



Medium Term Budget Policy Statement (MTBPS) 2019

Planning, Budgeting, Spending and Performance in times of Austerity and Poor Governance: Basic Education

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This brief is part of a series covering a range of service delivery and governance topics including education, environmental governance, health and human settlements. The brief highlights key issues within the planning, budgeting and performance contexts in the Department of Basic Education. Prior to the tabling of the Medium Term Budget Policy Statement (MTBPS), Adjustments Estimates¹ and Adjustment Appropriations Bill by the Minister of Finance on 30 October 2019, the PSAM aims to contribute to dialogue and public participation during this important period through these pre-MTBPS briefs and post-MTBPS submissions to Parliament. The 2019 MTBPS will be the first one of the 6th administration. It will be delivered in a context where the 5th administration had major budget adjustments on key programmes, poor planning, underspending and underperformance from the Eastern Cape Department of Education (ECDoE). While spending on education remains the largest budget allocation on both the national and provincial government, the right to quality education remains unrealised, as explained below in relation to the lack of proper planning; existence of budget cuts/reductions; underspending and poor performance by the ECDoE. Budget cuts to much needed school infrastructure programmes and underfunding of poor schools have resulted in many schools facing dire conditions.

THE CONTEXT OF POOR PLANNING

Education is widely recognized for its potential to lift people out of poverty and promoting human rights and democracy. Planning within the education context is important for the realisation of

¹ Adjusted Estimates of National Expenditure

access to quality education. This is particularly important for the ECDoE, for example, to know what is to be achieved in a financial year. However, while the department outlines what it wants to achieve, there is continued lack of proper planning in outlining clear timeframes of what is planned. For example, in order to assess the context of planning within education in the Eastern Cape, in 2018, the PSAM produced a [Strategic Plan Evaluation \(SPE\)](#) to assess the degree of alignment between the following planning documents:

- Revised Strategic Plan 2015/16-2019/20;
- Annual Performance Plan (APP) 2018/19;
- Operational Plan (OP) 2018/19; Schooling 2025: Action Plan for improving basic education in South Africa; the Medium-Term Strategic Framework (MTSF) 2014-2019; and
- The National Development Plan (NDP) Vision 2030.

In determining the degree of alignment between these planning documents, the SPE also considered two examples of 2018/19 operational plans (OPs) from two districts, namely: the Nelson Mandela Bay (NMB) Metro district and Sarah Baartman district. Using all these planning documents, the SPE evaluated whether the one-year plan (OP) was consistent with the longer-term planning frameworks. This consistency between short, medium and long-term plans was established by comparing the policy priorities, strategic goals and strategic objectives for Programme 2 that caters for public ordinary schools. The evaluation assessed whether the performance targets set out in the plans were Specific, Measurable, Attainable, Reliable and Timely (SMART).

The SPE noted that some targets were not SMART – in other words, they were not time-bound. It was unclear how some targets were going to be attained in the financial year. For example, in its 2018/19 OP, the ECDoE provided annual and quarterly targets of 10 special schools to be upgraded. The ECDoE has a history of setting performance targets that are not SMART, as revealed in [our 2018 SPE](#). This non-SMARTness of targets characterised the 5th administration. For example, in the 2015/16 financial year, the department had an annual target of 165 public ordinary schools to be provided with water supply, but with no quarterly targets. In 2016/17, the department also did not have quarterly targets for this. It just had an annual target of 178 public ordinary schools to be provided with water supply. Noting that of the 178 target, only 77 public ordinary schools were provided with water, with a variance of 101. It is clear then that the lack of proper planning leads to underperformance and unrealized Sustainable Development Goal (SDG) 4.

THE CONTEXT OF BUDGET CUTS

In addition to the poor planning, basic education has also been affected by the implementation of budget reductions. For example, the budget cuts can be explained in the following four ways:

Firstly, while the budget allocation to the DBE increased from R19.68 billion in 2014/15 to R24.50 billion in 2019/20, it is worth mentioning that the 5th administration implemented budget cuts between 2017/18 and 2018/19. The PSAM, in its [2018 Budget Brief](#), 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. It was noted that the budget reductions were likely to have an adverse

impact on learners' access to quality basic education resulting, for example, from the delayed completion of school infrastructure..

Secondly, the Eastern Cape experienced budget cuts to the Education Infrastructure Grant (EIG), by 6% in nominal terms, from R1.58 billion in 2017 to R1.47 billion in 2018. In real terms, the EIG decreased by 9% from R1.581 billion in 2017 to R1.440 billion in 2018. 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. Provinces make use of the EIG to build, maintain and refurbish education infrastructure and schools. Therefore, the PSAM explained that the budget cuts were going to delay the building and maintenance of schools in the province.

Thirdly, while it is worth mentioning that the allocations to the Learners with Profound Intellectual Disabilities conditional grant increased from R728 thousand in 2017/18 to R25.18 million in 2019/20, it is concerning that the budget allocations to this grant between 2018 and 2019, have been decreased in both nominal and real terms. In nominal terms, the allocations to this grant decreased by 2% from the Adjusted Appropriation of R25.77 million in 2018/19 to R25.18 million in 2019/20²; while in real terms, this was a 4% decrease to R23.91 million.

Fourthly, it is important to mention that the School Infrastructure Backlogs Grant (SIBG) experienced budget cuts between 2014/15 and 2018/19 – where the budget decreased from R2.93 billion in 2014/15 to R1.32 billion in 2018/19. Also, between 2017/18 and 2018/19, the total budget allocation to the grant decreased by 49% from R2.59 billion in 2017/18 to R1.32 billion in 2018/19. While the budget increased 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. While the National Treasury explained that these budget reductions were results of the historical inability of provincial and national governments to spend grants for school infrastructure effectively, 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 6th administration to provide technical assistance to the department to ensure that the performance is improved.

THE CONTEXT OF UNDERSPENDING AND POOR PERFORMANCE

In addition to the context of poor planning and continued budget cuts/reduction, basic education continues to be characterised by poor spending and underperformance. These continue to have a negative impact on the realisation of quality basic education. As such, quality education for all remains unrealised in South Africa, where the schooling system is characterised by severe inequalities between rural and urban schools, poor learning outcomes and high dropout rates. Poor learning outcomes are especially evident in the lower grades. For example, according to the 2016 results of the Progress in International Reading Literacy Studies (PIRLS) global assessment, released

² http://psam.org.za/wp-content/uploads/2019/10/Education-Budget-Brief_23-April-2019.pdf

on 05 December 2017, 8 out of 10 children in South Africa cannot read and, that 78% of SA Grade 4 students cannot read for meaning in any language.³

The PSAM has previously commented that these results were extremely concerning and provided further evidence that the quality of basic education provided in many schools is seriously inadequate. Contributing factors included: inadequate basic infrastructure to support a reading environment at schools; the absence of electricity at some schools; poor teacher and learner assessment at schools. 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.

The failure of the ECDoE to meet its targets continued until the last (2018/19) financial year. For example, the 2018/19 Adjusted Estimates of Provincial Revenue and Expenditure, reported the following (shown in Table 1 below) mid-year performance on delivering basic services to schools. This condition further perpetuates the condition of unrealised of the quality of basic education in South Africa.

Table 1: Provision of Basic Services to Schools, Targets vs Performance Mid-Year 2018/19

	2018/19	
	Target	Performance
Provision of water supply to schools	169	17
Electricity supply	32	13
Sanitation facilities	169	14
Classrooms built	221	143

Table 1 above shows that ECDoE did not only underperform on the provision of sanitation to school. Underperformance was also reported in the provision of water where only 17 schools were provided with water against the target of 169 in the mid-year performance of 2018/19. This poor performance needs to be resolved to ensure the realisation of the quality of basic education. The realisation of the quality of basic education starts with quality education from the foundation phase onwards. The poor performance by the ECDoE means that the rights of learners to access equitable basic education is not realised. Therefore, there needs to be an effort by DBE to provide support to the ECDoE, so as to improve performance.

Another important programme within the education sector is the delivery of early childhood development (ECD) services. Currently, there are two departments responsible for ECD in South Africa namely: the DBE and the Department of Social Development (DSD). However, during the 2019 State of the Nation Address (SONA), President Cyril Ramaphosa mentioned that the responsibility for

³ The Eastern Cape and Limpopo were reported to have had high %ages of students who are unable to read for meaning, at 84% and 90% respectively.

ECD centres will be migrated, this year (2019), from DSD to DBE, “and proceed with the process towards two years of compulsory ECD for all children before they enter grade 1”.⁴ The National Development Plan (NDP) Vision 2030 recognises ECD as an important aspect in broad-based development of children. ECD services are needed to support the overall development of children. The South African government has an obligation to provide ECD services.

Concerning the spending trend with the ECD, the ECDoE recorded underspending in [programme 5 \(Early Childhood Development\) in the 2017/18 financial year, by 16%, which was R92.8 million of the total adjusted budget of R588.4 million.](#) According to the 2017/18 Annual Report of the ECDoE, this underspending was due to the appointment of professionally qualified practitioners into mainstream school, leaving educator vacancies in Grade R. This means that the professionally qualified Grade R practitioners were promoted to the mainstream schooling system. In the 2016/17 financial year, programme 5 also experienced underspending by 23% (R130.5 million) from the adjusted budget of R580.4 million.

In the 2017/18 financial year, the 5th administration introduced the ECD grant in order to improve the access of all children to ECD services. The grant plays an important role in government’s prioritisation of ECD, as anticipated in the NDP. Through a maintenance component, the ECD grant assists existing conditionally registered partial care facilities providing an ECD programme to meet basic requirements to attain full registration. The PSAM previously commented on the underspending and poor performance of the ECD grant in its first year. [Out of the overall total of R317.6 million, an amount of R258.4 million was spent.](#) A total of R59.1 million of unspent funds were declared.⁵ Out of R56.4 million allocated to the Eastern Cape Province for the ECD grant, only R27.2 million (48.6 %) was spent. R29.1 million of unspent funds were reported for the province. This calls for urgent intervention by the Eastern Cape Treasury and National Department of Social Development. Table 2 below shows the ECD grant spending by province in the 2017/18 financial year.

⁴ <https://ewn.co.za/2019/02/07/must-read-president-ramaphosa-s-2019-sona>

⁵ Department of Social Development, Annual Report 2017/18

Table 2: ECD Grant Spending

Province	2017/18 Spending R'000			
	Amount received by the department	Amount spent by the department	Unspent funds	% of available funds spent by department
Eastern Cape	56 365	27 238	29 127	48%
Free State	18 398	12 937	5 461	70%
Gauteng	38 489	35 938	2 551	93%
KwaZulu-Natal	71 879	71 870	9	100%
Limpopo	41 085	36 034	5 051	88%
Mpumalanga	25 799	23 645	2 154	92%
Northern Cape	13 761	11 710	2 051	85%
North West	32 686	20 304	12 382	62%
Western Cape	19 150	18 770	380	98%
TOTAL	317 612	258 446	59 166	81%

Therefore, in contrast to the Eastern Cape, the Free State Province was allocated R18.4 million, and only spent R12.9 million (70 %).⁶ KwaZulu-Natal was allocated R71.879 million and spent R71.870 (100 %). Mpumalanga was allocated R25.8 million and spent R23.6 million (92 %). The Western Cape spent 98 % (R18.8 million) of its allocation of R19.1 million. Through the maintenance component, the Eastern Cape Department of Social Development targeted 96 ECD centres to upgrade or maintain, of which none benefited, as shown in Table 3 below⁷

⁶ Report of the select committee on appropriations on the early childhood development grant expenditure as at fourth quarter 2017/18 financial year, dated 22 august 2018, at page 2. Accessed from <https://pmg.org.za/committee-meeting/26396/>

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Table 3: Number of ECD centres targeted vs. achieved for the maintenance grant per province, 2017⁸

Province	Target	Achieved
Gauteng	16	16
Western Cape	13	13
Northern Cape	65	65
North West	46	10
Free State	79	79
Mpumalanga	62	62
Limpopo	96	96
KwaZulu Natal	117	117
Eastern Cape	96	0
Total	590	458

The Free State managed to upgrade all the 79 targeted ECD centres, while Gauteng upgraded all the 16 ECD centres that were targeted.⁹ Also, five provinces, namely KwaZulu-Natal (117), Limpopo (96), Mpumalanga (62), Northern Cape (65), and Western Cape (13) upgraded all ECD centres that were targeted.¹⁰ North West only managed to upgrade 10 of the 46 ECD centres that were targeted. Therefore, these are lessons for the 6th administration to consider once the ECD is migrated to the DBE.

Therefore, in order for the state of education in South Africa to be improved, there needs to be concerted efforts by the 6th administration to improve planning; ensure sufficient funding; and address the poor performance challenges.

RECOMMENDATIONS

2019 MTBPS EXPECTATIONS

- The ECDoE should ensure that its performance targets are Specific, Measurable, Attainable, Reliable and Timely (SMART). For example, it should be clear how many ECD centres will be upgraded per quarter.
- The National Treasury should consider inflation when allocating funds to departments, especially considering its impact on the delivery of services by departments.
- 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).
- The National Treasury; the National Department of Social Development and the relevant provincial treasuries should provide comprehensive support and assistance to provinces to address the ECD grant implementation challenges when the ECD has been moved to the DBE.

⁸ Progress of ECD Services and Programmes. Presentation to the Select Committee, 21 June 2017

⁹ *Ibid*

¹⁰ *Ibid*

- There is a need for more financial management support by the National Treasury to the provincial departments of Social Development to avoid under-expenditure within the ECD grant
- The National Treasury to allocate more funding towards school infrastructure and reverse budget cuts implemented over the years.

GENERAL RECOMMENDATIONS

- The provincial treasuries should conduct quarterly assessments of departments' spending and performance and hold the respective infrastructure implementing agents accountable for poor performance.

For further information, contact: Siyabulela Fobosi, Education Researcher

s.fobosi@ru.ac.za / +27 46 603 8358

ABOUT THE PUBLIC SERVICE ACCOUNTABILITY MONITOR (PSAM)

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.

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