Financial sustainability of the response to HIV and AIDS in South Africa: comparing the estimated costs of the new South African National Strategic Plan with projected estimates of available funds: exploring funding options.

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Acknowledgements

NSP Costing Team:
• Susan Cleary
• Gesine Meyer-Rath
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• Teresa Guthrie

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• Silindile Shezi
• Rosette Kyomuhangi Khiga
• Plaxcedes Chiwire
• Judith King
• Alison Tshangana

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South Africa created new National Strategic Plan (NSP) for HIV, TB and STIs (2012/13 - 2015/16) – cost estimated by the costing team.


Compared the estimated cost of NSP (new & old) implementation with estimated current and future available funds, and measured the potential funding gap.

Considered various scenarios for funding options.
Methodology

• New NSP cost estimates aligned existing local costing models to the goals and targets of the NSP. A policy-level costing approach was applied to expressed annual totals, by Strategic Objectives and by intervention.

• The NASA applied UNAIDS methodology to track all public, external and private spending on HIV/AIDS & TB.

• Expenditure for financial year 2009/10 were forward-projected to 2012/13, applying the government’s assumed rate of budgetary increase and assumed various rates of increase in funding from external and private sources.

• Potential funding gap was defined as the difference between cost and expenditure projections, per intervention and by total.
Findings – actual spending

i. NASA actual expenditure (2007/08-2009/10)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Private</th>
<th>Total External</th>
<th>Total Public</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/08</td>
<td>587259363</td>
<td>1272146949</td>
<td>6080197877</td>
</tr>
<tr>
<td>2008/09</td>
<td>823309371</td>
<td>2137223713</td>
<td>8072460271</td>
</tr>
<tr>
<td>2009/10</td>
<td>1070294424</td>
<td>2126048871</td>
<td>9767929853</td>
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</table>

2009/10: R13b (US$1.6b)
Findings – previous NSP cost estimates

ii. Looking backwards to previous NSP costing & NASA (09/10)
Findings – totals compared

iii. Looking backwards to previous NSP costing & NASA (2007-2011)

![Graph showing NSP Cost Estimates, NASA Actual Spending, NASA Projected, and % Funded for years 2007/08 to 2011/12. The graph displays the spending in millions of ZAR, with a peak in 2008/09 and a general decline towards 2011/12. The % Funded line shows a consistent decline from 190% to 155% over the years.]
Findings – new NSP cost est.

iv. New NSP Annual costs summarised by key cost driver

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Remainder</td>
<td>870</td>
<td>960</td>
<td>997</td>
<td>1 061</td>
<td>1 070</td>
</tr>
<tr>
<td>Youth HIV prevention</td>
<td>323</td>
<td>451</td>
<td>529</td>
<td>689</td>
<td>756</td>
</tr>
<tr>
<td>MMC</td>
<td>0</td>
<td>293</td>
<td>0</td>
<td>488</td>
<td>781</td>
</tr>
<tr>
<td>Condoms</td>
<td>329</td>
<td>355</td>
<td>399</td>
<td>442</td>
<td>469</td>
</tr>
<tr>
<td>OVC support</td>
<td>1 227</td>
<td>1 400</td>
<td>1 575</td>
<td>1 750</td>
<td>1 930</td>
</tr>
<tr>
<td>Antiretroviral treatment</td>
<td>11 681</td>
<td>14 783</td>
<td>16 827</td>
<td>18 352</td>
<td>19 737</td>
</tr>
<tr>
<td>TB treatment</td>
<td>1 329</td>
<td>1 337</td>
<td>1 356</td>
<td>1 253</td>
<td>869</td>
</tr>
<tr>
<td>TB screening</td>
<td>985</td>
<td>1 243</td>
<td>1 175</td>
<td>1 291</td>
<td>1 418</td>
</tr>
<tr>
<td>HIV screening</td>
<td>1 739</td>
<td>2 609</td>
<td>3 478</td>
<td>4 348</td>
<td>5 217</td>
</tr>
</tbody>
</table>

2012: R18.6b (US$2.3b)  
2016: R32b (US$4b)
Findings – projected funding gap

v. Forward projected available funding vs NSP costs (2012)
Findings – surplus/ gap by activity

vi. Possible Funding Gap in 2012

![Bar chart showing surplus/ gap by activity in ZAR millions]

- ART (public and private sectors)
- Youth-out-of-school
- MMC
- Male & Female condoms
- TB prophylaxis
- BCC
- PEP, PrEP, Microbicides
- Policy devmt, advocacy, enabling environment
- Youth-in-school
- STI treatment (incl interventions for CSW, MSMs, IDU, prisoners)
- HIV Testing
- PMTCT
- OVC care and support (incl FCG portion)
Findings – gap by activity (ii)

vii. Potential Surplus and Gap per Intervention
Assumptions in Funding Scenarios

- Five possible scenarios of potential funding sources
- Assuming that public contributions will average 22% increase over the MTEF period and will not decrease nor increase above this rate.
- Private sector contributions have been assumed to remain constant at 10% of the total resource needs, except in the Mixed case scenario where their contribution increases to 20%.
- External scenarios: - remain constant at 2009/10 amounts; Minimum growth -10% per annum; Maximum growth at 35% per annum; and the Mixed where they grow at 20% per annum.
- A fifth scenario is presented where public grows at 22%, private contributions remain at 10% of the total, external increases at 10% and the gap is assumed to be filled by alternative domestic funding sources.
## Funding Scenarios

<table>
<thead>
<tr>
<th>Scenario</th>
<th>Public contributions</th>
<th>Private contributions</th>
<th>External contributions</th>
<th>Remaining Funding Gap (ZAR)</th>
<th>2012/13</th>
<th>2013/14</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Stagnated external</td>
<td>22% increase in MTEF allocations</td>
<td>10% of total costs</td>
<td>Stagnated since 2009/10</td>
<td>R3.4 bill</td>
<td>R5.7</td>
<td></td>
</tr>
<tr>
<td>2. Minimum growth</td>
<td>22% increase in MTEF allocations</td>
<td>10% of total costs</td>
<td>Increased by 10% pa</td>
<td>R2.7 bill</td>
<td></td>
<td>R4.7</td>
</tr>
<tr>
<td>3. Maximum external growth (Unlikely)</td>
<td>22% increase in MTEF allocations</td>
<td>10% of total costs</td>
<td>Increased by 35% pa</td>
<td>R330 mill</td>
<td></td>
<td>R840</td>
</tr>
<tr>
<td>4. Mixed case</td>
<td>22% increase in MTEF allocations</td>
<td>20% of total costs</td>
<td>Increased by 20% pa</td>
<td>R5 mill</td>
<td></td>
<td>R1.1</td>
</tr>
<tr>
<td>5. Alternative Domestic Sources Mobilised</td>
<td>22% increase in MTEF allocations, <strong>AND additional domestic revenue</strong></td>
<td>10% of total costs</td>
<td>Increased by 10% pa</td>
<td>R2 mill</td>
<td></td>
<td>R40</td>
</tr>
</tbody>
</table>
Findings – Funding Options

A. Worse Case Scenario – Stagnated External Funds
Findings – Funding Options

B. Medium Growth

- 2012/13
- 2013/14

- Financing Gap (2)
- Donor contributions (10% increase)
- Private sector contribution (10% of total)
- Public Budget allocations
Findings – Funding Options

C. Optimistic Scenario – 35% increase in external funds

- Donor contributions (35% increase)
- Private sector contribution (10% of total)
- Public Budget allocations
- Financing Gap (3)
Findings – Funding Options

D. Mixed Scenario – 20% private, 20% increase in external
E. Alternative (Innovative?) Domestic Financing Options

- Alternative Domestic Options
- Donor contributions (10% increase)
- Private sector contribution (10% of total)
- Public Budget allocations

Chart showing funding options for 2012/13 and 2013/14 in ZAR Millions.
Recommendations

• In order to sustain the impressive roll-out of its free public ART programme, the SAG may need to consider alternative domestic funding sources such as a financial transaction tax, a currency conversion levy or an additional AIDS tax on individuals and businesses.

• The potential of each of these should be carefully estimated.

• Far greater commitment and transparency from the business sector, the private health insurance industry and the development partners in terms of predictable, aligned and accountable spending on HIV/AIDS.

• It is difficult to anticipate what the National Health Insurance (NHI) could potentially contribute to the total available resources, in the medium- to longer-term, however, these require improved financial mgmt & info systems.
Thank you
Teresa Guthrie
Centre for Economic Governance and AIDS in Africa
teresa@cegaa.org

www.cegaa.org