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South Africa: Budget Credibility and the Sustainable Development Goals

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International Budget Partnership

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Union Buildings in Pretoria, South Africa/[Adobe Stock]

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Section 1. Overview

Budget credibility—the ability of governments to achieve their expenditure and revenue targets during the fiscal year—has been an ongoing challenge for many governments, particularly in less developed countries. This budget credibility challenge has the potential to undermine country goals for effective service delivery and poverty alleviation, as plans cannot be implemented when insufficient funds are allocated or when overspending in one year reduces available funds for the following year.

According to Public Expenditure and Financial Accountability (PEFA) assessments from 2008 and 2014, South Africa has maintained high levels of budget credibility at both the aggregate level and the individual vote level. The small variation recorded in these reports has been attributed to a strong link between budget formulation and execution. There does not appear to have been a more recent review or an assessment of budget credibility at the vote or sectoral level.

This brief explores challenges and improvements in South Africa's budget allocation, implementation, and overall credibility and shows how these measures impact service delivery, poverty reduction, and progress toward the Sustainable Development Goals (SDGs). The brief analyzes South Africa's budget allocation and execution in seven sectors related to 10 SDGs and covers the budget years 2018-19 to 2020-21. The brief also draws from South Africa's 2019 Voluntary National Review (VNR), which offers a self-assessment and reflection on the impact of government policies and programmes toward attaining the SDGs.

While South Africa has made developmental progress since the advent of democracy in 1994, the country remains among the most unequal societies in the world, with extreme poverty and inequality and high levels of unemployment.[1] Despite early and ongoing support for the 2030 Agenda for Sustainable Development, several acute challenges remain, and significant coordination, leadership, and improved accountability mechanisms will be required to realize Agenda 2030.

Goal 16 of the SDGs—on peace, justice, and effective institutions—recognizes that accountable and inclusive institutions are central to people's wellbeing and underpin government efforts to reach SDG targets in other sectors. In particular, under target 16.6, which aims to "[d]evelop effective, accountable, and transparent institutions at all levels," indicator 16.6.1 gauges budget credibility by measuring "[p]rimary government expenditures as a proportion of original approved budget, by sector (or by budget codes or similar)." This indicator relies on the

1 https://www.worldbank.org/en/news/press-release/2022/03/09/new-world-bank-report-assesses-sources-of-inequality-in-five-countries-in-southern-africa

methodology for measuring Budget Reliability in the 2016 PEFA framework, which assesses whether governments spend as intended in the budgets approved by legislatures. While data on indicator 16.6.1 currently reports budget deviations at an aggregate level, there is not yet a consolidated reporting mechanism for the indicator showing deviations in each sector. This means that many countries may not be tracking or identifying which sectors are effectively deprioritized during budget implementation.

Section 2. Key Findings

This brief is divided into eight sections. Sections 1 and 2 provide an overview and summary of key findings. Section 3 considers the extent of the government's engagement with the SDGs while setting its priorities. Section 4 reflects broadly on budget credibility in South Africa while section 5 considers data sources, budget classifications per SDG sector, and progress (if applicable) in achieving certain SDG targets. Section 6 considers how Covid-19 has impacted spending patterns in the country. Section 7 explores the extent of gender spending within the budget while section 8 describes the limitations of the data used in the assessment. Lastly, section 9 provides a conclusion with recommendations.

Key findings include:

- South Africa has good credibility patterns on an aggregate level; however, at least two sectors—agriculture and gender equality[2]—show consistent underspending trends.
- Some of the more significant deviations in 2020 were the result of additional support required to alleviate impacts of the Covid-19 pandemic, represented and explained in the 2020 supplementary budget; however, the final approved budget allocations were not published, so spending patterns were assessed against the initial allocation.
- Challenges remain for achieving the SDG goals assessed in this brief, and most show a stagnating or declining trend, with the exception of gender equality, which, according to the SDG dashboard indicators, has improved. The persistence of Gender Based Violence (GBV) in South Africa suggests that the indicator only provides a partial insight into issues of gender equality in South Africa.
- Although South Africa has not as yet fully implemented a gender-sensitive budgeting approach, various departments, led by National Treasury, are making progress with establishing the necessary guidelines and requirements to integrate the Gender Responsive Planning, Budgeting, Monitoring, Evaluation, and Auditing Framework (GRPBMEAF) into the budget process.
- Efficiency and effectiveness of expenditure remains a concern, and several challenges with regard to expenditure management (including poor internal controls, irregular expenditure; and fruitless and wasteful expenditure) could be contributing to poor alignment between budget allocation, spending, and SDG outcomes.

2 Gender equality is analyzed using the allocation and spending for women in the Department of Women, Youth and Persons with Disabilities

Section 3. South Africa's Engagement with the SDGs in Setting National Priorities

South Africa was one of the early supporters of the 2030 Agenda for Sustainable Development, recognizing alignment between its ambitious targets and the country's National Development Plan (NDP) as well as the agenda's contribution to setting Africa's long-term development goals. Statistics South Africa produced a SDG Baseline Report in 2017, which was followed by South Africa's 2019 VNR. The VNR was intended to document the impact of policies and programs toward realizing sustainable development, outline the challenges that remain, and set out recommendations for the way forward. While the report provides an assessment against most of the goals considered in the brief, there is no mention of SDG Goal 16 or indicator 16.6.1 and no specific mention of the government financial management systems required to finance activities to achieve the SDGs. Oversight of those systems falls to the National Planning Commission, located in the Office of the Presidency, as the lead government unit for the coordination and implementation of the SDGs and NDP across ministries. The commission's existence points to the country's recognition that there is a need for coordination across government.

South Africa's National Development Plan (NDP): Vision 2030, titled "Our future - make it work," was adopted in 2012, and remains the country's overarching economic policy.[3] An analysis by South Africa's Department of Planning, Monitoring and Evaluation (DPME), which is responsible for the implementation framework of the NDP, conducted in partnership with UNDP and reported in the VNR, indicates:

South Africa has good credibility patterns on an aggregate level; however, at least two sectors—agriculture and gender equality2—show consistent underspending trends.

"74 per cent of the SDGs applicable to South Africa are integrated in the NDP. Out of the remaining SDG targets, 32 are addressed comprehensively in

3 https://www.gov.za/national-development-plan-launch-speech-trevor-manuel-minister-presidency-national-planning

sectoral-level programmes or other programmes running in parallel to the NDP. Thus, only 12 of the SDG targets (7 per cent) are not addressed by major government initiatives."[4]

Although the VNR provides a self-assessed overview of progress toward the SDGs and related institutional arrangements, there is very little detail on financing mechanisms for the various projects and programs or explicit links to future budget requirements. The VNR does affirm, however, that the country is "committed to use the new institutional mechanism for the SDGs [sic] coordination to improve our ability to ensure that policy priorities are reflected in budgetary allocations."[5]

The VNR recognised the interconnectedness of various developmental agendas and explained that South Africa has established a national coordinating mechanism for national engagements and reporting on the 2030 Agenda, the AU's Agenda 2063, and the Southern African Development Community (SADC) Regional Indicative Strategic Development Plan (RISDP) in alignment with the NDP. This mechanism seeks to "ensure that national resources are optimally deployed, together with international support, the provision of public sector finance, technology and capacity building which are required for successful integrated implementation of these development agendas.[6]

4 https://sustainabledevelopment.un.org/content/documents/23402SOUTH_AFRICA_RSA_Voluntary_National_Review_Report_Final__14_June_2019.pdf at page 5 thereof.
5 SA VNR, page 14
6 SA VNR

Section 4. Background on Budget Credibility in South Africa

Budget credibility is not a widespread challenge for the South African government, in part because of well-developed frameworks that support detailed documentation of the budget process and associated budget figures. Both the 2008 and 2014 PEFA assessments gave South Africa's public financial management system high marks, lending their highest score, an A, to the two indicators measuring budget reliability for expenditures. Known as PI-1 and PI-2, these indicators track aggregate and compositional credibility.

South Africa's Constitution is recognized globally for its Bill of Rights, which identifies a comprehensive range of social, economic, and cultural rights alongside civil and political rights and makes them legally enforceable. The Constitution also obligates the State to progressively realize a range of rights contained in the Bill of Rights drawing on available resources.[7] Section 214 of the South African Constitution provides for the division of revenue between the three spheres of government on an annual basis. The National Revenue Fund allocates budgets to national departments, provincial budgets, and local governments according to an equitable share formula. This formula takes various local and national factors into account, including demographic information like population size and age. While the Equitable Share allocates money to national government departments, much of that is then transferred to provincial and local governments via direct charges to the National Revenue Fund and Conditional Grants. [8] For instance, in 2018-19, the National Department of Health's budget was R47 billion, whereas the combined budget allocated to all nine provincial health departments was R205 billion. The provincial health departments are primarily responsible for resourcing and managing the hospitals and clinics at which the majority of South Africa's public seek medical care and assistance.

Section 30 of South Africa's Public Finance Management Act (PFMA) requires the Finance Minister to table "national adjustments" budgets in Parliament for consideration and approval. A national adjustments budget may only provide for the shifting of funds in certain categories and in prescribed circumstances. For instance, section 30(2)(a) of the PFMA envisages budget adjustments to be tabled in Parliament "due to significant and unforeseeable economic and financial events affecting the fiscal targets set by the annual budget" while section 30(2)(f) envisages

7 See Chapter 2 of the South African Constitution

8 https://vulekamali.gov.za/learning-resources/guides/division-revenue-raised-nationally/

an adjustments budget for "the utilisation of savings under a main division of a vote for the defrayment of excess expenditure under another main division of the same vote in terms of section 43." Interestingly, neither the PFMA nor any other law currently in force in South Africa requires the Executive to obtain approval from Parliament prior to reducing spending below an enacted budget.

For gender, the average underspend was -6.7 percent over the period, with -2.6 in 2018, 0.5 percent in 2019, and a staggering -18 percent in 2020.

Section 5. SDG Performance and Trends against Budget Share and Deviation

This section presents data sources and the process for classifying the budget according to the seven sectors that are the focus of this brief (based on the functional classification of expenditures presented for the consolidated budget, including national allocations and transfers to subnational departments [9]) and data on country progress in achieving 10 related SDG targets. This provides a framework for understanding some of the general trends that underpin the credibility of the budget against the SDG agenda and the associated policies and programs that have been implemented to realize sustainable development in South Africa. Overall, the data shows that there were minor deviations from the total budget for 2018 and 2019—at 0.3 percent (underspent) and 0.9 percent (overspent), respectively. In 2020, the total deviation amounted to a 5 percent overspend, which is not surprising, given the additional funds allocated to support the country's Covid-19 relief package.

The data is sourced primarily from budget documents published by National Treasury, in particular, the Budget Review, published each year in February. A Supplementary Budget, published in June 2020, outlined various adjustments and allocations to respond to the Covid-19 pandemic. The Supplementary Budget does not contain a table on "consolidated government expenditure by function" that allows for the consideration of disaggregated budget information across the seven sectors.

Overall, the data shows that there were minor deviations from the total budget for 2018 and 2019—at 0.3 percent (underspent) and 0.9 percent (overspent), respectively.

9 Inclusive of allocation to national department and provincial disbursements

Table 1: SDG Performance and Trends against Budget Share and Deviation, Three Year Average (2018-2020)

Sector	Related SDG Goal(s)	SDG Index Performance	SDG Index Trend	Share of Total Spending (Average)	Budget Deviation (Average)
Agriculture and Food	Goal 2: Zero Hunger	Major challenges remain	Stagnating	1.55%	-5.96%
Education	Goal 4: Quality Education	Significant challenges remain	Stagnating	20.36%	-0.49%
Environment	Goal 13: Climate Action	Significant challenges remain	Moderately improving	0.45%	6.83%
	Goal 14: Life Below Water	Major challenges remain	Stagnating		
	Goal 15: Life on Land	Major challenges remain	Stagnating		
Gender	Goal 5: Gender Equality	Challenges remain	On track or maintaining SDG achievement	0.01%	-6.73%
Health	Goal 3: Good Health and Wellbeing	Major challenges remain	Moderately improving	12.20%	2.96%
Social Protection	Goal 1: No Poverty	Major challenges remain	Decreasing	17.00%	11.58%
	Goal 10: Reduced Inequalities	Major challenges remain	Trend information unavailable		
Water and Sanitation	Goal 6: Clean Water and Sanitation	Significant challenges remain	Moderately improving	0.58%	-5.90%
Total Budget					**1.87%**

Table 1 provides a summary of each sector's share of the total budget, average deviation in spending from the approved budget, and associated information from the SDG dashboard, including an indication of the current status and the overall trend. The detailed table provided in the Annex includes the final approved budget in each year (with the exception of 2020, where the supplementary budget is not reflected in the final appropriation as published in the consolidated budget for the 2020 MTBPS or subsequent budget review in 2021), the audited expenditure outcomes, the deviations in each year for each sector, and the share of the total budget. The inability to compare final approved appropriation and expenditure in 2020 does limit the assessment of budget credibility in that year. At the same time, such an assessment would enable better oversight of allocations and spending against the supplementary budget. This is of critical importance given various Auditor-General Reports detailing misuse and abuse of Covid-19 relief funds across spheres of government.[10]

In 2018, the Education sector was allocated the largest share of the budget (21 percent) followed by Social Development (15 percent) and Health (13 percent). From 2018 to 2020, the sector share fell for all functions, except Social Development, which increased to 20 percent in 2020, representing the largest share across sectors in the analysis. This increase is due largely to the rollout of a Social Relief of Distress (SRD) grant introduced in 2020 to alleviate the impact of Covid-19.[11]

Across the seven sectors considered, recurrent trends in underspending were noted within three sectors. In Agriculture and Food, the underspend deviation between the approved budget and actual spending deteriorated from -0.7 percent in 2018, to -3.5 percent in 2019 and -14 percent in 2020. In the Water and Sanitation sector, the underspend deviation between the approved budget and actual spending improved from -12.5 percent in 2018, to -2.7 percent in 2019 and -2.5 percent in 2020. For gender, the average underspend was -6.7 percent over the period, with -2.6 in 2018, 0.5 percent in 2019, and a staggering -18 percent in 2020.

Agriculture and Food (SDG Goal 2)

The indicators presented for Agriculture and Food, representing Goal 2: Zero Hunger, in Table 1 show that "major challenges remain" and that the SDG Index trend is "stagnating." For the period under review, the average deviation was 5.96 percent underspent, with an average share of 1.6 percent of the total budget. South Africa is a signatory to The Maputo Declaration on Agriculture and Food Security calling for 10 percent national budget allocation to agriculture development and appears to have some way to go before it can achieve this

10 https://www.agsa.co.za/Reporting/SpecialAuditReports/COVID-19AuditReport.aspx; https://www.agsa.co.za/Reporting/SpecialAuditReports/COVID-19AuditReport2.aspx; https://www.agsa.co.za/Reporting/SpecialAuditReports/COVID-19AuditReport3.aspx

11 See page 14 through 15 of http://www.treasury.gov.za/documents/national%20budget/2020S/review/Chapter%202.pdf

commitment. According to a report released by Statistics South Africa, "Measuring Food Security in South Africa: Applying the Food Insecurity Experience Scale," almost 23.6 percent of South Africans in 2020 were affected by moderate to severe food insecurity while almost 14.9 percent experienced severe food insecurity. The rising cost of living and uncertain economic outlook are placing further pressure on food security in South Africa.

Education (SDG Goal 4)

The most stable sector assessed in terms of under- and overspending appears to be the Education sector. It registered a marginal overspend of 1.1 percent in 2018, followed by an insignificant underspend of -0.2 percent in 2019 and a -2.3 percent underspend in 2020.

Education receives the largest share of the budget with an average of 20.4 percent for the three-year period. The average deviation recorded was 0.5 percent underspent, which appears in line with overall deviation in the budget. Given the significant changes that took place in 2020 with the country's Covid-19 response, a larger deviation was to be expected, especially as the government added resources to reduce disruption to the academic program and limit learners' and staff's exposure to the virus. Significant challenges remain for the country to realize SDG Goal 4: Quality Education, and the trend is assessed as "stagnating." A number of new initiatives are identified in the voluntary review, but there is limited analysis or assessment of budget or resources required to implement these programs. The VNR highlights the following from the Open SDG Club of South Africa:

> Some progress has been made in improving the quality of education. The allocation of funds to poor schools has increased markedly, and the physical conditions of learning have improved. For example, virtually all schools now have electricity and access to drinkable water. Nevertheless, the school system confronts numerous challenges, including: lack of administrative capacity; teachers with inadequate qualifications (in 2017, 91 percent of secondary school teaches were viewed as qualified); weak infrastructure (only 59 percent of schools meet minimum infrastructure requirements); a lack of essential materials; teacher absenteeism as high as 10 percent on a normal day; and a lack of effective resource management (Open SDG Club South Africa, 2019).

Environment (SDG Goals 13, 14, 15)

The Environment sector experienced considerable overspending in 2018 (12.4 percent) and 2019 (15.4 percent) followed by underspending of -7.3 percent in 2020. These deviations are not explained in the budget narrative report.

SDG Goals 13, 14, and 15 fall under the Environment sector, within the Department of Forestry, Fishing, and the Environment, which received an average of 0.5 percent of the total budget. Between 2018 and 2020, the Department overspent its allocation by an average of 6.8 percent. The average may be somewhat misleading, since the total deviation recorded was 12.4 percent overspent, 15.4 percent overspent, and 7.3 percent underspent for the years 2018, 2019, and 2020, respectively.

For Goal 13: Climate Action, the SDG performance is noted as "significant challenges remain" while the SDG Index trend is "moderately improving":

> South Africa is taking a lead role in efforts to measure climate change and limit carbon emissions. Strategies have been adopted at the national, provincial and local levels to mitigate and adapt to the impact of climate change. However, the rising wave of climate change impact is complicating governments [sic] efforts to respond to socio-economic challenges like poverty, inequality and unemployment. Going forward, the government has committed to work collaboratively with social, private and international partners to develop a comprehensive plan to transit to [a] renewable energy economy, strengthen local legislative environment and capacity, complete and implement the National Climate Change Adaptation Strategy, scale up budgetary allocation to climate change actions, and strengthen our early warning and disaster risk management systems.

For Goals 14 and 15, the focus going forward is on improving data availability and adopting technological solutions to address persistent challenges. There is no discussion of the budget requirements or an assessment of the allocated budget in recent years. "Major challenges remain" for both goals, with both deemed "stagnating" by the SDG Index.

Gender Equality (SDG Goal 5)

In the absence of gender responsive budget indicators, gender equality is approximated by the budget allocation and spending trends for the Department of Women, Youth, and Persons with Disabilities—even as public spending across the whole of government has the potential to impact gender equality (see section 7). Considering only the Department's budget, spending on Gender Equality received the smallest budget allocation across all seven sectors, representing a miniscule 0.01 percent of the South African government's overall annual spending. In 2018-19, the audited outcome budget of R224 million, compared against the approved budget of R230 million, represented underspending of -2.6 percent.
In 2019-20, the numbers showed very slight overspending of 0.5 percent while in 2020-21, the audited outcome of R219 million represented significant underspending of -18.1 percent against the approved budget of R267 million. Although the allocation and expenditure does not reflect gender responsiveness of the budgeting, the Department plays a critical role in advancing gender equality, in particular leading on the implementation of the Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework (discussed further in section 7), which to date, has

not been implemented.

Health (SDG Goal 3)

The Health sector received the third largest share of the annual budget (behind the Education and Social Protection sectors), recording a slight 1.6 percent overspend in 2018, followed by a minor underspend of -0.3 percent in 2019 and a 7.5 percent overspend in 2020, presumably due to budget adjustments prompted by the Covid-19 pandemic.

For SDG Goal 3: Good health and wellbeing, the SDG Index performance is assessed as "major challenges remain" while the SDG Index trend is reported as "moderately improving. The average allocation of 12.2 percent is short of the 15 percent allocation that was committed in 2001 under the Abuja Declaration. The National Health Insurance (NHI) was approved by Cabinet in July 2019 and seeks to provide universal quality health care services to all South Africans irrespective of social economic background, recognizing that the existing system serves only 16 percent of the South African population while excluding the overwhelming majority.[12]

Social Protection (SDG Goals 1, 10)

The Social Protection sector experienced the most significant overspend measured as a percentage of its approved budget. In 2020, the sector overspent by 33.5 percent, primarily due to emergency budget increases to alleviate the societal impacts of the Covid-19 pandemic.

Goal 1: Poverty and Goal 10: Reduced inequalities fall under social protection and received, on average, 17 percent of the budget between 2018 and 2020 while overspending by an average of 11.6 percent during the same period. Despite the large allocation and overspend, "major challenges remain" and the SDG Index trend is "decreasing." The overspend was largely driven by additional social protection measures introduced during the Covid-19 pandemic. Despite these measures, however, the budgetary allocations do not seem to have had the desired impact of reducing poverty and inequality. One measure of this is the government's continued reliance on social grants to bridge the inequality gap. The VNR states that "South Africa's key poverty reduction programme since 2000 has been social grants, which have expanded rapidly and now provide assistance to 17 million South Africans."

Water and Sanitation (SDG Goal 6)

Goal 6: Clean water and sanitation, received an average of 0.6 percent of the budget. The funds were underspent by, on average, 5.9 percent, with the largest deviation recorded in 2018, when actual spending was 12.5 percent less than the allocated

12 VNR, 2019, page 43

amount. The SDG Index notes that "significant challenges remain," the SDG Index trend is "moderately improving." According to the 2019 VNR "Nationally, 95% of the population had access to water supply infrastructure in 2017. However, infrastructure coverage is not translating into safely managed water supply, as witnessed in the relatively lower figures of safely managed water in relation to water supply infrastructure coverage." The National Water and Sanitation Master Plan shows that access to improved water facilities in households declined from 87.5% in 2015 to 86.4% in 2017, and that only 64% of households had safe, reliable access to water. South Africa's VNR proposed reducing water demand through "the use of innovative technologies and implementation of water conservation and demand management strategies". There is no discussion on budget or financing requirements to improve water access or plans towards achieving Goal 6.

Section 6. Covid-19 Impacts on Spending Patterns

Health and Social Protection experienced the most significant overspending deviations among the seven sectors, with both seeing pronounced deviations at the onset of the Covid-19 pandemic in 2020. The Health sector's overall budget overspend in 2020 is estimated at 7.5 percent whereas the Social Protection sector overspend is estimated at 33.5 percent.

Within the Finance Minister and National Treasury #RSABUDGET2020 HIGHLIGHTS, readers were advised on February 26, 2020 that "[t]he bulk of spending is allocated to learning and culture (R396.4 billion), social development (R309.5 billion) and health (R229.7 billion)." On June 24, 2020, the Finance Minister introduced a Supplementary Budget that set out the government's initial economic and fiscal response to Covid-19 and revised its spending plans for 2020-21. The budget noted that "[c]onsolidated spending for 2020/21 has been revised from R1.95 trillion as tabled in February to R2.04 trillion, mainly due to additional funding of R145 billion allocated for governments Covid-19 response." The budget further noted:

> Net in-year suspensions of spending amounted to R100.9 billion have been implemented for national departments, provinces and local government. Further suspensions may be announced in the October 2020 Medium Term Budget Policy Statement.[13]

Initially. to mitigate the health and economic effects of the pandemic, resources were shifted from existing programs while drawing on surplus funds from institutions such as the Unemployment Insurance Fund, enabling budget increases of R145 billion. As a result, Health received an additional R21.5 billion, Basic and Higher Education received an additional R12.5 billion, and R40.8 billion was provided to support vulnerable households.[14] There were also downward revisions to certain spending plans, including within the sectors under consideration, with National Treasury explaining that these adjustments were possible by suspending allocations for capital spending that could be delayed or rescheduled and for programs that had a history of poor performance and/or slow spending.[15] Further budget adjustments followed with the tabling of the Medium Term Budget Policy Statement on October 28, 2020. The Finance Minister explained, however, that non-interest spending would remain "unchanged relative to the Special Adjustments Budget" and that "[a]ll additional pressures have been accommodated through

13 See page 7 under "In brief" of FullSBR.pdf (treasury.gov.za)

14 See Table 2.1 at page 8 of FullSBR.pdf (treasury.gov.za)

15 See Table 2.4 and the narrative below the table at page 11 of FullSBR.pdf (treasury.gov.za)

adjustments elsewhere."[16]

Several instances of misuse of Covid-19 relief funds were identified by the AGSA across spheres of government.[17] At local government level, concerns with government spending during the pandemic prompted an audit of 43 municipalities by the Auditor-General. The audit focused specifically on R3.67 billion that the selected municipalities spent from March to December 2020 on three main categories of spending: personal protective equipment (PPE), Covid-19-related infrastructure, and other Covid-19 initiatives, such as distribution of water through tankers and of food parcels. The audit found that spending across these three areas only amounted to R1.79 billion and that over half of the R3.67 billion spent by the 43 municipalities was not used for approved Covid-19 purposes. Rather, R1.87 billion was used for operational expenditure, bulk water or electricity, salaries, or items that were not approved in the National Treasury guidelines. In some cases, municipalities did not even indicate what the funds had been spent on. [18] These kinds of findings illustrate concerning spending patterns and call into question the credibility of budgets.

16 2020 MBTPS Budget Speech by Finance Minister - available at http://www.treasury.gov.za/documents/mtbps/2020/speech/speech.pdf

17 2020 MBTPS Budget Speech by Finance Minister - available at http://www.treasury.gov.za/documents/mtbps/2020/speech/speech.pdf

18 See page 8 of Citizen-Special report covid-19_with links.pdf (agsa.co.za)

Section 7. Gender Spending Captured in the Budget

The South African government's pursuit of gender-sensitive budgeting remains a work in progress (Hingston, 2021). The Gender Responsive Planning, Budgeting, Monitoring, Evaluation and Auditing Framework (GRPBMEAF), produced by the Department of Women, Youth and Persons with Disabilities (DWYPD) was approved in 2019. This framework calls for further development of Gender Responsive Budgeting (GRB) and gives the National Treasury the mandate to lead in this area. The key tenets of the framework are that advancing gender equality requires gender policy priorities; the translation of policy into targeted program with measurable outcomes; necessary budget allocations as well as expenditure tracking; impact assessments; and budget audits to achieve gendered priorities (DWYPD 2018). In the most recent Medium Term Budget Policy Statement (2022), there was no disaggregated budget data and no mention of gender responsive budgeting.

South Africa's 2019 VNR chose to highlight the following efforts to address gender inequality:

> Legislative frameworks have been developed aimed at ending all forms of discrimination against women and girls. Representation of women in national parliament has increased: 25 percent in 1994 to 41 percent in 2016. Approximately 35 percent of permanent judges are women.

The VNR noted, however:

> Despite laws prohibiting discrimination and government efforts, women continue to have unequal access to incomes and empowerment.... For instance, women have suffered discrimination in economic opportunities for many years. Women's historical marginalization has left its mark on South Africa, just as it has in the significant majority of countries around the world. While women make up 51 per cent of South Africa's population, they fill just 44 per cent of skilled posts, according to labour data released in 2017 by Stats SA. According to the 2017 Pulse of the People report, women on average earn 27 per cent less than men. The prevalence of GBV, which includes harmful cultural practices, remains high. For instance, the South African 2016 Demographic and Health Survey found that one in five women older than 18 years has experienced physical violence. Findings from the 2018 Victims of Crimes survey also estimated that 138 per 100,000 were raped.

In September 2019, the Women and Democracy Initiative (WDI) published a report after analyzing the DWYPD Annual Performance Plan and Budget Vote Speech (2019-20). The WDI wanted to ascertain the extent to which government plans and performance targets spoke to the lived realities of women. The report concluded, among other findings: "It is clear the Department does not necessarily lack information on what the issues are facing women and thus cannot plead ignorance, but still fails to coherently demonstrate this knowledge in policy, resource allocation and action."

A working document developed by the WDI titled "FEMINISM: developing a framework of feminist indicators for social justice and feminist governance" notes:

> On the whole, most law, government policy, and strategies are gender-blind. There is some recognition and engagement with 'women's issues' or references to prioritising women, youth, children, the elderly; and from time to time, mention is also made of persons with disabilities, and LGBTQI people. Where there is a gender focus, it is often aspirational in the sense that imperative duties on the state and resource allocations are absent.
>
> Most references are sporadic, and to a large extent lack specificity, integration and continuity; rendering those recognitions as meaningless rhetoric. The gendered issues that tend to be addressed are often related to the security and justice sector, or women's political representation and the treatment is almost always gender binary. Frequently policy falls foul of either lumping women'n'children together, or attempting to address the socio-political issues faced by these groups as if they are completely de-linked. Thus they are not able to grapple with the nuances of the differences as well as the linkages between different people's experiences.

Despite these challenges, South Africa has been assessed most recently as being "on track or maintaining SDG Achievement"[19] with regard to SDG Goal 5, which is concerned with Gender Equality.

Following an inadequate response to previous guidelines requesting disaggregated data from sector departments, the National Treasury collaborated with the IMF's Regional Technical Assistance Center for Southern Africa (AFRITAC South) and the Fiscal Affairs Department to develop a roadmap to advance the gender responsiveness of the budget in the context of the GRPBMEAF. The roadmap includes three phases, starting with capacity building, followed by departmental pilots, and gender-sensitive participation frameworks to be strengthened over time.[20]

19 https://dashboards.sdgindex.org/profiles/south-africa
20 National Treasury (2022) Medium Term Expenditure Framework: Technical Guidelines 2023

Section 8. Limitations of the Data Presented in the Brief

This brief draws upon South Africa's consolidated budget and thus includes national allocations and provincial disbursements. While most of the budget data considered in this brief would not point to significant and widespread budget credibility challenges in South Africa, readers should be aware that South Africa does experience challenges implementing and accounting for budgets that are allocated. The Office of the Auditor-General of South Africa undertakes annual audits of all national and provincial departments as well as municipalities and makes its audit reports accessible to the public. While the data considered in this brief provides readers with an overview of budget allocations and expenditure trends across specific sectors, this data does not reveal the quality of sector planning, budget expenditure, performance management, and oversight. To get an in-depth sense of the various sectors' track records of being able to account for the use of budgets, especially in ways that would enable steady progress towards SDG targets, readers should also consider the Auditor-General's reports. Over the last decade, the Auditor-General (AG) has raised significant concerns over certain sectors' ability to efficiently and effectively spend budgets. For example, in the Citizens Report 2019/2020 PFMA, the following departments and agencies that fall within the sectors being considered were found to have incurred fruitless and wasteful expenditure:

Table 2: Fruitless and Wasteful Expenditure by Functional Departments Linked to SDGs

Sector	Who	How much fruitless & wasteful expenditure	How was the money wasted?
Social Protection	South African Social Security Agency	R0.32 billion	Payments to suppliers for services not delivered
Education	Department of Basic Education	R0.9 billion	Infrastructure projects that were cancelled
Education	Dept of Arts and Culture	R0.04 billion	Payments for substandard work on infrastructure projects that had to be redone

As referred to earlier, the AG also undertook special audits of Covid-19 emergency funding, which identified serious shortcomings in the financial management of the government's pandemic relief packages. The AG noted:

> The Covid-19 relief package was, as mentioned earlier, introduced into an already compromised control environment, often characterised by poor financial management and record keeping, inadequate planning, execution without oversight, leadership instability, lack of coordination across government, and poor relations between government departments. The pandemic has amplified and aggravated these weaknesses.

The AG went on to identify overpricing, unfair processes, and potential fraud. Such matters invariably affect budget implementation and credibility.

Section 9. Conclusions and Recommendations

Although South Africa has made some progress toward the SDGs, significant challenges remain. Most recently, progress across the majority of SDGs has stagnated, with only moderate improvement noted in others. In its 2019 VNR, the government recognized the need to align its budget to the SDGs (and, by extension, the country's NDP). The onset of Covid-19 in early 2020, however, made it difficult to provide a clear assessment of whether any progress has been made against some of the VNR recommendations and related sector plans (such as the GRPBMEAF). The assessment provided here shows limited correlation between allocations, spending, and the SDG indicators across all seven sectors included in the brief.

Recognizing these challenges, the government of South Africa should:

- Improve data reporting to enable greater budget credibility analysis of SDGs (and NDP objectives) to support implementation of programmes and policies.

  - Implement GRPBMEAF to support gender responsive budgeting and to advance women's rights against Goal 5 of the SDG.

  - Develop enhanced budget and reporting frameworks, aligned to National Treasury's Framework for Managing Programme Performance Information, that allows for easier public access to material (across national, provincial and local government) specifically concerned with realizing progress towards the SDGs. This could include a direct comparison of approved appropriation and audited expenditure with SDG and other development objectives.

- Consider inclusion of an analysis of SDG 16.6.1 on budget credibility trends related to the SDGs in the next VNR, to highlight the need to align the budget to development objectives.

- Enhance consequence management to reduce expenditure prohibited by the PFMA. This would better ensure that budgets are spent as planned, especially those linked to the SDG targets and indicators. Where departments and municipalities continuously deviate from allocations without adequate explanation, ensure that corrective action is taken.

- Explore additional mechanisms and approaches for assessing budget credibility that incorporate some indication of the "quality" or nature of spend to link meaningful expenditure to achievement of SDG goals.

- Improve the localization of SDGs through more targeted budgeting at the provincial and local government level.

- Consider a similar analysis to be undertaken against the NDP goals (which should align quite closely to the SDG goals discussed in this brief) to strengthen credibility of government policy and budget allocation.

Annex 1: Budget Allocation and Spending Data by Relevant Budget Classifications Grouped by Sector

Sector	**Related SDG Goal(s)**	**Functional (or Administrative) Classification**	**Approved Budget (ZAR, Million '000)**			**Actual Spending (National Currency, Units)**			**Deviation (National Currency)**			**Deviation, by Sector (%)**			**Sector Share of Total Spending (%)**		
			2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Agriculture and Food	Goal 2	Dept of Agriculture, Land Reform and Rural D/ment	30195	30674	29342	29977	29608	25326	-218	-1066	-4016	-0.72%	-3.48%	-13.69%	1.80%	1.61%	1.23%
Education	Goal 4	Learning & Culture	351121	386398	396422	354826	385593	387209	3705	-805	-9213	1.06%	-0.21%	-2.32%	21.31%	20.92%	18.87%
Environment	Goal 13,14,15	Dept of Forestry, Fisheries & Environment	7113	7530	8955	7992	8691	8300	880	1162	-655	12.37%	15.43%	-7.31%	0.48%	0.47%	0.40%
Gender Equity	Goal 5	Department of Women	230	244	267	224	246	219	-6	1	-48	-2.56%	0.45%	-18.07%	0.01%	0.01%	0.01%
Health	Goal 3	Dept of Health	205448	222572	229707	208777	221962	247009	3329	-610	17302	1.62%	-0.27%	7.53%	12.54%	12.04%	12.03%
Social Protection	Goal 1 and 10	Social Development including the Social Security Agency	259401	278396	309512	256874	284479	413313	-2527	6083	103801	-0.97%	2.19%	33.54%	15.42%	15.43%	20.14%
Water and Sanitation	Goal 6	Dept of Water and Sanitation	12269	10651	11153	10740	10361	10873	-1529	-290	-280	-12.46%	-2.72%	-2.51%	0.64%	0.56%	0.53%
Total Budget			1671190	1826553	1954445	1665425	1843546	2052452	-5765	16993	98007	-0.34%	0.93%	5.01%	-	-	-

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