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KEEPING TRACK OF HIV AND TB SPENDING IN SOUTH AFRICA: 2013/14 TO 2020/21 EXPENDITURE AND BUDGET REVIEW

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1. INTRODUCTION

This paper provides an analysis of the health HIV and TB budget and spending in South Africa over an eight-year period (2013/14 - 2020/21), with a special focus on the 2015/16 and 2016/17 provincial programme spending and the 2018/19 to 2020/21 budget. The analysis indicates government's increasing financial commitment to HIV and TB against the backdrop of declining economic conditions. The problem of over- or under-spending by provinces has been partially attributed to poor estimation of costs, resulting in under- or over-budgeting. Improvements in this regard were made in 2016/17 after the provincial health HIV and TB finance and programme managers were provided with training and technical support by the FINCAP Project of CEGAA/HE²RO¹ to improve their costing of their Conditional Grant (CG) business plans and management of their finances. More accurate costing was promoted to ensure reasonable targets in line with available resources and real expenditure. Provinces were encouraged to accelerate their recruitment process of key personnel required for the expansion of the treatment programme, and to ensure that procurement and payment for services were done in line with the business plan timeframes. The FINCAP Project, in partnership with the National Department of Health, has contributed vastly to these improvements.

UNAIDS has highlighted some major successes in South Africa's overall response to HIV and TB in recent years. It reported that the rate of mother-to-child HIV transmission had dropped from 8 percent in 2008 to 2 percent in 2015 and further to 1.5 percent in 2016; life expectancy had increased from 57.1 years in 2009 to 61.3 years in 2012, and 67.7 years in 2015; and South Africa boasted the largest treatment programme in the world, with more than 3.4 million people on antiretroviral therapy (ART) by the end of 2016 (UNAIDS 2017).

In 2014, the adult HIV prevalence was at 19.2 percent, new HIV infections were estimated at 380,000, with 180,000 AIDS related deaths, and 48 percent of HIV+ adults on ART (SANAC, 2015a). In 2016, statistics changed, reflecting the impact of the national response to HIV. Adult HIV prevalence dropped marginally to 18.9 percent. New infections amounted to 270 000, recording a decline of about 41 percent from the 380 000 estimated for the previous year, and AIDS-related deaths dropped to 110 000 (almost a 40% reduction). Although progress has been made, these statistics indicate that the fight is still far from over, and greater preventative efforts are required to further reduce new infections.

The reported improvements in service delivery and health outcomes would not have been possible without the increasing political and financial commitment of the South African government, and continued support from funding and implementing partners.

This paper will outline some trends in South Africa's economic situation, its national and provincial health allocations generally, HIV and TB allocations and spending, and then take a closer look at spending trends at provincial and sub-programme levels in 2016/17. Our analyses are based on 2015/16, 2016/17, 2017/18 and 2018/19 budget and expenditure documents, 2016/17 provincial HIV CG Evaluation Reports, and CG quarterly reports. Refer to section 6 below for a full list of information sources used.

¹ Centre for Economic Governance and Accountability in Africa and the Health Economics and Epidemiology Research Unit (WITS University), funded by USAID.

2. MACRO-ECONOMIC OVERVIEW

After the world financial crisis in 2008, the world economy seems steadily recovering with advanced economies playing a significant role (International Monetary Fund (IMF), 2018). According to the IMF, the world economy has been increasing from 2016 where the annual output was 3.2 percent which rose to 3.7 percent in 2017. For the year 2018, the annual output is projected to rise to 3.9 percent and to stagnate at 3.9 percent in 2019. Following the positive world economic outlook, the Sub-Saharan Africa region annual economic output has been increasing over the years, from 1.4 percent in 2016 to 2.7 percent in 2017. The 2018 economic outlook for the region is projected to be 3.3 percent with a slight increase in the 2019 forecast to 3.5 percent.

In South Africa, following an erratic quarterly economic performance in 2016, the country's annual economic output has been increasing in general over the past two years. The IMF 2018 World Economic Outlook report shows that South Africa's annual economic output for 2016 was 0.3 percent which slightly rose to 0.9 percent in 2017. However, the 2018 and 2019 annual economic projections are forecasted to stagnate at 0.9 percent over the years. In contrast, the Former Minister of Finance Gigaba's Budget Speech indicated that the South Africa's annual economic output was 1 percent in 2017 and was projected to grow to 1.5 percent in 2018, and a further growth to 1.8 percent would be expected in 2019 (National Treasury, 2018a). According to Statistics South Africa (Stats SA), the quarterly economic output indicates that in the third quarter of 2017 the economy grew by 2 percent following a 2.5 percent rise in the second quarter of the same year (Stats SA, 2017a; 2017b). The positive economic output was followed by a significant rise to 3.1 percent in the fourth quarter of 2017 (Stats SA, 2018a).

Despite a positive quarterly economic output in 2017, the unemployment rate has remained unchanged most quarters of the year. The 2018 Stats SA Second Quarterly Labour Force Survey showed that the unemployment rate had increased from 26.6 percent recorded in the fourth quarter of 2017, to 27.2 percent recorded at the end of the second quarter in 2018. Most of these are youths, whose unemployment rate was recorded at 53.7 percent for 15 – 24 year-olds and 33.6 percent for 25 – 34 year-olds (Stats SA, 2018c).

On public budget allocations, in 2017 the National Treasury attempted to boost service delivery whilst narrowing the budget deficit and stabilizing debt. Following the announcement of fee-free higher education and training in 2017, the National Treasury estimated the budget needed to fund the education sector. The treasury also made some tax announcements to raise additional financial resources, including the increase in VAT from 14 percent to 15 percent in 2018 (National Treasury, 2018a).

Table 1 below shows the upward revision of the budget deficit to 4.3 percent in 2017/18, from 3.5 percent in 2016/17, showing a downward projection to 3.5 percent in 2020/21. Similarly, the Debt-to-GDP ratio has also been revised upwards, from 50.7 percent in 2016/17, to 53.3 percent in 2017/18 and 56 percent in 2020/21.

Table 1. Budget balance and Debt-to-GDP as percentage of consolidated fiscal framework, 2014/15-2020/21

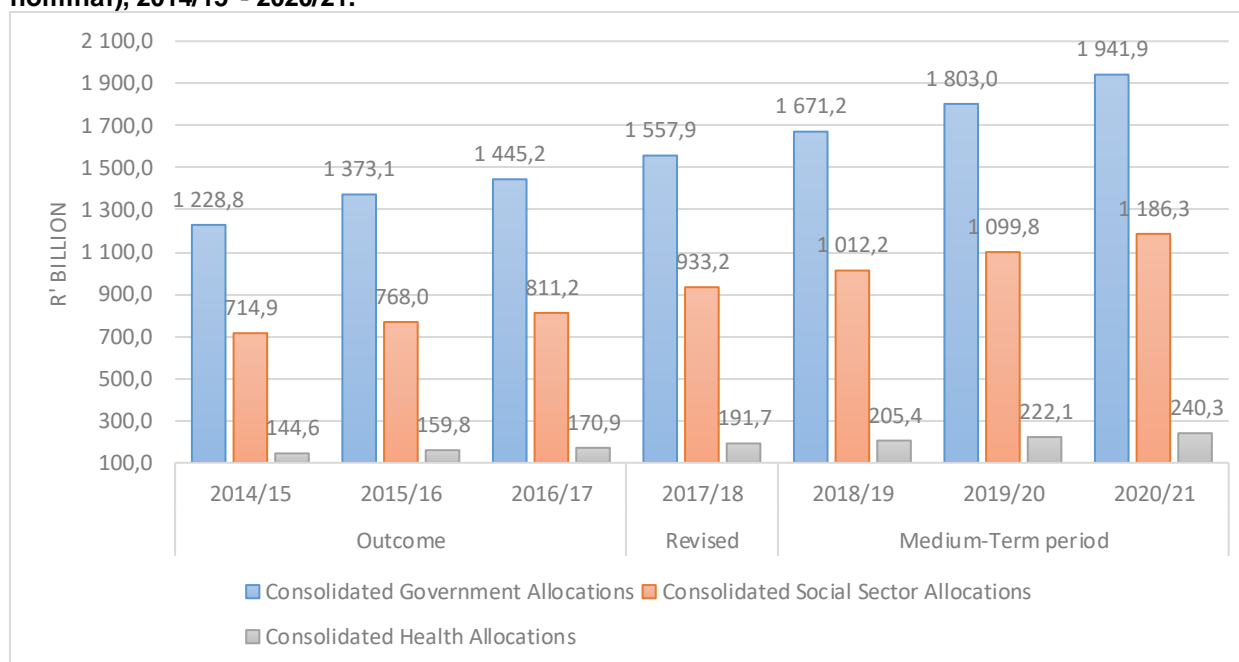
	Outcomes			Revised	Medium-term		
Year	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21
Budget Deficit	3.6%	3.7%	3.5%	4.3%	3.6%	3.6%	3.5%
Debt-to-GDP	46.5%	49.0%	50.7%	53.3%	55.1%	55.3%	56.0%

Source: National Treasury, 2018a.

In an analysis of eight years (2013/14 – 2020/21) of government’s consolidated budgets, allocations increased from R1.1 trillion allocated in 2013/14 to R1.4 trillion (US\$ 107 billion) in 2016/17, which represented a 38 percent nominal growth in a period of four years. It increased further by 15 percent nominally to R1.7 trillion in 2018/19.

Figure 1 presents full government, health and HIV expenditures for 2014/15 – 2017/18 and budget information for 2018/19 – 2020/21. The total government budget has been steadily rising over the years, seeing an increase of 7.6 percent from R1,228.8 trillion in 2014/15 to R1,557.9 trillion in 2017/18. Over the Medium-Term Expenditure Framework (MTEF) the allocations are expected to increase again by 7.6 percent from R1,671.2 trillion in 2018/19 to R1,941.9 trillion in 2020/21.

Figure 1: Consolidated government, social sector, health, and HIV & TB expenditure (R' billion, nominal), 2014/15 - 2020/21.



Sources: National Treasury, Budget 2018b. National Treasury, 2018 Estimates of National Expenditure.

Government budget allocations are divided into five sectors namely, Social Services, Economic Development, Peace and Security, Public service, and Debt-Service Costs. The 2018 budget showed that Social Services takes the largest share (60.5 percent) of the national budget, followed by Peace and Security and Economic Development (12 percent), and Debt-Service Costs (10.8 percent). Public Service gets the least (3.8 percent) in the budget allocations. The social sector has seen an increase of 8.4 percent from R714.9 billion in 2014/15 to R1,012.2 trillion in 2017/18. Over the MTEF, the sector’s allocations are expected to increase by 7.7 percent, reaching R1.186.3 in 2020/21.

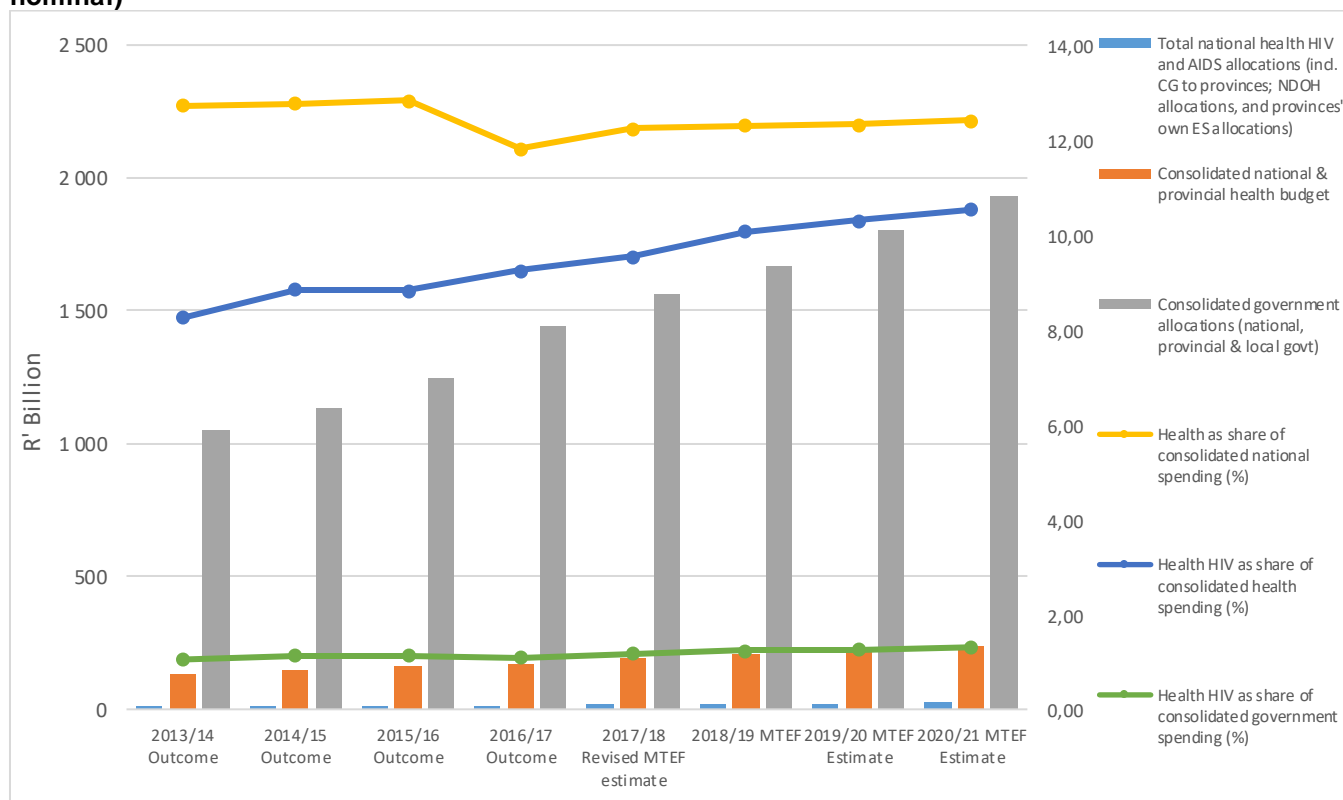
Within the Social Sector budget, Health receives the third largest share (20.3 percent) after Education (34.7 percent) and Social development (25.6 percent) in 2018/19. The health budget allocation has increased by 9 percent from R144.6 billion in 2014/15 to R191.7 billion in 2017/18, and is also expected to rise by 7.3 percent to R240.3 billion in 2020/21.

3. CONSOLIDATED NATIONAL, PROVINCIAL, GENERAL HEALTH AND HIV AND TB FUNDING

The 2018/19 Estimates of National Expenditure (ENE) showed that the health budget would be R667.8 billion over the MTEF, of which R66.4 billion (9.9 percent) is allocated to the HIV and TB Conditional Grant (National Treasury, 2018a).

The health allocation as a share of consolidated government allocation rose from 11.8 percent in 2014/15 to 12.3 percent in 2017/18. However, it is expected to stagnate at an annual rate of 12.3 percent per annum over the MTEF. The HIV and TB allocation as a share of consolidated government allocations has increased from 1 percent to 1.2 percent from 2014/15 to 2017/18. It is also expected to rise by 0.1 percent to 1.3 percent over the MTEF.

Figure 2: Consolidated health and HIV and TB budget allocations 2013/14 – 2020/21 (R' billion, nominal)



Note: Additional funds have been allocated to TB in the CG from 2017/18. "TB" only refers to allocations for the HIV/TB programme of the health department, and excludes general TB spending by TB and other hospitals. Sources: National Treasury, Budget 2018; National Treasury, 2017 Adjusted Estimates of National Expenditure; Provincial Treasuries, 2017 Estimates of Provincial Revenue and Expenditure. CEGAA calculations.

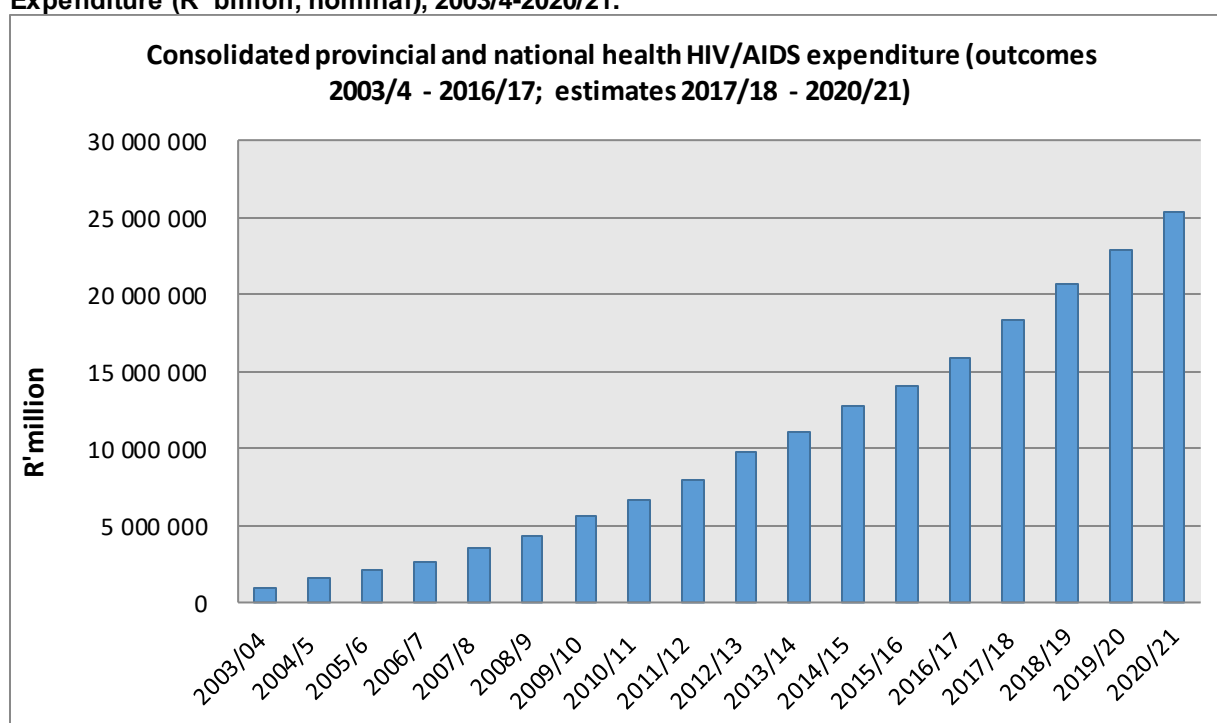
Figure 2 above depicts the increasing consolidated health allocations and the national health consolidated HIV and TB allocations (2013/14 – 2020/21). Only the health department's contributions are shown in the figure, though some of the other social sector departments also spend on HIV.

The figure shows that the consolidated health and national HIV and TB allocations are increasing over the years. Consolidated general health allocations saw a gradual increase from R133 billion in 2013/14 to R171 billion in 2016/17 (a 3 percent real annual average increase), whilst HIV and TB allocations in the health sector alone rose from R11 billion to R15.8 billion over the same period (a 7 percent real annual average increase). The consolidated health allocations have increased to R205 billion in 2018/19 whilst HIV and TB spending increased drastically from R18.3 billion in 2017/18 to R20.7 billion in 2018/19, recording a real annual growth rate of 7 percent.

The figure also depicts the percentage shares of the allocations to HIV and TB in the consolidated government and health allocations. Relative to consolidated government allocations, the proportional share of total HIV and TB allocation increased from 1.05 percent in 2013/14 to 1.24 percent in 2018/19. The proportional share is expected to rise to 1.31 percent in 2020/21. Relative to consolidated health allocation, the HIV and TB allocation increased from 8,25 percent in 2013/14 to 10.08 percent in 2018/19. This is expected to rise to 10.53 percent in 2020/21. Notably, the proportional share of consolidated health allocations to the consolidated government allocations have been stagnant at an annual average of 12.45 percent from 2013/14 to 2018/19. Over the MTEF (2018/19 – 2020/21) consolidated health allocations are expected to take 12.35 percent of the consolidated government allocations.

An additional R1 billion has been allocated for 2020/21 in HIV and TB Grant for expansion of the antiretroviral programme. Figure 3 below shows the consistently increasing allocations for HIV and TB from 2003/4 to 2020/21.

Figure 3: Consolidated health HIV & TB allocations in the 2018/19 Estimates of National Expenditure (R' billion, nominal), 2003/4-2020/21.



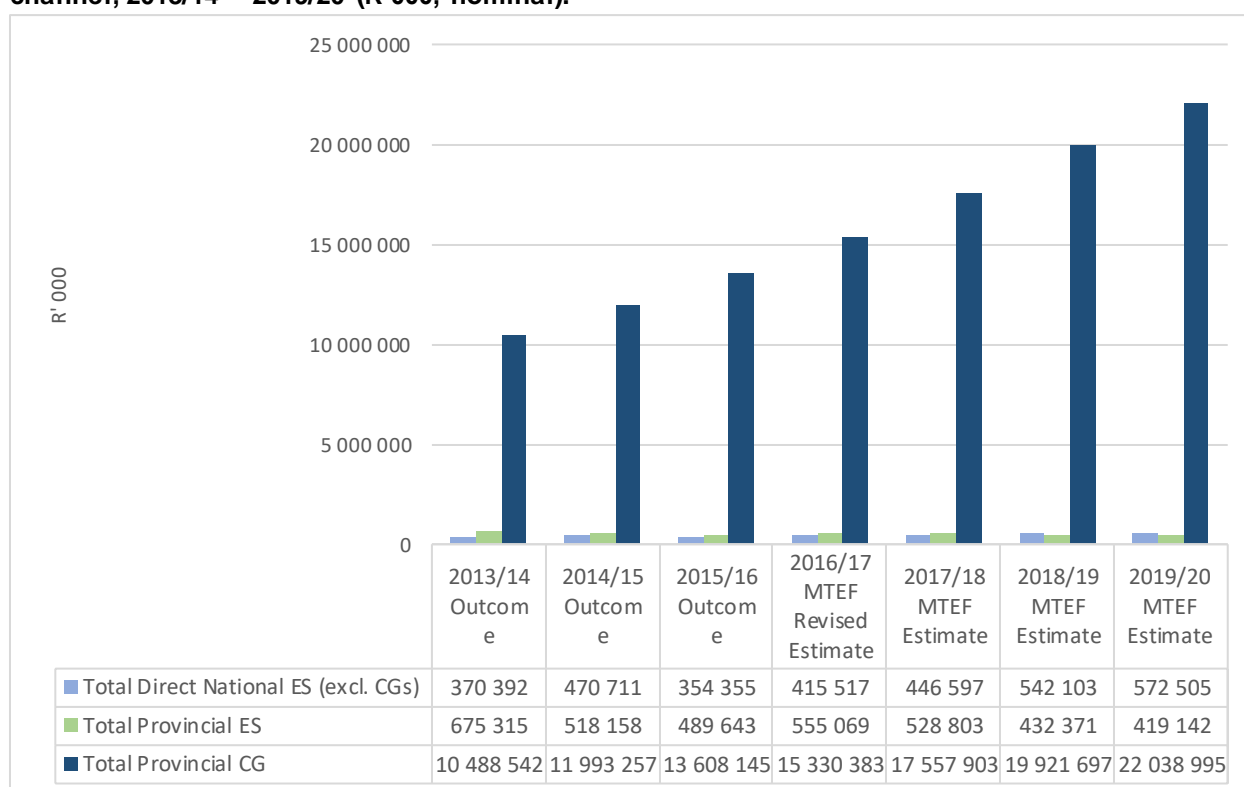
Sources: National Treasury, Budget 2018a. National Treasury, 2018 Estimates of National Expenditure.

The HIV and TB budget allocation has increased at an annual average rate of 11.7 percent from R12.8 billion in 2014/15 to R18.3 billion in 2017/18. Over the MTEF, the CG allocation is expected to increase at annual average rate of 10.2 percent from R20.7 billion in 2018/19 to R25.3 billion in 2020/21. The HIV and TB budget allocation as a share of consolidated health

allocation has been increasing over the year. This portion has increased from 8.3 percent in 2014/15 to 9.5 percent in 2017/18, and is also expected to rise to 10.5 percent of the health budget over the MTEF.

Figure 4 below shows seven years' (2013/14 – 2019/20) consolidated national and provincial Health HIV and TB Conditional Grant (CG) plus the Equitable Share (ES) allocations in nominal terms. Generally, the health HIV budget allocations through CG have always been more than 90 percent of the total allocations for HIV in the health sector. It has also been increasing both nominally and in real terms throughout the seven-year period under consideration while the ES allocations are fluctuating.

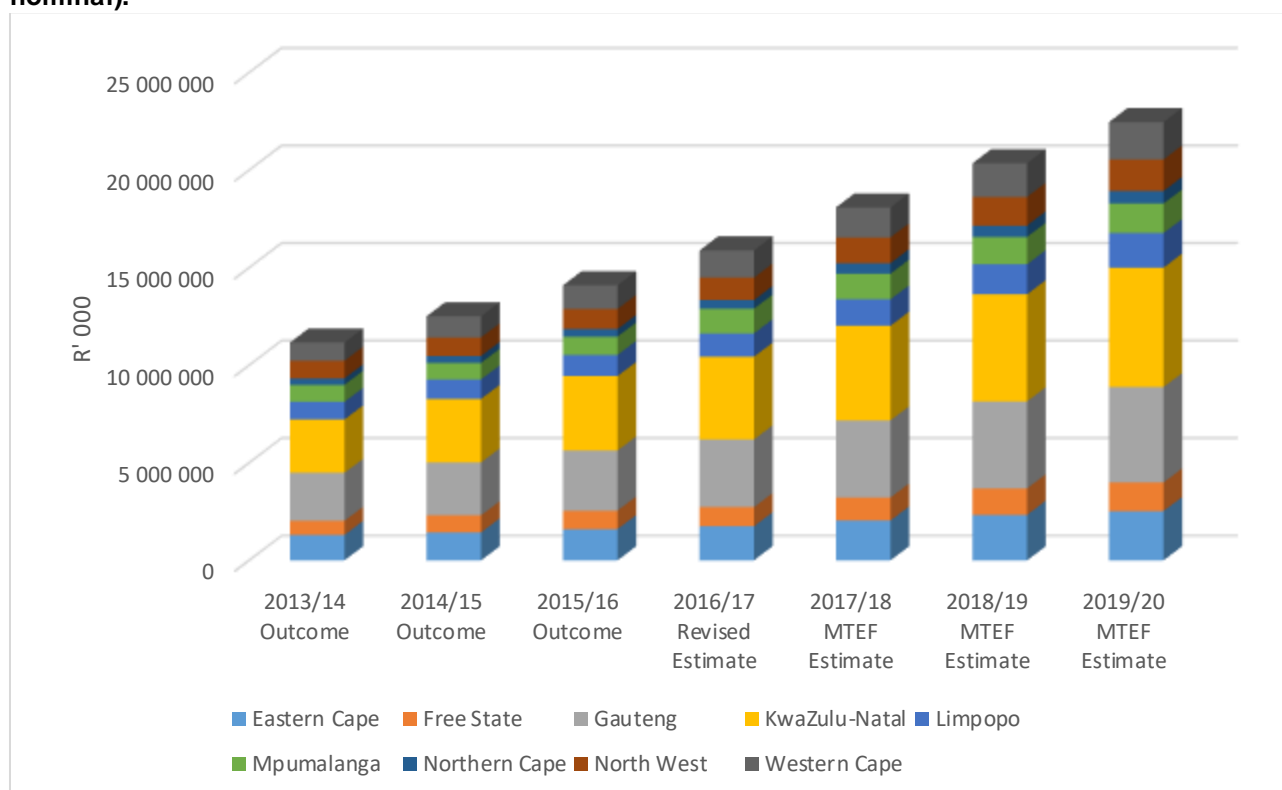
Figure 4: Consolidated national & provincial health HIV and TB allocations by government funding channel, 2013/14 – 2019/20 (R'000, nominal).



Sources: National Treasury, 2013/14 – 2019/20 Estimates of National Expenditure (ENE, 2016); 2013/14 – 2017/18 Estimates of Provincial Revenue and Expenditure (EPREs, 2017). Author's calculations.

Figure 5 shows the provincial health HIV and TB nominal budget allocations for 2013/14 – 2019/20. This analysis confirms the trend that KwaZulu-Natal has always been receiving a relatively higher proportion (26.9 percent in 2018/19) of the health HIV and TB funding, followed by Gauteng (22 percent in 2018/19), and Eastern Cape (11.3 percent in 2018/19), whilst the smallest share (2.3 percent in 2018/19) continues to be received by Northern Cape. Such allocations are mainly influenced by CG allocations from national government, which account for more than 90 percent of government spending on HIV in the health sector. The provincial CG allocations have remained mostly constant over time, being determined by the NDOH's allocation formula.

Figure 5: Combined health HIV & TB CG and ES funding by province, 2013/14 – 2019/20, (R' billion, nominal).



Sources: HIV and TB allocations; National Treasury, 2013/14 – 2019/20 Estimates of National Expenditure (ENE, 2017); 2013/14 – 2019/20 Estimates of Provincial Revenue and Expenditure (EPREs, 2017). Author's calculations.

4. PROVINCIAL HEALTH-RELATED HIV AND TB CG BUDGETS AND SPENDING BY SUB-PROGRAMME IN 2016/17

The 2016/17 spending records indicate that with the increased budget allocation for the HIV and TB CG in 2016/17, provinces also increased their capacity to spend. In 2015/16, R13.7 billion (99.4 percent) was spent out of a CG allocation of R13.8 billion. In 2016/17, R15.31 billion (99.8 percent) was spent out of an allocation of R15.33 billion. This commendable absorption indicates growing capacity of the provincial DOHs to respond to HIV and TB. Table 4 below indicates the provincial CG split according to the Division of Revenue Act (DORA, 2016/17) and shows that almost all provinces spent all their CG allocations for 2016/17, with a slight underspending by EC and LP. These two provinces were part of the four provinces that received roll-overs from 2015/16 to 2016/17.

Table 4: 2016/17 DORA allocation and absorption rate of CG by province

Province	Original Budget R'000	Provincial Roll-overs R'000	Final Budget R'000	Actual Expenditure R'000	Variance R'000	Percent Spent
Eastern Cape	1,755,385	2,407	1,757,792	1,745,351	12,441	99.3%
Free State	1,015,061	-	1,015,061	1,015,061	-	100.0%
Gauteng	3,259,407	15,000	3,274,407	3,276,995	(2,588)	100.1%
Kwazulu-Natal	4,244,243	-	4,244,243	4,247,525	(3,282)	100.1%
Limpopo	1,176,489	14,334	1,190,823	1,170,424	20,399	98.3%
Mpumalanga	1,032,055	-	1,032,055	1,032,055	-	100.0%
Northern Cape	413,231	-	413,231	413,231	-	100.0%
North West	1,127,523	10,446	1,137,971	1,137,971	-	100.0%
Western Cape	1,267,209	-	1,267,209	1,267,206	3	100.0%
TOTAL	15,290,603	42,187	15,332,792	15,305,819	26,973	99.8

Sources: NDOH, 2016/17 Consolidated Annual Performance Evaluation Report for the health HIV CG. National Treasury, 2016. Division of Revenue Action.

Although the aggregated expenditure figures at the provincial level show almost 100% absorption, these might be misleading, since a deeper analysis of the programmatic spending shows that some programmes spent far less than budgeted, such as 68.1 percent and 68.3 percent for the regional training centres (RTC) and post-exposure prophylaxis (PEP) budgets respectively, while ART, HIV/TB and programme management overspent by 2 percent, 6 percent and 3 percent respectively).

Table 5: 2016/17 DORA allocation and absorption rate of CG by sub-programme

Programme	Annual Alloc R'000	Actual Expenditure R'000	Percent Spent	Variance R'000
CONDOMS	429,283	374,366	87.2%	54,917
HTA	100,891	81,693	81.0%	19,197
HCT	875,931	811,271	92.6%	64,661
MMC	350,318	286,436	81.8%	63,883
PEP	12,268	8,384	68.3%	3,885
PMTCT	275,866	273,761	99.2%	2,105
ART	10,714,297	10,885,298	101.6%	(171,001)
HBC	1,210,072	1,217,367	100.6%	(7,294)
HIV/TB	610,903	648,260	106.1%	(37,357)
RTC	156,890	106,875	68.1%	50,015
PM	596,072	612,110	102.7%	(16,038)
TOTAL	15,332,792	15,305,819	99.8%	26,973

Source: NDOH, 2016/17 Consolidated Annual Performance Evaluation Report for the health HIV CG.

Overspending in the ART programme looks minimal in percentage, but represents the largest overspending in nominal amounts, across all programmes, with a total R171 million overspent in 2016/17. Provinces reported the overspending on ART to be due to the introduction of the Test and Treat policy in September 2016, which required expanded coverage of clients needing treatment.

It is important to check to what extent provinces and programmes are achieving their programmatic performance targets against which financial resources are allocated. Table 6 below attempts to show how spending relates to programme performance, by comparing

performance against targets, and actual expenditure against budgets. Given that resource allocation is made in line with target-based costed business plans, ideally programme performance against targets should be closely aligned to spending performance, unless some efficiency gains (where target performance > expenditure) or dramatic cost hikes (where expenditure > actual programme performance) happened during the year. The question of the balance between programme performance and actual expenditure is important to understand issues of value for money, cost efficiency, and to identify factors that inhibit or enhance appropriate spending, resulting in desirable or undesirable performance or outcomes.

Table 6: Core national performance targets and actual performance (2015/16 -2016/17)

Sub-programme	Indicator	Baseline 2015/16	2016/17 Targets	2016/17 Performance	2016/17 Budget R'000	2016/17 Expenditure R'000	2016/17 Expenditure percent	Target Achieved percent
Condoms	Number of male condoms distributed	833 397 571	924 615 352	912 786 845	429 283	374 366	87.2	98.7
HCT	Number of clients' tests for HIV (including antenatal)	12 417 523	11 760 312	14 488 440	875 931	811 271	92.6	123.2
MMC	Number of medical male circumcision performed	464 629	700 000	415 114	350 318	286 436	81.8	59
HIV/TB	Number of HIV positive clients screened for TB	1 103 975	1 173 450	3 077 692	610 903	648 260	106.1	262.3
	Number of HIV positive clients started on IPT	390 701	575 746	393 400				68
ART	Number of patients on ART remaining in care	3 403 605	4 164 131	3 806 194	10 714 297	10 885 298	101.6	91.4
PMTCT	Number of babies Polymerase Chain Reaction (PCR) tested at 10 weeks	97 688	257 571	151 084	275 866	273 761	99.2	58.7

Source: Adapted from NDOH, 2016/17 Consolidated Annual Performance Evaluation Report for the health HIV CG.

The condom programme achieved 98.7 percent of its 2016/17 target, whilst spending only 87.2 percent of the budget. Condom distribution grew by 9.5 percent in 2016/17, from 833 397 571 condoms distributed in 2015/16 to 912 786 845 distributed in 2016/17. Although some provinces over-achieved their performance targets for male condom distribution, other provinces under-performed. This under-performance was explained by provincial HIV managers in their quarterly review meetings, including the lack of dedicated transport from storage sites to facilities, inadequate condom storage capacity, late deliveries of condoms by suppliers including inconsistent delivery from the national supplier (for one province). One province reported a budget shortfall, resulting in a reduced target for male condoms. Corrective measures taken throughout the year included implementation of standard operating procedures (SOPs and condom curriculum), regular correspondence between suppliers and provincial programme managers, and assistance from the national health department regarding registration of suppliers within each province where they provide services.

The HCT programme over-achieved on its performance target in 2016/17 by 23.2 percent overall, whilst underspending on its budget by about 7 percent. The number of HIV tests, including ante-natal clients, grew by 17 percent in 2016/17, which is a commendable performance given the need to increase both testing coverage and coverage of people on ART in the public sector under the 90-90-90 targets. This programme is of high importance for the Test and Treat policy and needs to be monitored closely to ensure adequacy of resources and to keep the high-performance trend. However, it must be noted that high performance in this programme requires increased resourcing of the ART programme, given more people will know their HIV-status and the demand for ART will increase through the Test and Treat policy.

MMC was ranked as second lowest performing programme in 2016/17, having recorded only 59 percent of the target achieved in the year, with a decline of 21 percent in the number of circumcisions performed from 524 401 in 2015/16 to 415 114 in 2016/17, despite the 43 percent increase in expenditure (R286 436 000) in the year as compared to the previous year (R200 373 000). Hence 82 percent of the budget was spent to achieve less than the previous year's performance. It would be useful to further examine MMC expenditure to identify cost drivers within this programme, and to understand the increased spending against the declining performance.

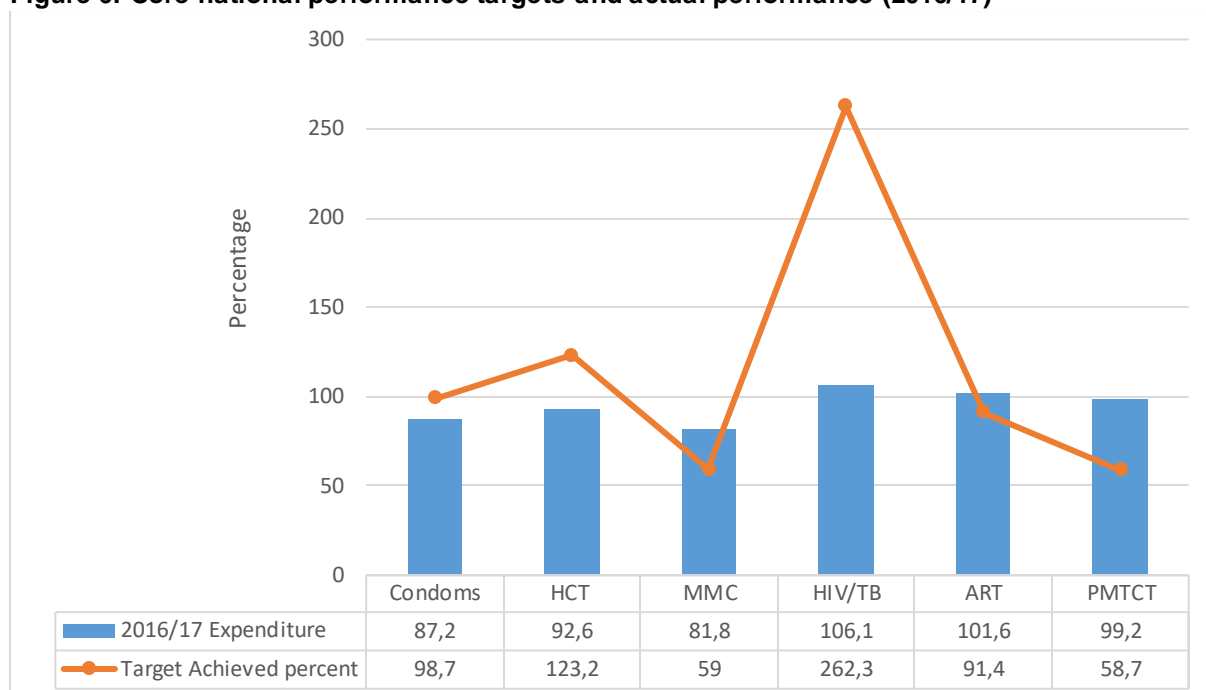
The HIV/TB programme had mixed performance in 2016/17 as it over-achieved (262.3 percent) against its target on number of HIV positive clients screened for TB (an increase from 98 percent in 2015/16) and under-performed (68 percent achieved) on the number of HIV positive clients started on IPT indicator (a decline from 73 percent performance in 2015/16). The health department has reportedly strived to strengthen TB screening for all HIV positive clients but limited its recording to newly HIV-diagnosed to avoid double-counting.

Regarding the ART programme, the number of clients remaining on treatment increased from 3 403 605 in 2015/16 to 3 806 194 in 2016/17. Although this represents a growth of 11.8 percent in patients accessing ARVs, it was 8.6 percent short of achieving the annual target set for 2016/17 (4 164 131). The ART sub-programme has maintained the largest spending (101.6 percent) throughout the year and accounted for about 67.8 percent of the total CG budget allocation. Reportedly, over-spending on the ART programme may have been due to inadequate target-setting and under-costing, and due to the higher-than-anticipated uptake of ART under the Test and Treat Policy.

It must also be noted that there has been a decline in the ART overspending levels, from 12 percent in 2014/15 to 4.4 percent in 2015/16 and 1.6 percent in 2016/17. Provinces are required to spend according to their costed business plans and to achieve set targets. FINCAP's support to provinces to improve their business planning, as well as their quarterly In-Year-Monitoring (IYM) of provincial performance and spending, have resulted in these improvements. On-going monitoring and capacity building at provincial level remain of high importance, especially to identify their spending challenges and to address these timeously.

Figure 6 below depicts the difference between programme budgets spent and programme targets achieved.

Figure 6: Core national performance targets and actual performance (2016/17)



Source: Adapted from NDOH, 2016/17 Consolidated Annual Performance Evaluation Report for the health HIV CG. Author's own calculations.

Table 7 below shows the provincial breakdown in the ART coverage and spending.

Table 7: Provincial number of patients on ART remaining in care: targets and performance achieved in 2016/17

Province	Baseline (2015/16)	2016/17 Target	2016/17 Actual	Percent Achieved	Variance
EC	361 166	497 876	412 559	82.9	-85 317
FS	190 843	237 339	197 756	83.3	-39 583
GP	750 230	868 164	823 170	94.8	-44 994
KZN	1 059 193	1 273 724	1 181 691	92.8	-92 033
LP	261 490	330 640	305 421	92.4	-25 219
MP	318 228	400 015	377 288	94.3	-22 727
NW	204 184	278 228	222 865	80.1	-55 363
NC	52 999	59 145	55 181	93.3	-3 964
WC	205 272	219 000	230 263	105.1	11 263
RSA	3 403 605	4 164 131	3 806 194	91.4	-357 937

Source: NDOH, 2016/17 Consolidated Annual Performance Evaluation Report for the health HIV CG.

One of the aims of the PMTCT programme is to increase the number of babies that are Polymerase Chain Reaction (PCR) tested at 10 weeks, and this programme's performance recorded the lowest among all performance indicators in 2016/17, having achieved only 58.7 percent of its annual target. Despite this, the PMTCT programme spent 99.2 percent of the budget allocated to PCR testing and other services, including PMTCT coverage around the time of birth for those women not on ART.

5. CONCLUSION

This paper has shown that there has been a marginal growth in the global and regional economic output which was also observed in South Africa (IMF, 2018; Stats SA, 2017; 2018; Budget, 2018). The government's budget envelop has an upward trend which is expected to reach R1.9 trillion in 2020/21, whilst Department of Health's HIV and TB allocations are expected to reach R25.3 billion in the same year. Although the HIV and TB budget allocation is expected to grow in the future, there remains the challenge for the government to reduce new HIV infections which continue to put pressure on the government's overall response and financing of HIV and TB.

Although there were some cases of noticeable variations of expenditure by sub-programmes, the overall absorption was very good in 2016/17 (99.8 percent of budget was spent). Provinces have been monitoring their expenditure through In Year Monitoring (IYM) processes. IYM assists provinces in identifying spending problems and correcting them timeously. Importantly, the FINCAP project run by CEGAA and HE²RO, with funding from USAID, provided support to provinces to correct many of the challenges expressed by the provincial programme and financial managers in their budget planning and spending, through capacity building and technical support. Tools and processes are being enhanced, and the impact of these efforts should be monitored and reflected upon to see how best provincial HIV and TB sub-programme performance can be further enhanced.

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