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Report of the Third Budget and Expenditure Monitoring Forum

By *moderator*
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National and provincial problems and challenges in health budgeting and spending: What it means for government, civil society and users of the public health system

The Budget and Expenditure Monitoring Forum (BEMF) draws together individuals and organisations from civil society, academia, government, organised labour and business to focus attention on ensuring that sufficient money is budgeted for and appropriately spent on meeting the treatment and prevention targets of the national HIV & AIDS and STI Strategic Plan for South Africa 2007-2011 (NSP), as well as for health services more broadly.

The BEMF held its inaugural meeting on 21 August 2009 and its second meeting on 5 February 2010. Reports of these meetings are available at http://www.section27.org.za/bemf.

The BEMF?s third meeting, held on 21 May 2010, brought together over 30 people from 10 organisations. The aim was to understand what civil society can do to ensure that the budgeting process ?at the national and provincial levels? results in the appropriate allocation and use of financial resources to address health needs. The meeting discussed where national and provincial government departments are encountering implementation inefficiencies and where and how the BEMF can intervene to help improve the budgeting process.

The deep funding crisis of public health services

The main points of discussion focused on increasing government accountability, planning and accounting for ?unfunded mandates? (something that is a major cause of deficits in the health system) and the duties that should rest with National Treasury in ensuring proper financial management. The meeting also considered what proper budget monitoring entails and the cost to government and society when it does not occur.

During the meeting it came to light that the Eastern Cape Department of Health has run out of money a mere two months into the new financial year and that other provinces were likely to follow soon.

There are several reasons for the crisis in health financing:

? Provinces habitually accrue expenditure from previous financial years into the new financial year and consequently have built up large debt that is not covered by their annual health budgets.

? Large unplanned expenditure, most likely in breach of the Public Finance Management Act, is common. For example in 2009/10 in the Eastern Cape, R421 million was paid out for unbudgeted Human Resources Operational Project Team payments.

? Budgets appear to account insufficiently for the Occupation Specific Dispensations (OSDs) for nurses and doctors.

? Health budgets are not based on an estimation of the needs of health service users. Making this worse is the lack of accurate data on health needs and uptake of services. Instead, health budgets are increased by a nominal amount each

year and do not properly account for the magnitude of the HIV epidemic and South Africa's other growing health challenges.

? There is widespread corruption in the delivery of health services with apparently little attempt to hold to account those responsible. This costs hundreds of millions of rands and disrupts services.

Shortly after the meeting the consolidated Integrated Support Team (IST) report was provided by the Minister of Health to TAC. It was commissioned by former Health Minister Barbara Hogan, and describes these and other budget-related problems in detail. It also provides a set of recommendations that constitute a blueprint for dramatically improving the health system. In addition to the consolidated report there are IST reports for each Province. At this time, the only provincial IST reports that are available are those for the Free State and Limpopo.

A further concern that arose during the meeting is that while provincial budgets and the conditional grant for HIV/AIDS provide for counselling and testing, they do not provide for it at the scale envisaged by the HCT campaign recently launched by the Department of Health and President Zuma. This worthwhile campaign is another example of the need for government to allocate sufficient funds to its programmes so that they may be properly implemented. At present it is arguably yet another ?unfunded mandate?. Given the importance of this campaign and the expectations it has created it would be tragic if it were to fail due to lack of money.

Finally, it became quite apparent that there is a need to better coordinate the relationship between national and provincial government in the budgeting and expenditure process. The National Department of Health can only put in a proper bid to the National Treasury if it gets accurate estimates from the provinces ? and the amount allocated to the provincial health departments (whether in the form of the equitable share or conditional grants) can only be appropriately allocated and spent if provinces have the skills and capacity to do their jobs.

Where the provinces are failing, responsibility ultimately rests with the national government to intervene in one of a range of manners contemplated by the National Health Act and the Public Finance Management Act. The National Treasury and National Department of Health cannot simply let their corresponding provincial departments fail to deliver.

These are complex challenges that require involvement of civil society if they are to be resolved.

Presentations

A presentation by Mark Blecher of the National Treasury explained the competing concerns and priorities that factor into every budgeting decision, with a particular emphasis on health issues and health budgets. His presentation is available at:
http://www.section27.org.za/wp-content/uploads/2010/05/Budgeting-may10.pdf

In addition, the meeting heard an update on BEMF activities by Nathan Geffen of SECTION27, incorporating the AIDS Law Project. It can be found here:
http://www.section27.org.za/wp-content/uploads/2010/05/CoordinatorsPresentationFor3rdBEMF-1.pdf

Brian Honermann of SECTION27 presented an analysis of provincial health resources, budgets, and expenditures for 2010-2011. It can be downloaded from:
http://www.section27.org.za/wp-content/uploads/2010/05/Provincial-Budget-Analysis-BEMF-Meeting-2010-May-21.pdf

Teresa Guthrie of the Centre for Economic Governance and AIDS in Africa (CEGAA) presented the findings of a study for the AIDS2031 project. This project examined the costs and demographic outcomes of several scenarios for responding to the HIV epidemic. The results are not yet final or published and so cannot be made available at this stage.

Nhlanhla Ndlovu of CEGAA described a budget monitoring project, being run jointly by CEGAA and the Treatment

Action Campaign in OR Tambo and Umgungundlovu districts. It can be downloaded from: http://www.section27.org.za/wp-content/uploads/2010/05/BEMF-CEGAA-TAC-Project-Presentation-21May2010.pdf

In addition, Daygan Eager of the Public Service Accountability Monitor (PSAM) presented a preliminary analysis of the financial problems faced by the Eastern Cape Provincial Department of Health. Sello Mokhalipi of the Free State AIDS Coalition described the ongoing problems of medicines shortages including but not limited to antiretrovirals in the Free State.

Resolutions
The meeting resolved the following:

? Participants expressed an interest in putting more pressure on the private sector to provide more resources toward public health care and particularly to assist with the provision of ARVs to their employees.

? The BEMF will publish a report that describes the provincial budgets and the problems that need to be addressed to improve them.

? The BEMF will make a submission to National Treasury on next year?s health budget by July.

? The business plans for the HIV/AIDS conditional grants will be sought to the extent that they are available.

? The BEMF will seek more information from national and provincial treasuries on the financial state of the provinces and what services will be affected by budget shortfalls in this financial year.

? The BEMF took a formal resolution to try to obtain all of the IST reports, with SECTION27 acting on behalf of the forum.

? Letters will be sent to the Free State and Limpopo Departments of Health requesting information about how they are using the IST reports and implementing the recommendations contained therein.
? Provincial heads of health will be invited to future BEMF meetings, starting with the Eastern Cape.

The next meeting of the BEMF will likely be held on 27 August 2010. Its focus will be on the decline in donor funding for AIDS and the need for the private sector to help fill the funding gap.

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