



# Social services budgeting in Southern Africa

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## Question

- *Compare how budgets are allocated within social services in different countries in the Southern African region.*

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## 1. Summary

It is not possible to do a formal comparison of budget allocations within social services in different countries with the data identified. The data from different countries are from different sources and different years and budget allocations are measured and reported in different ways. There are even some discrepancies from different sources on the same country. The data reported here, however, can be used to give a broad impression of the amounts of social budgets apportioned to wages for comparison.

High wage bills for general government expenditure has been highlighted as problematic in recent years and a focus for development reform across different sectors. The concern of this query was the amount of budgets spent on employment within health, education and social protection services. Budget apportioned to other areas of services is more difficult to compare as reporting is not uniform. Some reports describe data on other allocations more specifically, such as amount apportioned to infrastructure, supplies, equipment, and donor development. And some are described more broadly eg. Other recurrent transactions. A balance between funding for different areas is required for optimising services. For example, a well-staffed health facility requires equipment and infrastructure with which to function and conversely a well-equipped facility needs trained staff to deliver the services (UNICEF, 2017a).

The most recent available data on employment allocation is outlined in this summary for health and education for different countries.

Table 1: Health budget allocations to employment

Country	% of budget spent on employment costs
Zambia	60%
South Africa	61.5%
Zimbabwe	67.2% <sup>1</sup>

The data in table 1 show similar spending on employment in health budgets. Zimbabwe comes out highest.

Table 2: Education budget allocations to employment

Country	% of budget spent on employment costs
Zambia	84%

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<sup>1</sup> Source: Key Highlights of the 2019 National Budget Social Sector Infrastructure Planning and Priority Setting Meeting: 8- 10 October 2018, Mutare

Malawi	74%
Botswana	69%
Mozambique	78%
South Africa	78%
Zimbabwe	93.4%

Data show varying proportions spent on employment in education but data are taken from different years and sources so it is not possible to make a formal judgement.

Spending in other areas of social protection are much less clear as reporting is not uniform and departments and services vary. Data identified include:

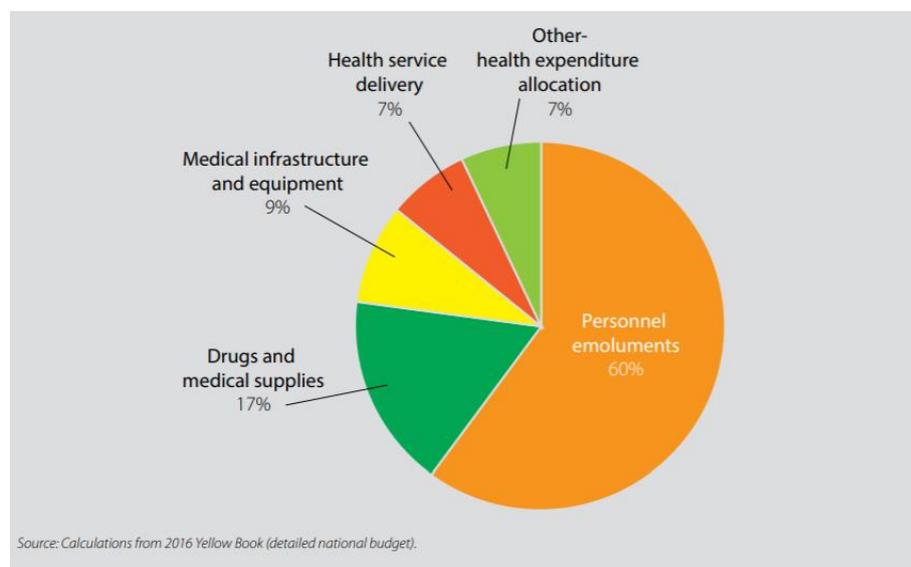
- In Malawi the proportion of the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) budget spent on personnel emoluments was 44.5% in 2016/17.
- In Mozambique the National Social Action Institute (INAS) set aside 4% of its budget for wages in 2017.
- In the South Africa Department of Social Development 0.5% was estimated to be apportioned to employee compensation in 2017/18. 94.1% was allocated to household transfers.

## 2. Zambia

### Health

Data reported in 2016 UNICEF budget brief says that 60% of the health sector budget in Zambia is spent on personnel emoluments (UNICEF, 2016a). 1.7% of the whole budget is for the recruitment of frontline personnel. 17% goes on drugs and medical supplies and 9% on infrastructure and equipment. See figure 1 below.

**Figure 1: Breakdown of the 2016 health sector budget into main budget items (UNICEF, 2016)**



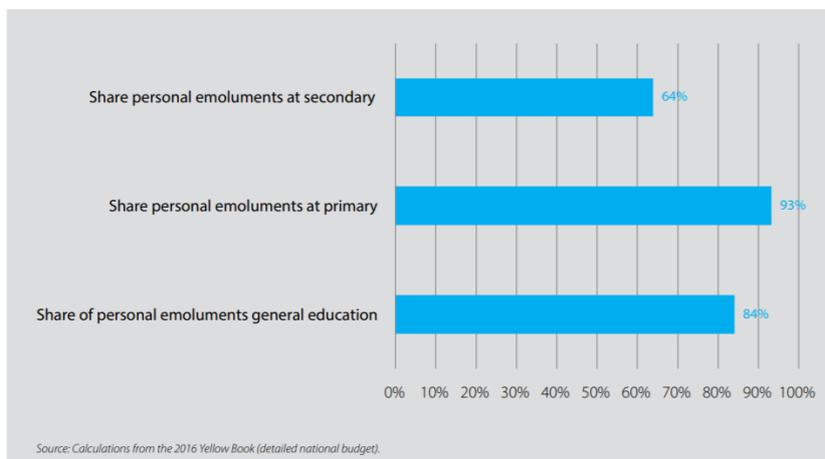
The UNICEF report notes that overall per capita expenditure on health in Zambia is lower than it's 'peer lower middle-income countries' (p3). The burden of health expenditure falls more heavily on the household.

A World Bank country study (Picazo & Zhao, 2008) looks at the differences in spending priorities between the Ministry of Health (MOH), non-profit mission facilities and for-profit health facilities in Zambia. Data are from 1999-2004. Non-profit mission facilities have a lower proportion of expenses going on labour (48%) than MOH facilities (50% in primary facilities, 65% secondary and 61% tertiary). This may be because they have less staff, lower salaries and benefits or staff may be more efficient; more research is needed to identify which of these factors are at play. For-profit facilities have a lower proportion of labour costs again (44%).

## Education

UNICEF (2016b) reported 84% of the education budget allocated to salary related costs. The share at primary level is 93% and at secondary level 64%. See figure 2.

**Figure 2: 2016 education budget share of personal emoluments**



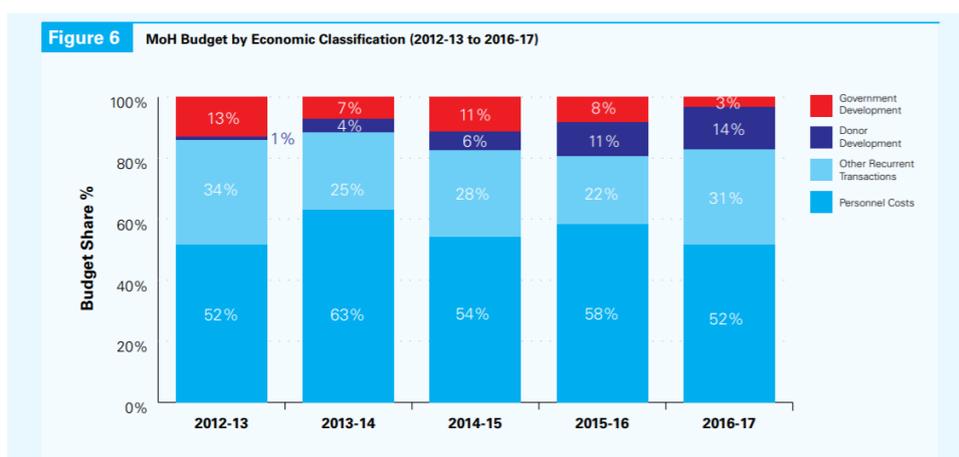
There is concern about the lack of budget for inputs that improve the quality of education such as books or infrastructure investment.

### 3. Malawi

#### Health

The UNICEF budget brief 2016/17 (UNICEF, 2017a) highlights an historic low in development expenditure in 2016/17 which has occurred in other budgets in Malawi due to fiscal constraints. Figure 3 shows Personnel costs at 52% in 2012/13 rising slightly and then coming back down to 52% in 2016/17. There is concern that development costs have reduced dramatically and a call for donor development to align with national priorities and to consider funding maintenance of existing infrastructure.

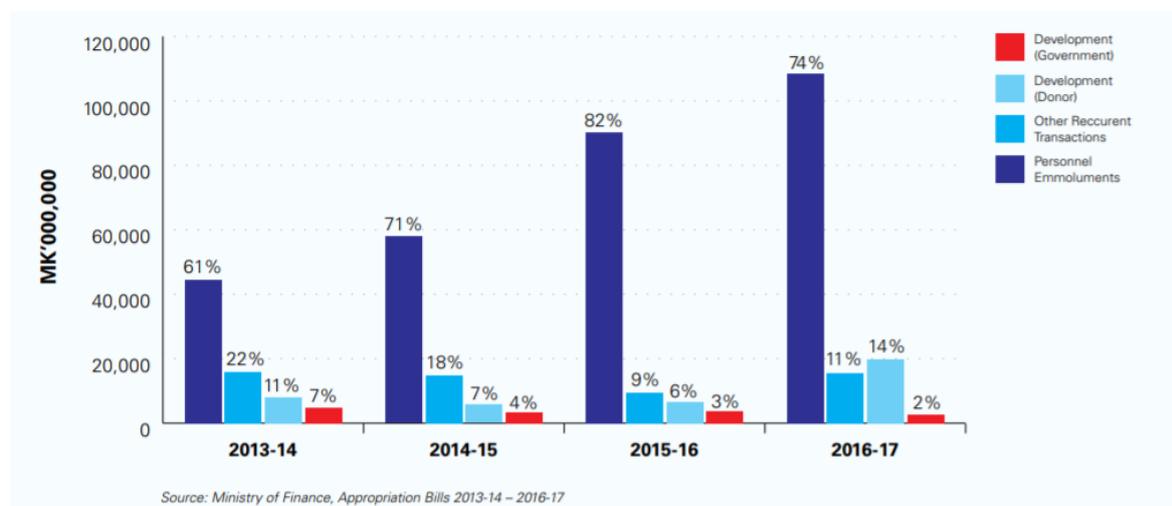
**Figure 3: MoH Budget by Economic Classification (2012/13 to 206/17)**



#### Education

The education budget in Malawi allocated 74% to salaries (2016/17 data) and only 1.75% to development expenditure (see figure 4) (UNICEF, 2017b).

**Figure 4: Education spending by classification**



10% of the most recent wage bill is estimated to have been spent on recruitment of new teachers. High spending on wages is noted to be driven by high inflation since 2012, reduction in the real value of salaries was requiring an increase in spending. The UNICEF budget highlights the underfunding of textbooks, teaching materials, monitoring and training.

Figure 4 shows the proportion of the budget spent on wages to be rising to 82% in 2015/16 and then dropping again in 2016/17 to 74% reflecting efforts made to reverse this trend (although rising in real terms). This is not reflected in World Bank data. The most recent figure for all staff compensation as a percentage of total expenditure in public education institutions from World Bank Data Bank<sup>2</sup> is 71.7% for 2013. More recent data are available for primary and secondary expenditure proportions and show a significant increase in spending, greatly exceeding the data reported in the UNICEF brief as shown in table 3.

**Table 3: World Bank data on staff compensation**

Year	2013	2014	2015	2016
All staff compensation as % of total expenditure in primary public institutions (%)	77.0	94.6	96.5	96.2
All staff compensation as % of total expenditure in secondary public institutions (%)	69.7	81.2	85.4	84.3

## Social Protection

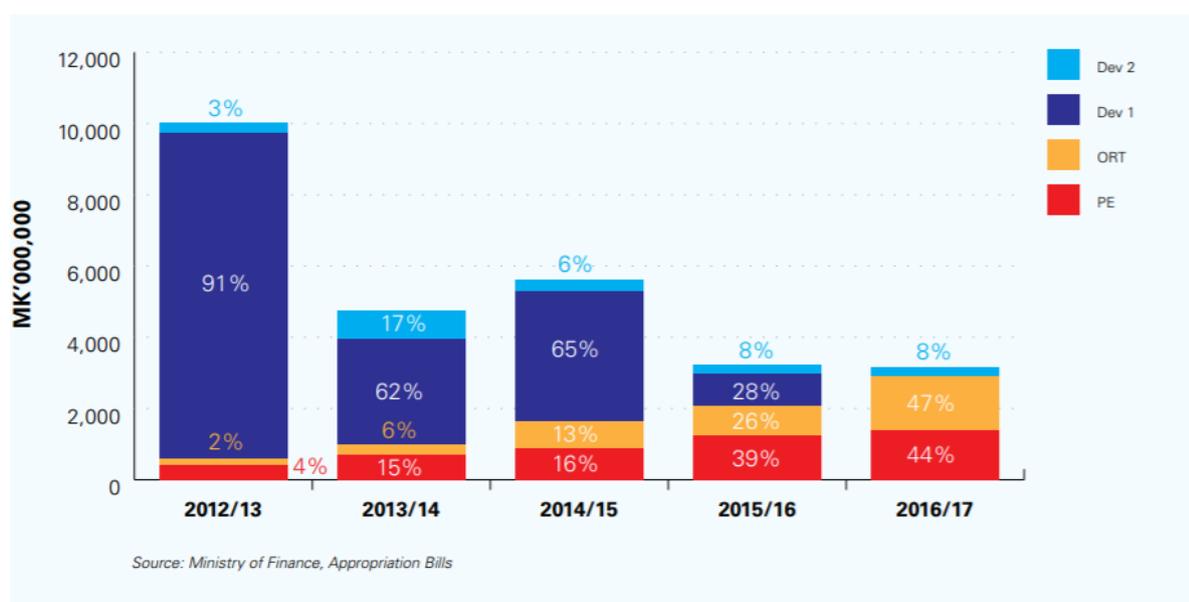
The proportion of the Ministry of Gender, Children, Disability and Social Welfare (MoGCDSW) budget spent on personnel emoluments saw an extreme increase from 4% in 2012/13 to 44.5%

<sup>2</sup> <http://databank.worldbank.org/data/home>

in 2016/17 (figure 5) (UNICEF, 2017c). The capital budget for the financial year 2016/17 is estimated at 8.2% which is thought to be an inappropriate balance with development and recurrent expenditures to deliver services effectively.

**Figure 5: Composition of the MoGCDSW Budget (2012/13-2016/17) by economic classification**

ORT – Other recurrent transactions  
 PE – Personnel emoluments



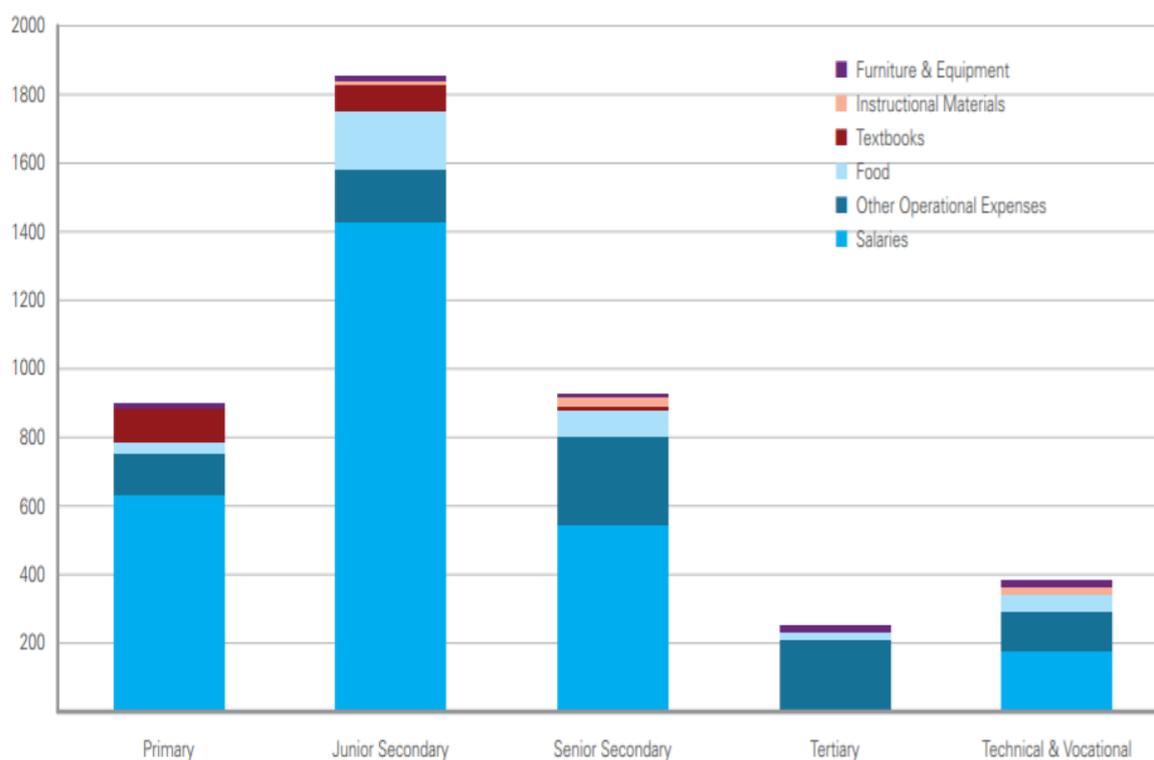
## 4. Botswana

Budget allocation breakdown within health and social protection budgets in Botswana was not found within the scope of this review.

### Education

The latest UNICEF education budget brief for Botswana warns that high levels of spending on personnel costs suggests inefficiencies which need to be addressed (UNICEF, 2017d). Data discussed in this brief are from 2012/13. Nearly 70% of all spending went on salaries. Figure 6 shows that this proportion varies considerably between education levels. What constituted 'other operational expenses' was unclear and was 10% of the primary budget and 60% of the tertiary budget.

**Figure 6: Expenditure by education level and item 2012/13 (in millions of pula)**



Sources: Expenditure estimates from U.M. Ruele (2014).

## 5. Mozambique

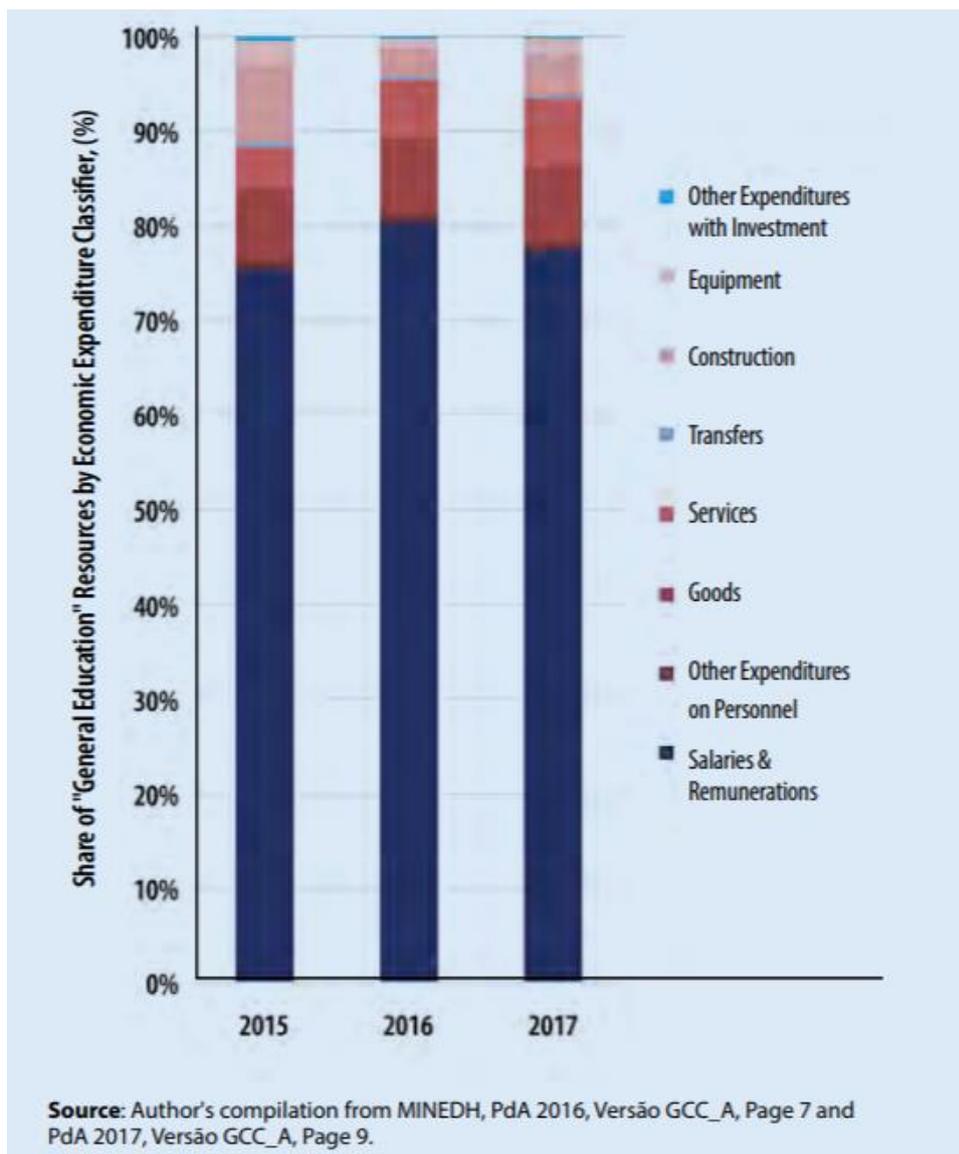
Information on health budgets identified for Mozambique did not include data broken down by types of cost.

### Education

The World Bank Data Bank most recent entry for Mozambique was 2013. The same figure was provided for proportion of all staff compensation in public institutions as in secondary 58.5%. There was no data given for primary institutions only.

A UNICEF budget brief reports more recent data (2017e). The brief notes that recurrent expenditure and external investment are recorded as separate but in reality, there is some overlap which should be recognised to improve understanding. Recurrent investment has steadily increased in nominal terms since 2008. However, in real terms there was a steady increase between 2008 and 2015 and then a decrease in 2016 and again in 2017. Salaries and remunerations are a large proportion of spending representing 75% in 2015, 80% in 2016, and a 77% in 2017 (figure 7).

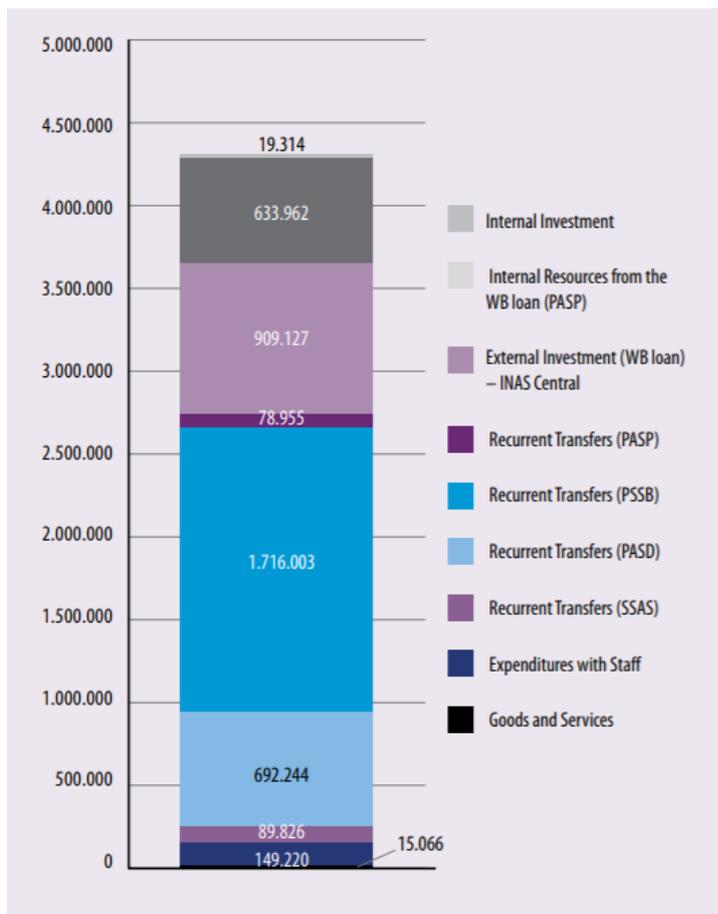
**Figure 7: General education resource shares by economic classification**



## Social Protection

The National Social Action Institute (INAS) has had a low allocation of running costs towards wages in recent years (UNICEF, 2016c). 20% of the INAS budget was set aside for wages in 2009 falling to 3.98% in 2017. Figure 8 shows the breakdown for 2017.

**Figure 8: Components of expenditure of INAS 2017 (in thousands of Mozambican Metical (MT))**



Acronyms:

PASP – Productive Social Welfare Programme

PSSB - Basic Social Subsidy Programme

PASD – Direct Social Support Programme

SSAS - Social Action Social Services

## 6. South Africa

### Health

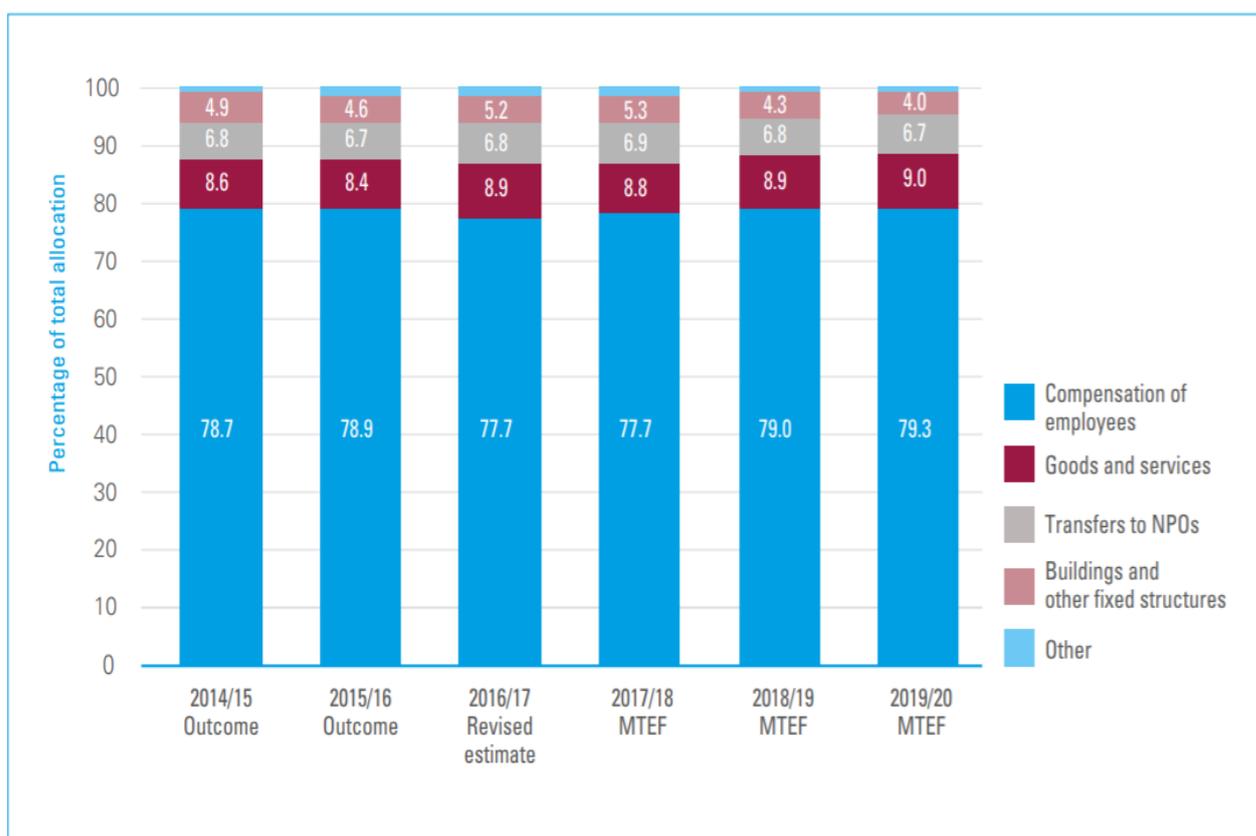
Recent data from the 2017/18 health budget apportions 61.5% to personnel (UNICEF, 2018a). Further information relevant to this report was not identified in this budget brief.

### Education

The most recent data from the World Bank Data Bank for South Africa is for 2016. All staff compensation is 67.2% of total expenditure in public institutions. 60.6% of total expenditure is for teacher compensation.

2017 data reported in a UNICEF budget brief shows compensation of employees makes up 78% of provincial education resources (UNICEF, 2018b). This proportion has been fairly consistent since 2014/15 (Figure 9).

**Figure 9: Expenditure by type in the consolidated provincial education budgets, 2013/13 to 2019/20**

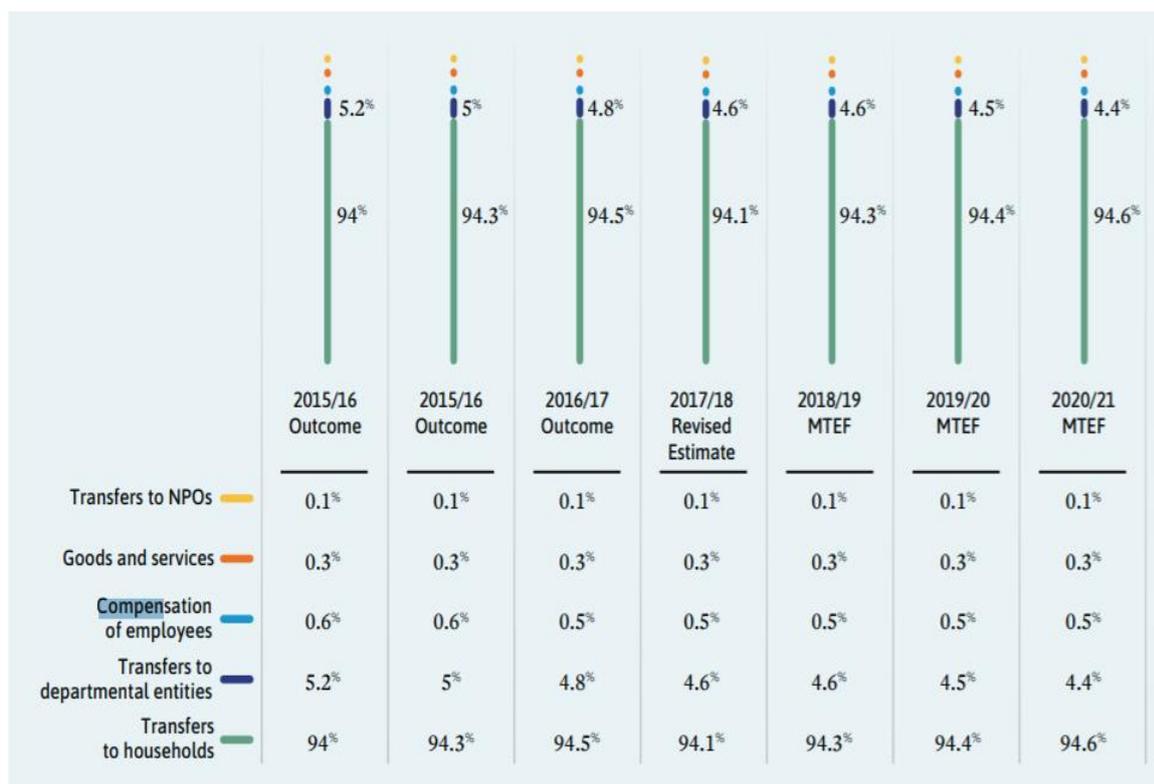


Source: *Estimates of Provincial Revenue and Expenditure 2017*

## Social Protection

A UNICEF budget brief (UNICEF, 2018c) looks at expenditure by type in the budget of the national Department of Social Development. Nearly all of the budget goes on transfers to households. Compensation to employees is estimated at between 0.5% and 0.6% between 2015 and 2021 (Figure 10).

**Figure 10: Expenditure by type in the budget of the national Department of Social Development, 2014/15-2020/21 (Estimates of national expenditure 2018)**



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## About this report

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