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Conditional Grants

Implementation Study

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The Department of Education

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ABREVIATIONS

ABEL	Advancing Basic Education and Literacy
BPR	Business Process Re-engineering
CEDP	Centre for Education Policy Development, Management and Evaluation
CG	Conditional Grant
COLTS	Culture of Learning, Teaching and Service
DDG	Deputy Director General
DG	Director General
EDSU	Education Development and Support Unit
EMGD	Education Management and Governance Development
EPRF	Education Policy Reserve Fund
FET	Further Education and Training
HOD	Head of Department
IQC	Indefinite Quantity Contract
JET	Joint Education Trust
NCCRD	National Centre for Curriculum Research and Development
NDoE	National Department of Education
NGO	Non Government Organisation
PED	Provincial Education Department
PFMA	Public Finance Management Act
PRF	Policy Reserve Fund
UNHCR	United Nations High Commission for Refugees
USAID	United States Agency for International Development
WUSC	World University Service of Canada

PREFACE

Development Associates' subcontractor, Khulisa Management Services (Khulisa), conducted this study in its entirety. This task order titled "Technical Assistance for Development of Business Plans for Conditional Grants" was commissioned by the National Department of Education (NDoE) under the United States Agency for International Development (USAID) Indefinite Quantity Contract (IQC). The purpose of this study is two fold: to identify the problems hindering implementation of conditional grants during the past two years; and to make recommendations regarding how the implementation process could be improved in the future at both national and provincial levels. In particular, this study identifies the problems and constraints to the implementation of the Conditional Grants, and makes recommendations regarding how the implementation process could be improved at both national and provincial levels.

The opinions expressed in this report are those of the consultants and not of the national and provincial departments of education. Similarly, errors in this report are the responsibility of the authors alone and should not be attributed to the national and provincial departments of education.

This report was funded by the United States Agency for International Development Indefinite Quantity Contract No. 674-1-00-00-00005-00 Task Order 001.

Executive Summary

Development Associates' subcontractor, Khulisa Management Services (Khulisa), conducted this study in its entirety. This task order, entitled "Technical Assistance for Development of Business Plans for Conditional Grants", was commissioned by the National Department of Education (NDoE) under the United States Agency for International Development (USAID) Indefinite Quantity Contract (IQC). The purpose of this study is two fold:

- Identify the problems hindering implementation of conditional grants during the past two years; and
- Make recommendations regarding how the implementation process could be improved in the future at both national and provincial levels.

This report followed an intensive process in which consultants from the Development Associates consortium, comprising Khulisa, Joint Education Trust (JET) and the Centre for Education Policy Development, Management and Evaluation (CEPD), provided technical assistance to seven Provincial Education Departments (PEDs) and the NDoE to draft conditional grants business plans. For more information on the conditional grants process, please see Appendix C of the report.

This report is based on the consortium's experience gained while assisting the Department with their Conditional Grants, and a series of semi-structured interviews with the NDoE, and conditional grants project managers and co-ordinators in all nine province.

Conditional grants are a strategy of the national government to ensure that the provinces can provide a level and quality of service that is consistent with national priorities. On concurrent functions, the national government sets norms and standards and monitors whether these are being achieved.

The Department of Education's Conditional Grants are considered to be *Transitional Grants* that contribute to transformation through:

> *Addressing the general lack of effective management systems at provincial, district and school level and improving the quality of education.*

Under the Department of Finance's Equitable Share Formula, the PEDs receive approximately 75 percent of the Conditional Grants funds, and the NDoE receives the remainder (in Fiscal Year 2000/2001 about R70 million of the R272 million).

Expenditure for 1998/9 and 1999/2000 for National and Provinces

Conditional Grants	Total Allocation	Expenditure	Percent Spent	Amount Unspent	Percent Unspent
Total Provincial 1998/9	R149 541 000	R26 029 000	17.4%	R123 512 000	82.6%
Total NDoE 1998/99	R53 184 000	R18 923 000	35.6%	R34 261 000	64.4%
Total Provincial 1999/00	R192 000 000	R93 819 000	48.9%	R98 181 000	51.1%
Total NDoE1999/2000	R69 000 000	R33 835 000	49.0%	R35 165 000	51.0%

As the above table shows, expenditure rates improved between 1998/99 and 1999/2000, but there is still as substantial improvement in spending required.

Problems related to the Conditional Grants process were drawn from interviewees and also observed when the Consortium assisted departmental officials in drafting the Conditional Grants **business plans**. These problems included:

- The business plan process is often started late, resulting in minimal involvement by stakeholders and poor integration with other programmatic spending (donors and Vote 8 funds).
- Project managers often feel that the guidelines and business plan format are changed and circulated too close to the deadline for responsible completion of the business plans.
- Planning for one-year projects is often unrealistic given the miss-match between the academic year and the Government's fiscal year, making multi-year programme planning desirable.
- Within the larger provincial/national allocation – individual project officers are often not told how much money is available for their particular project leading some to vastly over-estimate the amount they need in the hope that if they have to give up some funds, they will still have enough. Others underestimate their budgets. Instead, clear budgetary parameters should be provided to all project managers.
- Communications regarding the business plans often moved through bureaucratic hurdles, leaving many project officers to receive feedback and information late and, in some cases, not at all.
- Most of the individuals given the responsibility for co-ordinating the provincial conditional grants lack authority. Only the Western Cape has a Deputy Director General in charge of Conditional Grants, two provinces have Chief Directors, three have Directors, one Chief Education Specialist, and two have Deputy Chief Education Specialists.
- Fundamentally there is a lack of training in how to design projects (particularly conceptualising new methodologies); how to document impact; how to project timelines; and how to budget. Moreover, this is compounded by poor computer literacy (e.g. using calculators instead of formulas within a spreadsheet).

Once the business plans are approved, there are numerous problems with project **implementation**.

- Funds are often delayed during the transfer – parliament passes the Division of Revenue Bill, then it is transferred to the Department of Finance, then to the Department of Education. From the NDoE the funds are transferred to provinces, where they are often further delayed by excessive time taken to assign finance codes.
- Personnel rarely have management of conditional grants in their job descriptions and they consider such tasks as "an extra duty" rather than a critical duty. Moreover, the management style is generally crisis-driven, leading to procrastination on critical conditional grants implementation issues;
- There are often conflicts between national and provincial projects – due to poor communication. The national projects assume provincial involvement often without

clearing such involvement ahead of time, resulting in staff on the ground expected to be in two or three places simultaneously. In another example, provinces were instructed to reserve conditional grants funding to support a nationally-driven project and the project never was implemented. Because this fact was not communicated timeously to the provinces, it resulted in under-expenditure by the provinces.

- Even though business plans are approved and signed off by the entire hierarchy, officials are still required to make submissions to the Head of Department on virtually every element of the business plans. For example, one project officer described an evaluation needed for a project in the business plan complete with budget, criteria for selection, etc. However, the submissions to the HoD were all rejected, again leading to under-expenditure.
- When asked to document successes thus far for the conditional grants, most of the respondents provided "process" responses rather than results. This finding highlighted the lack of monitoring and evaluation in the conditional grants.

In terms of **policies** guiding the conditional grants,

- Many project officers did not understand clearly the guidelines related to allowable expenditure – particularly the fact that funds should not be used for capital costs or for equipment that should be purchased utilising the normal budget.
- Others did not understand that personnel or service providers could be utilised to improve the management of the conditional grants project.
- Finally the policies do not stress the outcomes or results of the conditional grants sufficiently. Instead the focus is on *spending*, rather than *results*.

Procurement problems also delay many conditional grants.

- Many project officers spend endless amounts of time trying to circumvent the tendering process or breaking up tasks into small enough amounts that they can obtain three quotes for each task;
- Others have difficulty drafting adequate tender specifications resulting in poor performance;
- Finally, many of the provinces and the national department have not used the tender process to their advantage such as:
    - Set up an "approved suppliers" system allowing, the project officer to access services without going through a full competitive process;
    - Because the criteria of price often over-shadows quality, project officers should set a ceiling price on the tender or ask prospective service organisations to separate price and programme proposals. Once the top three acceptable technical proposals are selected, then the price proposals of the three organisations should be opened and the cheapest selected.

Budgeting and Costing:

- Currently there are no cost directives, leading to widely varying costs vis-à-vis workshops, travel and materials. Project officers do not have an adequate history of previous expenditures that would allow them to budget accurately.

- Some costs, such as the use of provincial vehicles, are difficult to track and attribute correctly, which has led to inaccurate reporting (resulting in both over and under-expenditure).
- Lack of training and access to reference materials leads many officials to make mistakes or, in fact, paralyses them in fear of breaking "unknown treasury regulations".
- Job descriptions and job specifications often ignore potential or actual financial budgeting and accountability requirements, leading many officials to downplay these issues. This is an area for concern given the new requirements of the Public Finance Management Act.
- Once an activity is being implemented, departments are often slow in making payments. This can result in service providers refusing to implement the project, or that project expenditure occurs after the fiscal year has completed.
- Poor financial information feed back to project officers leads to many think that they have had either higher or lower expenditures and results in poor decision-making.
- Lack of experience in projecting cash flow often leads to inaccurate projections.

Conclusions

This report does not examine "quality" issues, but a comment is appropriate. Many officials in charge of the transformation oriented conditional grants:

- Lack experience in change management;
- Have inadequate skills;
- Are constantly battling crises;
- Are not given enough time to plan and to integrate plans with other activities; and
- Do not plan far enough into the future to assure long-term impact.

The team assessing the business plans was alarmed by the hurdles placed in the way of implementation by a bureaucracy accustomed to fiscal constraint.

Since this report concentrated on implementation problems, the picture painted is fairly dismal. However, there are some encouraging signs emerging:

- This review itself indicates that the NDoE is taking these problems more seriously and is in the process of implementing some of the recommendations;
- The Department of Finance is considering new business plan formats that stress the integrated nature of the programmes and encourage stronger monitoring and evaluation;
- The NDoE is strongly considering some training in business plan development.

Recommendations

<u>Project Management:</u>

- Provision of "on-the-job" training or mentoring for conditional grants planning, project and financial management.

  - In future, completion of a course should become a pre-requisite to managing conditional grants (or donor) funding – in line with the PFMA.

- A full-time national project manager is essential and should report directly to one of the Deputy Director Generals.
- Deputy Director Generals should continue the work of the committee to review and provide management oversight of Conditional Grant projects.
- There should be performance appraisals of conditional grants project officers with both incentives and consequences for poor performance.
- If a business plan is approved and given the highest grade by the committee, the project manager should be required to make only minimal submissions. If the business plan receives a standard approval, then more submissions are required.

Planning:

- Focus on developmental planning of projects, which require longer-term three to five year planning;
- Integrate planning the three sources of funding (conditional, Vote 8 and donor);
- Build expertise in change management;
- Integrate provincial and national plans, particularly to avoid programmatic duplication;
- Given that the Medium Expenditure Term Framework (METF) projected conditional grant funding, develop a two-year business plan to be submitted for FY 2001/2002 and 2002/2003;
- Set up a strategy for approving business plans beginning in September, allowing approvals by no later than early March; and
- Undertake a quarterly: review progress with real evidence of outputs and impact, as well as adherence to plans and cash flow.

Business Plan Format:

- The business plan format should be revised to reflect more developmental and outcomes (or results) framework. In the document, Table 7 suggests recommended assessment criteria.

Management Processes:

- The whole Conditional Grant process should be workflow process mapped and then put through a business process re-engineering (BPR) exercise. The current process is too cumbersome and inefficient.
- Streamline communications through having important correspondence copied to line managers directly, while middle or senior managers receive the original to stay informed of the process.
- Utilise information technology better, particularly the web site and email.

Procurement:

The following are recommendations to improve or speed up the tender process that appears to be one of the major hurdles slowing implementation of the conditional grants.

- Specify a cost ceiling for technical services in tender specifications, allowing quality to be measured within this cost ceiling.
- Consider having cost and technical proposals are submitted separately. The technical proposals are judged first, allowing tender selection based on technical capacity to take place and the top three technically are selected. Only after this selection takes place, the lowest price selected.
- Utilise the option of "approved suppliers" for selecting service providers.
- In several provinces and the NDoE, the procurement ceiling for three quotes should be increased.

Budgeting:

Budgeting skills are amongst the lowest and project officers are seldom provided with adequate guidance.

- Supply training in budgeting and particularly to use MS Excel;
- Provide guidance on costs for accommodation, meals, travel, etc.
- For multi-year projects, incorporate inflationary increases in the budgets;
- Require project officers to calculate unit costs per beneficiary.
- Finally, the department should implement systems to attribute travel and other costs to the project with timely reports to the project managers.

Cash Flow:

There are a number of matters that should be addressed:

- Assign a financial manager to each Conditional Grant to expedite payment, assist with cash flow predictions, reconcile expenses and advise project managers about over/under expenditures via monthly reports on the project finances and performance to budget reports;
- Consider policy that requires "prompt payment" allocating penalties if payment has not been made within a designated time frame;
- Enforce the NDoE monthly cash flow reports requirement, with delays in the next tranche of funding if the reports are not provided; and
- Provide financial management training.

Public Finance Management Act:

- Widely publicise the implications of the PFMA amongst officials;
- Amend job descriptions to include financial management and explicitly state that formal authority is delegated to officials responsible for projects (core, conditional grant, or donor);

- Provide accredited financial and project management training for current officials responsible for projects (core, conditional grant, or donor);
- Consider new promotion requirements – prior to a promotion, those eligible for promotion should provide evidence of accredited financial credentials (budgeting, accountability, and cash flow at minimum); and
- Should there be abuses of financial power, prosecute officials under the PFMA.

Monitoring and Evaluation:

Monitoring and evaluation of conditional grants should receive high-level priority as these and donor funding are the most flexible funds with which to achieve transformation goals. Therefore, project managers should:

- Indicate both input/process and outcome/result indicators;
- Integrate internal monitoring and external evaluation plans in all business plans;
- Plan on spending between five and 10 percent of the budget on monitoring and evaluation activities;
- Take action on the basis of monitoring and evaluation reports to improve projects.

1. Introduction

Development Associate's sub-contractor, Khulisa Management Services was commissioned by United States Agency for International Development (USAID)/National Department of Education (NDoE) to conduct a study on the implementation of conditional grants in the past two years. The NDoE identified this need mainly based on the observation of the phenomenal under-spending problem at both NDoE and provincial education departments (PED).

The purpose of the study is to identify the problems and constraints to the implementation of the Conditional Grants, and to make recommendations regarding how the implementation process could be improved in the future at both national and provincial levels. This study investigates and analyses the following:

- Background including conditional grants expenditure trends;
- The business plan development process;
- The articulation between provincial and national responsibilities;
- Accessing and utilising funds; and
- The management of the process.

The report addresses key problems and makes recommendation and conclusions about the process and how it can be improved.

2. Terminology

In the first year of implementation, the conditional grants funds provided by the Department of Finance were referred to as the Education Policy Reserve Fund (EPRF) or alternatively the PRF. In the second year, the terminology changed to "conditional grants (CG)". To standardise the document the term *Conditional Grants* is used throughout the document.

3. Acknowledgement

Khulisa would like to acknowledge the national and provincial departments of education and their staff for their co-operation and contribution to this report. The authors of this report and the Department of Education (both national and provincial) would like to thank the United States Agency for International Development (USAID) for funding both the support for the development of the business plans (further described in Appendix A, B and C) and for commissioning this report.

4. Methodology

A brief questionnaire was designed to guide this study. In Eastern Cape, KwaZulu Natal, Mpumalanga and Northern Province, the Conditional Grants co-ordinators and/or project managers filled out the questionnaire on their own. For the Free State, opinions on the business plans and implementation process were summarised by the two consultants on the team. For Gauteng, Northern Cape, North West, Western Cape and the NDoE, consultants interviewed key personnel, including Conditional Grants co-ordinators, project managers, Chief Directors and Directors of Finance. Notes were taken during the interviews and were consolidated afterwards.

Finally, the Consortium team of eight consultants worked closely with nearly all provinces and most of the national Directorates on their business plans, gaining first hand experience with some of the difficulties experienced by the Conditional Grants managers.

The scope of work for the consultants is included in Appendix A. Appendix B contains a description of the United States Agency for International Development (USAID) Indefinite Quantity Contract (IQC) Technical Support Mechanism. A description of the Business Plan Development is included in Appendix C and Consultant Qualifications in Appendix D. Finally, the confidential results of the Review Process are included in Appendix E.

5. Background

The original mechanism for targeting expenditure and addressing the equity issues was the Reconstruction and Development Programme (RDP). However, the RDP funds were not ring-fenced and there were several incidents with provinces absorbing and using the funds for personnel costs. Therefore:

> "During 1998, the Department of Finance urged the Department of Education to find ways of addressing systemic problems such as high levels of repetition, low teacher productivity, high levels of under age enrolment, quality assurance and other factors in the area of management which affect the performance of the system overall. The understanding with the Department of Finance was that these funds are to be used as a conditional grant and are a distinct form of earmarked funds."[1]

Conditional Grants were introduced under the Division of Revenue Act in 1998 to:

- Provide for national priorities in the budgets of provincial and local spheres;
- Promote national norms and standards;
- Compensate provinces for cross-border revenue flows and specialised services that are of nation-wide benefit, such as the training of medical professionals;
- Effect transition by supporting capacity building and structural adjustment within recipient administrations; and
- Address critical backlogs and regional disparities in social infrastructure.

A conditional grant is voted in the national budget as a transfer and it is recorded as revenue in the provincial accounts. It is also voted in the budgets of provincial departments. The provinces are responsible for actual expenditure and financial accountability for conditional grants. The national departments are responsible for monitoring compliance with conditions of the grants.

Conditional grants are a strategy of national government to ensure that the provinces can provide a level and quality of service that is consistent with national priorities. On concurrent functions, the national government sets norms and standards and monitors whether these are being achieved. Conditional grants provide a policy instrument for national departments to intervene with provinces that do not meet these norms and standards. Accounting responsibility for

[1] Sheppard, Charles, Untitled Paper on Conditional Grants and Norms and Standards for School Funding, 1999, provided to Khulisa on June 13, 2000, page 5.

conditional grants lies with the receiving provincial or local official. The conditions are imposed in order to ensure that the provinces achieve national policy objectives.

There are three types of conditional grants:

1. *Recurrent Grants* represent long-term funding arrangements to support both basic service delivery and non-basic assigned functions in the provinces (for example bus subsidies);
2. *Transitional Grants* are period specific and directed towards supporting restructuring or transitional arrangements (for example, capacity building); and
3. *Infrastructure Grants* support specific capital projects (such as school building).

This report examined the Department of Education's Conditional Grants falls under category 2, *Transitional Grants.* The Department of Education administers the largest of this type of conditional grants with the objective to:

> *Address the general lack of effective management systems at provincial, district and school level and improve the quality of education.*

The South Africa Schools Act (No. 84 of 1996) identified quality and democratic transformation as the most important goals of the South African school system. One of the crucial means to achieve both goals is the redistribution of resources for learning towards learners in impoverished communities. Educational research in developing countries suggests that increasing school resources can contribute to the quality of learning, but is insufficient as a means on its own. Moreover, there is evidence that increased financial resources alone will not necessarily lead to higher learner achievement, but targeted spending towards specific areas is necessary to directly affect learner achievement. Hence, the NDoE identified its objectives for the Conditional Grants.

5.1. Structure of Conditional Grants

The Conditional Grant funds are provided to the National Department of Education by the Department of Finance under the South African Government's Equitable Share Formula[2] that takes into consideration the need to address poverty/inequality. Approximately 25 percent of Conditional Grants funds (about R70 million of the R272 million annually) are held at the national level for nationally driven programmes, administrative and technical purposes. The yearly allocation by province and directorate is further described in Section 5.2 below. The NDoE is responsible for programme management support, technical assistance, monitoring, and national co-ordination.

Each of the provinces are required to appoint a Co-ordinator who is responsible for the overall co-ordination of the Conditional Grants and the national Department of Education co-ordinates the overall Conditional Grants and its own projects.

[2] The Equitable Share Formula is the primary means of dividing financial resources between provinces. It is based on the population size and number of learners in the educational system. It is adjusted to provide additional resources based on poverty indicators and, often, to round up the amount given to the Northern Cape (the tiny population size of the Northern Cape, in spite of its huge geographic area, often means that very limited resources are provided).

The Conditional Grants serves the NDoE in two ways:

- To partially centralise the funding to better ensure equity and promote quality, as some degree of centralisation can encourage provinces to implement national policies; and
- To balance expenditure between personnel and non-personnel expenditures, as a very small percentage of the education budget is spent on non-personnel items. The target ratio set by the Minister of Education is 80:20 for personnel: non-personnel expenditure. By attaching appropriate conditions to the grants, the Conditional Grants is expected to help achieve this goal.

5.2. Expenditure Trends

The following four tables provide the expenditure trends for both the Provinces and NDoE Conditional Grants.

Table 1: Conditional Grants Expenditure Status for Fiscal Year 1998/1999 – Provinces

Province	Total Allocations	Expenditure	% Spent	Amount Unspent	% Unspent
Eastern Cape	31 016 000	526 000	1.7%	30 490 000	98.3%
Free State	9 565 000	1 215 000	12.7%	8 350 000	87.3%
Gauteng	21 663 000	9 876 000	45.6%	11 787 000	54.4%
KwaZulu Natal	28 656 000	6 461 000	22.5%	22 195 000	77.5%
Mpumalanga	10 962 000	0	0.0%	10 962 000	100.0%
North West	12 311 000	0	0.0%	12 311 000	100.0%
Northern Cape	2 860 000	0	0.0%	2 860 000	100.0%
Northern Province	21 179 000	6 400 000	30.2%	14 779 000	69.8%
Western Cape	11 329 000	1 551 000	13.7%	9 778 000	86.3%
Total	**R149 541 000**	**R26 029 000**	**17.4%**	**R123 512 000**	**82.6%**

Table 1 summarises the first year of conditional grants funding (1998/1999). It should be noted that in the first year, funds were only released in October or November, reducing the available time to implement projects to five months.

Table 2: Conditional Grants Expenditure Status for Fiscal Year 1999/2000 – Provinces

Province	Total Allocations	Expenditure as of 31/03/00	% Spent as of 31/03/00	Amount Unspent as of 31/03/00	% Unspent as of 31/03/00
Eastern Cape	35 520 000	9 800 000	27.6%	25 720 000	72.4%
Free State	12 096 000	4 690 000	38.8%	7 406 000	61.2%
Gauteng	23 616 000	11 127 000	47.1%	12 489 000	52.9%
KwaZulu Natal	42 432 000	24 115 000[3]	56.8%	18 317 000	43.2%
Mpumalanga	14 016 000	8 356 000	59.6%	5 660 000	40.4%
North West	15 360 000	4 817 000	31.4%	10 543 000	68.6%
Northern Cape	3 648 000	3 474 000	95.2%	174 000	4.8%
Northern Province	30 144 000	15 218 000	50.5%	14 926 000	49.5%
Western Cape	15 168 000	12 222 000	80.6%	2 946 000	19.4%
Total	**R192 000 000**	**R93 819 000**	**48.9%**	**R98 181 000**	**51.1%**

Table 2 summarises the provincial history of the conditional grants in the provinces for last fiscal year[4] (1999/2000).

Expenditure in the first year of the conditional grants was only 17.4% and this expenditure rate improved to 48.9% in the second year. However, this overall expenditure rate hides the fact that some provinces, for instance the Northern Cape (95.2%) and the Western Cape (80.6%), expended most of their funds last year. In contrast, Mpumalanga (59.6%), KwaZulu Natal (56.8%), Northern Province (50.5%) and Gauteng (47.1%) spent approximately half of their funds. Lagging behind are the Free State (38.8%), North West (31.4%) and the Eastern Cape (27.6%).

Similar expenditure patterns are shown by the NDoE Directorates in the two tables below.

[3] Inputs received for expenditure until 31 January 2000.
[4] The South African Government's fiscal year runs from 1 April to 31 March.

Table 3: Conditional Grants Expenditure Status for Fiscal Year 1998/1999 – NDoE

Departmental Projects (Directorates)	Total Allocations	Expenditure	% Spent	Amount Unspent	% Unspent
Assistance to Provinces (precursor to EDSU)	10 000 000	2 547 000	25.5%	7 453 000	74.5%
COLTS	7 882 000	314 000	4.0%	7 568 000	96.0%
District Development	2 725 000	182 000	6.7%	2 543 000	93.3%
EMGD	15 019 000	8 856 000	59.0%	6 163 000	41.0%
National Management Fund	2 725 000	182 000	6.7%	2 543 000	93.3%
Quality Assurance	5 131 000	2 578 000	50.2%	2 553 000	49.8%
Schools/Teacher Development	9 702 000	4 264 000	43.9%	5 438 000	56.1%
Total	**R53 184 000**	**R18 923 000**	**35.6%**	**R34 261 000**	**64.4%**

Table 4: Conditional Grants Expenditure Status for Fiscal Year 1999/2000 – NDoE

Departmental Projects (Directorates)	Total Allocations	Expenditure as of 31/03/00	% Spent as of 31/03/00	Amount Unspent as of 31/03/00	% Unspent as of 31/03/00
COLTS	3 000 000	2 918 000	97.3%	82 000	2.7%
Schools/ Curriculum 2005	14 000 000	8 463 000	60.5%	5 537 000	39.6%
District Development	2 000 000	1 746 000	87.3%	254 000	12.7%
EDSU	35 000 000	15 455 000	44.2%	19 545 000	55.8%
EMGD	7 400 000	1 303 000	17.6%	6 097 000	82.4%
FET	3 000 000	1 121 000	37.4%	1 879 000	62.6%
National Management Fund	500 000	462 000	92.4%	38 000	7.6%
Quality Assurance	4 100 000	2 367 000	57.7%	1 733 000	42.3%
Total	**R69 000 000**	**R33 835 000**	**49.0%**	**R35 165 000**	**51.0%**

The expenditure rate for the first year at the NDoE (see Table 3) was only 35.6%, improving in the second year to 49.0% per Table 4. Like the trend shown by provinces, performance varied by Directorate, with some spending virtually all of the funds and others spending minimal amounts. While these tables show that expenditure rates have improved in the second year of conditional grant implementation overall, there is strong concern that the funds are not being expended quickly enough, or with enough impact on the quality of education.

6. Key Problems

The low expenditure rate in the first two years of the Conditional Grants process indicates that there are problems with the planning, implementing, policies, procurement and financial systems.

6.1. Business Plan Development Process

Although this is a study on the implementation of the conditional grants, a well-designed business plan is the prerequisite for successful implementation. The Consortium consultants' experiences developing business plans with the national and provincial education departments confirmed that poor quality business plans are an important reason for the poor implementation of conditional grants. A whole range of problems exists during the process of business plan development, as we specify in the following text.

Khulisa asked Conditional Grants managers to list problems with the business plan process over the last two years. A rich set of responses was given and they can be categorised into the following topics: stakeholder involvement, planning, guidelines, communication, management and capacity.

6.1.1. Lack of Stakeholder Involvement

Several respondents considered stakeholder involvement as an important component of the early stages of business plan development. Because projects will impact on the work of key stakeholders and may require direct support or participation in the implementation process, they stated that stakeholders are entitled to involvement in identifying the goals and the means to achieve the goals. Both the respondents and the Khulisa team felt that when people are involved in planning, they are more likely to support and participate in the implementation process.

As one respondent articulated,

> [One of the problems with the business plan process over the last two years for the Conditional Grants is the lack of] "sufficient time to consult all relevant stakeholders... Those motivated stakeholders have been capacitated but those who have no [training] had to answer to set structures that have not contributed to regional development."

Another said,

> "Business plans were only drawn by individuals without the involvement of stakeholders as it is supposed to be. Most initiatives were not sufficiently reaching the intended audience."

6.1.2. Late Planning

Respondents felt strongly that the planning process is faulty. They believe that planning for business plan development should start months before the end of the fiscal year. The plan should be an integral part of the reviewing/evaluation process of achievements/problems in implementing previous year's business plans. In addition, a timeframe needs to be set up in advance and periodic progress reports are necessary to ensure close adherence to the deadlines.

By the end of the 1999/2000 fiscal year, the guidelines for developing business plans for fiscal year 2000/01 were not yet available. The task order on providing technical assistance on business development was not advertised until late March and the work only started on 5 April. For those having difficulties with business plans, funds will only be allocated at the end of the first financial quarter, further reducing their ability to spend on time.

However, this appears to be due to major revision of NDoE policy with the Minister's Call for Action ultimately resulting in the *Tirisano* Programme in 1999/2000. The redesign delayed the development of a format for the conditional grants considerably. However, the NDoE expects that the *Tirisano* programme will be sustained at least until 2003, and this should not delay issuance of future business plan formats.

Ironically, some department officials do not seem to honour deadlines seriously, as observed in this year's business plan development process. When consultants informed them of the first submission deadline, some line managers did not seem to worry or believe that the senior management team would take a hard line. It is possible that the senior management team has never enforced the deadlines, e.g. using severe penalties in case of violations. Therefore, the line managers take their words as "crying wolf".

6.1.3. Unrealistic Deadlines

Late planning results in limited time for drawing up business plans. Given the fact that staff members often have multiple duties and thus tight schedules, it was very difficult for them to make time for business plan development if notified of the deadlines at a late stage. The following are a few illuminating quotes:

- "After the allocation of funds, time given to prepare the business plan was limited (2-3 days)."
- "Not enough planning time (preparation for business plans)."
- "The time span notice to produce business plans was short."
- "Changes to be made on business plans came in late from Pretoria."

However, it is worth pointing out that a fiscal year always ends on 31 March in South Africa. Therefore, staff members should know that business plans have to be submitted long before that date to obtain approval and receive funding. They should have started the conceptualisation and specification of the content of their business plans even if the format was not yet available.

6.1.4. Integration of Planning

Over and over, comments were received from conditional grants managers that the planning for the conditional grants and the standard job activities were de-linked. Several senior officials decried the fact that planning for the Conditional Grants follows a separate process from the normal educational planning and from planning for donor funds. One official recommended that all three processes should happen simultaneously, to ensure that planning is holistic and comprehensive.

In a related point, the business plans need to be given a firm mandate once they are approved. In two cases in the 1999/2000 fiscal year major national activities were vetoed by the Council of Educational Ministers too late to re-programme the funds in spite of previous business plan approval. The fact that these plans were not integrated into "normal plans" is distressing and the cancellation of these programmes contributed to under-expenditure.

Finally, planning for one-year projects is often unrealistic given the miss-match between the academic year and the Government's fiscal year, making multi-year programme planning desirable.

6.1.5. Format

Selected comments on the business plan format include the following:

- "No common/standard format on the drawing of the business plan."
- "The terms of reference have periodically changed."
- "The general format was changed several times."
- "Drafting format not clear."

These statements suggest that the business plan format requires more time to complete adequately. In fact, when the consultants started working on 5 April, the NDoE provided hard copies of the requisite format. A few days later, when the department released an electronic copy, it included a section called "Executive Summary", which was not in the hard copy handed out before. As a result, the logistical support person had to inform all the consultants and national directorates about the change via any possible means: telephone, email, fax, and face-to-face talk. Constant format change frustrates whoever prepares the business plans. Consequently a resistant attitude develops that inhibits preparation. This certainly happened at one of the national Directorates. When shown the latest format, a Chief Director sighed and shook his head: "They changed the format again."

6.1.6. Late Finalisation of Funding

Provincial managers claimed that the amount of allocated funds (within the overall provincial allocation) kept on changing and thus project managers could not make the plans fund-specific. The following two quotes are relevant in this respect:

- "Allocated funds keep on changing."
- "The initiative co-ordinators were not informed in good time on how much they were likely to receive – hence business plans are not fund specific."

It is true that project managers need to know the amount of funds available in order to realistically plan activities. Yet on the other hand, budgeting should be done for each project irrespective of the funding allotted. It is always a mutually enhancing process: a rough idea about the available funds helps project managers decide on what activities to run, while an estimation about how much is needed for each project enables them to allocate the total amount to different projects. Knowing a definite figure to spend should force project mangers revisit the planned activities and adjust them and/or the budget accordingly to match the available funds. Not finalising and informing project managers of the funding amounts until a late stage could be a result of faulty planning from the national or provincial level; yet planning a project without estimating its cost is also poor planning from the project managers' side.

6.1.7. Communication

One of the factors that caused late planning at provincial and regional level or at sub-directorate level of the NDoE is the communication blockage along the hierarchy. It seems that information is not cascaded to the next level immediately after being received from the higher level. This describes the information flow between the NDoE and PEDs, and within the NDoE and PEDs.

For instance, after the kick-off meeting at the NDoE on 5 April[5], the NDoE agreed to send a letter regarding the arrival of technical assistance to the six provinces where consultants were assigned to immediately assist the provinces with quality control of the business plans. The letter, however, was only faxed to the Head of Department in each of the six provinces four or five working days after the meeting. Moreover, two to three working days after it was sent, the PED and NDoE staff members who had been working with the consultants were still not informed of the content of the letter.

A similar situation existed at the NDoE. After the first appraisal round, Chief Directors were informed of the results through a formal letter signed by the Director General (DG). However, in most cases, project managers preparing the business plans learnt about the appraisal results from the consultant rather than their Chief Directors. If not for the consultants' copy of these letters, it would have been very difficult to understand what needed to be done to improve the quality of their business plans.

6.1.8. Co-ordination

One of the problems identified in the provinces was that the individuals given the responsibility for co-ordinating the provincial conditional grants lack authority outside of their own section. For example, in one province a Chief Education Specialist was given the responsibility to supervise all the other directorates' completion of business plans. However, given the hierarchy[6] of the Department, she did not have the authority to demand that Directors or their staff members work on the business plans. Consequently, every request to other directorates had to be reported to the head of her director, then passed on to the relevant Chief Directors, and finally to the project managers in those directorates. This is clearly an inefficient way of managing the business plan development process.

As described in Table 5 below, only the Western Cape has a Deputy Director General in charge of Conditional Grants, two provinces have Chief Directors, three are Directors, one Chief Education Specialist, and two Deputy Chief Education Specialists.

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[5] For details of the working process, please refer to Appendix B.

[6] The Hierarchy of the Department is as follows: Director General, Deputy Director General, Chief Director, Director, Chief Education Specialist/Deputy Director, Deputy Chief Education Specialist/Assistant Director, etc.

Table 5: Rank of Provincial Conditional Grants Co-ordinator

Province	Rank of Provincial Co-ordinator
Eastern Cape	Chief Director
Free State	Chief Education Specialist
Gauteng	Deputy Chief Education Specialist
KwaZulu Natal	Chief Director
Mpumalanga	Director
North West	Director
Northern Cape	Deputy Chief Education Specialist
Northern Province	Director
Western Cape	Deputy Director General

6.1.9. Management and Capacity Problems

During the business plan development process, the consultants constantly identified the lack of capacity and management skills at the middle management and project management levels.

In one province, the consultant was not able to discuss with the senior management how to complete the business plans until one day before the plans were due, despite the consultant's constant request for a meeting. This showed that the senior management did not prioritise the Conditional Grants.

All consultants heard complaints about personnel shortages. Staff members were over-stretched with their other duties and could hardly make time for, or concentrate on, drawing up business plans. Here are two typical quotes from respondents:

- "Shortage of manpower in provincial department."
- "Overload of district activities."

Using staff shortage as an explanation for problems/delays with business plan development, on the other hand, suggests that some officials neglect the importance of a good business plan. It also suggests that officials do not see the link between the plans and their work. Officials did not seem to realize that a well-designed business plan eases implementation of projects, and that implementation problems should feed into next year's business plan development to avoid recurrence of problems.

Even if staff members had enough time to work on their business plans, it is doubtful that they would be able to produce high quality plans. When consultants looked at the initial draft plans produced by some national directorates and provinces, it seemed that officials experienced trouble in conceptualising the activities to reach a goal. The descriptions of activities were not specific enough, nor were the projected outcomes of most projects clear. There was also some confusion over "strategic objectives", "outputs" and "success indicators" when describing the projects. Staff members appeared unaccustomed to plan in a detailed and specific way. In most cases, budgets were estimated without calculating the number of people involved, the type and amount of travel incurred, the length of the event or activity, and so forth. Only when consultants queried officials on how they derived the numbers in their plans, could they come up with more detailed information. The following are some direct quotes from the respondents that suggest a real need for capacity building in developing business plans:

- "Lack of capacity building in terms of drawing business plans."
- "Business plan development skills in the districts [are needed]."
- "Lack of capacity at district level to put together business plans that should feed into regional and ultimately provincial ones."
- "Failure by regional Conditional Grants coordinators to train districts to do business plans."
- "Lack of knowledge and expertise."

Another serious problem is that many officials demonstrated very limited computer literacy, which reduced their efficiency and effectiveness. In many cases, the consultants had to teach project managers how to use basic functions in Microsoft Word, such as section breaks, text boxes, etc. Few staff members knew how to use a Microsoft Excel spread sheet to prepare a budget, consequently leading to frequent budgetary errors since totals were hand-calculated rather than automatically calculated via the use of Excel formulas. Even more frustrating was the widespread contamination of computers by viruses. Almost every time a consultant saved a document onto a diskette from a computer in the department (national or provincial), a virus was found on that diskette by the consultants' anti-virus software. At the NDoE, Norton Antivirus was installed on the computers, although the officials lacked knowledge on how to utilise it, let alone update the virus definition files. Familiarity with WinZip within the department is also very limited. Large documents are sent via email without being zipped, resulting in longer transmission times. When zipped documents were sent to staff members, consultants had to talk them through the unzipping process in order for them to read the documents. It is an unfortunate waste of resources and opportunities for departmental staff not to fully utilise tools as crucial as computers.

The respondents suggested the following ways to solve the above problems:

- "Agree upon a format for the business plans."
- "Plan early."
- "Ongoing discussion at senior management."
- "Proper co-ordination. Capacitation [capacity building]."
- "Pretoria must stop requesting us to change business plans in June!"

6.2. Approval of Business Plans and Release of Funds

Late approval of business plans and the subsequent late release of funds has been one of the major causes of implementation delays. Respondents from various provinces (Gauteng, KwaZulu Natal, Mpumalanga, Northern Cape, Northern Province and Western Cape) suggested that the approval of business plans took months to finalise and that when funds were made available; it was already towards the end of the fiscal year.

- "Late approval of funds is the major cause of delays because that leaves us with very little time to implement."

- "Funds are received late."
- "The date for accessing funds is protracted and only towards the end of the financial year do the funds become available."
- "Delay in getting approval for the different jobs to be done."
- "Approval too late (1997 October) [Referring to the first year of business plans]."
- [The] "largest [problem is with] approval."
- "The process of accessing the funds."
- "Late approval of business plans."
- "Delayed approval."

One reason for the late release of funds is the complex process through which funds flow at present. Parliament first passes the Division of Revenue Bill, then the NDoE has to send formal request to the Department of Finance for releasing funds. After approval, the Department of Finance transfers funds to provincial treasuries on a quarterly basis, and the treasuries then transfer money to provincial education departments. At times there are delays in the provincial treasury transferring the funds. Finally, implementation delays occur when the PED only assigns funding codes for the project after having received the funds.

A respondent from Mpumalanga suggested transferring funds into the account of PEDs directly, which could help reduce the delay.

6.3. Implementation Problems

Khulisa asked respondents about the factors causing delays in implementation once the funds had been approved. The responses included issues such as the tender process, management and capacity, the procurement system and the financial system.

6.3.1. Lengthy Procurement/Tender Process

The lengthy and usually unexpected procurement/tender process was frequently mentioned by respondents as one of the main causes for delays in implementation. Section 6.5 explores this problem in detail.

6.3.2. Staffing Shortage/Management Capacity

According to the majority of respondents, the direct cause for poor or limited project implementation is staff shortage. Every staff member seems to be pulled in many directions, which compromises the best possible completion of any project. Moreover, projects are managed in a crisis-prone style, which adds more stress to the over-burdened staff. One respondent listed the seasonal work flow in an interesting way: "From October [it is] educators' exam quarter, preparation [for business plans] only; Quarter 1 – Draft business plans; Quarter 2 – Activity approval; Quarter 3 – Exams; Quarter 4 – Crisis spending." Others described the problem as follows:

- "Lack of personnel and poor communication in department."

- "Co-ordinators have often duties to perform in districts and regional offices. This caused them not to be able to work with schools and rendered Conditional Grants objectives not realised."
- "Many initiative co-ordinators have other primary tasks to carry out... We reached out to fewer areas because of the lack of human resources..."

Job Descriptions are unclear for many officials. Consequently, project management is relegated to an "add-on" rather than considered a core duty. Also, job descriptions do not prioritise tasks; many of the officials are practicing "crisis management" when not enough time is budgeted to address their many duties, with everything dropped the moment that parliamentary questions need to be answered. Without clear performance management systems, it is difficult to assess how well staff are performing. One official claimed that she spends 70 percent of her time on administrative duties that do not address her central mandate, and there is not enough delegation of authority. Therefore, she says, no one is accountable for his or her work.

6.3.3. Conflicts and Communication Problems b/w NDoE and PEDs

Sometimes project implementation is difficult due to conflicting orders from the national and provincial departments. As a respondent stated: "Inconsistency (by national/province) with decisions to be implemented [has caused delays in implementation]."

In at least two cases, implementation in the provinces was prevented because each province was supposed to set aside funds to support a national project. When the national project did not commence as planned, the provinces were not able to spend their funds either. In both cases, notice came too late from the NDoE, preventing the reprogramming of funds.

Another issue – perhaps more problematic – is that the participants in the provinces are often required to participate in too many projects, often scheduled simultaneously. As noted this year, the Quality Assurance Directorate and Schools Directorate had both scheduled projects on C2005, requiring the same personnel in the provinces to participate in multiple project processes. At the moment, no one is managing this planning, with the result that middle managers in the provinces are pulled in many different directions simultaneously.

6.3.4. Submissions

Once the business plans are approved, another problem arises as officials are then required to make submissions to the Director General for every step of the process, from the tender advertisement, to the tender document and in cases where procurement is not required for the actual activity. One official pleaded, "please streamline these procedures".

Establishment of full-time Conditional Grants personnel, concentrating on priorities, building management capacity, and streamlining the process are the methods suggested by respondents to solve the problems:

- "Employ a full-time co-ordinator in province."
- "Reduce the amount of paperwork after initial approval."
- "The appointment of full-time Conditional Grants personnel to drive the process could ensure that development takes place at school level... The district and regional facilitators need to be work-shopped on service delivery."

- "More training in responsibility and accountability. More review and debriefing. More monitoring."

At least one province has established a strict schedule for its district staff: if a meeting is not planned in advance, they do not release the staff. Another province discussed the idea of restricting meetings involving district level staff to afternoons only, leaving mornings free for on-site support.

Once business plans are approved, project officers embark on extensive submissions for approval of elements of the business plan (for advertising tenders, tender submissions, selection of contractors, holding provincial/national meetings, etc.). This causes further delay and often echoes elements already documented in the business plan.

6.3.5. Monitoring and Evaluation

When discussing implementation issues with respondents, it was clear that minimal monitoring and evaluation was occurring within the context of project management. Respondents were asked to delineate a success story and, later, to describe a failure. In nearly all cases respondents provided answers related to process, rather than outcomes. For example, respondents said:

- "My business plan was approved";
- "Teachers attended the workshop"; and
- "I spent all of the funds allocated".

In most cases, milestones/timelines are not met. Project managers are not using management information systems and meeting regularly with their subordinates.

Even more importantly, many project managers are not providing regular project update reports and, when they are, it is after endless hassle from the NDoE. One official commented, "It just seems as if once the business plans are approved the department expects the project implementation will happen automatically." In order to ensure implementation success, it is essential that regular reports be drafted with a focus on impact indicators and outcomes.

Moreover, the lack of monitoring systems has resulted in limited evidence of impact, with Sheppard stating:

> "A clear weak point is that there are no reports available on the outputs of the programmes, which make it impossible to judge the effectiveness of the programmes financed through the fund. A further problem is perhaps that miracles are expected from relatively small amounts of money. If one considers that some schools producing matric pass rates of 0% cost the Department R2 million to run per annum, but on the other hand, miracles are expected from R1 million in the Policy Reserve Fund. The question is then whether the funding in the Policy Reserve Fund is adequate to make any noticeable impact. At this point, the Conditional Grants is experimental and what is needed is the development of appropriate monitoring systems to assess the effectiveness of the programmes."[7]

[7] Sheppard, Charles, Untitled Paper on Conditional Grants and Norms and Standards for School Funding, 1999, provided to Khulisa on June 13, 2000, page 9.

6.4. Policies

In order to gauge the Conditional Grants policies' impact on projects, Khulisa asked the interviewees how policies have helped or hindered implementation of their projects. The results suggest that policies underlying Conditional Grants are generally supportive but lack clarity.

6.4.1. Unclear Guidelines

The first and foremost problem with the policies is the lack of clarity, according to the majority of respondents.

The rule of "no capital expenditure" seems to cause the most confusion. Respondents from one province wondered whether this rule meant they could not purchase tyres for a car. While those from another province offer the following rebuttal to the policy: "Renting a car is three times more expensive than purchasing and maintaining a car. Since transportation is essential for project management and monitoring, why does the NDoE set up such a rigid rule about capital expenditure?" Respondents from a third province voiced similar concerns: "Restriction against purchase of basic equipment for material development and workshop presentation [hindered our project implementation], e.g. scanner, computer projector and a computer or two, for the curriculum provincial office." However, the counter argument is equally strong. The purpose of the funding is to improve the quality of learning and there is a capital expenditure fund available.

The Conditional Grants policy restricts spending on what should be budgeted from normal departmental budgets. However, it allows for payment to consultants subject to the DG's approval, although there is confusion regarding this rule as well. In addition, a respondent asked, "we do not have a normal non-personnel budget, so do the rules about not spending on what should normally be budgeted apply?"

The requirement that 60 percent of funds have to reach schools directly in this year's guidelines also invited concerns. Both the logic and the specification of this requirement were questioned. One respondent argued that training at the Head Office for trainers had to be done before schools can benefit, thereby hampering training and effective implementation.

An official complained that the national DoE attached too many prescriptions to the Conditional Grants and failed to empower people. Another respondent pointed out that there were no monitoring or evaluation systems built into the guidelines.

Aside from the need to clarify certain rules in the policy, respondents also demanded better communication of the guidelines to middle and line managers. According to them, project managers and districts are neither fully nor promptly informed of the policy guidelines.

Not surprisingly, the solutions suggested by respondents stress relaying policy guidelines to middle and line managers by:

- "Ensuring that districts are on board."
- "[Providing] workshops for district officials/co-ordinators."
- "Exposing co-ordinators to the main function of this conditional grant, e.g. principle of equity and redress."
- "[Giving] clear guidelines to initiative co-ordinators."

The respondent who complained about the prescriptive nature of the Conditional Grants policy suggested that the department should "consider the felt needs philosophy rather than addressing real need."

Several respondents suggested a manual on policies and procedures and having a national Conditional Grants project manager who could respond to queries.

6.5. Procurement

Procurement in general, either for materials or services, is a slow and centralised process.

The tendering process, in particular, is the bottleneck for project implementation according to many respondents. This process usually involves the following steps:

- Write-up the tender document, summit to the DG, and receive feedback: two weeks; [Note: Approval from DG is needed whenever the tender involves hiring a service provider (not request for goods.) Explanations on why the DoE staff cannot offer this service are required by law.]
- Publish the tender in the newspaper: one week;
- Receive/collect bids until the closing date: four weeks;
- Line manager gives a preliminary evaluation of the received bids and recommends the selected one to the Tender Board: one week;
- The Tender Board awards the tender: two weeks.

There are possible delays as listed below:

- If any of the documentation is inadequate or if potential contractors protest about the way the tender process was handled;
- If the tender amount exceeds R750 000, the Office of the Tender Board will need to award it, which can take an extra week;
- If a bid that meets all the tender specifications and the lowest price is not selected, explanations are required by the technical committee, which can take at least an extra week, if not more;
- The Departmental Tender Committee and the Tender Board usually close down between December 15 and January 10 of the next year, which can substantially prolong the tender process. Also, tender boards often only meet twice a month, further delaying award.

Unfortunately, a tender process can easily take three months, if not longer. One respondent said that the tender process took them six months, and another reported nine months. Numerous respondents reported that the lengthy process was a main cause of implementation delays. However, not every project manager is aware of this lengthy process. Some of them only have the vague impression that the process could take a long time and the fear of delay prompts them not to incorporate the tender process into the timeline of their business plans. For those officials who have no knowledge of the process, the delay could be much more detrimental to their projects than for those who at least set aside adequate time for the tender process.

Besides the time issue, not all the project managers even understand the procedures to contract a service provider. A respondent from Mpumalanga said, "We need clear guidelines and procedures. Verbal guidelines change every day." When asked to suggest solutions to the tender process, one respondent answered, "Get three quotes and that is it. Let a panel decide on the quotations. Why the very long tender process? Business plans are approved – why go out on tender?" This comment in fact indicates the lack of knowledge on the rationale of tendering and treasury regulations.

The situation is complicated by the lack of uniform guidelines across the country. Currently, provinces and the NDoE have different limits for three quote procurement processes. For example, the GDE can contract for up to R100 000 using three quotes, whereas the national Department and Western Cape Education Department each has a limit of R30 000, the Eastern Cape of R75 000 and the Northern Cape of R20 000.

Drafting adequate tender specifications was reported as another challenge to many project managers. In order to receive high quality proposals, tender specifications need to be very clear about the requisite outcomes, the criteria for selection and all process requirements. It requires a clear vision of what needs to be done and an accurate estimation of the budget.

When selecting a service provider among the candidates, the tender restrictions – more suited to capital projects – become another obstacle. Often, project managers stated that they were forced to select the inferior technical proposal because price makes up 50 percent of the tender selection criteria. If they argue that they need to select a more expensive proposal (even though it is within their original budget estimate), the process of getting the tender board to agree is excessive.

Respondents made a number of recommendations to deal with tender problems:

- NDoE to develop a manual explaining the regulations, the process and the steps to follow;
- Regularise tender board meetings;
- "The Tender Board should just stick to the prescribed time frames as per tender procedure."
- "Better planning and getting suitable assistance."
- "Project managers to participate in the tender process..."
- "Start early and proceed with an organised procedure."
- "Delegate to regions."
- "Need a tender body that will specifically deal with Conditional Grants tenders."
- "By training initiative co-ordinators on tender processes."

6.6. Financial Systems

6.6.1. Budgeting and Costing

When reviewing the business plans, it was clear that no consistent system is being utilised for budgeting or costing. Project managers were unaware of any cost directives and previous expenditure records were difficult or inaccurate. The NDoE's travel agent submits its invoices up to three months after travel has taken place, making it difficult for officials to keep track of expenses, throwing out the cash flow projections, and leaving the department open to fraud because of obscure report formats.

This situation highlights the minimal feedback loop on costs that is provided to the project officers. The senior consultant working with the Directorates at the NDoE started working with several officials by asking if they knew what the costs of a similar workshop the previous year. When analysed, the unit cost per participant in several workshops that had taken place the previous year ranged from R60 per participant per day to over R2000 per participant per day. Therefore, it was difficult to use previous workshops as a guideline for future workshop costs.

Other costs are also difficult to track. Several provinces commented that while funding for travel for district officials to implement/monitor the conditional grants is essential, the system of tracking these finances is difficult if not impossible. In the Western Cape, they realised that the clerks were entering the codes incorrectly thus attributing too much, and in some cases, not enough costs to the conditional grants. In other provinces, the system for attributing travel costs to a project was simply not available.

6.6.2. Accountability

The bureaucratic hurdles associated with processing financial and other elements of the projects were said by many respondents to "take over the actual implementation". Many respondents articulated serious concerns about transgressing treasury regulations, made more difficult by limited of knowledge of treasury regulations, lack of access to the documentation on the regulations and few supervisory officials who are willing to provide advice on the matter.

This concern was articulated even more seriously now that Public Finance Management Act (PFMA) is being enforced. Under the PFMA, Members of Executive Councils (MECs) and DGs face prosecution for over-expenditure, as well as fraud. If the MECs or DGs have formally delegated authority, lesser officials (e.g. conditional grants project managers) can also be prosecuted.

As pointed out by the Financial Director of Gauteng, one of their main concerns is that project managers, although responsible for project management (including finance) have not been selected for their positions based on financial credentials or been provided with financial training. He said that the lack of training and selection criteria (as well as job descriptions that ignore financial management responsibilities) is likely to provide a strong defence when trying to prosecute junior officials.

6.6.3. Slow Payment

Once the business plans have been approved, delay in payment by PED financial offices was an overwhelming concern among respondents. The process is reported to take a long time and requires overcoming considerable bureaucratic hurdles. Respondents described the typical payment process as "slow and frustrating". Gauteng project officials said, for instance, that it could take up to six months for payments to be made. The delayed payment to service providers was most worrisome to respondents, because service providers lose confidence in the department and therefore do not honour further assignments. They felt a vicious cycle could result to the detriment of project implementation.

The slow payment system impedes project implementation in others ways. Due to the delay, there is a discrepancy between what project managers believe have been spent and the reality, thus leading to inaccurate estimation of remaining funds and information received too late to reprogramme remaining funds. Project managers reported that they find it difficult to access financial reports on their project, especially if they do not have a designated financial manager.

Respondents also identified a key reason for such delays: Conditional Grants projects do not have any priority in the daily provincial financial system. As one official commented, fiscal restraint has become a predominant element of bureaucratic culture, inhibiting expenditure even when the funds were ring-fenced for that purpose.

Several respondents expressed the hope that the monthly cash flow reports required by the NDoE, along with serious senior level attention to the matter, may help address some of the problems outlined here.

Conclusions

While this report does not attempt to assess quality of business plans, there is a dearth of creative thinking in many of the business plans. Khulisa believes that this is a result of the following:

- Lack of change management expertise, thus addressing the needs of dysfunctional systems and schools is difficult, if not impossible;
- Inadequate time to plan and to integrate activities (particularly those funded by multiple sources);
- Too short a time frame for the project – while project managers are encouraged to develop multi-year plans, the uncertainty associated with the amounts of money available into the future and the change in project criteria discourages this initiative; and
- Belief that short-term initiatives can have a lasting impact, whereas most development literature concludes that between three and five years are required to have impact.

A senior Departmental Official concluded that in spite of the "bankruptcy of the workshop and cascade models" and endless distribution of materials, officials do not have methodological alternatives. On the ground, he also commented that the mandatory 80 hours a year of in-service teacher training agreed upon in the Education Labour Relations Council of mandatory is not enforced. Without this agreement enforced, there is little to encourage teachers to consistently attend training sessions.

This comment highlights the difficulty provinces and directorates experience in expending the conditional grant funds within an environment of fiscal constraint. Most PEDs have strongly constrained the use of funds, due to their budgetary limitations. This has resulted in often-onerous bureaucratic procedures being put into place – slowing down the flow of funds, and consequently slowing down disbursement.

During this review of the conditional grants implementation process, it was clear that participants in the process were struggling desperately with nearly every aspect of their jobs. Fundamentally, all actors were caught up in crisis management, leaving little space or time for visionary or strategic management practices to take root. Khulisa found that the demands of implementing a host of policies, servicing the normal bureaucratic requirements at the same time as implementing fundamental change far outstripped the capacity of many staff to implement the conditional grants as originally envisioned. This was widely admitted at nearly every level of the bureaucracy.

Nonetheless, when discussing the fact that conditional grants may not continue past 2003, project managers and senior officials (particularly from PEDs) strongly argued that the conditional grants, and, indeed, setting aside funds for special priorities (through ring fencing) is still crucial. Many stated how the conditional grants resources have made their jobs substantially more meaningful, allowing them to make progress implementing national and provincial priorities.

But the paradoxes in the designing and implementing of the conditional grants are extensive:

Table 6 Paradoxes

On one side	On the other
Over the last six years, the government has developed a culture of fiscal restraint – slowing payments and denying resources.	The project manager should spend, spend, spend, but the system slows everything down.
The project managers must take responsibility while the HODs are legally accountable under the PFMA for all funds.	Few bureaucrats have been adequately trained or prepared – and many are terrified of the accountability requirements, resulting in no action at all.
There is expectation that R1 and R2 million projects can transform and implement major change management processes. After all, the department spends R2 million a year on an average poorly resourced high school (many of which achieving inadequate matric pass rates).	A small amount of discretionary funding can have a disproportionate effect on problems in the education sector.
Staff are expected to be able to budget, account and accurately predict cash flows.	Financial skills are generally not required when recruiting officials who will have responsibility for conditional grants, nor are they provided with adequate on-the-job training.
Limited time for project implementation reduces innovation and means to ensure impact.	Performance on the conditional grants is not judged on the basis of outcomes or results, but on mastering the bureaucratic processes and expending funds.

Finally, although this review of the Conditional Grants process is a step forward, monitoring and evaluation receives minimal attention from project managers, meaning that they have little information with which to improve project management or to document success. As a general rule of development, 10 percent of projects funds should be expended on external evaluation efforts, including baseline and impact studies. The focus should shift from processes to results of projects – preferably over a longer time frame of three to five years.

Project Management and Financial Management training is essential for most officials (both provincial and national levels). However, literature shows that providing formal off-site training, through workshops and seminars, results in less than a 10 percent change in job performance. There are two options: on-site training where supervisors and staff receive the same training, and thus can form teams to actually change work behaviour; or on-the-job training, where officials receive day-to-day support. In both cases accountability for the training (e.g. completing assignments, performance, assessment) should still be in place. Moreover, there should be consequences if a project officer refuses to attend the course, for example taking away project management responsibilities or reducing opportunities for promotion.

7. Critical Recommendations

The following are critical overarching recommendations for the management of the Conditional Grants:

Project Management:

- One of the keys to improving capacity in the sector is project management and financial management training for all conditional grants project managers. Surveys of training evaluations suggest that the most effective training is "on-the-job" training or mentoring. The training should include assignments, and measure performance through assessments.
    - In future, completion of this course should become a pre-requisite to managing conditional grants (or donor) funding – in line with the PFMA.
- Currently, management of the Conditional Grants process is both perceived and assigned as a part-time duty for the officials in the Department. This position, should be full-time and these individuals should report to one of the Deputy Director Generals. There are two reasons for recommending this level of seniority. First, the current hierarchical bureaucracy tends to disregard more junior staff members. Secondly, public interest and the urgent need to invest funds to improve the quality of education warrant a high level of attention.
- Senior management should continue the trend begun in 2000, where the Deputy Director Generals sat on a committee to review Conditional Grant projects. This committee should continue to play a strong monitoring role during the implementation and in the selection of conditional grants projects next year.
    - A professional project manager and an administrative assistant should support this committee. The project manager's key roles should be:
        - On-the-job training and support to Directorate project managers;
        - Support for provinces who require assistance;
        - Analysis of cash flow reports;
        - Analysis of quarterly implementation reports; and
        - General support for the committee.
- Since a professional project manager (recommended above) will not have authority, except that bestowed by the DDG committee, there should be positive and negative consequences of failure for project managers to adhere to conditional grant policies. Very clear criteria for success should be designed and include input requirements (e.g. expenditure, adhering to tender procedures) with outcome indicators (evidence of success based on evaluation, etc.). For instance:
    - Positive consequences: each month a project officer should be selected for exemplary performance and receive a special letter or other non-monetary recognition for their performance; and
    - Negative consequences: failure to adhere to reporting or other requirements may result in warnings and ultimately suspension of the project or disciplinary steps.

- If a business plan is approved and given the highest grade that "Exceeds Standard" (see Table 6 below for the example of to standard), the project manager should be required to make only minimal submissions. If the business plan receives a standard approval, then more submissions are required.

Planning:

- Focus on developmental planning of projects, which require longer-term three to five year planning;
- Integrate planning the three sources of funding (conditional, Vote 8 and donor),
- Build expertise in change management, and,
- Integrate provincial and national plans, particularly to avoid duplication (for Year 2000/2001, two directorates proposed virtually the same activity, both requiring simultaneous participation by their provincial counterparts).
- Given that the Medium Expenditure Term Framework (METF) guarantees the amount of funds from the conditional grants allocated to the provinces for the next two years, there is reasonable evidence that the funds will continue to be available and that planning can take another line. We recommend that a two year business plan be submitted for FY 2001/2002 and 2002/2003:
  - September: Set guidelines, policies and procedures for two-year business plans (note comments below on format).
  - October: Issue guidelines, policies and procedures. Ensure that a copy goes to every existing Conditional Grants project manager. Clearly specify deadlines. Specify consequences if the deadline is not adhered to.
  - November: National Directorates complete their plans for approval. The plans are disseminated to the relevant provincial project managers, so that their plans can link to the national plans (for example, teacher development directorate plans should be disseminated to those in charge of teacher development in the provinces).
  - January: Provincial business plans are completed and checked by relevant directorates to ensure that there are appropriate linkages. Changes made.
  - February: Plans are approved nationally and submitted to the Department of Finance.
  - March: Approval from Department of Finance, instructions to provinces to produce codes for the projects;
  - April 1: Tranche 1 is provided to the provinces and to the national Department of Education.
  - Quarterly: Review progress with real evidence of outputs and impact, as well as adherence to plans and cash flow.

Business Plan Format:

- The business plan format should be revised to reflect more developmental and outcomes (or results) framework and it should be assessed on the basis of the criteria set forth in Table 7. This table lays out recommended criteria against which business plans should be assessed. It provides three potential grades – "Exceeds standard"; "Meets standard" and "Below standard, needs revision".

Table 7 Illustrative Criteria for Judging Business Plans

Element	Exceeds Standard	Meets Standard	Below Standard Needs Revision
Executive Summary	Pithy Succinctly captures the essence of the business plan Focused	Contains all information elements: (summarising: who, what, when, why, and how). Includes history and results of previous evaluation and monitoring efforts (1-3 pages)	Incomplete Too long Does not capture essence of the business plan Unfocused
Programme Description	Very thorough description of programme so that it could be replicated (answer completely: who, what, when, why, and how). Includes brief history/rationale	Description of programme (answer completely: who, what, when, why, and how) Includes history/rationale	Some information not provided about programme (does not answer completely: who, what, when, why, and how)
Project Design and Methodology	Clear, detailed description of each project element, including strategic objectives, activities, time frames, success indicators, steps to ensure success, roles played by stakeholders and funds allocated. Specification on what procurement process will be used is provided. Success/failure stories and lessons learnt are included. Envision possible problems and back-up plan provided.	Description of each project, including strategic objectives, activities, time frames, success indicators, steps to ensure success, roles played by stakeholders and funds allocated. Explanation for the project design given. Specification on what procurement process will be used is provided.	Missing any of the following elements: strategic objectives, activities, time frames, success indicators, steps to ensure success, roles played by stakeholders, and funds allocated; or clearly inappropriate description of success indicators.
Outputs	Specific, measurable results – quantitative and qualitative – of project implementation are listed. Methods of measuring the results are suggested. Possible negative results are given as well.	Expected results are specific and measurable.	Expected results broad, vague and immeasurable.

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Element	Exceeds Standard	Meets Standard	Below Standard Needs Revision
Financial Management: 1) Budget assumptions / Cost sheet; 2) Line-item budget per project; 3) Categorised budget; 4) Monthly cash flow.	The budget and cash flow clearly shows what is applicable to the business plan, but also provides information on how these funds are integrated into the standard budget (Vote 8) and Donor budgets.	1) Costs follow departmental cost sheets 2) Budget assumptions / Cost sheet: units and unit costs are reasonable; If an estimation of daily cost (usually for officials' travel) is used, explanations for components of the daily cost are included and reasonable; 3) Line-item budget per project: prepared in Excel, all items included, consistent with budget assumptions; 4) Categorised budget: Budget allocation is broken down among administrative expenditure, stores and livestock, professional and special services, prepared for each activity of every project; 5) Monthly cash flow: Cash flow pattern match the timeframe given in Project Design, prepared for each activity of every project. Overall, figures etc., and Monthly Cash flow should balance. A financial manager is designated for each project and contact information is provided	Budgets -Do not use Departmental Cost sheets -Do not add up -Do not match cash flow -No correlation or logic between line-items and activates Excludes -Capital and equipment line items -Items that should be included in Vote 8 budget

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Element	Exceeds Standard	Meets Standard	Below Standard Needs Revision
Evaluation and Monitoring	Clear outlining of: Internal and external monitoring and evaluation systems that are used to report on outcome/results and are also used as *management tools* that: - Define success indicators clearly and measurably; - Document whether intended results are being achieved and what modifications should be made to improve the efficiency and/or effectiveness of programme activities; - Determine whether current programme strategies are appropriate and effective; - Determine what type of staff are needed; - Supervise and guide staff in doing their work; - Track inputs – such as money, human resources and time; - Track outputs – such as products, services, trainees, clients.	Clear outlining of: Internal monitoring and evaluation plans as well as external that: - Define success indicators clearly and measurably; - Document whether intended results and outcomes are being achieved and what modifications should be made; - Determine whether current programme strategies are appropriate and effective; - Supervise and guide staff in doing their work; - Track inputs – such as money, human resources and time; - Track outputs – such as products, services, trainees, clients.	Monitoring and evaluation plans that focus only on *process* and *inputs* and ignore indicators, results and outputs.

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Terminology:

- "Strategic objectives": what the project aims to achieve, what impact it intends to make to the wider objective of improving educational quality.
- "Activities": a series of actions, the completion of which will lead to achieving the strategic objectives.
- "Success indicators": milestones that indicate essential achievements.
- "Outputs": direct results of a project, can be quantitative and qualitative, but have to be measurable.

Management Processes:

- The whole Conditional Grant process should be workflow process mapped and then put through a business process re-engineering (BPR) exercise. The current process is too cumbersome and inefficient. A good BPR exercise will:
    - Identify and cut out all the unnecessary steps;
    - Reduce the amount of time taken by submissions;
    - Delegate more authority; and
    - Streamline the whole process.
- Streamline communications through having important correspondence copied to line managers directly, while middle or senior managers receive the original to stay informed of the process.
- The department should make greater use of information technology. For instance, guidelines, regulations and forms for conditional grants could be posted on the NDoE's web site. Correspondence could be E-mailed (directly to line managers and copied to other managers) to ensure that directives are received and read in a timely manner.

Procurement:

The following are recommendations to improve or speed up the tender process that appears to be one of the major hurdles slowing implementation of the conditional grants.

- Since one of the complaints is inferior service due to inappropriate service providers tendering and winning because they have submitted a very low cost, the DoE should specify a cost ceiling for technical services (rather than goods or capital projects). The tender should state that extra points are provided for coming in under this cost, but that proposals over this amount will not be considered. This means that technical criteria, past performance and proposal strengths predominate. As noted by the DDG's this is an acceptable option for the tender board;
- Consider a system used by many governments around the world (and by donors in South Africa) where the cost and technical proposals are submitted in separate envelopes. The technical proposals are judged first, allowing tender selection based on technical capacity to take place and the top three technically are selected. Only after this selection takes place, the lowest price of the three is selected.
- Utilise the option of "approved suppliers" used in many provinces for textbook selection for selecting service providers as well. Service providers would be asked to present their technical capabilities to provide services to the PED or NDoE and their costs for tasks (e.g. running a workshop, conducting a baseline study, etc). After competition, several service providers would be selected and placed on a list of approved providers. If a project manager needed technical services, the first place they could go to would be the list of approved providers. After establishing if those services are available one of the service providers would be selected to conduct the work at the price they guaranteed during the initial tender process that selected the approved suppliers. According to the Tender Board this is an acceptable option.

- In several provinces and the national NDoE, the ceiling for three quotes should be increased. Provinces and the NDoE should be encouraged to all agree on a uniform ceiling rate for procurement on the basis of three quotes. It was generally stated that the Eastern Cape ceiling of R75 000 and Gauteng of R100 000 is more reasonable than the lower ceilings of other provinces and the NDoE (R30 000).

Budgeting:

Budgeting skills are amongst the lowest and project officers are seldom provided with adequate guidance.

- Supply training in budgeting and particularly to use MS Excel;
- Provide guidance on acceptable costs. For instance, each year a cost sheet should be provided to project managers providing solid criteria for budgeting expenses. For example, there should be a sheet on allowable costs for national workshops. It might look something like this:
    - Accommodation maximum R240/night;
    - Cost per person for tea R10/person
    - Cost per person for lunch R30/person
    - Cost of travel to Pretoria per province, for example – the Northern Province is 425 Km @ R1.60 = R680 for a one way trip or return flight from Cape Town is R2 400.
- For multi-year projects, incorporate inflationary increases into the budget;
- As a measure of the appropriateness of the funding, provide a "per capita" cost. For example if the project cost is R10 million and it will benefit 1000 schools, the per capita cost is R10,000 per school. This measure allows senior officials to assess the project realistically. For instance, a project that will spend R30 per beneficiary is probably unrealistic.
- Finally, the department should implement systems to attribute travel and other costs to the project with timely reports to the project managers.

Cash Flow:

There are a number of matters that should be addressed:

- Assign a financial manager to each Conditional Grant to expedite payment, assist with cash flow predictions, reconcile expenses and advise project managers about over/under expenditures via monthly reports on the project finances and performance to budget reports;
- Consider policy that requires "prompt payment" allocating penalties if payment has not been made within a designated time frame;
- Enforce the NDoE monthly cash flow reports requirement, with delays in the next tranche of funding if the reports are not provided; and
- Provide financial management training.

Public Finance Management Act:

- Widely publicise the implications of the PFMA amongst officials;
- Amend job descriptions to include financial management and explicitly state that formal authority is delegated to officials responsible for projects (core, conditional grant, or donor);
- Provide accredited financial and project management training for current officials responsible for projects (core, conditional grant, or donor);
- Consider new promotion requirements – prior to a promotion, those eligible for promotion should provide evidence of accredited financial credentials (budgeting, accountability, and cash flow at minimum); and
- Should there be abuses of financial power, prosecute officials under the PFMA.

Monitoring and Evaluation:

Monitoring and evaluation of conditional grants should receive high level priority as is pointed out above that these and donor funding are the most flexible funds with which to achieve transformation goals. However, by their very nature, project funding tends to be risky. Therefore:

- In the business plans, project managers should indicate both input/process and outcome/result indicators;
- Monitoring and evaluation plans should be integral to all business plans (including baseline and interim studies);
- While monitoring can take place internally (if sufficient manpower is available), evaluations should be undertaken externally to provide credibility;
- International development literature argues that between five and 10 percent of the budget should be spent on monitoring and evaluation activities;
- Actions should be taken on the basis of monitoring and evaluation reports to improve projects.

Appendix A

Scope of Work

Scope of Work for the Conditional Grants Implementation Study

The purpose of this study is to identify the constraints to the implementation of conditional grants during the past two years. In addition, the study should make recommendations regarding how the implementation process could be improved in the future at both national and provincial levels.

The consultant should analyse the steps in the current management process as well as assess the articulation between provincial and national responsibilities. Issues related to timing, clarity of guidance, and internal capacity should be closely examined since this appears to be one of the obstacles to a smoother implementation.

The consultant should also analyse the policies for accessing and utilizing conditional grants and the extent to which this has impacted on the utilization of grant funds. If it appears that tendering policies and procedures at the provincial and national level have had a significant impact on implementation then the consultant must also analyse these and make relevant recommendations.

The consultant will report directly to Dr. Ihron Rensburg, Deputy Director General, General and Further Education, national DoE.

Two hard copies of the draft report will be submitted to Dr. Ihron Rensburg of the NDoE 12 working days after work on the report has begun. The consultant shall also submit one copy of the draft report to USAID. Upon receiving feedback from Dr. Rensburg and USAID, the consultant will use the remaining three days to strengthen the report. The consultant shall submit four hard copies of the final report to NDoE together with a copy on diskette in Microsoft Word. A hard copy of the final report shall also be submitted to USAID together with an electronic copy.

Appendix B

The IQC Technical Support Mechanism

The IQC Technical Support Mechanism – The aim of the South African Education Independent Quantity Contract (IQC) is to provide services in the form of technical assistance, training, management and logistical support to the South African Department of Education, with funds made available by the United States Agency for International Development (USAID). These services, as specified by USAID, can be provided for all five educational sub-sectors including: primary education; further education and training and youth development; higher education; workforce development; and adult basic education and training. Major components of the scope of work under the IQC are to:

1. Provide technical assistance to national and provincial Education Departments (PEDs) and representative Non Government Organisations (NGOs);
2. Provide training for national and provincial DoE officials and NGO representatives;
3. Organise and/or provide logistical support for conferences, workshops and meetings;
4. Support domestic or international travel for government or NGO partners for conferences and study tours;
5. Conduct studies of issues relevant to the education sector as well as evaluations of USAID-funded programmes; and
6. Purchase equipment, furniture and vehicles for national and provincial DoEs as appropriate.

To trigger the use of the IQC support mechanism, education officials submit detailed scopes of work on projects that are required, or which need assistance, to the NDoE's international affairs office. These scopes of work are then submitted to USAID for funding approval. If approval is granted, USAID sends the tender documents to some, or all, of the three consortia participating in the IQC, who subsequently submit proposals to USAID to complete the work. Awards are made on the basis of expertise of consortium members, as well as the best proposal put forward.

Development Associates, Inc., a US-based firm, leads the Development Associates consortium. Development Associates, Inc. has more than thirty years of corporate experience in the fields of education and training that includes direct knowledge of South African education issues. This experience is augmented by the strong backgrounds of local and US-based subcontractors in the education sector. Strong internal technical and management capabilities, along with a commitment to quality and the ability to attract a broad range of skilled specialists, ensure that the IQC is run smoothly and to the highest standards.

Three South African organisations, collectively termed the Khulisa consortium, are subcontractors to Development Associates for the IQC. The Khulisa Consortium is composed of Khulisa Management Services (Khulisa), the Centre for Education Policy Development, Evaluation and Management (CEPD) and the Joint Education Trust (JET), with Khulisa acting as the consortium leader. The Consortium brings the South African expertise in education policy development and evaluation, project monitoring and management, and in working with national and provincial education departments. Khulisa, JET and CEPD have all worked extensively with the South African Government and particularly with the Departments of Education (both National and Provincial).

Appendix C

Description of the Development of Business Plans

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Description of the Development of Business Plans

Introduction

On April 4, 2000, USAID/South Africa issued Task Order 001, entitled "Technical Assistance for Development of Business Plans for Conditional Grants" to Development Associates, Inc., the Prime Contractor, under USAID's Indefinite Quantity Contract (IQC) No. 674-I-00-00-00005-00. The purpose of this study is two fold: 1) to provide technical assistance to the South Africa National Department of Education (NDOE) and nine provincial departments of education to help them in the development of business plans in order to be able to qualify for access to conditional grants from the education policy reserve fund, and 2) to identify the constraints to the implementation of conditional grants during the past two years and to make recommendations regarding how the implementation process could be improved in the future at both national and provincial levels.

The task order called for work on the business plan development to begin on April 5 and be completed by April 19, 2000. Work on the Conditional Grants Implementation Study called for submission of a draft report within 12 working days after work had started, and submission of a final report three days after receipt of feedback from NDOE on the draft report. On May 12, 2000, USAID issued a no-cost extension of the task order to June 15, 2000. On June 9, 2000, the NDOE requested USAID to extend the completion date to "mid-July" and to increase the amount of the task order to include an additional six (6) days level of effort. The latter request was denied by USAID.

Processes

It was specified in the original task order that only the national department and six of the nine provinces were going to receive technical assistance to develop their business plans. The six provinces are: Eastern Cape, Free State, KwaZulu Natal, Mpumalanga, North West, and Northern Province. As a result, eight senior consultants were recruited to provide technical assistance to the national directorates and the six PEDs. In addition, one junior researcher was assigned to provide logistic support.

On 5 April 2000, all nine team members attended a kick-off meeting at the NDoE with the DDG Dr. Ihron Rensburg, Chief Directors, and representatives from Eastern Cape, Northern Cape, and Mpumalanga. The next day, four of the eight senior consultants left for Eastern Cape, Free State, KwaZulu Natal and North West respectively. One consultant went to the Northern Province on 7 April and the other arrived in Mpumalanga on 10 April. Work with the Chief Directorates at the NDoE commenced on the 6 April.

The consultants experienced varying degrees of success. Those who went to KwaZulu Natal, Mpumalanga and North West were relatively more successful, in terms of garnering co-operation and steering the process. The consultant who worked with Northern Province experienced some difficulties regarding clarification of her roles and responsibilities in the beginning. Nevertheless, the province managed to produce a business plan on time and complied with all the requirements from the NDoE. Consultants in Eastern Cape and Free State encountered great hardship during the process, and the provinces were not able to submit business plans of reasonable quality by the deadline. The situation was similar at the national department. Some directorates were able to arrange time and their human resources, to work extensively on the business plans, while others were preoccupied with other responsibilities and could not concentrate on developing a coherent business plan. Finally, some of the directorates are dogged by personnel vacancies.

Although not specified in the original task order, the NDoE requested the team to evaluate the submitted business plans, including those from Northern Cape and Western Cape. The team designed an evaluation format, based on the expectations of the NDoE, and spent two days conducting the evaluation. The acting team leader reported to the national review committee the appraisal results on 17 April, when some business plans were approved unconditionally, some approved conditionally, and others declined approval.

After this first round of effort, the NDoE decided to request further assistance from the team to improve those business plans that obtained conditionally approval or were declined. These included Eastern Cape, Free State, Northern Cape, and the following national directorates: COLTS, FET, Policy Support, Quality Assurance, Schools, and Teacher Development. The Northern Cape submitted the business plan on time without outside assistance, yet the evaluation indicated the need for technical assistance. The consultant who worked with Eastern Cape in the first round went to the province again to continue the assignment. Consequently, the consultant who worked with North West was assigned to assist Northern Cape and Free State in the second round. The team leader who worked with the NDoE carried on working with the directorates.

By the deadline for second submission, all the provinces and national directorates that received further technical assistance were able to hand in business plans with improved quality. The degree of improvement, however, varies from case to case. Gauteng also submitted its business plan by the second deadline. These business plans were again evaluated by the team and the team leader reported back to the review committee on 18 May. The majority of business plans were approved unconditionally, while some still needed more work. Yet no technical assistance from outside consultants was required for the 3rd submission.

By May 31, the deadline for 3rd submission, only Eastern Cape, Gauteng, and the Policy Support unit of the NDoE turned in their revised business plans. These were evaluated and the team leader reported to the national review committee a 3rd time. The committee approved these revised plans and decision was made to give the remaining provinces and directorates more time until 15 June to submit their revisions. By the time this report was written, the NDoE requested more time from USAID for the consultants to review the final round, with a meeting scheduled for early July.

The draft report was presented to the NDoE on July 20, 2000 and discussed at this time. The Department promised written comments on the draft as three days were reserved for completing the report. The NDoE provided comments in November allowing for the final presentation in December 2000.

For business plan appraisal results from each of the three rounds, please refer to Appendix E. However, Appendix E is confidential and should only be read by senior officials from the NDoE.

Appendix D

Consultants' Qualifications

Consultants' Qualifications

Jennifer Bisgard – NDoE, Team Leader

Ms Bisgard is the Director for Educational Services at Khulisa. With over eleven years of work in the educational sector in South Africa, she has led many teams of consultants, conducted numerous evaluations and research projects and drafted several business plans for the national and provincial departments of education. Prior to starting Khulisa in 1993, Ms Bisgard was a senior education specialist at USAID/Pretoria for five years. She was responsible for the identification, negotiation and implementation of two major basic education initiatives involving grants to over 100 NGOs. In addition, she assisted USAID in strategic planning and liasing with donors and stakeholders in the field of education in South Africa from 1988 to 1993. Ms Bisgard has a BA with honours in Political Science from the University of Michigan and an MA in Social Change and Development from Johns Hopkins University.

Michael Ogawa – NDoE, Acting Team Leader

Mr Ogawa has twelve years of development work experience in Southern Africa focusing primarily on education, and social and economic development projects. Prior to joining Khulisa in 1994, Mr Ogawa administered and implemented the Canadian Fund for Local Initiatives (Canada Fund), the United Nations High Commissioner for Refugees (UNHCR) Education Assistance Programme, and the World University Service of Canada (WUSC) Refugee Scholarship Programme. Mr Ogawa has experience conducting needs assessments and feasibility studies, business plans, business process restructuring, project monitoring and evaluating, cash flow and cost analysis, accounting, designing management information systems, and report writing. Mr Ogawa has a BSc in Mathematical Computing from the University of British Columbia and has completed most of the credits towards a MA in Statistics.

Zodwa Dlamini, PhD – KwaZulu Natal

Dr Dlamini has three years of experience in managing the business at provincial Department of Education in the Northern Cape as the Deputy Director General. At this position, she was responsible for 40 senior managers, 7,000 principals and teachers, 85,000 students and 2,500 support staff. She also managed R710 million budget from the province and R400 million from local and foreign donors. Prior to joining the Northern Cape Department of Education, Dr Dlamini was the Deputy Director of the South African office of the worldwide USAID funded Advancing Basic Education and Literacy (ABEL) project. Her other professional experience includes fund raising, training, human resource development, business plan development, strategic planning and organisational development of new school systems. Given this experience, Dr Dlamini is sensitive to potential problems in implementing projects and thus is able to build in mechanisms to prevent such problems when developing business plans. Dr. Dlamini speaks isiZulu and is very familiar with KwaZulu Natal. Finally, Dr. Dlamini has a PhD in Social Foundation of Education from the University of Iowa.

Hemant Waghmarae – Eastern Cape (1st and 2nd round)

Mr Waghmarae has worked in education and development for almost twenty years and has extensive experience in strategic planning, business plan development and project management. For the last two years he has been the divisional manager of the Joint Education Trust's Research and Evaluation division and has provided strategic direction to the division. He is also familiar with the internal workings of the Department of Education and developed management and business plans for the Reconstruction and Development Unit. Mr Waghmarae is in the process of obtaining a M.Ed. degree from the University of Witwatersrand.

Vijay Valla – North West (1st round), Northern Cape and Free State (2nd round)

Mr Valla has ten years of research experience in the Education and SMME development sectors. He has had significant exposure to the government, parastatal, NGO and donor communities. His project management work at the Joint Education Trust has provided a rich understanding of both the educational and SMME development sector's challenges and opportunities, particularly in relation to the linkages between the education, training, and growth and expansion of the private sector. Mr Valla's familiarity to educational and SMME development stems from (1) managing a portfolio of 60 civil society projects for the Joint Education Trust, which focussed on education and training for job creation, and (2) his involvement with the United Nations Education and Training Programme for Southern Africa (UNEPTSA), the Centre for Small Business Promotion within the Department of Trade and Industry, and the private sector in designing an enterprise creation programme for tertiary education candidates. Mr Valla's research skills are reflected by his sound use of empirical techniques, which include objective data collection, relevant monitoring and evaluation system design, appropriate statistical analyses, and well-reasoned report writing. Recently, he conducted a comprehensive review of the SMME and educational development policy arenas for Ntsika, as part of a report (August 1999) on enterprise development for specifically targeted groups (youth, women disabled and rural populations). Mr Valla has just completed a report (February 2000) for the Metal and Engineering Industries Education and Training Board (MEIETB), in which he statistically analysed data from an Assessor Training programme, which the Board had conducted nation wide. Mr Valla has a Master's degree in Industrial Psychology from the University of Witwatersrand.

Jennifer Roberts – Free State (1st round)

Since late 1997, Ms Roberts has worked as an independent consultant in the education and development sector. Key focus areas include project management and planning, project evaluation and general research. As an independent consultant she has studied strategic management and has drawn up and reviewed business plans and funding proposals. The implementation of whole school development projects in schools which focus on organisational development issues (including leadership, management, governance and administration matters) has been the focus of her work for the last two years. Ms. Roberts has worked extensively in the Eastern Cape and holds a Master's degree in Education from the University of Witwatersrand.

Richard Palmer – Mpumalanga

Mr Palmer spent nearly a decade teaching in high schools, the last 11 years in the field of development planning, research, project management and policy development in the education and renewable energy sectors. He managed a number of projects in other sectors such as water and sanitation and municipal infrastructure finance. He was responsible for co-founding and running a firm of development consultants (Palmer Development Group and Consultancy). Richard has assisted with the development planning of 50 independent and semi-independent schools, with Clarkebury and Tiger Kloof Education Institutions. Under his supervision, over 140 projects have been successfully completed over the past 11 years. Mr Palmer obtained a MA in Development Studies from Brown University in the US.

Kholofelo Sedibe – Northern Province

Ms Sedibe has been an educator for more that six years in South Africa. Her work experience includes full-time and part-time teaching at the primary and secondary school levels. For the past four and half years, she has worked as a researcher and project manager, which entails planning and supervision of research, leading and providing management assistance to project partners, preparing and presenting fund-raising proposals, and developing business plans. In 1999, Ms Sedibe was subcontracted (with a colleague) to assist the Northern Province Education Department to develop a business plan for the Policy Reserve Fund. Ms Sedibe holds a Master's degree in Education from the University of Witwatersrand.

The Team was supported by:

Lantian (Skye) Ma – Associate, Khulisa Management Services

Ms Ma is an MPA (Master in Public Affairs) student enrolled at Princeton University's Woodrow Wilson School of Public and International Affairs. Prior to her appointment at Khulisa, Ms Ma served as a graduate assistant at the Carter Presidential Centre and the Centre for International Trade and Security at the University of Georgia. Her research experience includes comparative research on American and Chinese electoral systems, export control systems of China and the US, as well as survey analysis on peer organisation capacities for Urban Action, Inc. As a volunteer tutor, Ms Ma helped high school minority students with their studies. Ms Ma has a Masters degree in Political Science from the University of Georgia and earned a Bachelor of Arts degree from Fudan University in Shanghai, P.R. China.

Appendix E

Business Plan Appraisal Results (Confidential)

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Business Plan Appraisal Summary (1st Round) – NDoE

Directorate	Total Amount Requested	Total Amount Allocated	Addressing of Programme Areas	Financial Mgt. Systems	Poverty Alleviation	Supporting Under-performing Schools	% of Funds to Schools	Compliance With Required Format	General Quality	Signatures all attached?	Submission Recommend-ation	Comments	Assistance
COLTS													
Development Support			Centrally on areas of focus	Central	None	Peripheral	N/A	Partially	Inadequate	No	No	Incomplete business plan	3 days, with external consultant
EDSU	43,787,000		Centrally on areas of focus	Central	None	Peripheral	N/A	Yes	Adequate/ Excellent	Yes	Yes	Need to build in monitoring and evaluation	
FET-Curr. & Qualifications[1]	1,915,610		Centrally on areas of focus	None	None	None	N/A	Yes	Poor/ Acceptable	No	Conditional	Needs work	2-3 days, on budget assumptions and project conceptualisation
FET-National Exams	1,864,230		Centrally on areas of focus	None	None	Peripheral	N/A	Yes	Excellent	No	Conditional	Conflicting budget figures	1 day mainly on budgeting in Excel
NCCRD	965,000		Centrally on areas of focus	None	None	None	80% (indirectly)	Yes	Excellent	No	Yes	Cash flows needed for two projects	
Quality Assurance	5,665,000		Centrally on areas of focus	Unclear	Unclear	Unclear	N/A	Yes	Poor/ Acceptable	No	Yes	Budget details unclear Cash flow problematic	Assistance from consultants was rejected
Schools	11,263,406		Centrally on areas of focus	Unclear	Unclear	Unclear	N/A	Yes	Adequate	No	Conditional	Need composite budget and cash flows	
Teacher Development	3,276,000		Centrally on areas of focus	None	None	None	Unclear	Yes	Inadequate budget, others Poor/ Acceptable	No	No	"Weak/soft" projects, need assistance on budgets	5 days
Total	68,736,246												

1 Composite budget total is less than cash flow total by approximately R340000

Business Plan Appraisal Summary (1st Round) – Provinces

Province	Total Amount Requested	Total Amount Allocated	Addressing of Programme Areas	Financial Mgt. Systems	Poverty Alleviation	Supporting Under-performing Schools	% of Funds to Schools	Compliance With Required Format	General Quality	Signatures all attached?	Submission Recommend-ation	Comments
Eastern Cape[1]	19,133,236	38,854,000	Peripheral	Central	None	None	30%	Partially	Inadequate	Yes	Only three of the ten	Lots of work needed for the remaining seven projects
Free State[2]	7,950,000	12,096,000	Central	Peripheral	None	Central	60-70%	Yes	Inadequate/ Poor	No	No	Lots of work needed
Gauteng		23,616,000										
KwaZulu Natal	45,765,500	45,765,500	Peripheral	Peripheral	Central	Central	60%	Yes	Poor/ Acceptable	No	Yes	
Mpumalanga	14,016,000	14,016,000	Central	Central	Peripheral	Central	50%	Yes	Excellent	No	Yes	
Northern Cape	3,648,000	3,648,000	Central/ Peripheral	Central	Central	Central	60%	No	Inadequate/ Poor	No	Conditional	Budget details and cash flows needed
Northern Province	33,450,828	33,477,000	Central	Peripheral	Central	Central	60-70%	Yes	Adequate/ Acceptable	Yes	Yes	
North West	15,360,000	15,360,000	Central	Central	Central	Central	80%	Yes	Adequate/ Acceptable	Yes	Yes	
Western Cape	15,168,000	15,168,000	Peripheral	Peripheral	Unclear	Central	Unclear	No	Inadequate/ Adequate	No	Yes	Need to rework to comply with the required format (refer to the cover letter)
Total	154,491,564	202,000,500										

1 Total amount requested is for three projects only
2 Total amount is unclear as some of the projects do not provide budget amounts

Business Plan Appraisal Summary (2nd Round) – NDoE

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Areas of the 1st B.P. in need of Improvement	Comments on the 2nd B.P	Recommendations	Concerns
COLTS (Total)		**5,548,100**	None of the COLTS business plans were submitted due to a misunderstanding They were given to Ms P Tyobeka to sign and submit, while she thought that they had submitted already The letter from the DG suggested that a COLTS business plan should be submitted			
COLTS: Creative Arts Initiative Project 1 Completion of JEP contract		1,900,000		This is a commitment of the JEP contract tendered in 1999 -- the contract was for two years To complete activities in four provinces (the other five were addressed in 1999) Provinces have reportedly pledged to continue the project in 2001 with their own funds	Unconditional approval	How well the JEP contract has been managed is not clear, although should be examined during evaluation
COLTS: Creative Arts Initiative Project 2 External Evaluation of Project		809,400		This component proposes an external evaluation with fieldwork in all nine provinces to examine impact, effectiveness and sustainability of the Creative Arts Project	Unconditional approval	
COLTS Project 1 Safe Schools Integrated Planning		147,500		This project links the provincial and national plans for school safety together to result in a multi-sectoral integrated approach	Unconditional approval	Not sure whether driving cost is included for Provincial Visits, travel cost considered for Phase 2?
COLTS Project 2 Safe Schools National Awareness Campaign		2,607,100		This is for a national awareness campaign to motivate interventionist programmes in schools	Unconditional approval	
COLTS Project 3 Information System for Safe Schools		84,100		To gather baseline data on school safety and to develop an integrated system to analyse violence and precursors to violence in schools, identify schools at risk and evaluate intervention impact	Unconditional approval	Travel cost included for the 8 experts?
EDSU (Total)	43,787,000	**35,000,000**	Conditional approval Need to reduce budget (Only R35 million of the requested amount approved) by reprioritising projects that concern 1) 1999/2000 commitments, 2) Video conferencing and the appointment of Financial Management Analysts, 3) Provinces with the highest development needs, and 4) discipline and performance management systems	Budget reduced to R35,000,000 However, some reductions occurred to projects that are in the priority list given by the DG, e g Video Conferencing, Appointment of Financial Managers at PED's, and Skilling Discipline guides for Managers (in Eastern Cape) However, more than enough programmed to address priorities	Unconditional approval	See comments

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Business Plan Appraisal Summary (2nd Round) – NDoE (Continuous)

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Areas of the 1st B.P. in need of Improvement	Comments on the 2nd B.P.	Recommendations	Concerns
EMGD (Total)		5,300,000	The EMGD business plans were not submitted due to a misunderstanding They were given to Ms P Tyobeka to sign and submit, while she thought that they had been submitted already			
EMGD Project 1 SMT Generic Materials Development		5,250,000		This project is a continuation of the 1999 PRF project where EMGD requested R7 4 million, but was unable to spend the funds (all but R1,303,000) due to inferior product developed by the service provider After catching the problems, the Directorate took corrective action and is now ready to print the SMT guides and distribute to all schools in the country	Unconditional approval	
EMGD Project 2 Technical Assistance		50,000		Not clear how technical assistance will be identified (tender or other?) No budget breakdown is provided Budget assumptions not clear	Conditional approval	See comments
FET-Curr. & Qualifications (Total)[1]	1,915,610	1,611,900	Needed to revise budget, address problematic timing issues and take away line function items such as gazetting curriculum framework and learning outcomes for public comment. Need to avoid duplication.	Poor explanation as to why last year could not spend their PRF funds		Strong concerns
FET-Curr. & Qualifications Project 1 Developing Learning Outcomes		1,565,340		Budget and timing issues still unclear, but have removed line function items	Conditional approval	Only 2 of the 12 positions supposed to be in the Directorate are filled -- there is no management capacity available to manage this process
FET-Curr. & Qualifications Project 2 Piloting of Learning Outcomes		46,560		Budget and timing issues still unclear, but have removed line function items	Conditional approval	Only 2 of the 12 positions supposed to be in the Directorate are filled -- there is no management capacity available to manage this process

Business Plan Appraisal Summary (2nd Round) – NDoE (Continuous)

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Areas of the 1st B.P in need of Improvement	Comments on the 2nd B P	Recommendations	Concerns
FET-National Exams (Total)	1,864,230	2,158,930				
FET-National Exams Project 1 Improvement of Learner Performance at Grade 12		353,100	Conditional approval needed to improve cash flow	Cash flow now included	Unconditional approval	
FET-National Exams Project 2 Improvement of Senior Certificate Examination		105,100	Conditional approval needed to improve cash flow	Cash flow now included	Unconditional approval	
FET-National Exams Project 3 National Question Papers		1,300,180	Declined due to the fact that all activities falling within the national mandate of the Dept should be removed as they cannot be funded	Rationale as to why this project should be included this year is excellent and based upon the late decision making of the national department to have common examinations, the fact that the provinces will still set exams as a back-up and the extraordinary costs of setting up the system The directorate has undertaken that these costs will only be in this fiscal year and not included next year	Unconditional approval	
FET-National Exams Project 4 Designing an Assessment System for FET		400,550	Conditional approval needed to improve cash flow	Cash flow now included	Unconditional approval	
NCCRD (Total)	965,000	1,690,505				
NCCRD Project 1 Curriculum Review Committee		452,000	Originally declined as the project was inadequately motivated under the PRF	After discussion with some of the committee members it was agreed that the C2005 review could be submitted again, given its importance to determining the future curriculum and therefore the quality of education	Unconditional approval	Of the R452,000, R40,000 was committed in the last fiscal year
NCCRD Project 2 Project Evaluation for Curriculum Developers		344,036	Conditionally approved but needed clarification as NCCRD and Schools also proposed C2005 evaluation Needed clear cash flow	NCCRD is evaluating Curriculum Developers work in C2005, QA evaluates the implementation at each grade and phase in order to establish a systematic evaluation model and Schools is evaluating grades 4 and 8 pilot for implementation purposes Very clear budget and budget assumptions	Unconditional approval	
NCCRD Project 3 Language Policy Review		894,469	Originally declined as the project was inadequately motivated under the PRF	The Minister of Education instructed NCCRD and Schools to conduct the work under the PRF Still not completely clear on the division of responsibilities	Conditional approval -- subject to a clear project manager for both Schools and NCCRD language project	Without one project manager from either Schools or NCCRD it will be difficult to hold someone accountable for the project

Business Plan Appraisal Summary (2nd Round) – NDoE (Continuous)

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Areas of the 1st B.P. in need of Improvement	Comments on the 2nd B.P.	Recommendations	Concerns
Policy Support (Total)	450,000	**600,000**				
Policy Support Project 1 District Development		500,000	The proposal should be given sharper focus in light of experience and information gathered through the district conferences held last year. Collaboration should occur with EDSU and the NCCRD	While the proposal has improved, there still is not sharp focus about exactly what the outcomes of the project should be -- instead it is still vague No discussion about EDSU or NCCRD	Conditional Approval	Still needs sharper focus - R500,000 will not go far in terms of training
Policy Support Project 2 National Coordination of all PRF projects		100,000	Originally not included in the project	The purpose of this activity is to co-ordinate policy reserve fund conditional grants through national meetings, etc (includes costs such as provincial travel, review of cash flows and planning for the following year)	Unconditional approval	Stronger management systems need to be developed to really monitor conditional grants performance
Quality Assurance (Total)	5,665,000	**2,880,000**	Needed signatures, no cash flow included, did not comply with format, did not explain why only R1,820,000 of R4,100,000 was spent of last year's PRF funds. Did not take advantage of technical assistance	Signatures attached, now includes cash flow but conflated with donor funds, complied with format, explanation of low expenditure on last year's PRF weak Still did not take advantage of technical assistance		This business plan raises strong concerns about the ability of the Directorate to manage such a complex portfolio effectively
QA Project 1 Systemic Evaluation		800,000	Conditionally approved Needed clear budget, budget assumptions, and evidence of feasibility and clarification of supervisory units.	While the business plan has more information than the first time, it still lacks clarity -- the business plan appears to ask for R2,346,500 but this appears to be intermingling of donor funds with PRF so impossible to follow cash flows, etc	Still conditional approval until the budget assumptions and cash flow are clarified – right now the lack of clarity leaves the department open to fraud through double payments out of donor and PRF funds.	Concern funds will be spent until June 2001, which may indicate budgeting too much this year, leaving unexpended funds again
QA Project 2 Whole School Evaluation		600,000	Conditionally approved Needed clear budget, budget assumptions, and evidence of feasibility and clarification of supervisory units	While the business plan has more information than the first time, it still lacks clarity -- the business plan appears to ask for R1,350,000 but this appears to be intermingling of donor funds with PRF so impossible to follow cash flows, etc	Still conditional approval until the budget assumptions and cash flow are clarified – right now the lack of clarity leaves the department open to fraud through double payments out of donor and PRF funds	Concern funds will be spent until March 2004, which may indicate budgeting too much this year, leaving unexpended funds again

Business Plan Appraisal Summary (2nd Round) – NDoE (Continuous)

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Areas of the 1st B.P. in need of Improvement	Comments on the 2nd B.P.	Recommendations	Concerns
QA Project 3 Evaluation of C2005		1,300,000	Needed clarification as NCCRD and Schools also proposed C2005 evaluation Needed clear budget, budget assumptions	NCCRD is evaluating Curriculum Developers work in C2005, QA evaluates the implementation at each grade and phase in order to establish a systematic evaluation model and Schools is evaluating grades 4 and 8 pilot for implementation purposes. Still needs clear budget, budget assumptions	Still conditional approval until the budget assumptions and cash flow are clarified	
QA Project 4 Database Development		180,000	Project was declined as it was not in line with strategic priorities.	Still included, without a stronger rationale	Decline	
Schools (Total)	11,263,406	**10,030,477**	Two projects· National Norms and Standards for Learning Support Material, and Religious Education Project were declined In addition, the Schools Directorate had not complied with the format	National Norms and Standards for Learning Support Material and Religious Education Project were not re-submitted The Schools Directorate has submitted its business plan in the correct format		The Directorate has several unfilled positions reducing management capacity
Schools Project 1 Monitoring and Evaluating Gr. 4 & 8 Pilot		934,530	This project should be redesigned and liase with QA and NCCRD who are also evaluation C2005	NCCRD is evaluating Curriculum Developers work in C2005, QA evaluates the implementation at each grade and phase in order to establish a systematic evaluation model and Schools is evaluating grades 4 and 8 pilot for implementation purposes	Unconditional approval	
Schools Project 2 Language in Education Policy		2,941,143	Conditionally approved but focused on languages in the classroom with teachers and learners, liase with the NCCRD and demonstrate how quality will improve	The Minister of Education instructed NCCRD and Schools to conduct the work under the PRF. Still not completely clear the about the division of responsibilities	Conditional approval -- subject to a clear project manager for both Schools and NCCRD language project and more realistic cash flows	Without one project manager from either Schools or NCCRD it will be difficult to hold someone accountable for the project Worried that R1,15 million is supposed to be spent in Feb and March 2001 and this may be unrealistic.
Schools Project 3 GETC Framework		5,878,804	A broad range of activities are actually line function responsibilities Only activities related to staff development and training can be funded Concern about consultant managing project and need to demonstrate how quality will improve	Very clear budget assumptions, and line functions do not appear to be included	Unconditional approval	

Business Plan Appraisal Summary (2nd Round) – NDoE (Continuous)

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Areas of the 1st B.P. in need of Improvement	Comments on the 2nd B.P.	Recommendations	Concerns
Schools Project 4 Printing		246,000	Not included in business plan submitted in April	This is a commitment from the 1999/2000 PRF funds to print the ELPs with Government Printers -- it was supposed to be completed before the end of March but was not.	Unconditional Approval	If these funds are "rolled over" then what?
Schools Project 5 Consultant		30,000	Not included in business plan submitted in April	This is a commitment from the 1999/2000 PRF funds for a consultant --who developed the illustrative learning programme, LSM and teacher support materials for Grade 4. The consultant was supposed to be paid before the end of March but was not.	Unconditional Approval	If these funds are "rolled over" then what?
Teacher Development (Total)	3,276,000	**14,415,324**	The project on National Teacher Award rejected, others conditionally approved.			
TD Project 1 Maths & Science	1,746,350	12,069,860	Activities and budgets need to be revisited.	Clear descriptions of activities are given. Detailed budget breakdowns are provided and assumptions appear reasonable. The detailed budget exercise resulted in far more budgeted for this activity than previously.	Unconditional approval	Monthly cash flows do not all match the proposed timeframes in Section 6 and it may be difficult to spend all of these funds in one year. Should perhaps become a two year project.
TD Project 2 Teacher Support for C2005 & OBE	1,120,000	1,177,884	An alternative model should be sought rather than the cascade model which has proven to be ineffective.	The training model has not changed, but is not in fact a cascade model, which is reasonable.	Unconditional approval	
TD Project 3 Developmental Appraisal System	306,900	1,167,580	Activities and budgets need to be revisited.	Clear descriptions of activities are given. Detailed budget breakdowns are provided and assumptions appear reasonable.	Unconditional approval	Monthly cash flows do not all match the proposed timeframes in Section 6.
Total	69,186,246	**79,235,236**				

1. Composite budget total is less than cash flow total by approximately R340000.

Business Plan Appraisal Summary (2nd Round) – Provinces

Province	Total Amount Requested-1st time	Total Amount Requested-2nd time	Total Amount Allocated	Areas of the 1st B P in need of improvement	Comments on the 2nd B.P	Recommendations
Gauteng	32,273,264	23,616,000		Three projects (Physical Education, Pre-Tertiary Education and Desktop Publishing) declined Confusion about project entitled "Credit Accumulation Model" and "Development and Training Material Generation", and about "Training of Trainers to Evaluate LSM" and "Learner Support Material Proposal" Need detailed line item budget Project narratives need to match the correspondent budget allocation	The three projects declined have been taken out The confusion is clarified (no two projects carrying out extremely similar functions) Have not complied with the required format strictly enough, especially Section 6, 7 and 8 Section 6 (Management of Projects) not all required columns are included, Section 7 (Management of Allocated Funds) the vast majority of projects have included detailed budget breakdowns with fairly reasonable assumptions However, few have a composite in the format of Section 7, Section 8 No project has projected monthly cash flow A few have given quarterly cash flow projections however they seem to be merely the total requested divided by four quarters Project narratives still do not match exactly with the summery budget on page 76	Conditional approval of most projects wit better budget and cash flow summaries Also require a narrative for Quality Assurance School Support and Development (R250,000 and R451 895 o roll over) and Management Systems (R1,109,000 and R3,577 840 of roll over) Decline the following computers consumables of R16 300 (page 73) computer equipment R43,142 (page 73) and software R131 000 (page 74) and of project to provide stationary, telecommunications, catering and transport costs to all districts totaling R270,300 (pages 64-5)
KwaZulu Natal	45,765,500		45,765,500	Conditional approval Withdraw the cost for appointment of a Financial Management Analyst Revise budget assumptions Need monthly cash flow for each project	Nothing submitted	The first business plan already includes detailed monthly cash flow projections fo each project Thus the request on monthl cash flow should be withdrawn
Mpumalanga	14 016,000		14,016,000	Unconditional approval		
Northern Cape	3,648,000	3,648,000	3,648,000	Conditional Approval Timeframes needed revisiting Monthly Cash flows were required for all projects Budget revisions reflecting activities of specific projects were required An Executive Summary was required	An Executive Summary has been included in the proposal Motivation of projects improved (Section 6) The timeframes for implementation are well spread throughout the schooling year Breakdown of Expenditure (Section 7) and Cash flows (Section 8) are provided for all projects The province has complied with the feedback from NDoE and met the expectations required	Unconditional approval
Northern Province	33,450,828		33,477,000	Conditional approval Need to complete monthly cash flow projections for each project Total budgets for projects to be reconciled with monthly cash flows Outputs defined in all projects need improvement Timeframes to be revisited in the light of delays in the process	Reportedly submitted but not provided to Khulisa	
North West	15,360,000		15,360,000	Conditional approval Withdraw the cost for appointment of a Financial Management Analyst Need clarification on the project named "Quality Enhancement", which proposes to recruit and establish a supervisory unit Information concerning the costs of recruitment, the salaries and the appointment of these officials is required	Nothing submitted	
Western Cape	15,168,000		15,168,000	Conditional approval An executive summary and programme overview are needed Monthly cash flow should be worked out Revisiting timeframes in the light of delays in the preparations for the programme Need to talk to QA about possible overlapping on Project 1 (systemic evaluation of Grade 3 learners) SACMED is not a high priority while NQACC is supposed to be financed through HEDCOM	Nothing submitted In one fax dated 11 May the province said their time frames had not been adversely affected by the delays It is also explained that Project 1 refers to the same project initiated by the NDoE and the budget is for the operational costs of the fieldwork which is supposed to be borne by the province In the same fax justification is given for the SACMEQ project, namely the importance of the project requires it to be funded by the EPRF Apparently they will deal with cash flows and other concerns later	
Total	186,764,828	46,891,000	178,384,500			

1 Total amount requested is for three projects only
2 Total amount is unclear as some of the projects do not provide budget amounts

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Business Plan Appraisal Summary (3rd Round) – NDoE

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Total Amount Approved Unconditionally-2nd time	Total Amount Approved Conditionally-2nd time	Appraisal Results: 2nd B.P	Comments on the 3rd B.P.	Recommendations: 3rd B.P.	Concerns: 3rd B.P.
COLTS		5,548,100	5,548,100		Approval	N/A		
EDSU	43,787,000	35,000,000	35,000,000		Approval	N/A		
EMGD		5,300,000	5,250,000		Approval of Project 1, SMT Generic Materials Development, with a budget of R 5 250 000 Decline of Project 2, Technical Assistance	N/A		
FET-Curr. & Qualifications	1,915,610	1,611,900			Final decision deferred Concerns shortage of staff leading to poor management and project delivery, revisit overall conceptualisation of the project Submit the revised business plan by 31 May 2000 A management plan outlining steps to be taken to deal with the question of staffing and project management should be submitted by 15 June 2000	Nothing submitted by May 31, but requirement is really for June 15		
FET-National Exams	1,864,230	2,158,930	2,158,930		Approval	N/A		
NCCRD	965,000	1,690,505	796,036	894,469	Approval of Project 1, Curriculum Review Committee, and Project 2, Evaluation for Curriculum Developers, with a total budget of R796 036 Need to co-ordinate with Schools on Project 3, Language Policy Review and submit a joint proposal by 31 May 2000	Submission by NCCRD and Schools on June 5 -- only given to reviewer on June 7		
Policy Support	450,000	600,000	100,000	500,000	Unconditional approval of R100000 for the National Management Fund Of the R500000, need a sharper focus, a clear definition of outcomes and demonstrate the role that NCCRD and EDSU will play in the collaborative process Submit the revised business plan by 31 May 2000	Combines conditional grants with Netherlands proposal but the R50,000 budget is insufficient to measure the success indicators under the conditional grants This is insufficient, to do at least a week of fieldwork per province and totally insufficient if visiting the 140 schools, design of the instruments, pre-testing the instruments, report writing, etc If serious, it is essential that a baseline and an impact study are conducting	Unconditional Approval of R500,000	Concern that the Eastern Cape is currently restructuring and the personnel will not be in place for the new district to take part Recommendation of only six provinces, eliminating Eastern Cape

Business Plan Appraisal Summary (3rd Round) – NDoE (Continuous)

Directorate	Total Amount Requested-1st time	Total Amount Requested-2nd time	Total Amount Approved Unconditionally-2nd time	Total Amount Approved Conditionally-2nd time	Appraisal Results: 2nd B.P	Comments on the 3rd B.P.	Recommendations: 3rd B.P.	Concerns: 3rd B.P.
Quality Assurance	5,665,000	2,880,000	2,700,000		Conditional approval of Project 1, Systemic Evaluation, Project 2, Whole School Evaluation and Project 3, Evaluation of C2005, with a total budget of R2 7 million Decline of Project 4, Database Development Need to clarify activities covered by donor funds and by EPRF. Need to rework budget assumptions and cash flows and submit the revised business plan by 31 May 2000. A management plan outlining how the projects will be managed and delivered should be submitted by 15 June 2000	Nothing submitted by May 31, but requirement is really for June 15		
Schools	11,263,406	10,030,477	5,089,334	2,955,143	Approval for Projects 1, 4 and 5 amounting to R1 210 530 Project 3 approved with a reduced budget of R 3 878 804 For Project 2 - Language in Education Policy, co-ordinate with NCCRD and submit a joint proposal by 31 May 2000.	Submission by NCCRD and Schools on June 5 -- only given to reviewer on June 7		
Teacher Development	3,276,000	14,415,324	8,415,324		Approval of Project 1, Maths and Science, with a revised budget of R6 069 860, Project 2, Teacher Support for C2005, and Project 3, Development Appraisal System approved for a budget of R2 345 464 Rework the roll out of the plan for Project 1 to fit into a two-year period, rework monthly cash flows, submit the revised business plans by 31 May 2000	Letter was mixed up by DG's office and only received on June 2 -- need to give an extension		
Total	69,186,246	79,235,236	65,057,724	4,349,612				

Grand Total	69,407,336

Business Plan Appraisal Summary (3rd Round) – Provinces

Province	Total Amount Allocated	Total Amount Requested-1st time	Total Amount Requested-2nd time	Total Amount Approved so far	Total Amount Requested-3rd time	Appraisal Results: 2nd B.P.	Comments on the 3rd B.P.
Eastern Cape	38,854,000	19,133,236	19,627,000	19,000,000	38,854,000	Approval for the four projects that were submitted Submit the remaining by 31 May 2000	The Eastern Cape has worked incredibly hard on the business plans and has complied with the format
Free State	12,096,000	7,950,000	12,096,00	1,209,600		Approval	N/A
Gauteng		32,273,264	23,616,000		34,895,632	Conditional approval of most projects with better budget and cash flow summaries. Also require a narrative for Quality Assurance School Support and Development (R250,000 and R451,895 of roll over) and Management Systems (R1,109,000 and R3,577,840 of roll over) Decline the following computers consumables of R16,300 (page 73), computer equipment R43,142 (page 73) and software R131,000 (page 74) and of project to provide stationary, telecommunications, catering and transport costs to all districts totaling R270,300 (pages 64-5)	See attached comments submitted to the GDE
KwaZulu Natal	45,765,500	45,765,500		45,765,500		Submit the revised business plan by 31 May 2000	Requested an extension to June 16
Northern Cape	3,648,000	3,648,000	3,648,000	3,648,000		Approval	N/A
Northern Province	33,477,000	33,450,828		33,450,828		Approval	N/A
North West	15,360,000	15,360,000		15,360,000		Submit the revised business plan by 31 May 2000	Did not submit by the deadline
Western Cape	15,168,000	15,168,000				Did not submit the second B P. on time Concerns for the 1st submission possible duplication of the Grade 3 systemic evaluation -- training and fieldworker costs are NDoE's responsibility Still need executive summary and the monthly cash flows.	Did not submit by the deadline
Total	164,368,500	172,748,828	46,891,000	118,433,928			