# North West Provincial AIDS Spending Assessment Brief (2007/08-2009/10)

April 2013

SANAC and UNAIDS commissioned the national and provincial HIV/AIDS and TB spending assessments (NASA and PASAs).The overall goal of NASA is to contribute to the strengthening of comprehensive tracking of actual spending from all sources that comprises the national response to HIV/AIDS and TB in South Africa, to leverage both technical and financial support for the development, implementation, management, monitoring and evaluation of the national HIV/AIDS and TB response. The overall aim of the assessment was, in its initial phase, to implement an AIDS Spending Assessment in the North West Province (NWP) for the years 2007/08 to 2009/10.

**Total HIV and TB spending in North West**

The recent ANC survey (2011) found that NW's HIV prevalence amongst the general population as 29.6% in 2010 and 30.2% in 2011, the fourth highest of all provinces. It follows KwaZulu Natal (37.4%), Mpumalanga (36.7%) and Free State (32.4%) According to the ASSA provincial modelling, there were 431,575 people living with HIV in NW in 2011. The 2011 ANC survey noted NW HIV prevalence among antenatal women decreased from 30.0% in 2009 to 29.6% in 2010 and increased to 30.2% in 2011.[1]

According to the NW Department of Health, 88,288 people were on ART in 2009/10. The ASSA Provincial modelling estimated 132,967 people on ART in NW in 2011. The DORA targets estimated the number of ART patients in care for NW to be 232,488 in 2012/13.

The AIDS Spending Assessment in the North West Province sought to capture all public, external (donor) and business sector contributions to the HIV/AIDS and TB response in the province, in 2007/08, 2008/09 and 2009/10. It excluded household and individual contributions (out-of-pocket expenditure), including payments made to traditional healers. This may constitute a large component of the total spending on HIV/AIDS and TB in the province, and should be included in future spending assessments.

In 2007/08, the NWP spent a total of R547.3 million on HIV/AIDS, increasing by 30% to R709.8 million in 2008/09. In 2009/10, the amount increased again by 24% to reach R881.8 million. Bearing in mind that not all the external funds could be captured at the provincial level, and that the business sector was reluctant to share their expenditure, these may be underestimations to some degree. Although a proportion of the PEPFAR funds that could not be validated is missing from the total figures, it is estimated that approximately 85% of the provincial spending has been captured.

[1] The National Antenatal Sentinel HIV and Syphilis Prevalence Survey, South Africa, 2011, National Department of Health

When adjusting for total population size (3.2 million), the NWP spent R276 per person in 2009/10, making it the second-highest spending province *per capita* after KZN. The highest spending province per capita was KZN at R332, and the lowest spending was Mpumalanga at R175.

**Sources of Funding for HIV/AIDS and TB in the North West Province**

In 2009/10, public sources contributed 86% of total HIV/AIDS and TB funds in the North West Province, while external and private sources contributed 3% and 10% respectively. The contribution from public funds averages 87% throughout the three-year period, and increased from R489 million in 2007/08, to R609 million in 2008/09, and again to R762 million in 2009/10.

While the contribution from private funds has remained steady at about 10% of total HIV/AIDS and TB expenditure, the contribution from external funds jumped from R9 million in 2007/08 to R32.5 million in 2008/09, due to a large injection of multilateral and bilateral aid. As a result, external sources as a share of total expenditure rose to 5% in 2008/09, from just 2% in the previous year. However, this decreased again to only 5% of the total spending in 2009/10.

The major external contributors were the European Union (EU) and the United States Government (USG). In 2008/09 and 2009/10, the EU funds made up approximately one half of total external funds. The Global Fund for AIDS, TB and Malaria (GFATM) was the only other multilateral donor, contributing R900 000 in 2008/09 and the same amount again in 2009/10.

The USG was the single source of bilateral aid for the NWP, and contributed a total of R32.7 million over the three-year period, which constituted 47% of total external aid. However, it is important to note that the funds indicated as sourced from the USG were only those that could be verified with the PEPFAR partners in the NWP[2].

Private sources – which include For-Profit businesses, Medical Insurances, and Non-Profit NGOs – increased substantially, rising from R49.3 million in 2007/08 to R91.7 million in 2009/10. The majority (91%) of the private spending came via medical aid schemes. Together, the employee and employer contributions to the medical aids made up 8% of the total HIV/AIDS spending in 2009/10. However, many other businesses could not provide province-specific data, and so For-Profit funds are likely to be under-represented here.

[2] Information was verified by checking with the recipient organisations on the amount received, in addition to obtaining figures from donors regarding the amount given.

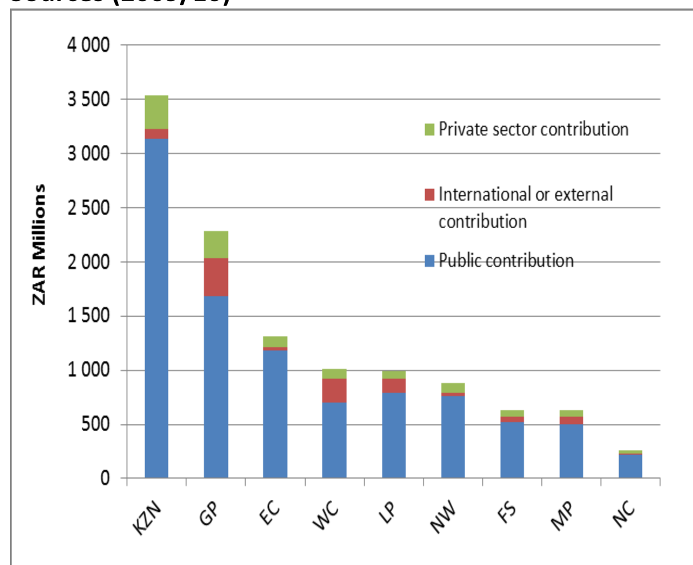
**Table 1: Sources of all HIV /AIDS and TB Spending in NWP (ZAR, 2007/08 - 2009/10)**

| Sources | | 2007/08 | total | 2008/09 | total | 2009/10 | total |
|---|---|---|---|---|---|---|---|
| Public | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | [illegible] | | [illegible] | | [illegible] | | [illegible] |
| | [illegible] | | [illegible] | | [illegible] | [illegible] | [illegible] |
| Private | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | Medical Aids | 21 870 829 | 4.0% | 30 452 045 | 4.3% | 42 389 249 | 4.8% |
| | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | Medical Aids | 21 494 629 | 3.9% | 30 192 845 | 4.3% | 40 695 049 | 4.6% |
| External | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| | | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] | [illegible] |
| [illegible] | | 547 255 819 | 100% | 709 849 742 | 100% | 881 837 319 | 100% |

Source: SA NASA (2011), UNAIDS, SANAC, CEGAA.

**Figure 1** provides a comparison to HIV/AIDS and TB spending in other provinces.[3] It shows that HIV/AIDS and TB spending in 2009/10 in Gauteng exceeded spending in all the other provinces, excepting KZN.

**Figure 1: HIV/AIDS and TB Spending in South African Provinces – Public, Private and External Sources (2009/10)**




Source: SA NASA (2011), UNAIDS, SANAC, CEGAA.

According to Treasury, the government spending on HIV/AIDS in NW had increased significantly again to reach R744 million 2012/13, excluding other discretionary and hidden spending (provincial voted funds and in-patient costs). The recent Annual Planning Tool should be able to indicate the total provincial spending, including the development partners' contributions.

[3] **Figure 1** excludes PEPFAR spending which was not confirmed by recipient partners.

**Agents of the HIV/AIDS and TB funds in the North West Province**

As the entities which receive and send on funds to the service providers, funding agents have power in determining the spending priorities in the province. Not surprisingly, the main funding agent for HIV/AIDS and TB expenditure in the NWP was the government. In 2009/10, 88% of funds were managed by government entities including the South African Social Security Agency (SASSA), 12% by private funding agents, and only 1% by external funding agents.

Looking only at publicly sourced HIV/AIDS and TB expenditure, in 2009/10, national government acted as funding agent for 64% of the funds, provincial government for 17%, and the balance (18%) was managed by SASSA and other public funding agents. The public funds managed by provincial funding agents include Voted Funds from the departments of health (DOH) and social development (DSD), as well as some other workplace programmes in other provincial departments. The public funds managed by national government are the Conditional Grant funds for HIV/AIDS going to DOH and the Department of Education (DOE), and the funds channeled to SASSA for social security grants.

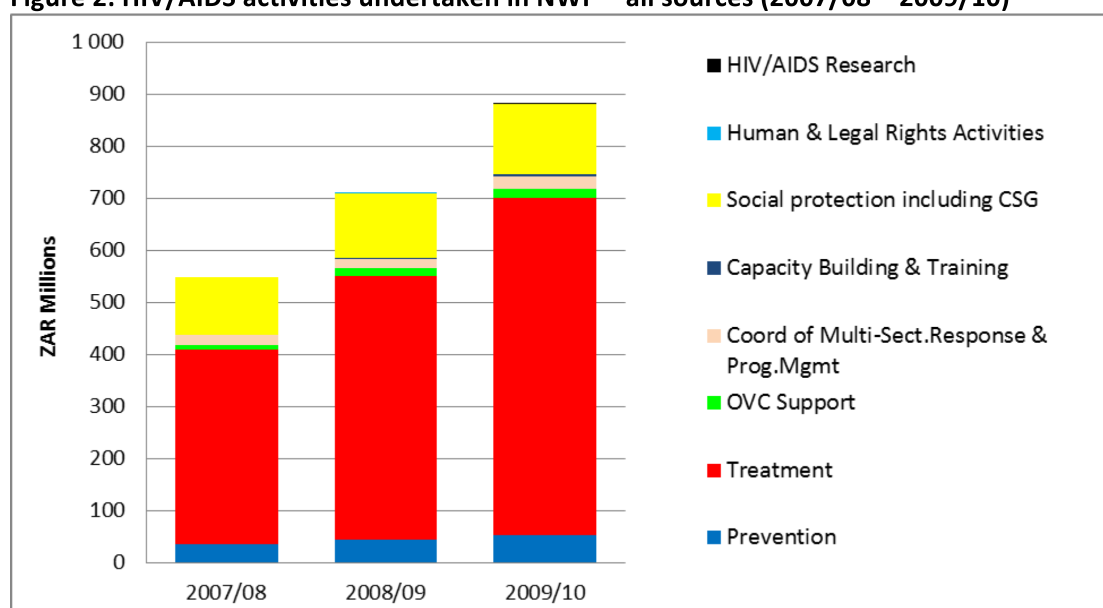
Externally sourced HIV/AIDS and TB funds were primarily managed by provincial government (50% in 2009/10) and NGOs (28%). Essentially, aid from the United States was controlled and allocated to various activities by the US itself (as a bilateral agent) or by its NGO partners. The funding agent for the European Union's contribution was the NWP Department of Health.

Turning to HIV/AIDS funds sourced from the private sector, nearly all the privately sourced funds (88% in 2009/10) were managed by private employer medical aid schemes.

**HIV/AIDS and TB Spending Activities in the North West Province**

The majority of HIV/AIDS and TB funds in the North West Province were spent on treatment activities in all three years, noting that these included not only antiretroviral treatment (ART), but also home-based care (HBC), palliative care, TB treatment and other treatment and care interventions.

**Figure 2: HIV/AIDS activities undertaken in NWP – all sources (2007/08 – 2009/10)**




Source: SA NASA (2011), UNAIDS, SANAC, CEGAA.

In 2009/10, the funds went to treatment (74%), followed by social protection including a portion of the Child Support Grant (15.5%), and prevention (6%). Nearly 3% of funds were spent on co-ordination of the multisectoral response and programme management costs.

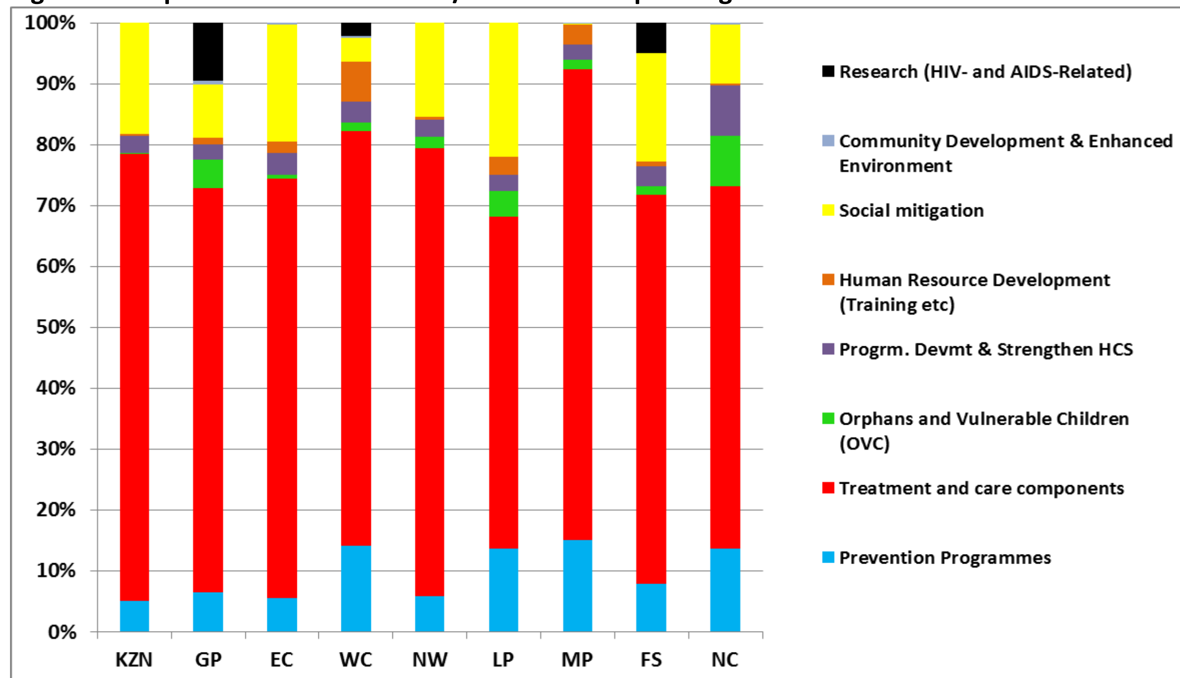
Spending on treatment grew from R374 million in 2007/08 to R649 million in 2009/10 – an average annual rate of 32%. Prevention also grew steadily at a rate of 22% each year on average, however remained a proportionally low component of the response. By 2009/10, the amount spent on treatment was over 12 times the amount spent on prevention.

Prevention, social protection (i.e. the Child Support Grant) and support activities for orphans and vulnerable children (OVC) were almost exclusively paid for by public funds.

> **Prevention:** Overall, funds spent on prevention activities rose from R34.7 million in 2007/08 to R51.7 million in 2009/10, largely driven by increases in spending for HIV/AIDS Counselling and Testing (HCT formerly known as voluntary testing and counselling), Behaviour Change Communication (BCC) and male condoms. Funding for BCC activities jumped from R1.2 million in 2007/08 to over R5.4 million in the following year, and continued to grow in 2009/10. Funding for HCT has also grown steadily over the period, and amounted to approximately 37% of total prevention spending. Over the entire period, over five times more was spent on male condoms than on female condoms.
>
> **Treatment**: Total spending on treatment and care has climbed steadily, growing by 36% in 2008/09 and by 28% in 2009/10. Antiretroviral therapy (ART) consumed 43% of total treatment spending over the three-year period, and totaled R296 million in 2009/10 (from all sources). Note that the out-patient TB treatment spending could not be measured, as it is embedded in the clinics' primary health care spending and could not be disaggregated. The other key treatment activity was home-based care (HBC) which consumed 23% of total treatment and care funds over the three-year period.
>
> **Activities for OVC**: R9 million was spent on activities for OVC in 2007/08, increasing to R16.8 million in 2009/10, being mostly family, home or community support activities. Notably, some NGOs that receive funding for their HBC programmes also included OVC in those programmes. Therefore, the amounts given here may be an underestimation. In addition, a portion of the Child Support Grant (CSG), which is captured under the Mitigation component, was estimated to also benefit OVC, although it was not possible to obtain exact details of OVC beneficiaries from SASSA.

**Figure 3** shows the proportional spending of all provinces. Treatment was a major consumer in all provinces. Prevention and Human Resources development was minimal in NW. Research was a dominant activity in Gauteng Province, Western Cape and Free State. Social mitigation was well-funded in KwaZulu-Natal, Free State, Limpopo, Eastern Cape and Gauteng Province.

**Figure 3: Proportional Provincial HIV/AIDS and TB Spending Activities in South Africa**




Source: SA NASA (2011), UNAIDS, SANAC, CEGAA.

**Beneficiaries of HIV/AIDS and TB Spending in the North West Province**

People living with HIV/AIDS (PLWHA) were the beneficiaries of most of the HIV/AIDS expenditure in the NWP, due to the large spending on ARVs and other treatment interventions – increasing from R482 million in 2007/08 to R785 million by 2009/10 (89% of total spending).

Over the three-year period, a small portion 2.6% was targeted to key vulnerable groups including OVC, truck drivers and children born (or to be born) of women living with HIV, and just 0.1% went to most-at-risk populations (MARPs) such as commercial sex workers (CSW), men who have sex with men (MSM) and intravenous drug users (IDUs). Accessible populations, such as learners in school benefitting mainly from the DOE's lifeskills programme, and health care workers benefitting mainly from post-exposure prophylaxis (PEP), accounted for 1.9% of total spending.

For vulnerable groups including OVC and truck drivers, 71% of their expenditure in 2009/10 was spent on OVC support activities, 24% for prevention, and the remaining portion on treatment. Approximately 83% of the spending benefitting PLWHA in 2009/10 was for treatment and care, and 17% was used for impact mitigation. In essence, PLWHA mainly benefited from treatment and care activities, while the general population, MARPs, OVC, other vulnerable populations and accessible groups benefited mainly from prevention activities.

**Providers of the HIV/AIDS and TB services in the North West Province**

The DOH HIV and AIDS/STI/TB Unit (HAST) was the largest service provider for HIV/AIDS and TB services in the NWP, delivering R439 million in services (or 50% of the total) in 2009/10. The DSD and SASSA provided 15%, or R136 million, of services in 2009/10. The third largest provider was constituted by NGOs, CSOs and CBOs which were responsible for 13% of the 2009/10 expenditure. Public laboratories and For-Profit providers also played an important role, delivering 10% and 9% of services respectively in 2009/10.

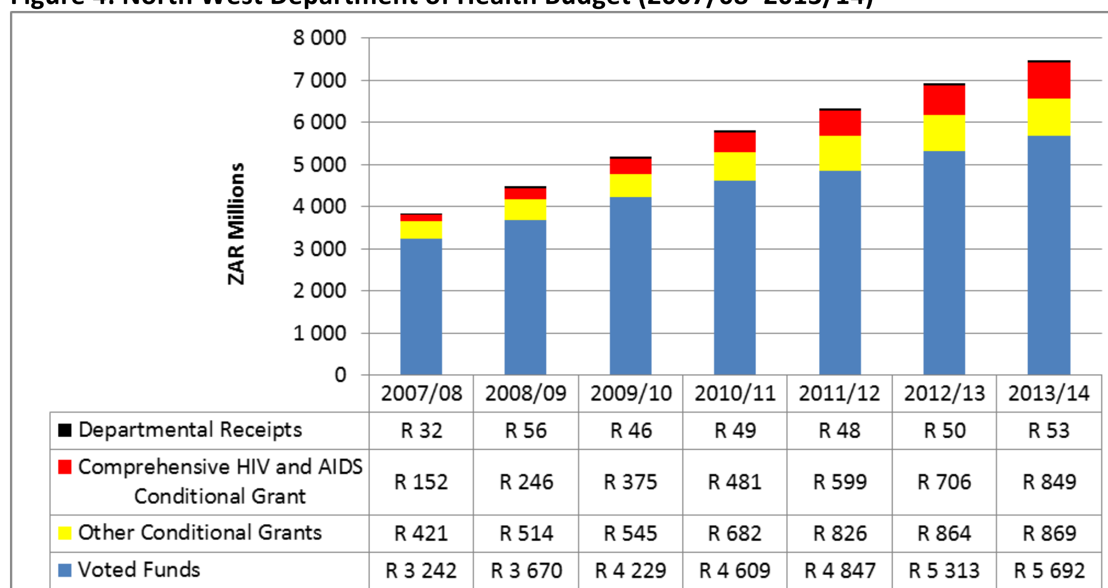
Public hospitals and clinics each delivered less than 1% of services. **However, when viewing these data, it is important to note that the NPW used the Walker public accounting system which did not disaggregate the HAST spending down to the district level service provider (hospital or clinic).**

### North West Province Department of Health Spending on HIV/AIDS and TB

Total HIV/AIDS and TB expenditure by the DOH increased steadily over the period. In 2007/08 the Department spent R274.2 million, rising by 28% to R350.4 million in 2008/09. In 2009/10, total expenditure on HIV/AIDS and TB rose by 34% to reach R469.3 million.

Each year, approximately 83% of the funds were sourced from the Conditional Grant (CG), with the remainder coming from Voted Funds. The CG spending increased an average of 38% each year. The Voted Funds dropped by 46% in 2008/09 and then increased substantially again (by 124%) in 2009/10. See **Figure 4**;

**Figure 4: North West Department of Health Budget (2007/08–2013/14)**




| | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 |
|---|---|---|---|---|---|---|---|
| Departmental Receipts | R 32 | R 56 | R 46 | R 49 | R 48 | R 50 | R 53 |
| Comprehensive HIV and AIDS Conditional Grant | R 152 | R 246 | R 375 | R 481 | R 599 | R 706 | R 849 |
| Other Conditional Grants | R 421 | R 514 | R 545 | R 682 | R 826 | R 864 | R 869 |
| Voted Funds | R 3 242 | R 3 670 | R 4 229 | R 4 609 | R 4 847 | R 5 313 | R 5 692 |

Source: North West 2011 MTEF Budget. 8 March 2011.

An analysis of actual expenditure *vs.* budgeted allocations was not possible in the NW, due to the limitation of the Walker accounting system. This system also did not disaggregate the DOH spending by sub-objective or activity other than being labeled as HIV/AIDS. In order to ascertain the spending priorities of the DOH, their budgeted proportions for the various activities were applied to their total amount of HIV/AIDS spending. Fortunately the NWP has subsequently adopted the Basic Accounting System (BAS) which now allows them to better monitor their spending by activity.

The main HIV/AIDS activity funded by DOH, including both the CG and Voted Funds, was antiretroviral therapy (ART), which consumed 65% of total spending over the three-year period. Expenditure on ART was entirely funded via the CG and totalled R292.6 million in 2009/10.

The next largest shares were transfers to NGOs presumably for HBC[4] (13% of Voted and CG Funds over the total period), and to TB hospitals for TB in-patient treatment (12%). Transfers to NGOs were funded exclusively through CG Funds, amounting to 10% of CG expenditure in 2009/10. The

[4] The Walker system did not indicate the activity for which the transfers were made to NGOs. However, HAST confirmed that they performed home-based care services.

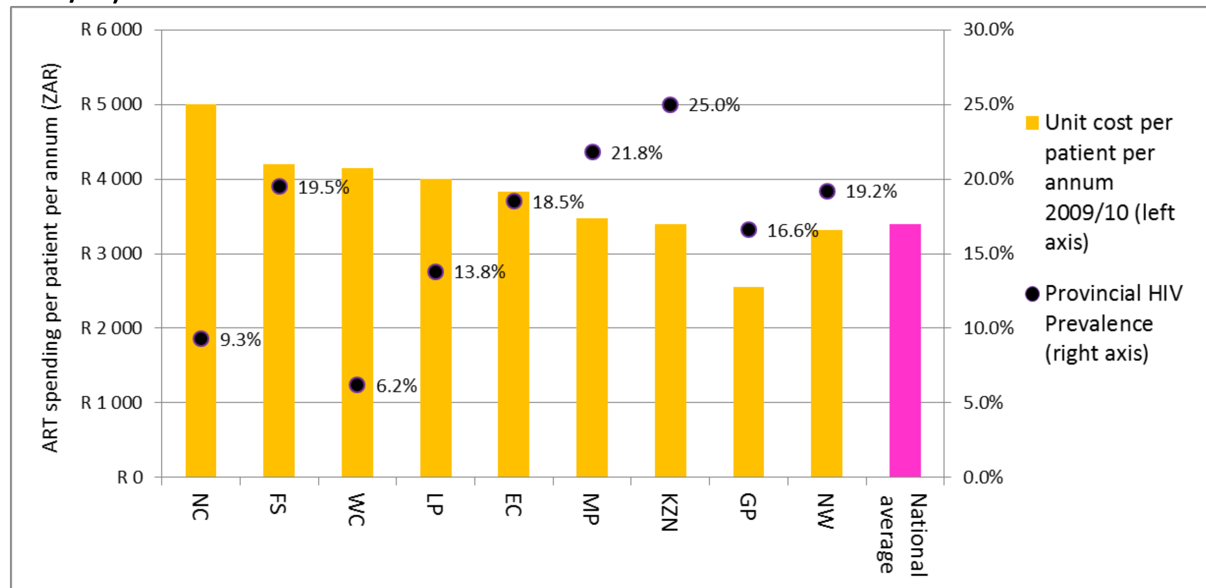
amount given to NGOs rose markedly in the middle year to R69 million, and was cut again to R38 million in the following year. In contrast, TB treatment was funded entirely from Voted Funds. In 2009/10, 40% of total Voted Funds, or R33.4 million, was spent on TB treatment.

Home-based care was funded by both CG and Voted Funds. In 2009/10, R67.9 million was spent on HBC, 32% of which was funded through the CG. Expenditure on HBC dropped markedly in the middle year because zero Voted Funds were allocated to HBC in that year, compared to approximately half of total Voted Funds being spent on HBC in the first and third year.

**North West Province DOH Spending on the Public Antiretroviral Treatment Programme**

Using only the public spending on ART in 2009/10 (R293 million), estimated from the HAST's intended budget, and dividing by the total number of active patients receiving ART as provided by the DOH, the rough annual per public patient unit cost for ART was R3,314 in 2009/10. Unfortunately the Walker system did not provide a breakdown by cost components (salaries, drugs, supplies, laboratory test etc.). **Figure 5** depicts the comparison between ART unit cost per patient per annum and provincial HIV prevalence rates.

**Figure 5: Provincial DOH Public ART cost per patient per annum (ZAR) and HIV Prevalence (%, 2009/10)**




Source: SA NASA (2011), UNAIDS, SANAC, CEGAA.

**North West Department of Social Development spend on HIV/AIDS Programmes**

The NW DSD transferred increasing amounts of funding to NGOs for HBC over the three-year period. In 2007/08, the amount totalled R21.4 million, rising by 47% to R31.6 million in 2008/09. In 2009/10, the amount rose again, by 10%, to R34.7 million. Given that R68 million was also spent by DOH on HBC in 2009/10, this makes the total amount spent by government in the NWP on HBC approximately R102 million.

**North West Department of Education spend on HIV/AIDS Programmes**

The total amount spent by the DOE NWP on HIV/AIDS activities rose in 2008/09 to a peak of R11.8 million, and then dropped by 25% in 2009/10 to R8.8 million. Large portions of these funds were spent on Learning and Teaching Materials (22%), and Training and Development (23%) as part of the

Lifeskills Programme. In 2009/10, funds were allocated for Care and Support for the first time (R2 million) constituting 19% of total DOE spending. Sizable amounts have also been spent on Peer Education – over R2 million each year – amounting to more than 20% over the three-year period.

**Recommendations**

The following recommendations, based on the findings of the NASA, are made to improve planning and service delivery, allocative decisions and financial management systems:

***Expand the HIV/AIDS response beyond the health sector:*** The dominance of the DOH in the response to HIV/AIDS needs to be balanced with increased spending on integrated HIV/AIDS services in all the other departments, particularly the DSD and DOE. Spending on OVC support, community development, enabling environment, and human and legal rights activities needs to be increased in the NWP.

***Avoid crowding out by ART spending:*** While recognising the preventative effects of scaled-up ART access, it is also critical that the DOH and the other department ensure that prevention spending, and the other key activities (mitigation, research, etc.) are not crowded out. In addition, attention must be paid to other treatment requirements, such as treatment of opportunistic infections, in-hospital care, HBC and palliative care.

***Increase priority given to prevention:*** Spending on prevention in the North West Province has grown at a slower rate than have increases to the overall HIV/AIDS and TB budget, and is proportionally low. In order to reduce the number of people needing treatment, it is vital that budgets are increased for those key prevention interventions that have been shown to have the greatest impact. Medical male circumcision, prevention of mother-to-child Transmission (PMTCT), condoms and post-exposure prophylaxis (PEP) remain effective interventions to be expanded.

***Prioritise TB prophylaxis:*** Spending on TB prophylaxis would contribute to a decrease in the DOH's spending on TB treatment, and would greatly enhance the wellbeing of PLWHA.

***Expand the DOE's interventions:*** The DOE interventions are the main ones targeting youth in school and therefore expenditure on these programmes should be expanded.

***Increase support to NGOs and CBOs:*** CBOs are providing valuable HBC and other services, which offer critical support for PLWHA and OVC. Funding for NGOs and CBOs should therefore be increasing, and efforts made to reduce the delays in transfers while improving their ability to manage and report on their spending.

***Use NASA findings to inform the development of the new PSP:*** It is strongly suggested that the new PSP for the North West Province contain clear, realistic and measureable objectives and targets that can be accurately costed to guide future allocations. These NASA findings should inform the provinces allocative decisions for the new PSP.

***Increase transparency of funding by external sources:*** Development partners should be more transparent about what they are funding in the province, as well as what they intend to commit in the longer term, in order to foster a harmonised and integrated response that is guided by the North West Province's priorities. This will enhance the government's ability to measure future funding requirements, and to address funding gaps in a sustained and aligned manner, so as to reduce overlap and gaps in key areas.

***Build human resource capacity around data collection analysis and planning:*** There is urgent need for capacity- building in data management, analysis and utilisation in planning, within both the public and NGO sectors.

***Improve accuracy and frequency of data collection on expenditure:*** The finance managers, together with programme managers, need to stipulate clear guidelines that should be followed for financial data capturing and coding, to enable more effective budget monitoring and cost-efficient service delivery. The financial data should be linked to output indicators in a single, consolidated Monitoring and Evaluation (M&E) system.

***Centralise and institutionalise HIV/AIDS expenditure data collection:*** It is ultimately critical for improved expenditure tracking systems to be institutionalised, with detailed HIV-coding, and for these to be populated by *all actors* in the HIV/AIDS field in the North West Province. The information should be centralised and managed by the South African National AIDS Council (SANAC) and HAST, to ensure overall improved co-ordination and alignment of all efforts.