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Books, Budgets and getting Bang for your Buck – The case of LTSM in the Eastern Cape

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Key points

- The Eastern Cape spent R3.3 billion on LTSM between 2016/17 and 2020/21. Between 2016/17 and 2020/21, the Eastern Cape Department of Education spent R1.9 billion on prescribed textbooks and R1.4 billion on stationary. Books and stationery account for 58% and 42% of total expenditure. Very little is spent on consumable material and library materials. These two items are only ordered when needed.
- LTSM expenditure has declined by 23% over this period since the Department issued a large corrective order in 2016/17 to address the shortages in textbooks in schools across the Eastern Cape.
- Nonetheless, since the corrective order, expenditure has remained high for several reasons. First, the Department accrues invoices to the subsequent financial year when it does not have sufficient money to pay suppliers. **Therefore, a significant part of the expenditure in each year is for accrued invoices – which inflates the amount of spending in any given financial year.**
- Second, there are inefficiencies in identifying needs, procurement, distribution and delivery of LTSM within the Eastern Cape Department of Education.
- In the school system, textbooks have a five-year lifespan. Therefore, to identify the LTSM needs, the Department uses an 80-20 approach. This entails purchasing books to cover 80% of all requirements in one year and buying enough books to meet 20 per cent of the needs over four years.
- However, the so-called "20 per cent top-up" is not an efficient way of allocating resources. **This approach has led to a situation where there are more books than needed at primary schools and shortages in high schools.** According to the Department's data, only one in two learners in Grade 12 have enough textbooks for all subjects. In other words, the current approach does not get books in the hands of learners who need it.
- The Department also relies on retrievals to make sure that there are adequate textbooks. While retrieval rates have been improving, they are still below 80% on average in four of the 12 education districts. Nelson Mandela Bay, the largest education district, averaged a retrieval rate of 75% between 2016/17 and 2020/21. **In effect, the Department has to purchase more books than it budgeted to replace those lost in these four education districts.**
- Average spending per learner remains high in 'top-up' years compared to the baseline year. For example, the Department spent R1313 per learner on prescribed textbooks in 2016/17 when it purchased books for 80% of the needs compared to R2 769 per learner in 2019/20 when the top-up policy was applied.
- While the accrued invoices might influence per learner spending, **the continued high spending levels might reflect inefficiencies in identifying needs, procuring, distributing, and delivering textbooks.**
- About **14% of total spending on textbooks is for the distribution and delivery of books** – a function the Department contracts out to Lebone Litho printers. While this spending review cannot say whether this expenditure offers value for money, it is essential

for the Department to analyse its warehousing, distribution and delivery model to determine which option is more cost-effective.

- In the 2023 academic year, the Eastern Cape is expected to roll out the new CAPS-aligned textbooks for Grades 1-3. The total funding required for these new textbooks is R183.9 million, which would have to be procured in 2022/23. At present, there is no evidence that the Department has put in place any plans to fund this additional requirement.
- Given the importance of LTSM in teaching and learning, the spending review makes the following urgent recommendations:
    - *The Department must develop an approach to identify the LTSM needs of learners in the province correctly. In doing so, it must pay particular attention to textbook coverage rates in high school and especially among Grade 12 learners.*
    - *The Department and Provincial Treasury must engage on the funding required to replace all textbooks for Grade 1-3 in the 2023 academic year as a matter of urgency.*
    - *The Eastern Cape Department of Education and the Provincial Treasury should conduct an options analysis to determine which warehousing, distribution, and delivery models are the most cost-effective.*

Executive Summary

Background and rationale

The Eastern Cape Department of Education has a constitutional obligation to provide basic education to all learners between seven and fifteen years. To fulfil this constitutional right, the Department must ensure that learners have access to qualified teachers, adequate Learner and Teacher Support Material (LTSM) and the infrastructure where learning can occur in a safe and enabling environment. All three of these factors must be present if the Eastern Cape Department of Education wants to improve its educational outcomes.

This spending review focuses on the availability, expenditure and cost-effectiveness of LTSM. In 2016, the Eastern Cape Department of Education completed an audit of LTSM and found a chronic shortage of prescribed textbooks and stationery in schools across the province. These shortages culminated in a corrective order in 2016 when the Department purchased a significant amount of textbooks to address the lack of LTSM.

> In relation to this spending review, LTSM includes prescribed textbooks, stationery, library materials, consumables (e.g. chalk) and durable materials (blackboards) required for teaching.

Since then, while the availability of textbooks has improved, there remain critical issues around the coverage of books per Grade and the cost-effectiveness of LTSM procurement. This spending review identifies improvement opportunities based on analysis that can be implemented in the short and medium-term to improve access to cost-effective LTSM for all learners. It covers the period between 2016/17 and 2020/21 (in instances where data is available).

Findings from the institutional analysis

Basic Education is a concurrent function. In the context of the LTSM programme, the National Department of Basic Education sets the curriculum and develops the national book catalogue. The National Department also negotiates book prices with publishers to minimise the risk of excessive and predatory pricing across provinces.

Provincial Departments of Education use the book catalogue to choose the books they want to use for each Grade and subsequent. Once the books are selected, the Provincial Department of Education must identify their textbooks needs and place orders with book sellers and publishers. **Ultimately, the Provincial Department of Education is responsible for getting books in the hands of learners.**

LTSM is funded mainly through the Provincial Equitable Share. The *Mathematics, Science and Technology* Grant, *Learners with Severe to Profound Intellectual Disabilities* Grant and

HIV/AIDS Life Skills Education Grant fund certain types of LTSM. However, these grants are designed to address specific needs and account for a small percentage of total LTSM expenditure. Because LTSM is funded from the Provincial Equitable Share, it is also affected by the financial pressures faced by the Eastern Cape Provincial Department of Education. As the personnel budget has increased to about 90% of total expenditure in the province, it has crowded out LTSM spending.

Consequently, the Eastern Cape Department of Education **instituted a 40% cut in the learner subsidy across all quintiles in 2020/21.** This cut reduced the amount of funding available for LTSM in that year. **These cuts to the LTSM budget mainly accommodate rising personnel expenditure.** Over the medium term, these cuts are likely to impact educational outcomes and exacerbate the interprovincial disparities.

Findings from process mapping

The procurement process in the Eastern Cape province is different for prescribed textbooks and stationery. The Eastern Cape Department of Education procures **all textbooks** for learners from Quintiles 1 to 5 schools. In other words, procurement for textbooks is centralised.

In contrast, the procurement process is different for stationery. The Department purchases stationery for all schools in Quintiles 1 to 3; however, it allows Quintiles 4 and 5 schools to opt into the centralised procurement system. Regarding the LTSM allocation, learners in Quintiles 1 to 3 receive more funding than Quintiles 4 and 5 schools. This approach makes sense as the parents of Quintile 4 & 5 school learners are typically from higher-income households and can afford to buy stationery.

However, as the Department was buying a standardised stationery pack for Quintile 1-3 learners, Quintile 4 and 5 schools have benefitted by getting the stationery pack that cost more than their allocation by opting into the centralised procurement model. **As a result, by subsidising the Quintiles 4 and 5 schools to a higher value than allocated, the Eastern Cape Department of Education was spending more on stationery than it had budgeted**. Therefore, the Department from 2022/23 will no longer allow Quintile 4 & 5 schools to opt into centralised procurement for stationery to address this problem.

The process maps also revealed several issues in the Department's handling and management of information. Aside from SA-SAMs, which records retrievals, there are no electronic systems to manage the identification of LTSM, material procurement, and distribution. Instead, nearly all the information is stored in Excel Spreadsheets across multiple units in the Department. As a result, the Department **is missing data on how much LTSM was purchased and distributed to schools for several years**. In addition, there are no internal processes to ensure that the information is handed over correctly and stored when staff leave.

Findings from the performance analysis

Migration patterns have a profound influence on learner enrolments in the Eastern Cape. Migration happens in three ways within the province: (i) migration out of the Eastern Cape, (ii) from rural to urban education districts, and (iii) migration within the same education districts. Learner enrolments have increased in the two metropolitan areas - Buffalo City and Nelson Mandela Bay. However, there has been a marked decline in learner numbers of rural education districts over the same period. For example, the Amathole, Chris Hani and OR Tambo districts all experience negative growth rates in learner enrolments. Based on discussions with provincial officials, there is no systematic mechanism to redistribute books in the Eastern Cape. **This means that some schools might have an over-supply, and others might experience shortages. Frequently, where there are shortages, the Eastern Cape Department will buy additional books.**

The basic education system relies on book loans and retrievals to manage textbook spending. The Eastern Cape Department of Education aims to retrieve 80 per cent of the books it loans to learners every year. **Although retrieval rates have improved considerably, the average retrieval rate in Nelson Mandela Bay, Eastern Cape largest education district, was 75 per cent, below the Department's target of 80 per cent over the five years under review.** This means that the Department has to incur substantial additional expenditure for Nelson Mandela Bay to replenish its book supply.

Exhibit 1: Retrieval rates by district

	2016	2017	2018	2019	2020	Average (2016-2020)
Alfred Nzo East		99%	98%	96%	87%	95%
Alfred Nzo West	86%	66%	64%	75%	88%	76%
Chris Hani East	99%	98%	98%	95%	91%	96%
Joe Gqabi	59%	100%	99%	92%	94%	89%
O R Tambo Coastal	79%	72%	81%	73%	79%	77%
O R Tambo Inland	100%	99%	97%	97%	95%	98%
Amathole East	53%	27%	84%	81%	78%	65%
Amathole West	87%	90%	85%	91%	88%	88%
Buffalo City	95%	80%	90%	76%	78%	84%
Chris Hani West	87%	89%	92%	85%	73%	85%
Nelson Mandela	75%	81%	61%	75%	84%	75%
Sarah Baartman	98%	94%	94%	92%	89%	94%

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Book coverage measures the effectiveness of the LTSM system. Book coverage measures the availability of books to meet the learner needs across all subjects in any given Grade. Although data on book coverage was only available for 2020, the analysis reveals that the average coverage rate for primary schools (Grade 1 – 6) was 151 per cent. The main problem arises in high school, where coverage rates are lower. On average, there is one textbook for every two learners between the Grades of 7 and 12 or about 54 per cent coverage rate. Coverage rates are meagre in Grade 8, where only one in every three learners has a textbook per subject. Likewise, about **1 in 2 learners in Grade 12 have a book per subject**.

Lastly, there are questions about the appropriateness and effectiveness of the 20 per cent top-up approach adopted by the Department. This approach does not seem to **consider the actual need for LTSM and might result in over-and-under provisioning of textbooks**.

Findings from the expenditure analysis

Between 2016/17 and 2020/21, spending on LTSM amounted to R3.3 billion or 2 per cent of the total Provincial Department of Education's Budget amount of R172.7 billion. Expenditure on LTSM for ordinary public schools accounts for 92 per cent of all spending. Included in each year's spending is a high level of accrued invoices. It appears that the Eastern Cape Department of Education tends to delay the payment of invoices when it faces cash flow problems. As a result, these accrued invoices tend to inflate expenditure the following year.

Exhibit 2: Expenditure on LTSM

Programme	2016/17	2017/18	2018/19	2019/20	2020/21
Early Childhood Development	6 032 656	33 366 444	42 210 309	44 204 283	14 734 065
Examination & Edu Related Services	115 868	349 807	-	391 100	-
Infrastructure Development		123 000 000			
Public Ordinary School Education	1 050 051 873	550 878 756	545 670 594	571 103 780	343 733 033
Public Special School Education	3 036 404	-	3 258 251	1 537 292	5 603 519
Sum total	**1 059 236 800**	**707 595 006**	**591 139 154**	**617 236 455**	**364 070 618**

As mentioned previously, the Department adopts a top-up policy where it only purchases 20% of the books needed in years following the corrective order. Therefore, to estimate expenditure per learner, we calculated the total number of books required per Grade from Grades 1 to 12 in the ordinary public schools. We then multiply the needed by the coverage target set by the

Department in that year (e.g. 20% in 2017/18 as part of the top-up policy). We then estimated the spending per book and per learner based on the average number of books each learner must-have.

This analysis reveals that the average spending per learner is lower in the year when the corrective order is made (R1313 per learner for all books) compared to R2 769 per learner in 2019/20 when the top-up policy is applied. This analysis raises a fundamental question as to why spending per learner is so high. While the accrued invoices might also influence the continued high levels of spending, another reason could be that the Department's top-up policy is inefficient. Indeed, based on the grade-by-grade analysis of book availability, it is clear that the Eastern Cape Department of Education should be funding high school textbooks and improving the availability of textbooks for Grade 12 learners.

Exhibit 3: Expenditure per learner

	2016/17	2017/18	2018/19	2019/20	2020/21
Public Ordinary Schools					
Public Ordinary Schools	1 050 051 873	550 878 756	545 670 594	571 103 780	343 733 033
Number of learners	1 613 786	1 605 147	1 636 181	1 654 266	1 672 513
Number of books required	9 998 940	9 975 288	10 211 262	10 313 052	10 420 062
Coverage	80%	20%	20%	20%	20%
Spending per book	**131**	**276**	**267**	**277**	**165**
Average spending per learner	**1 313**	**2 761**	**2 672**	**2 769**	**1 649**
Special schools					
Special schools	3 036 404	-	3 258 251	1 537 292	5 603 519
Number of learners	5 560	5 522	5 487	5 401	5 383
Spending per learner	**546**	**-**	**594**	**285**	**1 041**
Early Childhood Development (Grade R)					
Early Childhood Development	6 032 656	33 366 444	42 210 309	44 204 283	14 734 065
Number of learners	139 128	126 973	130 989	119 920	105 761
Spending per learner	**43**	**263**	**322**	**369**	**139**

Between 2016/17 and 2020/21, the Eastern Cape Department of Education spent R1.9 billion on prescribed textbooks and R1.4 billion on stationary. Books and stationery account for 58% and 42% of total expenditure. Very little is spent on consumable and library materials. These two items are only ordered when needed.

In addition to the BAS analysis, this spending review also analysed the LOGIS data set. **This analysis found that stationery is supplied by five companies between 16 and 24 per cent each of total expenditure over the five years**. African Paper Products is the largest supplier, accounting for nearly a quarter of total spending on LTSM. All these companies have supplied stationery to the Department in at least four years (except Freedom Skrybehoefties, who did not supply the Department in 2019/20).

In relation to textbooks, 15 suppliers account for 80 per cent of the expenditure on prescribed books in the Eastern Cape. Of the 15 companies, 14 of them are publishing houses with their titles. In addition, Lebone Litho Printers, who account for 14% of total expenditure on prescribed textbooks, is contracted to the Department to **distribute and deliver textbooks**. In other words, the Department spent about 14% of textbook expenditure on distribution and delivery costs. Spending on Lebone Litho printers increased rapidly over the five years, growing at an annual average of 131% from R3.5 million to R99.1 million over five years.

Exhibit 4: Spending on textbooks recorded on LOGIS

Textbook Suppliers	2016/17	2017/18	2018/19	2019/20	2020/21	Total	%share of total	Cumulative share
Lebone Litho Printers	3 450 211	19 140 074	9 380 250	93 112 086	99 058 796	224 141 416	14%	14%
Oxford University Press Sa	137 551 517	43 362 740	13 998 941	1 421 851		196 335 050	13%	27%
Maskew Miller Longman	27 881 066	1 279 700	83 884 538	34 916 980	27 453 808	175 416 092	11%	38%
Pearson Holdings Sa	83 734 867	28 829 023	4 568 706			117 132 595	7%	45%
Vivlia Publishers & Booksellers	23 046 166	63 184 137	3 393 677	16 240		89 640 220	6%	51%
Macmillan Sa	55 816 605	13 460 550	7 873 915	3 844 415	6 130 907	87 126 391	6%	57%
Shuter & Shooter Publishers	45 428 497	16 948 873	9 642 288			72 019 658	5%	61%
Heinemann Publishers	36 100 668	10 296 695	8 364 809	6 618 131	2 059 267	63 439 570	4%	65%
Cambridge University Press	38 653 372	8 769 629				47 423 002	3%	68%
Oxford University Press Southern Africa			19 343 781	18 577 480	8 214 641	46 135 902	3%	71%
Vivlia Publishers And Booksellers			2 045 389	32 384 189		34 429 578	2%	73%
Ilima Publishers	3 896 928	2 879 071	1 739 788	8 923 654	15 328 865	32 768 306	2%	76%
Nasou Via Afrika (Pty) Ltd	25 660 136	6 095 750	12 664			31 768 549	2%	78%
National Education Collaboration Trust			30 892 165			30 892 165	2%	80%

Costing new policies

In 2023, the National Department of Education expects all provinces to introduce new CAPS-endorsed textbooks for learners in Grades 1-3. In the foundation phase, learners study four subjects – Home Language, First Language, Mathematics, and Life Skills. In addition to the textbooks, learners need readers for home language and first language subjects. Based on information supplied by the LTSM team, the total cost per learner for these new textbooks and readers will be R420.

As books are procured in the preceding year, the Department will have to order the textbooks and readers in 2022/23. We estimate that to roll out the new CAPS-aligned books in the 2023 academic year; the Department will need **R183.9 million to fund the purchase of new textbooks and readers for Grade 1 to 3**. Given the highly constrained budgets and the cuts to norms and standards, the Department must begin planning how to reprioritise its baseline and find the funding to meet this obligation.

Exhibit 5: Forecasted budget requirement for introduction of new Grade 1-3 textbooks and readers

Grade	Number of forecasted learners	Price per learner	Total budget required
Grade 1	144 362	R 420	R 60 631 992
Grade 2	147 075	R 420	R 61 771 592
Grade 3	146 447	R 420	R 61 507 641
Sum total	**437 884**		**R 183 911 224**

The Department is also piloting a Mother-Tongue Bilingual Language Policy that needs to be planned and costed before implementation.

Conclusion and recommendations

In 2020, the Eastern Cape recorded a material pass rate of 68.1 per cent, the second-lowest pass rate among all provinces. Therefore, raising the quality of basic education in the province is a vital priority of the provincial government. Although multiple factors determine educational outcomes, having access to adequate LTSM is crucial if the province wants to improve the quality of education.

Recommendation 1*: The Department needs to develop standard operating procedures that govern the collection and management of LTSM data. These standard operating procedures should cover the (i) identification of LTSM needs, (ii) procurement of LTSM, (iii) distribution and delivery of LTSM. Once this SOP is in place, the Department should also examine how some of this data can be collected electronically. In the least, the Department must ensure that LTSM data is filed and stored electronically in a central repository.*

Recommendation 2*: The Department must develop an approach to correctly identifying the LTSM needs of learners in the province. In doing so, it must pay particular attention to textbook coverage rates in high school and especially among Grade 12 learners.*

Recommendation 3*: The Department should closely monitor the price increases of textbooks from publishers to ensure that it gets the best value for money.*

Recommendation 4*: The Department must ensure that retrieval systems are functioning effectively. Those districts that struggle to meet the retrieval target should be held accountable and provide explanations for missing the retrieval target.*

Recommendation 5*: The Eastern Cape Department of Education must find ways to ringfence the learner subsidy and protect it from future cuts over the MTEF.*

Recommendation 6*: The Department needs to review its approach to identifying LTSM needs in the province. Ordering should be based on actual needs per Grade instead of a top-up model.*

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***Recommendation 7**: The Department needs to plan how it intends to replace textbooks that reach the end of their lifespan over the MTEF. This includes those textbooks bought under the corrective order in 2016/17 that should be disposed of and replenished in 2022/23.*

***Recommendation 8**: The Department should prepare an implementation plan that sets out how the Mother-Tongue Based Bilingual Education Policy will be implemented. The implementation plan can then be costed and used to estimate how much funding will be needed. The Department should also respond on how they will fund the new textbooks for Grade 1-3 in the 2023 academic year.*

***Recommendation 9**: The Eastern Cape Department of Education and the Provincial Treasury should conduct an options analysis to determine which warehousing, distribution, and delivery models are the most cost-effective. Options could include internalising the function within the Department in a Project Management Unit or outsourcing it to private providers.*

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1 Introduction

1.1 Background

Education is an apex priority for the government. Improving the quality of education is critical to achieving better educational outcomes as a country. Over time, better academic performance will fuel accelerated and inclusive growth.

Several factors influence educational outcomes: the socio-economic background of the child, the quality of teaching, access to learner teacher support materials and safe and appropriate school infrastructure. This spending review focuses on Learner Teacher Support Material (LTSM). LTSM is a critical tool to help improve teaching and learning in a classroom. Given the importance of LTSM, the education sector has invested a considerable amount of its budget in this element.

LTSM encompasses a variety of tools used for teaching in the classroom. These include textbooks, library books, charts, models, computer hardware and software, television, video recorders, videotapes, home economics equipment, scientific laboratory equipment, musical instruments. Nowadays, LTSM can take the form of traditional print books and stationery as well as digital resources such as online content. This spending review focuses on **prescribed textbooks and stationery** – two elements of LTSM that account for 40 per cent of the expenditure.

1.2 Rationale of this spending review

The Basic Education sector continues to struggle with the provision of LTSM due mainly to problems inherited from the apartheid education system. Before 1994, the education system was segregated according to race. As a result, poorer and primarily black schools received lower resources, which affected the quality of education they provided. While the democratic government has made strides to remedy these imbalances, a considerable backlog remains and is mainly prevalent in the province's rural schools (Quintile 1-3). In contrast, most Quintile 4 - 5 schools, the former Model C schools - are regarded as capable and well-resourced.

The Eastern Cape has faced shortages in LTSM in the past; this meant that learners did not have enough textbooks for all subjects. There are two aspects to this problem; first, the Eastern Cape Department of Education was not purchasing enough books to meet the need, and second, schools were not retrieving enough textbooks each year to replenish their supplies.

In 2016, the Eastern Cape completed an audit of the number of textbooks available in public schools and found a significant shortage of books in schools across the province. As a result, in 2016/17, the Department issued a corrective order that asked schools to submit their LTSM requirements. The Department then ordered and procured the textbooks, which resulted in a significant increase in expenditure in 2016/17.

Estimating learner needs has been particularly challenging for the Department. Over the past few years, the influx of foreign learners has stretched the Department's resources.

Furthermore, schools have enrolled learners without their identity numbers, making it difficult to establish the number of learners and textbook needs.

The constrained fiscus further compounds all these problems. Fiscal consolidation and a declining provincial equitable share have impacted how much resources are allocated to Basic Education. Furthermore, while personnel expenditure in the education sector has continued to grow, it has crowded out spending on goods and services, especially on LTSM. As a result, the Eastern Cape Department of Education cut funding for LTSM to below the national prescribed norms and standards for school funding.

Aside from the historical and funding problems, there is a misalignment between policy development, planning, budgeting and implementation of the LTSM programme. In many cases, planning does not reflect learner needs; budgeting is not aligned to plans, and procurement is slow. In addition, challenges with procurement lead to delays in distributing and delivering textbooks, readers, and stationery to schools. Lastly, the monitoring systems for the LTSM programme are outdated and inadequate – with the Department relying on spreadsheets and paper-based systems to manage this function.

1.3 Methodology

This spending review uses the six-step methodology developed by GTAC to analyse the performance and expenditure of a government programme. Briefly, the six steps involve the following:

- **Step 1** outlines the policy framework and institutional arrangements for delivering LTSM across national and provincial governments.
- **Step 2** discusses the roles and responsibilities of different stakeholders in the planning, budgeting, procurement, delivery and retrieval of LTSM.
- **Step 3** analyses the demographic trends in learners to understand the need and measures the performance of the LTSM programme across two metrics LTSM procured and retrieved.
- **Step 4** analyses the expenditure on LTSM in the province using multiple data sources, including BAS, LOGIS, and departmental records on suppliers.
- **Step 5** builds a model to estimate the LTSM requirement of the 2022 MTEF.
- **Step 6** writes up the findings in a report for submission to the Heads of the Eastern Cape Provincial Treasury and Department of Education.

1.4 Limitations and data challenges

The data analysis is an integral part of the spending reviews as it assists in bringing about a meaningful view of how well the programme is structured and managed. However, to answer the critical questions on the efficiency and cost-effectiveness of the programme, a spending review requires considerable data.

In completing this spending review, we identified two data challenges. The first was the unavailability of a complete, systematic, and consistent set of administrative and performance data over the review five-year period. For instance, the project team could not get information on the textbooks and stationery purchased and delivered according to:

- Grades across all quintiles
- Number of learners that received textbooks (including verified data)
- Schools and districts where learning material is delivered, especially around the specific areas where material shortages or oversupply are determined

Part of the problem with the lack of data seems to be **weaknesses within the internal processes of the Eastern Cape Department of Education**. For example, we were told that the handover of information and data on LTSM when personnel left the Department was not carried out consistently. Even the new-appointed LTSM manager did not have access to the previous year's data and could only provide information from 2020 when she took over the function. Moreover, there are no information systems or shared servers where data is stored within the Department. This translates into inaccurate and inconsistent data on LTSM. For example, we were given the orders placed with published, but from the spreadsheet, we could not determine whether this was the final order, how much of the order had been filled and whether the publisher had been paid. In addition, the information on LTSM reported in the Annual Report is meagre and not enough to do any meaningful analysis.

Second, the Department has adopted a top-up approach where it buys 20% of the textbooks it needs annually and replaces all textbooks every five years. Unfortunately, there are problems with this approach. First, for several years, the Eastern Cape Department of Education just bought top-up books until the situation became untenable that the Department had to issue a corrective order in 2016/17 so that schools could identify the textbooks they needed. Second, as this analysis will show, the coverage rates in secondary schools are low; therefore, the corrective order did not address the shortages effectively. Although the remedial order dealt with the LTSM deficits in schools, more work is needed to ensure that every learner in the Eastern Cape has a textbook.

1.5 Purpose of the spending review

In 2021, the Eastern Cape Provincial Treasury was conducting spending reviews, forming part of a broader initiative to understand priority programmes' planning, implementation, and financing. The LTSM programme has been selected as part of programme implementation for ECDoE due to its pivotal role in transforming the education system and the significant amount of money invested in the programme.

This spending review will examine the overall implementation of the LTSM programme with a particular focus on understanding the programme's expenditure trends.

2 Policy and Institutional analysis

2.1 Constitution, legislation and policy framework

In South Africa, Basic Education is a constitutionally entrenched right that the Constitutional Court has described as "immediately realisable". The Supreme Court of Appeal sees basic Education as "a primary driver of transformation".

Basic Education is a concurrent function. The National Department of Basic Education is responsible for policymaking, standard-setting, monitoring and evaluation, and the Provincial Department of Education implements national policy and delivers education services.

Table 1 below outlines the applicable policies, legislation and regulations that influence and shape the LTSM programme.

Table 1: Constitutional and legislative framework in Basic Education

Constitution, Legislation and Policies	Applicability to the LTSM programme
Constitution of South Africa	• The Department's mandate is entrenched in the Constitution of South Africa, 1996 (Act 108 of 1996), which provides that Education be transformed and democratised in accordance with the values of human dignity, equality, human rights, and freedom, non-racism and non-sexism. **It guarantees Basic Education for all, with the provision that everyone has the right to Basic Education, including Adult Basic Education and children with disabilities.**
Legislative Framework	• The National Education Policy Act (1996) inscribed the policies, the legislative and monitoring responsibilities of the Minister of Basic Education into law. It also outlines and the formal relations between national and provincial authorities. • Action Plan to 2014: Towards the Realisation of Schooling 2025: This plan set out concrete actions aimed at improving access to Education, providing safe buildings, **providing learning and teaching materials promptly**, and increasing educator numbers and improving their skills. It also seeks to eradicate all infrastructure backlogs by 2030. The plan requires the Department to provide every school with the physical infrastructure and an environment that inspires learners to come to school and learn and teachers to teach. • The South African School Education (SASE) Act – **is the law passed by Parliament that gives effect to the right to Basic Education. The Act applies equally to children with disabilities and has various sections dealing with disability directly.** Where it is necessary to make a distinction between children with disabilities and other children, the Act refers to "Learners with Special Educational Needs" (LSEN)

Constitution, Legislation and Policies	Applicability to the LTSM programme
Policy Framework	• The policy framework includes the National Department of Basic Education's (DBE's) Inclusive White paper 6 (2001) and its screening Identification and Assessment Policy (2014) and is supplemented by guidelines produced by the Department on full-service schools (2010) and special schools (2014) • Mental Health Care Act (Act No 17 of 2002 and Chapter 5, Section 76 of the Children's right Act as amended (2007) • Over and above, other critical laws and policies are governing the education sector, **National Norms and Standards for School Funding (NNSSF, as amended in 2006), Employment of Educators Act (Act No. 76 of 1998) and the Education Laws Amendment Act (Act No. 24 of 2005).** These laws, regulations, and policies govern Basic Education delivery, monitoring, and evaluation and apply to the Infrastructure and Learner Teacher Support Material programme.
The Promotion of The Promotion of Equality and Prevention of Unfair Discrimination Act (Equality Act)	• The Equality Act is an important law passed by Parliament **to combat discrimination and eliminate poverty**. It specifies that denying to or taking away from any person with a disability any supporting or enabling facility to function in society amounts to unfair discrimination. It also considers a failure to eliminate obstacles that limit or restricts people with disabilities from enjoying equal opportunities as unjust discrimination.
National Development Plan (NDP)	• The **NDP aims to improve the quality of Education** that enables everyone to participate effectively in the South African education system - vision 2030
Division of Revenue Act (DoRA)	• Provincial government departments are constitutionally entitled to an "equitable share" of national revenue, based on a **formula reflecting provincial variables such as the school-**

Constitution, Legislation and Policies	Applicability to the LTSM programme
	age population, public school enrolments, the target population for social security grants weighted by a poverty index.

2.2 Resource allocation for the LTSM programme

The LTSM programme spans national and provincial government. Figure 1 depicts the stakeholder map and the roles and responsibilities of different stakeholders involved in making resource decisions about the LTSM programme.

2.2.1 National Government

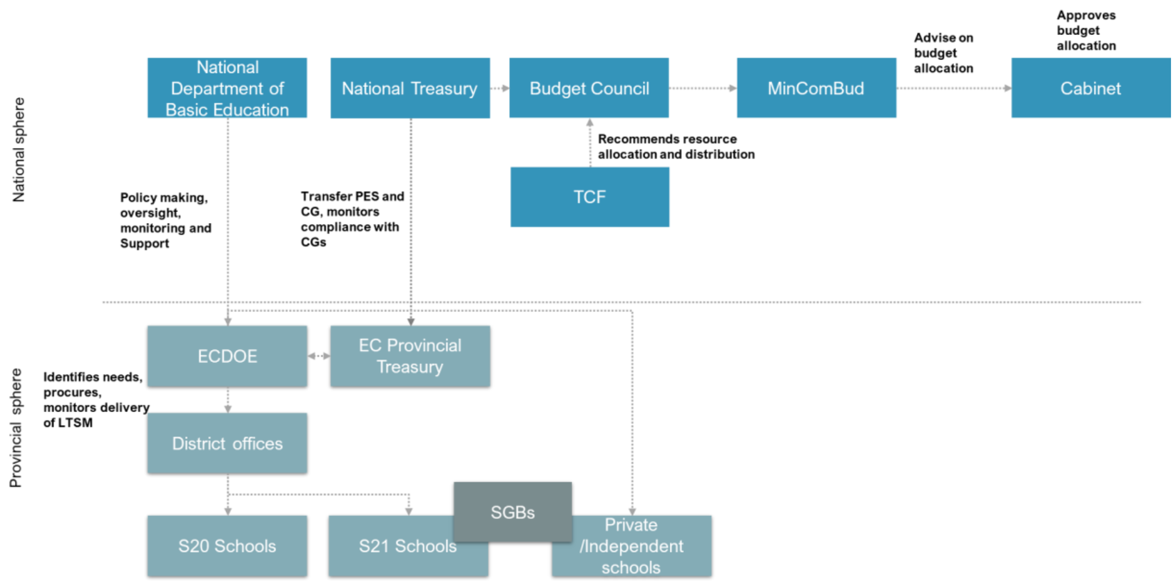
- National Treasury is responsible for transferring the Provincial Equitable Share and Conditional Grants (Direct & Indirect Grants). The Provincial Equitable Share funds the majority of LTSM expenditure. Some conditional grants, such as the Conditional Grant for Learners with Severe and Profound Intellectual Disabilities, also funds LTSM for learners with special needs.
- The Technical Committee on Finance (TCF) considers intergovernmental finances and the Division of Revenue Act, and makes recommendations to the Budget Council, Budget Forum and MTEC). This Committee recommends the amounts of the provincial equitable share and conditional grants that the Eastern Cape province receives.
- The Budget Council and Budget Forum deliberate on fiscal and budgetary matters, including calculating the equitable shares and adjustments to the revenue sharing formula.
- The Ministerial Committee on the Budget (Minicombud) considers and advises Cabinet on budget allocation and the division of revenue framework.
- Cabinet approves the final allocations to the National Department of Education and Provinces.
- The National Department of Basic Education as the custodian of sector policies, issues national catalogues on the implementation of CAPS to all provinces is monitors the provision of LTSM. It remains jointly accountable for the constitutional right to education which includes LTSM provision in line with Supreme and Constitutional Court judgements.

2.2.2 Provincial Government

- The Provincial Executive Council decides how the Provincial Equitable Share is divided across different departments in the province. This includes how much funding goes to Basic Education.
- The Eastern Cape Provincial Department of Education further divides the allocation between its different budget programmes for the MTEF. The Department is supposed to allocate 80 per cent of its budget to personnel expenditure and 20 per cent to non-personnel spending; however, this is not the practice in the Eastern Cape. In 2021/22, the Department has allocated 89.33 per cent for Educators and 10.67 per cent for non-educators of total education spending in the Eastern Cape. Therefore, the budget process prioritises personnel spending, with very little remaining on non-personnel expenditures,

including LTSM. Of non-personnel allocation, goods and services account for 39 per cent and LTSM accounts for the largest share of this expenditure. To put it differently, **personnel expenditure in the Eastern Cape has crowded out funding available for LTSM**.

Figure 1: Stakeholders involved in resource decisions



Source: Own analysis

2.3 Beneficiaries of educational services

In line with national policy, every learner and educator who requires LTSM must receive textbooks, readers and support material. This policy applies to learners and teachers in Quintiles 1 - 5 schools and Section 20 and 21 schools (see Figure 2). In other words, the Eastern Cape Province must provide access to the minimum set of LTSM required to implement the Curriculum and Assessment Policy Statement (CAPS) from Grade R-12.

The South African Schools Act establishes two types of schools. Section 20 schools are those that have no financial autonomy. The Provincial Department will purchase all materials on behalf of the school.

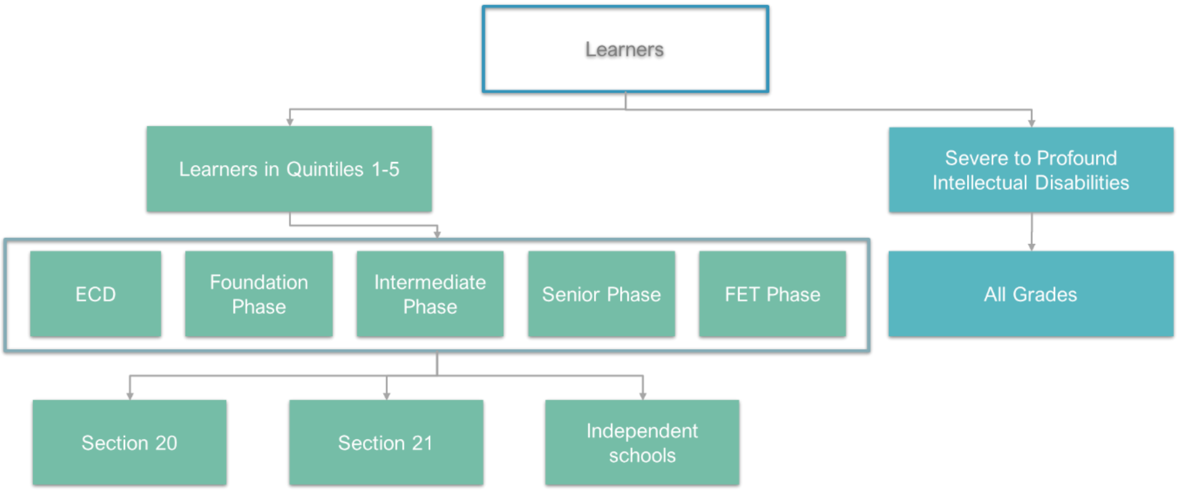
In contrast, S21 schools can manage their finances and procurement, charge school fees, and get funding from other sources. As a result, S21 schools have considerably more financial autonomy.

There is a distinction between Quintiles 1-3 and Quintiles 4&5 schools within the education system. Quintile 1-3 schools are referred to as "No Fee policy" institutions. In these schools, learners are exempted from paying school fees. Instead, the government provides these schools with a full subsidy to cover educational needs, including textbooks, teaching aid, and other material learners and teachers might need.

Quintiles 4-5 schools enrol learners whose parents have some financial capacity to pay for education fees. These schools are partly subsidised by the government and required to charge fees to raise additional funding. As a result, learners in Quintiles 4-5 pay a fraction of the cost of education in the form of school fees except those in unique circumstances where they are exempt.

With the introduction of Grade R into the public schooling system, provinces must also fund material for learners in ECD through their provincial equitable share. Finally, LTSM for Learners with Severe to Profound Intellectual Disabilities is financed through a conditional grant established by the National Treasury for this specific target group.

Figure 2: Beneficiaries of the LTSM programme



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Source: Own analysis

2.4 Flow of funds

LTSM in the Eastern Cape is funded through two revenue streams: the Provincial Equitable Share and Conditional Grants. The Provincial Equitable Share pays for most of the LTSM in the province. Only certain schools receive funding from the Conditional Grants. Specifically, three conditional grants provide LTSM to learners:

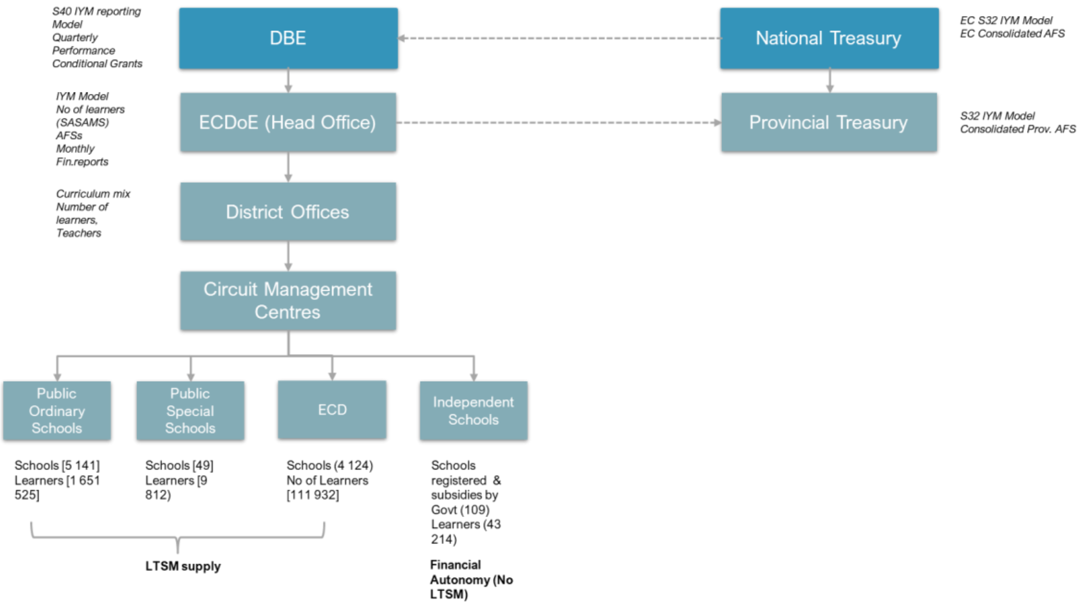
- The **Mathematics, Science, Technology Grant** provides specified schools with laboratory equipment, teaching, and learning aids for STEM subjects.
- The **Learners with Severe to Profound Intellectual Disabilities** Grant provides teachers and learners with support material appropriate for this group of learners.
- The **HIV/AIDS Life Skills Education Grant** delivers CAPS-compliant materials to learners and teachers.

Equitable share funding flows from the Provincial Treasury to the Eastern Cape Provincial Department of Education for LTSM. The procurement of textbooks is centralised. The Department's Head Office procures prescribed books from the National Catalogue for Section

20 and Section 21 schools, opting into the centralised procurement models. Similarly, the Department purchases stationery for Q1-Q3 schools through centralised procurement. Until 2021, Q4 and Q5 schools had the option to opt-in. This means they could either procure stationery through the Eastern Cape Department of Education or buy it themselves.

At the beginning of the financial year, all public schools are allocated funds according to the Resource Targeting Table gazetted through Provincial Treasury for each school. The school receives an allocation through a paper budget, which it can use to cover four categories of items: (i) Learner and Teacher Support Material, (ii) Consumable Education Items (iii) non-consumable educational items (e.g. stationery for office use), (iv) Non-learning teaching support material (e.g. copy machines, hardware tools)[1]. In addition, the S21 schools that opt out of the centralised procurement receive a transfer from the Department, which, together with their revenue, they can use to purchase their LTSM.

Figure 3: Flow of funds and reporting lines



Source: Own analysis

Table 2 shows that there has been a decline in Sections 20 and 21 schools over the five years as the Eastern Cape has rationed schools and closed down others that were not viable. In addition, several Section 20 schools applied for a change in financial management status. This points to the fact that **more and more schools in the Eastern Cape are opting to manage their own finances**.

[1] Eastern Cape DoE (2019) Education Circular 2 0f 2019: Resource Allocation for Public Ordinary Schools including No Fee Schools. Accessible at https://www.eccurriculum.co.za/Circulars/2019_Circulars/Circular%203%20of%202019%20Norms%20and%20Standards.pdf

Table 2: Financial management status of schools

Year	Section 20	Section 21	Total
2017	71	5345	5416
2018	64	5271	5335
2019	61	5219	5280
2020	55	5129	5184
2021	37	5085	5122

Source: EMIS data supplied by the ECDOE

3 Delivery Processes and Logical Frameworks

The planning, implementation, delivery, monitoring, and evaluation functions are split across different levels in the Department. Below, we describe the responsibilities of the provincial head office, districts and schools in the LTSM programme.

3.1.1 EC Provincial Department of Education Head office

The provincial head office is responsible for implementing and executing the National Department's policy framework on LTSM. Specifically, its responsibilities include:

- Develop and monitor the implementation of the national and LTSM policy
- Develop provincial operational guidelines
- Monitor and support District LTSM teams
- Develop a database of all records related to LTSM
- Liaise and develop a healthy relationship with textbooks, stationery and support material providers
- Appoint and train evaluators who will evaluate the LTSM to be acquired
- Quality assure the work of the LTSM evaluators
- Consolidate the requisitions received from Districts and forward them to suppliers
- Approves the consolidated list of the LTSM material
- Provide the budget for purchasing and distribution of LTSM
- Monitor the purchase and management of LTSM by section 21 schools
- Prepare for the receiving and distribution of the material
- Validate the material's correctness, quality, and quantities on receipt from suppliers
- Make payment to suppliers
- Monitor the received material to schools
- Monitor the timeous procurement of LTSM by schools and Districts and the timeous delivery thereof

3.1.2 Districts

Districts are responsible for supporting, monitoring, and reporting on LTSM in schools in the district. Therefore, the District LTSM Committee must:

- Hold workshops for School Management Teams on managing LTSM resources and retention
- Support and monitor schools through periodic visits, audits and written reports to ensure that schools develop and implement an LTSM Management and Retention Plan
- Develop and implement a focussed support plan for schools having challenges with LTSM retention
- Manage the transfer of surplus LTSM from a school having excess to needy schools
- Compile a report for the province and DBE on LTSM retention in schools in the district with plans for improving retention in the following year

3.1.3 Schools

Schools are central to the effective management of LTSM. Schools should, therefore:

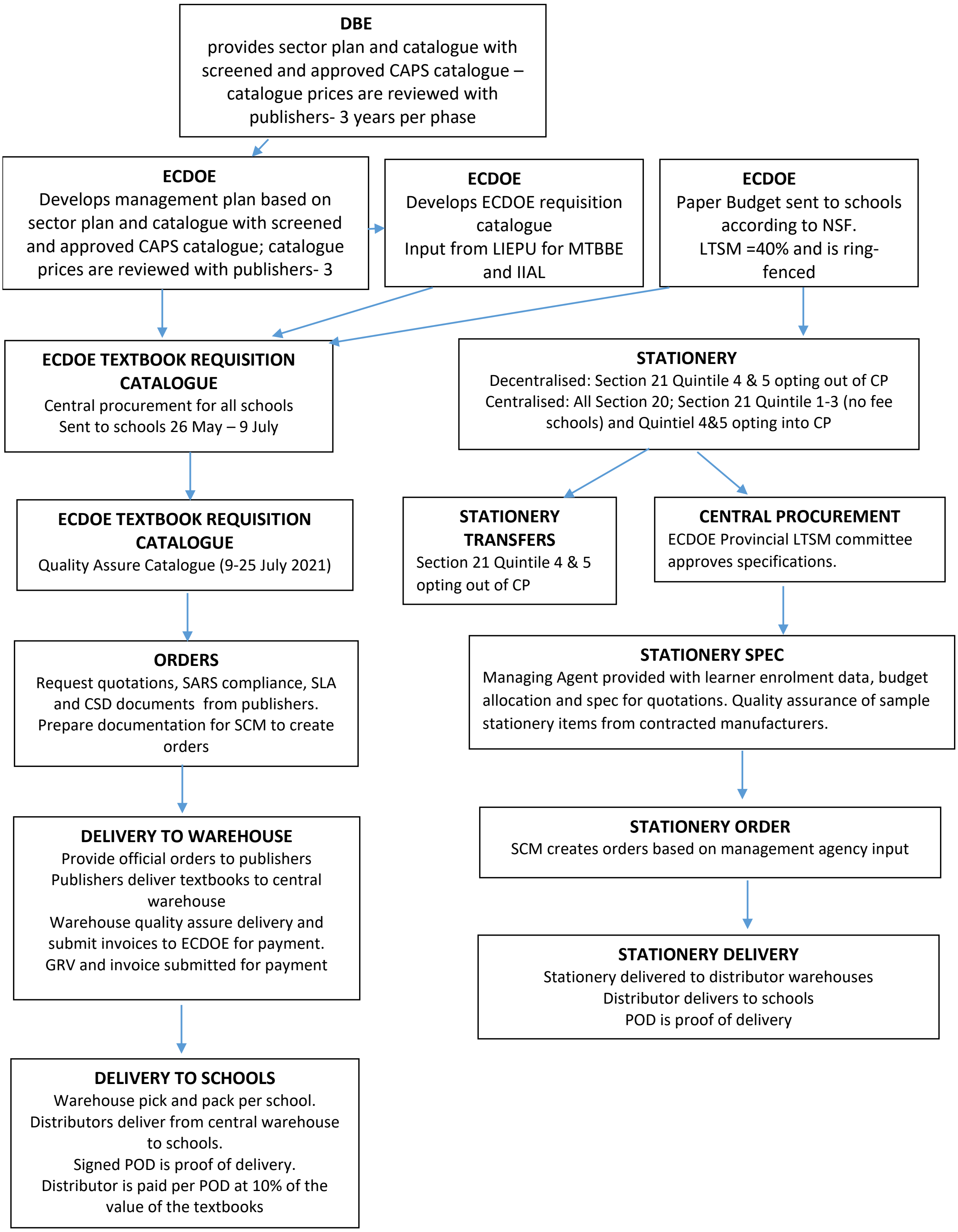
- Appoint a School LTSM Committee responsible for the LTSM Management and Retention Plan
- Develop and implement an LTSM Management and Retention Plan that contains all the measures necessary to effectively manage LTSM, including the disposal of damaged or obsolete LTSM.
- Develop an enabling environment that encourages and supports the care and control of all LTSM by learners, teachers and parents/caregivers.
- Develop and implement an effective LTSM ordering system.
- Develop and maintain an inventory system for all school LTSM.
- Involve the School Governing Body (SGB) and the school community in managing and retaining LTSM through an advocacy campaign.
- Conduct an annual audit of LTSM and take stock of LTSM at the end of the year.
- Develop and submit an annual report on LTSM management to the SGB and the district office.

Error! Reference source not found. shows the centralised process implemented by the Eastern Cape Department of Education to centralise the procurement of LTSM. Based on the process maps and interviews with departmental officials during this review, several noteworthy issues have been raised:

- The procurement of textbooks is centralised for textbooks. In other words, the Eastern Cape Department of Education procures **all textbooks** for learners from Quintiles 1 to 5 schools.

- Figure 4 shows the procurement is somewhat different for stationery. The Department purchases stationery for all schools in Q1 to Q3; however, it allows Quintiles 4 and 5 schools to opt into the centralised procurement system.
- Based on interviews with the LTSM team, the Department allocates stationery money for kids in Quintiles 1 to 3 schools. However, the allocation for stationery for schools in Quintiles 4 and 5 is much lower. By opting into the centralised procurement model, **these schools have benefitted by getting the higher value stationery pack from the Department.**
- In the 2021 academic year, 101 Quintiles 4 and 5 schools opted into centralised procurement, and 89 opted out. By subsidising the Quintiles 4 and 5 schools to a higher value than allocated, the Eastern Cape Department of Education was spending more on stationery than it had budgeted. That said, from 2022/23, the Department will no longer allow Quintiles 4 and 5 schools to opt into centralised procurement.
- There are no electronic systems to manage the identification of LTSM, procurement, and distribution. Nearly all the information is stored in Excel Spreadsheets across multiple units in the Department. Consequently, the Department is missing data on how much LTSM was purchased and distributed to schools for several years.
- The Eastern Cape Province Annual Report in 2016/17 suggests that the underspending on the LTSM programme happened because suppliers failed to submit their invoices on time. However, we understand that the delays in payments were also a cash flow management strategy for the Department.

Figure 4: LTSM procurement process



Source: ECDOE

4 Performance Analysis

To understand the LTSM needs of the Eastern Cape province and how they have been met, this section analyses the distribution of learners by district, phase, and Grade across the Eastern Cape. The number of learners enrolled is a crucial driver of the demand for LTSM.

The section then reviews how many books have been delivered by district and Grade across the province. We also scrutinise the retrieval rates to understand how the LTSM performs in the Eastern Cape province.

4.1 Demographic trends

4.1.1 Distribution of learners by district

The total number of learners enrolled in schools in the Eastern Cape increased slightly from 1.81 million in 2017 to 1.84 million between 2021 at an average annual growth rate of 4.8 per cent. In 2021, approximately 1.77 million learners or 96% of the total, were enrolled in public schools from Grade R to Grade 12. In addition, private and independent schools served about 70 785 learners in the province.

Between 2017 and 2021, the number of learners in public schools within the Eastern Cape grew marginally from 1.74 million to 1.77 million at an average annual rate of 4 per cent. Migration appears to be a significant driver of changes in enrolment in the Eastern Cape. Migration happens in three ways: migration from the Eastern Cape, from rural to urban education districts within the provinces, and migration within education districts. In the latter case, this type of migration typically occurs when parents move their children to schools with better academic results.

Table 3 shows the enrolments by the district. Learner enrolments have increased in the two metropolitan areas - Buffalo City and Nelson Mandela Bay. However, there has been a marked decline in learner numbers of rural education districts over the same period. For example, the Amathole, Chris Hani and OR Tambo districts all experience negative growth rates in learner enrolments.

Table 3: Learners numbers by education district from Grade R to 12

Education district	2017	2018	2019	2020	2021	CAGR
Alfred Nzo East	102 391	101 511	103 850	104 915	106 802	1.1%
Alfred Nzo West	159 236	157 390	163 581	165 408	164 904	0.9%
Amathole East	147 686	142 964	143 794	141 855	140 320	-1.3%
Amathole West	77 853	76 591	77 561	76 846	77 414	-0.1%
Buffalo City	180 640	182 409	187 334	189 499	191 815	1.5%
Chris Hani East	110 832	107 473	109 059	107 632	106 104	-1.1%
Chris Hani West	114 392	112 680	114 457	114 167	114 510	0.0%
Joe Gqabi	92 417	91 388	92 917	94 609	95 253	0.8%
Nelson Mandela	225 657	227 130	231 371	233 206	235 569	1.1%
O R Tambo Coastal	258 950	251 453	255 886	257 637	257 757	-0.1%

Education district	2017	2018	2019	2020	2021	CAGR
O R Tambo Inland	185 782	183 927	186 646	186 404	184 964	-0.1%
Sarah Baartman	92 511	92 111	94 338	96 462	98 015	1.5%
Total	**1 748 347**	**1 727 027**	**1 760 794**	**1 768 640**	**1 773 427**	**4.0%**

Source: EMIS data supplied by the ECDOE

4.1.2 Distribution of learners by phase

In the public schooling system, the enrolments in the primary school account for approximately 45.5 per cent of the total, followed by secondary schools at 31.2 per cent in 2021. Enrolments in secondary schools that take in learners from Grade 7 to Grade 12 have increased by 5.3 per cent on average every year between 2017 and 2021. Unlike their primary counterparts, learners in secondary school take a wider variety of subjects with sometimes more than one prescribed textbook per subject. This means that in secondary schools, each learner requires more books.

Table 4: Learner numbers by phase in public schools, Grade R to Grade 12

Type of school	2017	2018	2019	2020	2021	CAGR
Combined	430 114	424 568	427 421	418 594	402 734	-1.6%
ECD		816	958		773	
LSEN	9 901	9 838	10 029	9 879	9 858	-0.1%
Primary	857 401	836 748	848 978	829 362	806 226	-1.5%
Secondary	450 931	455 057	473 408	510 805	553 836	5.3%
Total	**1 748 347**	**1 727 027**	**1 760 794**	**1 768 640**	**1 773 427**	**0.4%**

Source: EMIS data supplied by the ECDOE

4.1.3 Distribution of learners by Grade

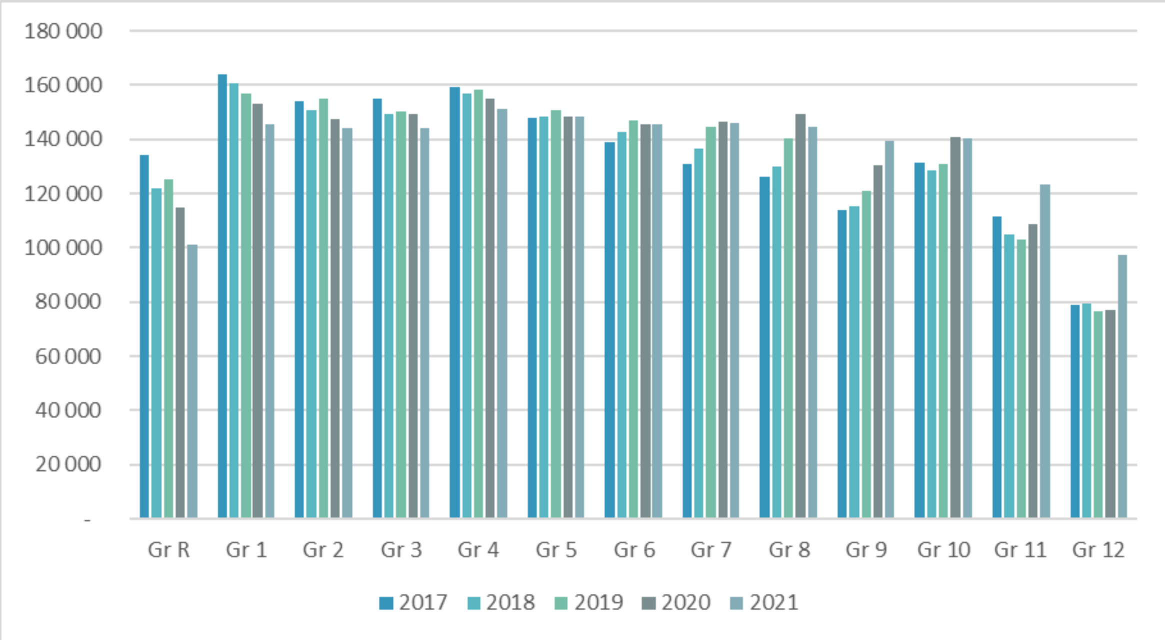
Figure 5 shows some interesting trends in learner enrolments by Grade. There are a few noteworthy trends in the data—first, enrolments in Grade R and One decline over the five years in the Eastern Cape. In contrast, enrolments across Grade 7,8 and 9 of the senior phase increases over the five years. Second, there is a significant decline in learner numbers in Grade 11 and 12, reflecting the high rate of dropouts in the FET phase.

In the FET phase, learners must take a minimum of seven subjects consisting of four core subjects and three elective ones. The core subjects are Home Language, First Additional Language, Maths/Maths Literacy and Life Orientation.

Although learners in the FET phase take on seven subjects requiring at least one or more textbooks, the dropout rates combined with the progression policy mean that the Eastern Cape Department of Education needs to purchase books for fewer students. The Eastern Cape Department of Education's Progression Policy holds back learners that fail to achieve at least:

"40% in three subjects, one of which is an official language at Home Language Level, and 30% in three subjects provided that the school-based assessment component is submitted."[2]

Figure 5: Learner numbers by Grade



Source: EMIS data supplied by the ECDOE

4.2 Book orders

During this spending review, the Eastern Cape Department of Education struggled to provide **reliable and consistent data** on textbooks delivered to schools. Instead, they provided the order value and the number of books ordered from publishers. There were several capturing errors in the data where data capturers swapped the order value and number of books ordered around. However, once we cleaned the information, it provided insights into the number of books ordered from publishers. It is important to caveat the analysis – although the data provides us with the order value, it is still unclear how many of these books were delivered to schools and received by schools.

The table below summarises the total number of textbooks ordered from 102 publishers between 2017/18 and 2019/20. The number of readers ordered by the Department has nearly doubled over the three years, rising from 665 745 to 1 199 830**. At the same time, the average cost per book has increased by 58 per cent over the three years, significantly**

[2] Eastern Cape Department of Education (2019) *Assessment instruction 33 of 2019.* Available online at: https://www.ecexams.co.za/2019_Assessment_Instructions/AssIn_33_2019_PromotionProgression10-11.pdf

higher than the inflation. However, the LTSM team could not explain why the average costs were rising substantially faster than inflation in our interviews.

Table 5: Books ordered between 2017/18 and 2019/20

Year	Order Value (Rands)	Quantity Ordered	Average Cost (Rands)
2017/18	37 274 747	665 745	56
2018/19	42 624 754	784 244	54
2019/20	106 014 246	1 199 830	88
Sum total	**185 913 747**	**2 649 819**	

Source: Book orders data supplied by the ECDOE

The suppliers increased marginally from 45 to 53 between 2017/18 and 2019/20. Likewise, the average size of the order per supplier increased.

Table 6: Number of suppliers per year and scale of book orders

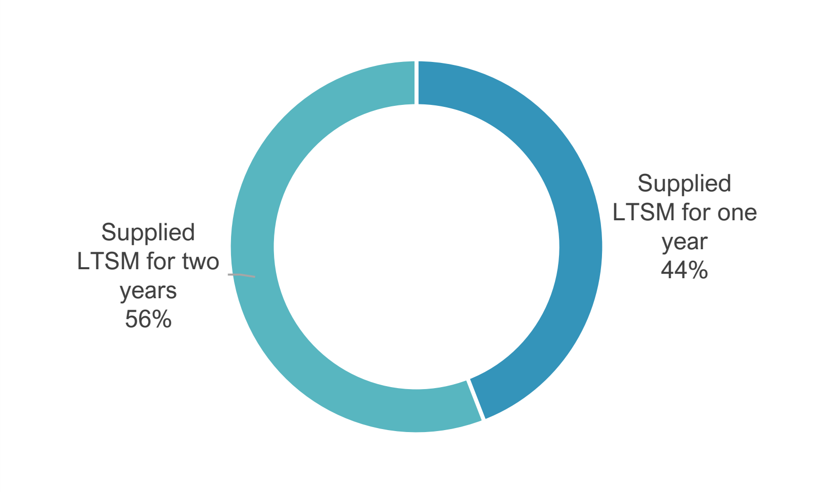
Year	Number of suppliers	Quantity Ordered	Average number of books per supplier
2017/18	45	665 745	14 794
2018/19	49	784 244	16 005
2019/20	53	1 199 830	22 638

Source: Book orders data supplied by the ECDOE

Of the 102 publishers that supplied textbooks to the Eastern Cape Department of Education, 44% provided goods in only one of the three years compared to 56% that provided for two out of the three years. Furthermore, no publisher had delivered textbooks in all three years.

From this analysis, it appears that the Eastern Cape Department of Education rotates publishers frequently. While there may be good reasons for using different suppliers (different organisations might supply specific titles), there are questions about whether this procurement approach gets the best value for the Department, particularly given the substantial increase in unit costs in 2019/20. **Interviewed officials noted that the supplier rotation might result from local content requirements imposed by the Eastern Cape Government on all procurement to support local businesses.** Effectively, local textbook and stationery providers are given preference in the procurement process even if they charge higher prices.

Figure 6: Frequency of supply



Source: Book orders data supplied by the ECDOE

4.3 Retrieval rates

An effective retrieval system is critical in the management demand for LTSM. The higher the retrieval rates, the lower the textbook demand from schools, and the less the Department must order. **Overall, it appears that retrieval rates have improved.** In eight of the twelve education districts, retrieval rates were over 80 per cent. Chris Hani West recorded the lowest retrieval rates in 2020, followed by OR Tambo Coastal (79%), Buffalo City (78%) and Amathole East (78%). Buffalo City, an urban and peri-urban school district, did not meet the retrieval target in both 2019 and 2020. Likewise, although retrieval rates had improved in 2020 within the Nelson Mandela education district, the average retrieval rate in Eastern Cape's largest education district was 75% over the five years, below the Department's target of 80%.

Table 7: Retrieval rates by education district

	2016	2017	2018	2019	2020	Average (2016-2020)
Alfred Nzo East		99%	98%	96%	87%	95%
Alfred Nzo West	86%	66%	64%	75%	88%	76%
Chris Hani East	99%	98%	98%	95%	91%	96%
Joe Gqabi	59%	100%	99%	92%	94%	89%
O R Tambo Coastal	79%	72%	81%	73%	79%	77%
O R Tambo Inland	100%	99%	97%	97%	95%	98%
Amathole East	53%	27%	84%	81%	78%	65%
Amathole West	87%	90%	85%	91%	88%	88%
Buffalo City	95%	80%	90%	76%	78%	84%
Chris Hani West	87%	89%	92%	85%	73%	85%
Nelson Mandela	75%	81%	61%	75%	84%	75%
Sarah Baartman	98%	94%	94%	92%	89%	94%

Source: Retrieval data supplied by the ECDOE

The Department faces several challenges with retrieving books, not in the least, is getting data from schools. By December 2020, only 22% of schools had captured textbook retrievals on SA-SAMS. Schools provided the following reasons for not submitting data:

- Many schools completed retrievals manually
- Some schools had network challenges and load-shedding challenges
- Schools struggled with uploading data onto SASAMS or uploaded the incorrect database uploaded onto SASAMS
- The SASAMS laptop crashed, was not working or went for repairs
- The admin clerk was on leave, or there was no dedicated staff member
- School closed due to ill teachers and learners (linked to pandemic)
- Schools did not know how to upload retrieval data and needed training on the LTSM module
- Schools did not use SASAMS but their software with a bar scanner

LTSM officials noted that two factors influence retrieval rate. First, schools without proper retrieval systems tend to perform poorly. In the past, schools used to withhold results until learners had returned their textbooks; however, this practice was deemed illegal, and schools lost a way of forcing learners to return their texts. Second, district coordinators played an essential role in overseeing that schools retrieved textbooks at year-end. Those districts where coordinators did not follow up with schools tended to have lower retrieval rates.

4.4 Coverage rates

The Eastern Cape Department of Education only had data on coverage rates by Grade for 2020. Therefore, it was not possible to compare coverage rates over time to see whether access to textbooks was improving or deteriorating. Nevertheless, Table 8 shows that the coverage rate is relatively good in primary schools across provinces. The average coverage rate between Grade 1 to 6 is 151 per cent. Effectively, each learner has at least one textbook per subject.

However, coverage rates are considerably lower in secondary schools. On average, there is one textbook for every two learners between the Grades of 7 and 12 or about 54 per cent coverage rate. Coverage rates are meagre in Grade 8, where only one in every three learners has a textbook per subject. Likewise, about **1 in 2 learners in Grade 12 have a book per subject**.

Table 8: Textbook coverage across all grades in 2020

Grades	Original Qty	Books written off	Textbooks available at school	Learner enrolment	Textbooks	Reading books	Minimum set books required per learner	Textbook requirement for universal coverage	Coverage rate
GRADE 1	953 755	4 141	949 614	144 803	4	2	6	868 818	109%
GRADE 2	517 820	2 096	515 724	144 073	4	2	6	864 438	60%
GRADE 3	565 737	3 586	562 151	143 711	4	2	6	862 266	65%
GRADE 4	4 163 776	50 722	4 113 054	150 905	6	2	8	1 207 240	341%
GRADE 5	1 058 581	58 255	1 000 326	145 201	6	2	8	1 161 608	86%
GRADE 6	2 875 730	10 265	2 865 465	148 030	6	2	8	1 184 240	242%
GRADE 7	1 639 840	16 204	1 623 636	145 744	9	4	13	1 894 672	86%
GRADE 8	717 242	5 971	711 271	143 117	9	4	13	1 860 521	38%
GRADE 9	1 133 279	6 064	1 127 215	138 856	9	4	13	1 805 128	62%
GRADE 10	562 095	6 168	555 927	139 248	7	5	12	1 670 976	33%
GRADE 11	699 333	9 018	690 315	122 649	7	5	12	1 471 788	47%
GRADE 12	669 184	5 134	664 050	97 110	7	5	12	1 165 320	57%
TOTALS	**15 556 372**	**177 624**	**15 378 748**	**1 663 447**				**16 017 015**	**96%**

Source: ECDOE data on textbooks

5 Expenditure Observations

5.1 Adherence norms and standards

The Constitution allows the national government to set norms and standards to ensure that provinces deliver a minimum level of service to South Africa. Norms and standards in Basic Education safeguard a child's right to access quality education. Every year, the National Department of Basic Education publishes funding norms and standards. These norms and standards guide provinces on the subsidy amount to which each learner is entitled.

The Eastern Cape allocation per learner was approximately 40% lower than the national norms and standards in 2020/21 for the most disadvantaged schools in Quintiles 1 to 3. Due to fiscal constraints, the Department cut the learner subsidy for Public Ordinary Schools for Quintiles 1 to 3 to R870 per learner instead of R1 466 as set out in the national norms and standards. Likewise, the funding allocated per learner for Quintile 4 was R436 instead of R735 and R151 instead of R254, or 40% lower than the national norms. **Thus, it seems that the Eastern Cape Department of Education instituted a blanket 40% cut in the allocation across all quintiles.**

The learner allocation for Grade R is R609 for no-fee learners, R305 for Quintile 4 and R105 for Quintile 5.

Table 9: Comparison between national norms and standards and provincial learner allocations

Quintile	Per Learner Allocation	Total Learners Aug 2020	Total Norms	Per Learner Allocation	Reduction per learner
1	1,466	512,661	445,927,044	870	(596)
2	1,466	308,854	268,649,948	870	(596)
3	1,466	707,509	615,411,348	870	(596)
4	735	47,617	20,765,813	436	(299)
5	254	74,884	11,285,539	151	(103)
Aug 2020 data	**2021/22**	**1,651,525**	**1,362,039,692**		
Aug 2019 data	**2020/21**	**1,638,599**	**2,273,978,493**		
Changes to funding		**12,926**	**(911,938,801)**		

Source: ECDOE

5.2 BAS expenditure on LTSM

This analysis uses BAS expenditure to estimate total spending on LTSM by the Department. The BAS analysis covers five years from 2016/17 to 2020/21. In all years, except for 2020/21, the BAS expenditure reflects audited figures, except for the final year, a preliminary estimate.

Expenditure for LTSM falls under different programmes, including Programme 2: Public Ordinary Schools Education and Programme 4: Public Special Schools Programme 5: Early Childhood. Under the economic classification, this item (LTSM) is found under Goods and Services, and the budget and expenditure are captured in terms of five-line items: *Consumable Materials*, *Durable Materials*, *Stationery*, *Textbooks* and *Library Material*.

Consumable materials are all products purchased for schools to aid teaching and learning. This definition includes things like whiteboard markers, printing paper and chalk. In contrast, durable materials include sports equipment for physical education classes or science equipment. Stationery includes items purchased for learners as well as teachers. Textbooks covers textbooks for learners and teachers set out in the National Catalogue. Finally, library material covers any reading books, visual aids or charts used in libraries.

5.2.1 LTSM Expenditure by budget programme

The expenditure analysis begins with an analysis of BAS expenditure. Table 10 shows the spending on LTSM between 2016/17 and 2020/21. Over the past five financial years, spending on LTSM amounted to R3.3 billion or 2 per cent of the total Provincial Department of Education's Budget amount of R172.7 billion.

Table 10: Programme spending on LTSM between 2016/19 and 2020/21

Programme	2016/17	2017/18	2018/19	2019/20	2020/21	CAGR
Early Childhood Development	6 032 656	33 366 444	42 210 309	44 204 283	14 734 065	25%
Examination & Edu Related Services	115 868	349 807	-	391 100	-	-100%
Infrastructure Development		123 000 000				-
Public Ordinary School Education	1 050 051 873	550 878 756	545 670 594	571 103 780	343 733 033	-24%
Public Special School Education	3 036 404	-	3 258 251	1 537 292	5 603 519	17%
Sum total	**1 059 236 800**	**707 595 006**	**591 139 154**	**617 236 455**	**364 070 618**	**-23%**

Source: BAS

In 2016/17, the Department incurred an expenditure of R1.1 billion to correct the shortages of LTSM in schools. Following this, expenditure fell by R351.6 million or 33.2 per cent to R707.6 million in 2017/18.

Nevertheless, because the Department recorded a considerable amount of accruals during 2016/17, expenditure remained high in 2017/18 and later stabilised in 2018/19 and 2019/20, respectively.

While spending in 2020/21 seems to decline, this might mask the fact that the Eastern Cape Department of Education **delayed the payment of invoices due to cash flow problems**. Thus, most invoices had to be put on hold for disbursement from the subsequent budget. However, the expenditure would still be high if accrued invoices amounting to R316.1 million were paid in the same year they were incurred.

It is unclear why no expenditure was captured for special schools in 2017/18 under the correct programme.

5.2.2 Expenditure by LTSM type and region

Between 2016/17 and 2020/21, the Eastern Cape Department of Education spent R1.9 billion on prescribed textbooks and R1.4 billion on stationary. Books and stationery account for 58%

and 42% of total expenditure. Very little is spent on consumable material and library materials. These two items are only ordered when needed.

One of the significant issues with the Eastern Cape Department of Education's data is the lack of reliable recording of LTSM expenditure information on BAS. Table 11 illustrates this problem. Expenditure is not allocated to the school, district or municipality consistently. Instead, expenditure is lumped together as a single line under "Whole of Province" in most cases.

This inconsistent classification of LTSM expenditure makes any meaningful analysis difficult. However, on the whole, the spending review picked up several issues with the BAS data that the Eastern Cape Department of Education should make efforts to remedy:

- **Incorrect programme classification**: As mentioned before, LTSM expenditure was incorrectly classified under the education infrastructure programme in 2017/18.
- **Inconsistent classification of school and district expenditure:** Whereas expenditure is recorded for some schools, in some years, data is not consistently available for all schools across the Eastern Cape.

Table 11: LTSM expenditure by region

	2016/17	2017/18	2018/19	2019/20	2020/21
School Consumable Material	**3 003 190**	**2 859 210**	**1 236 075**	**2 499 417**	**724 520**
Metros	2 751 366	2 702 210	1 187 342	1 123 887	238 651
Municipalities	251 824	157 000	48 733	-	-
Whole province	-	-	-	1 375 530	485 869
Durable material	**472 991**	**-**	**-**	**489 505**	
Municipalities	472 991	-			
Whole province		-	-	489 505	
School stationary	**310 434 070**	**306 613 139**	**314 736 952**	**311 446 964**	**157 605 940**
Metros	91 994	30 090		174 389	
Municipalities	164 630		14 805	-	
Whole province	310 177 446	306 583 049	314 722 147	311 272 575	157 605 940
Prescribed textbooks	**745 326 550**	**398 122 657**	**275 166 128**	**302 670 849**	**205 740 158**
No data		(3 940 742)	11 384 951		
Metros	2 645 558	-			
Municipalities	1 715 767	7 263	93 908		
Whole province	740 965 224	402 056 136	263 687 269	302 670 849	205 740 158
Library material				**129 720**	
Whole province				129 720	
Total	**1 058 763 810**	**707 595 006**	**591 139 154**	**616 746 950**	**364 070 618**

Source: BAS

5.2.3 Expenditure by school type

The main distinction between Section 20 and 21 schools lies in their ability to manage their finances. Therefore, in terms of the Standard Chart of Accounts, the Eastern Cape Department of Education should allocate expenditure by type of school. But, again, as

Table 12 shows, it is difficult to make any inferences from the data.

To further explain this issue, the Department, through its centralised procurement system, purchases stationery and textbooks for the Section 20 schools (most of which fall in Quintiles 1-3). However,

Table 12 shows how inconsistently the expenditure data is recorded from one year to the next.

In 2016/17, the Department spent R132.3 million on stationery in Section 20 schools. However, in the next year, expenditure dropped to R30 090. While the number of S20 schools dropped from 74 to 69, that decline cannot explain the significant drop in stationery expenditure in 2017/18 especially given that the Department must purchase stationery every year for learners.

Therefore, it may be the case that expenditure on stationery for Section 20 schools has been **misclassified under expenditure for Section 21 schools in that year**.

Table 12: Expenditure by school type

	2016/17	2017/18	2018/19	2019/20	2020/21
Consumable Material	**3 003 190**	**2 859 210**	**1 236 075**	**2 499 417**	**724 520**
District Norms and Standards	**789 205**				
Section 20 Norms	2 213 985	2 509 404	1 236 075	1 123 887	238 651
Section 21 Norms					
No classification	-	349 807	-	1 375 530	485 869
Durable material	**472 991**	**-**	**-**	**489 505**	
District Norms and Standards	425 975				
Section 20 Norms					
Section 21 Norms					
No classification				489 505	
Stationery	**310 434 070**	**306 613 139**	**314 736 952**	**311 446 964**	**157 605 940**
District Norms and Standards	136 349	-	-	-	-
Section 20 Norms	132 384 282	30 090	14 805	174 389	-
Section 21 Norms	168 591 452	306 583 049	311 463 895	307 930 144	152 488 290
No classification	9 321 987	-	3 258 251	3 342 430	5 117 650
Prescribed textbooks	**745 326 550**	**393 002 839**	**275 166 128**	**302 670 849**	**205 740 158**
District Norms and Standards	-	7 263	93 908	-	-
Section 20 Norms	543 622	90 209 995	-	-	-
Section 21 Norms	119 282 887	150 359 879	242 684 594	259 336 547	191 006 092
No classification	625 500 042	152 425 702	32 387 626	43 334 302	14 734 065
Mother Tongue Based Bilingual Education					
Library material		**5 119 818**		**129 720**	
School libraries		5 119 818		129 720	
Total	**1 059 236 800**	**707 595 006**	**591 139 154**	**617 236 455**	**364 070 618**

Source: BAS

5.2.4 Expenditure per learner

Total spending is matched against the numbers of learners registered in the EMIS system to understand better the unit expenditure per learner in public schools, special schools, and early childhood development (Grade R). While it is difficult to say whether spending per learner is high or low because we do not have benchmarks from other provinces, it is helpful to analyse the trends in expenditure.

As mentioned before, the Department issued a corrective order to ensure that every child in public schools in the Eastern Cape has books. This once-off injection was meant to cover 80 per cent of the LTSM needs. However, in subsequent years, as the LTSM team notes, the Department only purchased textbooks to meet 20 per cent of the needs, frequently to replace lost, damaged or books that are no longer usable. Therefore, all expenditure after 2016/17 is for the so-called 'top-ups".

Table 8: Spending per learner from 2017/18 - 2020/21

	2016/17	2017/18	2018/19	2019/20	2020/21
Public Ordinary Schools					
Public Ordinary Schools	1 050 051 873	550 878 756	545 670 594	571 103 780	343 733 033
Number of learners	1 613 786	1 605 147	1 636 181	1 654 266	1 672 513
Number of books required	9 998 940	9 975 288	10 211 262	10 313 052	10 420 062
Coverage	80%	20%	20%	20%	20%
Spending per book	**131**	**276**	**267**	**277**	**165**
Average spending per learner	**1 313**	**2 761**	**2 672**	**2 769**	**1 649**
Special schools					
Special schools	3 036 404	-	3 258 251	1 537 292	5 603 519
Number of learners	5 560	5 522	5 487	5 401	5 383
Spending per learner	**546**	**-**	**594**	**285**	**1 041**
Early Childhood Development (Grade R)					
Early Childhood Development	6 032 656	33 366 444	42 210 309	44 204 283	14 734 065
Number of learners	139 128	126 973	130 989	119 920	105 761
Spending per learner	**43**	**263**	**322**	**369**	**139**

Source: BAS and EMIS

The analysis examines the expenditure per learner in public schools, special schools and early childhood development. To estimate the expenditure per learner in ordinary public schools, we take the total number of learners across each Grade and multiply it by the number of books they require to calculate the total number of books required (i.e. the LTSM need). After that, we divide total expenditure by the LTSM need times the coverage. So in 2016/17, the LTSM unit highlighted that the corrective order was meant to cover at least 80% of the textbook needed. However, spending was supposed to cover only 20% of the LTSM need in subsequent years.

In line with the National Department's recommended book lifespan policy, textbooks can be used for five years until they need to be replaced. This policy means that the books purchased under the corrective order in 2016/17 (assuming that they were only distributed to schools in the 2017 academic year) would need to be replaced in 2022/23 to be ready for distribution in 2023 academic year.

Second, it is unclear why the spending per learner in the subsequent years remains high if the Department of Education's policy only focuses on topping-up books. For example, expenditure per learner rises to R 2 761 per learner in 2017/18. In 2020/21, although actual spending per learner declines to R1 649, if the accrued invoices of R361 million are added back to total expenditure, expenditure per learner would amount to R3 382 for that year.

The analysis highlights several issues with the LTSM programme in the Eastern Cape Department of Education:

- The high levels of accrued invoices on LTSM reflect **weaknesses in cash flow management** in the Department.
- It is unclear whether the Department is effectively implementing its LTSM policy. If the Department is only topping up books in years following the corrective order, then there are

questions on why the **spending per learner on textbooks is almost twice as much** compared to 2016/17.

- The top-up policy **might not reflect the textbook needs of learners** in the province – and therefore, the approach may be allocatively inefficient. Indeed, based on the grade-by-grade analysis of book availability, it is clear that the Eastern Cape Department of Education should be funding **high school textbooks and improving the availability of textbooks for Grade 12 learners**.
- Finally, the Department has not costed the **funding implications of introducing the Mother Tongue Based Bilingual Education Policy** in the Eastern Cape. At present, learners in the Eastern Cape switch to English after Grade 3 as the language of teaching and learning. However, under the proposal to introduce Mother Tongue Based Bilingual Education, learners would continue learning in their mother tongue until Grade 6. The new policy (currently being piloted in selected schools in the Eastern Cape) would require additional funding to purchase books in the Mother Tongue Languages of learners.

5.3 Analysis of procurement data

5.3.1 LOGIS dataset

The Eastern Cape Department of Education is one of six provinces that uses LOGIS as a procurement management system. The LOGIS system enables the province to manage and track its procurement. Within the Eastern Cape Department of Education, LTSM purchases are recorded on LOGIS and then summarised in BAS. We extracted and cleaned the LOGIS data for this spending review for the five years. We then used the relevant SCOA items to identify LTSM expenditure.

Although the LOGIS and BAS systems are linked, there are two reasons why the numbers in the two systems differ:

- The fields in BAS and LOGIS and the items covered under them differ. For instance, LOGIS classifies specific cleaning material purchased for schools under LTSM, but BAS organises the same items as "cleaning supplies".
- BAS amounts are verified, adjusted and reconciled at year-end following the audit. This does not happen in LOGIS.

Table 13: Differences between BAS and LOGIS on LTSM expenditure

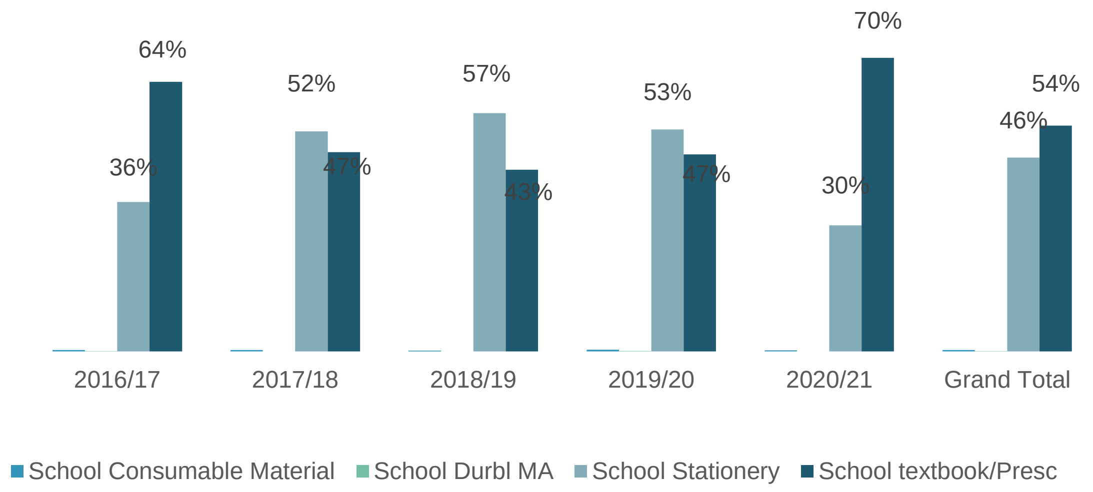
	2016/17	2017/18	2018/19	2019/20	2020/21	CAGR
BAS Expenditure	1 059 236 800	707 595 006	591 139 154	617 236 455	364 070 618	-23%
LOGIS Expenditure	872 958 845	593 470 535	580 308 817	589 693 772	294 344 082	-24%
Difference	186 277 955	114 124 471	10 830 337	27 542 683	69 726 535	

Source: BAS and LOGIS

Although the differences between BAS and LOGIS are more pronounced in 2016/17 and 2017/18, the remaining years' data seems more reliable with more minor differences.

Prescribed textbooks are the single most oversized expenditure item, accounting for about 54% across all five years. Likewise, stationery accounts for 46% of total expenditure across all years. Spending on consumable and durable materials is negligible.

Figure 7: Expenditure on LTSM recorded in LOGIS, 2016/17 – 2020/21



Source: LOGIS

5.3.2 Suppliers

The procurement and distribution of stationery and textbooks to schools is often a long process that involves different factors, such as consideration of curriculum, subjects, languages used at various schools, approved suppliers and booksellers.

Also, relationships are formed with different suppliers selected to provide the specific material used at school. However, while the system shows a lengthy list of suppliers on LOGIS, the analysis points to a common set of suppliers across the five years.

Stationery is supplied by five companies that account for between 16 and 24 per cent of total expenditure over the five years. African Paper Products is the largest supplier, accounting for nearly a quarter of total spending on LTSM. All these companies have supplied stationery to the Department for at least three years.

Table 14: Spending on stationery recorded in LOGIS, 2016/17-2020/21

Stationary Suppliers	2016/17	2017/18	2018/19	2019/20	2020/21	Total	%share of total
African Paper Products	**62 944 807**	65 167 360	49 770 624	47 304 095	26 386 835	251 573 721	24%
Palm Stationery Manufacturers	63 222 976	60 780 624	69 963 210	28 223 174		222 189 984	21%
Power Stationery	60 549 497	65 092 116	65 717 296	17 806 729		209 165 639	20%
Raptoscore	49 778 811	49 222 952	50 864 384	50 304 902		200 171 049	19%
Freedom Skryfbehoeftes	51 672 310	60 147 113	53 646 932			165 466 355	16%
Sum total	**288 168 402**	**300 410 165**	**289 962 447**	**143 638 900**	**26 386 835**	**1 048 566 749**	**100%**

Source: LOGIS

Fifteen suppliers account for 80 per cent of the expenditure on prescribed textbooks in the Eastern Cape. Of the 15 companies, 14 of them are publishing houses with their titles. Lebone Litho Printers, which accounts for 14% of total expenditure on prescribed textbooks, is contracted to the Department to warehouse, distribute and deliver to schools.

The book publishers deliver to the provincial warehouse that Lebone Litho Printers manage in terms of the current arrangement. Lebone then delivers the prescribed textbooks to schools around the province. Spending on Lebone Litho printers increased rapidly over the five years, growing at an annual average of 131% from R3.5 million to R99.1 million over five years.

Table 15: Spending on textbooks recorded in LOGIS, 2016/17-2020/21

Textbook Suppliers	2016/17	2017/18	2018/19	2019/20	2020/21	Total	%share of total	Cumulative share
Lebone Litho Printers	3 450 211	19 140 074	9 380 250	93 112 086	99 058 796	224 141 416	14%	14%
Oxford University Press Sa	137 551 517	43 362 740	13 998 941	1 421 851		196 335 050	13%	27%
Maskew Miller Longman	27 881 066	1 279 700	83 884 538	34 916 980	27 453 808	175 416 092	11%	38%
Pearson Holdings Sa	83 734 867	28 829 023	4 568 706			117 132 595	7%	45%
Vivlia Publishers & Booksellers	23 046 166	63 184 137	3 393 677	16 240		89 640 220	6%	51%
Macmillan Sa	55 816 605	13 460 550	7 873 915	3 844 415	6 130 907	87 126 391	6%	57%
Shuter & Shooter Publishers	45 428 497	16 948 873	9 642 288			72 019 658	5%	61%
Heinemann Publishers	36 100 668	10 296 695	8 364 809	6 618 131	2 059 267	63 439 570	4%	65%
Cambridge University Press	38 653 372	8 769 629				47 423 002	3%	68%
Oxford University Press Southern Africa			19 343 781	18 577 480	8 214 641	46 135 902	3%	71%
Vivlia Publishers And Booksellers			2 045 389	32 384 189		34 429 578	2%	73%
Ilima Publishers	3 896 928	2 879 071	1 739 788	8 923 654	15 328 865	32 768 306	2%	76%
Nasou Via Afrika (Pty) Ltd	25 660 136	6 095 750	12 664			31 768 549	2%	78%
National Education Collaboration Trust			30 892 165			30 892 165	2%	80%

Source: LOGIS

Given that there have been delays in the supply of textbooks to schools, there are questions about whether the contract with Lebone Litho printers which accounts for 14% of total expenditure on prescribed textbooks, offers **the best value for money and performance for the Department.**

6 Costing

While it would have been good to cost out the LTSM programme based on actual needs and delivery costs, this information was not available at the spending review. In particular, the distribution and delivery of books seem to account for about 14 per cent of all LTSM spending. While it is not possible to evaluate whether this expenditure is cost-effective without comparing it to appropriate benchmarks, the Department needs to look into this issue **urgently** to determine whether it is getting value for money from the contract with Lebone Litho printers.

Nevertheless, one policy development will have significant budget implications for the Eastern Cape Department of Education in the current MTEF. In 2023, the National Department of Education expects all provinces to introduce new CAPS-endorsed textbooks for learners in Grades 1-3. This means that in the 2022/23 year, the Department will have to replace the textbooks of all learners in Grade 1 to 3. In the foundation phase, learners do for subjects – Home Language, First Language, Mathematics, and Life Skills. In addition to the textbooks, learners also need readers for home language and first language subjects. Therefore, the total cost per learner is R420 (see Table 16).

Table 16: Textbook cost per learner in Grade 1-3

Price per learner	Textbooks	Readers	Sum total
Home Language	R 80	R 50	
First Language	R 80	R 50	
Mathematics	R 80		
Life skills	R 80		
Total	**R 320**	**R 100**	**R 420**

Source: LTSM unit

Grade 1 to 3 enrollment has been declining over the past five years mainly because of migration out of the province. As a result, we have forecasted that learner enrolments in Grade 1 to 3 will decline. By 2023, there will be about 437 884 learners enrolled across Grade 1 to 3.

Table 17: Projected learner enrolments in 2023

Grade	2017	2018	2019	2020	2021	2022	2023
Grade 1	170 309	167 837	164 526	160 589	152 539	148 394	144 362
Grade 2	160 597	157 410	162 838	154 665	151 451	149 247	147 075
Grade 3	160 925	156 041	157 497	156 780	151 122	148 766	146 447
Sum total	**491 831**	**481 288**	**484 861**	**472 034**	**455 112**	**446 407**	**437 884**

Source: EMIS and own calculations

Therefore, to roll out the new CAPS-aligned books in the 2023 academic year, the Department will need **R183.9 million to fund the purchase of new textbooks and readers for Grade 1 to 3**. Given the highly constrained budgets and the cuts to norms and standards, the Department must begin planning how it will reprioritise its baseline and find the funding to meet this obligation.

Table 18: Forecasted budget requirement for the introduction of new textbooks in Grade 1-3 in 2022/23

Grade	Number of forecasted learners	Price per learner	Total budget required
Grade 1	144 362	R 420	R 60 631 992
Grade 2	147 075	R 420	R 61 771 592
Grade 3	146 447	R 420	R 61 507 641
Sum total	**437 884**		**R 183 911 224**

Source: Own calculations

7 Conclusion and reccomendations

In 2020, the Eastern Cape recorded a material pass rate of 68.1 per cent, the second-lowest pass rate among all provinces. Raising the quality of basic education in the province is a key priority of the provincial government. Although multiple factors determine educational outcomes, having access to adequate LTSM is crucial if the province wants to improve the quality of education.

This spending review has surfaced several significant findings.

Finding 1: LTSM data collection and management processes in the Eastern Cape Department of Education are weak.

The Eastern Cape Department of Education relies heavily on paper-based systems or spreadsheets. Furthermore, there are no internal processes to hand over information when staff leave. This effectively means that the Department does not have a consistent set of data for the last five years on how many textbooks were purchased and delivered to which schools and for which grades. Moreover, schools frequently fail to record information on retrieval rates timeously and accurately.

Recommendation 1*: The Department needs to develop a set of standard operating procedures that govern the collection and management of LTSM data. These standard operating procedures should cover the (i) identification of LTSM needs, (ii) procurement of LTSM, (iii) distribution and delivery of LTSM. Once this SOP is in place, the Department should also examine how some of this data can be collected electronically. In the least, the Department must ensure that LTSM data is filed and stored electronically in a central repository.*

Finding 2: Over the past five years, there has been a decline in enrolments in rural and an increase in urban districts. These changes in enrolment patterns affect the availability of LTSM.

There have been major shifts in learner enrolments across districts. Several education districts such as Amathole East and Chris Hani East have experienced a decline in learner numbers, whereas urban districts like Buffalo City have seen increased enrollment. This form of intra-provincial migration effectively means that some schools have too many textbooks, whereas others don't have enough. Unfortunately, the province has no mechanism to redistribute LTSM from areas with an oversupply to where they are needed. Invariably, the Department purchases new books for districts where it is required, or learners are left without textbooks.

Aside from the migration issues, there Department's 80-20 approach to the procurement of LTSM needs has resulted in an abundance of books within primary schools and conversely insufficient books at high schools across the province. According to the Department's own data, only one in every two learners in Grade 12 have a textbook per subject.

Recommendation 2*: The Department must develop an approach to correctly identifying the LTSM needs of learners in the province. In doing so, it must pay particular attention to textbook coverage rates in high school and especially among Grade 12 learners.*

Finding 3: Book prices have increased by 58 between 2017/18 and 2019/20. These above-inflation increases require an explanation and should be monitored.

The number of textbooks ordered by the Department has nearly doubled between 2017/18 and 2019/20, rising from 665 745 to 1 199 830**. At the same time, the average cost per book has increased by 58 per cent over the three years, significantly higher than the inflation.** However, the LTSM team could not explain why the average costs rose substantially faster than inflation. Although one possible explanation could be the type of books and subjects ordered, there seems to be a disconnect between the LTSM team ordering the textbooks and the procurement team filling the specifications.

Recommendation 3*: The Department should closely monitor the price increases of textbooks from publishers to ensure that it gets the best value for money.*

Finding 4: Average book retrieval rates have improved over the past five years, with only 4 of the 12 education districts falling below the 80% target.

In eight of the twelve education districts, retrieval rates were over 80 per cent. Chris Hani West recorded the lowest retrieval rates in 2020, followed by OR Tambo Coastal (79%), Buffalo City (78%) and Amathole East (78%). Buffalo City, a large urban and peri-urban school district, did not meet the retrieval target in both 2019 and 2020.

Recommendation 4*: The Department must ensure that retrieval systems are functioning effectively. Those districts that struggle to meet the retrieval target should be held accountable and provide explanations for missing the retrieval target.*

Finding 5: The Eastern Cape allocation per learner was approximately 40% lower than the national norms and standards in 2020/21 for the most disadvantaged schools in Quintiles 1 to 3*.*

Due to fiscal constraints, the Department cut the learner subsidy for Public Ordinary Schools for Quintiles 1 to 3 to R870 per learner from R1 466 as set out in the national norms and standards. Likewise, the funding allocated per learner for Quintile 4 was R436 instead of R735 and R151 instead of R254, or 40% lower than the national norms. **Thus, it seems that the Eastern Cape Department of Education instituted a blanket 40% cut in the allocation across all quintiles.** At the same time, spending on compensation of employees reached 89.3%, effectively crowding out any other category of expenditure. If the Department continues to cut the learner subsidies, it will undermine efforts to improve educational outcomes.

Recommendation 5*: The Eastern Cape Department of Education must find ways to ringfence the learner subsidy and protect it from future cuts over the MTEF.*

Finding 6: Although the Department is only procuring top-up textbooks for about 20% of learners in four of the five years, expenditure per learner remains high relative to the baseline year of 2016/17.

In 2016/17, when the Department issued the corrective order to purchase textbooks, expenditure per learner was R1313. However, in subsequent years, when the Department was following is 20% top-up policy, expenditure increased to over R2500 per learner in all years except 2020/21 – the pandemic year. It makes little sense why the Department spends so much per learner when they are only topping-up books in schools. One possible reason is that Department is buying more than is required (i.e. not topping up). This might explain why there is an excess of textbooks in primary schools (see coverage rate tables). Overall, it is clear that the top-up policy does not result in an efficient allocation of LTSM.

Recommendation 6*: The Department needs to review its approach to identifying LTSM needs in the province. Ordering should be based on actual needs per Grade instead of a top-up model.*

Finding 7: In terms of the national book policy, textbooks have a five-year lifespan. This means that books purchased for Grade 4-12 under the corrective order should be replaced in 2022/23.

Books purchased in 2016/17 were distributed to schools in the 2017 academic year. Therefore, they are due to be replaced in the 2023 academic year. Therefore, the Department would have to fund additional expenditure in 2022/23 to make sure that books are procured and ready for the 2023 academic year. However, there is no evidence that the Eastern Cape Department of Education plans to replace textbooks at the end of their lifespan.

Recommendation 7*: If the Department needs to plan how it intends to replace textbooks that reach the end of their lifespan over the MTEF.*

Finding 8: Two new policy developments impact the demand for LTSM– the introduction of Mother-Tongue Based Bilingual Education Policy and the National Policy to introduce new books for Grade 1-3 from 2023. It is concerning that the Department has not planned or cost the funding required for these new policies.

These new policy developments will require additional funding. At this stage, it is unclear how the Mother-Tongue Based Bilingual Education Policy will be implemented, by when and in which schools as the Department does not have an implementation plan. However, we estimated the additional funding required to purchase new textbooks and readers for Grades 1-3. In 2022/23, the Department will need an additional R183.9 million to procure new textbooks.

Recommendation 8*: The Department should prepare an implementation plan that sets out how the Mother-Tongue Based Bilingual Education Policy will be implemented. The implementation plan can then be costed and used to estimate how much funding will be* *needed. The Department should also respond on how they will fund the new textbooks for Grade 1-3 in the 2023 academic year.*

Finding 9: About 14 per cent of total expenditure on LTSM goes to Lebone Litho Printers for the warehousing, distribution and delivery of textbooks. This represents a substantial share of total expenditure.

It is difficult to say whether the Lebone contract delivers value for money for the Eastern Cape Department of Education because the spending review team could not access the Service Level Agreement that shows what the Department is paying for and at what rates. However, given the substantial payment to this company, there are questions about whether this model of warehousing, distribution and delivery offers the best value for money.

Recommendation 9*: The Eastern Cape Department of Education and the Provincial Treasury should conduct an options analysis to determine which models of warehousing, distribution, and delivery are the most cost-effective. Options could include internalising the function within the Department in a Project Management Unit or outsourcing it to private providers.*

8 Actions

The following action plan is ordered by priority and responsibility and covers the year's first six months.

Action No	Description	Responsibility	Deadline
1.	Present the findings of this spending review to the Eastern Cape Department of Education	Provincial Treasury	January 2022
2.	Discuss and engage on the learner subsidy to mitigate or minimise the risk of further cuts over the 2022 MTEF.	Eastern Cape Department of Education and Provincial Treasury	March 2022
3.	Review the costing estimates for the rollout of new textbooks for Grade 1-3 and decide how this new policy will be implemented for the 2023 academic year. This includes how the policy will be implemented and when procurement should happen	Eastern Cape Department of Education and Provincial Treasury	February 2022
4.	Develop and cost an implementation plan for the roll out of Mother Tongue Bilingual Language Policy	Eastern Cape Department of Education	June 2022
5.	Analyse and cost the options for the warehousing, distribution and delivery of textbooks to schools and choose the most cost-effective approach. If needed, re-negotiate the existing contract with the service provider.	Eastern Cape Department of Education	March 2022

Appendix One: Retrieval rates by subject

Subject	2016	2017	2018	2019	2020	Average retrieval rate
Accounting	98%	89%	100%	87%	78%	90%
Afrikaans First Additional Language	78%	94%	99%	90%	80%	88%
Afrikaans Home Language	99%	96%	94%	93%	89%	94%
Afrikaans Second Additional Language	100%	100%	100%		83%	96%
Agricultural Management Practices				100%	100%	100%
Agricultural Sciences	93%	94%	99%	90%	81%	92%
Business Studies	97%	87%	99%	92%	83%	92%
Civil Technology	0%	100%				50%
Computer Applications Technology	100%	100%	100%	93%	81%	95%
Consumer Studies	94%	87%	100%	91%	88%	92%
Creative Arts	87%	87%	93%	89%	83%	88%
Design				100%	98%	99%
Dramatic Arts	100%	100%	100%	100%	75%	95%
Economic Management Sciences	87%	87%	93%	86%	85%	88%
Economics	98%	80%	97%	95%	85%	91%
Electrical Technology	100%					100%
Engineering Graphics and Design	100%	100%	100%	96%	82%	96%

Subject	2016	2017	2018	2019	2020	Average retrieval rate
English First Additional Language	88%	83%	94%	87%	86%	88%
English Home Language	85%	47%	88%	88%	83%	78%
Geography	96%	95%	100%	92%	82%	93%
Grand Total	89%	80%	94%	87%	86%	87%
History	93%	79%	96%	86%	86%	88%
Hospitality Studies	100%	100%	100%	81%	95%	95%
Information Technology				100%	100%	100%
IsiXhosa First Additional Language			100%	98%	70%	89%
IsiXhosa Home Language	87%	82%	93%	82%	85%	86%
Life Orientation	90%	85%	93%	86%	84%	87%
Life Sciences	97%	71%	98%	91%	86%	89%
Life Skills	88%	83%	92%	87%	88%	88%
Mathematical Literacy	94%	89%	98%	89%	79%	90%
Mathematics	88%	63%	90%	87%	87%	83%
Natural Sciences	88%	88%	93%	85%	85%	88%
Physical Sciences	100%	83%	97%	87%	86%	91%
Religion Studies	100%	100%	100%	100%	100%	100%
Sesotho Home Language	100%	46%		87%	93%	82%
Social Sciences	90%	83%	94%	88%	88%	88%
Technology	90%	82%	92%	88%	85%	87%
Tourism	98%	82%	100%	88%	72%	88%
Visual Arts	100%		100%	100%	99%	100%

Subject	2016	2017	2018	2019	2020	Average retrieval rate
Grand Total	89%	80%	94%	87%	86%	87%