,732</b>	<b>1%</b>	<b>3.5%</b>

<sup>35</sup> Figures adjusted to CPI 2019

<sup>36</sup> This is because nominal figures are not provided in the 2019/20 EPRE. This made it difficult to calculate the real allocations.



The PSAM acknowledges the allocations to the Learners with Profound Intellectual Disabilities grant, increasing from R728 million in 2017/18 to R25.18 million in 2019/20. However, it is concerning that the budget allocations to this grant, in the 2019/20 financial year, have been decreased in both nominal and real terms. In nominal terms, the allocations to this grant decreased by 2% from R25.77 million in 2018/19 to R25.18 million in 2019/20 (as shown in Table 5 above); while in real terms, this was a 4% decrease to R23.91 million, as depicted in Table 6.1 above. When the MEC for Education tables the 2019/20 budget and policy speech, he should explain the reasons for this reduction. This reduction is unfavorable for learners with severe intellectual disabilities<sup>37</sup>, especially considering that “they are subjected to a great deal of deprivation mainly because of ignorance and unrealistic demands on the part of teachers, parents and communities”.<sup>38</sup> Therefore, the 6<sup>th</sup> administration should ensure that there is sufficient funding for learners with intellectual disabilities.

## 1. Conclusion

While the budget allocations to education increased between 2014/15 and 2018/19, the PSAM is concerned about the budget cuts implemented in 2017/18, 2018/19 and 2019/20. Between 2018 and 2019, the Infrastructure Development programme of the Eastern Cape Department of Education (ECDoE) had its budget allocation reduced in both nominal and real terms. We are also concerned about the poor performance of the ECDoE in relation to the provision of basic services to schools. Therefore, the 6<sup>th</sup> administration should ensure that more focus is placed on ensuring adequate funding and better spending for school infrastructure. Moreover, the technical capacity of the ECDoE should be strengthened so that projects can move faster, as explained by President Cyril Ramaphosa in the 2019 State of the Nation Address (SONA).

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<sup>37</sup> Reporting on the number of learners with disabilities, the 2017 General Household Survey noted “in both 2016 and 2017, 4% of the total population of learners attending school were learners with disabilities” – General Household Survey. 2017. Focus on Schooling.

<sup>38</sup> <https://pdfs.semanticscholar.org/32eb/01a61ec951f37cb5663c099f473a56e501cb.pdf>

## OUR ORGANISATION

The PSAM was founded in 1999 as a research project in the Rhodes University Department of Sociology. Its initial aim was to monitor incidents of corruption within the Eastern Cape government. From 2005, recognising the systemic nature of poor governance and corruption in the province, the PSAM began a concerted advocacy effort to systematically strengthen public resource management by key Eastern Cape government departments.

In 2007, PSAM introduced a training and academic component. The training component has developed to be what is known as the Regional Learning Programme and the academic component has changed to become what is known as the Advocacy Impact Programme. The various activities and interventions by PSAM over the years have emphasised the on-going need for greater and improved accountability interventions by civil society organisations across the region. Through our work we seek to achieve improved networking and advocacy to leverage impact and enhanced learning so that achievements are shared, evaluated and used to bolster social accountability interventions in sub-Saharan Africa.

Visit [psam.org.za](http://psam.org.za) or follow us on [@PSAM\\_AFRICA](https://twitter.com/PSAM_AFRICA)

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