

Select Committee on Appropriations Hearing on the Early Childhood Development Grant – Eastern Cape

Presenter| National Treasury | 13 February 2019



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Early Childhood Development (ECD)

- Children have rapid cognitive and emotional development during the period from birth up to the start of Grade R, and as such, ECD plays a critical role in preparing a child to thrive in primary and secondary school.
- ECD comprises of cognitive, emotional, physical, mental, communication, social and spiritual development of children.
- Beside having a positive impact on a child's readiness to enter the schooling system, ECD can reduce the number of times a child repeats grades at advanced levels and minimise school dropout rates.
- Over the long term, ECD programmes are likely to have many benefits, such as a productive workforce, reducing inequality across the richest and poorest quintiles and positive societal impacts.
- Given the inadequate provision of ECD, particularly amongst poor households, a National Integrated Plan was adopted as a policy in South Africa in 2005 to ensure that each child has access to ECD even if there parents or caregivers cannot afford it.
- National Integrated Early Childhood Development Policy was approved

Early Childhood Development Grant (ECD)

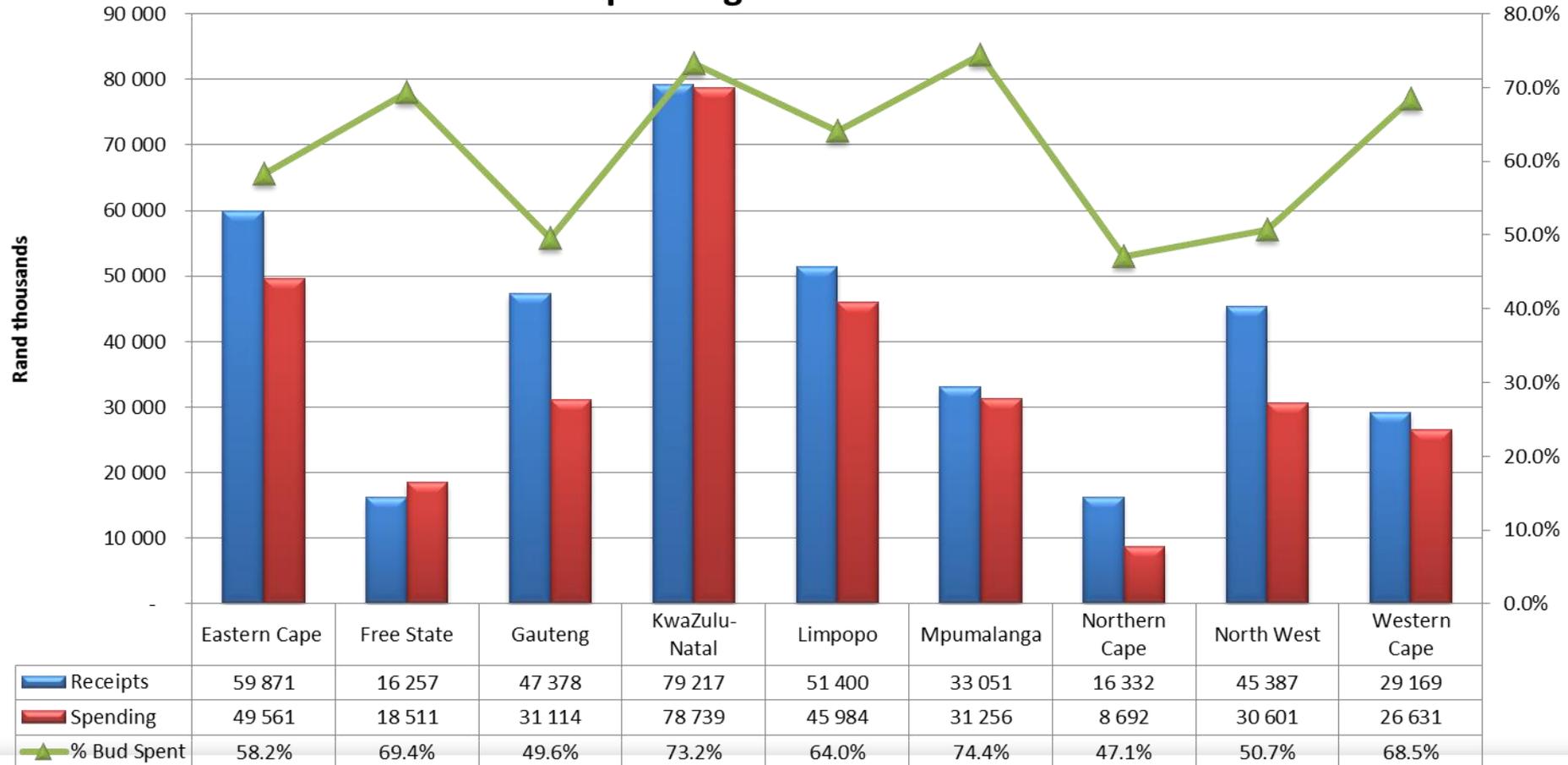
- Grant established in 2017/18 to extend access to early childhood development to South Africa's children.
- Purpose of grant
 - To increase the number of poor children accessing subsidised ECD services through partial care facilities through a subsidy component.
 - To assist existing conditionally registered partial care facilities providing an ECD programme to meet basic requirements in order to attain full registration through a maintenance component

ECD - Outputs

- Subsidy component
 - Poor children that benefit from ECD services that are subsidised
 - Number of days subsidised
 - Number of attending ECD services in registered centres
- Maintenance component
 - ECD centres conditionally registered as per registration framework
 - ECD centres assessed for the maintenance component
 - ECD centres upgraded from the maintenance component
 - ECD centres that moved from conditional registration to full registration as a result of the maintenance component

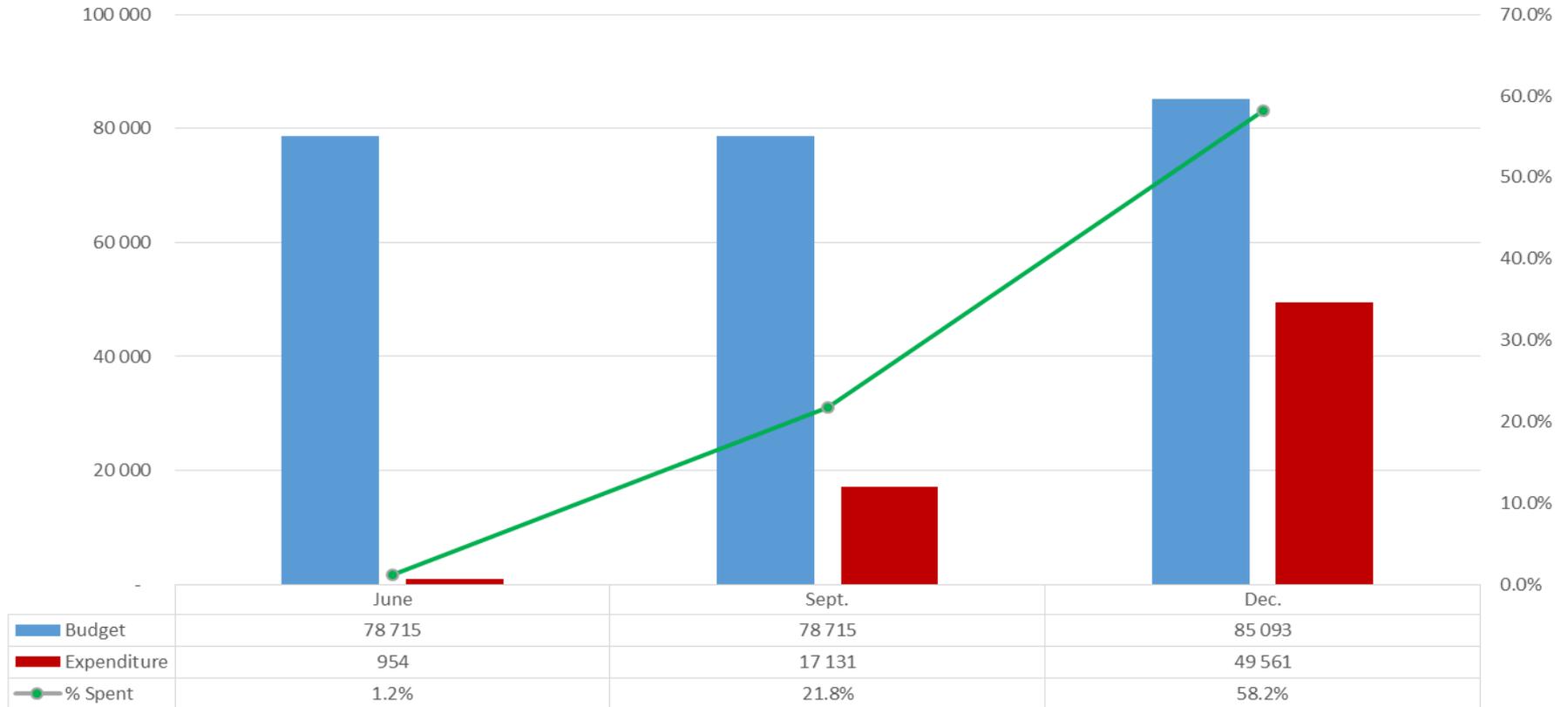
Grant Budget and expenditure at 31 December 2018

ECD Grant Spending - 31 December 2018



ECD Eastern Cape Expenditure

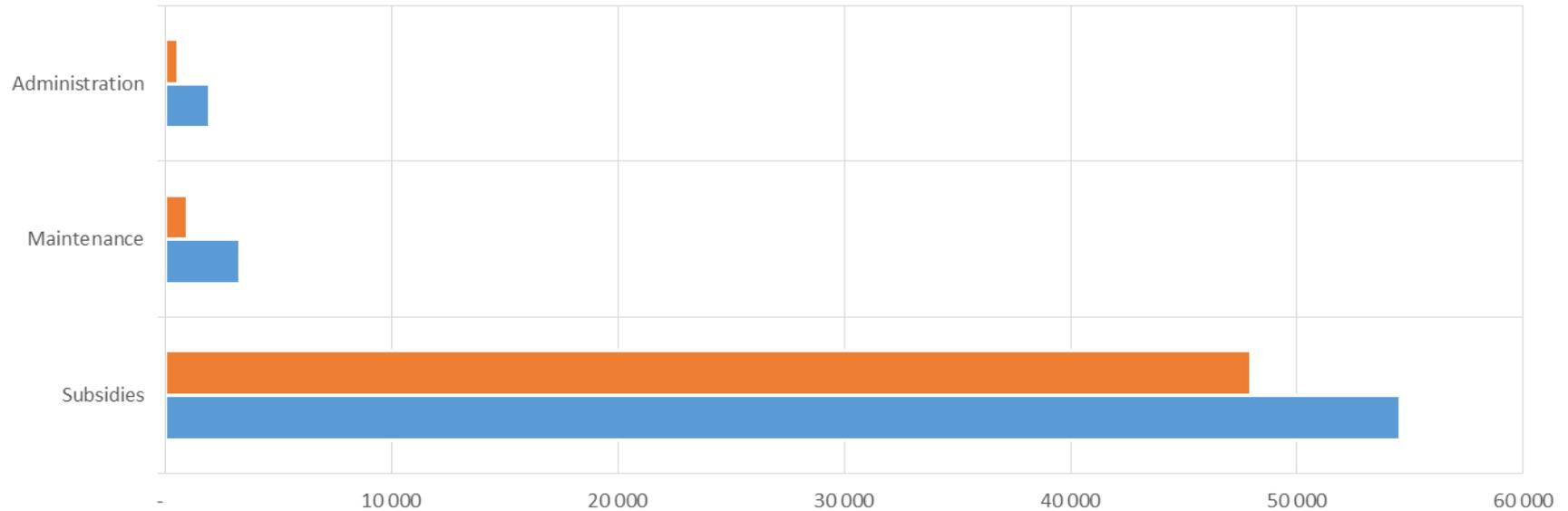
ECD - Eastern Cape expenditure over 3 quarters - 2018/19



- Spending as at 31 December 2017 was at 21.7 per cent

EC spending by component – 31 December 2019

Eastern Cape spending by component



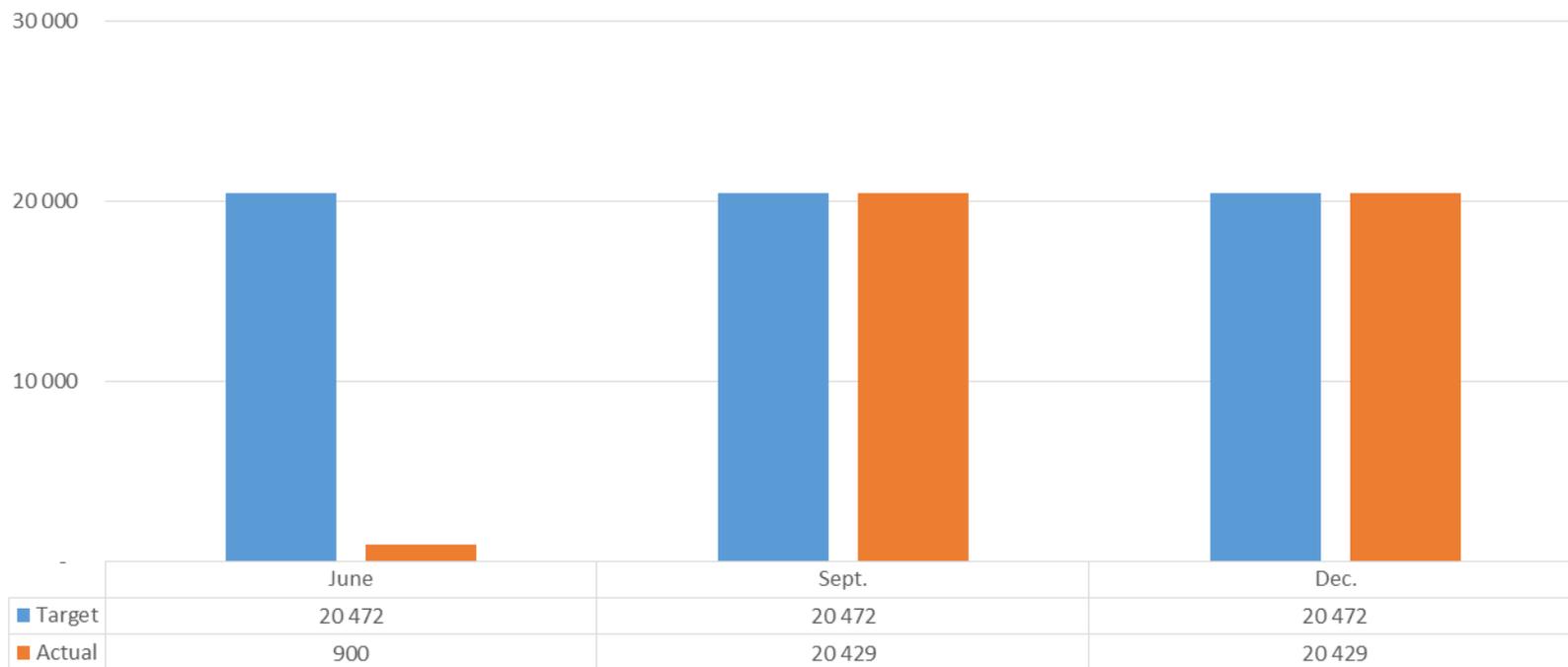
	Subsidies	Maintenance	Administration
■ Spending	47 956	1 014	588
■ Amt. Transferred	54 546	3 336	1 989

R000s

■ Spending ■ Amt. Transferred

ECD Subsidies – Eastern Cape

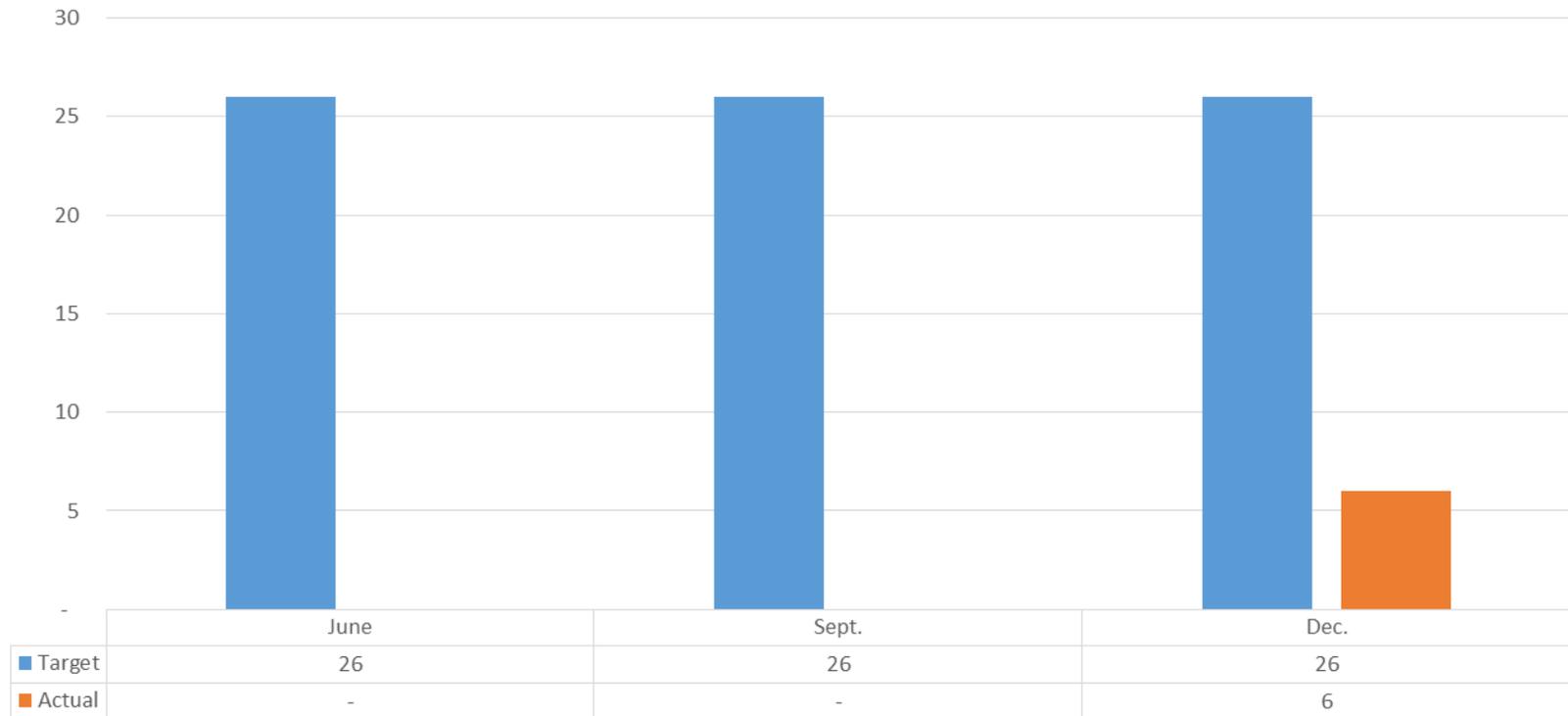
ECD - Children Subsidised over 3 quarters - 2018/19



Note: The province is only providing the subsidy for 237 days, in terms of the grant framework, it should 264 days.

ECD Maintenance – Eastern Cape

ECD - Maintenance Component over 3 quarters - 2018/19



Project status – ECD maintenance

Progress on maintenance of ECD centres - EC

Completed	6
Under construction	12
Procurement/tendering	8
Total	26

Roll overs 2017/18

Pre-Audited Roll Overs - 2017/18

ECD Grant

Province R000s	Total Allocation	Under spending	Approved roll overs	Amount to be surrendered
Eastern Cape	56 365	29 050	6 378	22 672
Free State	18 398	5 461	5 036	425
Gauteng	38 489	2 551		2 551
KwaZulu-Natal	71 879	-		-
Limpopo	41 085	4 831	3 239	1 592
Mpumalanga	25 799	2 153		2 153
Northern Cape	13 761	2 051		2 051
North West	32 686	12 386	8 211	4 175
Western Cape	19 150	380		380
Total	317 612	58 863	22 864	35 999

Challenges

- SLAs between the provincial DSD and ECD centres concluded late due to challenges with the format. The format is being reviewed by the DSD to address the challenges.
- Delays in the supply chain management processes for the appointment of contractors, likely to impact on the completion of all projects at the end of the financial year.
- Some contracts not awarded in time due to contractors not responding to request for quotations.
- Some projects are experiencing delays due to a lack of connections for services (water and sanitation)
- There has been improvement in spending and performance in the third quarter, however, the maintenance component has been lagging, which could result in under spending and underperformance at the end of the financial year.
- The department has only completed 6 of its 26 maintenance projects as at December 2018, although the department indicated that they would complete by the end of March, given the procurement delays experienced in the past, this might not be realised.
- Although the department is meeting its target in terms of providing subsidies to children, there is a shortfall in the number of days 237 vs 264.

Conclusion and recommendations

- SLAs signed between the national department and provinces tends to be protracted and also hinders performance.
- Supply chain management delays must be addressed to improve spending and performance. Planning must be done properly to ensure that there is enough time to procure and complete projects.
- Planning should also include interactions with municipalities early in the process to ensure that services (water and sanitation) or a lack thereof, does not delay projects.
- Eastern Cape is the only province that provides subsidies for less than the prescribed 264 days. A concerted effort must be made to increase the number of days that children and subsidised for.

Thank you