

Budgeting for children's care, development and protection

Paula Proudlock, Children's Institute, University of Cape Town

(paula.proudlock@uct.ac.za 083 412 4458)

Presented at SAHRC and UNICEF's Budget Breakfast 23 February 2012

Introduction

(see power point slides 1 and 2)

I was asked to comment today on the **social development** budget allocations for children in the 2012 national budget. I will focus on **grants** and **children's social services** (as required by the Children's Act).

The full allocation for social grants can be found in the National Budget Speech and National Department of Social Development Budget vote. However, the bulk of the budget for children's social services is located in the provincial budgets which have not yet been tabled. But we can see in the National Budget speech, National Department Budget Vote and Budget Review which services have been identified as strategic national priorities for the provinces; namely Early Childhood Development (ECD) programmes and the roll out of the Isibindi programme for children at risk. These priorities are the "Good News" for children on the social development front.

The Isibindi programme in particular is the highlight as it will not only ensure the roll out of a proven model of child care and protection services to 858 000 vulnerable children, but it will also create approximately 10 000 jobs in the social sector for women and youth in rural and underserved areas¹.

¹ See Budget Review 2012, National Treasury, page 119

The additional ECD allocation is aimed at enabling standardization of the per/child/day subsidy across provinces (hopefully at R15/child/day or higher) as well as reaching greater numbers of children².

How much money are we talking about?

(see slide 3)

For **grants** to households the national department of social development has allocated R104 887.9 billion (this amount looks at the cost of the grants only and not at the management and administrative costs). Of this, R46 046 billion will go to the three children's grants - Child Support Grant, Foster Care Grant and Care Dependency Grant. This is 43% of the total grant budget.

For **social welfare services** there is a total allocation to the provinces of R12.3 billion (via the equitable share). This pot of money needs to provide social welfare services to all vulnerable groups including children. What portion of this will be spent on children cannot be seen from the national budget. We need to wait for the final provincial budgets to see how much has been allocated and then do calculations to work out the total allocations to children. Last year, approximately R4.4 billion was allocated to children's social welfare services³. This year we hope for at least R5 billion which would be a 6 % real increase on what was allocated last year.

For the 2013/14 and 2014/15 financial years there is an additional R650 000 and R700 000 allocated for the provinces to prioritise ECD and Isibindi programmes. This is an additional R1.350 billion.

² See Budget Review 2012, National Treasury, page 119

³ Budlender D and Proudlock P (2011) *Funding the Children's Act: Assessing the adequacy of the 2011/12 budgets of the provincial departments of social development*. Children's Institute, University of Cape Town

Social grants

(See slides 4 -6)

Social grants give effect to everyone's right (including children) to have access to social assistance if they are unable to support themselves or their dependents (s27 BOR). Income support through social grants also gives effect to a range of other rights as cash enables caregivers and children to buy food and clothes and pay for transport to access clinics and schools. Social grants therefore not only reduce income poverty but also improve access to education and health care services which are national priorities due to their development and economic growth promoting potential.

Because children live in families, we cannot only look at the child targeted grants to assess grant impact. We need to look at all the grants including the Old Age Pension (OAP), Disability Grant (DG) and Care Dependency Grant (CDG), Foster Care Grant (FCG) and the Child Support Grant (CSG).

Slide 4 illustrates how social grants reduce child income poverty. The data is from the National Income Dynamics Study (NIDS) 2008 as analysed by Katharine Hall at the Children's Institute.⁴

- In 2008, with all income and all grants included, approximately 67% of children lived on less than R515/month. This is the lower bound poverty line for 2008. Using the much lower '1 dollar a day' poverty line (R130/month), 17% of children lived below this level.
- If we were to take the CSG away, 69% of children would have been living on less than R515/month and 26% on less than a dollar a day (R130/month).
- If we were to take all the grants away, 86% of children would have been living on less than R515/month and a startling 52% on less than a dollar a day (R130/month).

⁴ See Hall K and Wright G (2010) *A profile of children living in South Africa in 2008*. Studies in Economics and Econometrics, 34(3): 45 - 68

What this analysis shows is that while the CSG has clearly played a significant role in reducing child income poverty, it is the larger grants that flow into households that make the most difference for children. These include the OAP, DG, CDG and FCG. Children who live in families who do not qualify for one or more of these larger grants are therefore the most income poor.

Slide 5 and 6 illustrate this point from another angle. Slide 5 shows data on who children are living with⁵. This breakdown is important when we are considering whether grants are appropriately targeted as grants for children go via their caregivers and not directly to children. The largest category of children live with their mother (6.8 million), followed by children living with both parents (6 million) and then by children living with relatives (5.5 million). The majority of children living with relatives are not orphans (4 million non-orphans vs 1.5 million orphans) and therefore do not qualify for the FCG.

Slide 6 shows you the per capita income for children living with different caregivers.⁶ The analysis includes income from all sources including grants. Children living in families without any access to the larger grants (such as children living with their mothers or children living with relatives with mothers still alive) are surviving on lower per capita incomes (R288 to R335/month) than families with access to larger grants such as orphaned children living with their grannies in receipt of OAPs and possibly also a foster care grant (R368 to R381/month). The most vulnerable groups from a purely income poverty perspective in this picture are children living with their mothers and children living with relatives. Over 70% of these children are living in poverty.

What does the Budget do to tackle this picture of child income poverty?

- On the positive front, the budget continues to acknowledge the important role played by social grants and continues to increase the grant amounts. However, the main concern is that the increases are not on a par with inflation (estimated by Treasury to be 6.2% for 2012).

⁵ See Hall K and Proudlock P (2011) *Orphaning and the foster child grant: A return to the 'care or cash' debate*. Children's Institute, University of Cape Town. Available at www.ci.org.za

⁶ Calculations by Hall K and Budlender D using the Stats SA General Household Survey 2009.

- There is nothing new planned for the CSG, but rather a continuation of the current programme and a small below-inflation increase of R10 (Since October 2011 the grant value has been R270/month). However if you measure inflation from April 2011 to April 2012 then the increase from R260 (April 2011) to R280 (April 2012) is in line with inflation. But inflation related increases for the CSG are not sufficient given the low value of this grant and the evidence showing that its children living in families that only qualify for this grant that are most income poor.
- For the FCG there is also a below-inflation increase of R30 (An inflation-related increase would have amounted to R45). There is also an ambitious plan to increase the number of FCG recipients by an average of 92 000 per year to a total of 874 000 by March 2015. This plan is ambitious given the lack of human resources (social workers and magistrates) to process children through the courts timeously.
- For the CDG, DG and OAP there are also below inflation increases.

These below inflation increases are concerning given the high inflation rate, especially increasing food and fuel prices. Inflation is mainly a tax on the poorest people who also tend to be grant recipients. A sure way of buffering the poor against the effects of inflation would have been to have at least increased the grant amounts at the same level as inflation. If compromises had to be made, given the evidence that it is children with caregivers eligible for the CSG only who have the lowest per capita income levels, it would have made “child poverty sense” to at least increase the CSG by more than R10 to buffer this especially vulnerable group against the rising food, fuel and electricity prices.

The Minister of Finance does promise in his speech to review these increases during 2012 if inflation continues to rise. This was done in 2011 so a precedent for a mid- year review has been set. We need to hold him to this promise as October draws closer.

The larger increase for the FCG compared to the CSG unfortunately increases the gap in value between these two grants. The large difference in the value of these two grants has for many years exacerbated the high foster care case-loads that are causing a

crisis in the child protection system.⁷ It would have been in the best interests of all vulnerable children if the gap in amounts had been narrowed rather than increased. This could be remedied if the CSG is increased again in October.

The main message is that if we want to increase the per capita income of the poorest children - we need to increase the amount of the CSG.

Social welfare services

(see slides 7 -9)

Every child has a constitutional right family care, parental care or alternative care if removed from the family environment [s28(1) (b)]. To give effect to this right the state needs to support parents and families to care for their children and provide alternative care in the form of foster care, adoption of child and youth care centres if families cannot care for their children. Children also have the rights to protection from abuse and neglect and to social welfare services [s28(1) (d) and (c)].

The provincial departments of Social Development are primarily responsible for the services that give effect to these rights. The Children's Act lists the programmes that the provincial departments of social development are responsible for providing and funding. These include:

- **partial care facilities** (*crèches*)
- **ECD centres and programmes**
- **prevention and early intervention services** (*including parenting programmes, home and community based care, diversion, and child and family counselling*)
- **drop-in centres**
- **protection services** (*identification, assessment, care and protection of vulnerable children; and mentorship for child-headed households*)

⁷ See Hall K and Proudlock P (2011) *Orphaning and the foster child grant: A return to the 'care or cash' debate*. Children's Institute, University of Cape Town. Available at www.ci.org.za

- **foster care, cluster foster care, and adoption** (*placement and monitoring*)
- **child and youth care centres** (*children's homes, places of safety, secure care facilities*)

We don't yet know how much the 9 provincial departments of social development will be allocating to these services – we need to wait for the provincial budgets for this information. We do know however that last year the 9 provincial departments combined allocated approximately R4.4 billion to Children's Act services (*see slide 7 and table 1 below*).⁸ This information is not easily accessed within the provincial budgets as children's social services are scattered across a number of different budget sub-programmes. However you can match the services to the sub-programmes by assessing the performance indicators and narrative per sub-programme.

Table 1 below shows you last year's analysis (Budlender D and Proudock P 2011).

Table 1: Summary of 2011/12 allocations for Children's Act services

Sub-programme	Total budget	Percentage included	Amount included in Children's Act budget calculation
Child care and protection	3 015m	100%	3 015m
HIV and AIDS	701m	100%	701m
Family care and support	181m	100%	181m
Sub-totals	3897m (3.9 billion)		3 897m (3.9 billion)
Crime prevention and support	661m	0%	0
Professional and administrative support	2 016m	25% (for 7 provinces)	500m
Totals	5913m (5.9 billion)		4 397m (4.4 billion)

Source: Budlender D and Proudlock P (2011)

⁸ Budlender D and Proudlock P (2011) Summary: *Funding the Children's Act: Assessing the adequacy of the 2011/12 budgets of the provincial departments of social development*. Children's Institute, University of Cape Town (see page 5)

The majority of children's social welfare services are delivered by Non Profit Organisations (NPOs) who are partially funded by the provincial departments and partially funded by national and international donors. This service delivery partnership with NPOs can be seen through the significant monetary transfers made to NPOs from the provincial budgets. The average percentage of the total social welfare programme budget that was allocated to be transferred to NPOs for 2011/12 was 51,3%⁹. As NPOs are only partially funded by the state, it can be deduced that NPOs provide more than 50% of social welfare services to children.

What is lacking in the Budget Speech and the National Department Budget Vote is a recognition of the severe financial crisis facing NPOs in South Africa. This crisis has been caused by a number of factors including the recession and South Africa's classification as a middle income country despite our high levels of inequality. Many NPOs have spent their reserves and are now in constant month by month cash flow crisis. Many retrenchments were made in 2011 and there will be more in 2012 as the Eurozone crisis makes its impact on the donor community. If the crisis is not recognized and addressed the ultimate losers will be vulnerable children dependent on NPOs for 60% of their welfare services. Showing job increases in government personnel within social development does not necessarily mean there are more people on the ground especially if the money to increase government personnel is taken from the money needed to retain jobs in the NPOs. The result is simply moving the workers around between employers.

While the promise of more men (and a few women) in hard hats via all the infrastructure job creation projects is great news for everyone, children also need social sector workers to provide for their care, development and protection needs. There is not sufficient attention being paid to job creation within the social sector and particularly the capacity of NPOs to create jobs and contribute to the national job creation drive. The exception on this front is the Isibindi programme which is a partnership between the state, civil society, donors and business that will be creating 10 000 social sector jobs and delivering much needed services to children in rural areas. The Minister of Social Development is championing an innovative partnership. We need to see more of these kind of initiatives. The social sector has enormous untapped job creation potential especially for women and youth. More job creation money flowing into this sector would be a good investment in jobs and in childrens' future.

⁹ Budlender D and Proudlock P (2011) *Funding the Children's Act: Assessing the adequacy of the 2011/12 budgets of the provincial departments of social development*. Children's Institute, University of Cape Town

What are we hoping for in the provincial budgets?

Last year there was an average real increase (after inflation) of 6% for the *child care and protection* sub-programme with a total of R3 billion allocated to this sub-programme (see table 1 above). This sub-programme includes ECD, child and youth care centres, support schemes for child headed households and care and protection services for vulnerable children. Building on last year's healthy growth for implementing the new Children's Act mandate, we hope to see another 6% or more real increase for this sub-programme. For 2013/14 and 2014/15 we also hope to see a 6% real increase PLUS the additional prioritized allocations of R650 000 and R700 000 for ECD and Isibindi in 2013/14 and 2014/15 respectively.

What has the national budget highlighted as priorities for the provinces?

The Budget Speech and the National Department's Budget Vote have highlighted ECD programmes and the Isibindi roll out as a national priority and mention an additional allocation of R1.4 billion for these programmes over the MTEF. This R1.4 billion is in addition to the normal allocation to provinces via the equitable share and has been allocated for the 2013/14 (R650m) and 2014/15(R700m) financial years. We hope therefore to be able to see not only real increases in the child care and protection programme but also this additional R1.4 billion. It is important that provincial treasuries and legislatures treat this money as an additional allocation and not a reason to divert funding to other departments or other programmes within the department.

What is Isibindi?

Isibindi is a child care and protection programme designed by the National Association of Child and Youth Care Workers (NACCW). The model has been widely recognised, both locally and internationally, as a best practice model for the provision of quality child care and protection services to vulnerable children, including orphans and child headed households.

Via the Isibindi programme trained child and youth care workers identify vulnerable children and help their families to access birth certificates and identity documents, social grants, HIV and TB medication and treatment, school fee exemptions, improved housing, water and electricity. They also provide home based care, child protection services and psycho-social support.

In 2011 the Isibindi model was being implemented in 67 rural and urban sites in all provinces of South Africa and employed 1071 community-based Child and Youth Care Workers who provided prevention, early intervention and protection services to approximately 64 000 children annually.

The Minister of Social Development has seen the benefits of the Isibindi model for children and families and the potential of the programme to create quality jobs for women and youth and has decided to champion its roll out as a government funded programme.

Over the next four years more Isibindi sites will be established in the provinces in areas with the greatest need. A total of 858 000 vulnerable children will be reached with support, and 10 000 child and youth care workers will be trained, employed and supervised.

Isibindi is a partnership between a number of players: The national department will champion the roll out, provincial departments of social development will fund and supervise the roll out at a provincial level, the National Association of Child and Youth Care Workers will ensure quality of services, training of workers and skills transfer to local CBOs.

The Isibindi roll out plan is a good example of how government, civil society, business and multi-lateral donors are **working together to achieve more**.

Budgeting for children's care, development and protection

Paula Proudlock, Children's Institute, University of Cape Town (UCT)
23 February 2012

Data slides by Katharine Hall, Children's Institute, UCT and Debbie
Budlender, CASE

Budgeting for children's care, development and protection

Contents:

- Focusing on social development budgets
- **Social grants** fall within the national budget
- **Social welfare services** fall mainly within the provincial budgets
- The national budget indicates what services provinces are expected to prioritise:
 - ECD programmes
 - Isibindi roll-out.



How much are we talking about?

Total social grants = R104 887.9 billion on grants

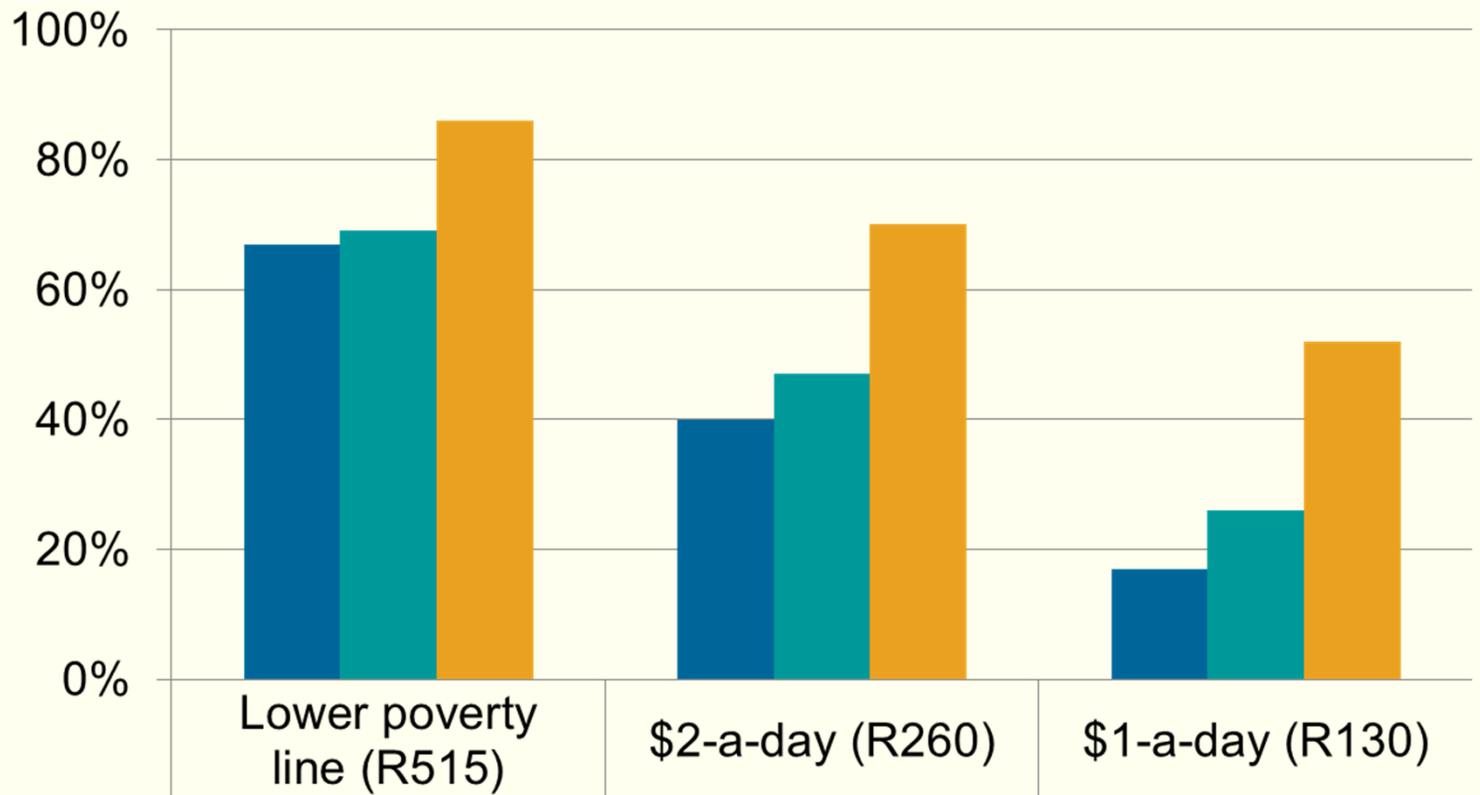
- Children's grants = R46 046m (43%)

Total social welfare services = R12,3 billion

- Children's social services = ? Should be at least R 5 billion (6% inflation increase plus a 6% real increase)
- Plus an extra R1.4 billion over next 3 years for ECD and Isibindi (allocated to the 2013/14 and 2014/15 financial years)



Larger grants have greater impact on child poverty



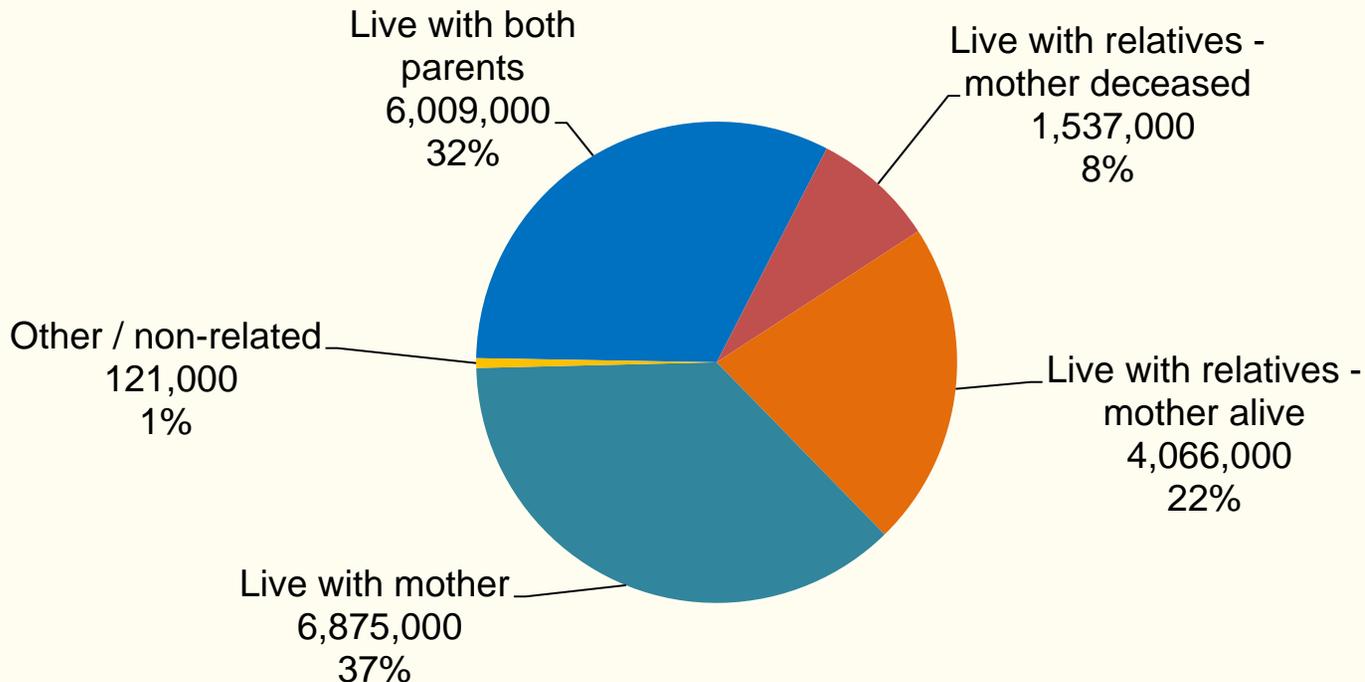
■ Headcount	67%	40%	17%
■ Excluding CSG	69%	47%	26%
■ Excluding all grants	86%	70%	52%

Data source: NIDS 2008

From: Hall & Wright (2010) *A profile of children living in South Africa in 2008.*

Who is caring for children?

- Relatives (esp. grandmothers) provide care to large numbers of children, about 5.5 million
- Most of these have living mothers who stay elsewhere (but have not been 'abandoned').
- 1.5 million are maternally orphaned



Per capita household income of children by living arrangements

Living arrangements	Number of children	Median income
Live with both parents	6 009 000 (32%)	R 734
Live with relatives – double orphan	930 000	R 381
Live with relatives – mother deceased	1 537 000 (8%)	R 368
Live with relatives – mother alive	4 066 000 (22%)	R 335
Live with mother	6 875 000 (37%)	R 288



2011/12 provincial allocations for Children's Act services

Sub-programme	Total budget	Percentage included	Amount included in Children's Act budget calculation
Child care and protection	3 015m	100%	3 015m
HIV and AIDS	701m	100%	701m
Family care and support	181m	100%	181m
Sub-totals	3 897m (3.9 billion)		3 897m (3.9 billion)
Crime prevention and support	661m	0%	0
Professional and administrative support	2 016m	25% (for 7 provinces)	500m
Totals	5 913m (5.9 billion)		4 397m (4.4 billion)



Hopes for the 2012/13 provincial allocations

Sub-programme	2011/12 budget allocations	Hopes for the 2012/2013 budget allocations
Child care and protection	3 015m	6% inflation increase 6 % average real increase =R3.36bill
HIV and AIDS	701m	
Family care and support	181m	
Sub-totals	3 897m (3.9 billion)	
Crime prevention and support	0	
Professional and administrative support	500m	
Totals	4 397m (4.4 billion)	6% inflation increase plus 6% average real increase = R5 billion



Isibindi

- Isibindi is an indigenous child care and protection programme designed by the National Association of Child and Youth Care Workers (NACCW).
- Trained child and youth care workers identify vulnerable children and help their families to access birth certificates and identity documents, social grants, HIV and TB medication and treatment, school fee exemptions, improved housing, water and electricity. They also provide home based care, child protection services and psycho-social support.
- The model has been widely recognised, both locally and internationally, as a best practice model for the provision of quality child care and protection services to vulnerable children, including orphans and child headed households.



Isibindi roll out

- The Minister of Social Development is leading the roll out of Isibindi as a government -funded programme.
- Over the next 4 years more Isibindi sites will be established in the provinces in areas with the greatest need.
- A total of 858 000 vulnerable children will be reached with support, and 10 000 child and youth care workers will be trained, employed and supervised.
- The Isibindi roll out is a good example of how government, civil society, business and multi-lateral donors are working together to achieve more.

