Reflecting on health, HIV/AIDS and TB budgets and services in South Africa: Review of the 2014 South African National Budget

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1. Introduction

The South African Constitution provides the legal framework for the provision of public services in response to public needs. The government budget is a policy document that tells of policy areas that have been prioritized through budget allocations. The budget links the constitutional responsibilities of the state to the actual implementation of priority policies and human rights. As stipulated in the South African Constitution and the National Development Plan (NDP), health is one of the priority areas to be addressed, requiring government resources and effort. The scourge of HIV/AIDS and TB has made addressing health issues more complicated, with increased demands for larger HIV and AIDS budgets and improved capacity to spend. To improve the health status of citizens and the quality of health care they receive, the government should allocate sufficient resources so that human and systems capacity is built to absorb the money, ensuring appropriate quality services and reporting.

There are commendable developments in health policy, HIV and AIDS programming and resource allocation in South Africa. However, major efforts are needed to ensure that there is impact for every cent that is spent, to maximise community benefits in the utilisation of public finances.

Below is a brief overview of the South African economy, with a detailed analysis of the national health and HIV and AIDS budgets. This analysis excludes provincial budget allocations and/or spending, and thus gives a snapshot of HIV and AIDS allocations in the health sector at the national level.

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2. Overview of the South African economy and social spending

The 2014 South African national budget statement reports that the national economy is growing steadily, recovering from the impact of the recent recession.[3] A 2.7 per cent growth in the economy is expected in 2014, increasing to 3.5 per cent in 2016. Retrospectively, the budget deficit was projected to be 4 per cent of GDP for 2013/14, and is expected to narrow to 2.8 per cent of GDP over the medium term, with net debt stabilising at about 45 per cent of GDP in 2016/17 (National Treasury, 2014 Budget Speech).

Consolidated non-interest spending is estimated at R1.1 trillion in 2014/15, growing to R1.3 trillion in 2016/17 (ibid.). This shows that despite a slower rate of growth in the South African economy, the government continues to allocate more resources for policy implementation, with the total government allocations growing by an average of 2 per cent over the medium term (2014/15 – 2016/17).

The Minister of Finance Pravin Gordhan reported in his 2014 budget speech that national government departments are allocated approximately 48 per cent of available funds, provinces 43 per cent and municipalities 9 per cent. A large percentage of the national allocations are earmarked or conditional grants that are transferred to provinces for spending, increasing the share of provincial spending in the total national budget.

Furthermore, in 2014/15 South Africa has increased its consolidated provincial and national health budgets by 2.2 per cent in real terms, in line with the real growth of the consolidated government expenditure of 2.6 per cent in 2014/15. In addition, R43.5 billion is budgeted for HIV and AIDS programmes over the next three years (2014/15 – 2016/17) as part of the national health HIV/AIDS allocations which include the Conditional Grant (CG) and general (Equitable Share - ES) spending by the national department, up from a budget of R41 billion over the past five years (2009/10 – 2013/14). The total (conditional grant and equitable share) national health HIV and AIDS allocation has grown by 9.6 per cent from 2013/14 to 2014/15, with an expected real growth of 7.6 per cent over the next three years.

Spending on social assistance has risen in actual allocations from R75 billion in 2008/09 to an estimated R118 billion in 2014/15. The number of social grant recipients has increased from 13.1 million in 2009 to 15.8 million in February 2014. This is important to note as the social grants do contribute in mitigating the impact of HIV and AIDS on individuals and households affected by the epidemic.

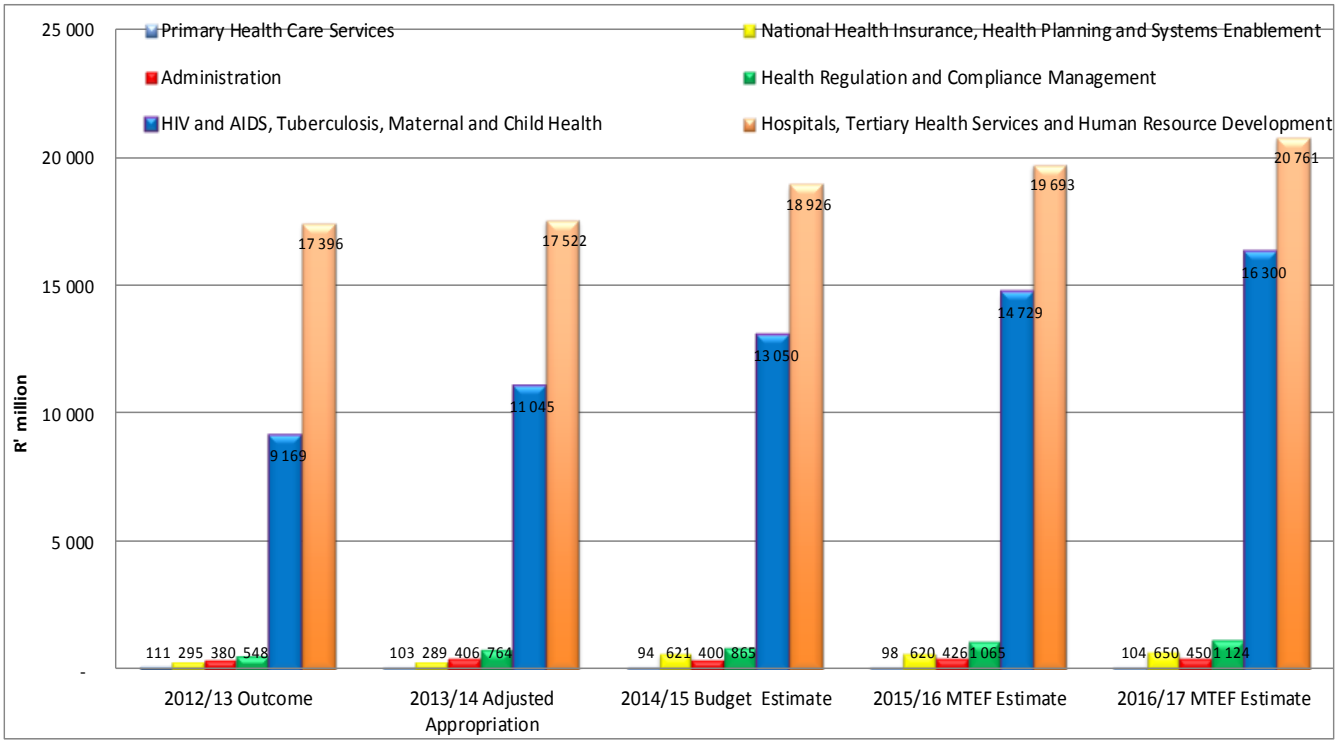
3. Concise review of the national health budget

Figure 1 below shows the increasing national health allocations to the National Department of Health (NDOH), excluding allocations to provinces. The largest proportion of the national health budget is allocated to Hospitals, Tertiary Health Services and Human Resource Development, at 62 per cent in 2012/13, 56 per cent in 2014/15, and 53 per cent in 2016/17. As this proposition drops slightly as a share in the total national health budget over the years, *excluding the provincial allocations,* the proportion

[3] National Treasury, 2014 Budget Speech by Finance Minister Pravin Gordhan, 26 February 2014. Available from www.treasury.gov.za

for HIV and AIDS, TB, Maternal and Child Health increases from a per cent share of 33 per cent in 2012/13, to 38 per cent in 2014/15 and 41 per cent in 2016/17.

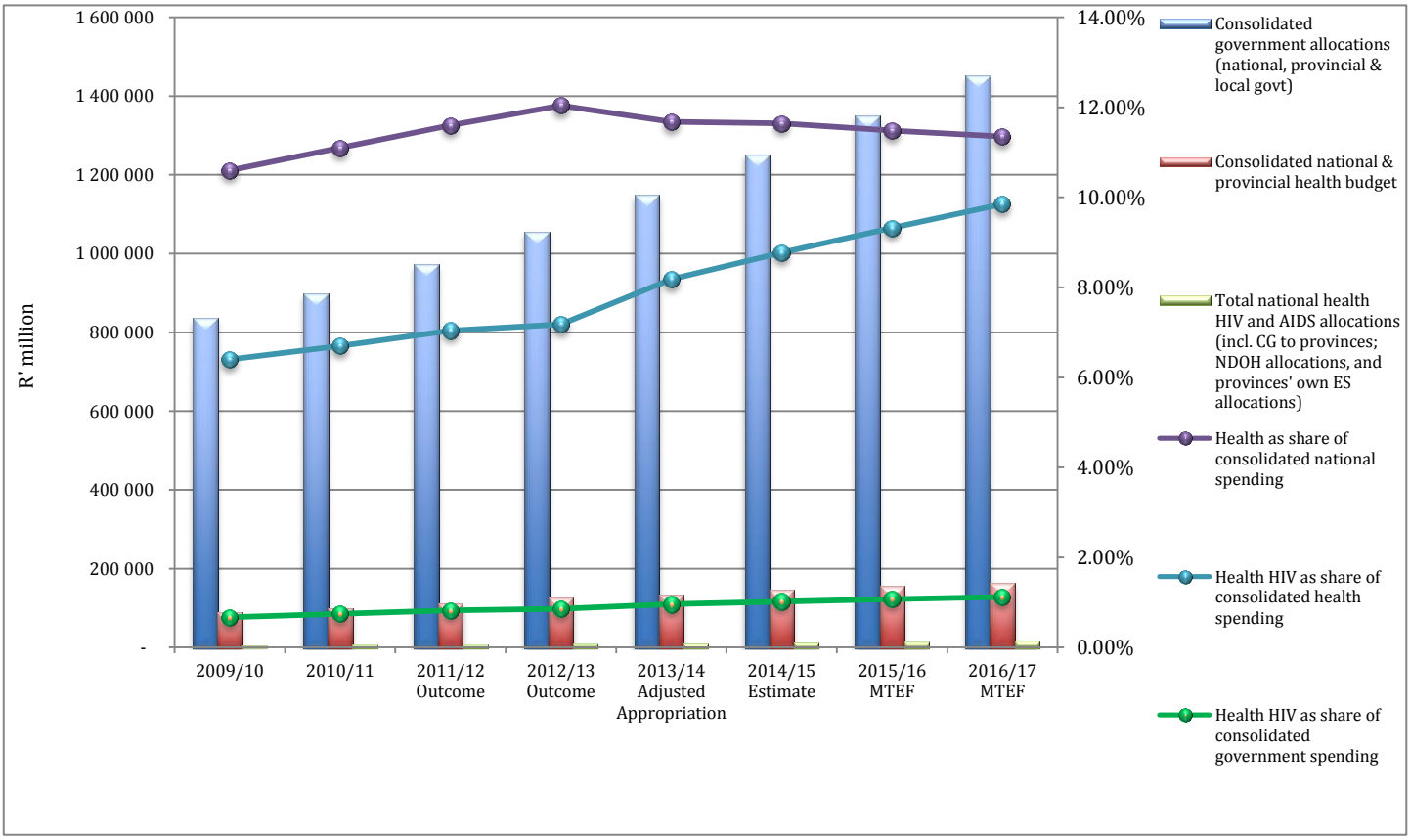
Figure 1: National health budget and expenditure, excluding provincial health spending, 2012/13 - 2016/17



Source: National Treasury (2014/15): Estimates of National Expenditure; Budget Reviews. Author's calculations.

It is important to note that the increasing health HIV and AIDS budgets should be accompanied by an increasing general health budget to ensure that the health system is strengthened generally, and that health conditions other than HIV/AIDS and TB also receive enough attention in both budgeting and implementation. Nominally the HIV and AIDS, TB, Maternal and Child Health budget is set to grow from R9 billion in 2012/13 to R16 billion in 2016/17. R13 billion is allocated for the current financial year (2014/15), showing an increase of R1.7 billion from the 2013/14 allocation. This is a real growth of 6 per cent for 2014/15, with an annual average real growth of 3.3 per cent for 2014/15 to 2016/17. This is commendable as it is well known that there are increasing needs for HIV and AIDS, TB and maternal and child health. However, it is concerning to see the allocation for Hospitals, Tertiary Health Services and Human Resource Development declining, as it drops by 2 per cent in real terms in 2015/16, against the need for more resources for health systems strengthening. The growth of HIV and AIDS funds in the national health budget is celebrated as good news, but it is worrisome for these funds to grow vertically, when other programmes of similar significance are not growing as much.

Figure 2: Consolidated national government, national health, health HIV and AIDS spending, and percent shares of health and HIV and AIDS expenditures in the national allocations (2009/10 -2016/17



Source: National Treasury (2010/11 – 2014/15 documents): Estimates of Provincial Expenditure; Estimates of National Expenditure; Budget Reviews. Author's calculations.

Figure 2 above shows how the HIV and AIDS allocations in the health sector have grown from year to year, both as a share in the total government expenditure and a share in the consolidated health expenditure. In 2012/13, health HIV and AIDS spending took 0.86 per cent of the consolidated national expenditure, increasing to 0.96 per cent in 2013/14, and is further estimated to grow to 1.12 per cent in 2016/17. Interestingly the health HIV and AIDS budget has also been increasing as a share of *consolidated* (provincial and national) health spending, represented by a share of 7 per cent in 2012/13, 9 per cent in 2014/15 and 10 per cent in 2016/17.

When measured against the Abuja Declaration which demanded that 15 per cent of a nation's budget be spent on health, South Africa currently spends 11.5 per cent of the national budget on health. The health budget is growing in absolute terms, but does not grow proportionately to the national budget. It is highly recommended that the health budget should be increased to at least 15 per cent of the national budget to cover funding gaps and to rescue challenged programmes in provinces like the Eastern Cape, which are affected by intergenerational debts that affect current levels of health spending and service provision.

4. Overview of 2014 health-specific HIV/AIDS and TB budgets

South Africa continues to intensify the fight against HIV and AIDS, funded mainly through the Comprehensive HIV and AIDS Grant from the national health department, direct national health HIV and AIDS allocations, direct provincial health Equitable Share allocations, and direct and indirect donor funding. Notably, the South African government provides at least 76 per cent of the funding required to implement the National Strategic Plan for HIV/AIDS, TB and STIs (SANAC, 2013: page 47).[4] Donors such as PEPFAR and the Global Fund to Fight AIDS, Malaria and Tuberculosis supplement this funding, spending their money on interventions such as antiretroviral treatment and HIV prevention.

The South African HIV and AIDS response has had unending support from various sectors, with the National Department of Health (NDOH) playing the leading role in the public sector. Such role has been amplified by increasing political and financial commitments to the response, framed through the government's National Strategic Plans for HIV/AIDS, TB and STIs and conditional grant funding from national government. Figure 3 below shows recent HIV prevalence, incidence and mortality statistics in South Africa, indicating that the fight against HIV and AIDS is far from over. At the same time, government's commitment is put in the spotlight as major donors such as PEPFAR prepare themselves for their exit, requiring that South Africa takes full ownership of its response to HIV and AIDS, building on already demonstrated capabilities and commitment.

Figure 3: UNAIDS SPECTRUM estimates of HIV statistics in South Africa, 2012

Indicator	2012
Total HIV population (adults and children)	6,100,000 [5,800,000-6,400,000]
Adult HIV population (15+)	5,700,000 [5,500,000-6,000,000]
Adult (15-49) HIV prevalence (%)	17.9 [17.3 - 18.4]
Adult Male HIV population (15-24)	200,000 [130,000 - 290,000]
Adult female HIV population (15-24)	710,000 [660,000 - 860,000]
Adult HIV+ female population (15+)	3,400,000 [3,200,000 - 3,600,000]
HIV population (children <15)	410,000 [370,000 -450,000]
Total annual AIDS deaths	240,000 [220,000-270,000]
New HIV infections 15-49 (%)	1.37[1.28-1.49]
Total number of new HIV infections	370,000 [340,000-420,000]
New infections (Children 0-14yrs)	21,000 [19,000-32,000]
Total need for ART among adults (15+)	2,500,000 [2,400,000-2,600,000]
Children needing ART	220,000 [210,000-250,000]
Mothers needing PMTCT	280,000 [260,000-310,000]

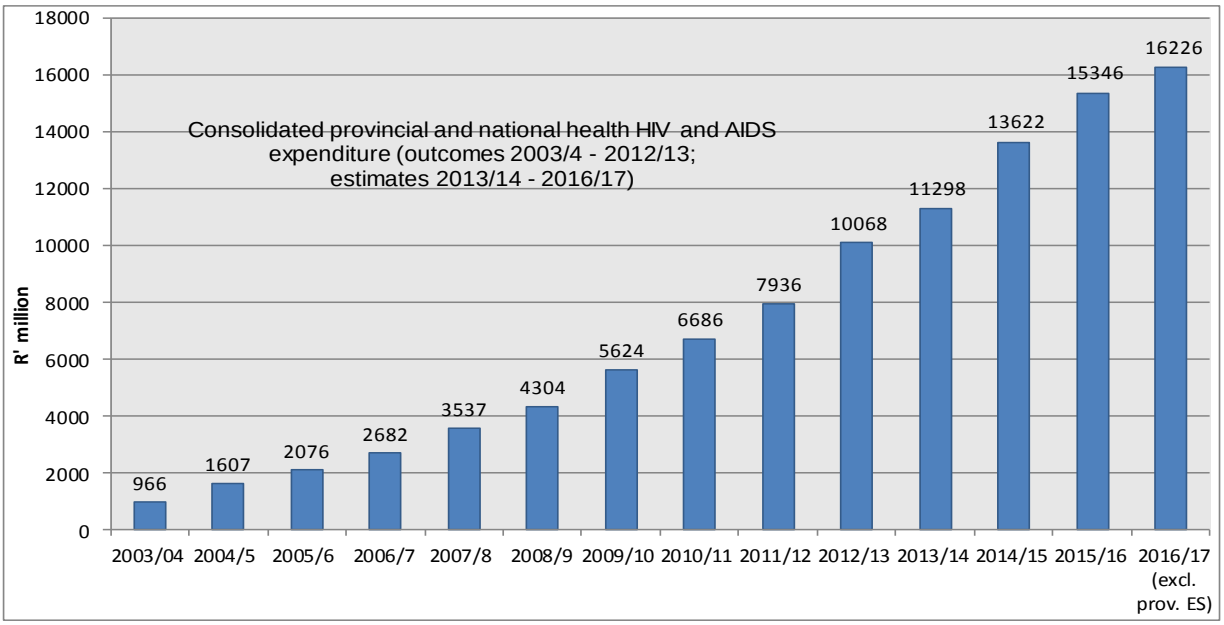
Source: Extracted from Department of Health, South Africa (2012). The 2012 National Antenatal Sentinel HIV & Herpes Simplex Type-2 Prevalence Survey in South Africa.

[4] SANAC: 2013 Mid-term Review of Progress in Achieving the 2011 UN General Assembly Political Declaration on HIV/AIDS Targets and Elimination Commitments in South Africa.

According to the most recent UNAIDS estimates (UNAIDS, 2012), 6,1 million South Africans live with HIV, and 2,5 million of them require ART services. The 2012 HIV prevalence among adults (15 – 49 years) was recorded at 17.9 per cent,[5] whilst the Department of Health Ante-natal Sentinel HIV Survey (2012) recorded a prevalence of 29.5 per cent among pregnant women. Although the Department of Health (2012)[6] reports a decline in adult HIV incidence rate at 1.37 per cent, as compared to 1.47 per cent recorded in 2010 (Department of Health, 2010)[7], major efforts are still required to intensify prevention strategies including prevention research conducted to find an HIV vaccine.

Figure 4 below illustrates South Africa's undying financial commitment towards HIV and AIDS. This is despite the external funding for HIV and AIDS that South Africa is benefiting from PEPFAR and the Global Fund. PEPFAR and Global Fund's contributions in the fight against HIV and AIDS in the country have drastically increased coverage of HIV and AIDS services in public sector, especially the antiretroviral treatment and prevention interventions. These donors should be commended for their contributions. Nevertheless countries like South Africa, despite their positive trends in planning, budgeting and implementation of HIV and AIDS services, should develop innovative methods for HIV and AIDS financing, to ensure real sustainability and impact of interventions with or without the donor contributions.

Figure 4: Historical record of increasing health HIV and AIDS funding in South Africa, nominal figures, R'million. 2003/4 to 2012/13 budget outcomes and 2013/14 – 2016/17 budget estimates.



Sources: National Treasury (2004/5 – 2014/15 documents): Estimates of Provincial Expenditure; Estimates of National Expenditure; Medium Term Budget Policy Statements; Budget Reviews; Division of Revenue Bills/Acts.

[5] UNAIDS. 2012 South Africa Country Profile. Available from www.unaids.org/en/regionscountries/countries/southafrica/

[6] Department of Health, South Africa (2012). The 2012 National Antenatal Sentinel HIV & Herpes Simplex Type-2 Prevalence Survey in South Africa.

[7] Department of Health, South Africa (2010). The 2010 National Antenatal Sentinel HIV & Syphilis Prevalence Survey in South Africa.

The health HIV and AIDS allocations have grown from R966 million in 2004/5 to R13,6 billion in 2014/15, representing a 1300 per cent growth in public allocations over the decade. The budget has performed an annual average nominal growth rate of 15 per cent between 2013/14 and 2015/16. This is a commendable trend that South Africa is known for: of taking the lead in allocating resources for HIV and AIDS programmes in the public sector. However, as donors such as PEPFAR enter the transition phase, there are increasing discussions for country ownership of HIV and AIDS policymaking, programming, budgeting and implementation. Figure 4 paints a very positive picture for South Africa's preparedness to sustain HIV and AIDS programmes. However, caution needs to be taken in ensuring that the previously donor-funded interventions such as Prevention of Mother to Child Transmission (PMTCT), Voluntary Male Medical Circumcision (VMMC) and vaccine development research are sustained, with more political will, budgets and efficient spending.

5. Concluding summary

The 2014/15 National Budget saw an increase in total government allocation of 2.6 per cent over the previous financial year. This is accompanied by real growth in the health budget, of 2.2 per cent in 2014/15. The health HIV and AIDS allocations for the year have also grown quite drastically, recording a real growth of 9.6 per cent in 2014/15. These figures are commendable as the South African health system requires progressive investments to deal with the country's burden of disease, especially of HIV/AIDS and TB. However, increasing HIV and AIDS budget allocations require increased human and general health systems capacity to manage the funds and deliver the required programmes. Thus, the health budget should be increased to at least 15 per cent of the consolidated national budget, to ensure that the health system is strengthened generally, for effective implementation of health policies, including the implementation of the NSP. In addition, more support is required to strengthen provincial government capacity specifically to provide quality health HIV/AIDS and TB care, with enough capacity to manage and report on programmes designed for a healthy society.