

BUDGET FACTSHEET**A Glimpse at HIV and AIDS Funding in Budget 2006****By Nhlanhla Ndlovu****1. The national health budget**

The total health budget has increased nominally from R9.8 billion in 2005/6 to R11.2 billion in 2006/7 (a real increase of 10 per cent from 2005/6 to 2006/7). Budget 2006 indicates that “the biggest growth was in the HIV and AIDS subprogramme in the Strategic Health Programmes, which has risen from R454,6 million to R2,2 billion from 2002/3 to 2008/9.”¹ It is noted that the hospital revitalisation programme located in the Health Service Delivery Programme is also prioritised, with its allocations increasing from R770 million in 2002/3 to R2 billion in 2008/9.

2. HIV and AIDS consumes increasing allocations from the national health budget

National government continues to strengthen its response to HIV and AIDS through increased specific allocations in the National Department of Health. The total HIV and AIDS Subprogramme budget of the Strategic Health Programmes (which includes the Comprehensive HIV and AIDS Grant for provinces and specific allocations for the national department) has increased nominally from R1.6 billion in 2005/6 to R2 billion in 2006/7.² This is an increase of 21 per cent in real terms.

The HIV and AIDS Subprogramme consumes more financial resources from the total health budget. The subprogramme budget has increased as a share of the total health budget from 13 per cent in 2004/5, 16 per cent in 2005/6 to 18 per cent in 2006/7. As previously indicated in the 2005 Medium Term Budget Policy Statement, the Comprehensive HIV and AIDS Grant for provinces has grown nominally from R1.1 billion in 2005/6 to R1.6 billion in 2006/7, representing a real growth of 32 per cent.

The budget provides hope that the ARV treatment programmes will be sustained to improve the quality of care for people living with AIDS. National Treasury commendably reports that “the treatment component of the comprehensive HIV and AIDS plan has been expanded to 192 sites in all 53 health districts and in more than 170 local municipalities, compared to only 139 accredited facilities in 2004/5.”³ As of end of December 2005, an estimated 112 000 patients were on ARV treatment in the public sector.⁴ This indicates that the government is now ready to roll out the ARV programmes as widely and effectively as possible, in line with targets set in the Comprehensive Plan for HIV and AIDS.

¹ National Treasury. Estimates of National Expenditure 2006, page 331.

² National Treasury. Estimates of National Expenditure 2006, page 333.

³ National Treasury. Estimates of National Expenditure 2006, page 336.

⁴ National Treasury. Budget Review, page 109.

3. Specific health HIV and AIDS allocations to be spent at national level

Interestingly the increased conditional grant transfers to the provincial health departments are accompanied by additional specific allocations earmarked for the national health department's HIV and AIDS activities. R410 million (21 per cent) of the total national HIV and AIDS Subprogramme budget for 2006/7 is earmarked for national department's oversight, management and monitoring of the Comprehensive Plan for HIV and AIDS as well as for condom procurement, treatment for sexually transmitted diseases, and direct transfers to non-profit institutions.

4. Intensifying HIV prevention through the education sector

From the education viewpoint, the Lifeskills AIDS Education Grant has increased from R136 million in 2005/6 to R144 million in 2006/7. This is a 2 per cent real increase. The grant is transferred from national government to provincial departments of education to provide HIV and AIDS materials and training to educators as master trainers in order to integrate life skills and HIV and AIDS into the school curriculum.

5. Phasing in of the HIV and AIDS grant for the provincial social development departments

It has been confirmed that the Community and Home Based Care Services (CHBCS) Grant is being phased into the provincial equitable share.⁵ This means the grant is no longer available as a ring-fenced transfer from national government to provinces. Now the provincial social development departments have to engage actively with their provincial treasuries to ensure that resources are made available from the provincial equitable share budgets. Notably, most provincial social development departments have not indicated readiness to allocate equitable share funding for HIV and AIDS due to a heavy reliance on conditional grants.^{6,7} However National Treasury provided provincial treasuries with a clear instruction to allocate or earmark through the equitable share exactly the same amounts for community and home based care as previously estimated through the conditional grant system. It is rather questionable to what extent provincial treasuries are going to earmark allocations for community and home based care services from the equitable share. Thus, concerted efforts need to be made to mobilise provinces to bargain through provincial treasury processes to secure enough funding to sustain the CHBCS activities.

6. Sustaining the Department of Social Development's national HIV and AIDS efforts

The national social development department has allocated its own funding (R46 million in 2005/6 increasing to R55 million in 2006/7, R56 million in 2007/8, and R59 million in 2008/9) 'to coordinate access to social development services for people, families and communities affected by HIV and AIDS'.⁸ It is important to look at how this activity will relate to provincial CHBCS activities to be funded from the provincial equitable share starting in 2006/7.

7. Opportunities for the 2006/7 HIV and AIDS spending

The Minister of Finance Trevor Manuel acknowledged in his speech that many health facilities have been built or revitalised to support government's HIV treatment programmes. Whilst the 2006 Estimates of National Expenditure records that the Department of Health 'developed a monitoring framework for the Comprehensive HIV and AIDS Plan, and supported all nine provinces to monitor

⁵ National Treasury. Estimates of National Expenditure 2006, page 393.

⁶ Ndlovu, N. 2005. HIV and AIDS expenditure in the 2005 MTBPS: Concerns around new funding channel for Social Development's Community and Home Based Care Services (CHBCS). 25 October. AIDS Budget Unit – Idasa.

⁷ National Treasury. Medium Term Budget Policy Statement, 2005, page 66; National Treasury. Estimates of National Expenditure, 200, page: 402.

⁸ National Treasury. Estimates of National Expenditure 2006, pages 400 – 401.

implementation', it also acknowledges that progress was slow, mainly due to 'limited availability of key health personnel'.⁹

Minister Manuel emphasised the capacity challenge and remarked that with such strong economic growth the country is facing, the government has "to translate the resource gains of an economic upswing into real investment in productive capacity, to moderate our consumption tendency, to broaden and diversify economic activity."¹⁰ Clearly a state that fails to respond strongly to HIV and AIDS runs a risk of economic crises as the most economically productive manpower may be crippled by various impacts of the AIDS epidemic. To illustrate, McPherson (2003) reported that new generation forecasting models measure the macro-economic impact of HIV and AIDS 'which will remain modest' by incorporating a broader range of retrogressive effects, such as reduction in human capital, declining savings and investment rates, disintegrating households, increasing poverty, falling labour productivity, and impaired institutions.¹¹ Greener (2001) stressed that "policymakers need to understand the mechanisms by which HIV and AIDS will impact on the different levels of the economy, and also to have an estimate of how large these impacts are likely to be...to design [appropriate] macroeconomic and fiscal policy to mitigate the anticipated impacts on government budgets, companies, and households."¹²

8. Opportunity for improving the human resource capacity in the health sector

Subsequently the National Department of Health has released its Human Resources for Health Plan 2005 which will be launched in April 2006. "The main focus [of the plan] is on HR planning, development and management including other strategic matters like stewardship for health, production of health professionals, international efforts to managing migration etc. The plan also provides a framework within which all stakeholders can contribute in addressing these challenges either in their individual effort or in partnership with government."¹³ This poses as a good opportunity for the health sector to improve its overall human resource capacity, and subsequently to intensify its efforts in delivering HIV and AIDS interventions, including the provision of ARV treatment for AIDS patients and general strengthening of other health programmes. The health department also needs to strengthen its links with non-profit institutions with experience and capacity to render HIV and AIDS services. For this purpose the national budget has provided R56 million in 2006/7 for Tuberculosis, HIV and AIDS non-governmental organisations - a real increase of 2 per cent from the 2005/6 allocation of R53 million.

9. Concluding remarks

HIV and AIDS interventions continue to be dominated by the health sector. Greater government efforts are required to implement a multi-sectoral approach to HIV and AIDS. Various government departments need to take initiative and allocate tangible resources to fight the effects of the epidemic in their sectors. For instance, the Department of Public Service and Administration has increased its expenditure to 'combat and prevent HIV and AIDS in the public service'.¹⁴ In addition, the Department of Science and Technology is cost-sharing with the Department of Health to implement

⁹ National Treasury. Estimates of National Expenditure 2006, page 328.

¹⁰ National Treasury. Budget Speech 2006, page 8.

¹¹ Malcolm F. McPherson. 2003. "Macroeconomic Models of the Impact of HIV/AIDS". Paper revised 2 October 2003. Available from www.ksg.harvard.edu/cbg/hiv-aids/ksg/McPherson_Macroeconomic_models.pdf

¹² Greener, R. 2001. AIDS and Macroeconomic Impact. The Bureau for Economic Research (BER), University of Stellenbosch. Cape Town. Available from www.iaen.org/library/statepidemic/chapter7.pdf

¹³ Department of Health. 2005. "Taking stock of Human Resources for Health". 9 January. Available from <http://www.doh.gov.za/docs/pr/pr0109-f.html>

¹⁴ National Treasury. Estimates of National Expenditure 2006, page 196.

its AIDS vaccine initiative.¹⁵ Various departments also mention supporting HIV and AIDS activities without providing specific budget information. A more proactive approach needs to be taken by all government sectors to mitigate the impact of HIV and AIDS. In addition, reportedly more money is being channelled to the social sector departments at provincial level through equitable share allocations. Parliamentarians and civil society need to monitor provincial budgets when they are released to identify additional HIV and AIDS allocations made from the provincial equitable share. This would assist in holding provincial governments accountable for spending of all government funds for HIV and AIDS.

Copyright © AIDS Budget Unit, February 2006

Idasa

nhlanhla@idasact.org.za

Tel: +27 21 467 5600

Mobile: +27 73 198 7219

www.idasa.org.za



Department of
Social Development

This project was funded by the Foreign Assistance Agencies of Australia (AusAID), the UK (DFID), and the United States of America (USAID), and by the United Nations Development Programme (UNDP) of South Africa. The management and technical assistance was provided by the Joint Economics AIDS and Poverty Programme (JEAPP), which is affiliated to the African Asian Society (AAS).



Australian Government
AusAID



USAID
FROM THE AMERICAN PEOPLE



¹⁵ National Treasury. Estimates of National Expenditure 2006, pages 334, 744.