

A GENDERED ANALYSIS OF THE MEDIUM TERM BUDGET POLICY STATEMENT WITH A FOCUS ON RURAL HEALTH

***SUBMISSION BY THE RURAL HEALTH ADVOCACY PROJECT
TO THE SELECT AND STANDING COMMITTEES ON APPROPRIATIONS***

KIRSTEN PEARSON

ACKNOWLEDGING THE CHALLENGES

- South Africa's GDP growth trend has continued to decline, which Treasury attributed to multiple factors, including policy uncertainty, electricity supply shocks, lower investment levels, inefficient. State Owned Company investments and poor education outcomes.
- There was an acknowledgement that the worsening fiscal position is threatening the government's ability to maintain existing levels of service provision and infrastructure investment.
- StatsSA identified persistent high levels of unemployment, low quality of education provided especially to black South Africans, inadequate and poorly located infrastructure, South Africa's resource-intensive and therefore environmentally unsustainable growth path, an 'ailing' public health system, an inefficient public service, corruption and a lack of social cohesion as the main challenges that face South Africa.

DEMOGRAPHICS AND RURAL POVERTY

- Approximately half of South Africans live below the upper-bound poverty line (of R992 per person per month); and of these, 52 per cent are women. In addition, more than one out of every five adults were living below the food poverty line (of R441 per person per month) in 2015.
- Statistics South Africa's findings show that across all age cohorts, the poverty headcount is higher for females than males. The findings also reveal that poverty was more concentrated among young adults, especially females.
- There is a gendered dimension to poverty in that it affects women more acutely than it affects men and its incidence is highest in traditional rural settlements.
- In the 10 years from 2008 to 2018, the unemployment rate has increased from 21,5% to almost 28,0%.

- Of the 20,4 million young people aged 15-34 years, 40,3% were not in employment, education or training (NEET).
- Statistics South Africa outlines that 57,4% of the unemployed are those with an education level of less than matric (Statistics South Africa, 2017). Here the relationship between poor quality educational outcomes and unemployment can be evidenced.
- For South Africa's rural youth the situation is even more dire with few paths to employment and above average dependency ratios.
- The triple challenges of poverty, inequality and unemployment in South Africa are widely acknowledged. Addressing these trends that are continuing to worsen is imperative.
- With a higher working-age ratio than dependency ratio, the country should be able to harness the skills and talents of its youthful population to improve their economic prospects.

HEALTH SECTOR AS AN EMPLOYMENT CREATOR AND CATALYST FOR INCLUSIVE GROWTH

- The Medium Term Budget Policy Statement indicated that the average nominal growth in spending on health over the medium term is 7%. Despite the tough economic and fiscal circumstances, the increase in health care spending offers some opportunities.
- Health spending has a role to play as a catalyst for inclusive growth. Ensuring that South Africans are healthy means that as a nation we will be better placed to participate in the global economy and prosper. The health sector can be a pathway to employment for youth.
- Recommendation: RHAP recommends that employing new community health workers in rural areas should be prioritized and that the Appropriations Committees should request both the National Department of Health and Provincial Departments of Health develop and publish a plan to support their integration into the Primary Healthcare System.

ANALYSIS OF THE ADJUSTED BUDGET FOR HEALTH VOTE

- Declared underspending
- It is noted that R346 million was declared unspent in the 2019/20 Adjusted Budget for health.
- R89,3 million was rolled over. The R89.3 million roll over was for medical equipment in Limpopo. R8.8 million was shifted between votes.
- The underspending declared in Programme 3: Communicable and Non-communicable diseases is particularly concerning. Sub programmes dealing with HIV, AIDS and STIs, Tuberculosis Management, Women's Maternal and Reproductive Health, Child, Youth and School Health and Health Promotion and Nutrition will all be spending less money than initially allocated, now that it has been declared unspent and/or shifted/vired away from the sub programme.
- The antiretroviral treatment programme is progressing somewhat slower than anticipated, with 4.8 million clients against a target of 5.8 million. The uptake is particularly slow among children and men, compared to women.
- Recommendation: RHAP recommends that the Appropriations Committees ask the Department of Health what it intends to do to meet the target after declaring underspending in that programme.

CHANGES TO CONDITIONAL GRANTS

RHAP notes that several changes are proposed to the structure of conditional grants for health over the medium term. As contained in the MTBPS, these are:

- The human papillomavirus vaccination grant will be merged into the HIV, TB, malaria and community outreach grant from 2020/21.
- From 2021/22 new components will be added to the grant for mental health and oncology (funded from a shift from indirect grant).
- From 2020/21, funds for internship and community service posts will be shifted from the human resources capacitation grant to the health professionals training and development grant.
- Provinces will receive a direct grant to contract health professionals in pilot NHI districts - this is currently funded through the NHI indirect grant.
- National Treasury and the Department of Health will develop a strategy to reform health grants prior to implementing NHI.

CHANGES TO CONDITIONAL GRANTS

- Due to slow spending on these grants it would seem to be indicated that reconsideration is needed. Spending performance is not always an indicator of lack of need, it can indicate a lack of capacity within a department to spend allocated funds. Particularly with a new area of reform such as the implementation of the NHI.
- Recommendation: Appropriations Committees engage National Treasury to request that the strategy to reform health grants prior to implementing NHI, entails assessing spending performance against key priorities for the department and includes understanding the driving factors that led to underspending on the current grants.
- Recommendation: Request clarity about whether programme dealing with NHI is adequately resourced with public servants and if there is a need to second experienced officials with proven track records.

MITIGATING THE EFFECTS OF AUSTERITY

- RHAP is particularly concerned that austerity measures in the form of spending cuts will exacerbate poverty and inequality and retard job creation and economic growth.
- Any cut in health expenditure is gender negative, because women are the biggest users of the health care system and in the majority of cases, serve as primary caregivers to dependents, both children and relatives.
- For the provision of health care in rural contexts, carefully considered budgets are essential to ensuring sufficient resources are available to deliver on activities and meet objectives.
- To mitigate the effects of austerity, we advocate that departments and National Treasury need to rural-proof budgets before they are finalized.

RURAL-PROOFING THE BUDGET

- Historically urban areas have been favoured when it comes to health expenditure. Research has shown that provinces that are the most deprived and with the least developed health systems have historically received the smallest share of healthcare funds. This has been explained as the ‘infrastructure inequality trap’, where provinces with comparatively well-developed health infrastructure and human resourcing compliments tend to receive a larger share of available resources (Stuckler, Basu & McKee, 2011).
- The infrastructure inequality gap needs to be addressed as part of the state’s Constitutional obligations and its commitment to health equity.
- Rural-proofing of budgets means ensuring that policy changes that affect rural areas and communities are funded equitably and account for the higher costs of implementation in rural areas due to the lower economies of scale.

RURAL-PROOFING THE BUDGET

- The implementation of the National Health Insurance as a policy change in the health sector offers some potential for rural-proofing by creating work opportunities while simultaneously ensuring that rural populations gain equal access to services when compared to those living in cities.
- Recommendation: In order to mitigate the effects of austerity on people living in rural settings, particularly women, we recommend a rural adjuster is included in budgeting guidelines that National Treasury issues to Provinces.
- Recommendation: That the Appropriations Committees engage National Treasury to request that all health infrastructure projects being considered are published and the Budget Facility for Infrastructure develop a mechanism to prioritise rural infrastructure in order to address infrastructure inequality gap.
- Recommendation: That the Appropriations and Finance Committees consider reigniting the Women's Budget Initiative.

RECOMMENDATIONS

- Employing new community health workers in rural areas be prioritized.
- A rural adjuster be included in budgeting guidelines that National Treasury issues to Provinces.
- The Committees ask the Department of Health what it intends to do to meet the Anti-retroviral treatment performance target after declaring underspending in that programme.
- Prior to reforming health grants, National Treasury and the Department of Health understand the driving factors that led to underspending on the current conditional grants.
- The Committees request clarity about whether the programme dealing with NHI implementation is adequately resourced with public servants and if there is a need to second experienced officials with proven track records.
- All health infrastructure projects being considered should be published and the Budget Facility for Infrastructure develop a mechanism to prioritise rural infrastructure in order to address infrastructure inequality gap.
- That the Appropriations and Finance Committees consider reigniting the Women's Budget Initiative.

RURAL HEALTH ADVOCACY PROJECT

Kirsten Pearson

- Email: kirsten@rhap.org.za
- Web: www.rhap.org.za
- [Twitter: RHAPnews](#)
- [Facebook: Rural Health Advocacy Project](#)