HEADLINE MESSAGES

- Sixty-three per cent of Swazis lives below the national poverty line. A total of 70% of children are classified as poor whilst 71% of children in Swaziland are orphans and vulnerable.

- The 2017/18 budget allocated a combined total of E552.00 million towards Social and Child protection, representing a nominal increase of 28.7% from the E428.96 million allocated in the 2016/17 financial year.

- Elderly Grant increased from E240 to E400 per month. However, better targeting to needy elderly people can help free resources for higher pay-outs and other programmes.

- What government pays for tuition, exams and books under the Orphans and Vulnerable Children (OVC) grant for secondary education, is not enough to meet current costs. In addition the OVC grant does not cover other costs - hostel, uniforms, transport, educational trips, and extra learning aids.

- The OVC grants need to be increased to cover full costs of education and extended to Early Childhood Care, Development and Education (ECCDE).

- Current donor funded cash transfer ends in March 2018, hence the need for Government to step in to sustain it given the positive impact it has had on the beneficiary children in ending child poverty.
INTRODUCTION

Social Protection and Child Protection play a pivotal role in building resilience among households, children, and communities, achieving greater equity, and supporting socio-economic development. At the global level, social protection is increasingly recognised as a means to address poverty and vulnerability, with a dedicated target in the Sustainable Development Goals (SDGs). In Swaziland, the relevance of both social protection and child protection are heightened by the high poverty prevalence, including among children. Despite its status as a middle income country, 63% of Swazis live below the national poverty line. A total of 69% of the children in Swaziland are classified as poor, with 71% orphaned or vulnerable. Hence, the government’s expenditure prioritisation needs to take this into account and support a social protection system that is child-sensitive, equitable, efficient, and fiscally-sustainable, contributing to reduced child poverty and vulnerability.

This Brief, therefore, analyses the 2017/18 budget allocations made toward social protection and child protection. It is one of the four Budget Briefs that have been produced by UNICEF, in collaboration with the Government of Swaziland, as a way of generating budget data for evidence informed budgeting, policy and advocacy. The other three Briefs focus on the 2017/18 Budget allocations to health, education and the overall macro-economic situation in the country.
SECTOR OVERVIEW AND INDICATORS

The sector is undergoing reforms aimed at enhancing effective coordination and monitoring in relation to the delivery of comprehensive social protection. The Government under the Social Welfare Systems Strengthening project, being supported from the European Union and Partners, is currently working on a framework to create a comprehensive, effective and efficient national social protection system.

SOCIAL SERVICES BUDGET ALLOCATION FOR 2017

KEY PRIORITIES FOR THE 2017/18 BUDGET

- To increase the allowances for Elderly Grant from E240 to E400 per person per month
- To Increase the grant for the disabled from E80 to E180 per person per month
- To Providing an education grant for Orphans and Vulnerable Children in Forms 1-5 in secondary school

TRENDS IN SOCIAL PROTECTION SPENDING

The 2017 budget allocated a combined total of E 552.00 million, representing a nominal increase of 28.7% from the E428.96 million allocated in the 2016/17 financial year. In real terms, the Social Welfare allocation increased by 20% from E398.21 million to E477.87 million in the 2017/18 financial year (Figure 1). The increase in the allocation is mainly on account of the proposed increases in the Elderly Grant and OVC Education Grant in secondary school.

<table>
<thead>
<tr>
<th>Description</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Population</td>
<td>1,145,970 (2017)</td>
</tr>
<tr>
<td>Number of people living in poverty</td>
<td>721,961</td>
</tr>
<tr>
<td>Poverty</td>
<td>63% (2010)</td>
</tr>
<tr>
<td>Child Poverty</td>
<td>69% (2010)</td>
</tr>
<tr>
<td>Orphans and Vulnerable Children</td>
<td>71%</td>
</tr>
<tr>
<td>Birth Registration</td>
<td>53.3% (2014)</td>
</tr>
</tbody>
</table>

TABLE 1: Key Social Welfare Indicators

FIGURE 1: Trends in Social Protection Expenditure

Source: 2017/18 Estimates of Expenditure Book

FIGURE 2: Figure 2: Composition of the DPMO’s 2017/18 Budget Allocation

Source: 2017/18 Estimates of Expenditure Book

1. DPMO Second Quarter Performance Report for the Year 2016/17.
However, despite the current and the proposed near-term increases in the allocation to social protection services, expenditure remains below 1% of GDP and 2.5% of total expenditures (Figure 1).

**Social Welfare is the dominant activity of the country’s social protection programme.** In the 2017/18 financial year, social protection allocation accounts for 98% of the total budget, up from 97.5% in 2016, and is expected to average 97.9% in 2018 through to 2019. The other programmes, Social Security and Child Welfare, account for the remaining 2%, with child protection accounting for a meagre 0.3% in 2017.

**SOCIAL WELFARE BUDGET ALLOCATION**

The Social Welfare and Child Welfare programmes fall under the Deputy Prime Minister’s Office (DPMO). As an office, the DPMO was allocated E583.94 million representing 2.3% of the total expenditure.

The Social Welfare programme was allocated E540.90 million, accounting for the largest share of the budget at 92.7%. Other key programmes under the DPMO include: National Disaster Management, which accounted for 4.8% of the DPMO’s allocation, whilst Children’s Services accounted for just 0.3%, as already shown in Figure 2. However, the disaster response functions will now be the responsibility of the recently established National Disaster Management Agency (NDMA). Despite the expected increase in the Social Services allocation in 2017 (Figure 3), it is expected to decline in the near term. However, given the government’s vision of becoming a developed country by 2022, more would need to be invested to cover the 63% of the population living in poverty, through sustained spending in social services safety nets. A combination of sustained high and inclusive economic growth and a floor on social protection can help the government achieve its development objectives, including reducing poverty in general, as well as child poverty, which is more prevalent at 69%. Therefore a key starting point is to cost the floor or minimum package of social protection required.

The budget for Social Services is mainly consumed by programmes, unlike other sectors such as Education, where most of the budget is consumed by employment costs. For the 2017/18 budget, 90% is programme budget, whilst capital budget accounts for 5.7%, with employment costs accounting for the remainder of 3.3%.

**FIGURE 3:** Trends in the Social Services Budget
Source: 2017/18 Estimates of Expenditure Book

**FIGURE 4:** Composition of the Key Social Services Programmes
Source: 2017/18 Estimates of Expenditure Book
Allocations to the Key Social Welfare Services by Programme

The major component of the Social Services Programme is support towards ageing persons via the Elderly Grant. Support to ageing persons was allocated E282.03 million, representing a 65.2% nominal increase on the estimated amount spent on the programme in 2015. The increase in the allocation is meant to cater for the increase in the allowances for the Elderly Grant from E240.00 to E400.00 per person per month. The increase, is commendable as it effectively takes the elderly above the extreme poverty line of E215.00 but remains E61.00 below the E461.00 per month per equivalent adult poverty line. Data shows that 66,378 elderly people received their grant in 2016, hence an additional E76.83 million would be required to ensure full coverage that is above the poverty line.

The major concern however, is that the Elderly Grant beneficiaries are not means tested. Once a person reaches 60 years, he or she qualifies for the grant, even if they are not poor or vulnerable. Clearly, means testing could help in better targeting, freeing resources for higher payouts or for other social protection programmes.

Under the current financial year, with the 66,378 people receiving grants, the Government of Swaziland is unlikely to meet the required needs. As per population projections (Figure 5), the total cost for Elderly Grant should be E279,067,200. However, based on the current number receiving grants, Government will need E318,614,400 for the current financial year. There will therefore be a projected over expenditure of E39,547,200.

OVC Social Safety Net Pilot Cash Transfer Project

The OVC Cash Transfer Programme is fully funded by external partners – the World Bank. The pilot cash payment programme started in 2016 and is expected to end in March 2018. The first payment covered 5,518 OVC from 1,312 households in the period 11-14 May 2016. The second payment covered 7,063 OVC in the period October to November 2016, (Figure 6).

Approximately 7,063 OVCs were active in the pilot cash transfer for the second payment, the majority (49.5%) of which were within the 6-13 years age group. The OVC Pilot Cash transfer had initially planned to cover 10,000 beneficiaries. However, due to delays in implementation, the programme has some financial

1. DPMO Second Quarter Performance Report for the Year 2016/17.
space to add more OVCs from the existing database on the four pilot constituencies, hence, the revised total target of 11,000 OVCs at an estimated cost of £1.99 billion. The current coverage is only 6.1% of the estimated 181,000 OVCs country wide. The OVC cash transfer pilot has been a major success. This is particularly so, given that the programme started during the peak of the drought season and managed to cushion the beneficiaries as they were able to buy food, school uniforms and attend to the health and nutrition needs of the children.

In addition, beneficiary households are now in a position to be able to connect to piped water and electricity, positively impacting on their lives and the lives of their children.

In addition to the pilot cash transfer, there was a drought response social cash transfer in 2016. A total of 58,800 beneficiaries from 9,800 households received cash from Baphalali Swaziland Red Cross Society (BSRCS) and 27,955 beneficiaries from 591 households from the World Food Programme (WFP). In total, 86,755 beneficiaries (15,391 households) were reached through cash transfer with total direct cash amounting to £25.27 million from BSRCS and WFP.

CHILDREN SERVICES

The Department of Children Services under the DPMO, which is responsible for the social welfare needs of all children, especially the poor and marginalised, was allocated £1.87 million. The allocation represents a nominal 43% increase from the estimated £1.30 million spent in 2015. In real terms, the allocation to Children Services increased by 32.7% from £1.24 million estimated for expenditure in 2016/17 (Figure 6). Sixty-three per cent of the allocation will be spent on programmes, whilst personnel costs account for 36.7% and capital accounting for 0.1%.

However, despite the expected increase in Children Services expenditure in 2017/18 and in the near terms, total spending will remain below 0.01% of total government spending (Figure 7).

The budget for the Department of Children Services is mainly for the coordination, monitoring and evaluation of children’s programmes and to ensure legal protection for children.

However, one of the key programmes under the Children Welfare Services is the OVC Education Grant for Orphans and Disadvantaged Children. The programme was allocated a total of £168.0 million in the 2017/18 financial year, up from the £166.5 million in the 2016/17 financial year. Current scope of the OVC grant is secondary education given that primary education is free. Each OVC gets £1,950.00 for school fees from the grant. However, this is insufficient to meet the full fees, hence most of the OVCs face challenges in mobilising funds to pay the balance, thus forcing them out of school. There is also an additional cost for uniforms and transport, which is a major barrier for the OVCs. The net effect has been low enrolment rates in secondary education - enrolment rates of 94.4% in free primary education fall drastically to 27.7% for lower secondary school and 11.8% for upper secondary school in 2015. This is not consistent with Swaziland’s middle income status.

In addition, given the low participation rates in Early Childhood Care, Development and Education (ECCDE) (41.8%), Government should consider extending this grant to early childhood development. With 71% in 2014 (up from 45% in 2010) of the children in Swaziland being either orphaned or vulnerable, there is need for support to start at the early stages of life rather than wait until they enrol for secondary education. Whilst the low ECCDE enrolment rate is a result of lack of government investment in the construction and running of facilities, all facilities are privately owned and operated. As a result of these gaps, most of the OVCs are unable to afford, not only the cost of ECCDE but also secondary education, as evidenced by the low secondary school enrolment rates of 27.7% in 2015.

The Government also runs a school feeding programme, currently benefiting 264,565 learners in primary and 10,065 learners in secondary education. In 2017/18 the programme was allocated £47.41 million to cover for midday meal only. In addition to delays in

3. Annual Education Census (AEC) Report 2015
the release of funds, the programme faces a funding deficit for preschool feeding.

**SOCIAL SECURITY**

Social Security falls under the Ministry of Labour and Social Security. The Social Security Programme seeks to promote social insurance in the labour market in Swaziland. The Department of Social Security was allocated E9.27 million, accounting for 2.3% of the ministry’s allocation and 0.04% total expenditure. However, the social security allocation is mainly for personnel costs. Ninety-five per cent of the allocation will be consumed by employment costs, with programmes taking the remainder of 5% (Figure 8).

Actual programming is scattered in a number of ministries, including public service, and is beyond the scope of this analysis.

### KEY MESSAGES AND RECOMMENDATIONS

- **Sustain the Cash Transfer Programme.** The OVC Cash Transfer Programme ends in March 2018 and hence the 2018 budget should make provisions of E1.99 billion for the continuation of the programme, given the positive impact it has had to date. The short-term focus should be on sustaining the programme and scaling it to ensure more coverage.

- **The Elderly Grant** increased from E240 to E400 per month per person, but it must be further adjusted to go above the E461.00 per month adult poverty line.

- **Better targeting of the Elderly Grant through means testing** for those who should benefit from the grant, could help free resources for higher payouts and/or for other programmes.

- **Need to increase the OVC Education Grant to cover the full cost of secondary education per child.** The OVC support should also be comprehensive, taking the lifecycle approach to achieve better outcomes.

- **The OVC Grant for secondary education is not enough to meet current costs and must be significantly revised upwards;** and also cover hostel costs, uniforms, transport, educational trips, transport and extra learning aids.

- **Adopt means testing and the creation of a single registry for social welfare beneficiaries to reduce or eliminate those not qualified to benefit**

- **There is the need for a costing study to determine the minimum package of Social Protection that is equitable, efficient, and fiscally-sustainable.**

- **Ensure better coordination of the sector needs to be expedited to create a strong institutional and legal framework for a sustainable, equity-driven and child sensitive social protection system.** This should be complemented by finalisation of the on-going processes regarding the Social Protection Strategy and the Disability Policy.
UNICEF Swaziland would like to acknowledge the Government of Swaziland’s leadership, coordination and provision of information for the development of the Budget Briefs.

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