represent subject groups and learning areas; sub-sector specialist; and specialists from critical thematic areas. The decision making process will be the same as proposed for Policy Area # 2.

4.34. *Assessment of the realism and feasibility of proposed norms and standards:* The feasibility of proposed norms and standards will be systematically checked before they can be submitted for decision and final adoption. This will be done with an aide of a simulation model. Minimum parameters will include: technical efficiency, resource efficiency, management efficiency, affordability, sustainability, and implementability, and monitorability.

4.35. *Establishment of capacity to effect norms and standards*: Where norms and standards fail a feasibility test a plan and program will be prepared to ensure feasibility.

4.36. *Establishment of a process for periodic updating of norms:* As contexts change, and as lower level challenges are met, norms and standards need to be updated to reflect current realities. Norms and standards will not be revised upward to fit resource availability or for other frivolous reasons. They will be revised upward or downward to meet priority needs and to optimize results. Norms and standards will be revised twice within each strategic plan period: Midway along with the mid-term review of sector performance against its set targets, and at the end of the period as an entry to the next planning cycle.

**Benefits**

4.37. If implemented, minimum norms and standards are the first practical step to ensure equity in the provision of the physical teaching and learning environment, and associated benefits. If anchored in core functions of schools, norms should facilitate quality of the teaching and learning environment and the consequent impact on learning outcomes. If well articulated with policy priorities, norms and standards should facilitate efficient use of resources to realize strategic policy objectives. Implemented norms and standards should substantially reduce resource constraints for policy implementation. Process norms should reduce variance in the results realized through comparable inputs, thus further improving efficiency in resource utilization. Ability to link results to inputs and processes is a powerful tool for accountability. It is difficult to be accountable if enablers are not clearly defined.

**Risks and risk mitigation**

4.38. *Complexity and delayed results [Low*]: Determining a minimum mix of inputs and processes required to enable schools to deliver on results is complex and may require long test periods. Even with the world's knowledge on the types of inputs and processes that facilitate results, application contexts differ. There is therefore a risk that expected results may only be realized after extended test periods and several adjustments.

4.39. Failure *to sustainably fund norms [Low]:* Failure to finance adopted norms poses a political risk, espècially because such failure is associated with the sustenance of inequalities. In the case of South Africa, this risk is low because of high government commitment to redress and the general predictability in the flow of funds.

4.40. *Perverse incentive for underperformance [Moderate*]: Norms and standards are like a social contract between the provider of inputs and those who mobilize them to bear results, or implementers. Even where not warranted, implementers may use unfunded norms and standards as an excuse for underperformance. This risk may be high where, for whatever reasons, there are substantial financial cut-backs.

4.41. *Interest-based resistance to enrichment norms [high]:* Even with all the consultation, transparency, and public education, enrichment norms will always be a source of political expediency. Political pressure groups will always package these norms as elitist and self-serving. Parents are also

likely to oppose these norms on the grounds of equity. This risk would escalate where benefits are not equitably and transparently distributed.

4.42. To mitigate the above-outlined risks, the development of norms and standards will be presented to stakeholders as a process and not an event. Constant consultation will be maintained and adequate lead time will be provided to trial test norms and standards before they are formally adopted.

4.43. To mitigate the political risk, robust feasibility tests of norms and standards will be conducted before public expectations are raised.

4.44. Opportunities to benefits from enrichment norms will be transparently and equitably distributed.

4.45. Norms and standards are not a substitute for sustained performance management and performance evaluation. They are only enablers. These systems will therefore be strengthened to ensure that norms and standards enable expected results. They will also be strengthened to ensure that norms and standards are not used as an excuse for under-performance.

***Policy Area # 2: Systematized establishment and prioritization of infrastructure needs***

4.46. The significant investment to be made has to be based on a clear understanding of the needs to be addressed and on clear prioritization of those needs. Several reasons necessitate clarity of needs and prioritization of those needs. First, is that where resources are limited, applying those resources toward meeting real and urgent needs becomes an imperative. Second, is accountability for use of scarce public resources. Third, is the need to realize the best value for money. As noted, investment in elements of the physical teaching and learning environment is justified by their relative contribution toward the realization of core national and sector policies. Limited funds should therefore be spent on elements that have the highest contribution toward realizing policy objectives. Money spent on desirables while real needs remain unmet is money lost. Fourth is the equity imperative. It is easy to ensure equity of provision where needs are clearly defined and prioritized.

**Key challenges addressed by this policy**

4.47. Despite these compelling reasons, the substantial and increasing investment in elements of the physical teaching and learning environment has mostly proceeded without a systematized process for prioritizing needs. Part of the reasons behind inconsistencies in setting priorities has been the lack of national norms and standards, and the weak definition of targets toward meeting those norms. Thus, the current strategic plan sets a target to establish national norms within 2008.

4.48. Lack of a national and/provincial priority setting system has left provision vulnerable to all sorts of pressures. Real ones include unplanned settlements that sometimes lead to expansion of schools beyond the efficiency and effectiveness norms; political pressure, unmonitored projects which sometimes lead to duplication of provision.

4.49. Because needs are relative, the lack of a national system to identify and prioritize needs risks the perpetuation of inherited resource inequalities across schools. It is also possible that resources could be inefficiently utilized or applied on areas of least impact.

**Prior and ongoing government efforts**

4.50. At the national level, the best indication of some system for identifying and prioritizing needs is implied in the current version of National Norms and Standards for School Funding. Herein, priority is accorded to areas where there is first: total lack of a school and/or overcrowding in existing schools. The norms further stipulate that in allocating funds to new schools priority should be given to facilities that serve the compulsory GET and extensions to existing schools except where such extensions would lead to unmanageable, ineffective and inefficient school size. These criteria are then applied to rank geographical regions from the most to the least needy.

4.51. Provinces have also come up with diverse ways of identifying and prioritizing their needs. For instance, infrastructure priorities for the Gauteng province are derived from a list of needs identified by districts and transmitted through physical resources planners. Criteria applied by districts remain unclear. The ultimate selection of priorities seems to be dictated by the available budget for the particular year.

4.52. The North West Department of Education sets annual priorities. For instance, their priorities for the 2004/05 financial year comprised intensive infrastructure development emphasizing on the provision of sanitation facilities; provision of new schools and extensions; and the provision of information and communication technology; and, the improvement of libraries, equipment and the refurbishment of laboratories. Again, criteria remain unclear.

4.53. Similarly, the Limpopo Department of Education sets annual priorities. For FY 2005/06, these were: provision of classrooms where learners are being taught under trees; the building of classrooms where children were housed under unacceptable conditions (i.e. converted buses, poorly constructed corrugated iron buildings); and overcrowded classrooms (> 40 learners in primary and > 35 learners in secondary learners per classroom). In contrast to the list from the North West province, this list seems to be dealing with rudimentary needs.

4.54. For the KwaZulu-Natal Department of Education, priorities are based on a regular gap analysis of the available classrooms and the need for classrooms at existing facilities using information captured in the EMIS or by tracking new developments. An overcrowding index is used to identify the need for additional classrooms. As with Limpopo, the priority here seems to be the eradication of classroom shortages.

4.55. The Eastern Cape Department of Education focuses on the eradication of overcrowding. This is along similar lines as Kwa Zulu Natal, Limpopo and the Eastern Cape. They make use of information from their Education Facilities Management System and their EMIS. Unlike the bottom up process followed in Gauteng, priority lists are generated at the provincial levels and then discussed with districts to explain the rationale for selected priorities and consulted information sources. The final draft is send to the Superintendent General (Head of the Department) and the MEC for approval.

4.56. The Northern Cape Department of Education base their priorities on a consideration of three data sets: the latest population statistics and trends from the latest census data; information regarding the number of learners per school from the EMIS data as well as the resource targeting table (this lists all schools in the province and their conditions as well as the poverty level of the community).

4.57. In Mpumalanga priorities are influenced by a range of factors including the State of Nation Address; State of Province Address; policy and budget speeches by the national and provincial Ministers of Education. There was a point where priority was accorded the removal of learners from underneath trees, from unsafe structures and from overcrowded structures. While it is not clear if these challenges are surmounted, priority has currently shifted to the creation of Grade R centers. This is a clear demonstration of how new sector policy directions may sway provincial priority setting processes. As noted in Chapter 3, the lack of clear prioritization and trade-off across sector policies is in itself problematic. From a priority setting point of view, a question needs to be debated whether removing children from unsafe environments and from underneath trees should take precedence over

the provision of Grade R places or vice versa. This is a policy debate whose locus and authority is not clear.

4.58. All the same, in Mpumalanga, priorities are set at the regional level by physical resources planners in coordination with circuit managers and then sent to the provincial office. This is some what similar to Gauteng province but not quite identical. As in most provinces, priorities do drive the budget. Instead, the available budget determines the ultimate list of priority projects.

4.59. In the Western Cape, schools that fall below their funding norms are accorded priority. The norms are based on the quintile. The rest of the provision is driven by the available budget. Priorities are set at the district level and forwarded to the provincial office where verification and budgeting is done.

**Persisting challenges**

4.60. A picture that emerges is that of substantial inconsistencies in the criteria and processes for setting priorities. It is quite possible that there are as many processes and criteria as there are provinces. Below the province, the criteria that districts/regions follow in setting priorities are even more unclear. Even more, the criteria and processes that provinces set for themselves are not always adhered to. One of the constraints is lack of timely and accurate data. Sometimes, this leads to locating provisions in areas of relatively less need. As provincial officials admitted: "most times is the voice of the loudest that gets heard". Anecdotal evidence from provinces also suggests that crisis remain a key determinant of priorities. Resources tend to follow crisis and crisis determine priorities. In absence of crisis, there is ample room for political pressure. It is not uncommon to find schools built in areas of low demand while areas of high demand are neglected. Children from the latter then later get bussed to under-utilized schools. Provincial officials also repeatedly acknowledged that it is the "loudest that gets heard". Areas with strong advocates get prioritized despite their moderate to low needs. Provincial officials also admitted that new schools tend to be prioritized. Provincial officials also indicated that they ordinarily "over-resource" new schools against dire needs of old schools that may have been pending for long periods. This perceived preference accorded new schools comes through as intended inequity of resource distribution. Overall, there is justification for a national policy intervention to regularize this process.

**Policy Statement**

*4.61. Effective from 2010—criteria and procedures for the identification and prioritization of the teaching and learning environment needs will be nationally standardized by the Department of Education. Provinces may adapt national procedure to reflect their unique contexts. Provincial adaptations may not lower the national minimum criteria. Provincial adaptations may only pertain to enrichment but not diminution. Irrespective of the source—individual school funds, donor funding, public funds—all resources available to Provinces have to first be applied toward meeting nationally set priority needs. Except where nationally set priorities are fully met, Provinces may not apply funds for enrichment purposes.*

**Key policy actions**

4.62. The regularization of need identification and prioritization will demand the following key actions:

4.63. *Systematization of information and data sources to be consulted:* The minimum criteria for qualitative sources to be consulted will be: *curricula, pedagogy, co-curricula activities, management, the needs of learners and what facilitates learning, educators' needs in terms of what facilitates teaching, staff development, lesson preparation, student tutoring etc. and communities.*

4.64. Curricula, co-curricula and pedagogical imperatives will rank high among priority needs for the provision of school infrastructure, furniture, equipment, books and instructional materials. At present, the provision of the teaching and learning environment does not take serious consideration of curricula, co-curricula and pedagogy, yet the primary reason for providing this environment is to facilitate the delivery certain curricula to learners using certain pedagogy. It is not surprising that educators see the current physical environment as inhibiting rather than facilitating teaching and learning.

4.65. The case is very different for equipment, books and instructional materials. A major constraint here is shortage, not lack of responsiveness. School infrastructure will also meet the needs of school management. It will reflect consideration for *learners* in terms of their age and what facilitates learning (ref. conceptual framework); *educators* in terms of what facilitates teaching, student academic, health and nutrition, psychosocial and pastoral support; staff development activities; preparations for teaching; *managers* in terms of what facilitates school management; and *communities* in terms of what transforms a school into a center of community life.

4.66. School infrastructure that does not take into account minimum needs identification and prioritization criteria outlined above will not be cleared for funding. Additional criteria are: technological advancements and how they may change priority needs for infrastructure provision.

4.67. At the bare minimum, the following sources of quantitative data will consulted: *community demographics, enrolment projections* and implied future demand for schooling; *migration patterns* and the likely change in demographics; *stability of community demographics* and implications for the most responsive and efficient infrastructure provision; *internal system efficiency indicators;* and baselines on current supply—NEIMS is kept current.

4.68. *Systematization of data and information collection:* Data and/or information are as useful as the way they were collected. To this effect, data collection instruments and guidelines will have to be prepared and training conducted to ensure the integrity of data. Information and data sets will have to be kept current and accurate.

4.69. *Strengthen data analysis and information processing; targeted dissemination and application:* Information and data remain a potential until they are analyzed to bear a substantive and applicable meaning. Applicable meaning also remains a potential until it is in the hands of those with the power and mandate to apply it. The definition and prioritization of needs will therefore be informed by systematic data analysis, information processing, targeted dissemination.

4.70. *Systematize data / information currency:* Data/information is as useful as it is current. Core data bases such as the NEIMS and EMIS will have to be kept current. Systems for keeping them current will have to be developed and effected.

4.71. *Systematize participation and decision making:* As noted, needs identification and prioritization has to be based on broad based consultation. Critical participants in this process need to be stated. The proposed minimum participants are: educators, learners, communities—through some legitimate representative body—and physical planners. It should however be clear that participation is not decision making. Thus, the process of translating inputs from participants into a decision on priority needs has to be clear, transparent and accountable. The proposal is that following nationally set criteria, the head of the PED will prepare the priority list in collaboration with her/his structures. The list will be proposed to the MEC for clearance and then sent to the DoE for ratification.

4.72. *Systematize process:* As noted different provinces follow difference processes for defining priority needs. Future process will be a combination of top-down and bottom-up processes. The latter will start at the lowest operational level which is a school. It will be guided by real and felt needs that have a direct bearing on performance. Each operational level—school, circuit, district, province—will

standardize its own process of identifying priority needs including participation and decision making. The compilation of needs will cascade upwards from schools to provinces using a representational participatory and decision making process. Thus, some representation of schools will be at the circuit level when needs are prioritized and forwarded to the district etc. The top-down process will start at the national level. It will be informed by broader national policies and even by broader policies on international benchmarking and best practices. This process will ensure consonance between the final list of priorities and overall national policies and priorities.

4.73. *Gradate prioritized needs and define backlogs:* Once the needs are clearly identified and prioritized, a gradated list will be prepared to reflect the severity of needs. The proposed list will range from: a *total absence of school infrastructure where it is needed; unsafe, overcrowded, functional, effective, enriched, and special programs.* Each category will be operationalized to avoid ambiguity. This national list will be used to operationally define backlogs, and to prepare a program for the provision of an enabling physical teaching and learning environment. The list will provide a backbone for a national strategic plan for equitable provision.

4.74. **Key considerations:** The provision of basic services entails the participation of other public departments. Core departments will be added to the participation criteria as follows: water, electricity, communications, health, etc.

4.75. Another consideration is **special projects** intended to balance equity with development imperatives such as the Dinaledi project. Clearly, minimum criteria would not apply. However, there will be clear and transparent criteria. Most importantly, there should be clear and transparent criteria for equitable admission into, and benefit from such projects.

**Benefits**

4.76. The standardization of need identification and prioritization is expected to improve equity in meeting the needs of the physical teaching and learning environment. This is particularly critical in the case of South Africa where the priority needs for some schools are simply leisure items for others, and yet all children are constitutionally promised equal education opportunity. The second benefit is that it is easy to link priorities to areas that are likely to bring the best value for money in terms of inputs that have the highest potential to bring about desired results. Improved results will necessarily mean improved sector policy impact. This will improve technical efficiency. The third benefit, and related to the second one is that there will be a systematic and transparent way of ensuring and monitoring equity in the use of scarce resources. This will improve resource efficiency. The fourth benefit is that the gradations of levels of provision are possible when criteria are clear and standardized. In turn, clear gradations make national and international benchmarking feasible. Clear benchmarking greatly facilitates termed strategic planning, monitoring and evaluation, and public accountability. Those in office are best able to account to the public when they set clear benchmarks for their own performance.

**Costs**

4.77. The upfront costs of standardization is time invested in participatory processes and in establishing systems, protracted consultations required to get stakeholder buy-in, and ongoing consultations around changes impelled by evolving contexts. There are also up-front financial costs in setting up systems, but this is offset by the long term benefits accrued from these systems.

**Risks and risk mitigation**

4.78. *Provincial perception of loss of autonomy [Moderate]:* Provinces may interpret the proposed policy as a diminution of their autonomy. To mitigate this risk, the DoE will ensure that processes for setting priorities follow normal consultative and participatory procedures and channels.

*4.79. Reduced financial contributions [Low]:* Communities, individuals and donors with 'pet' projects may reduce or withdraw their contributions. To mitigate this risk, the DoE will ensure that key stakeholders are substantively consulted in the process of setting and adopting criteria for priority setting. Both the national and provincial departments will not change criteria for setting priorities without the participation of key stakeholders.

***Policy Area # 3: Planned development of an enabling environment***

**Background**

4.80. As alluded to under Policy Area # 2, elements of the physical teaching and learning environment account for the highest proportion of the sector development budget. Over the first decade of freedom, this investment grew manifolds from about R 352 million to about R 4.95 billion. With the urgency accorded the redress of inequalities in the provision of infrastructure and other elements of the physical environment, this allocation can only be expected to increase more exponentially. This growing investment continues to be made within a very weak culture of planning. As outlined under Policy Area # 2, there is no clear mechanism of clearly identifying and prioritizing needs. Strategic planning seems to be underplayed also because of a sense that urgent needs are so many that the risk of attending to low priority needs before high priority needs is slim. However, evidence from the field suggests the contrary. It could actually be argued that it is exactly when the needs are many that strategic planning is even more critical. In essence, strategic planning is about identifying priorities and making strategic choices and trade-offs among them. Without strategic planning any need is as important as the other.

**Prior and ongoing efforts**

4.81. Provinces produce their own annual plans for the provision of school infrastructure and basic services that are identified at different levels: circuit, district/regional and provincial. These plans provide a platform for a service contract with the Departments of Works or with the implementing agent. However, the reality on the ground is that these plans are technically deficient and not always produced on time. The IDIP is working toward improving planning for the provision of school infrastructure. Each province is provided a technical assistant to improve planning and overall service delivery.

**Persisting challenges**

4.82. As outlined under Policy Area # 2, the first constraint to strategic planning is the lack of a system for identifying and prioritizing infrastructure needs. Without clear priorities there is no need to plan. The second challenge is the lack of capacity for strategic planning. Several studies have noted that in general, physical planners are ill prepared for their functions. In most cases, physical planning functions are executed by trained teachers, with very little preparation for their new function. For the best part, this weakness has been documented but little to no action has been taken to address it. Effective strategic planning is also constrained by lack of accurate and timely data, low capacity for data analysis, and low capacity for translating data into strategic objectives and targets. Without strategic plans, the provision of infrastructure is prone to political influence. Priorities tend to be decided along the way, allowing pressure groups to determined priorities. Lack of strategic plans also makes it difficult to tie budgets to strategic policy priorities, especially when the latter is unclear. Without strategic plans, it is difficult to set targets against which provision could be monitored. Under the circumstance, accountability for policy implementation is significantly weakened.

**Policy statement**

*4.83. Effective from 2010, the DoE will adopt a "planned development" of the physical teaching and learning environment. A national strategic plan will be developed in line with critical sector and thematic policy priorities. The national plan will be prepared on a long term—20 years—medium term—5 years—and short term basis—1 year. It will set national and provincial strategic objectives and targets to be achieved within each plan period. The strategic plan will provide the substantive base for investment planning. Irrespective of the source, the financing of the physical teaching and learning environment will be provided within the framework of the strategic plan.*

*4.84. In addition to the strategic plan, the development of the physical environment will be guided by mandatory recurrent planning instruments vis annual implementation plans, procurement plans, financial and disbursement plans. The national department will also develop mandatory medium term and short term results frameworks that will guide the monitoring and evaluation of the development of the physical environment.*

*4.85. Consistent with the national approach provinces will adopt a "planned development" of the physical teaching and learning environment. Provincial plans will be set within the same terms as the national plan. They will reflect strategic objectives and targets as set in the national plan. Likewise financial provision will be provided only within the framework of the provincial plan.*

*4.86. Provinces will also develop all plans that are mandatory at the national level. Their provision program may not be funded before clearance of mandatory plans by a set authority.*

**Key policy actions**

4.87. *Strengthening capacity for strategic planning and for physical planning*: A tailor-made training program will be developed for officials responsible for physical planning. By 2010 all practicing physical planners will have completed the training program. No more new officials will be recruited into the position of physical planners if they have not completed the training program and/or its equivalent.

4.88. Regularizing *the strategic planning process*: The development of a national strategic plan and other plans will follow a combination of a top-down and bottom-up approaches similar to those outlined under Policy Area # 2.

4.89. *Systematizing information and data sources for forecasting the demand and supply of teaching and learning environment*: Strategic planning is as sound as its information and data base. In addition to data sources outlined under Policy Area # 2, proposed key sources of data will include economic growth forecasts and assumed growth scenarios.

**Benefits**

4.90. Plans guide implementation. In this regard, strategic planning is the first step toward effective implementation of proposed policies. Strategic planning also ensures relevance to strategic priorities. Without planning, infrastructure program may loose responsiveness to strategic sector priorities. Clear plans also increase the agility to strategically adapt to changing contexts. Without plans, tactical changes may incrementally lead development off course. The integration of strategic plans with budgets ensures and reduces the risk of un-funded priorities. Planning is also a key tool for resource efficiency. Planning also facilitates the monitoring of results and accountability for results.

**Risks and risk mitigation**

4.91. A key risk to the adoption of planned development is perceived concentration of power and control at the center. It may be interpreted by some as a reversal of decentralization and its perceived benefits.

4.92. To mitigate this risk, the strategic planning process will be used to strengthen rather than polarize the provincial and the national level. This can be attained through genuine consultation and a real—not symbolic—combination of top-down with bottom-up planning processes.

***Policy Area # 4: Standardized architectural designs***

**Background**

4.93. Architectural designs are a spatial and aesthetic response to sector policies priorities outlined in Chapter 4 and priority education needs implied in Policy Area # 2. Because form should follow function, architectural designs will respond to priority functions and activities to be performed within designed physical spaces. Other than functions, architectural designs are also an expression of local, national and international construction standards. They are an expression of the demands of diverse end-users from learners to communities. Because of diverse standards and contexts that designs have to respond to, and because designs are as functional as they are aesthetic, there is a wide scope of variation in the designs of physical teaching and learning spaces. Variation in designs leads to variation in climatic and contextual suitability; effective functionality; construction time, materials and costs; intensity of construction supervision and management; ease and cost of maintenance; etc.

4.94. To narrow this variation, and the burden it places on the government, most education, training, and skills development systems develop standard architectural designs to which all buildings must adhere. Because of the range of education needs and institutions, and because of the range of context, standard designs are developed as a menu from which diverse contexts may choose. This menu constitutes what is referred to as a menu of prototypes. To further ensure responsiveness to specific and unique contexts and sites, parameters are set for the adaptation of prototypes into specific designs right up to sites.

**Key challenges addressed by this policy**

4.95. In contrast to international practice, infrastructure development in South Africa seems to be proceeding without a menu of prototypes that suit specific contexts. Yet, the very social, geographical and sector diversity offered by South Africa seems to warrant such an approach. Without some form of standardization of designs, un-tempered variation seems to be the norm. Unwarranted variations are not only across provinces, but across service providers. Diverse consultants design to their taste, diverse projects design to their judgment of suitability, etc. Such diversity leaves the government with the burden of having to manage implications of these designs for climatic and contextual suitability; technical and substantive responsiveness; construction time, materials and costs; intensity of construction supervision and management; ease and cost of maintenance; etc

**Prior and ongoing efforts**

4.96. Overall, provinces have standardized designs—mainly traditional classroom blocks—which they seem to apply across diverse contexts; albeit very unevenly. There seems to be no national and/or provincial efforts to develop a menu of prototypes that respond to priority sector policies, the core functions of schools and the diversity of school types and the diversity of contexts.

**Persisting challenges**

4.97. The most critical challenge is diversity, not in itself, but because of its implications. Lack of standard designs leaves infrastructure development highly prone to irrelevance to education policy priorities. Lack of responsiveness of designs reduces usability; it makes for a less conducive teaching and learning environment and the consequent adverse effects on learning outcomes. To the extent that variations in elements of standard designs affect teaching and learning (ref. Chapter 3), lack of standard designs is a key cause of inequalities in the distribution of learning outcomes. Without standard designs it is very difficult to control the construction costs. In one visited province, wide variations in construction costs were attributed to differences structural designs and construction norms. Clearly, such variations make it difficult to estimate unit costs and to map levels of delivery to available resources. Wide variations in designs also make it difficult to articulate service standards and to keep delivery timelines. They are particularly time inefficient because each construction process has to start with the design phase which is not necessary. Complex designs will take longer to deliver than simple one. Variations and complexity of designs could also lead to maintenance costs downstream and to difficulties in sourcing local labor to do what could have been simple maintenance. All these factors translate into inefficient resource utilization and difficulties in planning service delivery. Without standard designs consultants may showcase their designs without much consideration for sector policies or end users.

**Proposed policy**

*4.98. Effective from the new strategic plan period, all new construction and extensions will follow standardized designs. To the extent possible major rehabilitation will integrate key elements of the standard designs—e.g., accessibility. The national department of education will produce prototypes of standard designs to match the typology of schools. The designs will be a product of a clear analysis of key education functions and activities to be carried out within proposed physical spaces. Design prototypes will respond to core activities and facilitate them. Standard designs will also be guided by core sector policies such as physical access and substantive relevance. Provinces may adapt standard designs to specific geographical contexts and to specific construction sites. Such adaptations will not digress from the essence of the design, and especially not reduce responsiveness to policy priorities and sector needs.*

*4.99. Standardized menu of prototypes will be used to create cost maps and to control construction costs. An allowable margin of variance from the cost maps should be determined and circulated. Any new construction that goes beyond allowable variance will be subject to prior review—by proposed head of provincial department—and clearance. The clearance system will be embedded in the procurement process and become part of the criteria for bid evaluation.*

**Key policy actions**

4.100. *Development of a menu of prototype designs:* A broad base of expertise in the field will be tapped to contribute to the development of a menu of prototypes. Such a base will include the physical planning units of the national and provincial departments; association of architects; consultants and consultancy firms; and educators.

4.101. *Creation of cost maps:* Based on their textured knowledge of their contexts, provincial departments will lead the creation of cost maps. Provinces will in turn forward these maps to the national department for review, inputs and adoption. Once adopted, provinces will take primary responsibility for monitoring adherence to cost maps.

**Benefits**

4.102. Expected benefits of design prototypes and cost control are: increased efficiency in the use of available resources; improved responsiveness of designs to priority sector policies and sector needs, and easier maintenance.

**Risks and risk mitigation**

4.103. *Reverse impact on construction costs [Moderate to high]:* In a context of scarcity of suppliers such as in South Africa, cost control measures may repel potential suppliers and limit competition. The end result could therefore be increased costs accrued from limited competition, which is the reverse of the policy intention. This risk could be high if the education sector is the only one instituting cost control measures.

4.104. *Reduced quality of construction [Moderate to high]:* Constricted competition could also risk the quality of construction if skilled suppliers go where there is less cost control.

*4.105.* To mitigate the above risks, the application of cost maps will have to flexibly follow market demand and supply. In times where there is high demand, it may be wise to ease the application and let the market determine the price. More open procurement methods than currently used could be used to mitigate this risk. Specifically international competitive bidding (ICB) could be applied to expand the supply. PEDs could enter into negotiations with suppliers' associations and/or professional bodies to secure more favorable responses within the parameters of their cost control.

*4.106. Policy Area # 5: Management and Maintenance*

**Background**

4.107. Elements of the physical teaching and learning environment constitute the largest proportion of the sector's immovable assets—land, buildings, etc. These assets appreciate in value. However there is no policy on the management and maintenance of these assets. Although these assets hold substantial value, there is no mechanism for capturing, tracking, and accounting for their value. There are also no mechanisms for securing their value. It is not clear if these assets are insured and what happens if they are exposed to risk that leads to substantial damage—the often cited floods—or even total loss. Beyond the financial value, immovable assets provide the physical space that translates into education access. If well maintained and managed, they provide conducive environments that translate into quality education. If well maintained and utilized, they can realize substantial efficiency gains. Participation in their management and/or maintenance can contribute to national poverty alleviation goals. It can also deepen national and sector values of school-community relationships and community ownership of schools.

**Key challenges addressed by this policy**

4.108. A key challenge is that there is no national and/or provincial policy on the management and/or maintenance of immovable assets. A weak policy environment leads to weak planning for and weak budgeting for asset management and maintenance. It is clear that poor asset management and maintenance translates into unaffordable resource wastage. There is no single province that seems to adequately manage the use of, and the maintenance of its assets. The proportion of buildings that are in a state of disrepair as registered in the NEIMS bears evidence of the results of poor maintenance. Poor maintenance results in a shortened life-span of assets which trap scare resource in perpetual major repairs or even replacements. It would be difficult to observe norms and standards for the durability, life-span and replacement of assets if they are either mismanaged or not well maintained.

Severe states of degradation of assets poses health and safety hazards for learners and educators. Both the NEIMS and anecdotal evidence bear evidence of mismanaged assets. For instance under-utilized and over-utilized school infrastructure, equipment and furniture are common place. Assets that are poorly managed or maintained translate into a sub-optimum teaching and learning environment. Mismanagement and ill maintenance of assets violates the nation and sector resource efficiency goal. The conceptual framework presented in Chapter 4 suggests that such environment have adverse effects on teaching and learning. They work against efforts to improve education quality. Wide variance in the quality of education that learners are exposed to contradicts the norm of equal opportunity enshrined in national and sector policies.

**Prior and ongoing efforts**

4.109. The national department has made several efforts to establish and maintain baselines on the level of provision and state of immovable assets—among others. This has taken the form of two school registers of needs (SRNs) and lately, the NEIMS. On the negative side, prior efforts at establishing baselines do not seem to have translated into sustained and current registers. The NEIMS was designed to address this weakness. In terms of management, provinces and schools make inadequate and uneven effort to manage immovable assets. Anecdotal evidence shows that a lot of schools and provinces maintain current asset registers. Both levels also make inadequate and uneven effort to maintain assets. Provinces have maintenance manuals for buildings, but it was not clear if they have the same or equivalents for furniture and equipment.

**Key achievements**

4.110. Although too early to tell, all indications are that the NEIMS will translate into an enduring and current database of fixed and other assets. If used to its capacity, and kept current, mined and analyzed, NEIMS could be used to inform policy and strategy on provision.

4.111. At the provincial level, the North West Province developed a draft policy on the management of immovable assets. However, this policy has remained in draft. It does not seem to be owned by the province, it seems to not be adopted and under implementation.

4.112. While provinces and schools make effort to keep current asset registers, it is not clear if and how the value of these assets is reflected in the financial management systems.

4.113. Through their School Governing Bodies (SGBs), communities have shown varying efforts to raise funds for the maintenance of immovable assets. In addition, the maintenance of immovable assets is one of the core activities that seem to effectively concretize community participation. Although marginal, community participation in the maintenance of assets contributes to a broader national poverty alleviation goal.

**Persisting challenges**

4.114. The lack of policies on asset management and maintenance allows for the wide range of practices and performance. In the case of maintenance, inadequate financing continues to be a binding constraint. Where funds could be adequate, poor budget management practices have allowed for their use of funds on other activities such as the construction of new schools or urgently needed replacements.

**Policy statement**

*4.115. By the end of 2010 the DoE will have developed a national policy on the management of immovable assets. Minimum parameters of that policy will include: standardized acquisition of assets; standardized and current register of assets, current information and data base; standardized*

*recording and tracking of the value of assets; insurance of the assets; efficient usage, timely and adequate maintenance, rehabilitation, and disposal. This policy will be under implementation by provinces and schools by 2010, or at the start of the new strategic plan period.*

*4.116. Within the same time span, the department of education will also develop a comprehensive maintenance policy for school infrastructure, basic services, furniture and equipment. The policy will entail norms and standards for preventive and corrective maintenance as well as replacements. It will entail the allocation of responsibilities for certain types of maintenance in terms of financing, execution and quality assurance. Thresholds for certain types of maintenance will also be included. This policy should go into effect by 2010.*

**Key policy actions**

4.117. *Verification and validation of baseline data*: The NEIMS provides a good starting point for systematizing, validating and maintaining data on the current state of immovable assets. It is urgent that a system is set up for keeping this data current.

4.118. *Analyze NEIMS*: Further analysis of the NEIMS will be conducted and targeted to facilitate policy development and strategic planning.

4.119. *Technical support for provinces and schools* will be provided to enable them to set up their asset registers, to accurately record the value of their assets and to integrate these values into regular asset and financial management.

*4.120. Provinces and schools will also be provided technical support with policy implementation.*

**Benefits**

4.121. Expected benefits of an asset management and maintenance policy include: prolonged life-span of assets and higher value for money; efficient utilization and better value for money; improved learning environments and the resultant education quality; if evenly implemented, improved equity of inputs and outcomes.

**Risks and risk mitigation**

4.122. There are no envisaged risks for this policy.

***Policy Area # 6: Diversification of funding sources***

**Background**

4.123. It would appear that at present, the government finances more than 90 percent of the capital investment in school infrastructure, basic services, furniture, equipment, books and instructional materials. Two key public financing mechanisms are equitable share and conditional grants. As noted, the level of investment in infrastructure alone has phenomenally increased over the past decade and is bound to keep growing. Given competing demands on public resources, it is prudent for the government to aggressively diversify sources of funding for not only the physical teaching and learning environment, but also for the sector as a whole.

**Key challenges addressed by this policy**

4.124. Most provinces are reluctant to diversify funding sources for their development project. Non-public funds, especially donor funding is not preferred for its unpredictability and the consequent uncertainties in provincial plans. Lack of experience in raising non-public funds remains a challenge. In the near past, a key challenge of the National and Provincial Treasuries was how to effectively disburse resources allocated to the sector—giving rise to the IDIP. Given the demonstrated low absorptive capacity and South Africa's middle income status, the sector does not attract as much external funding as its needs warrant. This is a critical challenge, especially given the reality that external donations may quickly wane as the post-apartheid years increase and South Africa is more and more seen as having had adequate time to redistribute its undisputable wealth. South Africa does very well in leveraging the private purchasing power for sector services. However, the reality is that real private purchasing power is still in the hands of a limited minority. The thin resource base of some households and communities severely constrain their contribution. In fact income inequalities remain a key challenge to attaining equity of resource distribution within the sector. An institutional challenge is South Africa's tendency to set up extremely complicated institutional arrangements for raising funds and accessing them. The SETAs provide such an example. Caution needs to therefore be sounded to avoid similar situation with respect to this initiative.

**Prior and ongoing efforts**

4.125. It first needs to be acknowledged that this very exercise is the ongoing national department's effort at diversifying funding sources for school infrastructure. The National Treasury has already set up structures and systems for diversifying funding sources for not only school infrastructure but infrastructure as a whole. This is in the form of a PPP unit at the central Treasury. Within the sector, several efforts are also ongoing to diversify sources of funding. School heads and SGBs continue to receive training in resource mobilization—albeit very limited.

**Achievements**

4.126. Through the initiative of the National Treasury, the financial absorptive capacity of provinces is expected to substantially improve. The department of education attracts modest donor funding for school infrastructure such as the EC funding. Despite income difficulties among many households, South Africa, and the department have maintained the self-reliance value in the sourcing of funds from communities and households. Although the results are very uneven, there are very clear pockets of excellence with schools, communities, and SGBs that manage to raise substantial funds for their school infrastructure projects. It is also commendable that South Africa and the department have not followed the international development agencies push for free education. Commendable achievements are being registered in the complex but necessary task of balancing of need-based public financing and affordable private financing of education and training services.

**Persisting challenges**

4.127. While improving the absorptive capacity of the national and provincial department of education is still an impediment to raising both public and non-public financing. The apparent lack of clear efficiency controls is also a deterrent to potential non-government contributors. Perceived financial self-sufficiency is a persisting challenge. Most provinces do not show the need or urgency to raise non-public financing. The limited resource base for the majority of households will remain a challenge for a long time to come.

**Policy statement**

*4.128. The department will institute a differentiated diversification of funding for the physical teaching and learning environment with a target to source a minimum of 25 percent of the current*

*capital fund from non-public sources by 2010. A range of non-public financing mechanisms will be tapped and mapped to appropriate contexts. Among the range of financing mechanisms that will be considered: private public partnerships (PPPs), leveraging private purchasing power (LPPP); international donors, securitization, guarantees for commercial banks lending to schools; privatization of the management of public schools; national lenders; and international lenders. Provinces will also aim to reach the same level of national target using similar approaches.*

**Key policy actions**

4.129. The most significant action is for the national and provincial departments to set up a sub-structure and charge it with responsibility for resource mobilization. Performance targets will be set for these sub-structures and they should be held accountable for delivery.

**Benefits**

4.130. An expected benefit of the policy is the reduced financial burden on the government. Other benefits are the fast tracked delivery and expected development impact; expanded and elevated delivery of elements of the physical environment and the resultant impact of learning outcomes and education quality; improved efficiency gains in the use of resources; and, if equitably distributed, improved equity of inputs and hopefully outcomes.

**Risks and risk mitigation**

4.131. If successful, policies to diversity sources of capital budgets can lead to unsustainable recurrent budget implications for the government.

4.132. To reduce this risk, proper simulation will be used to avoid over-committing the government to expenditures it cannot sustain.

***Policy Area # 7: Demonstrated delivery capacity***

**Background**

4.133. Effective implementation capacity is critical for the above outlined policy areas to take effect and for expected benefits to be realized. Key capacities required for effective delivery of an enabling environment include: long term strategic planning for policy implementation; the development of feasible medium term programs; planning for program implementation, procurement and disbursement planning and management, financial management, timely collection of accurate data to support sustained monitoring of program implementation, analysis of data to inform policy implementation and core decisions, and periodic evaluation of policy impact.

4.134. Currently these capacities ought to be at different levels of the systems. The DoE should have effective capacity for strategic planning, development of national medium term implementable programs that provinces can adapt to their contexts, timely collection of accurate data to support sustained monitoring of program implementation, analysis of data to inform policy implementation and core decisions, and periodic evaluation of policy impact. For its success, the DoE depends on the support of other national departments key among which are Treasury and Public Works.

4.135. The PEDs on the other hand ought to have capacity for the development of provincial infrastructure programs and for their implementation. This places responsibility for core

implementation functions on provinces. Specific capacities should include planning for implementation, procurement, and disbursement; monitoring program implementation at the provincial level, and periodic reporting on implementation progress. For their success, provinces depend on the support of other provincial departments particularly Treasury and Public Works; lower levels of the provincial structures from districts to schools, the DoE and private consultants and firms.

4.136. Both the DoE and the PEDs require strong organizations with very clear division of labor to undertake their respective mandates, the right numbers of human resources with skill mix that are appropriately matched to organizational mandates, sufficient non-human resources—fiscal, time, equipment, materials—to execute the mandate, and appropriate procedures that facilitate the execution of the mandate. In addition, both the DoE and PEDs depend on a broader enabling national environment such as the availability of appropriate skills in the labor market, availability of materials, and the right regulatory framework.

**Key challenges addressed by this policy**

4.137. Currently the delivery of infrastructure does not seem to have the benefit of a strong organizational structure with a clear division of labor across all levels. The delivery of infrastructure is currently fragmented amongst three different departments at national and provincial level, they are namely; DoE, DPW and Treasury. Fragmentation complicates coordination, creates role conflicts, tends to duplicate efforts, weakens accountability, and slows down implementation.

4.138. The second most critical challenge is the shortage of human resources with the right skills mix to execute organizational mandates.

**Prior and ongoing efforts**

4.139. The DoE has devolved authority for implementation to the provinces. Further, there is a fairly clear division of labor between the DoE and the PEDs.

4.140. PEDs and Provincial Department of Public Works (PDPWs) are currently the core implementing institutions in the 9 provinces.

4.141. Through the IDIP, National Treasury provides Technical Assistance (TA) to strengthen the capacity of the core implementing agents. PEDs and PDPWs augment their capacities by using diverse implementing agents including communities, school governing bodies (SGBs), and private consultancy firms.

**Persisting challenges**

4.142. Within PEDs, authority and decision making powers seems to be still concentrated at the top level of management. There seems to be no clear division of labor or devolution of authority to lower levels within provinces.

4.143. On average provincial departments of education and of public works are understaffed in both quantitative and qualitative terms. This makes effective delivery a critical challenge. For some provinces shortage of critical skills—engineers, architects, high level construction companies—in the open market is a critical constraint to effective delivery.

4.144. Some aspects of the broader national environment also constrain effective delivery. Most provinces experience shortage of construction materials, exacerbated by the 2010 construction boom. This is another constraint to their effective delivery.

4.145. While the IDIP is strengthening the implementation capacity of PEDs and PDPWs, substantial attention still needs to be paid to planning for implementation. Systems for integrated and collaborative planning still need to be developed. Poor implementation planning remains a key cause of implementation delays. Implementation delays routinely lead to delays in disbursements, and sometimes, to the loss of funds that were supposed to be used within the financial year. On the other hand, PEDs often note the slow implementation pace of PDPWs which lead to poor delivery of planned infrastructure. In some instances, albeit very rare, PDPWs are reputed for substantial implementation delays, but also for delivering less output at a much higher costs than PEDs.

4.146. Procurement planning is another weak point in the delivery system. In some cases, provincial officials did not seem to make a distinction between overall implementation planning and procurement planning. With this lack of clarity, it is difficult to coordinate implementation plans with procurement and disbursement plans. Other than weak planning capacity, procurement actions undertaken by diverse units are not well coordinated. Because of lack of coordination, critical inputs—classrooms, furniture, books—are not always delivered at the same time as they should. Partly because of weak procurement planning, procurement actions are not closely monitored. In some cases, implementation plans identify 'completion dates' as the 'year' not even the specific month when work will be completed.

4.147. The DoE also has weak capacity for strategic planning and medium term programming. Capacity for timely collection of accurate data, data analysis and sustained monitoring of implementation progress is also weak.

**Policy Statement**

*4.148. The DoE will intensify the devolution of responsibility, authority and accountability for the provision of school infrastructure to the lowest feasible level in the education system which is the school. The definition of functions to be devolved will be explicitly and uniformly specified based on best practices for effective delivery and not on current capacities of levels of devolution. The devolution will adopt a phased process based on current capacity of levels of devolution. A capacity development program will be developed and implemented to ensure a roll out of the devolution process in accordance with the plan. Full implementation of the plan should be completed by 2012.*

*4.149. The DoE will integrate all infrastructure delivery functions which are currently carried out in different agencies and unify responsibility and accountability for them. All infrastructure provision operations managed and coordinated under Treasury, other than the actual provision of funds, should be moved to the DoE. Equally, all infrastructure operations managed by the DoPW should be moved to the DoE. At provincial level, the coordination and management of all operations should be in the hands of the PEDs.*

*4.150. A comprehensive capacity development program should be developed and immediately implemented to enable the DoE and PEDs to effectively and efficiently deliver key elements of the teaching and learning environment.*

*4.151. The DoE and PEDs should retain full authority to appoint agents to augment their delivery capacity for key elements of the teaching and learning environment. Such agents should be under the full supervision of the DoE and PEDs.*

*4.152. During peak periods, the DoE may centrally create and agency to manage the delivery of key elements of the teaching and learning environment. Such an agency should centrally report to the national and provincial departments of education. The agency will be dissolved at the end of the peak period and full responsibility for delivery will revert fully to the national and provincial departments of education.*

**Key policy actions**

4.153. In order to ensure the success of the devolution plan, the DoE and PEDs should undertake their functional analyses. The results should be used to guide the devolution plan.

4.154. As part of the preparation for policy implementation, a comprehensive capacity analysis covering—human resources, organizational, institutional and national capacities—should be undertaken. The results should be used to develop a comprehensive capacity development program that will underpin policy implementation.

**Benefits**

4.155. An expected benefit in the proposed policy is; improved capacity in PEDs, clear accountable agency for infrastructure and maximized efficiency, this will also save cost and the time taken to deliver projects

4.156. An optimal division of labor has the following characteristics: (a) it places work as close as operationally possible to those affected by it – the clients or beneficiaries; (b) it places decision-making as close as operationally possible to where the information needed is to be found; (c) it avoids unnecessary fragmentation and retains unitary accountability as far as possible; and (d) it seeks to maximize efficiency.

**Risks and risk mitigation**

The key risk of devolution of functions and unitary accountability is the capacity of infrastructure units at all levels of management at DoE and PEDs.

4.157. To mitigate the risk DoE will design and implement capacity building programs for itself and for PEDs.

***Policy Area # 8: Systematized procurement management and procedures for the sector***

4.158. In most cases, procurement is the last consideration of sector policies, strategies and programs. Yet in real terms, procurement ought to be an integral part of these instruments. Procurement policies and systems of a country reflect broader national policies and strategies for development. For instance the South Africa procurement system supports the broader national black economic empowerment (BEE) policy. It also supports the overall national strategy for promoting transparency, accountability for use of public resources, and good governance.

4.159. Specific to programs, procurement ought to be an integral part of program design and implementation. Procurement plans support and give effect to implementation plans. Procurement plans also drive disbursements. Appropriate procurement methods can improve the quality of goods and services rendered; technical, time, and resource efficiency in the provision of goods and services; equity in the benefits accrued from procurement processes; and consolidation of national policies and values. The policy framework therefore integrates procurement at this early stage in recognition of its importance.

**Key challenges addressed by this policy**

4.160. The main challenge is that the education, training and skills development sector seems not to have a systematic and systemic procurement management system and procedures. This is in spite of importance of procurement in national and sector policies, strategies and programs. Without a system that can be followed by the sector, there are bound to be inconsistencies that are not necessarily constructive. Without a system there are real risks of no attaining the benefits of a robust procurement system outlined above. These inconsistencies and the risks they pose to key national policies is what gives rise to the need for a policy(ies) that can regularize practices and support broader national policies.

**Prior and ongoing efforts**

4.161. Notable efforts to improve procurement are at the national level. Through the agency of the National Treasury, government has instituted progressive procurement reforms starting just one year after democratic rule, in 1995. These reforms are underpinned by two broad principles: good governance and equal opportunity. Adopted measures are relevant to procurement policies and institutions concerned with procurement. They focused on the attainment of: quality of goods and services; time and resource efficiency in procurement; responsiveness / relevance to national needs; recognition of national values; improved equity in procurement processes; and credibility and transparency. A number of legal frameworks have been instituted to enforce adopted reforms; including the Public Finance Management Act (PFMA) and the Preferential Procurement Policy Framework Act (PPPFA).

4.162. Reforms were underpinned by substantial analyses of the public procurement system. For instance in 2001/2002 the government undertook a Country Procurement Assessment Review (CPAR) with technical support from the World Bank. This review revealed a number of deficiencies that needed to be addressed in order to strengthen governance and to improve the interpretation and implementation of the PPPFA and regulations. The following actions were recommended:

4.162.1. For uniformity and equity, announce a single national legislative framework in terms of section 76(4)(c) of the PFMA to guide uniformity in procurement reform initiatives in the different spheres of government.

4.162.2. Replace the outdated and inefficient procurement and provisioning practices in government with a supply chain management function and a competitive system for the appointment of consultants fully integrated with the financial management processes.

4.162.3. Prescribe minimum norms and standards to promote uniformity in bid documentation, advertising, receipt and adjudication procedures.

4.162.4. Monitor value for money performance.

**Key achievements**

4.163. In 2003, the government adopted a *strategy to promote uniformity in the procurement reform processes.* A range of actions outlined below were initiated by and are at differing stages of implementation:

4.164. *An integrated supply chain management function is introduced:* In September 2003, Cabinet adopted a Supply Chain Management (SCM) policy to replace the inadequate procurement and provisioning practices across government. The observed inadequacies were in the areas of (i) procurement, (ii) contract management, (iii) inventory/asset control, and (iv) obsolescence planning.

The new SCM function is an integral part of financial management and conforms to international best practices. The new arrangements are expected to promote uniformity in SCM processes and in interpretation of government's preferential procurement legislation and policies. These arrangements mean that responsibility and accountability for SCM-related functions will be devolved to accounting officers/authorities.

4.165. The Supply Chain Management system provides for procurement that is fair, equitable, transparent, competitive and cost-effective. It has introduced internationally accepted principles of best practice. The SCM system is designed to achieve effective, efficient and innovative process for (a) demand planning, (b) procurement (including strategic sourcing), (c) contract management, (d) inventory/asset control, and (e) obsolescence/disposal planning.

4.166. *A national legislative framework is introduced* to enforce minimum norms and standards and uniformity in respect of SCM practices and interpretation of policy objectives. The framework established the policy parameters for the repealing of the existing Tender Board legislation and prescribed minimum norms and standards for SCM practices in government. It also empowered the National Treasury to arrange for transversally used "term-contracts" where it is beneficial from a value for money perspective and/or achieves government's preferential procurement policy objectives. Minimum reporting requirements were established for Accounting Officers/authorities and the National Treasury to monitor compliance.

4.167. This uniformity in SCM practices is to be promoted, among others steps, through uniformity in bid and contract documentation and options and standards of bid policies and procedures. The National Treasury is to issue such practice notes. In turn, Provincial Treasurers and Municipal Managers will issue further practice notes to guide the more detailed implementation of SCM functions.

4.168. These policies apply to all national and provincial departments, constitutional institutions, public entities and all school governing bodies. The system empowers Accounting Officers to manage their departments and accept full responsibility and accountability for all expenditures incurred by their departments. At provincial level, the various Tender Board Acts will also be ultimately repealed and the various provincial Tender Boards will be dismantled. In some provinces this phased process has already commenced and certain provincial Tender Boards have already been dismantled.

4.169. *Implementation Strategy is developed:* The divide between the then current procurement and provisioning practices in government and the new integrated SCM function necessitated a phased implementation approach. To prepare departments for the new concepts, tender boards, in liaison with the relevant treasuries, began to significantly delegate their authority to procurement departments so that the latter can begin to build capacity. In this endeavor, Accounting Officers/authorities are to be supported by their relevant treasuries. Capacity building would include the establishment of SCM Units, the establishment of clear lines of authority and accountability and performance criteria, quicker and more efficient sourcing and better asset and inventory management.

4.170. *Capacity building in Procurement is planned:* It is the responsibility of every Accounting Officer/ authority to ensure that their SCM personnel are adequately trained. The National Treasury will facilitate the development of appropriate training material in conjunction with (South African Management Development Institute) SAMDI, Institute for Public Finance and Auditing (IPFA) and others to assist Accounting Officers/authorities in the training of their personnel.

4.171. *Accountability and reporting is defined* to ensure that individuals and organizations are answerable for their plans, actions and outcomes. Openness and transparency in administration, by external scrutiny through public reporting, is an essential element of accountability. Within the procurement framework, the heads of departments are accountable to their ministers for the overall management of procurement activities with suitable delegation of authority within the department.

4.172. *The 2003 procurement guidelines* stress that proper and successful government procurement rests upon core principles of behavior - the Five Pillars of Procurement: (a) Value for Money, (b) Open and Effective Competition, (c) Ethics and Fair Dealing, (d) Accountability and Reporting, and (e) Equity. The Guidelines prescribe minimum standards that are to be observed. The Guidelines are to be supplemented by individual Accounting Officers' Procurement Procedures.

**Persisting challenges**

4.173. To date, and in spite of the national progress outlined above, the sector seems to not have systematically interpreted the national procurement system and translated it into a sector-specific system. Mainly because of an unclear sector-specific procurement system the organization and management of procurement differs across and within provinces. Roles, responsibilities and accountability for procurement are fragmented and unclear. There are inconsistencies in the extent of the devolution of authority for procurement. Procurement authority is not always devolved to the appropriate operational level. Where there is devolution, identical operational levels are accorded different levels of authority with respect to identical functions. For instance non-section 21 schools have very limited authority for procurement with a threshold of about R 2000. Yet the same schools raise hundreds of thousands of Rands with which they have unlimited authority to procure. This means that either the capacity of these schools to procure is underrated or their accountability for own-source revenues is not taken seriously. Either way, there are inexplicable inconsistencies in the level of procurement authority devolved to these schools. Procurement planning is weak to non-existence. Most visited provinces did not seem to distinguish procurement plans from implementation plans. Partly because of poor procurement planning, implementation and disbursements have not always matched the needs. Absorptive capacity for allocated resources has been low, despite dire needs. As noted, the IDIP program seeks to remedy this situation, but even that does not give adequate attention to procurement planning and procurement management.

**Policy statement**

*4.174. Effective from the new strategic plan period—2008 to 2012—procurement of all elements of the physical teaching and learning environment will comply with the standardized sector-specific procurement procedures. These procedures will be developed by the DoE, in compliance with the overall national procurement policy and procedures. All provinces will comply with set sector-specific procedures.*

4.175. *Effective from the new strategic plan period—2008 to 2012—responsibility and accountability for the actual execution of procurement procedures will with PEDs and not with a multiplicity of agencies as it is currently the case.*

4.176. *Effective from the new strategic plan period—2008 to 2012—authority for procurement execution will be devolved to the lowest appropriate operational level.*

**Key policy actions**

4.177. Standardization of a sector-specific procurement system will require the following key actions:

4.178. *Interpretation of national procurement policy and procedures and translating them into a sector –specific system and procedures.* By and large South Africa has developed procurement policies and procedures. What remains is for sectors to translate existing policies and procedures into what suits the sector. In so doing, the DoE should remain in compliance with the national system, but does not have to adopt all elements of the system. For instance, the DoE may feel that certain

procurement methods allowed in the national systems are suitable for its purposes but not others. It is also possible that the DoE may find certain methods not provided for in the national systems appropriate for its purposes. An example may be the use of international competitive bidding (ICB) as a method that could improve efficiency and cost-effectiveness through more open competition. In cases where the DoE digresses from the national system, no matter how slightly, clearance will be sought from the National Treasury as the authority responsible for the national system.

4.179. *Develop procurement guidelines and manuals:* For its effect, the sector-specific system should be backed up by clear guidelines and manuals. These will be developed by the DoE.

4.180. *Accord the PEDs sole responsibility and accountability for procurement.* Currently, the procurement of works particularly is fragmented over a range of agencies. This fragmentation weakens accountability for a range of core function like construction supervision and contract management. On average, most of procurement functions are discharged by PEDs through the agency of the SCMO. However there are wide variations on who takes responsibility and accountability for procurement of work. The variation ranges from one extreme where the PEDs do all procurement in-house to outsourcing all procurement to a range of agencies ranging from the Department of Works (DoW) to independent consultants. In some provinces, the procurement of works is done by PEDs but not through the SCMO. Other provinces delegate the procurement of works to the DoW. Even then, the actual functions are still split. The DoW does all the processing of the works contracts using its departmental staff. Thus, DoW acts as an agency of the PED. However, the contract with the selected contractor is not signed by DoW; it is signed by the PED. In this arrangement, the PED is responsible for (a) approving and making all payments, and (b) approving all variations and additions to the contract. In this way, the PED retains full control of (i) contract content, (ii) contract payments, while leaving most of the actual "contract management" function to DPW (iii) PEDs do some limited construction supervision but it is not clear how the contractor reports to supervisors from PEDs and DoWs. The net effect is that the line of accountability for construction supervision gets blurred.

4.181. *Strengthen procurement planning and management capacity of PEDs.* PEDs will not be able to take sole responsibility and accountability for procurement without substantial capacity development. Specific areas where capacity needs to be developed includes: (i) procurement planning; (ii) coordination of procurement planning with implementation planning, disbursement planning, and monitoring and evaluation; (iii) contract management and construction supervision; and (iv) cost management and cost control.

4.182. *Strengthen procurement management capacity at all operational levels where procurement takes place*: It will be impossible to devolve procurement authority to lower levels unless those levels are technically empowered to exercise that authority. As such, capacity will have to strengthen at the lower levels and in a manner commensurate with their levels of authority.

4.183. *Strengthen capacity for financial management:* Procurement releases funds, and thus demands strengthened financial management system. The devolution of procurement authority will therefore necessarily demand devolution of financial management. Thus capacity needs to be developed in this area.

4.184. *Streamline financial management systems:* Effective financial management demands effective and streamlined systems.

4.185. *Determine and consistently apply thresholds for lower levels of the system:* Currently, the thresholds for non-section 21 schools are counterintuitive. On the one hand, they have a limit of R 2000. On the other hand, they have no limits. The contradictions of this practice have been sketched above and need reconciliation.

**Benefits**

4.186. Expected benefits of clear procurement system and procedures are all the benefits of effective procurement policy, planning and procedures outlined above—quality of service, time, technical and resource efficiency, timeliness of service, value for money, accountability for public resources, fair opportunities, etc. Improved procurement capacity is also expected to facilitate implementation and disbursement.

**Risks and risk mitigation**

4.187. The proposed policy may lead to turf battles where other departments like National Treasury, and DoW feels that the DoE is encroaching in their space. Provinces may not like the centrist approach where their procurement system, guidelines, manuals and procedures are centrally determined. PEDs may be reluctant to devolve procurement authority to lower levels as this may seen to be the erosion of their power and control. Risks of price control measures in context where other government departments are not doing the same have already been outlined.

4.188. To mitigate this risk, consultation and higher levels engagement will be necessary to make feasible the implied reorganization of roles and functions across different government departments.