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## From Analysis to Impact

Partnership Initiative Case Study Series



The Eastern Cape Province of South Africa struggles with high poverty, poor public infrastructure, and dysfunctional administrative systems. One result is that the Eastern Cape has the worst health outcomes in the country. In response the Public Service Accountability Monitor launched a sustained campaign to improve how the provincial Department of Health manages funds to provide quality health care, which is beginning to bear fruit.

Photo: Courtesy of Paul Greenway - 3P Photography

The following case study illustrates how a South African civil society organization has used its budgetary analysis to advocate for improvements in health service delivery in South Africa's Eastern Cape Province. This is a summary of a more in-depth study prepared by Alta Fölscher and John Kruger as part of the Learning Program of the International Budget Partnership's Partnership Initiative. The PI Learning Program seeks to assess and document the impact of civil society engagement in public budgeting.

Download a PDF of the complete case study at <http://internationalbudget.org/wp-content/uploads/Final-complete-PSAM-case-study.pdf>.

### SOUTH AFRICA: IMPROVING HEALTH BUDGETS WHEN OPPORTUNITY BECKONS

The work of the Public Sector Accountability Monitor (PSAM) in Grahamstown, South Africa, has contributed to marked improvements in the financial management of the health department in one of the poorest and most disease ridden parts of South Africa. Subsequent reform efforts resulted in improved audit findings for the first time in a decade and the dismissal and prosecution of many senior officials and service providers.

When it was founded, PSAM pursued a strategy of "shame and blame" to promote transparency in the Eastern Cape Province, where poor management of government finances has been a longstanding obstruction to quality service delivery. That changed in 2007 when PSAM began to work directly with strategic partners and public officials to understand and address the systemic problems with spending on service delivery in the province.

PSAM's journey has been a learning opportunity, especially highlighting how sound budgetary research and analysis can form the basis for a balanced strategy of technical cooperation and activism. After almost a decade of having very little impact, turnover in the national government leadership and the leadership of the provincial health department provided unexpected political space for change. The reputation and relationships PSAM built during the lean years

enabled it to take advantage of these opportunities when they came around.

PSAM, however, has also learned from its mistakes, including the risks of relying on short-term grants to fund a long-term campaign.

### THE ISSUES: THE PERSISTENT IMPACT OF APARTHEID ON HEALTH IN THE EASTERN CAPE

Following South Africa's first democratic elections in 1994, the Eastern Cape was created as a new province by combining former homelands of the Transkei and Ciskei, which had been neglected for decades under apartheid.

From the start, the province faced a triple apartheid legacy: high incidence of poverty and unemployment, poor public infrastructure, and poor human resource capacity. Moreover, the Eastern Cape had the added challenge of merging very different administrations, even as it was expected to keep pace with nationally mandated ambitious financial reforms.

The combined challenge has been formidable and, as of 2007, the Eastern Cape Province was still struggling with the compound effects of high demand for public services, poor capacity to deliver, endemic corruption, and dysfunctional administrative systems. All of the departments in the Government of the Eastern Cape received unfavorable audits in the 2007-08 fiscal year, though the Department of Health received one of the most scathing reviews.

A lack of accountability on the part of administrators and managers, numerous instances of wasteful spending, a disconnect between policy commitments and allocations, and weak planning protocols were just some of the problems documented in 10 consecutively adverse audits. The findings, unfortunately, went largely unheeded by the Department of Health.

It is no surprise then that the Eastern Cape had the worst health outcomes in South Africa. In a 2008 review of South Africa's progress on the health indicators of the Millennium Development Goals, the Eastern Cape came in last among the nine provinces on all five key indicators. And this in a country where health outcomes are poor overall with respect to the country's income. Life expectancy in South Africa, for example, is below that in Kenya and Tanzania, although those countries have per capita incomes that are only one-sixth or less of South Africa's.

The poor health outcomes in South Africa reflect its unique disease burden: high levels of infectious disease (associated with poor countries), relatively high levels of chronic diseases (more common to high-income countries), a high incidence of injury-related health needs, and an epidemic of HIV/AIDS.

PSAM reasoned that if it could make inroads into the failures of resource management in the health sector, it could begin to change the situation; but the challenge was immense.

The Eastern Cape Department of Health was one of the worst performing departments in terms of service delivery and financial management in an underperforming province that was perceived to be corrupt and that had been the subject of several, generally unsuccessful, interventions by national government. All pointing to why PSAM's achievements are so remarkable.

## THE CAMPAIGN

Prior to 2007 PSAM took a narrow, hardline stance. Each time that the government failed to resolve a case of corruption, PSAM would release a report to the media, often with details of the people implicated in the case. The strategy was risky as the accused would often point the finger back at PSAM, accusing the organization of being politically motivated. After a strategic reorientation PSAM decided to broaden the scope of its work to highlight both success and failures, and to rely on strong evidence and research for all of its claims.

PSAM also decided to focus on budget documents. It reasoned that for public administration to function effectively, individual managers and political leaders must ensure the production of rigorous and detailed planning and budget documents, as well as financial and performance reports.

PSAM set out to monitor the key documents in the health resource management cycle and to produce routine reports. PSAM began to put out a report on the annual health budget, a report on the sector's strategic plan, a service delivery review at the end of the financial year, and an oversight report based on the legislature's scrutiny of the department's performance. Furthermore, PSAM committed to producing detailed evaluations of significant service delivery problems in the health sector as they occurred.

The organization built its communication strategy around these outputs. It would disseminate them to key advocacy targets, such as the heads of government departments, members of strategic parliamentary committees, civil society representatives, and journalists, among others. Though PSAM focused much of its early

advocacy on the legislature, it has shifted its efforts to the executive branch and to the media based on the perception that lawmakers have had little influence on health budgets. PSAM also encouraged civil society organizations, such as the Treatment Action Campaign and the Legal Resources Centre, to use the PSAM reports in their own advocacy and helped them do so.

When its reports revealed a gap in the documentation, PSAM would employ access to information laws. Through right to information requests, PSAM obtained drafts of strategic plans and the performance agreements of senior managers, among other documents. And, PSAM also used the reports as an opportunity to engage directly with the Department of Health by offering to provide it with advice and support to resolve the problems with the financial management system. This has been one of the most successful pathways to influence. In 2010, for example, the Department of Health asked for PSAM's assistance in reviewing its draft health strategic plan and subsequently implemented most of the recommendations the organization offered.

PSAM, however, changed its strategy again in 2010 after it had become clear that many of the routine reports were not worth the time and energy invested in producing them. Some of the reports were simply too long, too repetitive, and too dry, and PSAM's small staff was struggling to produce them on schedule. The annual budget analysis report was the exception. PSAM found that it had been used extensively and decided that it would continue to produce it.



## TACTICS FOR STRENGTHENING FINANCIAL MANAGEMENT IN THE EASTERN CAPE'S HEALTH SECTOR

### Budget Analysis

- Evaluating the commitments to health made in the yearly budgets and strategic plans by the Eastern Cape Province
- Producing an annual Service Delivery Review of the health sector, as well as ad hoc reports documenting significant problems with service delivery in the sector
- Using public access to information laws to improve the transparency of budgetary processes and spending decisions that remain opaque

### Grassroots Mobilization and Media Outreach

- Disseminating these routine reports to key advocacy targets, including the media
- Designing a community-based monitoring tool for tracking service delivery

### Engaging Governments and Legislatures

- Scrutinizing and tracking the legislative oversight process of the budget in an annual report
- Directly engaging with the Department of Health to find solutions to the issues plaguing its financial management

The organization's new strategy also put a greater focus on the relationship between citizens and their services. PSAM introduced a community-based monitoring tool for tracking service delivery in

the health and education departments, which it anticipated would both galvanize local civil society organizations and produce a body of evidence on which to carry out advocacy. PSAM established a partnership with the Eastern Cape Communication Forum to carry out this project, though the results of the work were still pending at the time this report was published.

## CHANGES DUE TO THE CAMPAIGN

The Department of Health in the Eastern Cape changed little in the first years of PSAM's campaign; only minor improvements were made to some budget documents, while the department continued to underreport massive amounts of irregular and wasteful spending. The Auditor General said in 2010 that fraud could not be ruled out as a possible cause of the problems with the Department of Health's books.

In 2009, however, the head of the Department of Health (the Superintendent General) was replaced. Under new leadership, several thousand employees of the Department of Health have found themselves under investigation for offenses ranging from misuse of public facilities to high corruption. In November 2010 the Department of Health said that 31 officials had been or would be arrested after the probe. By early 2012 contracts for 800 employees had already been terminated, while the contracts of a further 300 were not renewed.



### OUTCOMES RELATED TO THE CAMPAIGN

- Increased awareness of the poor state of health resource management and greater political will to address the problem. The subsequent political intervention resulted in improved audits findings and the dismissal and criminal prosecution of the head of department, chief financial officer, and various other senior officials.
- A body of evidence on the root causes of the problem that allowed new leadership in the Department of Health to take decisive action.
- Improvements, reflecting PSAM's direct influence, to the Department of Health's strategic plans, including on the funding and monitoring of HIV/AIDS service delivery.

In 2010 the Department of Health also blacklisted over 100 companies after discovering that over 200 companies in its database of suppliers shared bank accounts with at least one other

on the list — allowing for fraudulent tender competitions to be set up. In addition, the Department of Health was investigating R 35 million in double payments to companies that had deliberately re-submitted claims for amounts already paid.

And, by February 2012 both the former Superintendent General and Chief Financial Officer had appeared in court on charges of fraud or corruption. They are accused together with 11 other high-level officials in the Department of Health of flouting tender procedures and paying out funds for work that was never done.

While the most significant changes at the Department of Health are most directly attributable to new leadership, many observers argue that PSAM has contributed indirectly. Especially through its work with the media, PSAM helped to maintain public attention on the Department of Health's abysmal record. Second, PSAM documented in detail the financial mismanagement in the Department of Health and highlighted the weaknesses in the budget management process that allowed for such mismanagement. In a sense, the organization helped to create the political will for change but also produced a body of evidence and technical knowledge that were of use once there was political will.

## CONCLUSIONS

PSAM has strategically focused its analysis and advocacy on how critical weaknesses in planning, budgeting, and public resource management and the lack of accountability affect service delivery in health in the Eastern Cape Province.

Though problems in financial mismanagement in the region, and especially at the Department of Health, had been intractable for years, the nomination of a new Superintendent General has given hope for meaningful reform. There have been serious consequences — including dismissal and criminal prosecution — of over 1,000 officials, including high-profile cases. Audit outcomes have improved, and wasteful and fruitless expenditure has decreased. The Eastern Cape Department of Health, however, still faces critical challenges in resource management.

PSAM, while not a primary catalyst for the changes observed, has arguably contributed to the political will that was necessary for change and has lent evidence and technical knowledge to those inside the system who are working to make health spending effective and accountable.

PSAM has been able to achieve this impact — despite being a relatively small organization with limited funding — by undertaking high-quality research and analysis work and by remaining flexible enough to explore different pathways to change.

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