

Government and donor funding available for implementing the Children's Act

2010/11 – 2012/13

Paula Proudlock and Debbie Budlender

June 2011



Contents

- (1) How much did the 9 provincial departments of social development allocate for implementing the Children's Act in the 2010/11 Financial year?
- (2) How much are donors contributing to the funding of Children's Act services?
- (3) How much does the Children's Bill Costing Report say should have been allocated for the 2010/11 year?
- (4) What was the gap in allocation for 2010/11?
- (5) How can we address this gap over time?

(1) How much did the 9 provincial departments of social development allocate for the Children's Act in 2010/11?

- The 9 provincial departments of social development are responsible for providing and funding **more than 83%** of the services in the Children's Act.
- Analysing their budgets therefore provides a good indication on government's progress in giving effect to its obligations under the Children's Act.
- The provinces receive their funding via the Division of Revenue Act which allocates national revenue between the three spheres and between the 9 provinces. (equitable share formula is used)
- There is no separate component for social welfare in the equitable share formula. Social welfare is meant to be covered by the poverty component, but the percentage for this component has not increased despite new legislation.

What Children's Act services are provincial Departments of Soc Dev obliged to provide and fund?

- **partial care facilities** (*crèches*)
- **ECD centres and programmes**
- **prevention and early intervention services** (*including parenting programmes, HCBC, diversion, and child and family counselling*)
- **drop-in centres**
- **protection services** (*identification, assessment and protection of vulnerable children, a support scheme for child-headed households*)
- **foster care, cluster foster care, and adoption** (*placement and monitoring*)
- **child and youth care centres** (*children's homes, places of safety, secure care facilities*)

Children in need of these services

- Children on the street (prevention, protection, care)
- Children who have been abused, maltreated (protection, care)
- Children suffering from neglect (prevention)
- Children with substance abuse problems (prevention, care, treatment)
- Poor children aged 0 – 6 in need of ECD
- Children with disabilities in need of ECD and stimulation centres
- Children who have been orphaned or abandoned (protection, care)
- Children in child headed households (HCBC, prevention, protection)
- Children caring for sick adults (HCBC services)
- Families struggling with alcohol abuse, domestic violence, unemployment, divorce, trauma, grief, death, illness (prevention, protection, care, treatment)
- Children in conflict with the law (diversion)

How do the provincial departments provide and fund these services?

- Department personnel provide approximately 40% of the services
- Non-governmental organisations (NGOs) provide approximately 60% of the services (under contract with the department)
- The NGOs receive only partial funding from the provincial departments
(This is what the NAWONGO court case is concerned with)
- They have to fund raise for the rest of the funding from international and national donors *(New research by CASE and CI shows how much funding donors are providing)*

How much budget did the provinces allocate for Children's Act Services in 2010/11?

A total of R3.4 billion

Eastern Cape	R302 million
Free State	R321 million
Gauteng	R1,063 billion
KwaZulu-Natal	R583 million
Limpopo	R225 million
Mpumalanga	R242 million
Northern Cape	R107 million
North West	R173 million
Western Cape	R389 million
TOTAL	R3,405 billion

How do we make this calculation?

Analyse the provincial
Department budget
sub- programmes
which contain
budget for
Children's Act
services.



Sub-programmes' % share of the social welfare programme

2010/11 % shares of social welfare budget & amounts:

- Child care & protection: 37% = R2.61 bn
- Crime prevention: 10% = R0.67 bn
- HIV/AIDS: 9% = R0.63 bn
- Family care and support: 3% to 2% = 0.17 bn

Examples of major concerns:

- 3 provinces – NW, WC and EC – have 3-year average annual increases **below or only slightly above inflation** for **child care and protection**, the biggest sub-programme.

Child care and protection sub-programme: provincial comparisons

Average annual provincial budget growth over 2010/11 MTEF (2010/11 – 2012/13) is 13%.
(Note inflation was 6%, therefore increase was 7% above inflation)

Provinces below the national average, and below inflation: Flagged as in need of attention:

- North West = -1%
- Western Cape = 4%
- Eastern Cape = 7%

Provinces with ambitious growth plans:

- KZN = 24%
- Mpumalanga = 19%
- Northern Cape = 16%

Care and support to families sub-programme: Provincial comparisons

Average provincial budget growth over 2010/11 MTEF (2010/11 – 2012/13):5%
(Inflation was 6% therefore increase was below inflation)

Provinces below the national average, and below inflation: flagged as in need of attention:

- Free State = -2%
- Western Cape = 0%
- Gauteng = 3%
- Limpopo = 4%

Provinces with ambitious growth plans:

- Eastern Cape = 29%
- Mpumalanga = 21%
- North West = 14%

HIV and Aids sub-programme: Provincial comparisons

Average provincial budget growth over 2010/11 MTEF (2010/11 – 2012/13) is 7%
(Inflation was 6% therefore increase was 1% above inflation)

Provinces below the national average and flagged as in need of attention:

- Western Cape = -25%
- Limpopo = 4%
- Free State = 5%
- Gauteng = 6%
- Eastern Cape = 6%

Provinces with ambitious growth plans:

- KwaZulu-Natal = 24% (But KZN grossly under spent on this programme for two consecutive years therefore this increase is a misrepresentation of reality)

(2) How much are donors contributing to the funding of Children's Act services?

- **CASE/CI Research covered 6 categories of donors:**
 - official development assistance (ODA) from foreign governments (e.g. USAID, CIDA, Irish Aid)
 - International NGOs (e.g. Save the Children and Oxfam)
 - International foundations (e.g. Bill and Melinda Gates, ELMA)
 - National private business donors (e.g. Mondi)
 - National foundations, trusts and NGOs (eg. DGMT)
 - Government-related donors: NDA and Lottery
- **Donors fund NPOs and National and Provincial DSD**
- **In 2010/11 donors contributed approximately R1 billion compared to government's 3.4 billion.**
- **The largest donors are foreign governments (ODA). They contributed approximately 800 million of the total R1 billion.**

(3) How much does the Children's Act Costing Report say should have been allocated by government for the 2010/11 year?

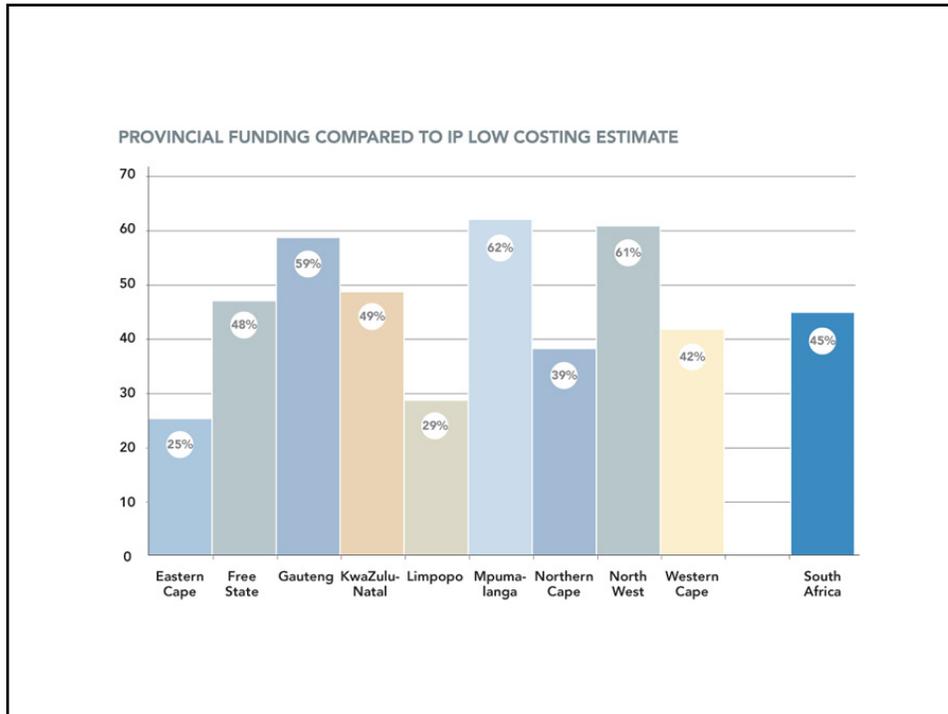
- The costing of the Children's Bill allows us to compare **what money is needed** to implement the Children's Act with **what budget government has decided to provide**.
- The 2005 costing of the Children's Bill is the most objective available basis for assessment of adequacy.
- We have updated it for inflation.
- The costing exercise focused on cost to government of providing itself or contracting others to do so.
- It under-estimates the amount needed for prevention and early intervention services.

TABLE 2. IP AND FC COSTING SCENARIOS FOR PROVINCIAL DEPARTMENTS OF SOCIAL DEVELOPMENT

Implementation plan (IP)		Full cost (FC)	
Based on 2005 levels of actual service delivery, scaled up in a phased manner each year.		Based on evidence of the numbers of children who need the services, scaled up in a phased manner each year.	
IP low	IP high	FC low	FC high
Good practice norms and standards for priority services; lower norms and standards for other services.	Good practice norms and standards for all services.	Good practice norms and standards for priority services; lower norms and standards for other services.	Good practice norms and standards for all services.
Cost for Departments of Social Development for 2010/11			
R7.5 billion	R10.8 billion	R30.0 billion	R59.2 billion

(4) Gap in allocation: Budget needed vs budget allocated 2010/11

Costing scenario	Budget needed	Budget allocated	Shortfall 2010/11
Implementation Plan Low	R7.542 billion	R3,405 billion	R4.137 billion
Full Cost High	R59. 227 billion	R3,405 billion	R55.822 billion



Percentage of need being met: provincial comparisons

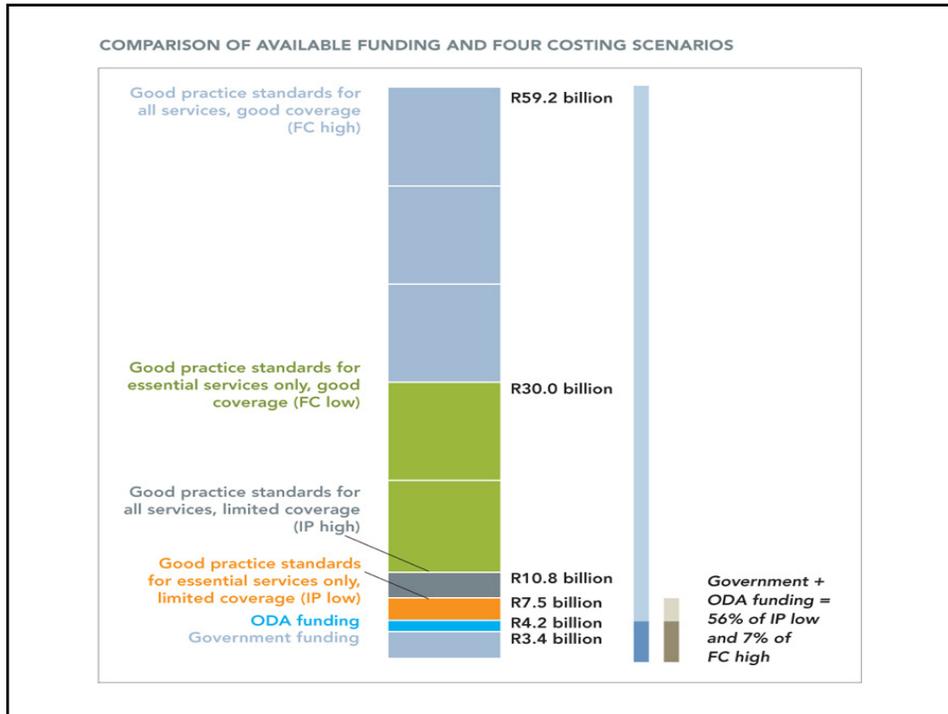
National average: 45% of IP low is being met in 2010/11

Eastern Cape: 25% with projected decline to 18% in 2013

Limpopo: 29% with a projected decline to 22% in 2013

KZN: 49% with projected decline to 45% in 2013

Mpumalanga: 62% with projected decline to 50% in 2013



(5) How can we address this gap over time?

- (a) Are there other sources of funding that we can rely on?
- (b) Where are the decisions about the provincial budgets for social development made and how can these decision making opportunities be used to ensure more budget is allocated for social development services?
- (c) How can we increase the capacity of the government departments and non-governmental service providers so that they can expand services and reach more children?

(a) Are there other sources of funding that we can rely on? How can we increase this funding?

Donors

- Government and NPOs receive donations from international and national donors for Children's Act services.
- Is this pool of money likely to grow or decrease over the next few years?
- Research indicates that it will **decrease**. Main reason is that some of the bi-lateral and international donors intend to scale down their funding in South Africa.
- How can we persuade these donors to stay and to increase their funding?
- How can we attract other donors to fund children's welfare services?

NDA and Lottery

- Lottery featured as one of the top funders of Children's Act services in the research, however there is scope for more growth: Can Lottery be persuaded to amend its funding priorities to take into account the need for child care and protection services to be funded?
- NDA did not feature as a top funder of Children's Act services: Can NDA be persuaded to prioritise children's social welfare services?

President's Job Fund (located in the Treasury Vote)

- How can we support bids for Children's Act workers to be developed, trained and paid from this Fund?

(b) How can we increase the budgets of the provincial departments of social development?

Where are the decisions about the provincial budgets for social development made?

- **The equitable share formula** determines how the total national revenue is divided between the three spheres of government (national, provincial and local), and then between the 9 provinces.
- Each province gets a **lump sum**. Provincial treasuries decide on how much will be allocated to each provincial department and the provincial parliament passes this decision as the provincial budget. Allocation decisions are based mainly on historical allocation and expenditure trends, shifts in policy priorities as indicated by the relevant political party, and changes in provinces responsibilities.
- **The department's budget is divided into different sub-programmes:** Allocation decisions about how much to give to victim support or child protection or substance abuse, are specified in the budget vote that is voted on by the provincial legislature.

How can these decision making opportunities be used better to ensure more budget is allocated for children's social services?

Recommended actions to increase the budget for Children's Act services

Action needed	Decision making forums
Make child care and protection services (alongside health and education) a national strategic priority for political parties and government	Cabinet National Planning Commission Political party conferences pre- elections
Increase provinces share of national revenue	National treasury – equitable share formula and Division of Revenue Bill National Parliament: Equitable share formula and Division of Revenue Act
Increase department of social development's share of each provincial budget	Provincial treasuries Provincial MECs and HODs Provincial Cabinets Provincial Legislatures
Increase share of department budget that is allocated to Children's Act services. Promote good annual growth in these sub-programmes (at least 15% growth per year) <i>(see slides 20 – 22 as illustration)</i>	Provincial treasuries Provincial MECs and HODs Provincial Cabinets Provincial Parliament
Increase share of department's budget that is allocated to NPOs	Provincial MECs and HODs
Step up the pace of service delivery and expenditure especially in under serviced areas	Provincial MECs, HODs all govt personnel, all NGOs and CBOs

(c) How can we step up pace of service delivery?

- **Finalise a fair, equitable and reasonable National Policy for Financing of NPOs delivering services on behalf of government – in consultation with NPOs.**
- **Legislate for uniform funding norms and standards to be applied in all provinces for services required under the Children's Act.**
- **Proper contracting for services btwn DSD and NPOs will:**
 - enable government to direct and monitor the services,
 - ensure the NPOs are fully covered to deliver good quality services, and
 - will enable the NPOs to deliver better quality services (if all their costs are covered)
 - will enable NPOs to expand to reach more children in under serviced areas (dept should specify which areas need services).
 - will prevent closure of NPOs and loss of jobs;

(c) How can we step up service delivery pace?(2)

- **promote a multi-disciplinary team approach to service delivery:**
 - recognise and support development of all categories of workers
 - a singular focus on social workers only is not cost effective and will not yield results quickly enough.
 - spread the load of work across the different categories of social service practitioners currently available to deliver Children's Act services.

- **invest in taking social franchise models to scale:**
 - fastest way to roll out good quality services that also create meaningful employment for women and youth, and build the capacity of CBOs to deliver quality and sustainable services
 - Promote partnership proposals between government, NPOs and donors for planning and delivering the roll outs
 - Social franchise models have good monitoring and evaluation systems: therefore statistics of impact and reach are available and can be used for future budget bids.

Eastern Cape: NPO funding

- For 2009/10, the province reported that they had shifted funds from NPOs to fund the filling of vacant govt posts. Thus programme 2 (compensation of employees) increased by 33,4% while transfers and subsidies to NPOs decreased by 13%.

- Question: Will filling government vacancies by reducing the funding to NPOs result in improved services for children?

Budget oversight

- **National Assembly and NCOP**
 - National strategic priorities
 - National Planning Commission Report and Plan
 - Equitable share formula
 - Division of Revenue Bill
 - NDA
 - National DSD Social Security Directorate and SASSA re Foster Care reform
 - National Department's strategies, implementation plans, leadership of sector budget bids, human resource plan, training plan
 - President's job fund
 - Provincial treasuries?
 - Provincial departments

- **Provincial legislatures**
 - Provincial treasuries – allocation decisions between departments
 - Provincial departments of social development – sub-programme allocation decisions