



Media Release

THE PROVISION AND FUNDING OF CHILD WELFARE SERVICES IN SOUTH AFRICA

30 September 2013

Financial and Fiscal Commission
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For an Equitable Sharing of National Revenue

[30 September 2013, Cape Town] The Financial and Fiscal Commission (the Commission) released a report today on the Funding and Provision of Child Welfare Services. Child welfare is a sector under severe pressure to transform, extend service access and increase service quality within an environment of limited resources. A review of the financing and delivery of child welfare services is needed.

South Africa is home to 18.1 million children (of whom 900 000 are orphans). The State has an obligation to provide social services to these children, in terms of the Constitution (Section 7 (2) of the Bill of Rights), the Children's Act (amended 2007) and the Child Justice Act. Child welfare services refer to services that aim to provide children with protection from social, economic, physical and developmental hardship and abuse.

Since its inception, the Commission has been involved in research on the progressive realisation of socio-economic rights of children. This report continues this previous work and is part of the Commission's focus on engaging with stakeholders before making recommendations to Parliament. The Commission's report presents the challenges facing the child welfare sector, validated by input from representatives from government, NPOs and other stakeholders.

Key Challenges

Non-profit organisations (NPOs), which provide the majority of statutory services on behalf of government, are facing severe financial problems because of the increase in demand for their services coupled with a decline in funding and delays in transfers from government. Unlike private sector providers, that get paid upfront and within 30 days, NPOs only get reimbursed for service delivery quarterly in arrears, which creates cash flow pressures.

Currently, the funding and the level of services provided vary considerably across provinces. For example, Northern Cape spent R412 per capita on child welfare services in the 2011/12 financial year compared to R81 per capita in Kwazulu-Natal. This is exacerbated by significant funding disparities across regions due to differential prioritization by some provinces.

The Auditor-General (AG) findings for the 2010/2011 financial year for provincial Departments of Social Development refer to maladministration, specifically in terms of management, monitoring and oversight of the work of NPOs. Some NPOs have also not been able to account for the grants received as the Auditor-General requires and in some cases have used funds for unspecified purposes. There is also a lack of coordination in planning, budgeting and target setting between all the relevant stakeholders which compromises the accountability framework. NPOs often are the delivery vehicle, but do not participate in

these processes at all, undermining cooperative delivery. This implies that there is general capacity related challenges in the sector broadly that need to be addressed.

A further challenge is the provincial Departments of Social Development do not report on key child welfare indicators in a consistent way, with many indicators published in their annual reports, of poor quality. It is therefore difficult to monitor the implementation of child welfare services and hold departments accountable. This accountability framework is also relevant for the service providers, i.e. NPOs and NGOs.

Key Commission Recommendations

There is a need for Government to put in place a financing plan that moves towards full funding of minimum norms and standards for child services. It is also critical that all provinces prioritize child welfare services and adhere to standardized funding norms per child so that regional disparities in service provision can be reduced. Furthermore, the Commission calls for a Department of Social Development-led audit of the entire value chain in the transfer system, to identify bottlenecks and inefficiencies so that the quality and effectiveness of child welfare services can be improved. Some of the key sector problems are related to the Department of Social Development's Policy on Financial Awards. In this regard, the Commission calls for a review of the Policy on Financial Awards, especially key components that should be reflected in the policy such as a prioritization framework, a financing model based on agreed principles among stakeholders, minimum criteria to qualify for funding and a clear definition on transformation. Other critical issues include greater collaboration among stakeholders, better monitoring and evaluation, conducting an updated needs analysis and careful balancing by the State between funding statutory and non-statutory child welfare services.

Thank You.

Bongani Khumalo (Mr.)
Acting Chairperson/ CE
Financial and Fiscal Commission

The Report can be accessed at:

<http://www.ffc.co.za/index.php/media-a-events-interactive/public-hearings/child-welfare-services>