



BRIEFING TO THE PORTFOLIO COMMITTEE ON BASIC EDUCATION

Financial and Fiscal Commission
Tuesday, 08 October 2019

For an Equitable Sharing of National Revenue

OUTLINE

- Role and Function of FFC
- Infrastructure and Educational Outcomes
- Policy and Service Delivery Context
- Expenditure patterns in respect of:
 - Infrastructure
 - Accelerated School Infrastructure Delivery Initiative
 - School Infrastructure Backlogs Grant
 - Education Infrastructure Grant
 - Non-Infrastructure Conditional Grants
 - National School Nutrition Programme
 - HIV/AIDS Life Skills Grant
 - Mathematics, Science and Technology Grant
 - Learners with Severe to Profound Intellectual Disabilities

ROLE AND FUNCTION OF THE FFC

- The Financial and Fiscal Commission (FFC)
 - Is an independent, permanent, statutory institution established in terms of Section 220 of Constitution
 - Must function in terms of the FFC Act
- Mandate of Commission
 - To make recommendations, envisaged in Chapter 13 of the Constitution or in national legislation to Parliament, Provincial Legislatures, and any other organ of state determined by national legislation
- The Commission's focus is primarily on the equitable division of nationally collected revenue among the three spheres of government and any other financial and fiscal matters
 - Legislative provisions or executive decisions that affect either provincial or local government from a financial and/or fiscal perspective
 - Includes regulations associated with legislation that may amend or extend such legislation
- Commission must be consulted in terms of the FFC Act

INFRASTRUCTURE AND EDUCATIONAL OUTCOMES

- Apart from other key determinants of educational outcomes such as: household and individual characteristics (parental education, socio-economic status, age of learner), teachers, classroom resources as well as community and district factors (geographical area, poverty levels), *school infrastructure* has an essential role to play in addressing issues related to access and educational quality
 - The quality of school infrastructure, especially in respect of the physical conditions of school buildings can influence attendance and drop-out rates
 - Good school infrastructure can also impact teacher motivation
- Generally in South Africa, social infrastructure such as schools, hospitals, housing are funded mainly by the government through different conditional grants
 - In the education sector, the Education Infrastructure Grant and the School Infrastructure Backlogs Grant are the key intergovernmental tools that fund basic education infrastructure



POLICY AND SERVICE DELIVERY CONTEXT

MINIMUM NORMS AND STANDARDS FOR SCHOOL INFRASTRUCTURE

- In November 2013, the Minister of Basic Education published legally binding regulations on minimum norms and standards for school infrastructure
 - These norms and standards stipulate the basic level of infrastructure that every school must meet in order to function properly
 - The norms and standards provide timeframes within which school infrastructure backlogs must be met
 - The regulations require the Provincial MEC to report annually to the Minister of Basic Education on plans to address backlogs at district level in the province and thereafter to report on its implementation
 - The regulations also specify that these provincial plans should include short, medium and long term plans with targets to reduce backlogs and the proper costing thereof
- Based on the essential role that school infrastructure plays in addressing issues related to access and educational quality, the Commission's view is that regulations on norms and standards for school infrastructure will go a long way in enhancing teaching effectiveness and improving student learner outcomes

TARGETS AROUND SCHOOL INFRASTRUCTURE

- Table details the implementation timeframe and anticipated date per infrastructure type

Dimension of Infrastructure	Implementation Timeframe	Anticipated Date for Achievement of Milestone
All schools built entirely from mud or asbestos or metal or wood		
All schools that do not have access to any form of power supply, water supply or sanitation	3 years from date of publication (end 2013)	2016
Availability of classrooms, electricity, water, sanitation, electronic connectivity, perimeter security	7 years from date of publications (end 2013)	2020
Libraries and laboratories for science, technology and life sciences	10 years from date of publication (end 2013)	2023
Compliance with all other norms and standards	before 31st December 2030 (end 2013)	

Source: dates set out in the Norms and Standards for Education Infrastructure

PROGRESS IN RESPECT OF TARGETS ON INFRASTRUCTURE (BASED ON 2018 NIEMS REPORT)

Dimension of Infrastructure	Implementation Timeframe	Anticipated Date for Achievement of Milestone	Progress
All schools built entirely from mud or asbestos or metal or wood All schools that do not have access to any form of power supply, water supply or sanitation	3 years from date of publication (end 2013)	2016	<ul style="list-style-type: none"> • EC is the only province that still has schools (0.7%) with no sanitation facilities in 2017/18
Availability of classrooms, electricity, water, sanitation, electronic connectivity, perimeter security	7 years from date of publications (end 2013)	2020	<ul style="list-style-type: none"> • EC (26.4%), KZN (22.9%), LP (23.9%) and MPU (22.9%) have the highest number of schools that have pit latrines only • In 2017/18, KZN (2.0%) and EC (2.9%) are the only provinces that still have some ordinary operational schools without electricity supply • In 2012/13, EC (20.1%) and MPU (10.2%) had highest number of schools without fencing but improvements were made in 2017/18 with less than 9% of schools not having fencing in the two provinces
Libraries and laboratories for science, technology and life sciences	10 years from date of publication (end 2013)	2023	<ul style="list-style-type: none"> • EC (93%), LP (93%) and MPU (80.8%) had the highest number of schools without libraries as at 2017/18 • KZN (88.6%), LP (88.6%) and MPU (87.6%) had the highest number of schools without laboratories as at 2017/18 • In 2017/18, GP (64.2%) and the WC (86.4%) had highest number of schools with access to internet connectivity for learning and teaching, while LP (3.8%) and MPU (4.3%) had the lowest

RECENT DEVELOPMENTS

- Guidelines for General Upkeep and Maintenance of Education Facilities (March 2018). Aim of guidelines is to ensure:
 - Uniformity of practice with respect to the general upkeep and maintenance processes across the sector
 - Realisation of meaningful return on investment
 - Prolonged useful life of education facilities; and
 - That teaching, learning and support functions take place in a safe, hygienic and conducive environment
- School Infrastructure Safety and Security Guidelines (March 2017). Aim of guidelines is to provide:
 - Clarity on how the education infrastructure should be carefully planned and designed to address the safety and security concerns in schools
 - Clarity on the minimum safety and security measures that have to be considered at all the public schools when providing school infrastructure
 - A uniform and consistent response by the education sector, planners and designers on issues that threaten the safety and security of the learners and educators in schools with respect to provision of infrastructure measures



EXPENDITURE PATTERNS IN RESPECT OF EDUCATION INFRASTRUCTURE

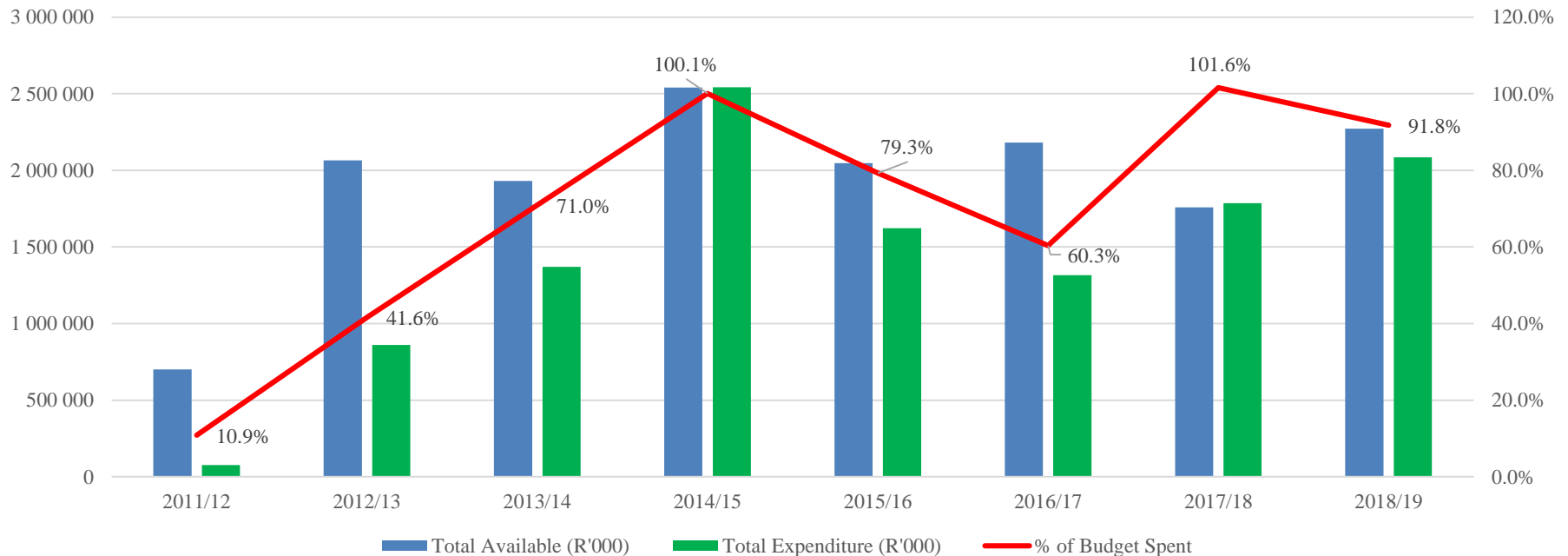
KEY INFRASTRUCTURE PROGRAMMES: ACCELERATED SCHOOLS INFRASTRUCTURE DELIVERY INITIATIVE

- Accelerated Schools Infrastructure Delivery Initiative (ASIDI) was introduced in 2011/12 and aimed at:
 - Eliminating backlogs in school infrastructure
 - Upgrading schools to meet the standards prescribed by the Norms and Standards for Schools Infrastructure
 - Eradicating inadequate, unsafe and poor physical infrastructure by using allocated funds properly
- Funding for ASIDI flows to the DBE through the Schools Infrastructure Backlog Grant (SIBG) allocations
 - SIBG established with intention of being a high impact, temporary intervention
 - SIBG was scheduled to end in 2017/18, then in 2018/19 and merged with Education Infrastructure Grant, but extended and will continue running over 2019 MTEF period in order to complete projects underway/in the pipeline

TREND ANALYSIS OF ASIDI SPENDING

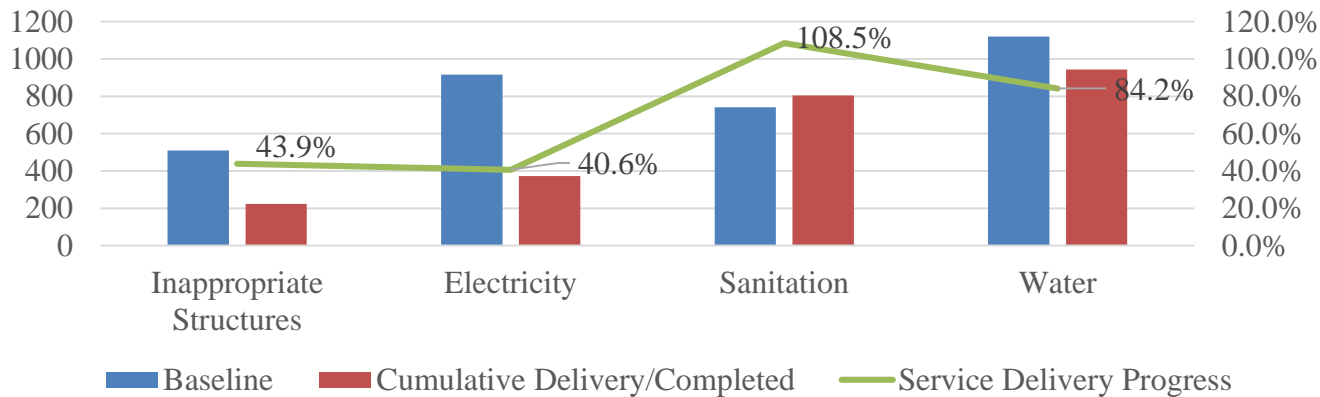
- Since inception, R15.5 billion allocated in respect of SIBG which is used to fund the ASIDI programme
- On average 70% of the allocated amount has been spent

Spending Performance of the SIBG, 2011/12-2018/19



OUTPUTS RELATED TO ASIDI

ASIDI Progress by Infrastructure Dimension, 2011 to June 2019



- Eight years later, progress in meeting targets worryingly low

Province	Electricity			Sanitation			Water		
	2011 Baseline	Completed	% Completed	2011 Baseline	Completed	% Completed	2011 Baseline	Completed	% Completed
Eastern Cape	317	202	63.7%	344	225	65.4%	619	336	54.3%
Free State	143	50	35.0%	68	12	17.6%	101	53	52.5%
Gauteng	2	2	100.0%	28	14	50.0%	0	n/a	
KwaZulu Natal	116	58	50.0%	140	106	75.7%	230	214	93.0%
Limpopo	142	5	3.5%	77	367	476.6%	121	293	242.1%
Mpumalanga	148	45	30.4%	8	38	475.0%	17	36	211.8%
Northern Cape	0	0		26	13	50.0%	12	5	41.7%
North West	41	2	4.9%	29	10	34.5%	16	3	18.8%
Western Cape	7	8	114.3%	21	19	90.5%	4	3	75.0%

KEY CHALLENGES HAMPERING ASIDI

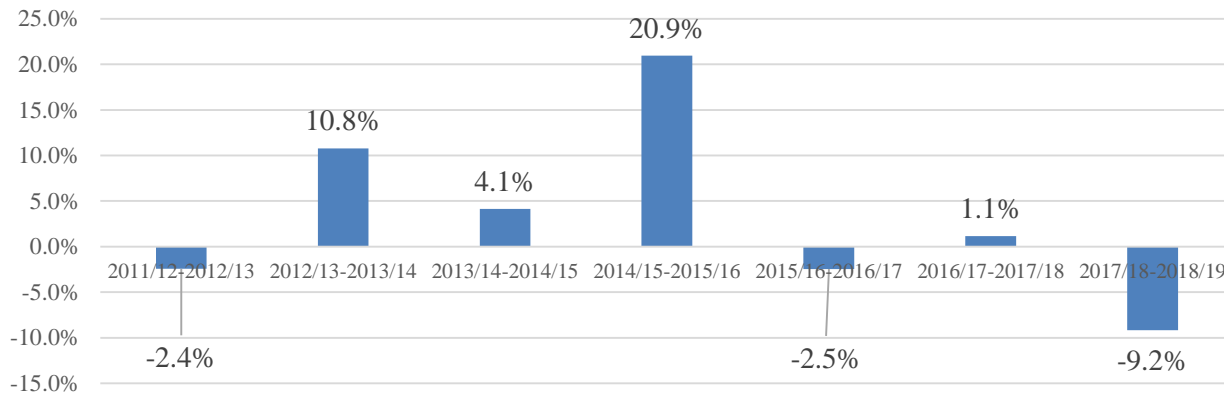
- SIBG is an indirect grant, i.e. it is spent by the National Department of Basic Education on behalf of provincial education departments
 - Development Bank of Southern Africa (DBSA) and Eskom are the appointed implementing agents for the management of ASIDI projects
 - DBSA in turn utilises subcontractors who in turn rely on numerous small, medium and micro enterprises (SMMEs) to roll out the school building project – this arrangement complicates and weakens the accountability chain – strong oversight required
- Key challenges include:
 - Poor communication and sharing of information
 - Slow procurement and implementation processes
 - Inadequate management capacity especially at project management level
 - Disincentives related to implementing agents not being the owner of a project
 - Lack of effective systems for monitoring and controlling service providers
 - Poor financial management systems that result in late payments to service providers

KEY INFRASTRUCTURE PROGRAMMES: EDUCATION INFRASTRUCTURE GRANT

- Education Infrastructure Grant (EIG) was introduced to:
 - Accelerate the construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in education
 - Enhance capacity to deliver infrastructure in education
 - Address damaged education infrastructure
 - Assist in ensuring that targets set out in the minimum norms and standards for school infrastructure are met
- EIG is a schedule 4 conditional grant to provinces
 - It is therefore meant to supplement provincial allocations: provinces are also required to make contributions from PES
 - Allocations to EIG have been cut due to fiscal consolidation efforts
 - Provincial allocations in respect of education infrastructure are likely to come under pressure as a result of subdued economic climate – threat of provinces relying solely on the grant and not allocating towards this item from their own revenue

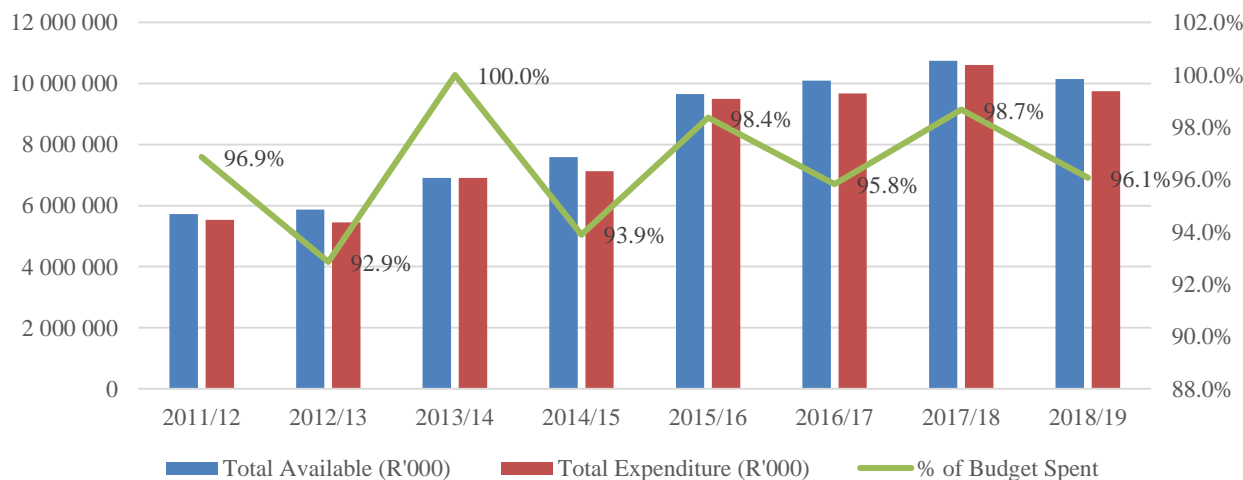
ANALYSIS OF EIG BUDGET AND SPENDING

Real Growth in Allocations to EIG, 2011/12-2018/19



- Total of R66 billion allocated to EIG between 2011/12 and 2018/19
- Relative to general spending performance of infrastructure conditional grants, EIG has performed relatively well with actual spending averaging 96% between 2011/12 and 2018/19

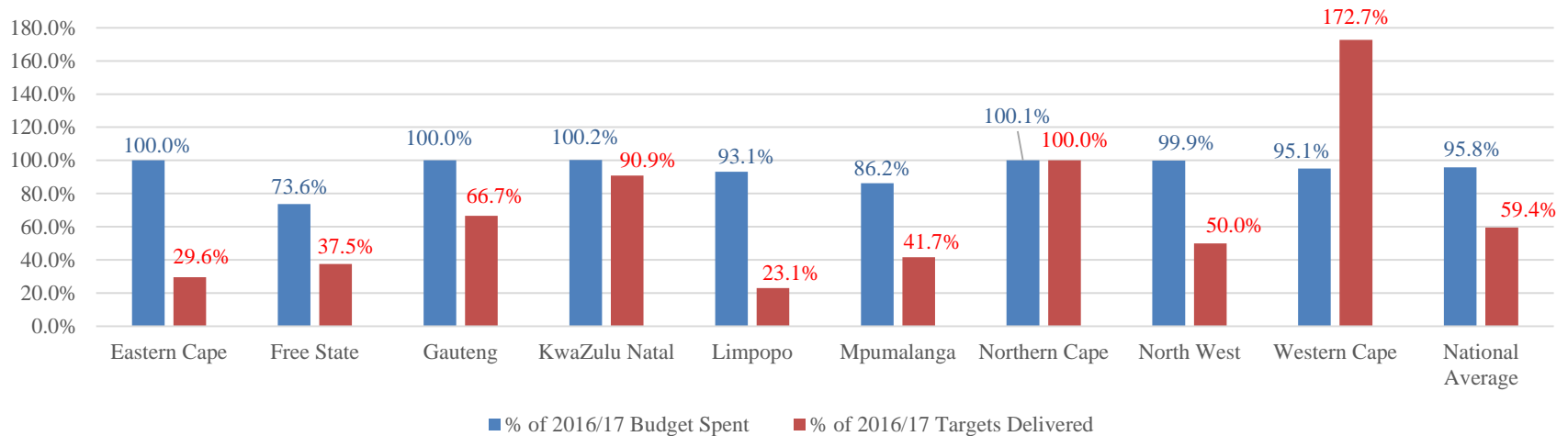
Spending Performance of EIG, 2011/12-2018/19



- Improved spending performance notwithstanding, it should be kept in mind that any underspending reflects unproductive use of resource

OUTPUTS RELATED TO THE EIG

EIG Financial and Service Delivery Performance, 2016/17



- Despite good spending record, service delivery performance must follow suite - trends raise concern around value for taxpayers' money
- Reasons for suboptimal fulfilment of delivery targets include:
 - Late submission of invoices by service providers which creates significant backlog in the processing of invoices for payment
 - Delayed delivery due to sub-standard work done by contractors
 - Delay in issuing of practical completion certificates, hence projects cannot be declared completed and handed over

CHALLENGES WITH EXISTING INFRASTRUCTURE DELIVERY MODE

- The status quo for delivering most provincial infrastructure projects separate the planning, budgeting and implementation functions between sector departments and implementing agents, thus distorting incentives and weakening the accountability chain
 - E.g. Projects are often over budget and time overruns are frequent because public works and other implementing agents appoint consultants to design and oversee infrastructure projects, but are not incentivized to properly manage them as the Auditor General does not hold implementing agents accountable for infrastructure spending

CHALLENGES WITH EXISTING INFRASTRUCTURE DELIVERY MODE [CONT.]

- The analysis of the infrastructure value-chain reveals that a lack of oversight at key delivery points are increasing incentives to engage in fiscal misappropriation

Key Challenges that Arise Due to Lack of Oversight

- Consultants are incentivized to over-design projects because their payment is often based on a percentage of the project cost
- There is no third party review of tenders awarded by implementing agents even though they are solely responsible for appointing contractors with very little participation from sector departments – awarding projects to contractors without the proper grading and proven track record is a key driver of inefficiencies in provincial infrastructure provision
- Permanent onsite supervision of contractors is largely absent, allowing for the concealment of defects and the use of poor quality material

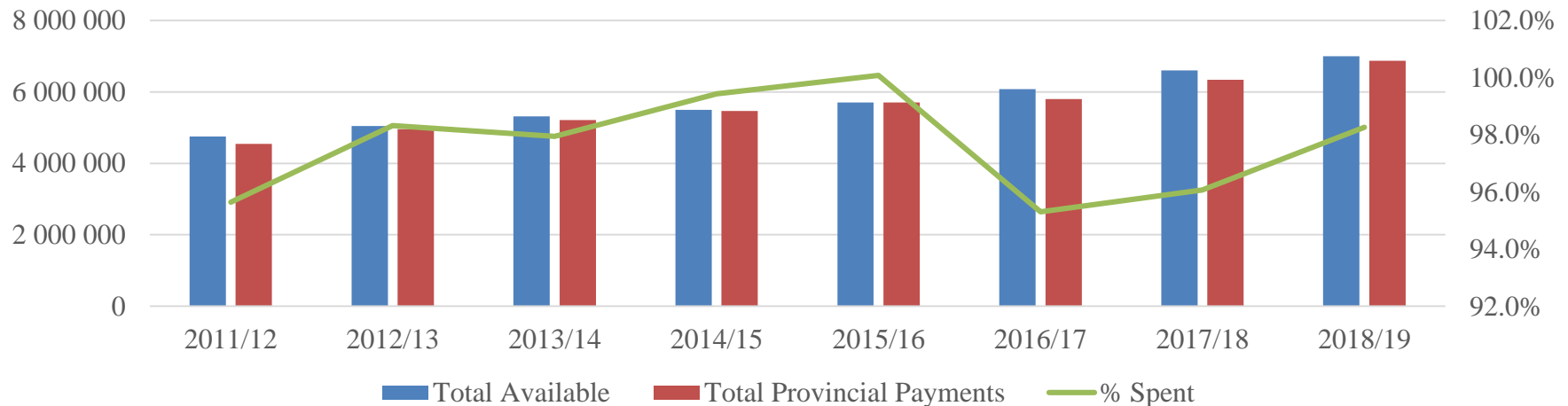


EXPENDITURE PATTERNS IN RESPECT OF NON- INFRASTRUCTURE CONDITIONAL GRANTS

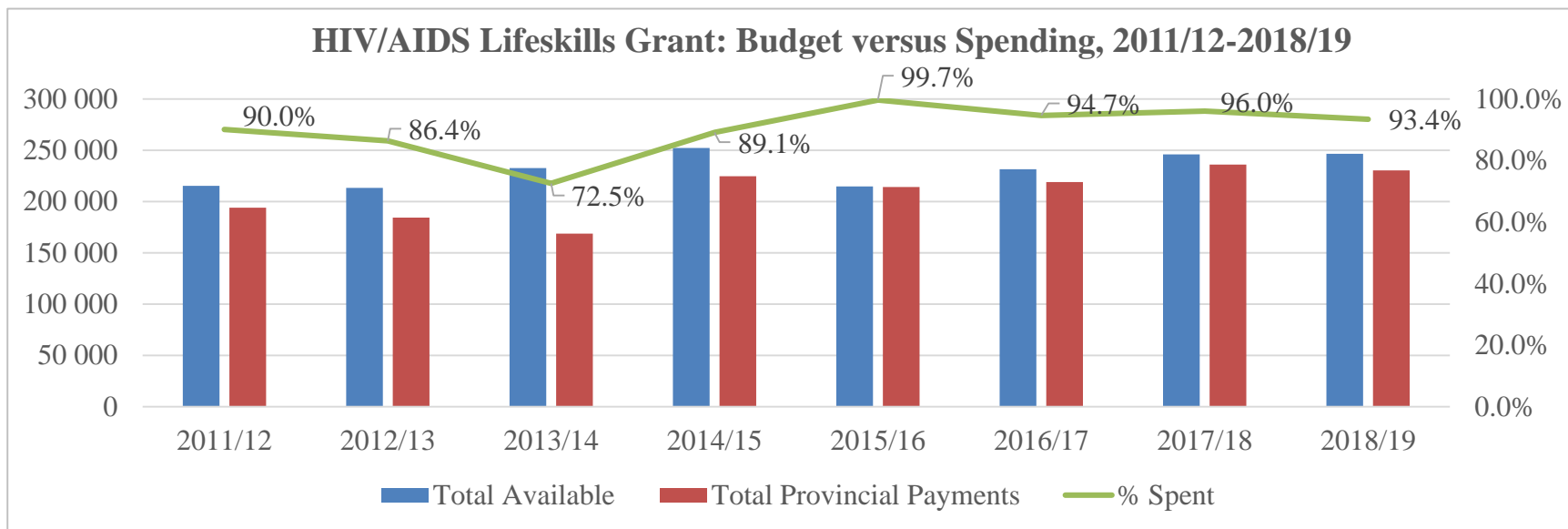
NATIONAL SCHOOL NUTRITION PROGRAMME

- The National School Nutrition Programme (NSNP) aims to improve the nutrition of poor school children, enhance their capacity to learn and increase their attendance at school
 - NSNP provides a free daily meal to learners in the poorest 60% of schools (quintile 1 to 3)
- Generally funds well spent over the period reviewed – average of 97.6% of budget spent
- Key challenges with management of programme include:
 - Up-to-date and accurate stock registers is a persistent challenge
 - Poor procurement practice exists with schools not following a competitive process in terms of sourcing quotations from potential suppliers

NSNP: Budget versus Spending, 2011/12-2018/19



HIV/AIDS LIFE SKILLS EDUCATION GRANT

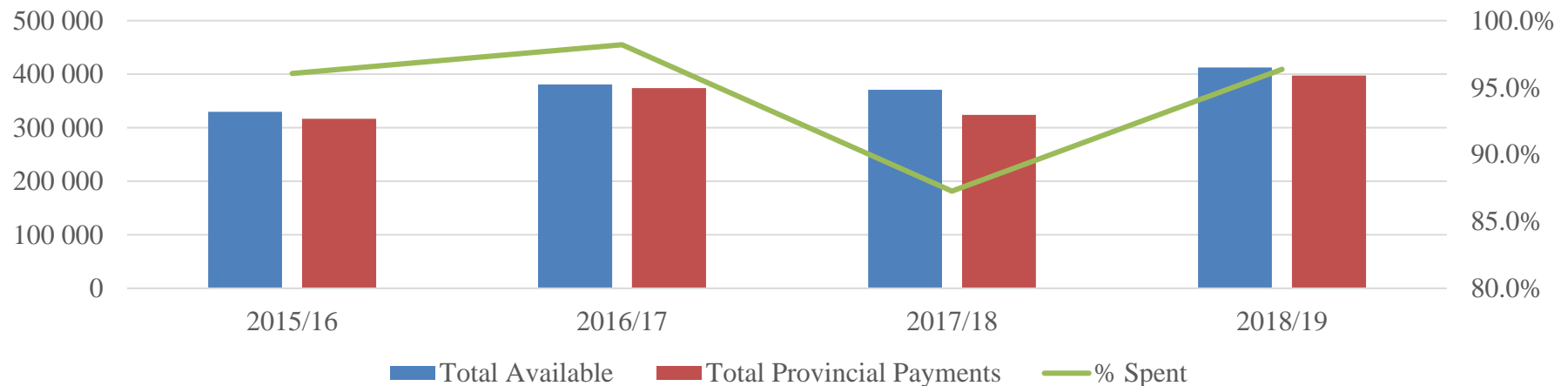


- With the exception of 2015/16, the HIV/AIDS Life Skills Education grant has consistently underperformed – however magnitude of underspending generally not high
 - Over the entire period reviewed, Limpopo has reported poor performance with respect to spending this conditional grant – as at 2018/19, only 68.8% of its total allocation has been spent
 - Challenges in the management of this grant principally centre around poor supply chain management practices which end up delaying delivery
 - Oversight role of sector department, especially where there are provinces that continually underperform

MATHEMATICS, SCIENCE AND TECHNOLOGY GRANT

- Aim of the grant is to provide support and resources to schools, teachers, and learners for the improvement of mathematics, sciences and technology teaching and learning at selected public schools
 - Spending performance has been relatively good - notable decline in 2017/18 but improvement in 2018/19 – average spending at 95%
 - Consistently poor spending performance in the Free State and Limpopo provinces
 - Challenges in spending this grant relate largely to delays in provincial education departments' procurement processes

Maths, Science and Technology Grant: Budget versus Spending, 2015/16-2018/19



LEARNERS WITH SEVERE TO PROFOUND INTELLECTUAL DISABILITIES

- Aim of the grant is to expand access to education for learners with profound intellectual disabilities

R'000	2017/18			2018/19		
	Total Available	Provincial Payments	% Spent	Total Available	Provincial Payments	% Spent
Province						
Eastern Cape	3,537	728	20.6%	25,778	9,999	38.8%
Free State	11,368	2,957	26.0%	20,397	14,260	69.9%
Gauteng	12,632	11,688	92.5%	26,451	26,440	100.0%
KwaZulu Natal	5,558	2,696	48.5%	28,330	22,992	81.2%
Limpopo	9,853	4,666	47.4%	23,688	20,934	88.4%
Mpumalanga	12,883	11,371	88.3%	20,709	20,709	100.0%
Northern Cape	2,021	1,557	77.0%	6,837	6,832	99.9%
North West	2,274	2,193	96.4%	12,797	10,476	81.9%
Western Cape	11,874	11,401	96.0%	26,206	25,521	97.4%
Total National Average	72,000	49,257	68.4%	191,193	158,163	82.7%

- Smallest grant, but allocation has more than doubled between 2017/18 and 2018/19
- Overall, spending performance has improved from 68.4% (2017/18) to 82.7% (2018/19)
- Underperforming provinces include the Eastern Cape, Free State and to a lesser extent KZN, North West and Limpopo

LEARNERS WITH SEVERE TO PROFOUND INTELLECTUAL DISABILITIES [CONT.]

- Numerous challenges exist that hamper performance:
 - General teething problems that arise with new grants
 - Under-expenditure in some provinces due to the delay in the recruitment of required personnel
 - Access issues – long waiting periods for placement of learners into special schools
- Along with access, the equitable provision of quality, special needs education is a significant challenge
 - According to Department of Basic Education, in terms of access: 119 559 learners enrolled in special schools, 121 461 special needs learners in ordinary schools and 11 461 learners on waiting lists
 - Statistics SA data suggests that there may be just over 500 000 learners with disabilities who are of school going age that are not attending any education institution
 - The existence of this conditional grant indicates commitment but is the intervention proportional to the challenge (especially considering the need for specialised infrastructure to ensure access as well as other specialised inputs like assistive technology)?
 - FFC intends conducting research on special needs education focussing on amongst other things what are the major gaps in resourcing special needs education from both a financial and non-financial perspective?



EQUITY IN EDUCATION

EQUITY AND THE NATIONAL NORMS AND STANDARDS FOR SCHOOL FUNDING

- Through the National Norms and Standards for School Funding, a quintile-based funding approach has been implemented
 - A five-tiered system is used with Quintile 1 including the neediest schools whilst Quintile 5, the most affluent – learners in quintiles 1, 2 and 3 do not pay school fees
 - Approach aims to achieve redress and equity through directing greater funding to needier learners
 - Each year the National DBE sets the target per learner amount for each quintile, which provincial departments of education should adhere to

EQUITY [CONT.]

- Cases to note:
 - KZN has been funding all quintiles below the national threshold amount since 2014
 - Mpumalanga spending below national threshold for all quintiles in 2016, 2017, 2018 and 2019
 - Northern Cape funding Quintiles 1 to 3 below national threshold since 2015

Provincial Per Learner Allocations Relative to National Threshold for 2018 and 2019

Province	2018			2019		
	Quintiles 1-3	Quintile 4	Quintile 5	Quintiles 1-3	Quintile 4	Quintile 5
Eastern Cape	R1,316	R660	R228	1390	697	241
Free State	R1,316	R660	R240	1390	697	241
Gauteng	R1,316	R660	R660	1390	697	697
KwaZulu Natal	R955	R522	R179	955	522	179
Limpopo	R1,316	R660	R228	1390	697	241
Mpumalanga	R1,285	R650	R226	1340	679	235
Northern Cape	R1,243	R778.38	R366.35	1134	733.55	345.25
North West	R1,316	R660	R228	1390	697	241
Western Cape	R1,316	R1,055	R390	1390	1129	376
National Threshold	R1,316	R660	R228	1390	697	241

CONCLUDING REMARKS

- With respect to performance of infrastructure and non-infrastructure conditional grants:
 - More effective oversight over basic education conditional grants is required
 - DBE must develop clear performance evaluation frameworks for the grants under its control – well defined performance indicators that can be tracked consistently across project cycle stages for all provinces and performance indicators should be based on quality, cost and time factors
 - More effective/stringent penalties required for implementing agents who perform poorly
- If the performance challenges and uneven access to school infrastructure and other educational inputs are not addressed, the wide disparities in educational outcomes between rural and urban provinces and between less affluent and more affluent schools, will persist

CONCLUDING REMARKS [CONT.]

- Regarding equity:
 - Policy and funding frameworks have attempted to entrench equal treatment of learners but funding framework mostly disregard historical disparities and other important constraints which affect disadvantaged schools
 - Cases of persistent funding below national threshold to be urgently investigated with adequate recovery plan to be devised – KZN, Mpumalanga, Northern Cape
 - Provinces where value for money is lowest and where greatest challenges are being experienced coincide with poorer, more rural provinces. Combined with the general poor quality of education, the implication is that learners from lower socio economic backgrounds are likely to remain at a disadvantage – highlights the disjunct between access to education for all versus quality education for all

FFC's WEBSITE: WWW.FFC.CO.ZA



FINANCIAL AND FISCAL COMMISSION

An Independent Constitutional Advisory Institution



[Home](#) [About](#) [Discussions](#) [Media & Events](#) [Research](#) [FAQs](#) [P.A.I.A](#) [Jobs & Tenders](#) [Links](#) [Contact](#)

You are here: [Home](#)



Submissions

- [Commission Submissions](#)
- [List of Recommendations](#)
- [Submission Chapters](#)
- [Budget Process](#)

Financial and Fiscal Commission
Intergovernmental Fiscal Relations Conference
10 - 13 August 2014

International Convention Centre,
Cape Town, South Africa

[Our Mandate](#)

More Publications

[Vote of Thanks 20th anniversary conference](#)

[Keynote Address - FFC 20th Anniversary Conference](#)
[Acting Chairperson](#)