Government funding for early childhood development: Can those who need it get it?

Sonja Giese
Debbie Budlender
Lizette Berry
Steve Motlatla
Hombakazi Zide

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Isn’t it funny that young children, who have the least say in society, will ultimately have the most say on what happens to our country? If they are ill, stunted and miss out on early learning, we face a low-growth future mired in many of the same problems we face today. If they are healthy, get enough food and given opportunities to learn creatively, our prospects for education, employment, social stability and economic growth are great.

What an opportunity for South Africa! If the main consideration for programme funding were returns on investment, early childhood development would be a top priority. The evidence – in terms of educational outcomes, employability and economic productivity – is clear. In fact, as we look for quantum leap strategies to pull us out of our educational quagmire and put us on a path to accelerated growth, early childhood development stares us in the eye.

Here’s the opportunity: 70% of young children do not attend preschool or participate in other early childhood development (ECD) services. Inevitably, those who don’t participate would benefit most because they tend to come from poorer families. Government funding for ECD has increased over the past few years, but it has largely been for Grade R provision. That’s a good start, but the real gains lie in younger children whose brains are developing fastest.

This report reviews state funding for ECD. Its value lies in the fact that it looks at funding flows both top-down by analysing funding channels, and bottom-up through the eyes of ECD providers. Based on national and provincial budget reviews and research in three municipalities, it tries to answer a simple question: Can those who need Government funding get it?

If they can’t, we’re missing one of the greatest opportunities of our time.

David Harrison
Chief Executive Officer
DG Murray Trust
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<td>AIDS</td>
<td>Acquired immunodeficiency syndrome</td>
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<td>approp</td>
<td>appropriation</td>
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<td>ASW</td>
<td>auxiliary social worker</td>
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<td>BAS</td>
<td>basic accounting system</td>
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<tr>
<td>CDW</td>
<td>Community Development Worker</td>
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<td>CoT</td>
<td>City of Tshwane</td>
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<td>CSO</td>
<td>Civil Society Organisation</td>
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<td>CWP</td>
<td>Community Works Programme</td>
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<td>DHSS</td>
<td>Department of Health and Social Security</td>
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<td>Department of Education</td>
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<td>DoH</td>
<td>Department of Health</td>
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<td>Department of Social Development</td>
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<td>EC</td>
<td>Eastern Cape</td>
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<td>ECD</td>
<td>early childhood development</td>
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<td>EHI</td>
<td>Environmental Health Inspector</td>
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<td>EMIS</td>
<td>Education Management Information System</td>
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<td>EPWP</td>
<td>Expanded Public Works Programme</td>
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<td>FET</td>
<td>Further Education and Training</td>
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<td>FS</td>
<td>Free State</td>
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<td>GT</td>
<td>Gauteng</td>
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<td>HCBC</td>
<td>Home and Community-Based Care</td>
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<td>HIV</td>
<td>Human immunodeficiency virus</td>
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<td>ID</td>
<td>Identity Document</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>Independent Development Trust</td>
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<td>KZN</td>
<td>KwaZulu-Natal</td>
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<td>LM</td>
<td>Limpopo</td>
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<td>MEC</td>
<td>Member of Executive Council</td>
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<td>MP</td>
<td>Mpumalanga</td>
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<td>MTEF</td>
<td>medium-term expenditure framework</td>
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<td>NC</td>
<td>Northern Cape</td>
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<td>National Development Agency</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>NIP</td>
<td>National Integrated Plan for Early Childhood Development</td>
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<td>NPO</td>
<td>Non-Profit Organisation</td>
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<td>NQF</td>
<td>National Qualifications Framework</td>
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<td>NW</td>
<td>North West</td>
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<td>PED</td>
<td>Provincial Education Department</td>
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<td>PERSAL</td>
<td>Personal salary system</td>
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<td>SASSA</td>
<td>South African Social Security Agency</td>
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<td>Value-added tax</td>
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<td>Western Cape</td>
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<td>WCED</td>
<td>Western Cape Education Department</td>
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Government funding for early childhood development: Can those who need it get it?
1 Executive Summary

This research set out to determine the extent to which ECD service providers are able to access state funding for ECD. It explored: government ECD funding sources; prescribed procedures, systems and requirements for funding; actual procedures for accessing state funding; support from local government for ECD services within selected municipalities; and factors that enable and inhibit access to state funding for ECD service providers.

Methodology

A multi-method approach was adopted. This included:
- a desk review of previous research and other data sources
- a policy review of government obligations and prescribed requirements and procedures
- analysis of budgets within national and provincial spheres of government

Primary research was undertaken in one municipality in each of three provinces, namely:
- Mbashe in the Eastern Cape
- Ratlou in the North West
- Stellenbosch in the Western Cape

Interviews were conducted with 61 local ECD practitioners and 37 government officials.

State funding for ECD in South Africa

The overwhelming bulk of ECD-related budget allocations are made at provincial level by the Departments of Social Development (DSD) and Education (DOE). The Expanded Publics Works Programme and Community Work Sub-Programme also play a role in supporting ECD although much of this funding is not “new” funding as such. Some funding for ECD is also available from the National Development Agency.

There was little evidence from this research of financial support from local government for ECD.

Department of Social Development

Funding from the Department of Social Development is available through two main channels:
- A subsidy provided to registered ECD centres – the subsidy is calculated per child per day for children 0-4 years whose caregivers pass an income means test.
- Programme funding for NPOs in respect of ECD programmes (mostly non-centre based).

Both channels are difficult to track within state budgets because they are “hidden” within the Child Care and Protection Services Budget Sub-Programme. Tracking expenditure is complicated by the fact that ECD-specific reporting in budget books and to National Treasury on budgets and performance indicators is non-standard or missing.

Despite these challenges it is clear that subsidy funding for ECD centres has increased over the past decade from less than R335 million in 2003/04 to more than a billion rand in 2011/12. Funding for non-centre based activities (ECD programme funding) is even more difficult to track than the subsidy. The one thing that is clear is that much less is allocated for non-centre based ECD than for centre-based.

Within the sites, approximately one third of the known ECD centres in Mbashe (Eastern Cape) reportedly received the DSD subsidy at the time of the research. In the North West site, about 16 of the 74 ECD centres on the DSD database in Ratlou were receiving the subsidy and in the Western Cape approximately 130 of the 306 ECD centres on the DSD database for the district were receiving the subsidy. These proportions give an over-optimistic picture of actual reach given that many ECD centres are not recorded on the DSD database.

Western Cape reported funding to NGOs for a range of non-centre based activities. There was less evidence of ECD programme funding in the North West and almost no evidence of DSD support for non-centre-based ECD in the Eastern Cape.

Department of Education

The Department of Education has several provincial flows for ECD funding.
The most important of these are:

- Funding for Grade R in schools (not the focus of this research).
- Subsidies for community-based Grade Rs registered as ‘independent schools’ – this may take the form of a per child subsidy or a salary for a Grade R practitioner. The amount of the per capita learner subsidy is based on the number of Grade R learners and the quintile ranking of the school.
- Funding of training fees and stipends for those on learnerships under the social sector EPWP.

Unlike in DSD, the provincial DOE budgets have a distinct programme, with several sub-programmes, devoted to ECD. This makes it simpler to track ECD allocations. The ECD programme accounts for a small share of the overall provincial education budgets, but the share has increased markedly over time from only 0.7% in 2006/07 to about 2% in 2012/13. However, the main focus of the budget programme is on Grade R in public schools.

There are large variations across provinces in the funding allocated to community-based Grade R. Allocations to community-based Grade R in the Western Cape and North West increased between 2008/09 and 2012/13. The Eastern Cape’s annual allocations to community-based Grade R vary markedly from year to year.

Contrary to the evidence from the budget books, research participants reported a perceived decline in funding support for community-based Grade R in all three sites. There was, however, strong evidence that training is reaching many ECD centres across the provinces.

The Expanded Public Works Programme

The Expanded Public Works Programme was first introduced in 2004, with two components related to ECD, namely: (1) increasing the number of registered ECD centres and subsidised children, and the subsidy value and (2) training of ECD practitioners servicing the 0-4 age group.

EPWP II, which started in April 2010, brought several important changes relevant to ECD. These included:

- the introduction of a minimum stipend
- a new category of EPWP not managed by government
- training for ECD practitioners beyond the 0-4 year age group

EPWP reporting is even more unreliable (and contradictory) than reporting for other sources of funds. Some of the ECD-related activities funded (for example, centre subsidies and funding for community-based ECD assistants) have been “relabelled” as EPWP achievements. There is therefore a serious danger of double-counting and while many ECD activities are reported against the EPWP, this does not necessarily reflect “new” funding.

EPWP funding is also available via the Community Works Programme (CWP). This programme is part of the new category of EPWP II and pays a stipend to community members for work on projects that address needs identified by the communities in which the project operates. The programme cannot fund ECD centres directly, but ECD-related activities can be included in work done by community members. There is evidence of this happening in about 20 of the 55 CWP sites nationally, including one of the research sites, if one uses a very broad definition of ECD. Access to CWP funding is dependent on the existence of an implementing partner within the area that is willing to take the risks associated with short-term contracts and is able to manage complicated administrative systems.

The National Development Agency

The National Development Agency is another potential source of government funding for ECD, although the researchers were unable to obtain much information on this funding source. The NDA is funded from the national DSD Budget with an allocation of R161.4 million in the 2011/2012 financial year.
Factors affecting access to funds and equity in funding of ECD services

The research identified many factors that affect access to funding for ECD services:

- Neither the DSD nor the DOE is under any obligation to fund ECD services, even those serving the poorest communities.
- In order to qualify for DOE funding for Grade R, ECD centres offering Grade R must first be registered with the Department of Education as an independent school. Registration requirements differ across provinces. Knowledge of registration is poor and access to registration processes is severely limited.
- ECD services are legally required to register with the Department of Social Development. Non centre-based ECD services must be registered as an “ECD programme”. ECD centres must register both as an “ECD programme” and as a “partial care facility”. This dual registration is both a legal requirement and a prerequisite for DSD funding. It is also a source of confusion.
- The DSD registration processes require compliance with a set of stringent norms and standards which are impossible to achieve for many centres, particularly those serving poor and rural communities. While well-intentioned, these norms and standards prejudice those centres serving the poorest communities; hence reinforcing inequalities in early childhood care and education.
- DSD registration is also dependent on centres’ compliance with health and safety by-laws of the relevant municipality. Municipal Environmental Health Inspectors are responsible for determining compliance. Municipal capacity constraints mean that inspection visits may be delayed for months, holding up the registration process.
- Many ECD centres are established on private land. Registration with DSD requires that private land be zoned appropriately. Rezoning can be costly and time-consuming. This is a further barrier to registration and hence access to funds.
- There is strong resistance on the part of some officials to registering ECD centres because of the perception that individuals are establishing centres as money-making ventures. The reality is that most ECD centres generate very little income for the individuals who run them. In some instances running a centre may even deplete household income.
- Implementation of the Children’s Act began in April 2010, making it illegal for any ECD centre to operate without being registered with the DSD. The complicated processes involved in registration and the large numbers of historically unregistered facilities have resulted in bottlenecks and backlogs.
- Once registered with DSD or DOE, access to funding is dependent on the centre meeting additional department-specific criteria, including registration with the NPO directorate. The delay in obtaining NPO certificates presents a further barrier to accessing funds.
- ECD centres may only claim the DSD subsidy in respect of children who are eligible in terms of a means test based on the income of the child’s parents. The onus lies on centres to obtain the necessary supporting documents to prove eligibility.
ECD centres may only claim DOE funding for Grade R learners if they have a minimum number of learners within the centre. In rural areas the number of Grade R learners is often insufficient to qualify for a DOE subsidy.

ECD centres reported being unable to access funding for children aged five years who are not yet old enough to proceed to Grade R. These children are no longer eligible for the DSD subsidy and cannot yet qualify for Grade R support.

The research also identified numerous instances of inequity in provisioning for ECD across provinces and between municipalities. This is evident, for example, in the different income thresholds used in the DSD means test to determine eligibility for the subsidy, and in the number of days of the year for which the subsidy is paid in each province.

Inequity in remuneration of practitioners is also a concern. Disparity in remuneration between Grade R practitioners and those working with younger children means that the better trained practitioners are lured into training and teaching posts for older children where remuneration is better. The quality of ECD services for the youngest children is then compromised.

**Recommendations**

The research suggests that the following recommendations could be considered:

- Systems applied to enable better tracking of ECD allocations and expenditure.
- A review and simplification of processes for ECD registration, funding application and claims.
- “Relaxing” of the norms and standards for ECD registration, while still maintaining minimum acceptable levels.
- Improved linkages between the different departments and between provincial and local government to improve effective use of resources, avoid unnecessary duplication of administrative processes and address funding gaps.
- Greater equity across provinces and municipalities in terms of ECD provisioning.
- Better training and access to information for ECD practitioners and officials on legislation governing ECD provision and on funding sources and application processes.
Government funding for early childhood development: Can those who need it get it?
Ilifa Labantwana’s mission is to ensure that by 2013 increased numbers of children in rural and isolated communities in South Africa enjoy access to quality early childhood development education, social services and government support. There are seven core areas of activity that make up the Ilifa interventions. This research responds primarily to the core activity of promoting access to government support. The research aimed to identify funding that is available for ECD within key government programmes at national and provincial levels and to determine the extent to which ECD service providers are aware of and accessing these funds.

The objectives of the study are:

- to describe existing government policies to support ECD programmes and clarify prescribed procedures, systems and requirements for funding.
- to identify state ECD funding sources and describe actual procedures, systems and requirements for accessing this funding.
- to identify support (financial, administrative, informational, other) for ECD services at local government level in selected municipalities.
- to investigate public access to information on ECD funding and subsidies and identify the factors that enable and inhibit access to this funding by ECD service providers.

The study excludes a review of funding for Grade R ECD services within ordinary public and private schools. It does however include a review of funding for Grade R services within community-based ECD centres. In terms of Pre-Grade R, the study looks at services located within ECD centres (e.g., preschools, educare centres, crèches) and non-centre based ECD activities.

Methodology

The research was undertaken primarily in the Eastern Cape (EC), the North West (NW) and Western Cape (WC). Within each of these provinces, the primary research focused on activities in one local municipality, namely: Mbashe in EC, Ratlou in NW and Stellenbosch in WC. These were selected in consultation with Ilifa partners. Selection took into account...
the need for varied contexts as well as practical considerations and future plans of the Ilifa Labantwana project.

The research took place over seven months, between February and August 2011. A multi-method approach was used, as follows:

- A desk review was undertaken to identify and draw on previous related research and other data sources.
- A policy review was done to identify obligations on the state for ECD service provision and requirements and procedures for funding of ECD activities.
- A budget analysis was carried out of current national budgetary allocations and expenditure for ECD within the national and provincial Departments of Basic Education and Social Development. Detailed analysis of provincial budgets was undertaken in the three selected provinces only. A more basic comparative analysis was included on all provinces for which information was available. Telephonic interviews and email communication with key staff within the relevant departments or organisations were undertaken to supplement, substantiate and query information obtained through the documentary budget analysis.
- Most of the primary research took place in the three selected case study sites. The research explored the extent to which local ECD practitioners and relevant officials were aware of funding available for ECD and were knowledgeable about requirements and procedures for accessing this funding. Interviews also explored the factors that aid and inhibit access to state funding for ECD. Interviewees were purposefully selected to include a range of experiences with regard to fund access and administration.

A total of 112 interviews were conducted, including 40 in the Eastern Cape, 34 in the Western Cape, 29 in the North West and nine interviews with representatives from national departments or organisations.

Within each of the three sites, the researchers included a sample of 20 ECD service providers, including ECD centres and non-centre based activities where these were available. Most of the ECD services included in the sample were centre-based (20/20 in NW, 18/21 in EC and 14/20 in WC). This reflects the predominantly centre-based nature of ECD services within these sites. The few non centre-based ECD activities identified included play groups, home visits, caregiver training and parenting skills programmes, story-telling and library facilities, and the provision of assistance to ECD centres with registration, equipment and infrastructure.

Table 1 below provides a more detailed breakdown of the 52 ECD centres that were included in the sample. Each provincial sample purposefully included centres that were registered with the DSD and those that were not, as well those that received funding from the DSD and those that did not.

For sampling purposes, names and contact details of ECD services were obtained from the Department of Social Development (for all three sites), the municipality (NW and WC) and ECD forums (EC and WC). Services were also identified through snowball sampling in order to ensure that the sample was not biased towards the more ‘high profile’ centres. Most of the interviews in the EC and WC were conducted in person, and half the interviews in the NW were. Due to the extensive distances involved, the remaining NW interviews were completed telephonically. The majority of interviews were conducted in the interviewees’ mother tongue.

Table 1. Registration and funding status of ECD centres included in the sample

<table>
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<tr>
<th>Province</th>
<th>Registered status</th>
<th>DSD funding</th>
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<tr>
<td></td>
<td>Registered</td>
<td>Unregistered, but in process of registering</td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>North West</td>
<td>14</td>
<td>3</td>
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<tr>
<td>Western Cape</td>
<td>9</td>
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Research limitations

The study had several limitations.

- The researchers experienced difficulty tracking national and provincial budgets for ECD because, as discussed further below, there is seldom a budget line item for this service. Where there are line items, it is often unclear (even to those responsible for the relevant activities) exactly what the allocation is for.
- It is generally difficult to obtain data from officials and, when provided, data are often untrustworthy and contradict other information. One of the reasons for this may be that responsibilities are split between people. For example, programme staff do not collect the delivery statistics and do not know about the finances. Underlying at least some of this is the poor quantitative skills and understanding of many of the government staff.
- The study included NGO respondents from only three municipalities and field samples cannot therefore in any way be taken as representative. The variability across municipalities (even within the same province) highlights the fact that findings regarding ECD support from local government cannot be extrapolated.
- The research focused mostly on centre-based ECD. This was because non centre-based activities were rare in the sites and because officials tended to associate ‘ECD’ with preschools, crèches and educare centres. This in itself is an important finding from the research.
- ECD practitioners who were interviewed were not always clear on the source of the funding they received. In particular, interviewees were frequently unable to distinguish the source of funding for training because of the involvement of multiple partners.
- ECD respondents also had difficulty providing accurate information on centres’ budgets, income and expenditure.
- Information on ECD centre funding was obtained primarily from the principal or founder of each of the centres and did not include interviews with parent committees which ECD centres are required to put in place in order to access state funding and which are often signatories to the bank accounts.

Structure of this report

The section that follows (chapter 3) presents a brief overview of relevant policies and laws governing ECD provision in South Africa. The report then goes on to describe budgeting processes and allocations relevant to ECD (chapter 4). Chapter 4 focuses on the four primary sources of funding, namely:

- the Department of Social Development
- the Department of Education
- the Expanded Public Works Programme
- the National Development Agency

The report then looks at each of these funding sources in turn (chapters 5 - 8), reviewing knowledge of and access to funding within the three case study sites and describing the factors that aid or inhibit fund access. Chapter 9 presents the findings of the research with regard to support provided by local government (district and local municipalities) to ECD services. The last chapter (chapter 10) presents conclusions and preliminary recommendations for consideration.
Government funding for early childhood development: Can those who need it get it?
There are numerous laws, policies, white papers and plans that govern the provision of ECD services in South Africa and that give effect to international and regional obligations to young children. Four of the most important of these are: (1) The White Paper on Early Childhood Development (2001); (2) the National Integrated Plan for ECD (2005-2010), currently under review; (3) the Children’s Act No. 38 of 2005 (and corresponding regulations and norms and standards); (4) The Norms and Standards for Grade R Funding (2008) in accordance with the South African Schools Act (1996).

The Department of Education’s White Paper 5 on ECD provides for the establishment of a national system for the Reception Year (Grade R) aimed at children aged 5-6 years. This paved the way for the integration of Grade R in ordinary public schools. The White Paper also requires the development of a strategic plan for intersectoral collaboration and targeted services and programmes for children under 5 years “that are appropriate, inclusive and integrated”. It calls for improvements to the quality of Pre-Grade R programmes, inclusion of health and nutrition, appropriate curricula as well as practitioner development and career pathing.

The National Integrated Plan for ECD (2005-2010) takes forward these provisions of White Paper 5. It focuses predominantly on addressing the needs of children aged 0-4 years, “in line with the international experience of targeting, in this case by age, as a key mechanism for dealing with the challenge of scarce resources” (p.8). The NIP extends well beyond centre-based ECD services, calling for an integrated approach to ECD with primary components of the plan located in a range of sites where children live and are cared for. These include homes, formal ECD centres, community childcare centres, informal ECD settings, prisons, child and youth care centres, and places of safety.

The Children’s Act (No 38 of 2005) defines ECD as “the process of emotional, cognitive, sensory, spiritual, moral, physical, social and communication development of children from birth to school-going age”. Like the NIP, the Act’s provisions for ECD focus predominantly on the 0-4 age cohort. Annexure B, Parts 1 and 2 of the regulations to the Children’s Act detail norms and standards for ECD facilities and programmes (these are discussed in more detail on page 40 under Step 1: Dual registration with DSD). Compliance with these norms and standards is a requirement for DSD registration and funding. There is however no obligation on the state to fund ECD services that meet the prescribed requirements of the norms - Section 93 of the Act states that the MEC for social development may, from money appropriated by the relevant provincial legislature, provide and fund early childhood development programmes for that province. The Act states further that ECD services should be prioritised:

- in communities where families lack the means of providing proper shelter, food and other basic necessities of life to their children
- to make early childhood development programmes available to children with disabilities
- to publically fund Grade R classes across the whole public schooling sys-
tem by 2010” (this period was subsequently extended). While the norms focus mainly on funding of Grade R in public schools, they also make provision for publicly funded Grade R in independent schools. The norms state that “in accordance with the proposals of Education White Paper 5, the state will fund Grade R in non-public institutions where there is a need for the piloting of new approaches or there is a need to reduce the distance travelled by poor Grade R learners between home and the institution” (p.18). No independent school has the right to receive public funding for Grade R unless the school has been explicitly targeted by the state to be part of a publicly funded programme. Registration as an independent school therefore does not guarantee state funding.

More detailed information on legal requirements for registration and funding for each government department is included in the relevant chapters.

Summary

In summary, ECD service providers offering services to children aged 0-4 years must register their services with the Department of Social Development, either only as an ECD programme (non-centre-based services), or as both a partial care facility and an ECD programme (ECD centres).

This is a legal requirement and it is also a prerequisite for accessing state funding. However, successful registration does not guarantee funding and there is no obligation on the MEC for Social Development to fund all registered ECD services in a province. ECD centres offering Grade R are not legally obliged to register with the Department of Basic Education but registration (as an independent school) is a prerequisite for accessing funding. However, as with DSD, successful registration with DoE does not guarantee funding.
Government funding for early childhood development: Can those who need it get it?
Government funding for early childhood development: Can those who need it get it?
This section briefly describes relevant aspects of the national and provincial budget processes.

The first point to note is the relative stability of the South African government budgeting process, which discourages major shifts from year to year. The stability is encouraged by use of a medium-term expenditure framework (MTEF). Using this approach, each year government agencies draw up budget estimates for three years – the immediate following year which will be voted on by the various legislatures, and the two following “outer years” of the MTEF. The outer years are not voted on and thus do not become law. However they constitute the basis on which the next year’s MTEF is built, with the assumption that any substantial deviations must be well motivated. The stability is good in that it allows for the smooth ongoing operation of government. It can, however, encourage continuation of less necessary expenditures and make it difficult to increase funds for new areas or those that have become more important.

A related point is the relative availability of government budget information in South Africa when compared to other countries. Indeed, in 2010 South Africa was rated first internationally on the International Budget Partnership’s Open Budget Index. One aspect of this availability is that the standard budget books tabled in the national and provincial legislatures provide budget estimates for a period of seven years.

In 2010 South Africa was rated first internationally on the International Budget Partnership’s Open Budget Index. One aspect of this availability is that the standard budget books tabled in the national and provincial legislatures provide budget estimates for a period of seven years.

The overwhelming bulk of ECD-related budget allocations are made at provincial level by the provincial DSD and DoE.

The first step in the overall budget allocation process (covering all spheres of government) is the National Treasury’s determination of how much revenue will be available and what level of deficit (excess of spending over revenue) or surplus (revenue exceeds surplus) should be targeted.

In cases where revenue is growing more than expected, there will then be more room for maneuver and “new” expenditure in the budgeting process. In cases where revenue is less than expected, National Treasury will want government agencies to propose cuts.

The first step in the process of provincial allocations is the determination of how the money available at national level will be split between the three spheres (national, provincial and local) in what is called the vertical division of revenue.

The next step is the determination of how the money within each sphere will be split between the entities in that sphere, that is between the provinces or municipalities.

Within both local and provincial spheres, this is done primarily through formulae that determine the “equitable share” of each entity. In the case of the provincial sphere, the variable with the largest weight in the formula relates to education. The equitable share formula does not include a variable related to social development and welfare. Instead, the poverty variable is meant to cater for this aspect of service delivery. In addition to their equitable share, each province will receive a range of conditional grants from various national departments that must be used for pre-specified purposes. The equitable share comes in a single “pot” of money for each province, and it is up to the province to decide how to allocate it between different departments.
The province is not obliged to follow the formula. In contrast, conditional grants must be spent on the purpose for which they are allocated.

The third step is therefore the determination by each province of how the available funds will be divided between the departments so as to stay within the “ceiling” for each province i.e. the total amount of money available.

Within a department a budget is drawn up by or for each directorate and sub-directorate, and these budgets are aggregated at departmental level. Within each department the chief financial officer needs to ensure that all the component allocations are within the budget ceiling specified for the department by the provincial treasury. Throughout these processes there will be a strong tendency to allocate in a similar way to how it was done in the previous year. Not doing so would usually mean that some staff’s jobs would be on the line and/or some activities cut.

It is against this background that the issue of budget “bids” arises. If additional funds are wanted for a particular activity such as ECD, a strong “bid” needs to be made by the relevant directorate, with a subsequent strong “bid” by the department to the provincial treasury.

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Sources of ECD funding

National and provincial funding of ECD by Department of Social Development

There are two main ways in which ECD can be funded by provincial DSD:

- The per child per day subsidy for registered ECD centres in respect of children aged 0-4 years whose caregivers pass the income means test.
- “Programme” funding for NPOs in respect of ECD programmes, for which organisations must typically apply using the general NPO funding application forms.

The applications could include funding for activities such as training and other support, or for home-and-community-based ECD. The types of expenditure to be subsidised would include ECD practitioner stipends, training, travel, venue, catering and management/supervision costs.

(Budlender, 2010a; 2010b).

Tracking ECD budget allocations within DSD

It is difficult to track the exact amounts allocated for ECD within DSD budgets. It is especially difficult in respect of non-centre-based budgets, but also difficult in respect of the centre subsidies which account for the bulk of the ECD funding.

Orgill (2010) quotes Biersteker’s observation that ECD subsidy budgets
more than doubled from R422 million in 2007/08 to R900 million in 2008/09. For this research a national official reported that the total subsidy amount had increased from just under R335 million in 2003/04 to more than a billion rand in 2011/12. This is a substantial increase given the fact that the general trend is for allocations for specific activities to increase only in line with inflation.

Across provinces the social welfare budget programme is composed of more or less standard sub-programmes. The overwhelming bulk of the funding for ECD – all the centre-based subsidies and most of the non-centre-based funding where it exists – falls under the Child Care and Protection Services Sub-Programme. Unfortunately there is no standard line item for ECD within this sub-programme. Nevertheless, over the last five years ECD is probably the most well reported service within the narrative parts of DSD’s vote. The mentions include some performance indicators and indications of allocations alongside affirmations of the importance of ECD. Unfortunately, however, the way ECD is reported differs across provinces and across years. The annual analysis by Budlender and Proudlock (2008, 2009, 2010) highlights these differences.

While the standard provincial DSD budget format does not specify a budget line item for ECD, it is possible to identify some ECD allocations in the tables that some provinces provide detailing transfers to NPOs. Unfortunately this is again done in different ways across the provinces. Further, some provinces do not include any tables detailing transfers while some that provide tables do not disaggregate in a way that allows identification of ECD.

Table 2 shows the transfers that can be identified as ECD-related in the 2011 provincial budget books. Unfortunately among our target provinces there is only information for the Eastern Cape. Mpumalanga is not included in the table as it lists each of the beneficiary organisations, of whom about 100 appear to be crèches or ECD centres.

Looking beyond the tabled budget books, Orgill (2010) obtained information from officials in the Western Cape and the Eastern Cape on ECD allocations. The data relate to earlier years but are nevertheless useful given the relative lack of more recent budget information. The data also illustrate the extent to which the two provinces have allocated funds for ECD beyond the additional bid-related amounts included in the provincial equitable shares for this purpose, which are referred to by Orgill as the “EPWP budget”.

Table 2. ECD-related transfers in 2011 budget books (R000s)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>EC ECD</td>
<td>615</td>
<td>85611</td>
<td>126684</td>
<td>148199</td>
<td>172260</td>
<td>177920</td>
<td>182633</td>
</tr>
<tr>
<td>FS Places of care (ECD)</td>
<td>40452</td>
<td>134876</td>
<td>136715</td>
<td>144234</td>
<td>134876</td>
<td>136715</td>
<td>144234</td>
</tr>
<tr>
<td>FS Educare Regional Training</td>
<td>259</td>
<td>273</td>
<td>302</td>
<td>332</td>
<td>349</td>
<td>368</td>
<td></td>
</tr>
<tr>
<td>FS Children-EPWP-ECD</td>
<td>2310</td>
<td>2406</td>
<td>10067</td>
<td>3879</td>
<td>4265</td>
<td>4478</td>
<td>4724</td>
</tr>
<tr>
<td>KZN ECD</td>
<td>111188</td>
<td>110951</td>
<td>168001</td>
<td>274391</td>
<td>289385</td>
<td>305841</td>
<td></td>
</tr>
<tr>
<td>NC Expansion of ECDs</td>
<td>23892</td>
<td>25240</td>
<td>26533</td>
<td>31309</td>
<td>36051</td>
<td>37017</td>
<td>39142</td>
</tr>
<tr>
<td>NC Projects Expansion of ECDs</td>
<td>2550</td>
<td>17432</td>
<td>19107</td>
<td>19754</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NC Projects Expansion of ECDs</td>
<td>730</td>
<td>739</td>
<td>780</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 3 and Table 4 are derived from Orgill’s tables. What is immediately apparent is that the Western Cape allocates substantially more than the Eastern Cape, despite the latter’s larger child population and larger proportion of children who would qualify in terms of the means test. Further, while the Western Cape allocations increase each year, the Eastern Cape amounts are smaller in 2009/10 than in 2008/09. What is also apparent is that the Western Cape allocates substantial money outside of the “EPWP” funds. Orgill notes that the EPWP budget alone is far from sufficient to cover the number of children subsidised. For example, covering the 55 399 children aged 0-4 years that the Western Cape government officials told Orgill they were subsidizing in 2009 would entail a cost of R131, 268 million, while the EPWP amount was R74, 551 million (Orgill seems to incorrectly compare this with the 2008/09 allocation). The result is the “squeezing out” of possible funding for non-centre based provision.

The National Treasury’s own records are a further source of information on ECD allocations. For the 2010/11 financial year the National Treasury requested DSD within each of the provinces to specify the amount allocated for ECD given that this was a national priority. The treasury did not specify if the amount was to include non-centre-based allocations or not. Further, because the request related to a “below the line” allocation, there was not a specified format for reporting. Not all provinces reported and two of those that did not were our target provinces of the North West and the Western Cape. Where provinces did report, they did so in different ways as shown in Table 5. Comparison of the 2010/11 amount for the Eastern Cape with that specified in Table 3 shows a small increase. In this table allocations increase each year for all provinces for which information is available.

**Funding beyond the centre-based subsidy**

The above discussion focuses primarily on funding for ECD centres. In all provinces the funding of centre-based ECD has always dominated. Indeed, some provinces have not allocated any programme (non-centre-based) funding for ECD. Even in the Western Cape, which has been among the forerunners in the funding of the programme, Streak and Norushe estimated that centre subsidies accounted for 97% of all ECD funding in 2007/08.

Budlender (2010b) found some evidence of programme funding for non-centre-based ECD in the Eastern Cape, KwaZulu-Natal, North West and Gauteng. Orgill (2010) was told by an Eastern Cape official that in 2008/09 the province funded five non-centre based projects at R211 994 per project, while in 2009/10 they planned to fund seven projects at R100 000 each. The annual analysis by Budlender and Proudlock (2008; 2009; 2010a) also records regular allocations by the Gauteng DSD for construction of ECD centres in poorer areas of the province. While this is still centre-based funding, it goes beyond the centre subsidies which account for almost all other centre-based allocations.

In addition, Budlender (2001c) notes that some non-centre-based ECD funding may be provided outside of the Child Care and Protection Sub-Programme of DSD. Thus, in some provinces Isibindi (a project of the National Association of Child and Youth Care Workers) receives programme

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**Table 3. Eastern Cape ECD budget allocations reported by official (R000s)**

<table>
<thead>
<tr>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECD EPWP budget</td>
<td>R78 330</td>
<td>R87 071</td>
</tr>
<tr>
<td>ECD 0-4 outside of EPWP budget</td>
<td>N/A</td>
<td>R4 755</td>
</tr>
</tbody>
</table>

**Table 4. Western Cape ECD budget allocations reported by official (R000s)**

<table>
<thead>
<tr>
<th>2007/08</th>
<th>2008/09</th>
<th>2009/10</th>
<th>2010/11</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECD EPWP budget</td>
<td>R31 020</td>
<td>R61 024</td>
<td>R74 551</td>
</tr>
<tr>
<td>ECD 0-4 outside of EPWP budget</td>
<td>R60 000</td>
<td>R73 569</td>
<td>R83 625</td>
</tr>
</tbody>
</table>

**Table 5. National priority allocations reported to National Treasury for 2011/12 (R000s)**

<table>
<thead>
<tr>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eastern Cape ECD</td>
<td>87466</td>
<td>91490</td>
</tr>
<tr>
<td>Free State Places of care (ECD)</td>
<td>148199</td>
<td>172260</td>
</tr>
<tr>
<td>Gauteng EPWP grant for social sector</td>
<td>1704</td>
<td></td>
</tr>
<tr>
<td>Mpumalanga Expansion of ECD</td>
<td>153900</td>
<td>162000</td>
</tr>
<tr>
<td>Northern Cape Expansion of ECD</td>
<td>43814</td>
<td>59867</td>
</tr>
</tbody>
</table>
Government funding for early childhood development: Can those who need it get it?

...funding in respect of some activities that could qualify as ECD that probably comes from the budget of DSD’s HIV and AIDS Sub-Programme. Beyond provincial DSD, the Western Cape’s Department of Health provides funding to the Parent Centre’s Home Visiting Programme and Philani for services that could be conceived as home-and-community-based ECD. This makes it very difficult to track funding for ECD programme activities but does not contradict the overall impression of very limited funding for these activities.

**Indicators**

National DSD’s 2011 budget vote has several references to ECD. Firstly, it names expansion of EPWP social sector programmes alongside increasing food security and HIV prevention as the items against which the Minister’s performance will be measured over the MTEF period. It also lists improving ECD among the high-level priority areas developed by the department. Under objectives and measures there is an item “expand access to early childhood development and partial care services for children in the 0-4 age cohort by March 2012.” This item is of limited use as it does not give a numeric target for the expansion.

However, some numbers are available in that two of the twelve performance indicators listed in the vote are relevant for our purposes, namely one relating to registered ECD sites on the national database and the other referring to efficiency in dealing with applications for NPO status (NPO certification is a requirement for DSD funding for ECD). Table 6 shows both past performance and targets for these indicators. The number of registered ECD sites is set to increase by 32% in 2011/12, followed by 10% and less than 1% respectively in the outer two years of the MTEF. The large increase in the first year probably reflects under-recording of centres on the national database rather than an extremely rapid increase in the number of registered sites in a single year. The fact that there is such a small increase for 2013/14 is worrying. Seven ECD-related indicators are included in the set of standard indicators proposed by National DSD in 2009 for provincial departments to report on their performance in non-financial terms. In 2010, the indicator set was changed and currently provincial departments are expected to report to the National Treasury only on the following ECD and partial care-related indicators:

- number of children in registered and funded partial care sites
- number of registered partial care sites operational
- number of children participating in ECD programmes

Provinces are not required to include the indicators in their budget books, but are meant to provide the information to the National Treasury. We could not obtain this information for the research as it seems that government is not confident enough about its reliability to make it available to the public.

<table>
<thead>
<tr>
<th>Table 6. Relevant performance indicators in national DSD budget vote for 2011/12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of registered ECD sites captured on the national database</td>
</tr>
<tr>
<td>TOTAL NUMBER OF REGISTERED ECD SITES</td>
</tr>
<tr>
<td>% of application for NPO status dealt with within 2 months</td>
</tr>
</tbody>
</table>

The large increase in the first year probably reflects under-recording of centres on the national database rather than an extremely rapid increase in the number of registered sites in a single year. The fact that there is such a small increase for 2013/14 is worrying.
Table 7: ECD-related indicators recorded in 2011 budget books

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EC: ECD</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>EC: Partial care services</strong></td>
<td>1247</td>
<td>1297</td>
<td>1347</td>
<td>1397</td>
</tr>
<tr>
<td><strong>GT: Children in registered &amp; funded NPO-managed ECD centres</strong></td>
<td>66244</td>
<td>70482</td>
<td>74710</td>
<td></td>
</tr>
<tr>
<td><strong>GT: Children in registered &amp; funded partial care sites</strong></td>
<td>66244</td>
<td>70482</td>
<td>74710</td>
<td></td>
</tr>
<tr>
<td><strong>GT: Jobs created through EPWP in ECD sector</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>KZN: Children in funded ECD programme</strong></td>
<td>77660</td>
<td>80493</td>
<td>84518</td>
<td></td>
</tr>
<tr>
<td><strong>KZN: Jobs created through EPWP in ECD programme</strong></td>
<td>551</td>
<td>579</td>
<td>608</td>
<td></td>
</tr>
<tr>
<td><strong>KZN: ECD practitioners employed at ECD sites</strong></td>
<td>7749</td>
<td>8136</td>
<td>8542</td>
<td></td>
</tr>
<tr>
<td><strong>LM: Children in funded ECD programme</strong></td>
<td>75000</td>
<td>63792</td>
<td>71184</td>
<td>84254</td>
</tr>
<tr>
<td><strong>LM: Jobs created through EPWP in ECD programme</strong></td>
<td>3200</td>
<td>3200</td>
<td>3300</td>
<td>3400</td>
</tr>
<tr>
<td><strong>NC: Children in funded ECD programme</strong></td>
<td>33240</td>
<td>33360</td>
<td>33480</td>
<td></td>
</tr>
<tr>
<td><strong>NC: Jobs created through EPWP in ECD programme</strong></td>
<td>50</td>
<td>75</td>
<td>100</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Provincial budgets for early childhood education programme (R1000)

<table>
<thead>
<tr>
<th></th>
<th>2009/10</th>
<th>2010/11</th>
<th>2011/12</th>
<th>2012/13</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Main approp</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eastern Cape</td>
<td>367316</td>
<td>307816</td>
<td>290486</td>
<td>528492</td>
</tr>
<tr>
<td>Free State</td>
<td>80555</td>
<td>82122</td>
<td>82122</td>
<td>95738</td>
</tr>
<tr>
<td>Gauteng</td>
<td>309146</td>
<td>280785</td>
<td>280785</td>
<td>557541</td>
</tr>
<tr>
<td>KwaZulu-Natal</td>
<td>336299</td>
<td>326704</td>
<td>264963</td>
<td>598678</td>
</tr>
<tr>
<td>Limpopo</td>
<td>228615</td>
<td>171515</td>
<td>144116</td>
<td>237423</td>
</tr>
<tr>
<td>Mpumalanga</td>
<td>96922</td>
<td>97922</td>
<td>97922</td>
<td>124553</td>
</tr>
<tr>
<td>Northern Cape</td>
<td>63350</td>
<td>58284</td>
<td>50337</td>
<td>47930</td>
</tr>
<tr>
<td>North West</td>
<td>193156</td>
<td>194503</td>
<td>194503</td>
<td>209020</td>
</tr>
<tr>
<td>Western Cape</td>
<td>313468</td>
<td>305489</td>
<td>305489</td>
<td>342657</td>
</tr>
<tr>
<td>Total</td>
<td>1988827</td>
<td>1825140</td>
<td>1710723</td>
<td>2742032</td>
</tr>
</tbody>
</table>

Table 7 contains the ECD-related indicators included in the budget books for 2011. Of the three target provinces, only the Eastern Cape lists ECD-related indicators (although these are done under an incorrect heading.) The province shows an increase of 50 centres per year, more or less in line with what was reported in the interviews with the EC officials. Limpopo shows a decrease in children covered followed by a subsequent increase. Gauteng seems to be counting the same children twice as being in both registered and funded ECD centres, and registered and funded partial care sites. Overall, the table confirms plans to increase the reach of centre-based ECD over the MTEF period.

National and provincial funding of ECD by Department of Basic Education

Funding for ECD from the provincial Departments of Education comes primarily through the following:

- Funding for Grade R in schools (not the focus of this research).
- Subsidies for community-based Grade R’s registered as ‘independent schools’ – this may take the form of a per child subsidy or a salary for a Grade R practitioner.
- Funding related to DoE’s responsibility for the educational programmes at ECD centres, for example funding of materials.
- Funding of training of practitioners for the younger age group (pre-Grade R), including payment of stipends to those on learnerships under the social sector EPWP (EPWP funding is discussed on page 28 under Expanded Public Works Programme).

Earlier in the decade a conditional grant was provided to the provincial DoEs in respect of ECD (principally for the expansion of Grade R). After the grant ended in 2004, provincial DoEs continued to provide for ECD on an expanded scale. This was encouraged by the addition of funds to the equitable share of each province noted above.
Unlike in DSD, the provincial DoE budgets have a distinct programme with several sub-programmes, devoted to ECD, making it simpler to track ECD allocations. However, the main focus of the programme is on Grade R. Table 8 shows the allocations for the early childhood education programme (including both Grade R and provision for younger children) in the 2010 budget books. The programme accounts for a small share of the overall provincial education budgets but the share has increased markedly over time. Budlender and Proudlock (2010b) note that by 2012/13 it was set to be 2,1% of the combined education budgets whereas in 2006/07 it accounted for only 0,7%.

Table 9 records allocations for the sub-programmes within the overall early childhood development programme that are relevant for this research for our three target provinces as reflected in the 2011 budget books. Sub-programme 7.1 is for Grade R in public schools and includes the funds used for EPWP training. In contrast, the Western Cape said that EPWP training was covered by sub-programme 7.3 Pre-Grade R, which consisted solely of EPWP money, but the Western Cape does not have this sub-programme.

The table includes a line for each province showing Grade R in community centres as a percentage of Grade R in public schools as well as a line showing the nominal annual increase for Grade R in community centres. These percentages aim to give a sense of whether provinces are reducing the reliance on community schools. The percentages give no indication of such a trend although they do show very different levels of relative support to Grade R in community centres across the three provinces.

The reasons for the sudden large increases predicted for Grade R in community centres in the Eastern Cape in 2013/14 and shown for 2011/12 for the North West are not explained in the budget books.
Grade R is very volatile. For 2010/11, as seen above, the adjusted amount was R57,057 million, the same as the original allocation. But the revised amount (i.e. how much is likely to be spent) was only R22,933 million. This year’s budget is even lower at R14,451 million.

Most provinces refer in the narrative of their budget books to the training provided to educators in terms of the various levels of the National Qualifications Framework and several note that the training is provided as part of the EPWP. The Free State details an amount of R5 million for training and payment of stipends for pre-Grade R practitioners alongside R52.6 million for expansion of Grade R. KwaZulu-Natal funds learners for a Bachelors of Education degree under this programme.

**Expanded Public Works Programme**

The Expanded Public Works Programme (EPWP) was introduced in 2004 as a five-year programme to create low-paid (and temporary) employment opportunities. In 2009 a further five-year EPWP II was introduced. The EPWP built on earlier public works programmes in South Africa but was the first one to introduce social sector public works.

In the first years (2004-2009), social sector EPWP focused on two areas, namely ECD and home-and-community-based care (HCBC). A social sector government official told Budlender (2009) that inclusion of the social sector in the EPWP was “opportunistic”. Those responsible for the EPWP felt that this would be a way of significantly increasing the number of beneficiaries who could be reported as having been reached by the EPWP. Those in the social sector saw this as a way of drawing attention to HCBC and ECD, both of which had been struggling for years to attract more resources. For ECD it was also seen as a way of taking forward the National Integrated Plan for ECD (NIP) referred to in chapter 3 previously.

The ECD EPWP encompassed two components:

1. increasing the number of registered ECD centres, the number of children subsidised by DSD, and the value of the per child subsidy
2. training of ECD practitioners, with a focus on provision for children aged 0-4 years

What is noteworthy is that neither of these components encompasses the usual meaning of job creation which was the initial intent of EPWP. This was in part the result of the fact that when the EPWP was introduced, NGOs argued that the sector’s immediate need was not for new employment creation but for accredited skills upgrading for those already in the sector. Government’s guidelines on implementation of the NIP suggest that the ECD EPWP was also intended to build ECD infrastructure so as to improve access, but this aspect is not mentioned in most other literature that discusses social sector EPWP.

For the EPWP as a whole, government did not envisage new funding flows in the first five years. Instead, it envisaged that existing government money would be used in labour-intensive ways so as to create additional jobs. This formulation made sense in relation to infrastructure but it was not as easy to conceptualise in the already labour-intensive social sector. Instead, provincial DSD started labelling existing ECD centre subsidies as EPWP, although this did not happen immediately, or for all provinces. Within the provincial departments of education, allocations were more easily identifiable in the funds allocated for payments to training providers and the stipends paid to learners. On Par and CASE’s (2007) research documents the confusion that existed in the KwaZulu-Natal province (particularly in the early years), but also in the Western Cape, as to how the funding was meant to work and the resultant shortfalls in implementation. Streak and Norushe’s interviews revealed that by December 2008 there had been no training under the EPWP ECD programme in Eastern Cape.

Although the ECD EPWP allocations are not always easily identifiable, new money did flow into ECD after it was identified as one of the APEX national priorities by the Mbeki government. However, until 2011 there was no conditional grant that could be used for EPWP ECD. Instead additional money was added to the equitable shares of each of the provinces. The additional amount provided nationally in respect of ECD was calculated on the basis of a national bid submitted by national DSD on behalf of the nine provinces which specified the envisaged expansion and amounts needed. Because the money was given as part of the equitable share, each province had discretion as to whether they allocated the money to ECD. However, the fact that the bid was drawn up jointly encouraged compliance, as did the generally good relationship between the National Treasury and the provincial treasuries. Overall, it seems that provinces did allocate the money to ECD, although sometimes it was not all allocated in the year in which it was added to the equitable share but only later.
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Notwithstanding the increases, both Eastern Cape and Western Cape DSD told Streak and Norushe (2007) that the insufficiency of the additional allocation meant that they had to choose between increasing the subsidy amount per child per day (the approach chosen by Eastern Cape) or keeping the subsidy lower but expanding the number of children funded (Western Cape’s choice). This trade-off was still at play at the time of the current research.

The additional EPWP funds were allocated for the first time in the 2006/07 budget, when an additional R4.2 billion allocation was announced for implementation of social sector EPWP (including both home and community-based care and ECD) for the three years of the MTEF. The publicly available documents did not specify how this amount was to be divided across the three years and between ECD and HCBC. Streak and Norushe’s (2007) research suggested that this might well have happened, for example in the Western Cape.

EPWP II commenced officially in April 2010. It was conceptualised as consisting of three broad categories of activity, namely:

- Work (such as ECD) that requires longer-term employment, service delivery to pre-defined standards and relatively high skill levels.
- Shorter-term project-based employment (such as infrastructure construction and rehabilitation and Working for Water) funded and managed by government but which could be delivered through contracted service providers.
- Programmes that are funded or co-funded, but not managed, by government. These would generally be managed by non-governmental and community-based organisations and focus on a specific locality or agreed area of service delivery.

The first two categories were a continuation of EPWP in the earlier years, but with the useful acknowledgment of the difference between ongoing and shorter-duration services. The third category was new. It consisted of two parts; the Community Works Programme and other non-state EPWP which is managed by the Independent Development Trust. The latter initiatives (CWP and IDT) are discussed in more detail in the sections that follow.

Despite the recognition of the difference between social sector ongoing services and areas such as infrastructure, in early March 2011 the official EPWP website still stated that one of the “key issues” that still needed to be resolved was “funding mechanisms for growing the sector, in particular how the sector would access the wage incentive or developing proposals for other complementary funding mechanisms.”

There were several important changes between the two phases of the EPWP that are relevant for ECD:

- The limit of 24 months participation in EPWP for individuals fell away. This change has not really made a difference in respect of ECD given that the stipends are paid in respect of training, which is of limited duration.
- The ministerial determination for public works programmes gazetted in November 2010 for the first time set a minimum stipend level. The minimum was specified as R60 per day, which many people translate, incorrectly, into R1 200 per month, but which should in fact be more than this for a standard month of 22 working days. While previous research suggested that there was limited
knowledge of the earlier determination, which did not have a minimum stipend level, the current research revealed quite widespread knowledge of the new determination and the minimum stipend. Several informants reported marked increases in payments to beneficiaries as a result of the determination.

- **Incentive grants were introduced.** These take the form of additional funds provided on a quarterly basis by the Department of Public Works to government entities that have created at least 35% of their target number of EPWP jobs. At least 80% of the grant must be used to pay stipends, while the remaining portion can be used for strengthening management of implementing agents. In the first year of EPWP II no incentive grants were provided in respect of DSD activities, but the provincial departments of education in Western Cape and North West qualified for the grant. Conditions attached to the incentive grant include that only opportunities for new people can be counted. This condition discourages continued employment of those who were employed the previous year as they cannot be counted twice. Given the ongoing nature of social sector work, the condition makes it difficult for DSD to claim the subsidy.

- The focus of EPWP ECD training was expanded beyond practitioners working with children in the 0-4 year age groups. From the interviews it was clear that this was an issue on which there were strong feelings both for and against, and probably different approaches across provinces. The decision to expand beyond 0-4 seems to have been motivated largely by the need to create more jobs and perhaps the recognition that the assumption that training would result in a job in the 0-4 year age group was mistaken. The need to create more jobs has also resulted in non-teaching staff such as gardeners and cooks being included as ECD job opportunities.

Even where incentives are not given, all entities implementing EPWP are meant to report on a quarterly basis to the Department of Public Works on the amount spent and number of job opportunities created by them. Table 10 lists the ECD-specific items included in the second quarter 2010 EPWP report of the Department of Public Works (2010). The information is meant to be cumulative for the first six months of the financial year. Examination of the table suggests that reporting to (and perhaps by) the Department of Public Works, which is the central coordinating agency for EPWP, is still of dubious quality. For example, there are entries in respect of only six of the nine provinces. Further, there is no entry for North West DSD. Almost all items

<table>
<thead>
<tr>
<th></th>
<th>Projects</th>
<th>Allocated</th>
<th>Expenditure</th>
<th>Work opportunities</th>
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</thead>
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<tr>
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<td>57,057,000</td>
<td>6,748,500</td>
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<td>491,568,000</td>
<td>80,640,000</td>
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<td>257,868</td>
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<td>FS – ECD DSD</td>
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<td>2</td>
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<td>162</td>
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</tbody>
</table>

*Note: DHSS is Department of Health and Social Security. The meaning of PSSL is not given in the Public Works report*
reflecting expenditure are well under half the amount allocated. However the report notes that the project budgets “are based on reports received” and some might span multiple financial years. The way this is expressed suggests that the Department of Public Works is not clear how many years each reported allocation covers. The meaning of a “project” in respect of EPWP ECD is also not clear. The table is not the only part of the report that seems unreliable. Elsewhere the percentage of women employed in social sector projects is reported as 129%.

**Community Works Programme**

The Community Works Programme (CWP) is a component of EPWP II. It merits separate discussion because it operates in a different way from standard EPWP. The CWP works on the basis of community-based rather than sector-specific projects. The communities are selected on poverty-related criteria. Within each selected community, community members decide what types of work are needed (for example, road building, school infrastructure or ECD) with the process currently managed by the two implementing agencies, TEBA and Seriti, or the sub-implementing agencies contracted by the implementing agencies.

The CWP was originally housed in the NPO Trade and Industrial Policy Strategies (TIPS), but as from April 2011 has been based in the Department of Cooperative Governance and Traditional Affairs. TIPS continues to provide support, including the management of an Innovation Fund which is currently funding research into how ECD is and can be supported by the CWP. The shift to COGTA seems to have caused some difficulties, including inadequate budgeting (see table below) and delays in establishing long-term contracts with the implementing agencies. These, in turn, can cause difficulties – and uncertainty – for those involved in the work lower down in the chain.

The allocation for the CWP is currently found with the Community Work Programme Budget Sub-Programme within the Infrastructure and Economic Development Programme of the Department of Cooperative Governance and Traditional Affairs. The 2011/12 budget vote of the department includes among the objectives and measures to: “Promote community development in the most marginalised communities by creating and maintaining public infrastructure through the community work programme to provide 63 630 new work opportunities by March 2012.” The table of selected performance indicators records 57 368 work opportunities for 2010/11, increasing to 57 368, to 63 170, 82 817 and 87 370 respectively over the next three years. However, an interviewee noted that the budget (and thus the indicators) was less than needed to support the approximately 100 000 community members who were already working on the CWP in May 2011.

Table 11 shows the CWP allocations in the Cooperative Governance and Traditional Affairs budget from 2009/10 through the MTEF period. The first row of estimates shows the total allocation for the sub-programme while the second records the “transfers to households”, which appear to be located within the sub-programme. The CWP rules specify that 65% of the money received by implementing agencies must be spent on stipends. Over and above the amount for the implementing agencies, 10% is allowed for the Department’s overheads. It thus seems that the transfers referred to in the table below represent the money that should reach beneficiaries. The increases for 2011/12 and 2012/13 are more than 30% in nominal terms, but this falls to 5% (expected inflation) in 2013/14. Further, as noted above, the amounts are less than is needed to support the numbers currently working on CWP.

The CWP cannot fund ECD centres directly. ECD-related activities can, however, be included in the work that is done by the community members. Examples of the types of ECD-related activities that can be supported through the CWP are provided in chapter 7. Where this happens within a centre setting, the CWP then indirectly subsidises the costs of the centre. In the case of

<table>
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<th>Table 11. Cooperative Governance and Traditional Affairs allocations for Community Works Programme in 2011/12 budget (Rm)</th>
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<td>Sub-programme</td>
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<tr>
<td>Sub-programme</td>
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<tr>
<td>Transfers</td>
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<tr>
<td>Transfers as % sub-programme</td>
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</table>
one EC ECD centre, CWP funds are also being used to pay part of practitioner salaries. This is possible as the CWP rules allow for 16 days per month of pay at a higher rate for “supervisors”.

Information provided by Shirin Motala on the basis of interviews in respect of different CWP sites and sub-sites reveals that of the 55 CWP sites and sub-sites identified across the nine provinces, 20 reported activities that could be included in a very broad definition of ECD-related activities. Within our three target provinces, 5 of the 17 Eastern Cape sites identified by Motala had such activities, all five of the North West sites in Motala’s review, and none of the two Western Cape sites.

**Non-state EPWP**

The Independent Development Trust (IDT) supports some of the government agencies, including DSD, to deliver on the EPWP funds within the agencies’ budgets. There was evidence of this in the NW site where the DSD channelled funds via the IDT to assist with infrastructure for ECD centres as part of the massification project.

The IDT also manages a separate pot of money for non-state sector EPWP. It was difficult to obtain information about the second aspect as there is virtually no information on it on the IDT website, although there is meant to be an open application process for the funding. An IDT official provided some information in a telephonic interview but did not follow up with the promised quantitative information despite repeated reminders.

The official reported that for the non-state sector, advertisements are placed in national newspapers and on radio in October or November in each year. The advertisement states criteria; such as that the applicant must be a registered NPO, must be tax exempt, and must either have existing work opportunities or a plan for creating them. Applications must be sent to regional offices which then recommend to national which organisations should be funded. If the proposals are accepted, the funding covers only wage costs. At the time of the interview (end May 2011), the IDT was still in the process of approving the recommendations sent through by provinces for this year’s funding as there had been a delay of a month in the process.

The official said that their information system differentiated between different areas of work and they would thus be able to say how many projects were funded and how much was allocated for a specific area such as ECD, HCBC or agriculture. The official offered to give the number of organisations funded and the total amount allocated in respect of ECD for the last financial year, but did not follow through with this information.

The National Development Agency (NDA) is funded from the national DSD budget. The amounts allocated for 2011/12 is R161.4 million, rising to R178.5 million in 2013/14. However, the original and adjusted appropriations for 2010/11 were only R83.5 million – far less than the R144.8 million adjusted appropriation of 2009/10. The 2010/11 budget book explains that this decrease was allocated because of the large cumulative reserves in their account. Expressed differently, the NDA had seriously under-spent on their budget.

Recent research by the Funding Practice Alliance (2010) suggests that the National Development Agency could be a source of government-related funding for ECD. The information should be treated with caution as the researchers were not able to obtain an interview and thus had to rely on available documents.

The NDA does not seem to have been a major funder of ECD in the past. However the strategic plan 2010-13 lists the following two points, both relating to ECD, as the first of five foci for the period:

1. **Build the capacity of Community Support Organisations (CSOs) to enable them to carry out development work effectively by building the institutional capacity of service delivery CSOs which are working with ECDs, rural development, poverty alleviation, vulnerable groups and cooperatives.**

2. **Grant funds to contribute towards the eradication of poverty by providing funding to CSOs to implement rural development projects, by providing targeted funding based on geographic, demographic and socio-economic profiles including ECD sites and projects working with vulnerable people.**

Further, among the “macro” factors identified as significant are the “President’s key proposed interventions on ECD, rural development and vulnerable groups.”

Less encouraging is the fact that the number of projects funded has stayed constant, or even declined, over the years.

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3 Personal communication
Government funding for early childhood development: Can those who need it get it?
Support provided by DSD

Subsidies in the sites

The DSD subsidy was introduced in terms of regulation 38 of the Child Care Act of 1983 and has increased steadily over time. It is calculated per child per day but is only available to ECD centres accommodating the poorest children between the ages of 0-4 years. In order to qualify for the subsidy for any particular child, ECD centres must demonstrate that the child qualifies in terms of an income based means test.

There were several differences in the way in which the subsidy was being implemented in each of the three research sites:

The means test: The means test takes into account the joint income of the child’s parents. The threshold for eligibility differed across provinces. In the North West for example the means test threshold was R1 800 per month, far lower than the Western Cape where registered ECD centres were eligible for the subsidy in respect of children whose combined parental income is up to R3 000 per month.

The amount of the subsidy: At the time of the research the subsidy amount was R12 per child per day in North West and Western Cape and R15 in Eastern Cape. The desire to support as many centres as possible lay behind the WC decision not to increase the subsidy beyond R12. In contrast, the EC’s decision to increase the subsidy amount to R15 per child in February 2011 has meant slower expansion.

The maximum number of days paid per annum: The subsidy is paid for a maximum number of days per annum per child. Within the three provinces for 2010/2011 the maximum days ranged from 171 days per year in the Eastern Cape to 264 in the Western Cape (this latter figure is considered the norm).

The breakdown in subsidy allocation: When first introduced, the subsidy was meant to help provide for nutrition and other basic needs of the children and was not intended for salaries. In practice, however, part of the subsidy was generally used to pay salaries of practitioners. In recent years, provinces have developed formulae that specify what proportions of the subsidy should be used for different purposes. In the Western Cape for example, 50% of the R12 subsidy is specified for nutrition, 30% for salaries and 20% for equipment. Eastern Cape specifies a 40-40-20 split in respect of nutrition, administration including stipends, and stimulation programmes. Both provinces report challenges with monitoring compliance with these formulae.

Monthly calculations: Another key difference across the research sites is the way in which the subsidy is calculated monthly. In the Eastern Cape the amount is calculated partly on the basis of number of registered children but mostly on the basis of actual attendance (a proportion of the subsidy is allocated to each). The amount paid to the Eastern Cape ECD centres therefore varies.
substantially between months despite the fact that core overheads (especially staff costs) remain fairly stable irrespective of rates of attendance. In contrast, ECD centres in the Western Cape receive the same amount every month as the subsidy is based on the number of children registered at the centre at the beginning of each school year, and monthly payments do not fluctuate with attendance.

The researchers attempted to collect data on the number of ECD centres receiving the DSD subsidy in each of the three case study sites, compared with the total number of ECD centres in existence. However, accurate information on unfunded centres is impossible to access given the fact that most of these are unregistered and there are no reliable mechanisms for tracking them. Even in the case of funded centres, the information that was provided by different sources was often inconsistent. Figures that are presented here should therefore be viewed as indicative rather than exact.

In the Eastern Cape, a DSD official reported that at the time of the research 52 ECD centres were receiving the DSD subsidy in Mbashe and at least double this number were not. The same official observed that progress to address this gap was slow. She cited as an example the fact that only four new ECD centres in Mbashe had been approved by the DSD for funding in 2010 and that these had first submitted their applications in 2006/2007. Despite approval, none of these centres had yet received funding as of April 2011.

In the Western Cape, DSD officials reported 136 registered ECD centres in the district, most of which were receiving the DSD subsidy. They also recorded 170 unregistered ECD centres, most of which were in the process of applying to be registered. According to a draft provincial ECD strategy (forthcoming), at the time of the research there were a total of 896 ECD facilities registered with and subsidised by the Department of Social Development in the Western Cape and approximately 1 700 unregistered, unfunded facilities.

The next sections look briefly at the other forms of support provided by DSD for early childhood development services in the sites before going into more detail about requirements and procedures for accessing the DSD subsidy on page 40.

**Infrastructure support**

Poor infrastructure was a key concern for most ECD centres and was an issue raised by officials involved in registering or monitoring ECD centres in the sites. The quality of infrastructure of the centres that participated in the research varied substantially but the majority was in need of repair or upgrading, with some described by research participants and researchers as hazardous to the health and safety of children.

In the North West province, the DSD launched the ‘Massification Project’ in 2010 specifically to provide infrastructural support, furniture, indoor and outdoor play equipment and educational toys to ECD centres. R15 million was channelled to approximately 250 ECD centres in early 2011. The funding was provided in the form of once-off grants to centres channelled via the Independent Development Trust.

In order to qualify for this funding, ECD centres had to be community-based and NPO registered, with priority given to centres located in nationally prioritised nodal points and provincially identified ‘deprived wards’. It was not a requirement that centres be registered with the Department of Social Development. In some instances, non-registered centres were specifically included in the programme so as to provide them with the support needed to meet the minimum
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The Ratlou municipality received R771 500 from the Massification Project, benefiting 28 ECD centres (the greatest number of centres supported through this project of all municipalities).

There was evidence in the Western Cape of planning for the Massification Project but there were no reports from research respondents indicating that the project had reached them. Infrastructure support for ECD centres in the WC site tended to come from the local municipality (see page 67 Stellenbosch local municipality), donors or other NGOs, eg. a local NGO supplied wendy houses as classrooms.

Seven of the ECD centres that were interviewed in the Eastern Cape reported receiving funding for infrastructure but none of this funding came from DSD. One was supported by a local businessman, one received funding from several large donor agencies, and five were funded by the National Development Agency (see page 65).

Training and capacity building

Under the new Children’s Act regulations (27a), a requirement for registration is that the applicant has a minimum of NQF level 1 training in ECD or an appropriate alternative ECD qualification or three years of experience implementing ECD programmes.

According to some respondents, the increased emphasis on training of ECD practitioners is the single most significant shift in ECD services over the past five years. Twenty eight of the 52 ECD centres in the sample had staff enrolled in NQF level 1, 4 or 5 training at the time of the research or reported that staff had recently completed NQF training or were due to begin training within the next few months.
Government funding for early childhood development: Can those who need it get it?
rolled in NQF level 1, 4 or 5 training at the time of the research or reported that staff had recently completed NQF training or were due to begin training within the next few months.

In North West and Western Cape sites the DSD is actively involved in training of ECD practitioners, often in collaboration with municipalities. In all three sites, the DSD also facilitates access for practitioners to training that is funded by the Department of Education (see page 54).

Programme funding

ECD services that are not centre-based may access financial support from DSD through programme funding. The need for greater support for non-centre based ECD services was noted by provincial officials in all three provinces.

The Western Cape cites as one of their ECD ‘successes’ having been able to subsidise some non-centre based programmes and the establishment of good collaboration with the more established ECD-related NPOs who focus on non-centre based provision. In 2010/11 the province funded five new resource centres or toy libraries. It is also supporting home visiting through the Foundation for Community Work’s Family in Focus Programme (as part of EPWP – see chapter 7) and the Early Learning Resource Unit’s family and community motivators. Programme funding is also being channelled via Grassroots Educare to support ‘informal’ playgroups of 6 or fewer children. These playgroups fall outside of the Children’s Act definition of a partial care facility and therefore do not qualify for the ECD subsidy. The funding from DSD includes an allocation of R5 per child to the playgroup facilitator for nutritional support for the children and funding is provided to Grassroots to monitor the playgroups.

There was also some evidence from the North West of an emerging investment in non-centre based ECD, with an emphasis on parenting programmes. DSD social workers (ECD co-ordinators) are being trained as master trainers on a national parenting programme and will in turn provide training on parenting skills to practitioners in ECD centres. A provincial co-ordinator explained the department’s intention to run “continual capacity building workshops in all the service points within the district”. The department has also recently entered into an agreement with Ilifa Labantwana (the group that commissioned this research) which will see the expansion of non-centre programmes in the North West.

In the Eastern Cape, provincial officials acknowledged that there has been very little progress with increasing DSD support for non-centre based ECD, but noted that there were NGOs providing these services. “They are there” commented one official, “but not funded from our money”.

Where DSD funding for non-centre based activities was reported, it tended to be piecemeal and focused on pilot projects in the Eastern Cape. There was, for example, a once-off allocation of R211 000 to assist a non-centre based programme in Imvezo, the birthplace of Nelson Mandela, during the 67 minutes annual programme. And in 2008/09 the DSD piloted seven non-centre based programmes but funding was stopped the following year due to budget cuts.

This bias towards centre-based support is evident in the indicators used by the EC DSD (and DSD more generally) to measure performance. The EC DSD’s annual report for 2009/10 includes a range of ECD performance measures for centre-based activities but only a single measure related to non-centre based activities i.e. “monitoring and support to five non-centre-based projects (parental programmes) benefiting 150 children”. The bias continues ‘on the ground’ where social workers at the interface with communities demonstrated a very narrow understanding of early childhood development. They equated ECD with preschools and crèches and when asked specifically about programmes that target young children outside of formal ECD centres, the researchers were informed that these kinds of activities “have nothing to do with ECD”.

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Accessing the DSD subsidy - requirements and processes

This section describes the requirements and processes for accessing the DSD subsidy. Ideally the provision of other forms of support for ECD centres, such as training and infrastructure, should be tailored towards assisting ECD centres to meet the requirements for the subsidy.

The requirements and procedures for accessing the DSD subsidy are complex. The process is explained below as a series of five steps although in practice these steps may not happen in the order presented here: (1) dual registration with DSD, (2) application for funding, (3) registration as supplier, (4) claims process and (5) transfer of funds and reporting.

In terms of the Children’s Act,

- **Partial care is defined** as being provided when a person, whether for or without reward, takes care of more than six children on behalf of their parents or care-givers during specific hours of the day or night, or for a temporary period, but excludes the care of a child in a school setting, hostel or hospital or medical facility.

- **An ECD programme is defined** as a programme structured within an early childhood development service to provide learning and support appropriate to the child’s developmental age and stage.

Stringent norms and standards for partial care and for ECD programmes are outlined in detail in Annexure B, Parts 1 and 2 of the regulations to the Children’s Act (and summarised in Table 12 opposite). The provider of an early childhood development programme only qualifies for government funding if they comply with the Act, its regulations and norms and standards, and “such other requirements as may be prescribed”.

In addition to these norms and standards, partial care registration requires that applicants adhere to structural safety, health and other requirements outlined in the by-laws of the municipality where the partial care facility is situated. Applications for registration of a partial care facility therefore have to include a report from a municipal Environmental Health Inspector.

The Children’s Act includes a set of 11 standard forms (numbers 11 to 21) to be used for the registration and review of partial care and ECD programmes. Forms 11 and 16 are completed by ECD service providers during the application process for centre registration. Each form also lists the supporting documents that are required for registration. As can be seen from Table 13 opposite, there is some overlap in requirements.

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4 S. 91 inserted by s. 4 of Act No. 41 of 2007.

5 An example of what may appear in relevant municipal by-laws can be found in the Municipal Health By-Laws of the Cape Winelands district Municipality. Chapter 5 of these by-laws is entitled “Child Care Facilities and Institutions”. The chapter prescribes structural and other requirements such as adequate ventilation, waterproofing of floors and ceilings, separate sickbays for ill children, minimum square meterage of space per child, toilet-to-child ratios, separate food preparation areas and fencing around outdoor play areas.
Table 12. Norms and standards for registration of ECD centres

<table>
<thead>
<tr>
<th>Norms and standards for partial care facilities include requirements for:</th>
</tr>
</thead>
<tbody>
<tr>
<td>A safe environment for children within the facility and while travelling to and from the facility.</td>
</tr>
<tr>
<td>Proper care for sick children or children who become ill.</td>
</tr>
<tr>
<td>Adequate space and ventilation in compliance with building standards.</td>
</tr>
<tr>
<td>Access to safe drinking water.</td>
</tr>
<tr>
<td>Hygienic and adequate toilet facilities, including one potty for every child under the age of 3 years, and one toilet for every 20 children aged 3-6 years.</td>
</tr>
<tr>
<td>Access to refuse disposal.</td>
</tr>
<tr>
<td>Hygienic area for food preparation, including cooling facilities and covered containers.</td>
</tr>
<tr>
<td>Measures for the separation of children of different age groups.</td>
</tr>
<tr>
<td>Action plans for emergency situations.</td>
</tr>
<tr>
<td>Norms and standards for ECD programmes include requirements for:</td>
</tr>
<tr>
<td>Appropriate developmental opportunities delivered by staff trained in ECD programmes, basic health care and first aid.</td>
</tr>
<tr>
<td>Programmes aimed at helping children to realise their full potential and ensuring positive social behaviour.</td>
</tr>
<tr>
<td>Minimum staff - child ratios of:</td>
</tr>
<tr>
<td>1:6 for children between the ages one month and 18 months, plus an assistant</td>
</tr>
<tr>
<td>1:12 for children between the ages 18 months and three years, plus an assistant</td>
</tr>
<tr>
<td>1:20 for children between the ages three and four years, plus an assistant</td>
</tr>
<tr>
<td>1:30 for children between the ages five and six years, plus an assistant</td>
</tr>
<tr>
<td>Respect for and nurturing of the culture, spirit, dignity, individuality, language and development of each child, including assistance with birth registration.</td>
</tr>
<tr>
<td>Programmes which meet the emotional, cognitive, sensory, spiritual, moral, physical, social and communication development needs of children, including support to caregivers and household visits.</td>
</tr>
</tbody>
</table>

Table 13. Supporting documents to be submitted with each application for registration

<table>
<thead>
<tr>
<th>Registration as partial care facility (form 11)</th>
<th>Registration of ECD programme (form 16)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proof of relevant staff qualifications</td>
<td>Staff composition and proof of skills</td>
</tr>
<tr>
<td>A report by a social service professional on the viability of the application</td>
<td>Overview of ECD programme</td>
</tr>
<tr>
<td>A business plan</td>
<td></td>
</tr>
<tr>
<td>A constitution</td>
<td>Implementation plan for ECD programme</td>
</tr>
<tr>
<td>Original copy of approved building plans or plans submitted for approval</td>
<td></td>
</tr>
<tr>
<td>Emergency plan</td>
<td>Clearance certificate that name of applicant does not appear on National Register for Sex Offenders</td>
</tr>
<tr>
<td>Clearance certificate that the name of the applicant and all staff members do not appear in the National Register for Sex Offenders</td>
<td></td>
</tr>
</tbody>
</table>
This dual registration process is not a once-off requirement. In order to retain their funding, ECD centres are required to re-register as a partial care facility every five years, and all early childhood development programmes must be subjected to assessment and monitoring (every two years). This assessment must be followed by a full report and development plan that must be submitted to the Provincial Head of Social Development and the management of the Early Childhood Development Programme.

The research highlighted a lot of confusion on the part of ECD service providers as well as some government officials, particularly in the EC, about registration requirements. This issue is discussed in greater detail on page 44.

Step 2: Application for funding

While procedures for registration are fairly standardised nationally, the processes and forms for fund application differ between provinces. Further, in the case of the Eastern Cape, various respondents gave different information on the list of supporting documents which are required for fund application. Common documents required by the three provinces were:

- Partial Care registration and ECD programme registration (step 1)
- business plan and budget
- details and ID copies of management committee members
- NPO certificate – requiring registration with the NPO Directorate (an entirely separate registration process in itself. Challenges with this are described on page 48 under NPO certificate)
- bank account in the name of the centre, with names and ID numbers of signatories from the community
- daily menu and educational programme

The Western Cape was the only one of the three provinces that made use of a standard funding application form.

In order to avoid a situation where new centres have to wait a full year for funding, the WC Department of Social Development has agreed to accept new ECD applications on a quarterly basis. The Eastern Cape DSD only accepts new applications for funding once a year (November) for consideration for the following financial year.

In the Western Cape and North West decisions as to who to fund are taken at provincial level. The Eastern Cape decision making process is more complicated. In the EC provincial DSD provides district offices with a ‘quota’ for how many new ECD centre applications to submit each year. The quota includes information on geographic spread, with an emphasis on drawing applicants from ‘poverty pockets’ or ‘nodal points’. District managers are therefore expected to do their own assessment of applications and make recommendations within the limits of their quota. An EC district official explained how they “get together” with stakeholders from the municipality, go through the files “and decide which ones to submit” to the province while trying to maintain a good balance between the three geographic areas that make up Amathole. The final decision on which of these shortlisted projects to fund is then taken at provincial level. Decision-making processes in the Eastern Cape are reportedly slow and even once the decision is taken to fund a new centre, initiation of funding can be further delayed. According to EC officials, applications approved in 2010 were first submitted in 2006 and while approval for funding was finally granted at the end of 2010, at the time of the interview (April 2011) no funds had yet been transferred to the centres.

District Officials from the EC expressed deep frustration with many aspects of the decision-making process. They explained that the planning process involves community members, and through these consultative processes expectations are raised. “It is very painful” commented one official “when you take fire from people whereas I don’t control the funding. They were toyi-toying – but Bisho responds late, and Bisho doesn’t fund”.

Step 3: Registration as supplier

In order to receive funds from the state, service providers must also register as a supplier with the Department of Social Development. The supplier application form for the EC details the supporting documents that are required, copies of which must be certified. Documents include:

- company registration documents
- ID documents of all directors/members/owners/signatories
- a VAT certificate where applicable
- income Tax Certificate
- any other registration certificate pertaining to the relevant industry
- an original cancelled cheque or an original bank verification letter
- an income tax clearance certificate (when exempted from paying tax)

According to officials in the EC, ECD centres applying for registration as a supplier also need to produce a certi-
fied copy of their NPO certificate and the certificate cannot have been issued more than 12 months previously.

In the Eastern Cape and North West, this supplier application process runs parallel to the funding application process, in order to “avoid any delays if funding is approved”. All ECD centres wishing to apply for funding must therefore complete this process whether or not their funding application is successful. In the Western Cape, ECD centres are only required to apply for a supplier number once funding is approved.

**Step 4: Claims process**

Once ECD centres have been approved for receipt of the DSD subsidy and have obtained their supplier number, they need to submit monthly claim forms.

In the Western Cape, ECD centres submit ‘Schedule A’ at the beginning of each year (as described above), providing information on each child in the centre who qualifies for a subsidy (joint parental income of less than R3000 per month). Service providers are required to collect and file supporting documents (such as birth certificates and proof of income) but they are not expected to submit these to the province unless requested as part of verification processes. The province uses the information on Schedule A to calculate the subsidy amount to be paid to centres per annum and this amount is transferred in equal tranches on a monthly basis. ECD centres are required to submit monthly claim forms (Schedule B) with updates on child enrolment and attendance, even though this information does not appear to be used to calculate the subsidy amount. In contrast, in both the North West and Eastern Cape, DSD subsidy amounts fluctuate monthly, depending on attendance figures for that month.

In North West the ECD centres are required to submit an income and expenditure report for the month, an invoice, a monthly claim form and register of attendance by the 25th of each month. Some practitioners report having to travel 220 km to and from the provincial DSD offices in Mafeking to submit their claim forms and invoices each month.

A similar process happens in the Eastern Cape where centres are required to complete claim forms at the district office on the last day of each month. This is at least 1.5 hour drive each way from the case study site. The DSD administrator who processes the claims explained that it was necessary for each centre to send an individual in person “in case there are any queries”. Each centre is provided with a print out of their claim form which contains the name, ID number, gender, race, and birth date of every child registered on the system for that centre. The claimant is required to manually add information on:

- the number of days each child attended for the month
- information on joint parental income for each child
- number of dependents in the family
- information on any grants received by the family

Supporting documents attached to each month’s claim form include a copy of the centre’s attendance register, a breakdown of monthly expenditure, a summary of DSD subsidies received per month for the year to date (with an official stamp and signature from the centre) and a copy of the latest bank statement for the centre. The payment amount is then calculated on the basis of attendance figures.

The process of adding an additional child to the subsidy list requires that ECD practitioners provide:

- proof of income of parents – this can be a payslip, an affidavit, a SASSA printout, or a confirmation letter from the local municipality or a headman
- ID copies of parents
- birth certificate of the child

Most of the ECD practitioners in the sites did not seem to understand exactly how the subsidy was calculated and, certainly in the Eastern Cape and North West, they were not able to predict from month to month how much subsidy would be received. Practitioners in these two sites complained that calculation of subsidy based on attendance was “not always logical” because costs were incurred by the centre whether or not they had full attendance of learners. Furthermore practitioners said that while the DSD only paid a subsidy in respect of children who qualified in terms of a means test, the centre was not able to charge other, non-qualifying children a different fee rate to those who were subsidised (because of resistance from parents). And the centre could not practically prevent these other children from sharing in the nutrition programme.

The maximum number of children for which a centre can claim is the number for which they are registered (in terms of step 1 previously). Many respondents commented on the fact that
ECD centres generally accommodate more children than they are registered for, particularly in rural areas. Furthermore, several respondents mentioned that once a centre receives DSD funding it is able to improve its services and hence attracts more children. Respondents reported that it is difficult for ECD practitioners or social workers to enforce the registration quotas in areas where the demand for ECD outweighs the number of registered places available. This points to the need for better planning of ECD provisioning at provincial and district levels.

Step 5: Transfer of funds and reporting

Once claim forms are submitted for a particular month, the subsidy transfer takes place retrospectively and funds are deposited directly into the bank account of the ECD centre, ostensibly before the end of the following month.

The Western Cape respondents were generally happy with the transfer of funds although several mentioned delays in fund transfer at the beginning of the financial year and one centre reported not receiving their subsidy for six months. There could, however, be more complaints in the future as a provincial official said that the rules had changed and if transfer payment agreements had not been signed within three months, centres would not get further payments.

The Eastern Cape respondents also reported occasional delays in the transfer of funds but pointed out that when this happened, ECD centres were back paid for outstanding amounts.

Payment delays were also reported in North West, compounded last year by the transition to a new payment system.

Factors aiding and inhibiting access to DSD funding

The research identified the following issues as aiding or inhibiting access to DSD funding for ECD centres in the three research sites:

- knowledge of funding
- knowledge of registration requirements and processes
- the registration backlog
- the norms and standards
- rezoning requirements
- environmental health inspectors
- DSD capacity and conditions of work
- clearance certificates
- NPO certificates
- attitudes towards ECD practitioners

Each of these is dealt with briefly in this section.

Knowledge of funding

ECD service providers were asked an open-ended question about what funding sources they know about for ECD centres. Table 14 below shows the funding sources mentioned by ECD practitioners in the three provinces.

Table 14. Funding sources mentioned by ECD practitioners

<table>
<thead>
<tr>
<th>Funding source</th>
<th>EC</th>
<th>NW</th>
<th>WC</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Social Development</td>
<td>10</td>
<td>16</td>
<td>15</td>
</tr>
<tr>
<td>Department of Education</td>
<td>1</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td>IDT</td>
<td></td>
<td>13</td>
<td>1</td>
</tr>
<tr>
<td>Municipality / Local Government</td>
<td>1</td>
<td>1</td>
<td>14</td>
</tr>
<tr>
<td>Community chest</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Other non-governmental institutions</td>
<td>4</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>NDA</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>EPWP</td>
<td>1</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>Lottery</td>
<td></td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>SETA</td>
<td>2</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Eskom</td>
<td></td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Department of Health</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>University</td>
<td></td>
<td></td>
<td>1</td>
</tr>
</tbody>
</table>
ECD services. As can be seen from the Table 14, the funding source most frequently mentioned across all three sites was the Department of Social Development. This finding is corroborated by Van der Berg et al (2010).

When asked about the source of their information on ECD funding, Eastern Cape respondents cited other ECD centres as their primary source. They expressed frustration with the lack of information provided by the DSD on funding that is available.

In contrast, ECD practitioners in the North West cited the DSD as the main source of information on funding. However, they raised concerns that social workers were not able to provide information on funding available from outside of the DSD.

Information sources mentioned by practitioners in the Western Cape were much more varied and included other centres, DSD officials, ECD Forums, NGOs, municipality and the media. The varied responses from WC respondents is probably related to the fact that these centres were urban-based and hence had access to a greater range of information sources.

In some instances, ECD practitioners in the sites had heard mention of other sources of funding but were not aware of requirements or processes for accessing these funds. In the North West for example, several respondents asked for more information on how IDT funding works. They complained that the criteria for eligibility were not well defined and that decision-making processes were not transparent.

Interviews with government officials confirmed that officials themselves were not well informed about the range of funding sources for ECD within different government departments and were therefore not in a position to share accurate information with ECD service providers. Some DSD officials were not even clear about the funds available within their own department.

Across the sites, the lack of communication infrastructure and technology such as computers, faxes, printers and access to internet and electricity makes it difficult for ECD centres (particularly in the rural and informal areas) to engage with potential funders in the public and private sectors.

Knowledge of registration requirements and processes

ECD practitioners in the research sites were asked if and why they thought it was important to register their ECD centre with the Department of Social Development. The most frequent response to this question was that registration was necessary for accessing government funding. A few practitioners (and these were mostly in the Western Cape) mentioned the fact that registration is a legal requirement.

DSD officials across the three sites were aware of the new Children’s Act and knew that it included provisions relevant to ECD but many officials were unclear about actual processes and requirements for ECD registration and funding.

In the Eastern Cape for example officials were still making use of old Child Care Act forms for registration (entitled: “Application for registration of places of care” in terms of Child Care Act 74 of 1983). When asked about ‘partial care’ registration, one official explained that this was not a requirement for ECD registration. This same official described his job as being “to ensure that legislation is implemented adequately and all people are empowered through workshops and information about the children’s act and national norms and standards for implementation in ECD”.

The principal of one Eastern Cape ECD centre explained how when she initially phoned social workers to enquire about registration she was told that the DSD did not register ECD centres that received donor funding. Aware of her legal obligation to register her service and conscious of the need for government funding to ensure sustainability, she pursued the matter. For months she was unable to get access to the registration forms and after eventually completing and submitting the forms that she had been given by the DSD she was told that the department had mistakenly given her the wrong forms and she needed to start the registration process from scratch.

Many ECD practitioners in the EC also confused NPO registration with ECD registration. In addition, ECD service providers across the sites were confused about the dual registration process (partial care and ECD programme) and were unclear about requirements for renewal of registration.

In the North West and Western Cape, officials described activities underway to address information gaps and to raise awareness of registration requirements and processes amongst service providers. In both these provinces training workshops were reportedly held with service providers in collaboration with local government. Officials described using community meetings, public libraries, radio and media slots to share information with the public. In 2010, as part of their registration drive,
the Western Cape also contracted established NGOs to support ECD centres with registration. These support teams included ECD assistants (EPWP trainees) who were assigned specific geographical areas. More efforts like these are clearly needed.

ECD Forums were in existence in each of the case study sites, including representatives from both registered and unregistered ECD centres. While levels of activity varied, these forums do offer a potentially useful avenue for facilitating access to information and funding for ECD services.

Registration backlog

Implementation of the Children’s Act began in April 2010 making it illegal for any ECD centre to operate without being registered with the DSD. The complicated processes involved in registration and the large numbers of historically unregistered facilities have resulted in bottlenecks and backlogs.

In the Western Cape, the then MEC for Social Development issued a press statement in February 2011 to the effect that unregistered centres would be forced to close if no application for registration was received from them by the 31st July 2011. Reports from the province indicate that at the time of the research there were an estimated 1 700 unregistered ECD centres in the province with “more coming onto the books every day”. Officials explained that ECD centres that were started prior to 1 February 2011 were not required to meet all the criteria for registration immediately and could be granted conditional registration if basic minimum standards were met and there was evidence of progress towards full compliance. However, any ECD centres established since February 2011 would not be allowed to operate at all until fully registered.

In the Eastern Cape, according to a provincial official the DSD registered 37 new ECD centres in the province in 2009/10 and 150 in 2010/11. The department could not provide updated figures on how many centres were currently registered but had started to develop a database. In the three areas that make up Mbashe Local Municipality (Elliottdale, Willovale and Dutywa) one official reported that she knew of at least 101 unregistered centres as of 2010, some of which had been in operation since the 1990s. Many of the centres currently receiving funding from the DSD are not yet registered with the department. As a result, officials explained that they are unable to register any new centres wanting to apply for funding until they have registered all the centres that are already being funded.

In the North West, officials reported approximately 980 registered ECD centres across the province, of which 133 were newly registered in 2010. Despite progress with registration, over 1 600 ECD centres remain to be registered. Within Ratlou Local Municipality where the research was conducted 25 of the 74 ECD centres on the DSD database are unregistered.

A Western Cape official explained that because of the backlog in registration, the department could not keep up with renewals. As a result they were anticipating that many ECD programme registrations would lapse. The department had taken the decision not to penalise ECD centres for this and to continue paying their subsidies. It is not clear whether the same leniency will be applied in other provinces.

The norms and standards

Officials who were familiar with the norms and standards for partial care facilities and for ECD programmes felt that these were positive provisions towards which all ECD centres should aspire but that it was unrealistic to expect most ECD centres to comply with the norms from the outset.

An Eastern Cape official expressed her concerns over the fact that ECD centres that do not comply are being threatened with closure. “They [the DSD] are arguing to close ECD centres because they don’t meet the requirements of the Act because their infrastructure is lopsided. But people are not responsible for the lopsidedness of resource distribution and they are rendering very important services”.

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hazardous for children. Officials noted that it was almost impossible to follow through on these threats because of community pressure. Instead of closing non-compliant centres, the Department refuses to register them, making it difficult for these centres to access the resources they need in order to bring infrastructure and services on par with norms and standards.

Carter et al (2009) in their study of 21 ECD centres in the Western Cape noted similarly the “catch 22” situation that some centres found themselves in, whereby they could not afford to upgrade their centres to meet the health standards required but would have been able to do so if they received the subsidy. There was a suggestion from a service provider in the Western Cape that government “kick-start ECD service provision” to enable newly established centres to register. In this respect municipalities can play an important role (see chapter 9).

Another challenge with the norms and standards is that of the prescribed staff: child ratios. Most of the centres involved in this research would be disqualified from registration simply on the basis of these ratios. The majority of unfunded ECD centres in the research sites relied on school fees as their primary source of income and this was insufficient to employ the numbers of staff needed to meet the requirements of the norms. The amount of fees charged amongst Eastern Cape ECD centres ranged from R5 to R75 per month per child. In the North West site, the fees ranged from R20 to R60 per month per child and in the Western Cape the range was R120 to over R600. Despite these relatively small amounts (especially in NW and EC), respondents reported that some caregivers were still reluctant or unable to pay.

While well-intentioned, the norms and standards as currently implemented could be seen to be prejudicing those centres serving the poorest communities and hence reinforcing inequalities in early childhood care and education. As one respondent from an NGO noted “We find that poor children are always playing catch up because poor services are usually found in poor communities”.

Rezoning

A draft WC ECD policy document notes that “the historical neglect of this sector has resulted in parents and communities taking responsibility for much of the ECD provision and as a result many facilities are in community buildings (53%) or based at home in backyard structures (28%)”.

The findings of this research were similar. Of the 52 ECD centres that made up the research sample for this study, 26 provided their services on community owned land, 7 operated from church buildings, only 4 were occupying premises owned by government (eg. schools or local government land) and 15 operated from private premises - either their own or a space rented from another individual. According to the Department of Social Development, ECD centres operating on land that is zoned as residential need to apply for rezoning as one step in the registration process. There are numerous challenges with this, including time delays and financial costs (an application for rezoning in the Stellenbosch area cost R1 700 plus the expense – up to R5 000 - of advertising the intention to rezone). A representative from the Stellenbosch Local Municipality also explained that many of the ECD centres housed in informal areas did not have approved building plans and that this also held up the rezoning process. At the time of the research the municipality was investigating ways of addressing these problems, in consultation with the Department of Social Development and other stakeholders. Given the delays with zoning, the WC DSD had agreed to proceed with conditional registration for eligible centres that could at least show evidence of having started the process of rezoning.

Environmental health inspectors

As noted earlier, registration of an ECD centre cannot proceed without an inspection report from the environmental health inspector (EHI).

Interviews with inspectors highlighted inadequate resources and capacity to do this work as a common concern, particularly in the two rural sites. In Mbashe, the inspectors responsible for conducting environmental health assessments did not have a vehicle at their disposal and neither of them possessed a driver’s license. “There are so many jobs [to do]” explained one of the inspectors, “but we sit with our arms folded because we don’t have a car”.

In the Eastern Cape site, the EHI was not allowed to conduct a site inspection without a social worker also being present. The social worker responsible for ECD registrations in the area also only has sporadic access to a vehicle and needs to negotiate car access, her schedule and that of the EHI to arrange for site visits to ECD centres. The challenges associated with this were evident during the two weeks of the field research where two planned inspections to a preschool were cancelled.

Distances between ECD sites in rural areas make it extremely difficult for inspectors to keep up with the demand for inspection visits. The inspector from the North West site explained: “I travel over 400 km to get to the other side [of the municipality]. This is the distance between north and south of the municipality. And I travel this distance alone. It’s not just for ECD, but I have other responsibilities”.

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Even in the more urban and better resourced Western Cape, there were reports of delays in getting health inspection reports for ECD registration and re-registration.

The rigour and value of environmental health assessments varied across sites. An EC environmental health inspector informed the researchers that she is not aware of any norms or standards for ECD centres. When asked on what basis she determines the adequacy of services, she responded by saying “I just have this information in my head from school”.

In contrast, inspectors in the WC site were very particular about the municipal by-laws that governed their work. One respondent from an NGO expressed frustration at what he called “an obsession with the rigid application of the norms”. “It is frustrating that there are service providers offering lovely programmes, but the officials responsible for inspection are ignorant of what makes a good programme. They apply the by-laws and norms and standards rigidly, but not in an intelligent manner. We need to be looking at the quality of the programme, not the quality of the structure”. The respondent recommended a slight relaxation of the norms and standards, and suggested that they should be granting conditional registration to services where the programmes are of a good quality, but which fail to meet infrastructural requirements.

DSD capacity and conditions of work

While some social workers involved in the research had access to their own car, computers, faxes, phones and comfortable office space, others were forced to work in appalling conditions. Insufficient and unreliable transport, cramped and crowded offices, intermittent access to fax, computer and email and inadequate storage or filing facilities make it almost impossible for even the most well-intentioned social worker to function effectively. In the rural sites in particular, social workers are required to cover vast distances and in many instances demarcation of wards and districts is such that the ECD centres for which they are responsible may not be the ones closest to their office. Not surprisingly, social workers in these areas struggle to be proactive about identifying and assisting unregistered or unfunded ECD centres or even to follow up on requests for assistance.

In the rural sites in particular, social workers are required to cover vast distances and in many instances demarcation of wards and districts is such that the ECD centres for which they are responsible may not be the ones closest to their office. Not surprisingly, social workers in these areas struggle to be proactive about identifying and assisting unregistered or unfunded ECD centres or even to follow up on requests for assistance.

Clearance certificate

As mentioned earlier, one of the supporting documents required for registration of a partial care facility is a clearance certificate confirming that the name of the applicant and the names of all staff members do not appear in the National Register for Sex Offenders.

In terms of this provision, staff and volunteers at ECD centres need to submit their details to be checked against the register. A couple of research respondents commented about delays in obtaining feedback on the register. However, the fact that so few respondents raised this issue suggests that the clearance certificate requirement is not being widely applied. The value of this process at this point is also questionable given a recent report in Business Day (August 2011) that there is only one name on the register at present.

NPO certificate

Unlike the clearance certificate, there were numerous complaints about challenges with obtaining an NPO certificate. As noted earlier, ECD centres must have NPO status in order to apply for the DSD subsidy.

In the Eastern Cape, the researchers were told (incorrectly) by respondents at all levels that NPO certification had to be renewed annually. An official explained that centres cannot sub-
mit supplier application forms to the Department without a valid NPO certificate and certificates are only considered ‘valid’ for a period of one year. This misinformation requires urgent redress as it places a completely unnecessary additional burden on ECD service providers to submit new applications every year, along with certified copies of all supporting documents. This process is also likely to have created an additional burden on the NPO directorate as they receive multiple applications from the same organization for NPO certification when in fact this is a once-off process.

While this particular issue was unique to the EC site, respondents in the other sites also noted NPO certification challenges. They mentioned delays in NPO certification which held up applications for funding and complained about the complete lack of response from the NPO directorate and the directorate’s failure to communicate the outcome of applications.

Importantly, delays in obtaining NPO registration impact access to all funding not just the DSD subsidy. ECD service providers are unable to apply for funds from public or private sources until they have received their NPO certificate.

**Attitudes towards ECD practitioners**

Comments made by respondents during the course of the interviews suggest reluctance on the part of some officials to register and fund ECD centres. Two primary reasons emerged:

**The first of these is the belief amongst officials that ECD centres are ‘mushrooming overnight’ with the implication being that many of these centres were unnecessary.**

The dates of establishment of the centres in our study do suggest an increase in the number of newly established ECD centres over the past five years although three of the centres that started up between 2006 and 2010 were in fact centres that had been in operation earlier and had closed temporarily.

However, in most instances the rural ECD centres in the study were the only ECD services available to communities within walking distance and there were only three reports, from the North West site, of centres ‘competing’ with one another for children. In the WC site there was a much higher density of ECD centres but even here there were reports of many more young children still not being accommodated within ECD services in the area.

Furthermore, when asked to describe any changes with regards ECD over the past years, ECD practitioners noted an increase in demand for ECD services. Practitioners who had experienced increased enrolment cited the following reasons:

- An increase in awareness amongst caregivers of the importance of early childhood development.
- The introduction of a nutrition programme at the centre.
- Improvements in infrastructure or disillusionment with the quality of Grade R in the local school.

Two ECD centres in the EC reported that their enrolment figures had increased because other ECD centres in the surrounding villages had been forced to close for lack of funding. Both of these centres reported having waiting lists of children who could not be accommodated.

The second primary reason for the apparent reluctance on the part of officials to register new ECD centres is the belief that they are being established as money-making ventures. One of the common threads in interviews with government officials is a degree of suspicion levelled at ECD service providers.

In the Eastern Cape there was a strong resistance on the part of officials to register any ECD centre operating on private land because this was perceived as enriching an individual. In response to this, one research participant noted that, “Home-based centres are completely discarded from the system of funding in Mbashe Municipality! The effort and passion projected by these women, some of whom have decided to offer their home space for the development of children in their communities, is completely ignored and devalued!”.

The reality on the ground is that most ECD centres generate very little income for the individuals who run them and in some instances may even deplete household income. One woman (from the WC) explained how she used her disability grant to buy food for her ECD centre and another two (in the WC and EC) described how they raised income through a second job to cover the costs of the centre. There were also several examples in the sites of ECD centres closing down because of lack of resources. Most of the ECD practitioners who were interviewed were unable to provide accurate information on income and expenditure in their centres but rough calculations by the researchers, based on reported fees and numbers of children in attendance indicate that most of these centres are barely covering costs. Carter et al’s (2009) costing research, based on data collected from 21 ECD centres in the Western Cape, found similarly that the DSD subsidy did not cover even the minimum staff ratios at low salaries. Van der Berg et al (2010), in their study of 318 registered community-based facilities noted that overall, total expenditure per child exceeded total income per child.
Government funding for early childhood development: Can those who need it get it?
Support available from DoE

Salaries and subsidies for Grade R in community ECD centres

Van der Berg et al (2010) note that of the 300 registered community-based ECD facilities in their sample that offered Grade R, only 40% received DoE funding. Their study found that while DSD funding for ECD was clearly skewed towards poorer communities, DoE funding for community-based ECD was not.

In the three case study sites in this research, officials and ECD service providers reported a perceived downsizing of financial support for Grade R in community ECD centres, with an emphasis instead on supporting Grade R within ordinary public schools. Officials quoted White Paper 5 which states that 80% of Grade R funding should be directed at public ordinary schools, with 20% to independent schools.

Of the 52 ECD centres included in the research sample, all offered Pre-Grade R but only 17 offered Grade R, or at least accommodated children of Grade R age (5-6 year old children). These included three of the 14 centres sampled in the Western Cape, five of the 20 in the North West sample and nine of the 18 ECD centres in the Eastern Cape.

None of the nine sampled ECD centres in the Eastern Cape that offered Grade R were receiving a subsidy from the Department of Education for their Grade R learners or their Grade R practitioner’s salary. According to a provincial education official, there are only 20 PED funded posts for Grade R in community-based ECD centres in the whole of the province. At district level, PED officials insisted that the department does not fund community-based Grade Rs. As one explained, “all 5 year olds must be in school. The Department said they must be there. Preschools are for under 5 years – and they belong to Social Development.”

In the North West, the number of PED-subsidised Grade R practitioner’s posts at community centres declined from 258 in 2010 (which was up from 223 in 2009) to 229 in 2011. R3 000 per month is paid to practitioners handling 25 or more learners.

Of the five sampled ECD centres in the North West that were offering Grade R at the time of the research, only one reported that they were currently receiving funding from the PED. Two had never received support from the Department and the other two reported that their Grade R subsidy was stopped in 2009 because their Grade R enrolment had dropped below 25 learners. Two other ECD centres in the North West sample reported that they had stopped offering Grade R in 2009 when their funding was stopped.

Information provided by a district education official suggests that the situation in Ratlou is not representative of the district as a whole. According to this official, there are about 53 community-based centres offering Grade R in the district and the Department of Education still provides subsidies to about 60% (33) of these. NW officials reported however that their process of incorporating community-based Grade R into primary schools (started in 2007) was not yet complete and that there would be “an official handover” from DSD in 2014.

Van der Berg et al (2010) note that of the 300 registered community-based ECD facilities in their sample that offered Grade R, only 40% received DoE funding. Their study found that while DSD funding for ECD was clearly skewed towards poorer communities, DoE funding for community-based ECD was not.
Of the three Western Cape centres in the sample that offered Grade R, one reported that the department paid their Grade R practitioner’s salary. The other two received no PED funding. One of these two reported their intention to register their Grade R programme with the PED in order to try obtain the subsidy. The second centre said they had been unsuccessful in registering with the Department and had since come to an agreement with a local primary school that they run the Grade R service on behalf of the school, as the school does not have sufficient facilities to accommodate the numbers of children. The ECD centre does not however receive any financial support from the department for these services and the centre’s lack of resources is a cause of tension between the centre and the school.

WCED officials reported that at the time of the research, the Department of Education was providing funding for 80 community Grade R posts in the province. Within the Cape Winelands Education District, the department supports 24 independent community Grade R centres. Fifteen of these receive the per learner subsidy and the other nine have funded PED posts. However, the WCED has placed a moratorium on all new Grade R posts at community-based ECD centres because of the decision to incorporate Grade R into the formal schooling system. A PED official explained that if any of the teachers at these community Grade R centres leave their posts, the post automatically falls away. Those centres that qualify can then revert to the alternative funding option – the per capita learner subsidy.

The amount of the per capita learner subsidy is based on the number of learners enrolled in Grade R at the centre (using data collected through the 10th day survey) and the quintile ranking of the school. ECD centres are categorised in quintiles in line with the public ordinary schools closest to them (the process does not assess parental income, as DSD does). The subsidy amount ranges from R5 per child per day for Quintile 5 to R17 per child per day for Quintile 1 schools (serving the poorest communities) and is paid in respect of 200 school days per annum. The Western Cape PED stipulates that 80% of the subsidy be allocated to salaries and 20% to equipment and running costs. A WCED official explained that this formula translates into a practitioner subsidy of between “about R4 200 and R8 400 per month”. In theory, centres must have a minimum of 20 Grade R children to qualify for the subsidy (and a maximum of 35 learners per class) but a WC PED official explained that she has motivated for the subsidy for rural centres with as few as six children.

In summary, of the 17 centres that offered Grade R across the three case study sites, only six reported having ever received funding for Grade R from the Department of Education and only two of these were still receiving Grade R funding at the time of the research, one in the NW and one in the WC. The remaining four (all in the NW) reported that their DoE funding was stopped in 2009. Despite the termination of funding, two of the centres still offered Grade R. The other two stopped offering their Grade R program after funding was withdrawn.

These findings seem to support the comments made by respondents that less funding than before is being channelled to community Grade Rs. However, an analysis of budget trends between 2007/08 and 2013/14 (presented on page 20) presents a slightly different picture. Table 15 below shows provincial allocation to Grade R in community centres as a percentage of Grade R in public schools. Provincial allocations to community-based Grade Rs did decline between 2007/08 and 2009 in the EC and the WC but since then have remained pretty constant across the three provinces.

The discussion and table above reflect disparities between Provincial Education Departments in terms of their support for Grade R in community-based ECD centres. The percentages in the table below show very different levels of
relative support to Grade R in community centres across the three provinces, ranging from 1% in EC to 32% in WC in the current financial year. Furthermore, the amount paid to Grade R practitioners is supposed to be R5 000 per month but according to a national DoE official, “most provinces don’t pay that”. This variability was evident in the sites where practitioners received from R3 000 (NW) to over R8 000 (WC) per month from PED funding. PEDs also differ in their requirements regarding the minimum number of learners necessary in order to qualify for education funding. These inequalities require redress.

Funding of training for ECD practitioners

There was strong evidence from the research that training is reaching many ECD centres across the provinces. When respondents from ECD centres were asked to describe any changes to ECD services in their area over the past five years, the most common response was the increased availability of training for ECD practitioners. At least 36 of the 52 centres reported their staff receiving training in the past year from a range of sources. This included all 14 of the WC centres, half (nine) of the 18 EC centres and 14 of the 20 NW centres.

As noted previously, with the introduction of the social sector EPWP (described on page 28), PEDs became responsible for funding the training of ECD practitioners working with Pre-Grade R children (aged 0-4 years) in ECD centres, including payment of stipends to those on learnerships.

In the Eastern Cape a PED official explained that her department recruits new trainees annually. The decision as to how many people to train is calculated on the basis of the available budget and the fees charged by the training service provider. Quotas are allocated to the different districts according to the size of the district, and district coordinators then advertise the opportunities in district offices and through stakeholder meetings.

The estimated cost for the service provider to train a practitioner at NQF level 4 is R14 000 (over 12 months). Service providers are currently selected via a tender process, although the department is investigating the use of FET colleges or universities. In addition to the R14 000 to the service provider per learner, the Department of Education pays a stipend of R650 per month for each learner. Payments are made in two six-monthly tranches of R3900 each. The amount of the stipend has remained constant since the EPWP training commenced (2006/07). The stipend is intended to cover transport and accommodation costs for the trainee but it is paid into the account of the ECD centre. This is reportedly problematic for two reasons. Firstly, most of the centres receive no regular subsidy from DSD or DoE and therefore many do not have bank accounts. Secondly, for those centres that do have accounts there were reports from several respondents that community signatories were reluctant to release the money to practitioners, wanting to keep it instead for the centre.

In order for their staff to qualify for the training, ECD centres in the Eastern Cape also have to be part of the ECD forums. DoE officials provided conflicting information as to whether centres had to be registered with DSD in order to qualify for training. It is possible that this is an ‘official’ requirement but one which is overlooked because, as one official noted “they are battling with registration”.

In 2008 there were 1 000 ECD trainees in the Eastern Cape at NQF level 1, of whom 952 graduated. In 2009 there were 750 at level 4 of whom 720 graduated. At the time of the interview, there were 700 trainees.

In the North West, the numbers trained or to be trained at NQF level 4 and 5 over the period 2009/10 and 2011/12 are as follows:

- 2009/10 – 312 Practitioners on NQF Level 4; 230 Practitioners on NQF Level 5
- 2010/11 – 700 Practitioners on NQF Level 4; 320 practitioners on NQF level 5
- 2011/12 – 388 Practitioners on NQF Level 4; 260 practitioners on NQF level 5.

FET (Further Education and Training) colleges in the North West serve as service providers for the training in the province and are also responsible for administration of the stipend. The stipend currently stands at R1 200 per month (the same as the Western Cape), having increased from an initial R650 to R1 000 in recent years, and to the current level in response to the ministerial determination. The stipend is paid per attendance as the

Once again, information from the three provinces highlights provincial inequities in terms of training reach and learner stipends. The Western Cape and North West provide learners with a stipend almost double that of the Eastern Cape (R1 200 vs R650). This is particularly problematic given that the stipend is intended to cover travel and accommodation costs and rural trainees are more likely to have to travel greater distances to training venues and remain overnight than their urban counterparts.
perceived purpose is to cover transport to the training venue, meals during the training period and stationery.

In the Western Cape, NPOs and FET colleges trained two batches of 1 500 and 900 learners respectively in the first year of the EPWP (2006/07). As from 2007/08, the Department has used six FET colleges as training providers, four of which partner with NGOs for this purpose.

At the time of the interview there were 4 440 level 4 and 5 learners being trained in the Western Cape. For 2011/12 the WCED has also received R8 million from National Treasury as an incentive grant (these are additional funds provided on a quarterly basis to government entities that have created at least 35% of their target number of EPWP jobs). The province plans to use some of this money to train ECD assistants rather than full-fledged practitioners. An intake of unemployed Grade 9 dropouts in respect of the incentive grant was planned for May 2011.

Once again, information from the three provinces highlights provincial inequities in terms of training reach and learner stipends. The Western Cape and North West provide learners with a stipend almost double that of the Eastern Cape (R1 200 vs R650). This is particularly problematic given that the stipend is intended to cover travel and accommodation costs and rural trainees are more likely to have to travel greater distances to training venues and remain overnight than their urban counterparts. Even where training is provided at district level (as reported for the Eastern Cape), distances are substantial. The second disparity is in the number of learners reached. In the North West and Eastern Cape, only 648 and 700 learners respectively are currently registered for NQF level 4 and 5, versus 4 440 learners in the Western Cape.

In the Eastern Cape site, there were complaints from ECD practitioners about training being indefinitely postponed. The first reason that had been given by DoE for the delay was the unavailability of a suitable training service provider, mirroring the information from an interview with an official that said that the current tender had ended. After the second postponement however, practitioners were informed that budget constraints within the department meant that enrollment of learners would only resume in the new financial year.

Other support provided by DoE to community-based ECD

There were reports from respondents in all three provinces of Provincial Education Departments providing some support in the form of equipment or educational materials to Grade R classes located in ECD centres although respondents noted that this kind of support from Education had reduced in recent years with the move to locate Grade Rs in public ordinary schools. An official from the North West commented that while he would like to provide community-based centres with more materials, “this is seen as a conflict of interest since we are busy moving Grade Rs into the public primary schools”.

A Western Cape official explained that if community Grade Rs aligned themselves with public ordinary schools (something she called the ‘satellite model’) they would get the additional benefits currently provided to school-based Grade Rs. This model would require the centre fall under the administrative and financial management of the school. She said however her attempts to promote this amongst community Grade Rs had not succeeded because of what she perceived as reluctance on the part of ECD centres “to relinquish their autonomy”.

Accessing DOE funding

Prescribed requirements and procedures

In order to qualify for DoE funding for Grade R, ECD centres offering Grade R must first be registered with the Department of Education. A Western Cape official explained that prior to 2009 community-based ECD centres were being funded by the Department of Education without this requirement. This changed in 2009 when national norms and standards for Grade R funding required PEDs to ensure that all community-based sites funded by the state are registered with the department. These norms only make provision for two categories of registration - public and independent schools. Community-based sites must register as an independent school to qualify for funding.

As with DSD, registration with DoE presents a barrier to accessing funding. There were no efforts in place in the sites to promote the registration of community-based Grade R services because of the bias towards promoting Grade R in public schools. Respondents provided contradictory information on registration requirements and processes and in some instances officials made it clear that they actively discouraged registration of these centres.

According to the national norms and standards for Grade R funding, community-based sites may apply for registration as independent schools and PEDs are required to amend their criteria for the registration of independent schools in order to make this possible. An example of the amended registration criteria was available from the WCED. In summary6:

- No independent Grade R class can be registered if it is within a radius of...

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6 Regulation 2 of the Regulations promulgated in terms of the Western Cape Provincial School Education Act, 1997 (Act 12 of 1997); a WCED circular entitled “Guidelines for Registration of independent schools to cater for registration of community-based sites as independent schools”; the Guidelines for ECD (2006) and in “The early childhood development procedural draft discussion document”
Centres that qualify are required to complete a standard application form “for registration of a community based site as an independent school”. Supporting documents that need to be submitted with the application include:

- A copy of the centre’s constitution, admission policy, curriculum
- Lease contract or proof of ownership of buildings
- Proof of educator’s qualifications
- Health certificate or report from local government
- Proof of registration with DSD
- Examined financial statements
- Governance information

The application is received by the education circuit manager in the area. A district official then conducts a site inspection and forwards a recommendation to the Chief Education Specialist for the district. If approved, the application needs to be signed by the District Director. From there, the application goes to the province where an EMIS number is issued to the centre and information is loaded on all children in Grade R.

As mentioned however, registration as an independent school does not necessarily qualify the ECD centre for DoE funding. Only registered centres that satisfy the conditions of eligibility may apply for DoE funding. These are outlined in paragraph 176 of the National Norms and Standards for School Funding, which states that an independent school may be considered for subsidy if it:

- Has been operational for one full school year.
- Is a registered non-profit organization in terms of the NPO Act No. 71 of 1997.
- Is managed successfully according to a management checklist determined by the PED.
- Agrees to unannounced inspection visits by officials of the PED or person duly authorised by the PED.
- Has not been established in direct competition with a nearby uncrowded public school.

Officials in the sites added that funding is only made available for Grade R learners turning five by June or six by December of the year of enrolment and centres must have a minimum number of children within this age group in order to receive DoE funding.

Claims and transfers

Payment of the stipend for funded Grade R practitioners at community ECD centres is made either directly to the practitioner via the PERSAL system or into the account of the centre. In the latter case, respondents reported challenges with account signatories (usually community members on the ‘governing body’). A North West education official explained that “the purpose of the grant is to benefit the practitioner – it is meant as an incentive for the practitioner. We have meetings with the practitioners – to say that the centre should be giving you this and this and this” but “the use of the money is between the centre and the practitioner and we don’t get involved”.

In the case of the per capita learner subsidies paid to some community-based ECD centres in the Western Cape, officials reported that funds were transferred twice a year, the same as for public ordinary schools. The first tranche is paid in May (to cover costs in terms two and three) and the second in November (to cover costs of terms four and one). At the end of each quarter, centres have to submit ‘claim forms’, income and expenditure reports and a copy of the attendance register to the WCED. ECD centres are also required to submit an audited financial statement by May of each year but an official informed us that centres seldom do this and the requirement is not enforced.

Subsidised centres falling within the no-fee quintiles (quintiles 1-3) are not
Several factors may make it necessary or preferable for parents to send their 5-6 year old children to a community Grade R as opposed to a school-based class. These factors may include travel distance, quality of education and the fact that ECD centres offer after-care facilities as part of their programmes whereas schools frequently do not.

Challenges associated with DoE funding

As with the DSD processes, the lack of accessible information on the funds available from PEDs for community-based Grade Rs and the mechanisms and requirements for accessing these funds constitute a barrier to fund access. This poor information dissemination is partly a symptom of the reluctance of education officials to register new community Grade Rs. An official from the NW commented that “the process of incorporating Grade Rs into public primary schools is still unfolding, and this impacts on ... how much effort we put into raising awareness”. The department’s emphasis is clearly focused on getting schools to establish Grade R classes. A Western Cape official confirmed this by saying that her performance target is set in relation to registration of new Grade R classes at primary schools. She said she met her target last year by registering 30 new classes. Over the same period, she had not registered any community-based Grade Rs. She made it clear that “we are not expanding independent schools so we would rather they register with Social Development”.

This is cause for concern given that several factors may make it necessary or preferable for parents to send their 5-6 year old children to a community Grade R as opposed to a school-based class. These factors may include travel distance, quality of education and the fact that ECD centres offer after-care facilities as part of their programmes whereas schools frequently do not. The DSD clearly sees children aged 5 years and older as falling outside of their ECD responsibilities. The failure of the DoE to register community-based Grade R classes means that these children are left unsupported and the services unmonitored. It further places a burden on ECD centres to accommodate, and facilitate the care and development of these children without any support from the State.

The requirement that centres have a minimum number of Grade R learners to qualify for any DoE funding is also problematic. While some DoE officials pointed out that this number can be reduced in rural areas, this leniency was not being consistently applied. ECD practitioners reported that their greatest costs were associated with Grade R provision and yet they received no funding in respect of these children. Any income that centres receive from DSD for children aged 0-4 years inevitably gets used to cover the costs of providing education and nutrition to all the children at the centre, including the older children. One North West ECD centre had 18 Grade Rs but was not able to receive DoE funding for their Grade R practitioner because of the requirement that the minimum number of learners be 25 per class. These children could not be denied access to the feeding programme and therefore drained centre resources.

Internal inefficiencies within PEDs also emerged as an issue impacting the ability of the department to handle applications and process claims. As an example, district education officials in the Eastern Cape complained that they had been without a computer, fax or printer for the past 15 months due to technical challenges. Respondents from the Eastern Cape who had attempted to register their Grade R services with the PED described “being sent from pillar to post” naming lists of persons within the Department whom they had contacted for assistance. They reported frustration at unanswered phones, messages that were never responded to and circular referrals.

Another concern raised by respondents is the fact that while children in school-based Grade R benefit from the
primary school nutrition programme, community-based Grade Rs do not. Further, ECD centres are expressly prohibited from using the DoE per learner subsidy for feeding. Practitioners in the North West reported that some caregivers did not send their children to ECD centres because they were not in a position to provide the children with a packed lunch. This point was made to emphasise the importance of providing nutrition as part of the daily programme within centres. As it currently stands, if DoE funds Grade R children and DSD funds 0-4 year olds in the same facility, the 0-4’s would qualify for a state-funded meal via DSD but the Grade R’s would not qualify for a DoE funded meal. Van der Berg et al (2010) reports that 25% of the 178 registered community-based ECD centres in their sample which offered both Pre-Grade R and Grade R services received funding from both departments and would therefore have found themselves in this predicament.

Poor alignment between the DoE and DSD subsidies were also evident in the fact that children turning five at DSD funded ECD centres are no longer eligible for the DSD subsidy and only become eligible for the DoE subsidy in the year they turn six. Several ECD practitioners complained about this, saying that children aged five years who were not yet ready to enter Grade R fell through a funding gap and were not accommodated within funding provisions of either department. An Eastern Cape DSD official confirmed that “if children turn five, we stop the funding”. A respondent in the North West noted that children aged four turning five were going to Grade R in public schools because of this funding gap. There were also reports in the Eastern Cape from ECD practitioners of children being removed from the DSD “funding register” the month following their fourth birthday, but this could not be verified.

In the Western Cape, a DSD official explained that if older children (5 - 6 years) are enrolled in a DSD funded ECD centre and they do not receive funding from DoE, the DSD may currently include them in the subsidy register. However, this is shifting and her department “wanted to move full responsibility for Grade R funding from DSD to DoE”. Officials from both departments noted that there had been instances where both DSD and DoE were providing a subsidy in respect of the same children within an ECD centre but that this issue had largely been addressed.

The research also highlights several challenges with the current approach to DoE funding for the training of practitioners.

An education official explained that a fundamental flaw with the emphasis on training ECD practitioners for the 0-4 age cohort is that they cannot then access paid jobs with these skills. For the duration of the training the learners receive a monthly stipend but once training ends, the stipend stops and ECD centres can often not afford to remunerate practitioners at the same level. The research identified several repercussions. Firstly, availability of a stipend while training creates an incentive for practitioners to keep training. One official noted that “people move around where the stipends are, even moving from level 4 back to level 1”. The other alternative for practitioners who attain NQF level 4 is to move out of the 0-4 age group and apply for teaching positions for Grade R in public schools where salaries are funded by the Department of Education. The interviews for this research confirmed the phenomenon of trainees going on to teach Grade R rather than “practising” their skills with 0-4 year olds. “They [ECD practitioners] become professionals and then they move to Grade R” noted one official.

At least two PED officials spoke about this ‘train and drain’ phenomenon as a mechanism for ensuring a steady supply of qualified practitioners to sustain the expansion of Grade R in public ordinary schools.

DSD officials were less enthusiastic about this. One official expressed her dismay at the inequity between DSD and DoE in remuneration for practitioners. “ECD teachers are exploited because they are not paid”. She added that, “they must be given a stipend. They are expected to deliver a service … But how can you … if you are not recognised and costs are not covered? Government should match resources for Grade R and preschools”. Respondents commented that the current system meant that the quality of ECD services for the youngest children was compromised as the better trained practitioners are lured into teaching posts for older children.

In the Eastern Cape site, the payment of stipends to practitioners while training had also resulted in the closure of several ECD centres. One respondent explained that 20 new ECD practitioners from her area had recently completed NQF level 4 training. When the training was completed and the stipend stopped, “the community could not or would not pay the teachers the equivalent stipend … and so a few preschools closed down. Parents complained that they hadn’t had to pay fees last year when the teachers were in training and now they won’t pay”.
7 Expanded Public Works Programme in the sites

As explained earlier, funding is available for ECD services via the EPWP programme. A large proportion of this funding is allocated to training of ECD practitioners (this is discussed on page 37 under Training and capacity building, and so is not dealt with here). One cannot however assume that all money allocated to ECD activities via EPWP is “new” as some of these activities may originally have been funded from elsewhere but have simply been re-labelled as EPWP “opportunities” for reasons explained on page 29.

The Western Cape currently reports to EPWP on numbers employed and money allocated for two ECD-related initiatives. Firstly, the earmarked money is used to fund grassroots to employ 200 ECD assistants located at the various DSD offices. The assistants receive a monthly stipend of R1 200 plus additional amounts of R150 for transport and R50 for telephone access. Almost all the ECD practitioners who were interviewed in the Western Cape site mentioned the assistant assigned to their area by name and commented on the important role that they play in helping them to register. The second EPWP initiative reported by Western Cape is the stipend provided to fieldworkers in the Foundation for Community Work’s Family in Focus Programme. The programme employs 254 community workers who visit farms and homes and spend time with family members and caregivers in order to transfer knowledge and skills on child development. In support of the home-visiting programme, they have a mobile van which goes into communities regularly, equipped with tool-kits and toys which caregivers and children can use.

EPWP funding is also available via the Community Works Programme. As explained on page 28 the Community Works Programme is a component of EPWP II and pays a stipend to community members for work on projects that address identified community needs. A presentation from a CWP Innovation workshop held in June 2011 records a range of ECD-related interventions supported via the CW programme, including:

• provision of food to ECD centres
• developing and maintaining food gardens for ECD centres
• landscaping of gardens and playgrounds
• building repairs and maintenance
• construction of toilets and playground equipment
• purchasing of equipment
• provision of cooks, administration workers, cleaners and ECD assistants

A CWP manual (2011)8 entitled “teacher aid equipment for crèches, foundation schools and early childhood development” describes in more detail the range of possible support available to ECD centres via the programme.

There was evidence of CWP support to ECD in the Eastern Cape research site and at least one of the ECD centres in the EC sample benefited directly from the programme, with several others benefitting indirectly. The director of the first centre explained that CWP funds are used to subsidise their ECD teachers’ salaries (permissible as long as the employee earns less than R3 500 per month) to pay a gardener and security guard, to cover maintenance costs, and to provide training. Learners who attend the training are paid a stipend via CWP and the centre has been

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8 Appears to have been developed by the Department of Co-operative Government and Traditional Leadership although this was not clear from the copied document which the researchers received.
able to extend the offer of training to teachers from three other ECD centres and to several community members who were interested in becoming ECD practitioners. The interviewee commented that apart from the funding available via the CWP there were additional ad hoc benefits to being part of the programme. As an example she said they had recently been offered excellent educational kits and they were able to obtain enough kits to supply several other ECD centres in neighbouring villages.

The reason that this ECD centre is able to access these resources is that they are part of a larger NGO that has been contracted to assist with the management and implementation of the Community Work Programme in the area. Taking on responsibility for implementation requires substantial institutional capacity which would be beyond the scope of most ECD centres. The interviewee noted that the programme is “very complicated” requiring high level administrative expertise. This is compounded by the fact that it is not easy to access information on processes and there is no orientation process for newcomers. There are numerous forms which need to be completed and submitted monthly necessitating access to email, fax machine and scanner. Implementing organisations also require a reasonable cash flow to accommodate the time lapse between cash outlay and reimbursement.

Aside from these practical hurdles, the respondent noted that their contract as a sub-implementing agency is short term (between two and six months at a time) and renewable with no guarantees. As such they have concerns that their CWP funding could create dependency within the community without any long term security - “this is especially problematic for ECD because it’s not like fixing holes in a road”. Motala (2011) notes further that inclusion of ECD in the CWP might encourage the idea that ECD employment should be low-wage and could also undermine the quality of ECD services if provided by untrained CWP workers.

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8 CWP Innovation workshop

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Government funding for early childhood development: Can those who need it get it?
Government funding for early childhood development: Can those who need it get it?
The National Development Agency is another potential source of government funding for ECD, although the researchers were unable to obtain much information on this funding source.

The Funding Practice Alliance (2010) notes that the National Development Agency sources applications for funding in two ways. The first takes the form of a competitive request for proposals in the media and is targeted at well-established organisations. The second, “programme formulation” method, involves NDA’s provincial offices identifying CBOs and NGOs working in poverty-stricken areas and asking them to develop proposals for economic development or food security.

Five of the ECD centres in the EC site reported having received funding from the NDA for infrastructure in the period between 2002 and 2007. Three of the centres were able to provide details on amounts of funding approved, namely R100 000, R165 000 and R180 000 respectively. All five respondents reported that the NDA had approached them, although they were not clear on how the NDA had identified or selected them.

Another two interviewees from the EC reported having been approached by the NDA more recently (2011) and asked to submit applications for funding with specific requests that these proposals include budget for ECD activities. They reported that the timeframes for submission were very tight and that while they were told that the proposal should be based on “the needs of the community”, NDA officials were quite prescriptive about what should be included. Both inter-viewees noted that the NDA had told them to request amounts of between R1.5 and R2 million each over a 24 month period. In late August 2011 one of the applicants reported that she had not yet heard back from the NDA. The other informed the researchers that the NDA had approved a grant of R961 130 in response to her proposal, to be used for set up and improvement of ECD centres in the area.

None of the respondents in the North West or Western Cape reported receiving funding from the NDA.
Government funding for early childhood development: Can those who need it get it?
9 Local Government support for ECD in the sites

One of the objectives of the study was to determine the extent to which local government (district and local municipalities) support ECD services in their areas.

Section 153 of the Constitution of South Africa states that a municipality must structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the area. Schedule 4 of the Constitution outlines functional areas of concurrent national and provincial legislative competence. Part B of this Schedule presents a list of local government matters, which includes mention of “child care facilities”.

The Children’s Act provides more detail on municipal responsibility:

- The Act allows for the delegation of certain functions with regards to ECD to municipalities if the Provincial Head of Social Development is satisfied that the municipality has the necessary capacity to perform these tasks. These include the performance of some or all of the partial care and ECD registration, appeal and inspection functions.
- As mentioned earlier, the Children’s Act (Section 78) stipulates that funding and registration of a partial care facility is also dependent on compliance with “the structural safety, health and other requirements of the municipality of the area where the partial care facility is situated”. Applications for registration of a partial care facility therefore have to include a report from a Municipal Environmental Health Inspector which assesses the extent to which the facility complies with municipal by-laws relevant to child care. The role of municipal inspectors in the registration process is not described in any detail here as it is covered on page 47.
- Municipalities also have a role to play in facilitating the identification and provision of suitable premises for partial care facilities (Section 87 of the Children’s Act).

In addition to the provisions of the Children’s Act, municipalities may make provision for ECD within their Integrated Development Plans (IDP). According to the Municipal Systems Act (No 32 of 2000) each municipal council must adopt a single, inclusive and strategic IDP for the development of the municipality. IDPs form the policy framework and general basis on which annual municipal budgets must be determined. The IDP needs to be developed in consultation with local communities and must be based on the needs of the municipality[10&11]. While ECD is only one of many community needs competing for space within IDPs, the National Integrated Plan for ECD (2005-2010) does stipulate that provision for ECD be included in local municipality IDPs.

The following section describes briefly the support provided by municipalities for ECD activities within the three research sites.

**Mbashe Local Municipality**

There was no evidence in the Eastern Cape case study site of local or district municipality funding for ECD.

The researchers were unable to access recent IDPs for Amathole or Mbashe but were able to obtain copies of the Service Delivery Budget and Implementation Plans (SDBIP) which are intended to give effect to the IDPs. There is no mention of ECD in the Mbashe Municipality’s SDBIP (2010/11) or in the Amathole District Municipality’s plan (2011/12). The latter does include an objective to ensure that...
all programmes are aligned to EPWP however no specific mention is made of ECD within this. The Community Outreach priority area in the plan mentions the development of “frameworks and implementation plans for children”, but once again there is no indication as to whether this includes ECD.

In terms of structure, the Mbashe municipality has a Special Programmes Manager responsible for “programmes pertaining to children, young people, people with disabilities and the seniors” but the portfolio has very limited resources at its disposal and at the time of the research had been unable to provide any support for ECD activities in the area. An official explained that the municipality was being investigated for corruption and mismanagement, key staff had been suspended and no funding was forthcoming from province.

Several respondents (including a municipal official, a social worker and ECD service providers) mentioned the responsibility of the municipality to assist ECD centres with infrastructure but noted that this had not happened. One ECD practitioner explained that when her centre was destroyed by lightning, “people from the municipality” visited the remains of the centre and requested that the community raise funds to rebuild as “the monies from the Province have not been approved”. Only one of the 18 ECD centres in the Eastern Cape sample mentioned receiving support from the municipality - in the form of a donation of tables and chairs.

The only other mention of municipal involvement in ECD was the inclusion of ward councillors in the decision-making process for the selection of ECD centres for DSD funding. Comments made by research participants suggest that the selection of centres for funding is often politically motivated.

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**Ratrou Local Municipality**

In Ratrou, the municipality provided no financial support for ECD activities but reportedly assisted with negotiations to secure land for ECD from traditional authorities, and with the provision of infrastructure.

The Ngaka Modiri Molema District IDP for 2011/2012 makes no mention of ECD services but the IDP for Ratrou does, including an indicator for the number of “early learning centres established”. A Ratrou local government representative responsible for community services explained that the IDP is “the starting point for ECD”. Through consultation with communities, the municipality identifies which villages require ECD centres and these activities are then included in the IDP budget. He noted further that this planning is done in consultation with sector partners – mainly Social Development and local tribal authorities.

The municipality receives a conditional grant from the province for infrastructure development generally and some of this money can be and is used for ECD. The municipality does not provide funding to ECD centres directly but plays a role in facilitating the technical aspects, such as assisting a centre to buy building materials and arranging for contractors to build on behalf of centres. The local government official also noted “We may use our discretionary fund for equipment for example, but only if it is agreed that those funds will be allocated to centres – but this is very rare”.

According to one local government official, the mayor’s office also has a special projects’ budget which can be used for ECD. She emphasised the critical role of the ward councillor in advocating on behalf of centres for the allocation of this budget: “People can write in, if the councillor really stresses the need they can do something about it.” It seemed though, that support from the mayor’s office did not happen frequently.

None of the ECD practitioners from the North West who participated in this research reported having received any support from the municipality, and respondents expressly complained about the lack of support. One noted that she had repeatedly approached the municipality for piped water at the centre but “the centre’s plea falls on deaf ears”. Another said she had contacted the municipality to assist with a “crumbling ceiling” at her centre and they had promised to assist her but “nothing came out of the promise”. A third respondent mentioned that representatives from the municipality had raised concerns in the past about the conditions at her centre but that they had not provided any material assistance in addressing the challenges.
Stellenbosch Local Municipality

The Stellenbosch IDP 2007-2011 describes the role of the local municipality with regards to ECD as:

- assisting with registration of emerging ECDs as NPOs
- facilitating ECD capacity-building workshops
- supporting ECD forums
- assisting with grant-in-aid applications
- training of ECD practitioners at Boland College
- providing emergency building funds

The Cape Winelands District Municipality also includes provision for ECD in their planning. Officials provided the researchers with a copy of a detailed annual implementation plan which referred to several ECD activities and targets – both centre and non-centre based – for the 2011/12 financial year.

Within the Cape Winelands District Municipality, responsibility for ECD falls within the Rural and Social Development Department which was established in January 2009. The department is responsible for a range of health and social issues, including ECD services. ECD activities are managed by an ECD programme co-ordinator (who also oversees several other programmes) with assistance from full-time community field officers. In addition, four of the five local municipalities within the district have their own ECD point person.

Eleven of the 14 ECD centres in the Western Cape sample reported receiving some form of support from the municipality. This support took several forms.

Training: The Cape Winelands District Municipality assists in the training of ECD practitioners. They described their role as facilitatory – they provide the transport and venue and bring together psychologists, health inspectors, occupational therapists, nursing sisters, social workers etc. to do the training. Training was underway in Stellenbosch at the time of the research and the researchers were able to meet with trainees and review some of the course material. The training focused predominantly on child development and stimulation but did include one session on ECD registration and fund access. ECD service providers who attend the training are also provided with toolkits which include educational toys and materials. In the last financial year the municipality distributed toolkits to 50 centres. This year they are targeting 200 teachers (100 centres). The district has also been involved in the training of farm health workers whose role it is to monitor and help improve the conditions at farm-based ECD centres in the area.

Officials acknowledge that the training that is provided focuses mainly on ECD centres. The only non-centre based activity that was mentioned was a series of pilot workshops which were facilitated in 2010, in partnership with DSD. This involved workshops with parents on the importance of early childhood stimulation in the home. The district municipality provided the training materials and DSD facilitated the training.

Assistance with registration: Community field officers employed by the municipality identify unregistered facilities and support them to meet DSD registration criteria, in particular to obtain their NPO certificates. Employees of DSD and the municipality respectively reported working closely in this regard.

Funding: ECD service providers in Cape Winelands can apply for a grant (community support grant or grant-in-aid of between R10 000 and R30 000) from the municipality, ECD centres that apply for this funding need not be registered with DSD (in fact an official explained that they specifically target unregistered facilities that are not receiving support from DSD). However, requirements for funding do include NPO registration, bank account in the name of the centre, business plan, constitution and existence of a management board. The grant is advertised once a year (usually in October) and applications are forwarded to the mayoral committee for selection. The support is aimed mostly at rural centres located in poverty pockets and preference is given to facilities accommodating children with disability.

Several government respondents complained about the selection process, commenting that it was not transparent and that decisions as to who to fund were politically motivated and not based on actual need within communities. Records also show delays in the transfer of funds, with some approved funding only being transferred several months later.
In the 2011/2012 financial year, the Cape Winelands District Municipality had budgeted R1, 1 million for ECD training and toolkits, and R2,2 m for community grants for all service types, including ECD.

Assistance with land and infrastructure: Several respondents commented that access to land and the provision of adequate infrastructure were the biggest challenges facing ECD service providers in the area. There was a general perception that the municipality had a role to play in addressing this but respondents gave mixed reports about the extent to which the municipality was taking up this role.

An official from the Stellenbosch local municipality explained that there was conflict over the available land. He said he had approached the housing department to identify land that could be used for ECD services but added that “this would require crèches to work together and share space” which, he said, they were reluctant to do. He pointed out that this issue needed to be addressed via the ECD forums to ensure joint planning and advocacy.

At the time of the research the local council was also in discussion regarding fee waivers for rezoning requirements for the registration of ECD centres and negotiating reductions of other related tarrifs (discussed on page 47 under Recovery).

Collaborative forums: Respondents in the Western Cape cited the role of the local municipality in initiating and supporting local ECD forums. Officials from the Department of Health and DSD described their relationship with the district and local municipality as collaborative. There was evidence of this collaboration in the site, with multi-stakeholder meetings being held to address the backlog in registrations in the Stellenbosch area.

Other municipalities

The fact that this study only included information on three municipalities makes it impossible to draw any general conclusions from the sample. However, research done by Van der Berg et al (2010) – which includes a representative sample of districts and municipalities within each of three provinces – provides a more general picture. Their study found very little evidence of financial support from municipalities for ECD services

As part of this current study, the researchers actively sought out municipalities where there was some evidence of support for ECD, in order to provide other examples of local government involvement in ECD services beyond the three case study sites. The table below summarises the kinds of support that were identified. As can be seen from the table, some municipalities are providing funding for ECD but these amounts tend to be small (between R10 000-R30 000) and once-off. Other kinds of support commonly provided include:

- training and the provision of land
- rent-free space
- assistance with infrastructure

Some municipalities have entered into partnerships with development agencies, NGOs or donors to leverage support for ECD. In these instances, the funding generated for ECD is far greater than the amounts that are provided by the municipality themselves. More detailed information on the table is included in the Appendix.

### Table 16. Examples of support provided to ECD by other municipalities

<table>
<thead>
<tr>
<th>Municipality</th>
<th>Land, rent-free space, infrastructure support</th>
<th>Municipal grants</th>
<th>Leverage funds from donors or corporates</th>
<th>Training</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Town[12]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td></td>
<td>Supports toy libraries</td>
</tr>
<tr>
<td>EThekwini</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td></td>
</tr>
<tr>
<td>Johannesburg</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>Assists with access to public facilities e.g. library, zoo</td>
</tr>
<tr>
<td>Nkandla</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td></td>
<td>Piloted ECD models with NGO (centre and non-centre based)</td>
</tr>
<tr>
<td>Tshwane</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td></td>
<td>Runs own ECD centres</td>
</tr>
<tr>
<td>Swartland</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td></td>
<td>Provides support in-kind</td>
</tr>
<tr>
<td>Witzenberg</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Midvaal</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td>![check mark]</td>
<td></td>
<td>Built fully-equipped centres</td>
</tr>
</tbody>
</table>

\[12\] Streak and Norushe (2008)
Government funding for early childhood development: Can those who need it get it?
Government funding for early childhood development: Can those who need it get it?
It is difficult, if not impossible, to get accurate estimates of allocations and expenditure on ECD, even for the relatively simple category of DSD’s per child per day subsidy for centres. This is disappointing and prohibits proper planning and monitoring for an area that has been designated as a national priority for some years. Nevertheless, even without exact estimates, it is clear that the amounts allocated and spent on ECD have increased by more than inflation over recent years. It is not clear to what extent these increases will continue in the absence of additional funds being allocated either through the equitable share or a conditional grant. A further concern is that the amounts are still far less than is needed to achieve the objectives of the National Integrated Plan for ECD. There is also very slow progress in provision for non-centre-based ECD.

What also emerges clearly is that relying on municipalities to fund ECD is not a sensible strategy if we are concerned about equity. While there is some municipal funding for ECD, this is concentrated in the better-resourced municipalities. Instead of encouraging funding from this source, municipalities should be held accountable for performing the ECD-related tasks for which they are directly responsible. Where appropriate, local government support for ECD should be oriented towards assisting ECD services to comply with DSD and DoE registration criteria.

Advocacy efforts should focus on ensuring better access to funding from DSD and DoE and on addressing inequity in provisioning across provinces. Towards this end, barriers to fund access need to be urgently addressed. The complexity of DSD and DoE registration requirements and processes is a key barrier to fund access. Other barriers include:

- lack of knowledge of funding
- the registration backlog
- the stringent norms and standards
- capacity constraints related to environmental health inspections
- NPO certification
- attitudes of officials towards community-based ECD

Challenges related to ECD funding also need to be addressed at the interface between the DoE and DSD.

The research also highlights several challenges with the current approach to training and learnerships for ECD practitioners and points to the need for critical reflection on the use of EPWP (including CWP) funding for ECD.

10 Conclusions and recommendations

The research suggests that the following recommendations could be considered:

- Systems to enable better tracking of ECD allocations and expenditure.
- A review and simplification of processes for ECD registration, funding application and claims.
- “Relaxing” of the norms and standards for ECD registration, while still maintaining minimum acceptable levels.
- Improved linkages between the different departments and between provincial and local government to improve effective use of resources, avoid unnecessary duplication of administrative processes and address funding gaps.
- Greater equity across provinces and municipalities in terms of ECD provisioning.
- Better training and access to information for ECD practitioners and officials on legislation governing ECD provision and on funding sources and application processes.
Appendix: examples of municipal support for ECD

**Cape Town**

Streak and Norushe (2007) found that the City of Cape Town did not have a line item for funding of ECD. However, among the ways in which the city engaged with ECD, they name assistance with infrastructure and “offering limited financial support to ECD centres”. The financial assistance is provided in the form of grants-in-aid, and may not be used for capital projects. ECD practitioners told Streak and Norushe that the amounts were generally less than R10 000. Other ways in which the city supports ECD included funding of toy libraries, leasing of property for ECD purposes, and provision of land for ECD centres.

**EThekwini**

ECD in the South Durban Basin was previously funded through a European Union area-based management programme. When the European Union funding ended in 2009, the city continued to fund the ECD activities and hired a consultant to manage it. A network was established that provides training and other support services. The city has also been able to use its institutional base to leverage funds from companies such as Mondi.

Cato Manor had ECD included in its European Union funded activities. The ECD was provided by NPOs, but in rent-free premises provided by the municipality. When the European Union funding ended, the NPOs were told that they would have to pay rent. When eight centres said that this would result in their closing, a municipal official convinced the municipality that it had an obligation to provide the space rent-free for community benefit.

**Johannesburg**

According to the Department of Early Education of the University of Pretoria, the City of Johannesburg has identified ECD as a “5-star priority” and has an ECD Unit. The 2007 report states that a ring-fenced ECD fund “will be established”, with funding focused on those “most in need”. In addition to funding, the city will assist centres to access facilities such as libraries, the zoo, sports facilities, theatres and the botanical garden. The funding model envisages multiple funding streams; including grants, donors, corporate social responsibility funds, individual donations, fund-raising events, and a contribution from an increased bulk infrastructure levy charged to property developers. The city supports income-generating projects and has facilitated a business skills training programmes for ECD centre managers in partnership with the University of the Witwatersrand.

**Midvaal**

Livhuni (2011) cites Midvaal mayor Timothy Nast as saying that the municipality has built “fully equipped crèches for preschoolers.”

**Nkandla**

Nkandla’s ECD-related activities began when TREE (an NGO promoting ECD in rural areas) was contracted by UNICEF
to implement a two year pilot project in the area. The pilot focused on 18 ECD sites as centres of care and support, with outreach to those children not in the centres through about 20 family facilitators who worked with households that had at least one vulnerable young child. They then helped the whole family access available services. As a result of the project, the municipality may well have been the first to include ECD and children’s rights in their integrated development plan. When the UNICEF funding ended, the municipality employed the project director in a unit responsible for HIV and ECD. The municipality makes some provision for ECD in the budget. In previous years it was R300 000 or more but was reduced to R200 000 or less in response to the recession. The money is used to provide toys, furniture and training on child protection to the 148 community-based crèches in the municipality, at least some of which are also subsidised by DSD. The ECD coordinator has also had some success in raising money from other sources for building of crèches, most of which are currently run from private homes.

**Tshwane**

The City of Tshwane (CoT) has an ECD programme for children 0-4 years that received support from the Human Sciences Research Council (HSRC)'s programme on employment. The city allocated a total of R9 million over a three-year period for this programme. Motala (2009) notes several funding-related functions which are included in the role of local government as specified in Gauteng's ECD strategy. The roles are subsidisation or other forms of funding for ECD sites and “in some cases” making infrastructural improvements to ECD centres and monitoring how ECD centres spend funding. She notes that while not all of these roles are performed by municipalities, some municipalities perform functions beyond those indicated in the strategy.

The city itself owns 10 registered ECD centres in Mamelodi and Atteridgeville which were originally established in terms of the Black Local Authority Act of 1982. The University of Pretoria categorises these as “preschool-cum-creches” as educational programmes are provided in the morning and childcare in the afternoons. The city fully covers the staff and other cost of running these centres as well as infrastructure and maintenance.

After the establishment of Tshwane in 2002, the city decided to phase out funding of ECD services not owned by them, as previously only white preschools qualified for funding. The city decided instead to focus on supporting preschools for “disadvantaged” groups, and in 2004 established outreach programmes. In 2006, the decision to phase out ECD services was reversed but the focus on disadvantaged areas remained, with the aim of enabling centres to meet DSD requirements.

After developing an NPO Funding Policy, in 2006/7 the city developed an ECD Funding Policy in line with the province’s Bana Pele programme and the NIP’s Tshwaragano ka Bana poverty-oriented component. In 2007 the city started supporting NPO ECD centres through a grant-in-aid. It has allocated R8 million per year for this purpose. Each year, councillors and community development workers (CDWs) are involved in identification of eight centres, each of which is provided with R100 000. Centres are funded for only one year and must use the funds according to a formula provided by the city. Further, the ECD funding policy states that the city will assist the centres with development of a sustainability plan encompassing both fundraising and income generation. ECD outreach and capacity development is done by a team of 20, made up of CDWs and social workers who are responsible for all social matters.

**Swartland**

A 2008 report to the Swartland Municipality on child care facilities recorded that three of the 42 ECD centres that had been assessed received financial support from the municipality, while four received support in kind.

**Witzenberg**

In 2010 Witzenberg municipality partnered with an international donor in Belgium to support ECD activities in Tulbagh.
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