

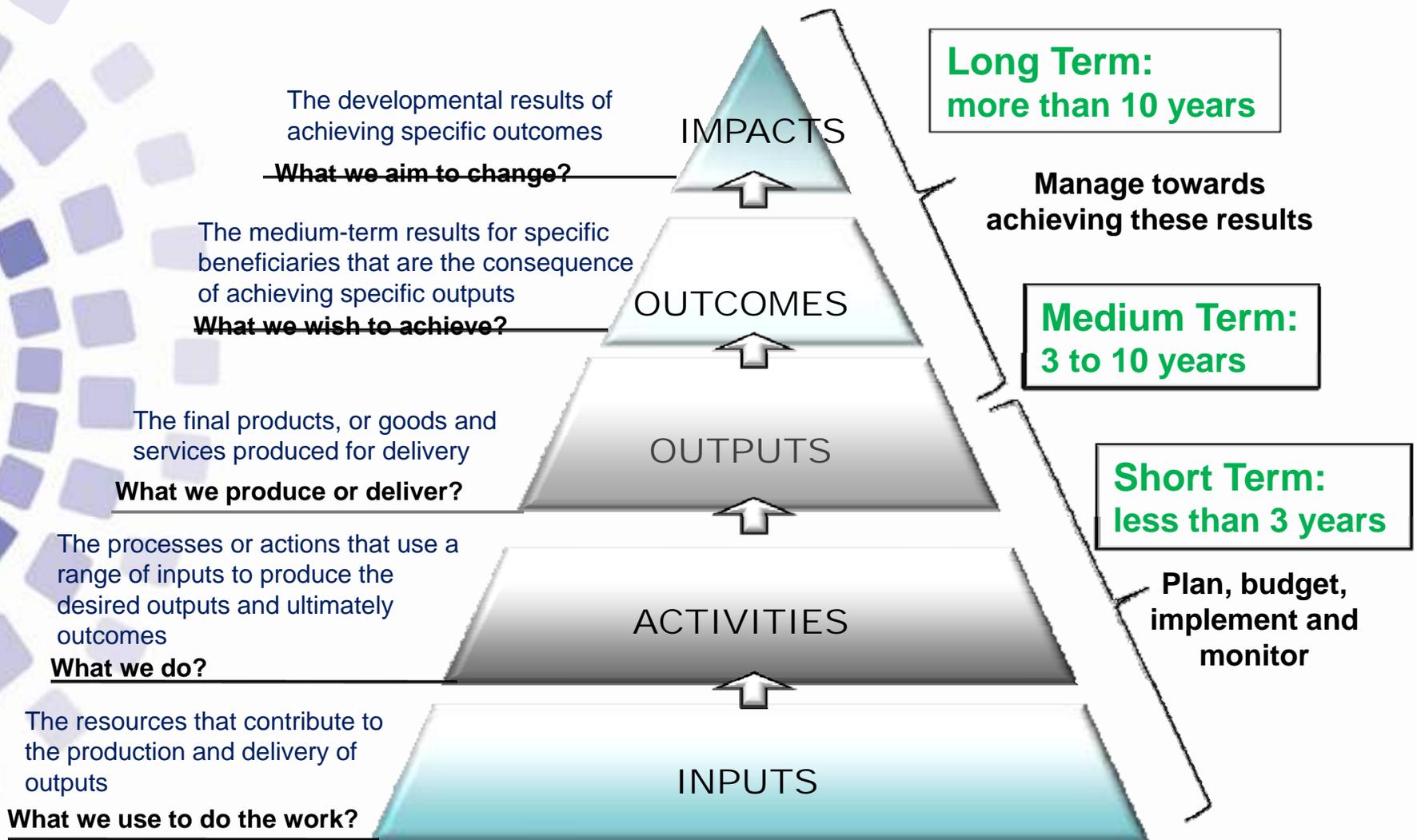


Province of the  
**EASTERN CAPE**  
EDUCATION

# PRESENTATION ON DONOR FUNDING STRATEGIES

1 JULY 2010

# Key Performance Concepts & Timeframes



# Status of budget 2010/11

- Department has a budget of R22,679 billion in the 2010/11
- Of this amount R17,372 billion goes to personnel cost – this represents 88% of the total budget allocated and with a projected over expenditure of R1,9 billion this will further decrease further. This means that it will take the department the next 3 to 4 years to clear this kind of over expenditure
- The educator: learner ratio stands at 28:1 in the Eastern Cape which is the lowest in the country
- The discussions at National level is whether we are funding new teachers or paying existing ones more
- With these kinds of challenges there is therefore a need for focused coordinated funding strategies in order to harness and channel all available resources towards education priorities



# Donor funding arrangements

- A trust was created with a legal firm between the department and Vodacom
- It was a 50/50 partnership as both parties deposited equal amounts into a trust account
- Both the department and the donor were signatories to this account and there was a measure of control by each party
- Monthly reports available to all parties including the supporting documentation for all transactions
- Each party able to account for the funds to their respective organisations until the end of the project
- At the end of the period the full value of the asset to be accounted for in the asset register of the department



# Donor funding arrangements

- Another funding arrangement is where the department enters into an MOU with a donor on a cost recovery basis
- Whenever a claim is paid by the donor, the department re-imburses the donor on production of payment certificates
- This is almost the same arrangement in respect of the two implementing agents Coega and IDT (who are not donors) whereas these implementing agents are not paying from their funds but wait for the department to pay before payment to service providers.



# Challenges/conditions

- Interest earned on government funds must revert back to the Revenue fund
- It is not clear if Treasury has authority to exempt the department from depositing interest back to the Revenue fund .
- The challenge in enforcing this is we are seen as being insensitive to the donors and chasing away donors
- Procurement arrangements for government funds is in line with the PFMA and this must also be covered from the very beginning
- A need to clearly identify the role of NBI and ensure that there is a structure in place to ensure sustainability. In the past this was done as additional responsibility by employees with no
- Reporting and planning to be aligned to that of the department. No reporting has been done in the last four years and no access to the bank account.





**Thank You!!**



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