

SECTION 2

FINANCING OF EDUCATION

2.1 UTILISATION OF LINE BUDGETS

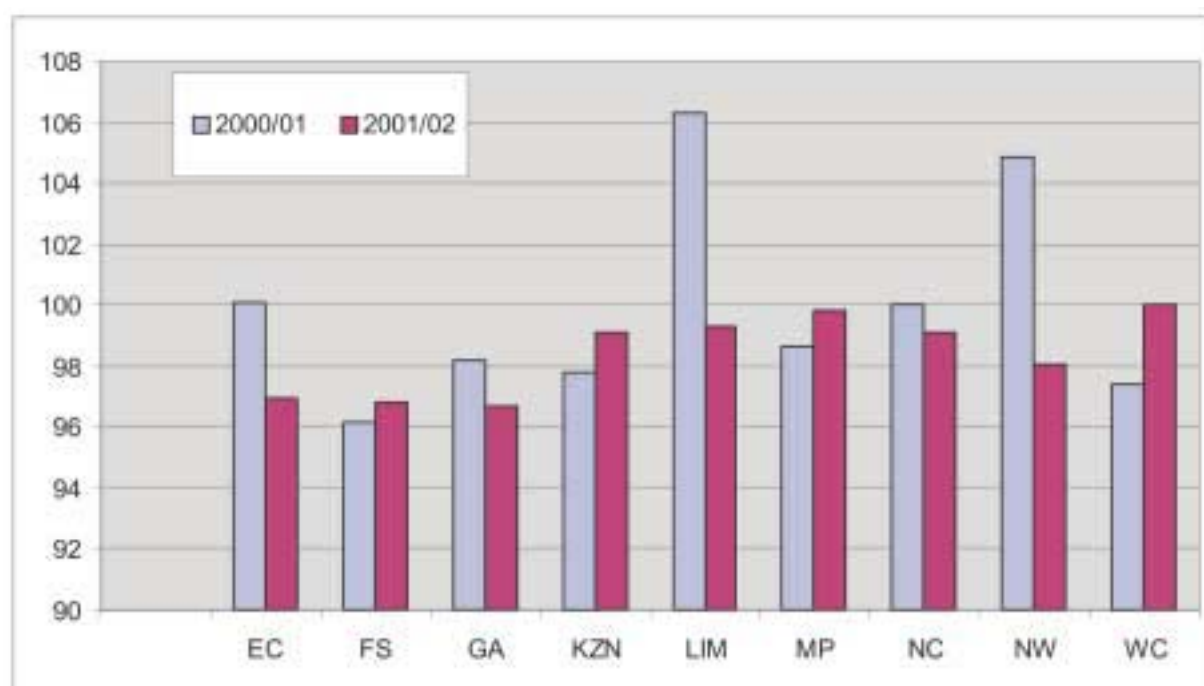
The budget and expenditure of the provincial departments over the past two years is summarized in Table 2.1 and represented graphically in Figure 2.1.

Table 2.1: Provincial expenditure over the past two financial years

Province	Actual Expenditure		Budget		Under/over expenditure (1)		% expenditure	
	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02	2000/01	2001/02
	R million	R million	R'million	R million	R million	R million		
Eastern Cape	7191	7871	7187	8119	4	-248	100.0557	96.94544
Free State	2990	3273	3110	3382	-120	-109	96.14148	96.77705
Gauteng	6834	7259	6961	7507	-127	-248	98.17555	96.69642
KwaZulu-Natal	8185	9265	8368	9347	-183	-82	97.8131	99.12271
Limpopo	6370	6772	5992	6819	378	-47	106.3084	99.31075
Mpumalanga	2997	3329	3038	3336	-41	-7	98.65043	99.79017
Northern Cape	965	1019	965	1028	0	-9	100	99.12451
North West	3699	3951	3527	4029	172	-78	104.8767	98.06404
Western Cape	4023	4339	4130	4339	-107	0	97.4092	100
Total	43254	47078	43278	47906	-24	-828	99.94454	98.27162

(1) The (-) sign indicates under-expenditure

Figure 2.1: Comparison of provincial expenditure during the 2000/01 and 2001/02 financial year



During the 2000/01 financial year, five provinces under-spent their budget and three over spent. During the 2001/02 all the provinces, except the Western Cape, under-spent their allocations. Three provinces that have shown a level of expenditure outside the permissible 2% are Eastern Cape (3.1%), Free State (3.3%), and Gauteng (3.3%). What is more striking is the fact that in these three provinces the level of under-expenditure can be as high as 20% of the non-personnel expenditure. This is illustrated by using the Eastern Cape, which under spent by R248 million. National Treasury published the medium term estimate of personnel expenditure for 2001/02 to be R6956 million. The non-personnel expenditure would then be R1163 million. The level of under-expenditure in this case is as high as 21% of the non-personnel expenditure. Some of the reasons that may have led to under-expenditure could be due to the lack of capacity to manage and administer the budget, delays associated with the process of procuring goods and services and positions that remain vacant over long periods in the provincial departments. Some of these reasons will become more evident in other areas of the report.

2.2 DONOR FUNDS

Provincial departments of education receive donor funds from different agencies. By and large, these donor funds are used among others, to support a number of programmes, especially in the fields of professional, system and infrastructure development and to address challenges encountered during policy implementation. Gauteng and the Western Cape reported that they do not receive donor assistance. Limpopo and the North West did not report on donor funding that the departments receive. The report furnishes information extracted from the Department of Education records with respect to the two provinces. The extent of the donor funding reported by provincial departments is given in the Table 2.2.

Table 2.2: Extent of Donor Funds in Provincial Departments of Education

EASTERN CAPE

Donor	Amount R'million	Purpose
Department for International Development, United Kingdom (DFID)	243	To improve the management capacity of the Head office and Districts
United States Agency for International Development (USAID)	15	To improve the quality of 80 primary schools over a period of three years
Swedish International Development Agency (SIDA)	12	To improve the quality of 120 primary schools in the Northern Region
Quality Learning Program (QLP)	28	Improvement of Maths and Science teaching in secondary schools for a period of five years
Japanese International Cooperation Agency (JICA) and the European Union (EU)	120	Construction of 20 Schools (JICA) (R50mill)& 33 schools (R70 mill) (EU)
TOTAL	418	

FREESTATE

Donor	Amount R'million	Purpose
Flemish Government	1.26	To improve literacy and numeracy standards in the Free State
TOTAL	1.26	

KWAZULU-NATAL

Donor	Amount R'million	Purpose
United States Agency for International Development (USAID)	34.99	For school governance manuals
Japanese International Cooperation Agency (JICA)	50	For school management manuals
Netherlands Government	2.8	For teacher development and resources and information network
TOTAL	87.79	

MPUMALANGA

Donor	Amount R'million	Purpose
United States Agency for International Development (USAID)	6.0	Maths & Science teaching and Inclusive education
Japanese International Cooperation Agency (JICA)	(The contribution of each donor agency has not been given in the provincial report.)	
Finish International Development Agency (FINIDA)		
Local donor agencies	11.66	Capital and education development projects
TOTAL	17.66	

NORTHERN CAPE

Donor	Amount R'million	Purpose
United States Agency for International Development (USAID)	39.42	Thusanang Project, EMIS, DDSP, Science Kits, Teacher Resource Centre, Box Library Project
Finish International Development Agency (FINIDA)	7.76	HE Capacity building, ICT Enhanced Learning, Inclusive Education
Swedish International Development Agency (SIDA)	29.07	Support for curriculum development
TOTAL	76.25	

LIMPOPO

As stated earlier, the province did not submit a report on donor funding. Examination of the records kept in the Department of Education shows evidence that the province received donor funding in the period 1996 - 2000. The province appears to benefit from USAID funding together with the Eastern Cape, KwaZulu-Natal, Northern Cape and the Department of Education. The amount reflected in the records does not indicate specifically the amount that would be available to Limpopo Province.

NORTH WEST

Donor	Amount R'million	Purpose
Danish International Development Agency (DANIDA)	12.0	Education management development. The grant was available from 1996 to 2001
Netherlands Government	7.3	Teacher access to resources and information. The amount is shared with KwaZulu Natal
	9.0	Capacity building in NGOs for Science, Maths, Technology, Language education manuals and support for school development
TOTAL	28.3	

The Eastern Cape received a total of R418 million from donor funds. The amount of R243 million from DFID to the Eastern Cape is to be utilized over a period of three years. The next province that benefits substantially is KwaZulu-Natal with a total of R87 million. It would have been expected that Limpopo Province would be the third province to benefit from donor funding, and its inability to supply this information is alarming.

While most of the provincial departments that receive donor funding have reported the amounts and the purpose for which the funds were allocated, they did not report the level of expenditure. They also did not report on progress made in the implementation of the various projects. The Department of Education has recognized the need to coordinate the utilization of donor funds. This report will discuss strategies that will be adopted to strengthen the capacity of provincial departments to use donor funds, together with strategies for the utilisation of conditional grants.

2.3. CONDITIONAL GRANTS

In addition to the provincial votes, departments of education receive further funding from National Government through conditional grants focused on specific initiatives to transform the education system. The specific initiatives targeted are:

- Quality improvement and financial management;
- HIV/AIDS;
- Early Childhood Development;
- Infrastructure - Classroom backlogs.

The budget for these initiatives over the period 2001 / 2002 to 2003 / 2004 financial year is shown in Table 2.3

Table 2.3: Conditional Grant allocations for special initiatives and MTEF estimates for the 2002/03 and 2003/04 financial years

Grant	Fin Year 2001/02	Fin Year 2002/03	Fin Year 2003/4
Classroom backlogs	13	-	-
ECD	21	52	88
Financial Management	213	224	234
HIV/AIDS	64	-	-
Total	298	276	322

Source: National Treasury, based on provincial inputs. Amounts in R' millions.

In this section the report will deal with funds allocated for quality improvement and financial management only. The other initiatives will be dealt with in the respective sections devoted to Infrastructure, ECD and HIV/AIDS.

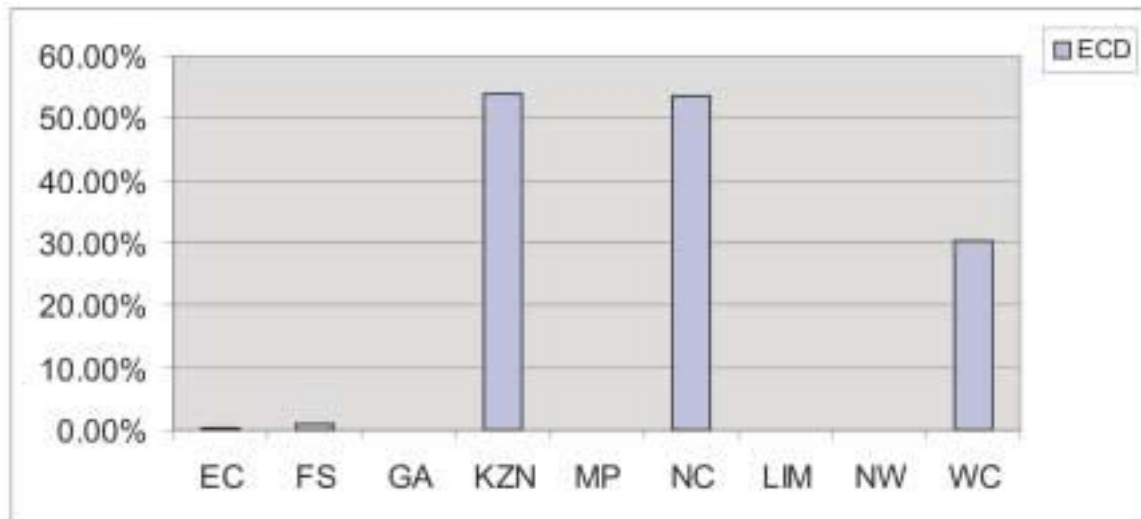
2.3.1 Expenditure on the ECD conditional grant

Of a total sum of R30 million allocated for the conditional grants in 2001/2002, R21 million was allocated to provinces and the remaining R9 million to the Department of Education for nationally co-coordinated activities. The provincial allocation is allocated according to the equitable share formula. The business plans have been designed with a view to implementing a compulsory Reception Year programme as part of the 10 years of compulsory education as set out in the White Paper on Education (1995). Expenditure on the conditional grant is monitored on a monthly basis. Provincial departments of education are required to submit their financial reports once every month. Table 2.4 shows the amount allocated to each province and the level of spending by the end of February 2002. The information is also represented graphically in Figure 2.3.

Table 2.4: 2001/02 Conditional Grant allocation to and expenditure by provincial departments of education for Early Childhood Development (ECD)

Province	Allocation	Transfers	Expenditure as per last report received	Balance	% Spent	Month of last report received
	R'000	R'000	R'000	R'000		
Eastern Cape	3,885	3,885	11	3,874	0.28%	Feb-02
Free State	1,323	1,323	12	1,311	0.91%	Feb-02
Gauteng	2,583	2,583	-	2,583	0.00%	Dec-01
KwaZulu-Natal	4,641	4,641	2,500	2,141	53.87%	Jan-02
Mpumalanga	1,533	1,533		1,533	0.00%	
Northern Cape	399	399	214	185	53.63%	May-01
Limpopo	3,297	3,297		3,297	0.00%	Dec-01
North West	1,680	1,680	-	1,680	0.00%	
Western Cape	1,659	1,659	502	1,157	30.26%	Feb-02
TOTAL	21,000	21,000	3,239	17,761	15.42%	

Figure 2.3: Graphical representation of the level of spending of the ECD conditional grant



Only two provinces, KwaZulu-Natal and Northern Cape, have spent more than 50% of their allocations by the dates indicated, despite the fact that 100% of the amount had already been transferred to the provinces.

An analysis of the reports submitted by Members of the Executive Council, however, does not reflect the information given above. Six provinces, except Free State, Gauteng and KwaZulu-Natal, did not provide a narrative on ECD although they received a conditional grant as shown in the table above. Gauteng and Kwa Zulu-Natal made interesting comments worth noting with respect to the capacity available in the provincial departments to spend the allocations. The comments are summarised as follows:

- The lack of personnel to effectively manage the implementation of the project is a real concern. There is no ECD Directorate or sub-directorate at the Gauteng Head office and not all staff in districts have ECD experience.
- The status of ECD and Grade R is not of high importance in many districts. This directly impacts on the utilisation of the conditional grant and the phasing in of Grade R at all levels.
- It is anticipated that the number of Grade R learners in a site could drop, as a large number of young adults are HIV positive and the risk of illness, death and emotional trauma exists. In anticipation of this, sites will be supported to become “Centres of caring”. Support material is being developed and aspects of handling grief and death should be included in the training. Flexibility will be allowed in terms of enrolment of learners and cognisance will be taken of specific circumstances.
- A further problem is that mandatory criteria for inclusion of sites on the conditional grant may not be met, owing to lack of communication with administrators of the sites. An advocacy campaign to lobby for the urgent registration of identified sites will be put

in place to deal with this.

- There was widespread concern regarding the impact of training on classroom practice in the ECD Pilot Project, especially in rural areas. To counteract this, a more effective monitoring, reporting and evaluation system must be put in place. However, the lack of personnel will make the supporting and monitoring process difficult to manage.
- Delays in the tender process at national level during year 1 severely affected the implementation of the conditional grant in this province. Resource kits for each site were allocated a budget from the provincial budget.

KwaZulu-Natal expects to begin the phasing-in of a quality reception year by extending provision to an additional 996 ECD sites, impacting on approximately 29 880 five to six year old learners. At the end of December 2001, R0.8m of the R4.6m budget was spent. The Department is expecting R1.1m under-expenditure on this grant, owing to a delay in the appointment of a service provider by the National Education Department.

The low level of expenditure regarding the utilization of the conditional grant for ECD in all the provinces may in part be related to the fact that this is the first time that provision has been made for phasing in the reception year. Proper systems for human resource management, implementation and monitoring progress with the provision of ECD and the concurrent phasing in of Grade R will need to be strengthened in all the provinces. The Department of Education will take the lead in ensuring an improvement of the system of provision in the Eastern Cape Department.

2.3.2 Expenditure on the conditional grant allocated for quality improvement and financial management

Conditional Grants for Quality Enhancement and Financial Management in education were introduced in the Department of Education in 1998/1999. The primary objective of these grants was to provide financial support to a broad spectrum of national and provincial education development initiatives intended to address systemic problems that undermined the functionality and the efficacy of the different levels of the education system.

At the inception of this intervention in the education system, the Department of Education held the funds on an agency basis. This arrangement was, however, changed in 1999/2000 when it was decided that the funds for this programme should be included in the Division of Revenue Act as part of the provincial revenue allocation. This effectively transferred the accountability for the funds to the heads of the provincial education departments. The Director-General of the Department of Education, however, still retains the responsibility for monitoring the utilisation of the funds on the programme

and for reporting to National Treasury as prescribed by the Division of Revenue Act.

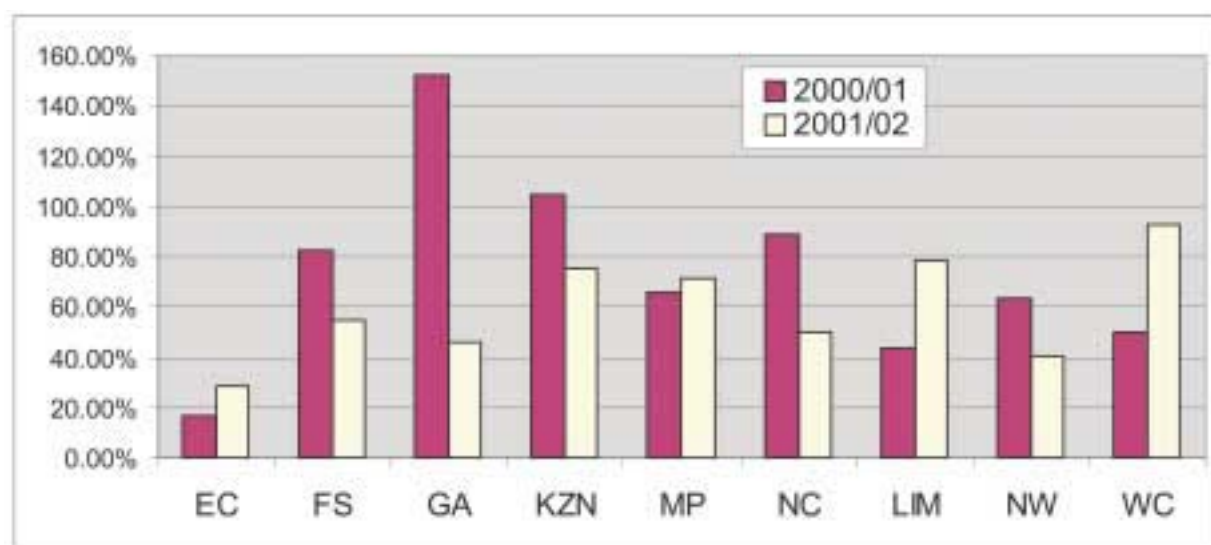
When the programme was introduced in 1998, it had a total budget of R200 million for 1998/1999 projects. In the 1999/2000 financial year the total allocation for projects under this programme was R261 million while in 2000/2001 the allocation stood at R272 million. The total allocation for the financial year 2001/2002 was R282 million.

Table 2.5 shows the allocation of the conditional grant for the 2001/02 financial year for quality improvement and financial management. The funds were allocated to the respective provinces on the basis of the equitable shares formula.

Table 2.5: 2001/02 Conditional Grant allocation to and expenditure by provincial departments of education for quality improvement and financial management

Province	Approved Roll-over from 00/01	Allocation 2001/02	Transfers	Total funds available	Expenditure as per last report recorded	Balance	% Spent	Month of last report received
	R'000	R'000	R'000	R'000	R'000	R'000		
Eastern Cape		39,405	39,405	39,405	11,260	28,145	28.58%	Feb-2002
Free State	9,316	13,419	13,419	22,735	7,325	15,410	54.59%	Jan-2002
Gauteng		26,199	26,199	26,199	11,991	14,208	45.77%	Jan-2002
KwaZulu-Natal	6,531	47,073	47,073	53,604	35,541	18,063	75.50%	Jan-2002
Mpumalanga	5,204	15,549	15,549	20,753	11,118	9,635	71.50%	Feb-2002
Northern Cape		4,047	4,047	4,047	2,028	2,019	50.11%	Nov-2001
Limpopo		33,441	33,441	33,441	26,111	7,330	78.08%	Feb-2002
North West		17,040	17,040	17,040	6,873	10,167	40.33%	Dec-2001
Western Cape	3,897	16,827	16,827	20,724	15,632	5,092	92.90%	Feb-2002
TOTAL	24,948	213,000	213,000	237,948	127,879	237,948	60.04%	

Figure 2.2: Comparison of expenditure during the 2000/01 and 2001/02 financial years



The performance of the provincial departments in utilising the conditional grant for financial management and quality improvement has improved dramatically compared to the previous financial years. This improvement is due in part to the introduction of improved systems for planning and monitoring performance, which were introduced during the 2000/2001 financial year. However, it appears that in some cases, there are still further delays experienced by departments arising from the implementation of procurement procedures. Overall there have been major improvements during the 2001/02 financial year. Further improvements are expected in the future.

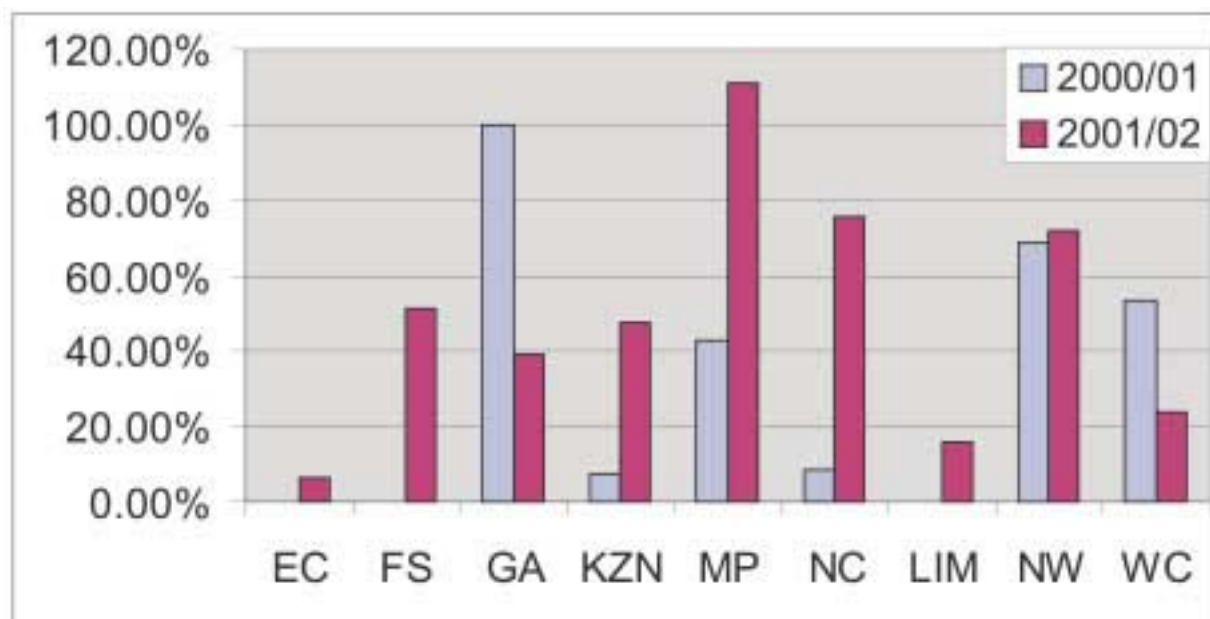
2.3.3 Expenditure on the HIV/AIDS conditional grant

The expenditure of the conditional grant is given in Table 2.6 and is graphically represented in Figure 2.4.

Table 2.6: 2001/02 Conditional Grant allocation to and expenditure by provincial departments of education for HIV/AIDS

Province	Approved Roll-over from 00/01	Allocation	Transfers	Total funds available	Expenditure as per last report recorded	Balance	% Spent	Month of last report received
Eastern Cape	-	11,747	11,747	11,747	751	10,996	6.39%	Feb-02
Free State	2,297	4,001	4,001	6,298	2,047	4,251	51.16%	Feb-02
Gauteng	-	7,810	7,810	7,810	3,037	4,773	38.89%	Dec-02
KwaZulu-Natal	4,287	14,033	14,033	18,320	6,713	11,607	47.84%	Jan-02
Mpumalanga	2,000	4,636	4,636	6,636	5,148	1,488	111.04%	Feb-02
Northern Cape	-	1,207	1,207	1,207	914	293	75.72%	Jan-02
Limpopo	-	9,969	9,969	9,969	1,584	8,385	15.89%	Feb-02
North West	734	5,080	5,080	5,814	3,665	2,149	72.15%	Dec-02
Western Cape	1,474	5,017	5,017	6,491	1,190	5,301	23.72%	Feb-02
TOTALS	10,792	63,500	63,500	74,292	25,049	49,243	39.45%	

Figure 2.4: Graphical representation of the expenditure on the HIV/AIDS conditional grant.



The data reflected in the table and the figure is the latest available data on the utilization of the HIV conditional grant. Figure 2.4 also reflects a comparison of the expenditure in the 2001/2002 financial year with expenditure during the 2000/2001 financial year. Preference was given to analysing the level of expenditure on the latest available data rather than that reported by the provincial departments of education, as it was outdated.

A common explanation that is cited in the reports from provincial departments of education for under expenditure is the lack of capacity and the associated difficulty with tender processes that result in delays regarding the procurement of services and goods. The Department of Education plans to focus on the coordination, planning and monitoring of the grant to the same extent it has done with the process of coordination of the grants for financial management and quality enhancement of education that has proved to be successful.

2.3.4. Expenditure on school infrastructure for the 2001/2002 financial year

The following sections describe activities in each province regarding the refurbishment of school buildings, the building of new classrooms and schools, and sanitation. Much of the current activities are funded from the capital investment budget. The School Register of Needs (SRN) provides extensive information on the condition of schools across the country. The activities range from addressing classroom shortages, refurbishment of buildings, provision of sanitation, water and other services. As background to illustrate the extent of classroom shortages across the country, information from the SRN is used in this report and is shown in Table 2.7

Table 2.7: Number of schools with classroom shortages and the number of classrooms required

Province	Total number of schools	No. of schools with classroom shortages	%	No. of classrooms required
Eastern Cape	6 260	2969	47	11557
Free State	2 500	394	16	1759
Gauteng	2 204	566	26	2963
KwaZulu-Natal	5 734	2750	48	9867
Mpumalanga	1 810	996	55	6218
Northern Cape	482	50	10	266
Limpopo	4 261	2107	49	9071
North West	2 304	636	28	2071
Western Cape	1 593	265	17	1344
TOTAL	27 148	10733	35	45116

Source: Information extracted from the 2000 School Register of Needs

The information contained in Table 2.7 shows that almost 50% of the schools in Eastern Cape, KwaZulu-Natal, Mpumalanga and the Limpopo require classrooms. With this background, this report continues to present the information supplied in the provincial reports.

EASTERN CAPE

School Building Programme (2000/2001 Financial Year)

The school building programme for the 2001/2002 financial year in the Eastern Cape covered projects funded by the remaining R 146 million from the R 248 million earmarked for infrastructure in the 2001/2002 financial year.

Two hundred and twenty one schools went out on tender early in December 2001.

One hundred and thirty two mud-structure and disaster schools went out on tender at a cost of R110 million towards the end of January 2001. Of these schools 127 had been completed by the end of January 2002 and the rest will be completed by 31 March 2002.

The Implementing Agents of this programme are:

- Micro Projects Trusts (MPT)
- Independent Development Trust (IDT)

The province reported that it had made some progress in the following areas:

- Prioritisation of the schools has been completed even for 2002/2003
- Construction of 86% of the 221 schools (including the budget for 2002/2003) is already under way.

- A Programme of Action is in place to utilize the remaining R146 million.
- The programme for 2002/2003 has been designed to ensure efficient and effective service delivery of the infrastructure programme.
- The expectation was that all projects would be completed by 31 March 2003.

FREE STATE

The provincial department did not report on its expenditure over the specified period. However, an indication of how the department performed during the 2001/2002 financial year will be given later in the section.

GAUTENG

During 2001/2002, the planning of 322 classrooms and documentation of 21 schools had been completed, 478 classrooms have been put out on tender, 327 classrooms were under construction and 690 classrooms were in the retention phase.

With regard to upgrading/renovations: 9 schools are in the planning phase, 1 is out on tender, 15 are under construction and 17 are in the retention phase. Altogether 1030 routine maintenance projects have been completed and services were rendered to 22 schools to prevent occurrence of sinkholes in dolomitic areas. Total expenditure of provincial budget for infrastructure development by December 2001 was R 9 449 3179 (51% of allocation). Projected expenditure by the end of March 2002 is R169 260 000 (100%).

The province received R 32 million as a conditional infrastructure grant. As many as 29 schools were renovated and upgraded in predominantly African areas. Total expenditure to date is R 23 268 478. A 100% expenditure is expected by the end of financial year.

KWAZULU-NATAL

Focus is on reducing overcrowding at existing schools. Overcrowding occurs at more than 2 900 existing schools. Providing a limited number of additional classrooms at as many affected schools as possible is necessary. Two hundred and eighty nine (289) new classrooms were provided between 1 April 2001 and 31 December 2001. A further 712 classrooms are presently either under construction or ready for tenders to be invited. The drawings and documentation of a further 3282 classrooms are close to completion and tenders will be invited by the Department of Public Works on these projects by March 2002. Approximately 132 000 children will benefit from these improved educational conditions. Between 1 April 2001 and 31 March 2002, it is anticipated that 1596 new toilet units will be completed. During the remainder of 2002 at least 3000 toilet units will have been completed.

MPUMALANGA

The Mpumalanga Department of Education reported that it had received a R57 million capital investment budget for 2001/2002. The Department also received R 24,494 million from the Government Infrastructure Investment Grant.

Seven (7) new schools with 128 classrooms were to be completed from the departmental budget during the 2001/2002 financial year. An additional three new schools were also to be built as a result of a joint venture with the private sector. The total cost for the new schools amounts to R47 438 711,00.

A total of 63 schools were refurbished at a total cost of R2, 7 million and 19 additional classrooms at 3 schools will be built at a total cost of R2 627 675,00. Water and sanitation facilities were provided to 183 schools at a total cost of R7, 5 million.

NORTHERN CAPE

The Northern Cape embarked on a number of projects during the 2001/2002 financial year. The scope of the work and the expenditure to complete the projects is given in the following table.

Table 2.8: Summary of programmes and associated expenditure for the 2001/2002 financial year

Financial year 2001/2002	Number of schools	Amounts to be spent
Construction of new schools (Phase 1)	3 (52 Classrooms over three years)	R 20,663,000.00
Rehabilitation	43	R 7,752,500.00
Fencing	5	R 385,500.00
Making Schools Accessible	5	R 358,000.00
Special Schools Repairs and Renovations	8	R 674,244.00
Beautification of Schools	7	R 686,548.00
Improvement at schools to meet requirements for IT infrastructure.	40	R 2,143,208.00
Subtotal	111	R 32,663,000.00
Day-to-Day Maintenance	All schools	R 8 049 992
TOTAL		40 712 992

The amount spent on the projects was derived from different sources detailed in the following table.

Table 2.9: Sources of funds for the infrastructure development in the Northern Cape during the 2001/2002 financial year

Source	Amount
Works Education Budget –	R6 663 000,00
Infrastructure Grant –	R12 000 000,00
Donor Funds –	R14 000 000,00
Day-to-day maintenance	R8 049 992
Total	R 40 712 999.00

The table above shows three sources of funding. However it will be shown later in section 2.4 of this report that there is a discrepancy between the information presented in the provincial report and information that was supplied to the Department of Education during routine monitoring. The discrepancy will be dealt with in detail later.

LIMPOPO

The provincial department did not report on its expenditure over the specified period. However, an indication of how the department has performed during the 2001/2002 financial year will be given later in the section.

NORTH WEST PROVINCE

The provincial department did not report on its expenditure over the specified period. However, an indication of how the department has performed during the 2001/2002 financial year will be given later in the section.

WESTERN CAPE

The Western Cape provided the following table in its report on the expenditure for the 2001/2002 financial year.

Conditional Grant

ALLOCATED 2002/02	ROLL OVER FUNDS	TOTAL AVAILABLE	SPENDING TILL 31 DEC 2001	BALANCE TILL 31 MARCH 2002
R'000	R'000	R'000	R'000	R'000
16 827	3 799	20 626	14 660	5 966

Expenditure on school infrastructure for the 2001/2002 financial year

ALLOCATED 2002/02	ADDITIONAL ALLOCATION	TOTAL AVAILABLE	SPENDING TILL 31 DEC 2001	BALANCE TILL 31 MARCH 2002
R'000	R'000	R'000	R'000	R'000
119 287	19 626	138 908	93 022	45 886

However, the information was considered to be already outdated at the time of writing. The discussion below on provincial expenditures will show recent figures for the all provinces.

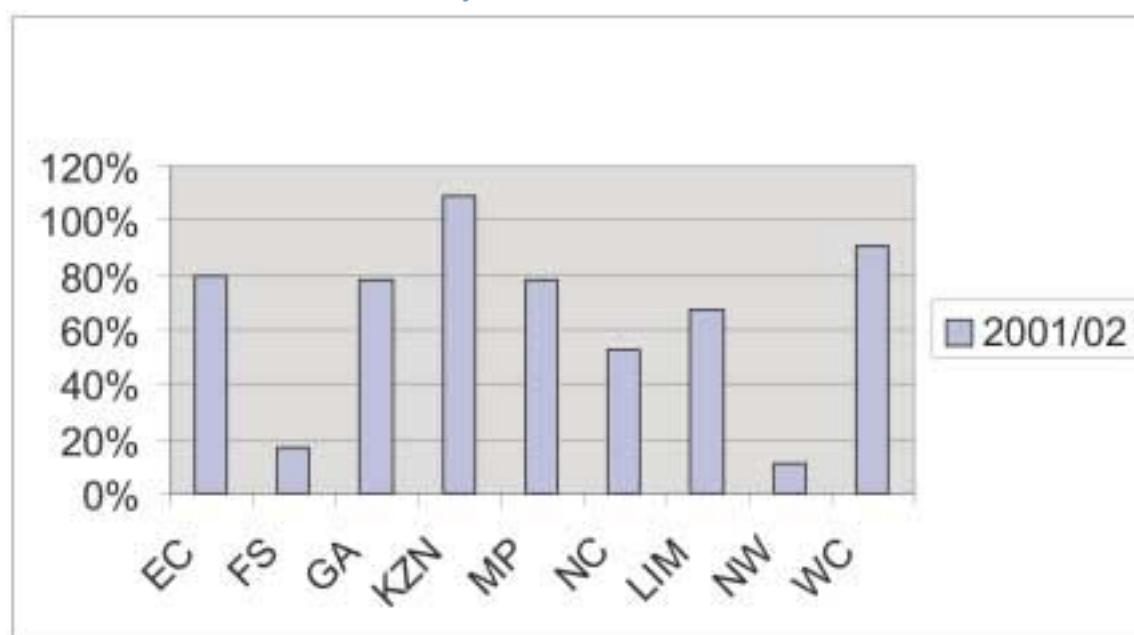
2.4 CONCLUSION

Provincial reports show that there were activities planned and undertaken towards improving school infrastructure. The reports, however, fail to indicate the extent of the backlogs that they have to deal with so that it can be possible to measure the need that still exists. The Department of Education monitors the expenditure of provincial departments. The information supplied includes commitments made towards projects that are still in progress and those that have been completed. The information is presented in Table 2.10 and graphically in Figure 2.5, see page 26.

Table 2.10: Total Capital Budget For School Infrastructure Investment

	EC	FS	GA	KZN	MP	NC	LIM	NW	WC	TOTAL
PROVINCIAL ALLOCATION	286,413,046	38,794,000	169,090,000	172,000,000	57,000,000	19,807,000	1,420,000	80,000,000	32,628,000	836,862,046
CAPITAL GRANT	-	-	32,344,000	-	24,494,000	12,000,000	57,348,000	28,000,000	55,378,000	209,564,000
OTHER ALLOCATIONS	4,705,547	42,000,000	4,200,000	-	7,650,000	-	63,258,763	27,000,000	5,964,000	154,778,310
TOTAL ALLOCATION	271,118,593	80,794,000	205,644,000	172,000,000	89,144,000	31,807,000	122,026,763	135,000,000	93,970,000	1,201,204,356
COMMITTED										
PROVINCIAL ALLOCATION	53,282,609	12,568,000	40,470,484	89,882,000	54,000,000	1,519,630	1,420,000	80,000,000	32,628,000	365,770,723
CAPITAL GRANT	-	-	195,668	-	24,494,000	6,499,065	57,348,000	28,000,000	55,378,000	171,914,733
OTHER ALLOCATIONS	3,030,912	2,310,000	-	-	2,350,000	-	63,258,763	20,000,000	5,964,000	98,913,675
TOTAL COMMITMENT	56,313,521	14,878,000	40,666,152	89,882,000	80,844,000	8,018,695	122,026,763	128,000,000	93,970,000	634,599,131
SPENT										
PROVINCIAL ALLOCATION	214,322,102	12,898,000	128,529,516	187,041,606	54,131,000	13,240,025	1,420,000	1,000,013	28,141,000	640,723,262
CAPITAL GRANT	-	-	32,148,332	-	-	3,409,841	51,646,228	790,000	51,457,000	139,451,401
OTHER ALLOCATIONS	1,654,556	1,159,000	-	-	15,329,000	-	29,242,405	13,710,802	5,964,000	67,059,763
TOTAL EXPENDITURE	215,976,658	14,057,000	160,677,848	187,041,606	69,460,000	16,649,866	82,308,633	15,520,815	85,562,000	847,234,426
PERCENTAGE										
COMMITTED										
PROVINCIAL ALLOCATION	20%	32%	24%	52%	95%	8%	100%	100%	100%	30%
CAPITAL GRANT			1%		100%	54%	100%	100%	100%	82%
OTHER ALLOCATIONS	64%	6%	0%		31%		100%	74%		63%
TOTAL COMMITMENT	21%	18%	20%	52%	91%	25%	100%	95%	100%	53%
SPENT										
PROVINCIAL ALLOCATION	80%	33%	76%	109%	95%	68%	100%	1%	85%	77%
CAPITAL GRANT			90%		0%	28%	90%	3%	93%	67%
OTHER ALLOCATIONS	35%	3%	0%		200%		46%	51%		43%
TOTAL EXPENDITURE	80%	17%	78%	109%	78%	53%	67%	11%	91%	71%

Figure 2.5: Graphical representation of expenditure on infrastructure development in the 2001/2002 financial year



The information supplied is the latest information obtained by the Department of Education from provincial departments through routine monitoring of the provincial expenditure on infrastructure. A disturbing observation is the low level of expenditure in the Free State (17%) and North West (11%). Most of the provinces have exceeded the 40% expenditure level. The low level of expenditure may be an indication of the state of the financial management systems in the provincial department of education. KwaZulu-Natal is shown in the table 2.10 and Figure 2.5 as having over-spent its budget by 9%. The total expenditure of R847.23 million reflected in Table 2.10 is constitutes a spending rate of 71% of R1.2 billion budget available nationally as at the end of March 2002

Financial reporting on infrastructure expenditure is very complex. Provincial departments of education tend to provide very different numbers to the Department of Education. For example, the Northern Cape reported in Table 2.9 an amount of R40 712 99.00 for infrastructure. The amount is inclusive of donor funding to the value of R 14 million. The latter amount is however not reflected in Table 2.10 and the total amount available to the provincial department differs in the two tables. Major work needs to be done by provincial departments to ensure that proper systems are put in place to ensure the availability and reliability of expenditure information.

The Department of Education is in the process of developing a format to capture delivery of infrastructure in relation to expenditure to enable comparative analysis of delivery. The Department also experiences a problem with provinces that do not submit expenditure data when requested. Regular meetings will be held with Physical Planners to take stock of implementation and to develop strategies for resolving blockages.

The Ministry of Education has committed itself to taking the necessary steps to improve the current situation over the next three years. The steps include requiring Members of the Executive Council to prepare and submit business plans, with clear targets, showing how they will handle infrastructure development over the next three years. In addition the Minister of Education will set up a monitoring team that will:

- Assess and apply problem solving techniques to address blockages in infrastructure delivery in provinces;
- Set up regular monitoring systems for reporting; and
- Submit regular reports on progress against targets for inclusion in the quarterly reports from the Minister to the President.

The national and provincial departments of education recognise, jointly with national and provincial departments of works, that some of the backlogs are caused by inefficient management of delivery and lack of cooperation between the provincial departments of

education and their respective counterparts in provincial departments of public works. The departments have already set in place strategies that address the challenges and expedite delivery. The Ministry of Education is confident that infrastructure improvements will improve if the procedures of procurement of services are streamlined and made less cumbersome.