Key Messages

The World Bank is supporting the Government of Botswana in developing a National Social Protection Framework (NSPF) that should play an essential role in identifying and addressing the current exclusion and inclusion errors, as well as to provide a more comprehensive safety net to vulnerable children and families.

Within the draft NSPF, the Government has made a commitment to maintain public spending on social protection at its current level (4.4% of GDP). Despite a 1.5% decline in expenditure on food and social welfare programmes, overall social sector spending slightly increased in the 2017/18 budget (0.6%).

The Government of Botswana allocated almost P7.4 billion in 2017/18 to social protection. Of this, about P2.2 billion or 29% of the total social protection expenditures is expected to be spent on social assistance programmes, which primarily include programmes for the Destitute households and World War Veterans allowances or their surviving spouses; universal Old Age Pension scheme for all aged 65 years and above, disability allowances; vulnerable group and school feeding; orphan care programme and community home based care programmes.

Since the 2013/14 fiscal year, the budgetary allocations to the social protection sector have gradually increased. The Government is commended for its commitment to safeguarding social protection spending.

The Government may apply the indexation of social benefits, which is one of the most effective means of protecting beneficiaries from the loss of purchasing power implied by inflation and maintaining the purchasing power of benefits over time.

In the 2017/18 fiscal year, the Government allocated nearly 14% of total social protection expenditures to child-sensitive social assistance programmes. The budget transfers to Vulnerable Groups Feeding, Primary and Secondary Feeding Programmes are expected to increase by 22%, on average. Despite the rise in nominal spending, it is important to recognize that real value of budgets for these programmes dropped by 5.3%, on average, between 2013/14 and 2016/17, once accounting for inflation.

More than half (57%) of the Ministry of Local Government and Rural Development (MLGRD) budget is for public works and social insurance programmes. Despite the large size of the MLGRD recurrent budget in past years, social assistance programmes were allocated about one-sixth of the expenditures, while more than the two-thirds of expenditures went to finance and procurement. The imbalance of spending on social assistance within the MLGRD should be closely reviewed, especially in a context of major vulnerabilities among the poorest populations and children that rely on such support.

Recent trends in the actual implementation of budgeted expenditure show underspending by almost 20% on provision of supplementary feeding to vulnerable groups at primary schools and health facilities, which is a concern when considering high prevalence of malnutrition and stunting among children.

*This budget brief is one of four that explore the extent to which the public budget addresses the needs of children under 18 years in Botswana. The briefs analyse the size and composition of budget allocations for fiscal year 2017/18 as well as offer insights into the efficiency, effectiveness, equity and adequacy of past spending. Their main objectives are to synthesize complex budget information so that stakeholders easily understand it and to put forth key messages to inform financial decision-making processes.
Introduction

Botswana’s complex and mature social protection system is fully funded by government, which allocates a substantial amount to support social assistance and labour market programmes. The Ministry of Local Government and Rural Development (MLGRD) has overall responsibility for social protection and labour market programmes, while provisions for some programmes fall under the Ministry of Basic Education (MOBE).¹

Social protection is not enshrined in the Constitution of Botswana, but considered as a priority in key strategic development documents and legislative frameworks. The National Development Plan 11 (NDP 11) recognizes the importance of social protection and calls for improved coordination of various programmes, for example, by establishing a social registry. An overarching strategy Vision 2036 promotes a more inclusive approach to social protection that helps to address needs of marginalized population groups. There are various targeted national polices on vulnerable populations (including destitute persons, orphans, people living with HIV/AIDS, etc.) that are broadly consistent with international standards such as the African Union Social Policy Framework and the Aid to Dependent Children Code on Social Security.

As an upper middle-income country (UMIC), Botswana has a mix of universal and targeted but fragmented and overlapping social protection programmes. The social protection system is comprised of four types of support (pensions, social safety net, active labour market programmes and sponsorships/scholarships), which is implemented by 10 government agencies through more than 29 programmes (Figure 1). Most social assistance programmes fall under MLGRD, while labour market programmes are distributed among several ministries.

¹ Formerly, the Ministry of Education and Skills Development (MOESD). Notes: MYESCD - Ministry of Youth Empowerment, Sport and Culture Development; MOA - Ministry of Agricultural Development and Food Security; MNIG - Ministry of Nationality, Immigration and Gender; MELSD - Ministry of Employment, Labour Productivity and Skills Development; MOPAGPA - Minister for Presidential Affairs, Governance and Public Administration; MOFDP - Ministry of Finance and Development Planning; CDD - Community Driven Development; LMID - Livestock Management & Infrastructure Development; ISPAAD - Integrated Support Programme for Arable Agriculture Development;
Botswana is currently developing a National Social Protection Framework (NSPF),² which is intended to serve as an overarching policy document to guide the transition from a fragmented approach to a systems approach to social protection. It defines social protection as “programmes that employ public and private initiatives, guided by state policies, to prevent, address, and reduce the risks of poverty and vulnerability for Batswana, be they individuals, family or communities throughout their lives.” Four core national principles to guide social protection are social justice, self-reliance, unity and the values of ‘botho’ (humaness). Social assistance programs include a variety of non-contributory programs, such as cash and in-kind transfers, fee waivers, community based programs, and social care services.³

Available evidence suggests Botswana’s social protection programmes have substantially contributed to poverty and inequality reduction. The impact of social transfers on both the poverty headcount and poverty gap is significant. According to the World Bank,⁴ social transfers are associated with a 3.9% poverty reduction (Figure 2-a). In the absence of all social protection programmes, the poverty headcount and poverty gap would be higher by 25% and 69%, respectively (Figure 2-b). In particular, universal in cash or in-kind programmes, including school meals and old age pensions have the largest effect on reducing the poverty gap.

² The World Bank supported an Inter-Ministerial Social Protection Technical Steering Committee in drafting this document.
³ For example, care and protection of children, residential programs for children and the elderly.
In Botswana, most deprived children live in households that are not covered by social protection programmes. A recent UNICEF-supported study\(^5\) revealed that about 77% of children who are multidimensionally poor,\(^6\) and 80% of children who are deprived in any one dimension live in households that do not receive supplementary income in the form of either state pensions or governmental assistance. Cash transfers in various forms are among the most effective ways of providing social protection to individuals and households, to prevent them from falling into a poverty trap.

Figure 3. Proportion of children deprived in the specified dimension who do not receive Social Protection benefits.\(^7\)


\(^6\) In Multiple Overlapping Deprivation Analysis (MODA) children 0-4 years and 5-17 years are considered as multidimensionally deprived when they are simultaneously deprived at least in two and three dimensions, respectively.

\(^7\) Deprivation in education is measured only for children aged 6-17. Deprivation in sanitation is measured only for children aged 5-17. All other indicators are for children aged 0-17.
Takeaways:
• The Government’s approach to funding social protection of vulnerable populations is commendable, which needs to be continued and considered as investment in the well-being/skills of the population, beginning from early childhood.
• Available evidence also suggests that existing interventions are highly effective to reducing both poverty and inequality.
• However, most children who suffer from multiple dimensions of poverty are not supported by social assistance programs, which is worrisome and indicates a high probability of inter-generational transmission of poverty.
• The NSPF should play an essential role in identifying and addressing the current exclusion and inclusion errors, as well as to provide a more comprehensive safety net to vulnerable children and their families.

Social Protection Spending Trends

Botswana allocated almost P7.4 billion in 2017/18 or 4.4% of GDP to social protection, which is a clear testimony of the Government’s commitment to supporting vulnerable populations. In particular, out of this amount, about P2.2 billion (or 1.3% of GDP) will be spent on social assistance programmes, and over the past few years, its share ranged from 27% to 33% of total social protection expenditures. Over the period 2013/14 to 2017/18, MLGRD’s share in the total ministerial recurrent and development budgets equalled 14% and 9%, respectively, on average (Figure 4).

Figure 4. MLGRD’s share in the total ministerial budgets (in %)

Source: Ministry of Finance and Development Planning estimates of expenditure from consolidated and development funds 2013/14 to 2015/16 (actual), 2016/17 (revised) and 2017/18 (planned).
Budget allocations to the social protection sector have gradually increased in both nominal and real terms. Expenditure increased from P5.3 billion in 2013/14 to almost P7.4 billion in 2017/18, which represents annual nominal and real growth of 9% and 5.5%, respectively, on average (Figure 5-a). However, during two consecutive fiscal years (i.e. 2015/16 and 2016/17), overall social assistance spending substantially declined by 25% and 15%, respectively, in real terms (after accounting for inflation). In the 2017/18 budget, this item is expected to increase by over 54% and reach the 2014/15 level (Figure 5-b). Particularly, a 7% decline in the 2016/17 fiscal year could be explained by adjustment measures taken by the Government in response to the fiscal deficit to 3.9% of GDP in 2016.

### Figure 5. Social protection sector spending trends: Nominal vs. Real

<table>
<thead>
<tr>
<th>Year</th>
<th>2013/14</th>
<th>2014/15</th>
<th>2015/16</th>
<th>2016/17</th>
<th>2017/18*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nominal</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Real</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

Source: Ministry of Finance and Development Planning estimates of expenditure from consolidated and development funds 2013/14 to 2015/16 (actual), 2016/17 (revised) and 2017/18 (planned). Note: The NSPF defines social protection as “programmes that employ public and private initiatives, guided by state policies, to prevent, address, and reduce the risks of poverty and vulnerability for Batswana throughout their lives.” Social assistance programs include a variety of non-contributory programs such as cash and in-kind transfers, fee waivers, and community based programs, and social care services.

Botswana performs well when comparing its social protection expenditure for children with other UMICs. Although Botswana spends 0.1 percent more than the UMIC average, a 2014 ILO report concludes that despite existing social protection programmes, the income security needs of children and families, particularly in low- and middle-income countries are not sufficiently addressed. In Botswana, about 0.6% of GDP is allocated to child and family benefits, which is higher than the global average of 0.4%, ranging from 2.2% in Western Europe to 0.2% in Africa, and in Asia and the Pacific. Indeed, this cross-country comparison should be interpreted with caution and may be affected by differences in definitions of social protection used in countries.

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8 This brief focuses only on food programmes, cash and in-kind assistance programmes and social insurance programmes excluding pensions, public work programmes.

**Takeaways:**

- Investments in social protection programmes should be protected at all times and budget cuts should not threaten Botswana’s progress on income security for children and their families.
- To protect beneficiaries from the loss of purchasing power caused by inflation, the Government may consider indexation of social benefits.
- Increased public allocations for enhancing social protection floors could be considered as an integral part of comprehensive social protection systems.
Composition of Social Protection Spending

More than half of the MLGRD budget is on public works and social insurance programmes (57%), which is expected to be maintained in the current fiscal year (Figure 7). The second highest priority is nutrition programmes (Vulnerable Group Feeding and Primary School Feeding), which account for about one-quarter of the budget when looking at the past five-year average. Other priority areas include the orphan care programme (16%) and destitute cash allowances (3.3%).

Despite the large size of the MLGRD recurrent budget in past years, social assistance programmes were allocated about one-sixth of the expenditures (Figure 8). Over the previous three-year period, more than the two-thirds of spending went to “Finance and Procurement” (11% of this amount is used by Vulnerable Group Feeding and Primary School Feeding programmes) with 15% going to major “Social Protection” programmes, 7% to “Tribal Administration”, 3% to “Headquarters”, 2% to “Rural Development” and 1% to “Community Development.” Other departments, including Development Planning, Primary Health Care, Services Management, Technical Services and Community Development received on average 0.8%.

Figure 7 Source: Ministry of Finance and Development Planning estimates of expenditure from consolidated and development funds 2013/14 to 2015/16 (actual), 2016/17 (revised) and 2017/18 (planned). Note: “Other” includes the World War veterans, disability allowances and day care programme. Figure 8 Source: Ministry of Finance and Development Planning estimates of expenditure from consolidated and development funds 2013/14 to 2015/16 (actual), 2016/17 (revised) and 2017/18 (planned).
In the 2017/18 fiscal year, nearly 14% of total budgetary allocations to social protection went to child-sensitive social assistance programmes. Public funds allocated to in-kind transfers, Vulnerable Groups Feeding, Primary and Secondary Feeding Programmes are expected to rise on average by 22% (Table 2). Spending on two programmes – Orphan Care10 and Day Care – experienced significant reductions. This could be explained by reduction in the number of beneficiaries under the Orphan and Home Based Care programmes, due mainly to the effectiveness of the anti-retroviral programme, and other related interventions.11 There are also several positive trends related to declines in maternal mortality (for example, from 183 per 100,000 live births in 2013 to 127 live births in 2015) and HIV/AIDs-related deaths (from 14,000 in 2007 to 3,200 in 2015), as well as increases in life expectancy (from 56 years in 2001 to 68 years in 2015.)12

Table 1. Distribution of social protection spending by selected child-sensitive programmes

<table>
<thead>
<tr>
<th>Programme</th>
<th>2014/15 - 2016/17* (average)</th>
<th>2017/18* (planned)</th>
<th>Change (+/-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vulnerable Group Feeding &amp; Primary School Feeding</td>
<td>332,025</td>
<td>455,843</td>
<td>+ 20</td>
</tr>
<tr>
<td>Secondary School Feeding</td>
<td>256,739</td>
<td>320,000</td>
<td>+ 25</td>
</tr>
<tr>
<td>Orphan Care</td>
<td>332,025</td>
<td>234,054</td>
<td>- 30</td>
</tr>
<tr>
<td>Day Care</td>
<td>463</td>
<td>400</td>
<td>- 14</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>921,253</strong></td>
<td><strong>1,010,297</strong></td>
<td><strong>+ 2</strong></td>
</tr>
</tbody>
</table>

Source: Ministry of Finance and Development Planning estimates of expenditure from consolidated and development funds 2013/14 to 2015/16 (actual), 2016/17 (revised), 2017/18 (planned). Note: *Million pula.

10 Botswana opted for a narrow definition of orphans, which is used in many countries.
In the 2017/18 fiscal year, the Government’s total allocations to the nutrition programmes amounted to P776 million, which represents a 40% increase compared to 2016/17. The provisions include Vulnerable Group Feeding, Primary School Feeding and Secondary School Feeding programmes, financed through the MLGRD and Ministry of Basic Education, respectively. However, there have been wide variances in allocations to these nutrition programmes, increasing and decreasing by around 20%, on average, over the recent four-year period. Despite substantial investments, Botswana has not performed well on addressing malnutrition. The World Bank’s recent social protection assessment13 reports that the cost of school feeding programmes in Botswana is excessively high when compared to similar programmes in other countries.14

Takeaways:

- On the expenditure side, the Government opted for a child-sensitive budget for the 2017/18 fiscal year, for example, by reallocating ‘freed’ funds from Orphan Care programme in the interests of children to school-feeding programmes.
- Solid evidence is needed to determine the effectiveness of school-based nutrition programmes, mainly Primary School Feeding and Secondary School Feeding, as well as to identify cost saving options and budgeting implications.
- It is also important to minimize the volatility in funding to nutrition programmes for more effective planning.

Figure 9. Budgetary allocations to food programmes

(a) Allocations to Food Programs (millions pula)

(b) Shares of Food Programs in the total social assistance spending

Source: Ministry of Finance and Development Planning estimates of expenditure from consolidated and development funds 2013/14 to 2015/16 (actual), 2016/17 (revised) and 2017/18 (planned).

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14 In Botswana, for example, the estimated cost per student per year of the Primary School Feeding Programme in 2012/13 was P829 (or USD109) while in other countries this indicator usually ranges from USD28 to USD63.
Budget Credibility and Execution

The most recent available data indicate that the average variance in MLGRD recurrent spending was almost 1%, which represents overspending of P49 million per year during 2013/14-2015/16. MLGRD manages its recurrent budget well, scoring 101% on budget credibility and 102% on budget execution between 2013/14 and 2015/16 (Figure 10-a). The budget execution rate of the MLGRD’s recurrent spending at the department is relatively low, which is a sign of poor budget planning at the sub-vote level (Figure 10-b). In the 2016/17 fiscal year, the Ministry’s overall execution rate was 97%, and only three departments, namely development planning (106%), social protection (105%) and tribal administration (99%) surpassed this threshold.

Figure 10: MLGRD recurrent budget credibility and execution in the 2016/17 fiscal year

MLGRD development budget continued to deviate considerably from plan, which is characterized by chronic underspending. The total development expenditure deviated by more than 10% from the planned total on average during 2013/14-2015/16 (Figure 11). In terms of budget execution, MLGRD is doing relatively well compared to other social sector ministries. For example, both education (17%) and health care (57%) have on average greater underspending on capital expenditure than MLGRD (11%). This brief analysis, however, cannot help to identify key factors affecting the budget performance, which can be captured, for example, with a diagnostic of budget credibility issues.
Figure 11: MLGRD development budget credibility and execution

Source: Ministry of Finance and Development Planning estimates of expenditure from consolidated and development funds 2013/14 to 2015/16 (actual). Note: *2013/14-2015/16 average values.

Underspending by almost 20% on provision of supplementary feeding to vulnerable groups at primary schools and health facilities is a concern when considering the high prevalence of malnutrition and stunting among children. Figure 12 shows the actual implementation of budgeted expenditure at the individual programme levels, which reveals some worrisome trends. For example, in the 2015/16 fiscal year, out of P617 million (27% of the total social assistance budget) allocated funds to Vulnerable Group Feeding Programme (VGFP), P145 million was not disbursed. The VGFP budget execution gap has continued to widen, while the use of planned expenditure in other programmes (Destitute Allowance, Day Care and World War Veterans) constantly improved. As earlier discussed, the low credibility of allocations to the Orphan Care programme is mainly associated with the effectiveness of the anti-retroviral programme, and other related interventions.

Figure 12. The budget credibility and execution by selected social assistance programmes

Source: Ministry of Finance and Development Planning, Estimates of Expenditure from the Consolidated and Development Funds. Note: Budget Credibility (difference between planned and actual expenditure); Budget Execution (difference between authorized and actual expenditure). VGFP – Vulnerable Group Feeding Programme; PSFP – Primary School Feeding Programme; SSFP – Secondary School Feeding Programme.
Takeaways:
- Considerable deviations between MLGRD’s planned and actual spending at the sub-vote (both department and programme) level indicate the importance of building internal budget planning capacity and developing for more realistic resource projections.
- Establishing a comprehensive database that consolidates information on potential beneficiaries of social protection programmes (e.g. an integrated management information system, single registry, etc.) could enhance decision making around more effective targeting, as well as redirecting public resources to vulnerable groups.

Financing the Social Protection Sector

Botswana’s public sector provides comprehensive funding for social protection and has committed to protect current spending levels. In addition to Botswana’s high birth rate and declining mortality rates, the demographic composition of the population has also changed over time and slightly increased the national dependency ratio. This requires relevant responsive measures in the form of social protection and job creation policies. Besides, these changes could create additional pressure on public budget that may have unintended medium- and long-term consequences for social protection expenditure. At the same time, per United Nations population estimates, starting from 2019-2020 Botswana’s dependency ratio will start to decline and will continue over the next two decades.
Functional classification of the 2017/18 national expenditure and net lending shows that budget allocation follows national priorities defined within NDP 11. The fiscal year of 2017/18 is the first in the implementation of Vision 2036 and NDP 11, and therefore, it is expected to address priority areas identified in these strategic documents. As Table 1 shows, despite a 1.5% decline in expenditure on education and food/social welfare programmes, overall social sector spending slightly increased in the 2017/18 budget (0.6%). It is worth noting that the social protection-related areas such as food, social welfare, housing, regional development, community and social services received almost 11.8% of total budget resources allocated for 2017/18, which is a 0.3 percentage point increase compared to the 2013/14-2016/17 period.

<table>
<thead>
<tr>
<th>Table 2: Financing social sector priority areas (in %)</th>
<th>2013/14 - 2016/17 (average)</th>
<th>2017/18 (planned)</th>
<th>Change (+/-)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Education</td>
<td>22.3</td>
<td>21.3</td>
<td>- 1.0</td>
</tr>
<tr>
<td>Health</td>
<td>10.9</td>
<td>12.1</td>
<td>+ 1.3</td>
</tr>
<tr>
<td>Housing, Urban and Regional Development</td>
<td>4.7</td>
<td>5.3</td>
<td>+ 0.6</td>
</tr>
<tr>
<td>Food and Social Welfare Programs</td>
<td>3.6</td>
<td>3.1</td>
<td>- 0.5</td>
</tr>
<tr>
<td>Other Community and Social Services</td>
<td>3.2</td>
<td>3.4</td>
<td>+ 0.2</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>44.7</strong></td>
<td><strong>45.3</strong></td>
<td><strong>0.6</strong></td>
</tr>
</tbody>
</table>


**Takeaways:**
- The Government should be strongly commended for its commitment to safeguard social protection spending moving forward.
- The Government’s funding decisions should welcome assumptions about demographic changes faced by the social protection system, and consider long-term challenges and solutions to funding the sector.