

soc dev analysis

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ANALYSIS OF 2006/07 ALLOCATIONS TO BUDGET VOTE 18: SOCIAL DEVELOPMENT

1. Introduction

The work of the Department of Social Development is aimed at providing comprehensive and integrated social development services to vulnerable and poor communities and individuals. In terms of the Constitution, Social Development is a concurrent function: This means that the national department is responsible for the establishment of policy within which social development services are delivered, as well as monitoring the implementation of policy and the delivery of services at provincial level.

The Department has, for the last decade, placed significant emphasis on achieving efficiency and sustainability with regard to the social assistance system. From having inherited a fragmented social assistance system that comprised 13 different departments, social assistance is now provided within a unitary policy framework, and a national agency has been established that will eventually be responsible for the delivery of grants in all the provinces. The establishment of the South African Social Security Agency (SASSA) is an important project, and much of the Department's attention has been focused on this process. The Agency will take over the delivery of social assistance in three provinces from 1 April 2006, namely Gauteng, Western Cape and Northern Cape.

Social grants are provided to an estimated 10.8 million people, the majority of whom are older persons and children. The estimated cost of social assistance for the new financial year amounts to R61.5 billion, compared to the R55 billion allocated for this purpose in 2005/06.¹ Concern has been expressed about the sharp increase in beneficiary numbers over the last three years, and about whether the social assistance system would be sustainable should beneficiary numbers continue to increase at this rate. In light of these concerns, it is important that the Department ensure that its social assistance policies are applied uniformly in all the provinces, and that grants are targeted at eligible

¹ National Treasury. 2006 Estimates of National Expenditure.

beneficiaries. The Department has made considerable efforts to ensure that fraud and corruption are addressed at provincial level. Through the ongoing campaign to eliminate fraud, thousands of people have come forward to apply for amnesty in relation to grants illegally received, and large numbers of provincial social development officials have been charged with fraud and corruption.

With regard to social welfare services, the both the national and provincial departments have repeatedly noted that the focus on providing a social security safety net for the most vulnerable has left little room to provide the social welfare services envisaged in the social development White Paper. Despite these constraints, work has continued to develop a legislative framework for the protection of children and older persons, as well as the development of policy on financial awards to organisations that provide social welfare services. The launch of SASSA will have the effect that provincial departments responsible for social development will have to start reorienting resources for the delivery of social welfare services. The national department must play a supporting role in ensuring that provinces are able to focus on service delivery, and that the funding mechanisms for these services function effectively.

The Department also plays an important role in fighting poverty through developmental interventions such as income-generating projects. In this regard, the Department is involved in developing a comprehensive poverty alleviation policy that aims to ensure integrated responses to poverty alleviation. In addition, its programme for the reduction of the impact of HIV and AIDS on poor communities, which is linked to the Expanded Public Works Programme, provides participants in the home-and community-based care programme with both skills development and an income.

Consolidated expenditure on social development (social assistance, poverty alleviation and social services) for the 2006/07 financial year amounts to just more than R80 billion, and is expected to increase over the medium Term Expenditure Framework (MTEF) to R96.8 billion.² This allocation is the second highest in the social cluster, second only to education. When the social assistance allocation is deducted from the consolidated amount allocated to social development, the allocation to the national department and the provincial equitable share amounts to approximately R23 billion. This represents an increase of approximately 10%.

² National Treasury. *2006 Budget Review*.

2. Expenditure estimates for the Department of Social Development, 2005/06

Programme	2004/05	2005/06	2006/07	2007/08
R thousand				
1 Administration	106 145	116 590	122 946	129 283
2 Comprehensive Social Protection	200 436	48 866	51 935	55 898
3 Social Security Transfers and Administration	55 558 738	61 535 515	66 716 985	72 799 508
4 Social Welfare Services	90 904	104 131	107 462	112 874
5 Development and Research	165 522	172 516	181 924	192 978
6 Strategy, Regulatory and Oversight Management		27 842	40 856	56 810
Total	56 121 745	62 005 460	67 222 108	73 347 351

3. Programme analysis

3.1. Comprehensive Social Protection – R48 866 million

The *Comprehensive Social Protection* programme is responsible for the development and monitoring of policies and norms and standards for a comprehensive social security system. The programme further assesses the social, economic and fiscal impact of social security programmes. One of the key areas for development in this programme is designing contributory social security programmes in line with macroeconomic goals and development objectives.

Apart from the *Administration* subprogramme there are four subprogrammes:

- *Policy and Research* develops policies for the benefit of vulnerable groups within the social security context.
- *Service Delivery Assurance* monitors and evaluates the policy impact of the social security system.
- *Economics of Social Protection* supports the development of strategies for financing social insurance programmes to support contributory schemes to improve self reliance.
- *Contributions* funds contributions to international social security organisations.

The allocation to this programme amounts to R48.866 million for the 2005/06 financial year, nearly 75% lower than the allocation for the previous year. The 2006 *Estimates of National Expenditure* (ENE) indicates that this reduction is the result of SASSA taking over some of the functions previously located in this programme. From the information available in the ENE, the bulk of the R200 million allocated to the programme in the previous financial year was spent on goods and services relating to the establishment of SASSA, including consultants, communication services and information technology. However, the change in programmes from 2005/06 to 2006/07 makes it difficult to track changes in allocations to the programme area.

Important initiatives under this programme include the completion of proposals for comprehensive social security benefits to families, children and disabled persons. These proposals are due to be presented to Cabinet in June 2006, while an implementation pans for the progressive realisation of social security rights should be completed by September 2006. These target dates differ somewhat from what had been envisaged in the 2005 ENE, and it appears that the scope of the research has been widened. The programme will also be responsible for the development of policy and implementation proposals on comprehensive social security, including contributory schemes. This is a significant undertaking, and the question that arises is whether the Department intends completing the research and proposals itself, or whether this work will be outsourced.

The Department indicates that it has completed a disability assessment tool in cooperation with sectoral stakeholders for the purpose of providing disability grants and free health care. An issue that arises is whether this disability tool has been implemented or piloted with any success, and what the expected impact will be on ensuring that the disability grant is properly targeted.

Issues to consider:

- The development of social assistance policy for families, for children and disabled persons has taken a long time, and each year the ENE notes this work, but the target dates for completion change. Do these changes suggest that targets set by the Department are unrealistic, or is there a weakness in the Department that causes delays in the process?
- Given the scope of research into contributory social security schemes in South Africa, does the Department believe the target set for the completion of this project (February 2007) is realistic, and will this work be outsourced, or does the Department have the capacity and resources to complete the work itself?
- The ENE notes that R15 million of the allocation to this programme will be transferred to households. What form will these transfers take?

- For persons living with HIV and AIDS, access to disability grants has reportedly been challenging. It has been reported that the grants are only available when the person reaches an advanced stage of the syndrome, which may be too late for the grant to be effective. Has this issue received attention in the development of the disability assessment tool?

3.2. Social Security Transfers and Administration – R61.535 billion

The administration and payment of social assistance are located in the programme *Social Security Transfers and Administration*. This means that this programme is responsible for providing continued support to SASSA in rolling out its full function as set out in legislation. There are four subprogrammes:

- *Social Assistance Transfers* funds the payment of social assistance grants to eligible beneficiaries.
- *Social Assistance Administration* funds the administration costs involved in paying social assistance grants
- *South African Social Security Agency* funds the establishment and operational costs of the agency.
- *Grant Administration Integrity* funds service delivery and social grant administration improvements, such as fraud prevention and detection and eligibility reviews of beneficiaries.

As announced in the Minister of Finance's Budget Speech, old age and disability grant and the care dependency grant will increase by R40 to R820 a month, the foster care grant by R30 to R590 and the child support grant by R10 to R190 a month.³ The increase in the allocation to social assistance transfers to households from R52 billion in 2005/06 to R57.7 billion in the new financial year represents an increase of approximately 10%. When the inflation-related increase to the value of grants is taken into consideration, the increase of 10% suggests that the beneficiary numbers are still growing at by least 3% for the new financial year. The issue that arises is what the envisaged increase relates to – continued roll-out of the child support grant, new disability grant beneficiaries or an increased uptake of the foster care grant.

An amount of R3.584 billion has been allocated for the administration of grants, increasing to R4.1 billion over the medium term. The figures in the ENE again suggest that the administration of grants absorbs approximately 6% of the cost of the grants. An amount of R135 million is allocated for the establishment of SASSA, increasing to R167 million in 2008/09. The Agency becoming fully operational will have implications for the Department's staff complement insofar as social security responsibilities are concerned. The issue therefore is which

³ National Treasury. *2006 National Budget Speech*.

responsibilities exactly will be transferred to the Agency, and which functions the Department will retain. The transfer of the full function from three provinces to the Agency will also have implications for the allocation to those provinces in terms of the equitable share, as a large portion of their staff will have been transferred to the Agency by 1 April. Given the fact that social assistance absorbed up to 90% of provincial social development budgets, these budgets will, with the removal of the function, either be reduced drastically, or will have much greater room for social welfare service delivery.

The information provided in the ENE does not indicate what proportion of this amount will be transferred to the Agency for administering grants in the three provinces where SASSA takes over this function. The question that arises is what exactly the Agency will be responsible for, and to what extent service providers will be retained to carry out the delivery of grants. In addition, the ENE does not indicate what the financial arrangements will be with regard to the transfer of the social grant allocation to the Agency in respect of the three provinces where it will be taking over this responsibility on 1 April 2006. There is strong growth in the allocation for subprogramme that deals with improving the integrity of the grant system, including the fraud prevention strategy. The allocation increases from R43 million in 2005/06 to R96 million in 2006/07, and R157.5 million in the outer year of the MTEF.

Issues to consider:

- The allocation for the establishment of SASSA grows from R135 million in 2006/07 to R167 million in 2008/09. Will this increase be adequate for the Agency to take up its grant administration responsibilities in all the provinces?
- The Department sets certain targets with regard to beneficiary numbers. Do these targets represent the ceiling in expenditure on grants, and what are the estimates based on?
- What arrangements have been made with regard to social security staff in the three provinces where the Agency will take over the administration of grants in April 2006? Do these arrangements carry the agreement of organised labour?
- What arrangements have been made in Gauteng, the Northern Cape and the Western Cape to reprioritise budget allocations in favour of social welfare service delivery over the medium term?
- What kind of service level agreements has the Department entered into with the Agency to ensure that it carries out its functions satisfactorily?
- To what extent have personnel employed by grant payment service providers been found to have been involved in defrauding the social grant system?
- What savings are estimated to have been effected through the anti-fraud

strategy implemented by the Department over the past year? What amounts, if any, have been recovered from persons illegally receiving grants?

- In the 2005 ENE, the Department set the target of ensuring that 100 additional pay points meet national norms and standards by December 2005.⁴ Has this been achieved, and what targets would the Department set in terms of compliance with norms and standards for the new financial year?

3.3. Social Welfare Services – R107.462 million

The programme Social Welfare Services represents a combination of programmes from the previous financial year, namely *Welfare Services Transformation, Children, Families and Youth Development, and HIV and AIDS*. The allocation of R107 million therefore represents the cumulative amount that had been allocated to these different programmes in the previous financial year.

The following 11 subprogrammes are located under this programme:

- *Service Standards* co-ordinates overarching policies, legislation, programmes, and norms and standards for social welfare service delivery by both government and the non-government sector, and provides support to the South African Council for Social Service Professions.
- *Substance Abuse, Prevention and Rehabilitation* develops and monitors policies, legislation, and norms and standards for substance abuse, and serves as the secretariat for the Central Drug Authority.
- *Care and Services to Older Persons* develops and monitors policies, legislation, and norms and standards for welfare services to older people.
- *Services to People with Disabilities* develops and monitors policies, legislation, and norms and standards for welfare services to people with disabilities.
- *Child Care and Protection Services* develops, monitors and facilitates the implementation of policies, legislation and programmes to protect, empower and support children.
- *Families* develops, monitors and facilitates the implementation of policies, legislation and programmes to empower families.
- *Victim Empowerment* develops, monitors and facilitates the implementation of policies, legislation and programmes to empower victims of crime and violence.

⁴ National Treasury. *2005 Estimates of National Expenditure*.

- *Social Crime Prevention* develops, monitors and facilitates the implementation of policies, legislation and programmes to protect, empower and support children, youth and adult offenders and victims in the criminal justice process.
- *HIV and Aids* co-ordinates access to social development services for people, families and communities affected by HIV and Aids, encourages community participation, and strengthens mutual aid opportunities.
- *National Institutions and Professional Bodies* provides management and support to national councils and other professional bodies, and administers payments to these institutions.
- *Contributions* funds contributions to international federations and organisations.

The progressive removal of the social assistance function from provinces will mean that a more appropriate amount of focus and resources can be allocated to social welfare services. As the Agency continues to function effectively, and as the Department's role in setting up the Agency is reduced, social services will take a more central role in the work of the both the national and provincial departments responsible for social development. In this regard, the Department reports that a review of the social development White Paper will be undertaken over the next year. In addition, the Department reports that the welfare service delivery model is being implemented in all the provinces, along with the Policy on Financial Awards to Service Providers. Although the ENE reports on the funding of national bodies directly by the national Department, what is of great significance is whether the Department is satisfied with the manner in which the policy is being implemented at provincial level, where the bulk of services is funded.

The ENE further reports that the review of social workers' salaries has been completed. Provincial departments will have to prepare adequately for any increases in salaries envisaged, both in relation to its own staff and the staff of those civil society organisations it funds. The national Department will also have to report on the impact that this policy has had on the distribution of resources to areas previously not adequately serviced.

A number of initiatives that affect children have been completed in the past financial year. These include the imminent completion of the costing of the Children's Bill, the approval of the strategy to deal with child abuse and neglect, guidelines for early childhood development as part of the EPWP, as well as the training of 392 probation officers on the principles of restorative justice. However, 2006 ENE does not report on whether the Department has been successful in reducing the number of children in prisons, whereas the previous year's ENE set very specific targets in this regard. In addition, the target for the operation of a fully computerised child protection register in all the provinces has been shifted

from March 2006 to March 2007. The 2006 ENE also does not indicate whether the policy on orphans, envisaged to be completed by March 2006, has been completed, or what the status of this policy is.

While the allocation to the HIV and AIDS Home- and Community-based Care programme has been shifted from the national sphere to the provincial equitable share, the Department retains monitoring responsibilities vis-à-vis this programme. In this regard, the 2006 ENE reports that research was commissioned to investigate the relative costs and effectiveness of models of home/community-based care and support. It is envisaged that the research will assist the Department in planning the rollout of the home/community-based care programmes and strengthen the expanded public works programme.

Issues to consider:

- The Department of Social Development's programme structures appear to fluctuate frequently – programmes are repeatedly regrouped into either smaller or larger programmes. What is the reason for these changes from year to year?
- The Department notes that it provided support to more than 40 000 orphans and children made vulnerable by HIV and AIDS. However, only 2925 children were referred for foster care placements. Does this mean that foster care placements cannot be found for the more than 30 000 orphans and vulnerable children referred to earlier? What care is currently provided for such children?
- Has the policy framework for Co-ordinated Action for Orphans and Vulnerable Children been completed as envisaged in the 2005 ENE? If so, what does the policy entail, and to what extent is it applied in provinces?
- Has the policy framework for home-and community-based HIV and AIDS care been completed as envisaged in the 2005 ENE? If not, what is the status of this policy framework, and how does it relate to the target set in this year's ENE of ensuring compliance with norms and standards for this care programme?
- Has the Department made any progress with reducing the number of children in prisons? If so, what are the details?
- How many children have been diverted from prison over the past year on the basis of the principles of restorative justice?
- Does the Department envisage that the costing of the Children's Bill will be completed by March 2006, as envisaged in the 2005 ENE?
- Why have the targets set for the completion of policy with regard to services to disabled persons been moved from December 2005 to March 2007? What

have been the challenges in this regard?

- What are the key elements of the retention strategy with regard to social service professionals? Has the strategy been implemented in any of the provinces, and what has the response been on the side of the professionals themselves?

3.4. Development and Research – R172.516 million

The programme *Development and Research* is responsible for developing, monitoring and facilitating the implementation of appropriate policies, strategies and programmes for sustainable livelihood and human and population development. This includes mainstreaming national and international development obligations like the Millennium Development Goals and the commitments set at the World Summit on Sustainable Development. The allocation to the programme increases from R165.5 million in 2005/06 to R172.5 million in 2006/07, a nominal increase of approximately 5%, which in real terms means that there is no significant real increase to the programme areas covered in the new programme.

Apart from the *Administration* programme there are nine subprogrammes:

- *Sustainable Livelihood* develops, monitors and facilitates the implementation of policies, strategies and programmes that will impact on poverty and underdevelopment to reduce the dependency of the poor and vulnerable on social grants.
- *Policy Development and Service Standards* develops, monitors and facilitates the implementation of policies and programmes for community development practice. It also creates an enabling environment governed by the norms and standards that are necessary for effective and efficient service delivery.
- *Institutional Capacity Building of NPOs* develops policies and programmes to create an enabling environment for non-profit organisations to provide ingenuity and initiative in the fight against poverty.
- *Youth Development* develops, monitors and facilitates the implementation of policies, legislation and programmes to protect, empower and encourage vulnerable youth to be self-reliant.
- *Population and Development Strategy* provides policy, monitoring and planning advice on government's population policy.
- *Population and Development Research* manages research in support of policy development and implementation.

- *Population and Development Support Programmes* implements intergovernmental population and development programmes and disseminates population and development information.
- *National Development Agency* oversees the transfer of funding to the National Development Agency.
- *Contributions* funds contributions to international federations and organisations.

The Development and Research programme is another newly configured programme, and includes mostly those programme areas that represent a developmental approach to reducing poverty. It must be noted that allocations previously located in this programme, for example the allocation for emergency food relief, have been incorporated into the provincial equitable share. The Department reports that it has completed an exit strategy for beneficiaries of the poverty relief projects it ran in past financial years. However, this strategy has not been implemented, and the Department does not report on whether the impact of the money spent on such projects has been assessed. It also does not report on what has happened to the target set in the 2005 ENE of completing an anti-poverty strategy by December 2005, or what has occurred with the target of implementing a strategy for mobilising social capital and finance. An interesting target for the coming financial year is linking income-generating projects with an exit from the social assistance system, due to be piloted in the Eastern Cape and in Limpopo.

The Department does not really play an implementing role, as much of the focus in this programme is on creating an enabling environment for the implementation of development programmes. The programme therefore focuses on research on issues such as community development, the impact of HIV and AIDS on development programmes and the extent to which HIV and AIDS services are integrated at local level. The Department notes that it expects a marked increase in expenditure on consultants hired to for policy reviews and monitoring provincial programmes. The allocation to the subprogramme Policy Development and Service Standards increases from R5.8 million to R8 million, an increase of R2.2 million, or 45%. This gives reason for concern, as monitoring provincial programmes is part of the Department's function, and there should therefore not be such a great need to outsource monitoring functions. While outsourcing might have financial benefits in that it is cheaper to hire consultants than to appoint staff (although it could be argued that the specialist fees charged by consultants are often exorbitant), it would be important that the Department puts in place a strategy for the development of this kind of capacity within its own staff complement.

With regard to the programme previously known as Population and Development, the Department envisages undertaking research into possible links between teenage pregnancies and the child support grant; the development of capacity at

local government level for the implementation of population policy, and a review of the United Nations Population Fund country programme.

Issues to consider:

- What has happened to the Department's intentions to complete an anti-poverty strategy?
- What have been the challenges with regard to research into socio-economic needs in the urban and rural development nodes?
- Is the Department's system of outsourcing policy development and service standards monitoring cost-effective? Will any efforts be made to ensure that capacity is built internally, or has a policy decision been taken to continue making use of consultants? To what extent does this function link with allocation for capacity building in the programme Strategy, Regulatory and Oversight Management?

3.5. Strategy, Regulatory and Oversight Management – R27.842 million

This new programme sees that the department's core strategic functions are integrated with the progressive strengthening of the department's strategic, oversight, and monitoring and evaluation capacity. The programme is critical for ensuring integrated policy, strategy and programme planning and impact assessment. In addition, it is crucial for strengthening the Department's capacity for exercising its regulating and oversight role in relation to implementation partners, public entities and other national institutions.

Apart from *Administration* there are five subprogrammes:

- *Strategy Development, Business and Programme Performance* facilitates and develops the department's strategic plan, focusing on both the vertical and horizontal integration of sector policies and strategies. It focuses on aligning strategy with business to ensure optimal performance and use of resources.
- *Monitoring, Evaluation and Impact Assessment* co-ordinates monitoring and evaluation expertise and tools across the national and provincial departments of social development, and assesses the department's performance in meeting its own objectives and its overall contribution to the country's development.
- *Regulatory and Oversight Management* performs an oversight function in relation to all entities, agencies and boards reporting to the department. Until the establishment of the Inspectorate for Social Assistance as an agency, the department will undertake the regulatory oversight of SASSA.

- *Social Policy Development and Co-ordination* provides strategic guidance on social policy development, co-ordination and evaluation.
- *Cluster and Governance Management* co-ordinates policies and government initiatives in the context of intergovernmental relations and the Forum of South African Directors-General (Fosad) cluster priorities.

Among the targets set for the new programme over the medium term, the Department intends setting up a monitoring framework that will enable it to do regular assessments of programme implementation. There is strong growth in the programme over the medium term, from an allocation of R27.8 million for the 2006/07 financial year to R56.8 million in 2008/09. Much of the expenditure in the programme will be focused on consultants hired to improve the Department's own capacity, which suggests that certain targets should be set for phasing out the system of hiring consultants for core departmental functions. It would be interesting, therefore, to get an understanding of how the Department intends integrating the capacity built in terms of this programme into the work of other line function programmes.

Issues to consider:

- The programme is aimed at strengthening the Department's capacity with regard to oversight over programmes and institutions that report to it. However, there appears to be serious weaknesses in the Department's capacity to write policy. Will this programme also contribute to building capacity at the level policy writing?

Sources

National Treasury. *2005 Estimates of National Expenditure*.

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