**NATIONAL ASSEMBLY QUESTION FOR WRITTEN REPLY QUESTION NUMBER: 4487**

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**INTERNAL QUESTION PAPER NUMBER: 50 - 2022**

**4487. Ms A L A Abrahams (DA) to ask the Minister of Social Development:**

With reference to the early childhood development (ECD) Employment Stimulus Relief Fund, supported by the Presidential Employment Stimulus, meant for ECD practitioners, what (a) total amount was (i) paid to each province in Phase 1 and Phase 2 and (ii) returned to the National Treasury by each province in Phase 1 and Phase 2 and (b) are the reasons that funds were unspent in each province? NW5615E

# REPLY:

Please note at the time of submission the following Provinces have not yet responded:

1. North West
2. Northern Cape Summary sheet:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Province** | **(a)(i) the total amount paid** | | **(ii)returned to NT** | |
|  | **Phase 1** | **Phase 2** | **Phase 1** | **Phase 2** |
| **EC** | R 59 792 000 | R 26 000 000 | R 38 308 513 | R 26 000 000 |
| **FS** | R 25 291 842 | No Stimulus Relief Fund batches were received in respect of Phase 2 | R 18 258 000 | No Stimulus Relief Fund batches were received in respect of Phase 2 |

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Province** | **(a)(i) the total amount paid** | | **(ii)returned to NT** | |
|  | **Phase 1** | **Phase 2** | **Phase 1** | **Phase 2** |
| **GP** | R 77 763 000 | R 25 623 000 | R 38 430 000 | R 25 623 000 |
| **KZN** | R 89 898 000 | R 38 24 5000 | R 44 170 000 | \*Refer to notes below under KZN |
| **LP** | R 58 241 000 | R 24 164 000 | R 54 454 000 | R 24 164 000 |
| **MP** | R 6 199 000 | R 0 | R 36 173 000 | R 16 214 000 |
| **WC** | R 53 252 680 | R 17 200 000 | R 0  (ii)refer to notes under WC | R 0  (ii)refer to notes under WC |

Please find the reasons for the unspent funds below:

# EASTERN CAPE

1. the reasons that funds were unspent are stated below Phase 1
   * Sourcing of bank accounts
   * Incorrect bank accounts and non-availability of signatories.
   * Lack of capacity building and proper handing over by Data Innovators and National DSD.

Phase 2

The second phase allocation (R 26 million) was not disbursed to ECD centers due to the following reasons:

* + The allocation letter was received in November 2021, and the province projected to disburse funds in January 2022. Upon submission to the National Office, the Province was informed that the funds will be available beginning in February 2022. Considering the above, the province was left with only 2 months before the end of the Financial Year and therefore foresees a risk of underspending which would lead to accruals.
  + The funds were appropriated only during March 2022 by the treasury, which was very late for the Department to process it, considering the procurement processes that need to be followed.
  + A request for rollover was done and the Department of Education follow-up function was shifted on the 1st of April 2022.

# FREE STATE

1. The reasons for the unspent relief funds in the Free state Province were due to the following reasons:
   * Late receipt of payment batches.
   * Some NPOs did not submit complete information, and this hampered payment processes.
   * Some of the unregistered ECDs were not on the Central Supplier Database (CSD).

# KWAZULU NATAL

\*An amount of R 44,170 million was returned to Treasury at the end of the 2021/22 financial year and a rollover application of R 38,245 million was submitted to Provincial Treasury in respect of the Phase 2 balance, which was to be allocated to DOE upon approval due to function shift.

(b)The reason for unspent funds or underspending against Presidential Employment Initiative Grant is attributable to the fact that this grant was centrally managed at national Level in terms of beneficiary applications, verification of beneficiary banking details, and all other processes required to authenticate the payment. The Department only received the batches of certified beneficiaries to process the payment.

This Task was outsourced to a firm of consultants whose contract expired before the project was completed and had to be renewed which also caused delays during November 2021, as there was no service provider to generate batches for payment, and some of the beneficiaries could not be traced.

As means to try and expedite the spending on the grant, the Department issued an advert that took one month via KZN Radio stations calling for the beneficiaries who applied for the Presidential Stimulus Package to visit the Social Development offices for assistance. The Department also submitted a proposal to National Department requesting to utilize funds otherwise but could not succeed due to conditions attached to the Grant.

# LIMPOPO

1. Bank, staff, and site verifications had to be conducted for the unfunded and unregistered ECD centers, and the challenges encountered are as follows:

*Bank verifications:*

* + Incorrect ID number or company registration number,
  + Incorrect company name,
  + Incorrect bank account number, and
  + Incorrect names and surnames.

*Staff verifications:*

* + Duplicates (one staff member registered in more than one ECD centre.

*Site verifications:*

* + Untraceable,
  + Some closed,
  + Some not registered on the Central Supplier Database (CSD),
  + Some do not have bank accounts,
  + Some have savings accounts,
  + Some were not from the province,
  + Some organisations which have been approved are not ECD centres,

# GAUTENG

1. (i) Amounts paid for Gauteng province in phase 1 and phase 2 are illustrated in the table below:

|  |  |
| --- | --- |
| Phase 1 | Phase 2 |
| Received  R ’000 | Received  R ’000 |
| 77 763 | 25 623 |

Amounts returned to the National Treasury by Gauteng province in Phase 1 and Phase 2 is illustrated in the table below:

|  |  |  |  |
| --- | --- | --- | --- |
| Phase 1 | | Phase 2 | |
| Spent R ’000 | Returned R ’000 | Spent R ’000 | Returned R ’000 |
| 39 333 | 38 430 | 0 | 25 623 |

Gauteng province spent R 39 333 million of the total allocation of R 103 386 million for the ECD Employment Stimulus Relief Fund in phases 1 and 2 by end of the 2021/22 financial year.

An amount of R 64 053 million not spent in 2021/22 was rolled over to the 2022/23 financial year and was allocated to the Gauteng Department of Education in the adjustment budget period following the function shift from the department of Social Development.

1. In the 2020/21 financial the allocated budget of

R 77.7 million for the ECD Employment Stimulus Relief Fund was not spent because the verification process for qualifying non-profit organisations was finalised late in the financial year.

The allocation of R 25.6 million received in the 2021/22 financial year for the ECD Employment Stimulus Relief Fund was not spent due to rejections caused by unverified bank accounts, ECD centres registered as Companies, Partnerships, and other forms of businesses other than non-profit organisations. In the 2020/21 financial the allocated budget of R 77.7 million for the ECD Employment Stimulus Relief Fund was not spent due to the:

* The appointment and verification of Non-Profit Organisations were done by the National Department of Social Development and the Provinces were only responsible for effecting payments to the appointed NPOs.
* Verification process for qualifying non-profit organisations was finalised late in the financial year by National Social Development.
* The first finalised batch for qualifying non-profit organisations was received in March 2021 two weeks before the Gauteng Provincial Treasury's last payment run to date.
* The summary of batches received from the National Department during phase 1 and phase 2 are enlisted in the table below amounting to

R 56 653 324. Two subsequent batched 24 & 25 were received also two weeks before Gauteng provincial treasury last payment run for the 2021/2022 financial year.

* The budget allocation of R 103 300 000 compared to the summary batches received amounting to R 56 653 324 makes 54,8% of batches received to be paid

# MPUMALANGA

* 1. (i)The total amount allocated to the province is reflected in the table below Table 12.1: budget allocation of phase 1 and 2

(ii)The tables below reflect the budget allocated and expenditure for both phases 1 and 2

Table 12.2: budget and expenditure of phase 1 for the period ended 31 March 2021

|  |  |  |  |
| --- | --- | --- | --- |
| **Phase 1** | **Budget allocated** | **Amount Spent** | **Unspent funds** |
|  | **R'000** | | |
| Presidential Employment Stimulus package ECD | 42 372 | 6 199 | 36 173 |

Table 12.3 budget and expenditure of phase 2 for the period ended 31 March 2022

* 1. Phase 1

An application was made to roll over the unspent funds amounting to R

30.495 million which was subsequently approved during the budget adjustment of 2021/22 financial year. Expenditure amounting to R 15. 938 million was incurred for the period ended 31 March 2022. In total, the expenditure incurred from the allocation of phase 1 amounts to R 22.137 million

Phase 2

There was no expenditure incurred from the allocation of phase 2 which was appropriated as additional funding during the budget adjustment of the 2021/22 financial year. An application was made to roll over the unspent funds amounting to R 23.320 million which has been subsequently approved during the budget adjustment of 2022/23 financial year. The rollover funds were appropriated to the Education Vote as the ECD function shifted to the Department of Education with effect from 01 April 2022.

Under-expenditure recorded from the phase 1 allocation is attributed to the fact that the processing of batches of claims commenced late in the last week of March 2021. This is due to the fact that batches were received late from National Department, thus other claims were carried to the 2021/22 financial year for payment processing.

The under-expenditure on the phase 2 allocation was due to the fact that by the financial year ending 31 March 2022, the National Department was still finalising a list of NPOs to benefit from the allocation. An application of rollover was also made to fund the NPOs migrated to the Department of Education with effect from 01 April 2022.

# WESTERN CAPE

With reference to the early childhood development (ECD) Employment Stimulus Relief Fund, supported by the Presidential Employment Stimulus,

(ii) no funds were returned to National Treasury since a service provider has been appointed until March 2023 to assist with the verification and validation of remaining sites and practitioners and

(b) Any unspent funds will only be declared by the end of March 2023.