

Methodologies and Tools for Pro-Poor Government

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Presentation

- Introduction and Background
- Government approach
 - Case of housing, education, health and social grants
- Civil Society approaches
 - Examples of research, advocacy, capacity development and litigation
- Pro-poor government

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Methodologies and Tools for Pro-Poor Government

- It is a Constitutional Imperative
- The Constitution recognises special Groups
- It emphasises redress and is more about addressing the historical disparities created by the apartheid legacy

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Pro-Poor Government

- It is context specific and therefore would depend on a number of factors including;
- How do you define poverty? Do you see poverty as the absence of capabilities, entitlements and freedoms.
- Or do you subscribe to the notion of chronic poverty which highlights the social relations that produce poverty, which are often embedded within political institutions and economic structures.

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Pro-Poor Government

- If poverty is to be seen as a lack of resources rather than an absence of entitlements, and thus as an “economic” rather than a “political” problem, then those who are responsible for its prevalence and reproduction will be let off the hook (Green and Hulme, 2005).
- Poverty reduction does not simply require “good” policy; it requires developing the capacity of poorer people to influence policies, and to hold accountable those who make decisions

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Pro-Poor Government

- Pro-poor versus pro-growth development ethos
- Economics of “trickle down” versus “bottom up”
- Anti-poverty measures-inequality of assets, income or opportunity
- Policy imperatives-linking policy, budgeting and planning
- Increasing the effectiveness of expenditure policy-social spend

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Pro-Poor Government

- The market-led approach of business development aims to enable local economies to adjust more successfully to macro-economic reforms (Scott and Pawson, 1999) and emphasises the goals of promoting individual self-reliance, entrepreneurship, expansion of the market, competitiveness, reduction of unemployment and sustainable growth
- By contrast, the market-critical or pro-poor approach of community development represents a bottom-up approach geared to goals of achieving local self-reliance, empowerment, participation, local cooperation, and environmental sustainability (Scott and Pawson, 1999).

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Governments Approach

- Broad Targeting- emphasis on delivery of key services to poorer people- housing, health, education and grants
- The trajectory of policies that brought to bear a fully democratic South Africa with the support of the majority poor black community was the realisation of a common need to restore dignity by eradicating the conditions under which demeaning poverty and inequality thrives and reproduces itself.

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Governments Approach

- Expressed it into an actionable programme, this meant building houses; building access roads; providing electricity, water and sanitation installations to eradicate also the “bucket system”, building, equipping and supporting schools and public health facilities.
- This is a mammoth task, evidenced by the persistent backlogs which has resulted in riots and service delivery protest action with sporadic violent classes
- Whilst others have pummelled blame at an inefficient and corrupt bureaucracy, others like the DBSA concluded that the backlogs on their own are moving targets, noting the shrinking household sizes, rural urban migration and other factors

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Housing

- The 2009 Provincial Budget Review makes the point that government has provided approximately 2.6 million houses since 1994 and an estimated 1.8 million households still require some form of public support to access acceptable housing.
- It also posits that the 2.6 million houses came at a cost of R49 billion, at a gross average cost of R18 850 per unit and an average annual delivery rate of 200 000 units a year

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Education

- South Africa spends a large proportion of its budget on education (education currently remains the second largest budgetary item).
- The post-1994 era has seen the education system drastically transformed in an attempt to ensure an equitable and quality education for all
- Schooling has been made compulsory for all children aged between 7 and 15 years, schools have been opened to children across all population groups

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Education

- Schools have been opened to children across all population groups, new classrooms have been built, new teaching methods adopted, sizes of classes have been made more equal across the country and a greater focus has been placed on the improved access and quality of education
- A conditional grant system has been adopted that channels funding to education according to reported poverty levels

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Education

- The no-fee schools policy introduced in 2008 covers 13 912 schools benefiting about 5 million learners
- A national school nutrition programme that will provide 9.5 million children in quintile 1-3 schools with a meal on each school going day

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Health

- Comprehensive primary care was regarded as the “strategic approach” guiding health system transformation, with the district health system seen as the vehicle for increasing access to services.
- Transformation emphasised the need to promote equity, particularly in relation to redressing the historical inequities which arose as a result of apartheid policies, and specified that vulnerable groups (women, children, the elderly, the disabled and the poor) should receive priority.

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Health

- It specifically referred to the equity role of health care financing, including calling for a relative redistribution of resources between provinces.
- It also noted that there was a need to “establish health care financing policies to promote greater equity between people living in rural and urban areas, and between people served by the public and private health sectors”

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Social Grants

- Social cash transfers provide an important risk management tool for the poor at three levels:
 - reducing the poverty resulting from shocks (drought, floods, sudden food price increases, and others),
 - reducing vulnerability and strengthening coping mechanisms.

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Social Grants

- Social cash transfers reduce the impact of shocks on livelihoods nationally by stimulating overall economic activity
- They protect households by reducing the impact of shocks on productive assets; economic shocks are less likely to force poor households to sell their livestock – often their only productive asset – if social cash transfers help them cope with the loss of income

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Social Grants

- From < 3 million beneficiaries in 1997, to 14.0 million in 2010
- Highest numbers are Child Support grant (9.4 million), Old Age grant (2.5 million) and Disability grant (1.3 million)
- In 20010/11, R89.4 billion spent on grants and R5.6 billion on SASSA admin (3.5% of GDP)
- No Basic Income Grant

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Social Grants

	Apr-07	Apr-08	Oct-08	Apr-09	Apr-10
Old age	R870	(+R70) R940	(+ R20) R960	(+R50) R1,010	(+R70) R1,080
War veterans	R890	(+R70) R960	(+ R20) R980	(+R50) R1,030	(+R70) R1,100
Disability	R870	(+R70) R940	(+ R20) R960	(+R50) R1,010	(+R70) R1,080
Foster care	R620	(+R30) R650		(+R30) R680	(+R30) R710
Care Dep	R870	(+R70) R940	(+ R20) R960	(+R50) R1,010	(+R70) R1,080
Child support	R200	(+R10) R210	(+ R20) R230	(+ R10) R240	(+ R10) R250
Grant-in-aid	R200	(+R10) R210		(+R30) R240	(+R10) R250

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Civil Society Organisations Approach

- CSOs do not call it that, however efforts have been around how public policy and its implementation affect the poor

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Four Pillars

- Research
- Advocacy
- Capacity Development
- Litigation

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Research/Capacity Dev

- The Budget Information Service (BIS) programme dealt with issues such as
 - Sectoral budget analysis and special interest groups such as women and children;
 - Budget process and institutional reform research, which included the role of Parliament and civil society in participating in the national and provincial budget process;
 - Applied budget analysis training for NGOs in RSA and the rest of the continent

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Research/Capacity Dev

- The Children's Budget Unit (CBU) of Idasa was established in 1995 with the objective to
- Conduct research and build capacity;
- Disseminate information on the government's budgeting for children and how it advances their constitutional rights.
- A strong focus of the CBU research was the accessibility and effectiveness of the child support programme.

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Research/Capacity Dev

- Through research done in 2001, the CBU was able to establish the following with regards to the child support grant
- there was a lack of administrative capacity in provincial governments, which hindered access to the programme;
- funds allocated to the programme did not grow in real terms, which generally implied under-prioritisation of this programme.

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Research/Capacity Dev

- One of the strong recommendations concerned raising the age-limit for qualification for the support grant from 6 to 14.
- Other recommendations included that government improve data on the grant, maintain real value in the budget, and allocate resources to improving the distribution of the grant in rural areas.
- The study led to the building of alliances with other organisations (ACESS, Child Justice Alliance, the Community Law Center and others)

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Applied Budget Analysis

- Concerned with fiscal discipline, allocative and operational efficiency of public budgets
- Carried out a sectoral analysis-across sectors, changing priority, real increases over time, progress indicators
- Limitations- consolidating national, provincial & sometimes local government budgets across these sectors
- Only recently standardized at provincial level
- Limited inference on beneficiaries of spending

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Applied Budget Analysis

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Technique 1: Calculating the share of the total budget

- Based on percentage allocated to:
- One department as a share of the total budget
 - One programme as a share of a department's total budget
 - One sub-programme as a share of a programme's total budget

$$\frac{\text{Amount Allocated}}{\text{Total budget amount}} \times 100$$

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Technique 1: Calculating the share of the total budget

Table: A Section of Economia Budget for the Years 2003-2005

E '000	2003	2004	2005
Education	345 908	450 900	475 000
Health	120 000	132 000	139 000
Social Welfare	97 000	87 000	100 000
Housing	67 000	90 000	89 000
Total	679,908	759,900	803,000

Technique 2: Identifying trends in Budget Allocations

- Compare the share allocated to specific departments
- Shows whether the percentage share of budget is increasing or decreasing

In 2007, % of the country's total budget was allocated to the Ministry of Education.
 In 2006, the Education Ministry received % of the total county budget.
 Is the national government prioritizing education more or less?

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Technique 3: Converting allocations from Nominal to Real amounts

- It removes the effects of inflation on allocated budgets to reflect real budget allocations
- Inflation refers to an increase in the price of a basket of goods and services that is representative of the economy as a whole (www.economics.about.com).

$$\text{Real Value} = \frac{\text{Nominal value}}{\text{deflator}}$$

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Technique 4: Calculating Real Growth Rates

- Tells us by how much the budget has increased in real terms

$$\text{Real growth rates} = \frac{(\text{Year 2} - \text{Year 1})}{\text{Year 1}} \times 100$$

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Technique 5: Working out annual average growth rates

- It is the average real growth rate in the budget allocations for a department, programme or sub-programme over a number of years

$$\text{Average annual growth over the medium term} = \frac{(\text{Year 1} + \text{Year 2} + \text{Year 3})}{3}$$

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Benefit Incidence Analysis

- *Benefit Incidence Analysis*-integrates both financial and non financial data in ex post monitoring and evaluation of the effectiveness of social spending programmes
- Used to infer on distributional impacts of public spending-allocation Vs behaviour of households and users

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Benefit Incidence Analysis

- Question-does increasing social spending result in pro-poor social outcomes
- Increasing the share to the poor-but how do you ensure the increased share or existing allocations go to the poor

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Benefit Incidence Analysis

- Although carried out ex post, can assist development planning by;
- informing policymakers about the current incidence of social spending,
- establishing a basis or a benchmark for comparison of benefit incidence in one country with other countries,

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Benefit Incidence Analysis

- analyzing if specific policy reforms in the past may have accounted for the current observed incidence or changes in the incidence of spending over time; and
- showing whether a propoor benefit incidence is actually translated into better social outcomes for the poor

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Benefit Incidence Analysis

- The first step is to analyze the net unit costs of providing any service

(annual total costs of public provision of service) – (proceeds of cost recovery measures, i.e. user charges)

(annual number of units of the service provided)

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Benefit Incidence Analysis

- The second step is to analyze the pattern of utilization of the services
- Its about how many units are utilized by poor households and how many by rich households

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Benefit Incidence Analysis

- separating the public utilization of the service by socio-economic characteristics of users
- Information on net unit costs of service provision & information on utilization rates used to calculate the level of net resource transfer to poor households and rich households

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Benefit Incidence Analysis

- Defining unit costs-attributing value of the service to beneficiary, competing indicators
- Use of “average” participation removes effects of size influence non-homogeneity
- Excluding policy & institutional effects

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Benefit Incidence Analysis

- Decisions as to household versus individual, income quintile or decile and can be extended to across race and gender, urban Vs rural, ethnicity etc.
- Limitations- Number of category exclusions in BIA e.g. admin costs
- Availability of data-not captured by income class e.g. clinics

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Benefit Incidence Analysis

- Dlamini T.M. (2009), "Occasional Paper: Pro Poor Budget Benefit Incidence Analysis of Five Expenditure Categories of the 2006/07 Budget of the Republic of South Africa", Studies in Poverty and Inequality Institute
- Professor Servaas van der Berg,(2009). "Fiscal incidence of social spending in South Africa: A report to National Treasury", University of Stellenbosch

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Advocacy

- Black Sash and campaign partners ACCESS (Alliance for Children's Entitlement to Social Security) and the Children's Institute (University of Cape Town) successfully campaigned for the cut-off age of the Child Support Grant from 15 to 18, a decision adopted by Cabinet on 22 October, 2009
- Their arguments were based on the Constitution which says a child is a person under the age of 18 and the Constitutional rights of all SA children to social assistance

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Advocacy

- They gathered testimonies of parents and caregivers describing how the loss of the grant at 15 had impacted on their families
- They compiled a report, "When grant stops, Hope stops" and presented it to parliament citing that children go hungry, stop going to school, live in poverty and are stripped of their dignity when the grant stops.

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Litigation

- In the groundbreaking decision of Government of Republic of South Africa and Others v Grootboom and Others 2000 (11) BCLR 1169 (CC) (hereafter Grootboom), the Constitutional Court sought to give effect to housing rights as provided for in Section 26 of the Constitution of the Republic. In doing so, it pronounced on key principles.
- These principles specifically relate to people "who have no access to land, no roof over their heads, for people who are living in intolerable conditions and for people who are in crisis because of natural disasters such as floods and fires, or because their homes are under threat of demolition".

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Litigation

- Minister of Health versus Treatment Action Campaign(2002)- heard by the Constitutional Court of South Africa (JCCT 8-2A) and was about the right to health care and access to HIV/AIDS treatment
- In this case, the TAC was seeking an order forcing the government of South Africa to roll out a comprehensive programme for the prevention of mother to child transmission of HIV/AIDS which was granted

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Litigation

- Similarly, in EN and Others v Government of the Republic of South Africa and Others (Westville)(2006),the TAC asked that government be ordered to remove restrictions preventing applicants, as well as anyone else who met the criteria set out in the National Department of Health's Operational Plan for Comprehensive HIV and AIDS Care, from being able to access ART from either within the prison or from an accredited public health care facility.

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Slide 47

t3 <http://41.208.61.234/uhtbin/cgisirsi/20100430105401/SIRSI/0/520/J-CCT8-02A>
tdlamini, 2010/04/30

Slide 48

t1 See http://www.alp.org.za/index.php?option=com_content&task=view&id=41&Itemid=8
tdlamini, 2010/04/30

Litigation

- An initial order by Judge Pillay was affirmed by Judge Nicholson on appeal citing also that Government's failure to implement the interim order displayed a serious constitutional crisis, the likes of which could serve to harm South Africa's short but proud history of the separation of powers.

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Future Pro-poor Government

- Attacking the structural causes of poverty beyond transitional measures meant to redress past disparities-arrangements and power relations that keep poor people poor
- The poor should join the mainstream economic life for all South Africans through access to decent jobs, assets-wealth, social infrastructure and services-pro-poor Local Economic Development initiatives
- Policy makers should better their understanding of the household economy in order to upgrade their intervention logic inline with the demands on the ground- M&E systems, value CS participation, adopt methods and tools

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Slide 49

t4

See http://www.alp.org.za/index.php?option=com_content&task=view&id=41&Itemid=8
tdlamini, 2010/04/30