



# Submission to the Minister of Finance and the President ahead of the mid-term budget policy statement

4 November 2021

## Introduction

We, the South African National Child Rights Coalition (SANCRC) call on you to ensure that the mid-term Budget Policy Statement recognises and fulfils government's responsibilities to ensure our public funds are used wisely to secure the equal and optimal development of children. The Government of the Republic of South Africa is obligated to do so by virtue of its child rights treaty obligations. It is also crucial to rebuild our human capital foundations, which were structurally weak before, and have been further eroded in the face of COVID 19.

## The problem

We currently face a state of national emergency that predates and will continue long after COVID has passed, that is potentially fatal to our national development goals.

The *World Bank's updated Human Capital Index for South Africa (2020)*<sup>1</sup> calculates that South Africa is set to lose more than half of its human capital potential because of a failure to ensure children's equal and optimal development.

According to the World Bank: ***A child born in South Africa today will be 43 percent as productive when she grows up as she could be if she enjoyed complete education and full health.*** Despite significant spending on a number, South Africa's HCI has stagnated for a decade. ***Between 2010 and 2020, the HCI value for South Africa remained approximately the same at 0.43.***

The HCI "measures the amount of human capital that a child born today can expect to attain by age 18. It conveys the productivity of the next generation of workers compared to a benchmark of complete education and full health. Worldwide a child born in 2020 can expect, on average, to be 56 percent as productive as she could be when she grows up."

The very foundational building blocks are crumbling because most children remain trapped in an intergenerational cycle of multi-deprivational poverty that denies them the right to develop to their full potential. This means that the human capital upon which our sustainable national development depends will remain unrealised.

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<sup>1</sup> [https://databank.worldbank.org/data/download/hci/HCI\\_2pager\\_ZAF.pdf?cid=GGH\\_e\\_hcpexternal\\_en\\_ext](https://databank.worldbank.org/data/download/hci/HCI_2pager_ZAF.pdf?cid=GGH_e_hcpexternal_en_ext)



Despite recording some of the highest increases in spending on health and education, there has been no discernable shift in equalising the development prospects of children over the past 10 years. This confirms that we are not investing smartly, efficiently or effectively to secure the development of our children to build the human capital we need for achieving sustainable, inclusive development.

- Despite spending 4 percent (2017) of our GDP on health, which is higher than both the regional average (2.4%) and middle-income countries (4%), our life expectancy has stagnated, and stunting has worsened. 27 out of 100 children are stunted, and so are at risk of cognitive and physical limitations that can last a lifetime. 69 percent of 15-year olds will survive until age 60. This statistic is a proxy for the range of health risks that a child born today would experience as an adult under current conditions.
- South Africa spends 6.2 percent (2018) of its GDP on education which is higher than both the regional average (4.0%) and the average for its income group (4.7%). Yet, 80 percent (2016) of 10-year-olds cannot read and understand a simple text by the end of primary school. South African students score 343 on a scale where 625 represents advanced attainment and 300 represents minimum attainment. A child who starts school at age 4 can expect to complete 10.2 years of school by her 18th birthday. However, learning outcomes are extremely poor – so much so, that when factoring in actual learning, the expected years of school drops down to only 5.6 years.
- South Africa spends 3.4 percent (2016) of its GDP on social assistance which is higher than both the regional average (1.5%) and the average for its income group (1.5%)

The science and math are clear. We need to invest more and strategically to ensure that we equalise and optimise the development of all children to their full potential if we are to eliminate poverty and inequality, secure safe and tolerant communities, and build a capable developmental state.

If we are to achieve these goals, we need to work together as a country and invest our public resources wisely to build and sustain the capacity of every child, especially those who are marginalised, to do well at school, get jobs, establish businesses, pay taxes, engage in constructive democratic processes, become good parents, provide ethical leadership and become the next generation of good, developmental administrators who make decisions based on evidence in the best interests of the country.

This requires that our whole child population, especially those who are chronically marginalised, receive the nurturing care they need, not just to survive, but develop to their full potential.

The stark reality is that more than half of the child population do not receive the nurturing care they need to develop to their full potential. A multiple deprivation study conducted by UNICEF and Stats SA in 2020 found that 60% of children, all of whom live in chronically marginalised families and communities, do not access the services that are essential for their development – food and nutrition, health care for development, quality education from birth, and access to basic services. Add to this mix the additional requirements for development not measured through the multiple deprivation indices – protection from abuse, including harsh discipline, and receipt of responsive, nurturing parenting and care – and the impact of COVID 19 on the capacity of families to provide children with the care they need, we have the perfect developmental storm on our hands.



Given this full picture, the reality is that it is probably closer to 70% of children in South Africa – most of whom are African, living with a disability, living in poverty, in under-serviced rural and informal urban areas – are at grave risk of not developing to their full potential.

**Given that we face the loss of 70% of our human capital - who will then drive and sustain our social and economic development, peaceful and equal communities, nurturing families, and ethical, capable development government in the next 10 years and in the decades to follow?**

We are facing a national disaster that will far outweigh and outlast COVID-19 unless the country takes urgent and collective action to reverse this situation by substantially increasing the number of children who develop to their full potential.

This problem is not new in the making. It existed before COVID 19. COVID 19 has exposed and deepened our structural and underlying systemic weaknesses caused by our failure, as a country, to engage in strategic governance of our public resources to ensure children's development.

## The solution

**If we are to have any chance of transforming the negative intergenerational cycle of poverty that is fatal to sustainable development, the country must, under strong leadership, turn its collective attention to ensuring a reduction in the proportion of children at risk of poor development as a national development priority.**

**The time has come to place children's development at the centre of government's recovery plan and at the centre of its journey to achieve sustainable inclusive development. The time has come to elevate children's equal and optimal development as a national development priority and to ensure the strategic use of our ever-decreasing public funds to ensure maximum developmental returns in an ever-shrinking fiscal space.**

Children need – **nutrition; health care; responsive, positive parenting; quality inclusive education** from birth; **protection** from abuse; and access to **social protection and basic services** to develop to their full potential. Not only is this a development imperative, but the government has also

committed to realising these interrelated rights through its ratification of the Convention on the Rights of the Child and the African Charter on the Rights and Welfare of the Child.

Families and parents need support to enable them to provide their children with this combination of essential care. And it is government's duty to enable parents and caregivers to do so – by virtue of its ratification of child rights treaties, and because it is necessary to build human capital for sustainable development.

We must, as a country, plan and be accountable for providing the required services and support to ensure all children, especially the most vulnerable, receive the combination of services needed to equalise and optimise their development. It is no longer good enough that some children receive some services some of the time. It is no longer good enough to fund only some of the services, and maybe even increase funding for some of the services, some of the time – in isolation of considering how these decisions and funds will contribute to reducing the risk of poor child development.



Government must ensure that all role players know and prioritise the provision of the correct combinations of inclusive, quality services to compensate for multiple deficits to universalise nurturing care for optimal child development.

This requires leadership and coordination – a role that the Ministry of Finance, together with the Presidency, is mandated and ideally placed to provide. Should this not be provided, and we continue with business as usual, our budget policies will, as has been the case to date, further entrench the patterns of poor provisioning and resulting deprivations and inequalities that have stalled progress in South Africa.

We need, as a country to stop funding, buying, spending more every year on, and counting (often poor quality) eggs and then be surprised when we don't end up having baked a whole cake.

Like baking a cake, child development is only possible where children receive the full combination of care – where all ingredients are provided in the rights quantities, quality and combinations, mixed and provided by experts, and baked using the right equipment.

**The Ministry of Finance is responsible – per the country's treaty obligations – to engage in child rights budgeting.**

This does not mean the Ministry must increase and count money spent on just a few, isolated children's rights and services. It means that it must adopt a national budget policy and supporting public budgeting systems that support, fund and hold role players accountable for the equitable and efficient use

of funds to implement a coherent national policy for equalising and optimising children's development.

It is no longer good enough to identify one or two isolated child-related services as priorities and increase budgets for these. The situation we now find ourselves in is stark evidence of the failure of our budgeting policies and systems. We have seen massive increases and some of the highest percentage of GDP allocated to a few services - basic education, health services and ECD infrastructure – and yet 70% of our country's children are at grave risk of failing to develop to their potential. This is because we have not invested in providing the combination of services required, and have failed to secure inclusive, quality provisioning of those services funded, notably education and health services.

The Ministry of Finance has enormous power to provide leadership for transformation of our human capital foundations by engaging in meaningful child rights budgeting and ensuring that all organs of state follow suit and allocate and use their funds strategically – to collectively secure the provision of the package of support necessary to enable nurturing care.



## Our demands

**The Ministry of Finance must now, as a matter of urgency, lead a transformational budget supported by systems that are suited to support the establishment of, and outcomes of a capable developmental state.**

**The Ministry of Finance must, in its upcoming mid-term budget policy statement, recognise children’s development as a national priority. It must recognise the accumulative deficits in child development, and direct that public resources are allocated to provide the full package to equalise development of marginalised children– with priority given to missing pieces of the package and children in vulnerable families and communities. It must further explicitly obligate all line ministries, departments provinces and local governments to allocate and use public resources efficiently to provide quality services and account for their contribution to equalising and improving children’s development outcomes.**

The Ministry of Finance must lead the way and adopt a transformational budget policy that does not only cherry pick a few isolated issues such as educational access (for older children and tertiary education) and building ECD centres as being of national development importance. It must recognise the provision of comprehensive family support for nurturing care, and associated critical gaps in early learning from birth, nutrition to prevent stunting, poor parenting, high levels of preventable abuse – as being of critical social and economic value. These must no longer, as in the past, remain invisible in the budget dialogue and policy commitments, and as a result of the powerful ripple effect of the budget policy statement, remain invisible as an unfunded mandate in sector planning.

The Ministry of Finance must provide much needed leadership to ensure our ever-decreasing public resources are now used strategically: we must develop a public budgeting process that supports and ensures all organs of state plan and bid for budgets that will collectively address the biggest nurturing care deficits. This is essential if we are to see any meaningful sustainable development returns on our public investments in children.

We are realistic and recognise that it may not be possible to fund the full package of support for nurturing care right now. However, as a country, we must have a plan to progressively achieve that goal. And in the short-term, make strategic choices – fund the ingredients that will produce interim results that will contribute to our goal. By way of analogy, the Ministry of Finance and Treasury must ensure, through the budget policies adopted, to ensure the funding, purchasing and use of eggs, milk and salt, and the development of the skills for maximising the use of these ingredients to produce something of value. We may only end up with omelets and not the iced chocolate cake, but this is progress. We will not, as we have through the decisions made to date, end up with curdled milk that cannot be used to produce quality products later down the line.

Whilst the Ministry of Finance has enormous power to drive transformation, it cannot do so alone.

Achieving the levels of policy coherence and coordinated action and accountability requires political leadership at the highest level. It requires that the President identify children’s development a national priority and that the centralised machinery for ensuring government-wide pursuit of other



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national development priorities be harnessed to ensure government-wide knowledge, commitment, action and accountability for addressing the most significant nurturing care deficits. It requires that whole of government engage in child-centred governance to ensure the provision of support for nurturing care through annual and five-year strategic plans and supporting budget bids. Treasury should only approve and allocate budgets that show tangible, evidence-based returns on advancing the shared, national goal.

The Presidency must provide the required national leadership and ensure government-wide child rights governance under the stewardship of a mandated, adequately resourced and effective Office on the Rights of the Child that can support operationalisation of the government-wide mandate and monitor our progress in turning the tide on inequalities in children's development.

This does require that adequate resources be allocated and invested in building the leadership, coordination, technical capacity and institutional arrangements, systems and human resources required to implement the required national child rights governance system to ensure:

1. Systematised and consultative policy and budget dialogues for agreeing on short-term and medium-term priorities to ensure realisation of the long-term goal, as well as ensure compliance with South Africa's treaty obligations (listed below with regards to the budgeting process for ease of reference)
2. Human resources development and support for child-centred developmental planning, provisioning, and monitoring of effective, responsive programmes
3. The allocation, efficient spending, and accountability for the use of public resources to support implementation of the agreed priorities, especially across provinces and local municipalities marked by high levels of multi-deprivational poverty that have limited capacity for effective and efficient budgeting and to strengthen accountability mechanisms for prioritising and fulfilling national priorities
4. Monitoring, reporting and engagement in ongoing child rights governance systems strengthening to drive the agenda
5. Effective institutional mechanisms capacitated for holistic child rights delivery across all spheres of governance.

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