



CEGAA

Centre for Economic Governance and AIDS in Africa
Accountable, efficient use of resources for wellbeing

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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Guthrie, T., Cleary, S., Meyer-Rath, G., Cohen, S., Eagan,
D., Shezi, S., Chiwire, P., Kyomuhangi, R., Brijlal, V.,
Senabe, S., Sozi, C., Damisoni, H., Pillay, Y., Simelela, N.

Acknowledgements

NSP Costing Team:

- Susan Cleary
- Gesine Meyer-Rath
- Steve Cohen
- Daygan Eagan
- Vishal Brijlal
- Teresa Guthrie

NASA Team:

- Teresa Guthrie
- Silindile Shezi
- Rosette Kyomuhangi Khiga
- Plaxcedes Chiwire
- Judith King
- Alison Tshangana

Office of the President, SANAC, NDOH, UNAIDS,
DPSA, CHAI



Background

- South Africa created new National Strategic Plan (NSP) for HIV, TB and STIs (2012/13 - 2015/16) – cost estimated by the costing team.
- South African National AIDS Council (SANAC) commissioned the National AIDS Spending Assessment (NASA) (2007/08 - 2009/10) – CEGAA.
- 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.



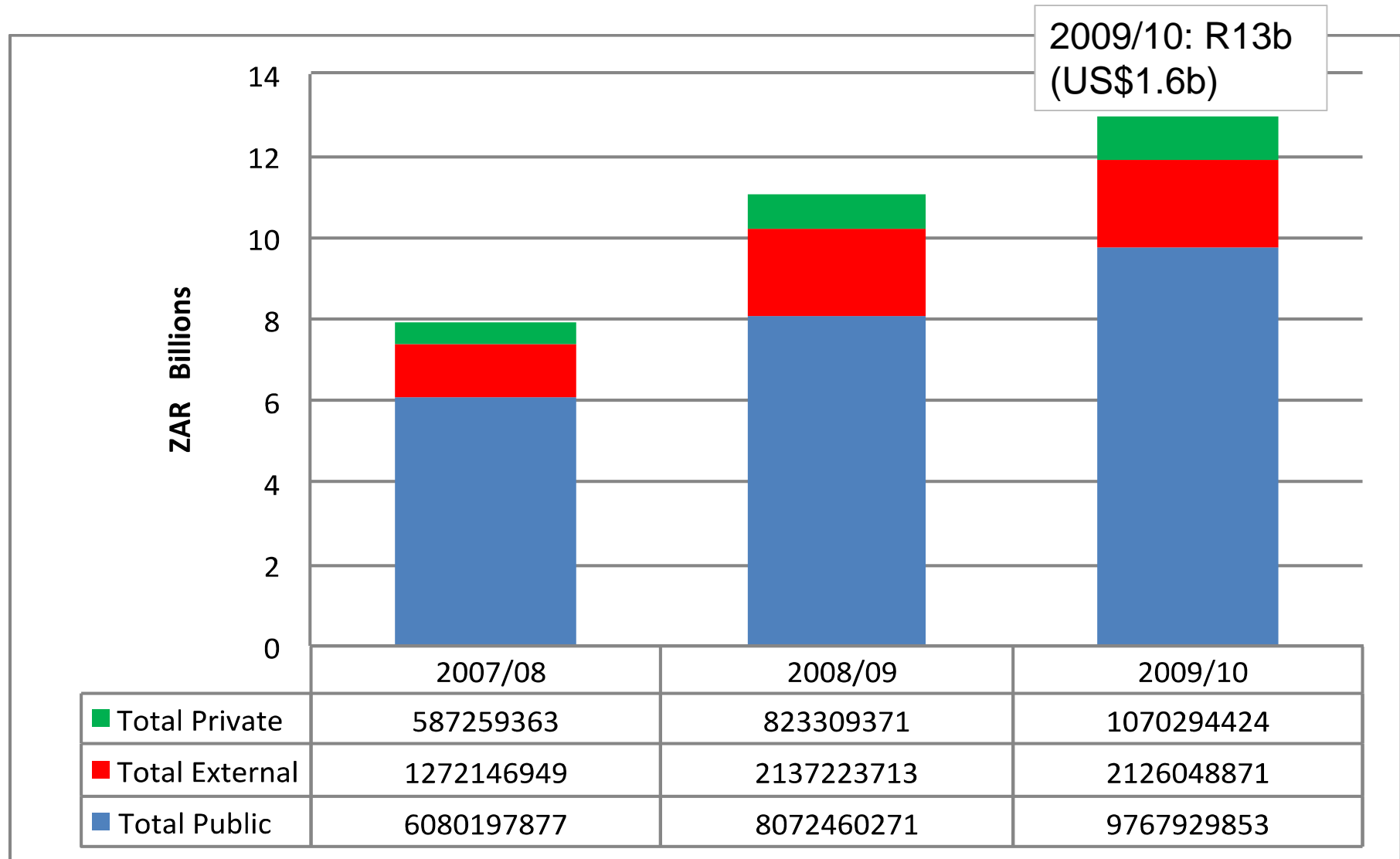
Methodology

- 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.



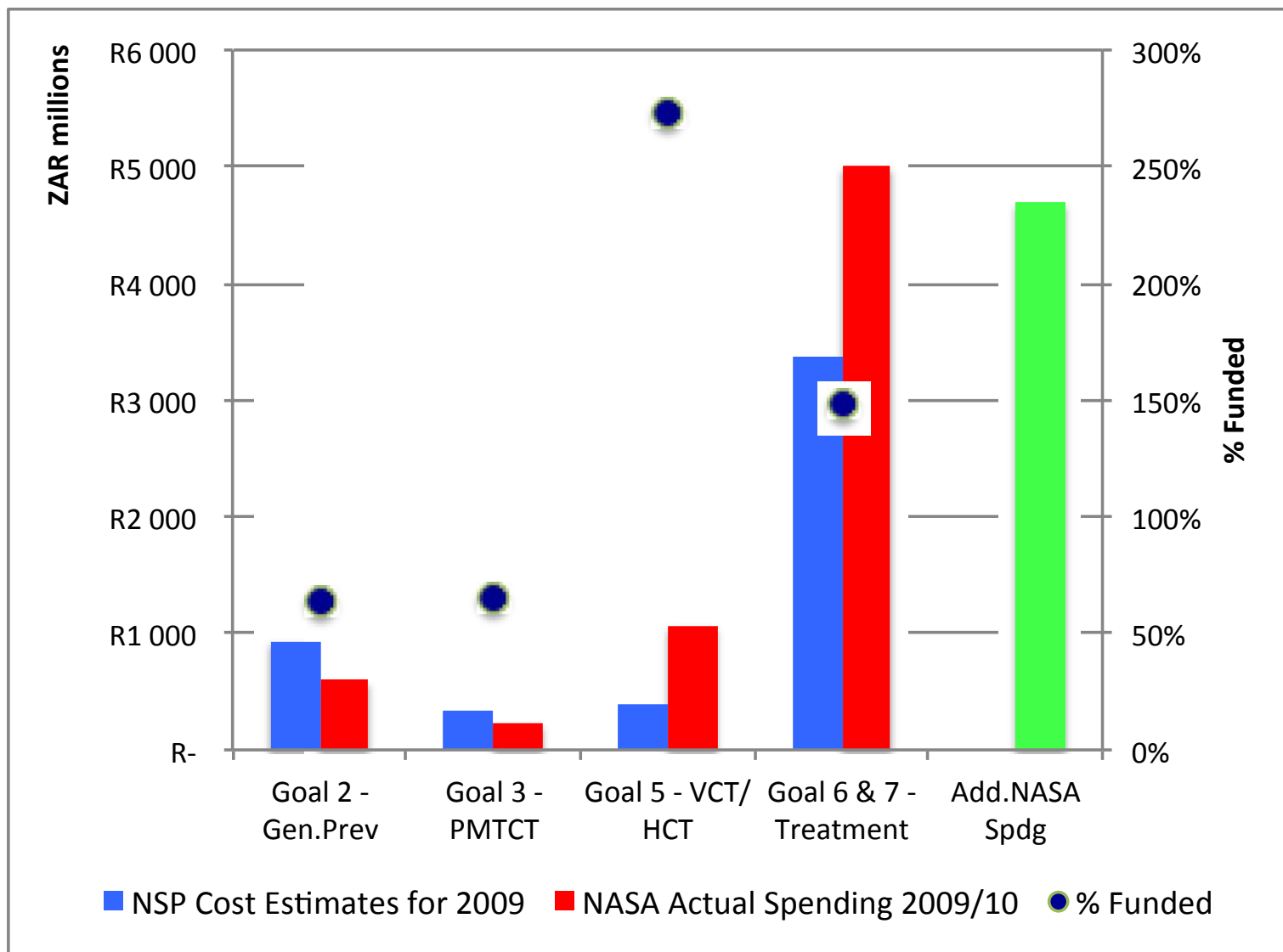
Findings – actual spending

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



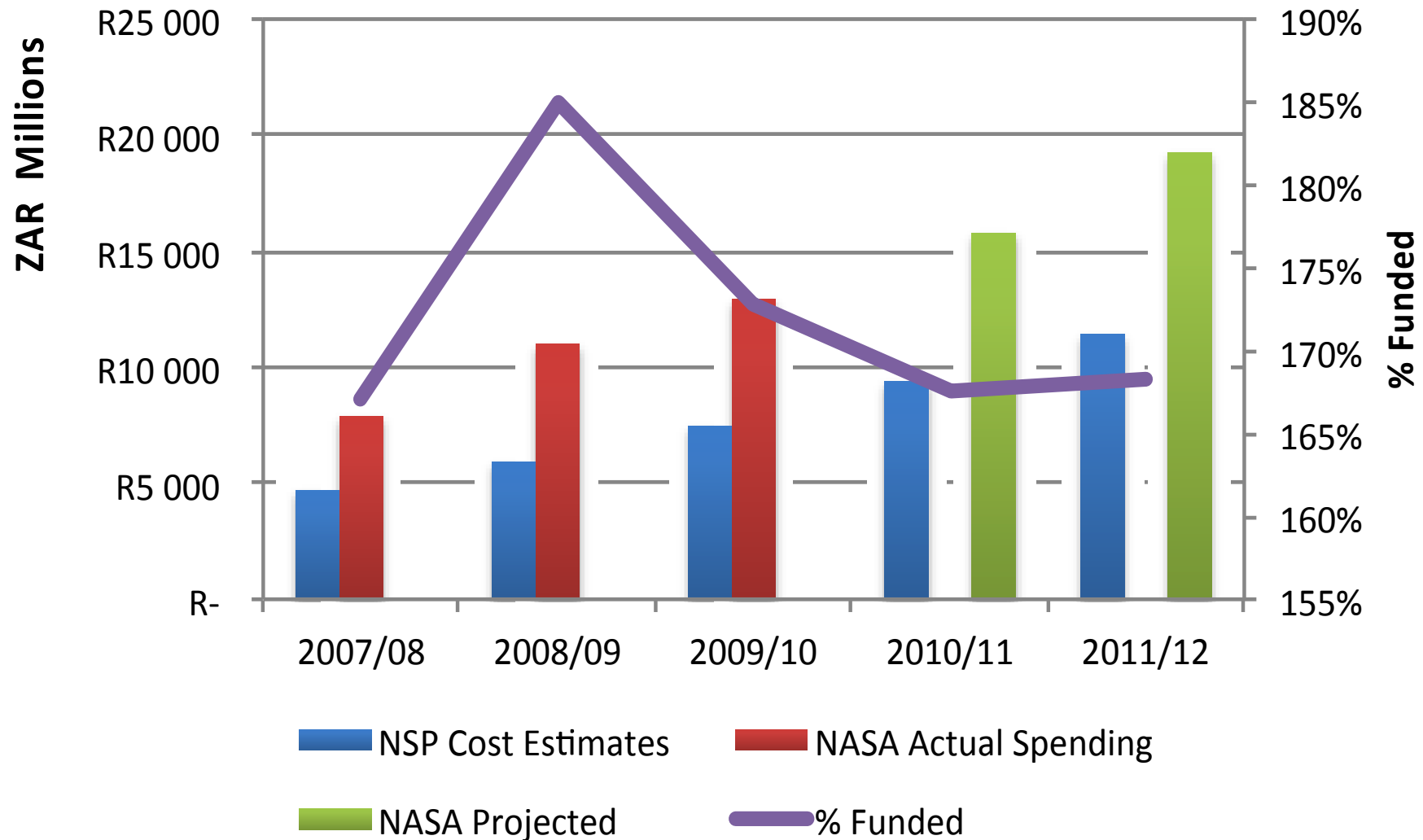
Findings – previous NSP cost estimates

ii. Looking backwards to previous NSP costing & NASA (09/10)



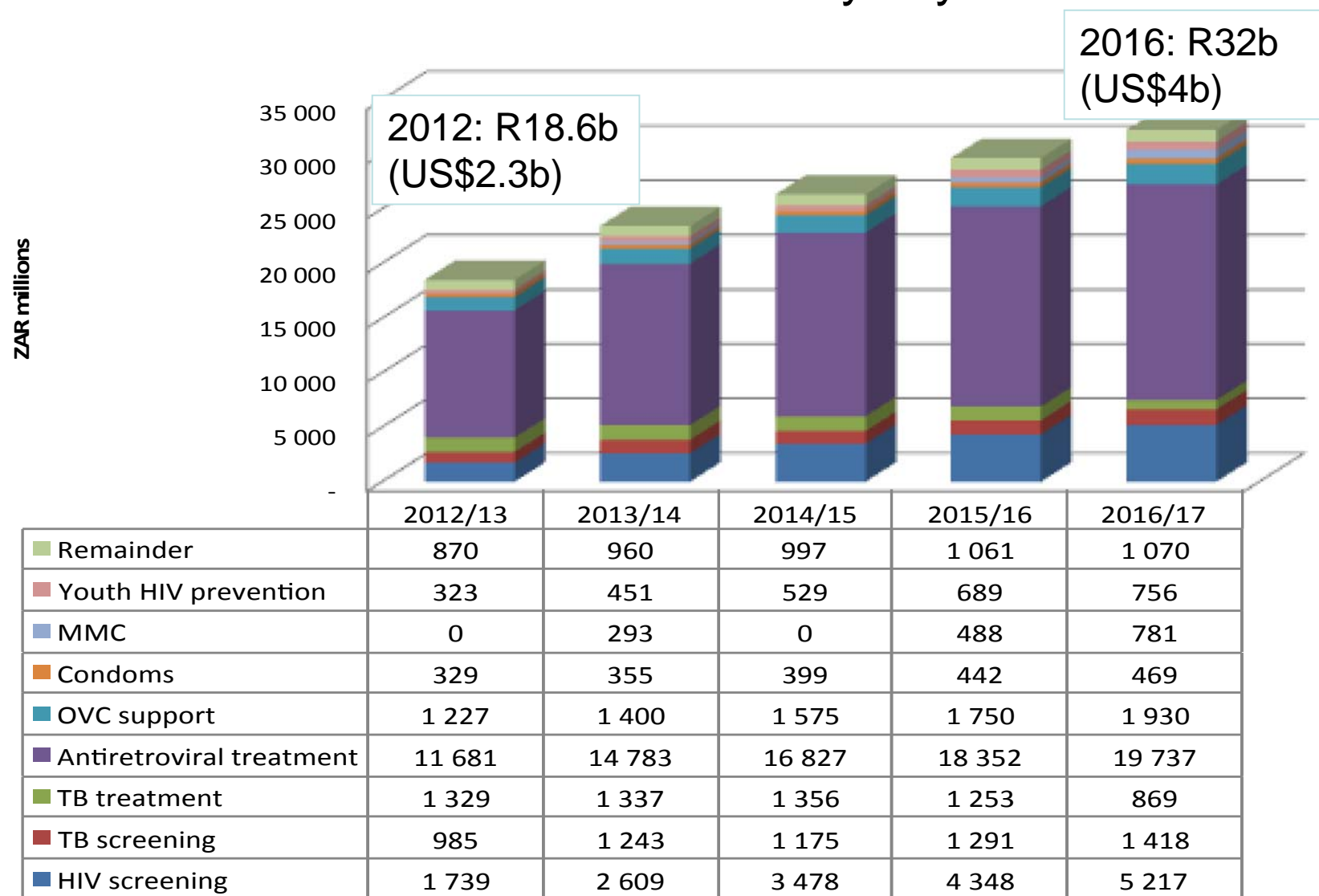
Findings – totals compared

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



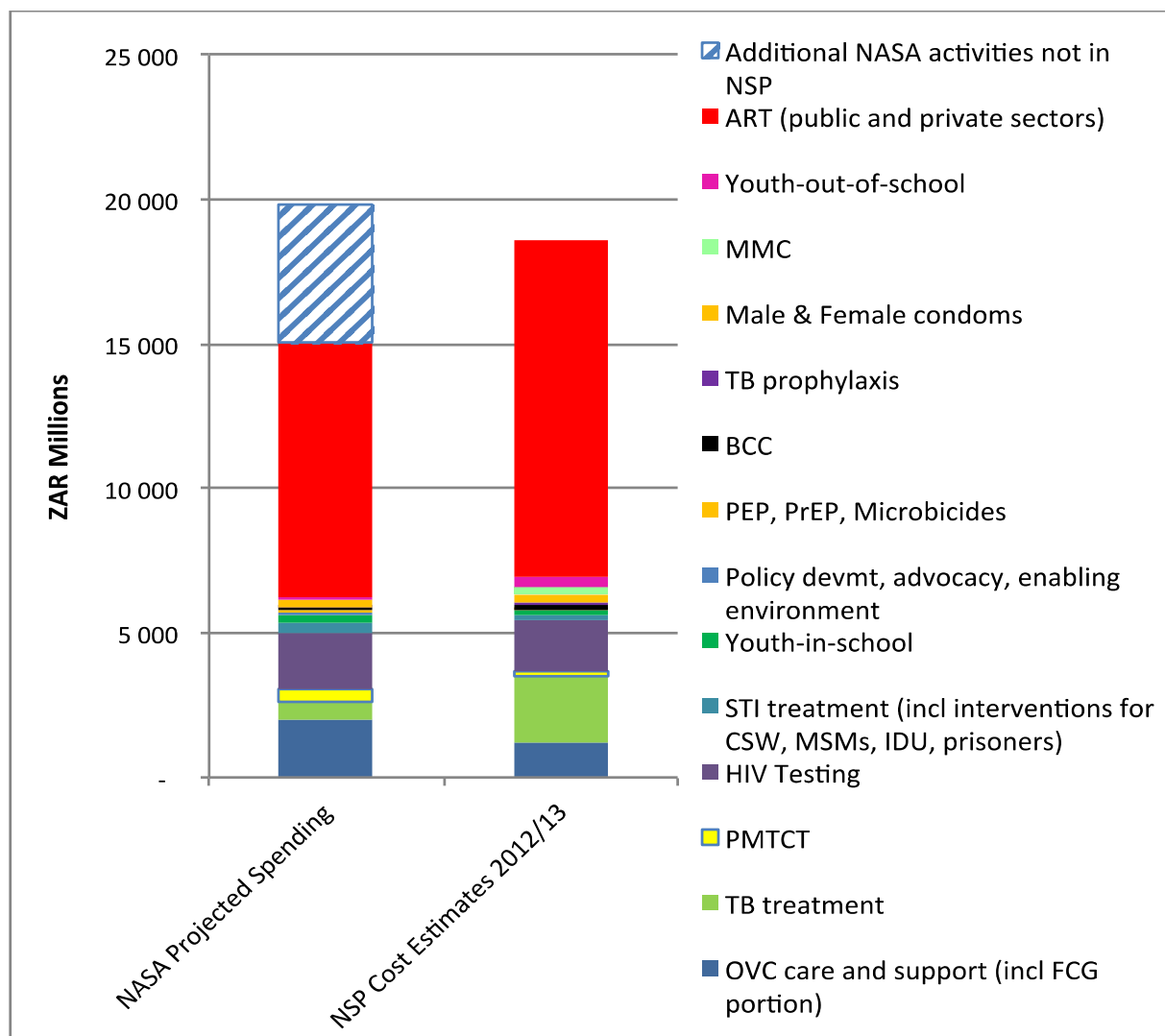
Findings – new NSP cost est.

iv. New NSP Annual costs summarised by key cost driver



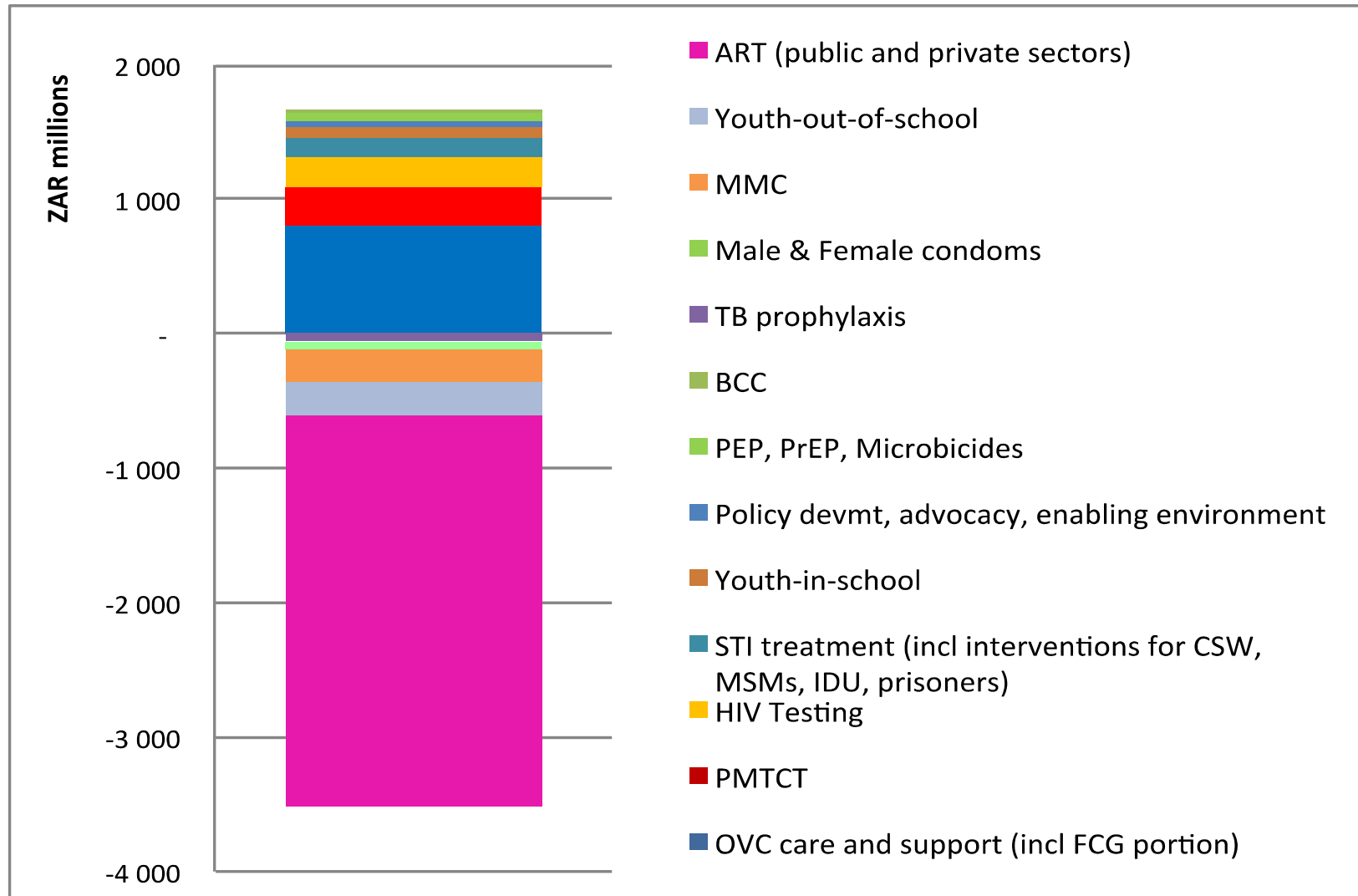
Findings – projected funding gap

v. Forward projected available funding vs NSP costs (2012)



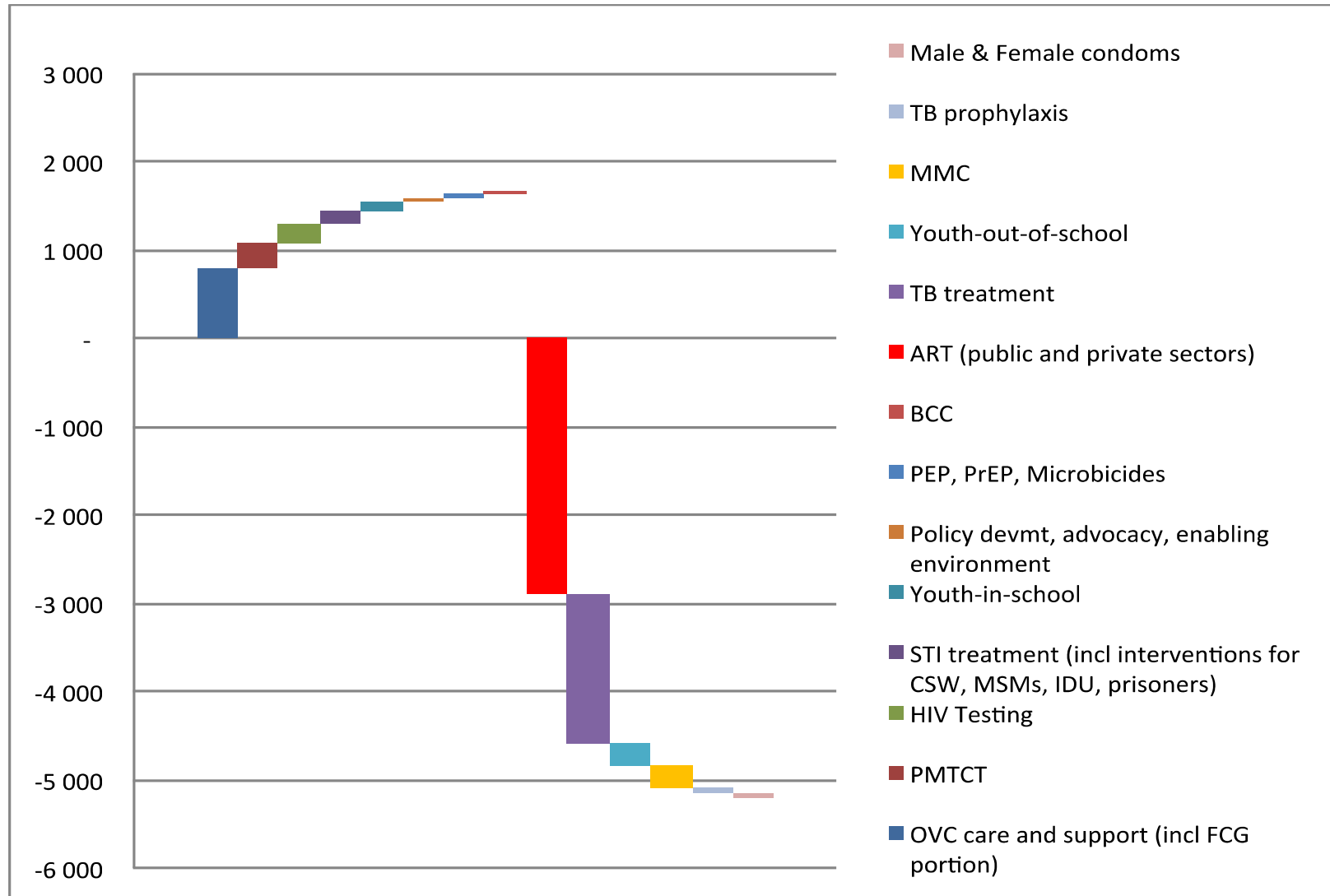
Findings – surplus/ gap by activity

vi. Possible Funding Gap in 2012



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.

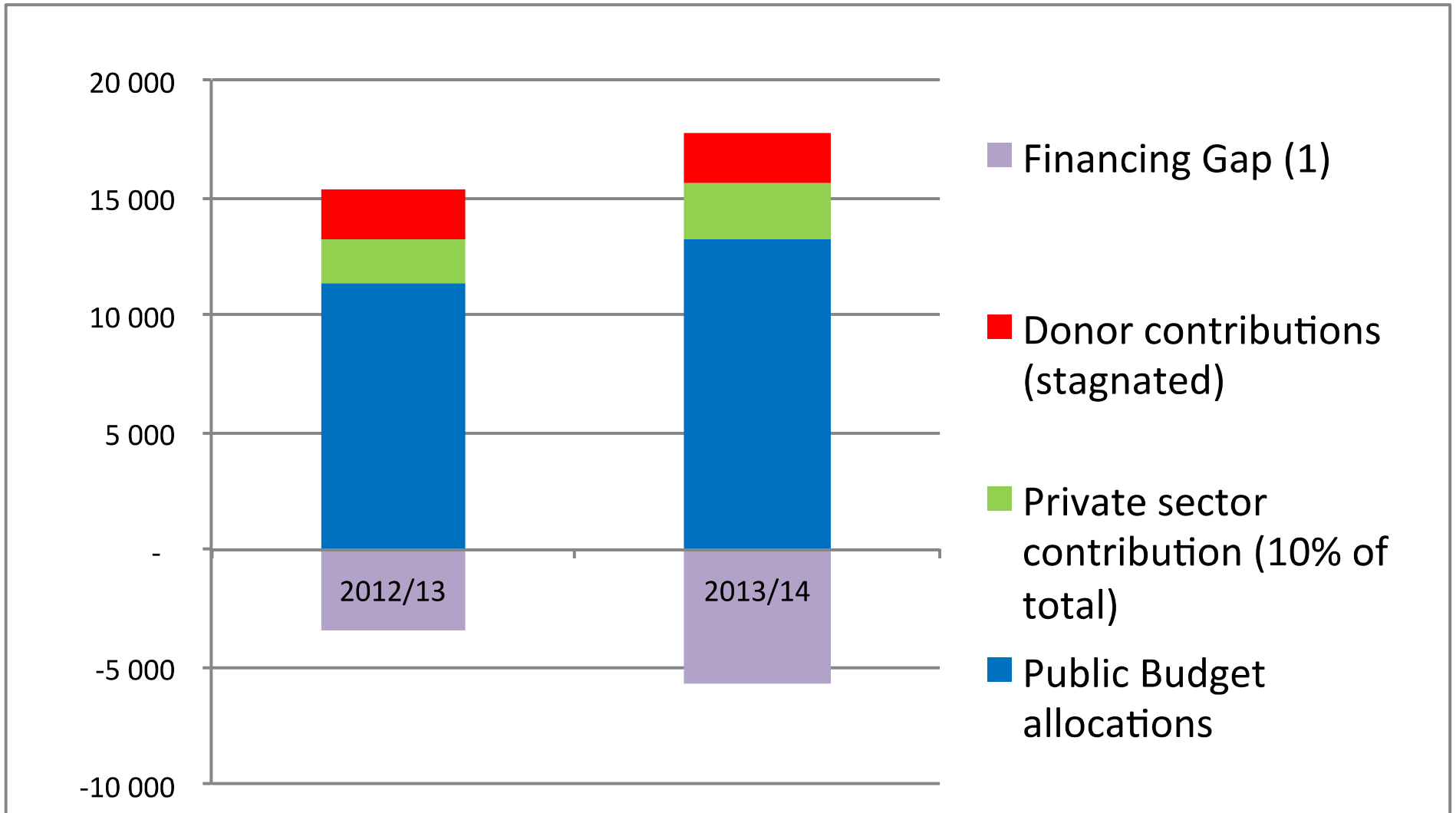


Funding Scenarios

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

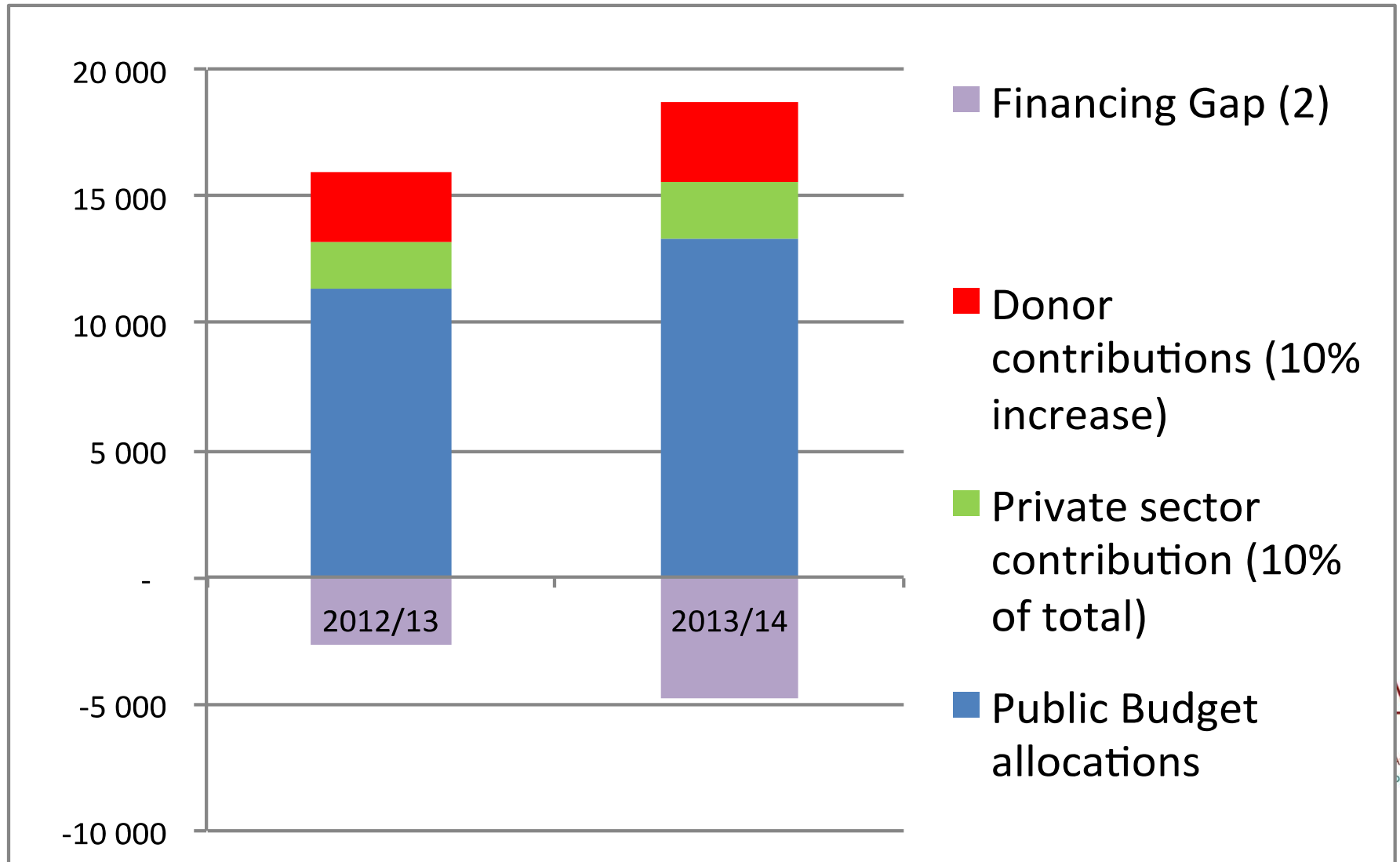
Findings – Funding Options

A. Worse Case Scenario – Stagnated External Funds



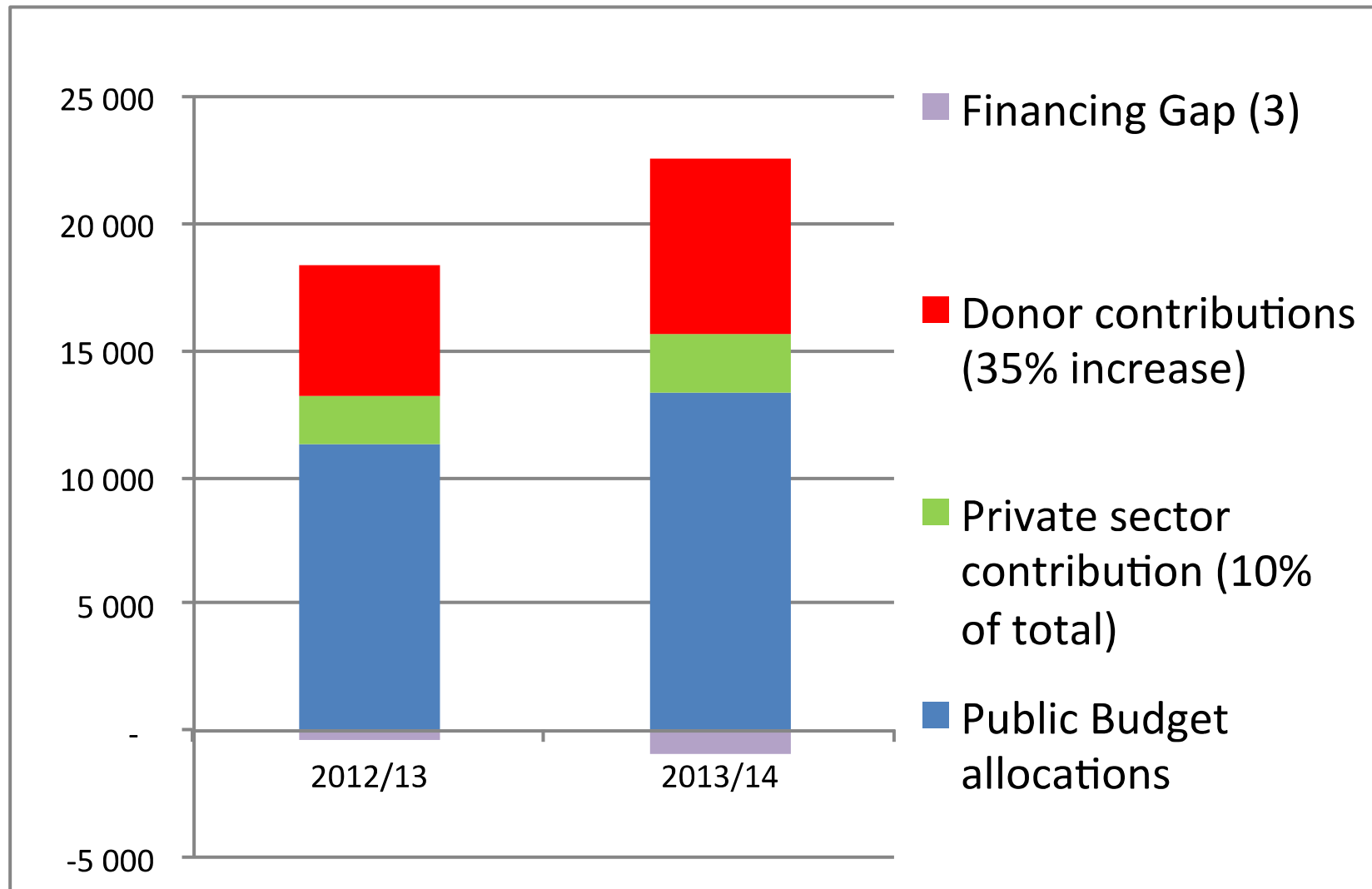
Findings – Funding Options

B. Medium Growth



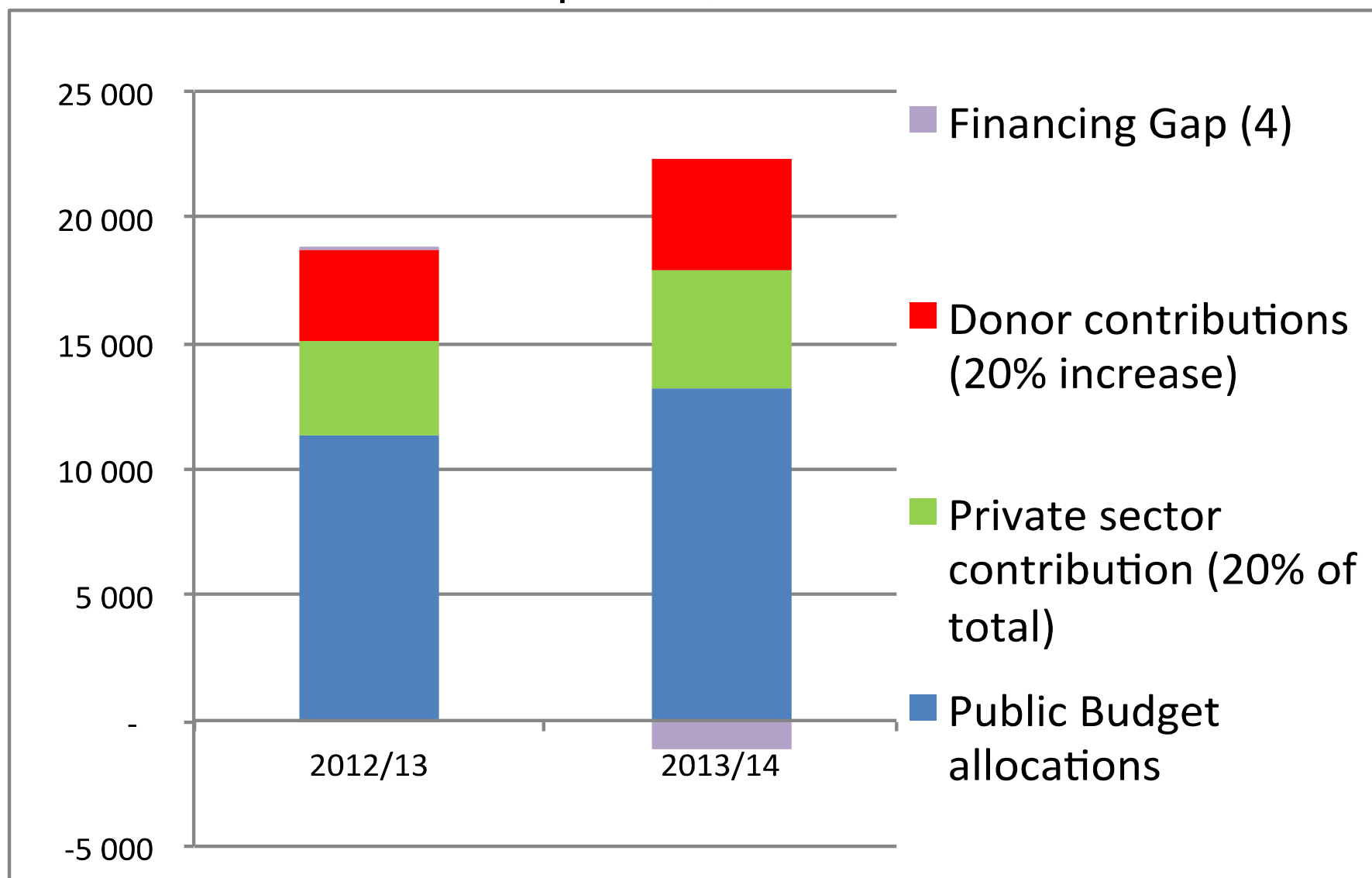
Findings – Funding Options

C. Optimistic Scenario – 35% increase in external funds



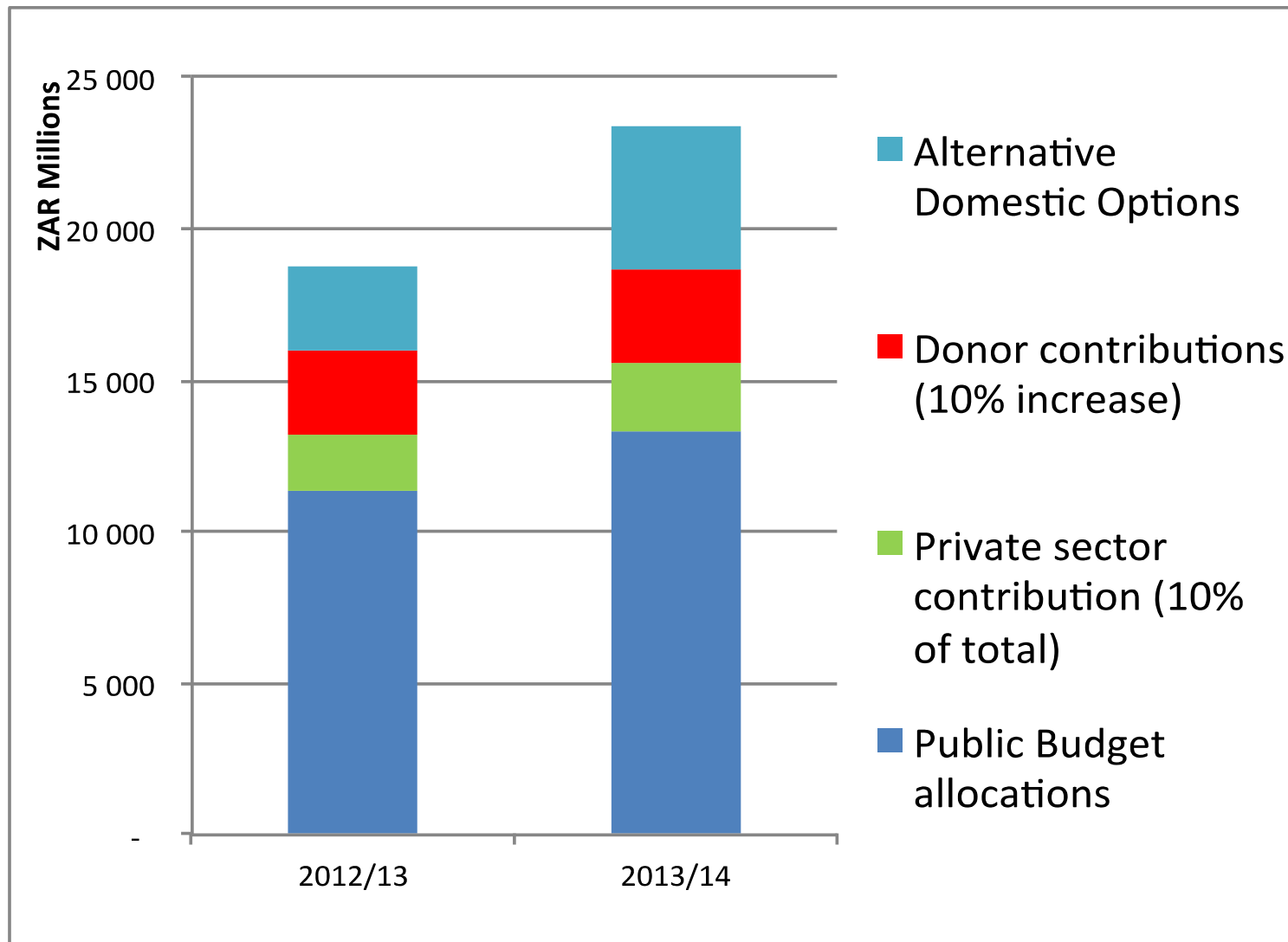
Findings – Funding Options

D. Mixed Scenario – 20% private, 20% increase in external



Findings – Funding Options

E. Alternative (Innovative?) Domestic Financing Options



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@cega.org

www.cega.org



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