

Budget Brief No. 152**HIV and AIDS Allocations: A First Look at Budget 2005****By Nhlanhla Ndlovu**

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Introduction

Government's response to HIV and AIDS in South Africa continues to receive special attention in the financial resource allocation from the national budgets. Budget 2005 released by Minister of Finance Trevor Manuel on Wednesday 23 February 2005 shows an ongoing financial commitment by government to fight the epidemic and its impact on the lives of South Africans. Unfortunately, the Minister did not mention HIV and AIDS in his 2005 Budget Speech.

The social sector leads the HIV and AIDS response, and allocations via conditional grants to provinces prove this point. In line with the National Integrated Plan for HIV and AIDS, National Treasury has allocated HIV and AIDS funds to the three social sector departments, i.e. health, education and social development. This forms the government's integrated response to the epidemic in South Africa. Budget 2005 has allocated a total of R6.6 billion for the integrated response for the 2005/6 – 2007/8 period.

Health HIV and AIDS Budget

The health sector implements a wide range of HIV and AIDS activities including prevention campaigns and treatment. In Budget 2005, the National Department of Health (NDOH) has been allocated a total of R5.6 billion for the medium term which accounts for 85% of the total budget for the multi-sectoral response. 77% of the health department's HIV and AIDS budget will be sent to provinces through conditional grants. The remainder of the budget will be spent and transferred by the department to non-profit institutions.

Table 1 below outlines the allocations and budget transfers from NDOH.

Table 1: HIV and AIDS allocations in Vote 16: Health (Programme 2: Strategic Health Programmes)

| R' 000 | 2002/3 | 2003/4 | 2004/5 | 2005/6 | 2006/7 | 2007/8 |
|---|----------------|----------------|------------------|------------------|------------------|------------------|
| Total health HIV/AIDS Sub-programme, includes conditional grant, national department's allocation and transfers to non-profit institutions | 454,588 | 686,230 | 1,235,329 | 1,531,165 | 2,001,920 | 2,107,717 |
| HIV/AIDS health conditional grant | 210,209 | 333,556 | 781,612 | 1,135,108 | 1,567,214 | 1,645,575 |
| HIV/AIDS NGOs | 31,331 | 43,378 | 40,250 | 49,745 | 52,730 | 55,367 |
| Tuberculosis NGOs | 2,500 | 1,368 | 2,800 | 2,968 | 3,146 | 3,303 |
| South Africa AIDS Vaccine Initiative | 5,000 | 10,000 | 10,000 | 10,000 | 10,600 | 11,130 |
| Lifeline | | 11,000 | 12,000 | 15,000 | 15,900 | 16,695 |
| Love Life | 25,000 | 25,000 | 23,000 | 23,000 | 23,000 | 23,000 |

Source: National Treasury Estimates of National Expenditure 2005, pages 346 – 347

In real terms, the total *health* HIV and AIDS budget has grown by 18% in 2005/6 (from R1.2 billion in 2004/5 to R1.5 billion in 2005/6). This budget is estimated to grow further up to R2 billion in 2006/7, a real increase of 24%. The health HIV and AIDS conditional grant has grown in real terms by 38% in 2005/6. This grant will grow further by 31% in 2006/7.

Unexpectedly and of grave concern, apart from mentioning that 28 786 people are on ARV treatment¹, Budget 2005 makes no reference to resource allocation specifically for the newly rolled out ARV treatment programme. The budget should have taken into account the urgency and demand for ARV drugs in the public sector. Budget 2004 estimated that R600 million will be spent on the ARV programme in 2005/6,² but Budget 2005 has not indicated if this estimate is still standing and how it would be adjusted to meet the increased need and demand for treatment. The fact that only 28 786 people out of a target of 53 000 for 2004/5 are actually accessing treatment at public facilities indicate a stagnant implementation of the ARV programme.

Improvement is needed in reporting of expenditure and treated patient numbers pertaining to ARV treatment rollout. A standardised reporting system for all HIV and AIDS conditional grants does not disaggregate expenditure to show spending in each component of the HIV and AIDS programmes. This results in a difficulty to monitor spending against specific areas such as the ARV treatment component of the health grant. National Treasury and NDOH should devise a mechanism to capture and disseminate spending data for each and every component of HIV and AIDS programmes funded by conditional grants. These two departments need to be able to link budget information with the number of people on ARV treatment and other output indicators. Nonetheless, a key challenge for government is to make the information publicly available for transparency and monitoring purposes. However improvements are expected in this regard.

The budget has not allocated any money to the South African National AIDS Council (SANAC) since 2001/2. As a central coordinating authority of the national AIDS response,

¹ National Treasury Estimates of National Expenditure 2005, page 348.

² National Treasury Estimates of National Expenditure 2004, pages 403 – 404.

SANAC needs to have sufficient resources to drive and oversee government's multi-sectoral response. International protocols such as UNAIDS's "Three Ones" Principles call for strengthening of national coordinating bodies accompanied by allocation of sufficient resources. The "Three Ones" Principles aim to ensure that national governments and their partners develop strong coordinating mechanisms, partnerships and funding mechanisms that would urgently respond to and reduce the impact of HIV and AIDS.³ Without resources, SANAC cannot perform its role effectively. Apparently, SANAC has failed to perform its duties both as a national authority for HIV and AIDS decision making and as a mandated watchdog for government implementation of HIV and AIDS interventions. Strode and Grant (2004: 23) reported that "SANAC has never managed to profile itself as a leading HIV and AIDS body in South Africa."⁴

Further, SANAC's location within the health sector in its first term actually undermined its authority to oversee and encourage HIV and AIDS activities in all government sectors. Strode and Grant (2004: 26) reported that SANAC has finally managed to move its secretariat out of the NDOH to its offices outside of any government department. However, sufficient resources, both financial and human, must be made available for SANAC to perform its duties as mandated. Interestingly, Strode et al (2004: 33) reported that the NDOH managed SANAC funding until 2003/4 budget which would have been accounted for by the Minister of Health as part of the overall health budget. Further, "for SANAC's second term of office a trust fund has been set up and all its finances will be managed by the trustees" (Strode et al, 2004: 26). Unfortunately, SANAC and/or the Minister of Health have not accounted for SANAC's budgets and expenditure and such financial information is not available in the national budget.

Education HIV and AIDS Lifeskills conditional grant funding

The education sector continues to provide HIV and AIDS lifeskills prevention education to learners funded via conditional grants. Budget Review 2005 reports that "the HIV and AIDS (Lifeskills) programme is now fully integrated into the schooling system with learner and teacher support materials provided for grades 1 to 9 learners".⁵ The Education HIV and AIDS Lifeskills grant has been allocated R432 million over the next three years (R136 million for 2005/6, R144 million for 2006/7 and R152 million for 2007/8), but these allocations show a decrease of 3% in real terms.

The national education department depends solely on conditional grants for the Lifeskills programme. To sustain the programme provinces will be expected to allocate additional resources from their budgets. This would ensure that provincial education departments are not totally indebted to national government for HIV and AIDS resources.

Social Development Community and Home-Based Care funding

³ UNAIDS's Conference Paper 1 – Washington Consultation 25.04.04 describes the "Three Ones" as: One agreed HIV and AIDS Action Framework that provides the basis for coordinating the work of all partners; One National AIDS Coordinating Authority, with a broad-based multi-sector mandate and; One agreed country level Monitoring and Evaluation System (Available from www.unaids.org).

⁴ Strode, A. and Grant, K. 2004. Understanding the institutional dynamics of South Africa's response to the HIV/AIDS pandemic. Idasa – Governance and AIDS Programme.

⁵ National Treasury Budget Review 2005: 149.

The more exciting news in Budget 2005 is a massively increased budget for the social development department's HIV and AIDS Subprogramme which caters for the provision of support and care services to individuals and households infected and affected by HIV and AIDS. Nominal allocations for the Subprogramme have grown from R79 million in 2004/5 to R186 million in 2005/6, R191 million in 2006/7 and R195 million in 2007/8. In 2005/6 alone the budget for the social development response to HIV and AIDS has increased by 124% in real terms. Such increased allocations are in line with the fact that "the social development Community and Home-Based Care Services (CHBCS) conditional grant improved spending from 35.6% in 2000/1 to 95% in 2003/4".⁶

Out of the Subprogramme total for the medium term, the CHBCS grant receives a 73% share for provinces and the remainder is allocated to the national department for Administration, Coordinated Action for Orphans and Vulnerable Children, and Youth and Gender subprogrammes (Estimates of National Expenditure 2005: 423). The Youth and Gender Subprogramme receives substantial amounts of money which have increased from an initial allocation of R688 000 in 2004/5 to R37 million in 2005/6, R41 million in 2006/7 and R42 million in 2007/8. This subprogramme "develops and monitors prevention and other HIV and AIDS-related services targeted at women and youth."⁷ It is due to the CHBCS grant and Youth and Gender allocations that the social development HIV and AIDS budget has quickly increased.

The increase in the social development's budget for HIV and AIDS is a welcomed and expected response from National Treasury. Hickey, Ndlovu and Guthrie (2003: 89) had recommended that the "conditional grant for CHBCS through the Department of Social Development should be increased".⁸ Their research indicated that for many provinces, the issue was not about effective and efficient use of available resources, but how to mobilise for more. In addition, it was found that most provinces depended entirely on the conditional grant from national government to fund their CHBCS programmes, delaying a speedy rollout of the programme to all areas in the provinces. Ndlovu (2004: 9) reported that some provinces have started allocating resources from their own budgets to ensure more effective service delivery.⁹

Conclusion

To conclude, National Treasury is commended for its strategic and ongoing allocation of financial resources for HIV and AIDS programmes generally. However, increased resources require improved capacity to manage and spend the allocations. Currently, the health sector is under a strain due to shortage of staff and insufficient management structures at district and local levels. As a consequence the HIV and AIDS programmes are affected, leading to a slow rollout of all vital health services including the anti-retroviral treatment to AIDS patients. So, it is essential that the national health department formulate a comprehensive plan for human

⁶ Ndlovu, N. 2004. *HIV/AIDS expenditure in the 2004/5 provincial budgets: Trends in budget allocations and spending*. Budget Brief No.147. Idasa – AIDS Budget Unit. Page 2. Available at <http://www.idasa.org.za/>

⁷ National Treasury Estimates of National Expenditure 2005: 423.

⁸ Hickey, A. Ndlovu, N and Guthrie, T. 2003. Budgeting for HIV/AIDS in South Africa. Report on intergovernmental <http://www.idasa.org.za/> funding flows for an integrated response in the social sector. Idasa – AIDS Budget Unit. Available at www.idasa.org.za

⁹ Ndlovu, N. 2004. *HIV/AIDS expenditure in the 2004/5 provincial budgets: Trends in budget allocations and spending*. Budget Brief No.147. Idasa – AIDS Budget Unit. Available at <http://www.idasa.org.za/>

resource development in support of increased budgets made available in Budget 2005. The development or lack of a human resource plan has implications for ARV treatment rollout. Thus, it should be agreed that strengthening of the health sector will inevitably lead to improved rollout of treatment and a better holistic response to the epidemic. Further, the health department also needs to strengthen its monitoring, evaluation and support mechanisms to ensure an effective Operational Plan for Comprehensive HIV and AIDS Care, Management and Treatment.

Lastly, a more telling truth of increased allocations for HIV and AIDS should be evident in provincial budgets when provinces table their budget statements. The national budget is an indication of government's willingness to fund programmes, but the real challenge is on provinces to speedup implementation, spend the money and allocate additional resources as required.