



PARLIAMENT
OF THE REPUBLIC OF SOUTH AFRICA

Policy Brief: Performance
on Health Conditional
Grants

Budget
Office

Parliamentary

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1. Purpose

To provide Members of Parliament (MPs), specifically the Finance and Appropriations Committees with:

- An evaluation of the performance of the Health Conditional Grants in 2020/21
- Identifying potential additional requirements to be addressed in the provision of health services

2. Introduction

Members of Parliament are required to assess:

- Whether government has received value for money in the implementation of the budget
- The progress made with the implementation of government's policies

These assessments are done by Parliament through the monitoring of the implementation of the budget, inclusive of expenditure and performance on conditional grants, as part of the legislative process.

As part of the Parliamentary Budget Office's support to the oversight process, the Office provides analysis that specifically assist MPs to determine the efficiency and effectiveness of the expenditure of nationally raised revenue. Due to the importance of priority funding, the PBO started a series of analyses on conditional grants, which have been reported on in departmental Annual Reports since 2019/20.

This brief specifically focuses on the performance of Health conditional grants in 2020/21 and; provides an update on the actual outcomes of 2019/20.

3. Background

Nationally raised government revenue is divided between the three spheres of government in the form of an equitable share and conditional grants, which are provided for specific purposes. The equitable division of revenue (according to a formula) raised nationally among spheres of government is divided among the national, provincial and local spheres of government.

Conditional allocations to provinces and municipalities from the national government's share of revenue are allocated to provinces and municipalities to supplement the funding of programmes or functions funded from provincial/municipal budgets; specific-purpose allocations to provinces/municipalities; and allocations-in-kind to provinces/municipalities for designated special programmes. Other conditional grants include funds that are not allocated to specific provinces/municipalities, that may be released to provinces/municipalities to fund an immediate response to a declared disaster.

Health services are provided mainly by the provincial sphere of government and funded through the Provincial Equitable Share (PES), which is allocated according to a formula that reflects demand for services across all nine provinces. They are also funded by transfers from the National Department of Health in the form of conditional grants.

The conditional grants allocated in 2020/21 provided for:

- Statutory Human Resources & Health Profession Training & Development
- National tertiary services
- HIV, TB, Malaria and Community Outreach Grant (Direct Grant)

- Health facility revitalisation
- National Health Insurance Grant: Health Facility Revitalisation Component
- National Health Insurance Grant: Personal Services Component
- National Health Insurance Grant: Non Personal Services Component

4. Methodology

The level of quality and completeness of performance information affects oversight bodies' ability to evaluate performance outcomes on expenditure. To be able to determine efficiency, performance indicators should be specific, relevant and linked to the budget. Effectiveness can be determined only by measuring change over time by measuring impact indicators. Impact indicators are usually measured over a 5-year period and are reflected in the Medium Term Strategic Framework of Government.

Performance information from the 2020/21 Annual Report of the National Department of Health is reflected in tables 1 to 8 (Annexure) and is arranged according to the purpose of the conditional grants, expected output targets and actual outputs achieved. Expenditure against the budget was also added per conditional grant to get an indication of what the efficiency of the expenditure was in 2020/21. The actual outputs in 2019/20 are also reflected in the tables.

Table 9, compares the purposes of the grants to identify possible duplication between the grants.

5. Observations and evaluation of the performance of the Health Conditional Grants in 2020/21

The PBO's analysis of the information as presented in the tables 1-9 and supporting documents (the 2020 Budget) shows:

Statutory Human Resources & HP Training & Development

This conditional grant funded 1628 positions (statutory, community service and other) more than what was expected. At the same time, the department indicated that 487 registrar post (1 313 of 1 800 filled) could not be filled due to budget constraints. Although the purchase of equipment is not indicated as part of the outputs of the conditional grant, the reason for the underspending of R811.73 million was due to delays in the delivery of equipment.

National tertiary services

This conditional grant over-performed on all the expected outputs in terms of the number of patients attended to and the average length of stay. The number of day patient separations/discharge were five times more than what was expected. The reported bed utilisation rate was 100 per cent compared to the reported expected rate of 78 per cent. The high number of patients could be attributed to the Covid-19 pandemic. This conditional grant was used efficiently considering the high outputs against the 1.6 per cent underspending, which was mainly due to underspending by Gauteng on machinery.

Underspending on this conditional grant amounted to R231.33 million. The following provinces underspent:

- Gauteng by 7 per cent
- Limpopo by 4 per cent

- North West by 4 per cent

HIV, TB, Malaria and Community Outreach Grant (Direct Grant)

The underspending of R192.29 million on this grant is attributed to the Community Outreach Services (COS) component associated to the in-year Presidential Employment Initiative allocation. Some provinces were unable to appoint community health workers. Unspent funds will be surrendered. The expected number of community health workers receiving stipends were 1 206 less than what was expected during the planning period.

Health facility revitalisation

All planned new facilities were completed. However, facilities that were not completed were due to the impact of the COVID – 19 pandemic.

National Health Insurance Grant: Health Facility Revitalisation Component

The grant shows underspending of R50.43 million, due to delays in the revitalisation of the Limpopo Academic Hospital. The budget cuts contributed to under achievement on expected outputs, as most of the projects were halted.

National Health Insurance Grant: Personal Services Component

The main reason for underspending is due to delays in the delivery of oncology equipment (Linac at North West province). Delays in establishing oncology units in developmental provinces were also experienced. Less patients were seen due to the impact of the Covid -19 pandemic and challenges with the payment of doctors.

National Health Insurance Grant: Non Personal Services Component

The underspending of almost R100 million is attributed to delays in the submission of invoices and subsequent errors in the basic accounting system (BAS) that prohibited processing of payments on the last day of the financial year. The Health Patient Registration System (HPRS) could not be implemented in 18 Hospitals due to the complexities of linking patient information with the HPRS in hospitals. Although not reflected as one of the main outputs of this conditional grant, delays in the delivery of equipment were also experienced.

6. Conclusion

The PBO assists Member of Parliament on an ongoing basis with analyses of government departments' budgets and performance. This brief specifically focusses on the health sector, in terms of the performance of conditional grants during the 2020/21 financial year.

Some of the main performance findings for possible further discussion are:

- Delivery on infrastructure projects remains one of the biggest failures in the health sector
- Information systems for controlling stock, managing dispensing, registering of patients, and capturing of data are still not in full operation in the health sector
- The reimbursement of doctors to provide services prevent patient from accessing specialist services
- Although than 1 000 more than expected health professional posts were funded by the Statutory Human Resource and Health Profession Training and Development conditional grant, the funding was still insufficient even though the number of registrars planned for in the budget was expected to be 1 800 in 2020/21. Only 1 313 registrar positions were filled.
- The duplication of funding for the same purpose or outputs within the conditional grant frameworks (Table 8).

Annexure

Table 1: National Department of Health: National Tertiary Service Grant, 2020/21

Purpose of the grant	Outputs	Expected outputs 2020/21	Actual outputs 2020/21	Actual outputs 2019/20
<ul style="list-style-type: none"> Ensure provision of tertiary health services in South Africa To compensate tertiary facilities for the additional costs associated with provision of these services 	<ul style="list-style-type: none"> Inpatient separations Day patient separations Outpatient first attendances Outpatient follow up attendances Inpatient days Average length of stay (tertiary) and 60 days (psychiatric) average length of stay by facility bed utilization rate by facility 	<ul style="list-style-type: none"> 125 191 76 850 215 407 551 020 749 387 6 days 78% 	<ul style="list-style-type: none"> 186 181 433 299 1 156 907 945 916 1 521 631 6.5 days 100% 	<ul style="list-style-type: none"> 778 648 464 416 1 563 302 3 136 458 4 939 695 (3 916 211 in 2018/19)
Transferred amount per amended DORA (R'000)	Original budget: R14 013 153	Transferred: R14 013 153	Spent: R13 781 827 (R13 306 531 in 2019/20 and (R12 162 961 spent in 2018/19	Spent: R13 306 531 (R12 162 961 spent in 2018/19

Table 2: National Department of Health HIV, TB, Malaria and Community Outreach Grant (Direct Grant), 2020/21

Purpose of the grant	Outputs	Expected outputs 2020/21	Actual outputs 2020/21	Actual outputs 2019/20
HIV and AIDS Component: <ul style="list-style-type: none"> To enable the health sector to develop and implement an effective response to HIV and AIDS Prevention and protection of health workers of exposure to hazards in the workplace 	HIV and AIDS Component: <ul style="list-style-type: none"> new patients that started on ART patients on ART remaining in care male condoms distributed female condoms distributed exposed infant HIV positive at 10 weeks PCRtest clients tested for HIV (including antenatal) Medical Male Circumcision performed 	HIV and AIDS component: <ul style="list-style-type: none"> 600 000 5 700 000 850 000 000 40 000 000 187 300 14 000 000 600 000 	HIV & AIDS Component: <ul style="list-style-type: none"> 490 945 5 104 965 536 110 671 16 803 855 179 102 15 284 083 129 587 	HIV & AIDS Component: <ul style="list-style-type: none"> 725 201 5 015 476 (4 629 831) 642 886 644 16 632 792 1 284 18 829 648 413 057

Purpose of the grant	Outputs	Expected outputs 2020/21	Actual outputs 2020/21	Actual outputs 2019/20
	<ul style="list-style-type: none"> patients on ART initiated on isoniazid preventative therapy (IPT) adherence clubs patients participating in adherence clubs 	<ul style="list-style-type: none"> 604 400 66 000 2 200 000 	<ul style="list-style-type: none"> 315 150 	<ul style="list-style-type: none"> 508 351
TB Component: – To enable the health sector to develop and implement an effective response to TB	TB Component: <ul style="list-style-type: none"> TB symptoms client screened in facility (under 5 years and 5 years and older) Number of patients tested for TB using Xpert Eligible HIV positive patients tested for TB using urine lipoarabinomannan assay Percentage of all TB clients (5 years and older) started on treatment Percentage of confirmed TB Rifampicin Resistant started on treatment Eligible clients initiated on Delamanid containing regimen 	TB Component: <ul style="list-style-type: none"> 90% 2 912 564 200 000 100% 90% 2 000 	TB Component <ul style="list-style-type: none"> 88,1% TB 1 599 985 14 215 97,6% 80.7% 856 	TB Component <ul style="list-style-type: none"> 8 411 2 076 726 82% 96%
Community Outreach Services Component: – To ensure that every Community Health Worker contracted as part of the WBPHCOTs receives a remuneration, tools of trade and is trained to deliver on the approved scope of work	Community Outreach Services Component: <ul style="list-style-type: none"> Community Health Workers receiving stipend Community Health Workers trained Outreach Team Leaders trained Number of under 5 years seen 5 years and above seen HIV defaulters traced TB defaulters traced 	Community Outreach Services Component: <ul style="list-style-type: none"> 50 226 10 000 1 000 389 645 9 501 	Community Outreach Services Component: <ul style="list-style-type: none"> 49 020 20 877 2 530 337 244 34 795 	Community Outreach Services Component: <ul style="list-style-type: none"> 45 880 29 184 3 569 6 509 680 20 435 787 313 687 26 392
Malaria Component:	Malaria Component:	Malaria Component:	Malaria Component	Malaria Component

Purpose of the grant	Outputs	Expected outputs 2020/21	Actual outputs 2020/21	Actual outputs 2019/20
– To enable the health sector to develop and implement an effective response to support the effective implementation of the National Strategic Plan on malaria elimination 2019-2023	<ul style="list-style-type: none"> • Number of malaria endemic municipalities with > 95% indoor residual spray (IRS) coverage • % confirmed cases notified with 24 hours of diagnosis in the endemic districts • % of confirmed cases investigated and classified within 72 hours in the endemic districts • % of identified health facilities with recommended treatment in stock • % of identified health workers trained on malaria elimination • % of social mobilisation information education and communication (IEC) campaigns conducted • % of vacant funded malaria positions filled • Number of malaria camps refurbished and/or constructed 	<ul style="list-style-type: none"> • 21 • 60% • 60% • 98% • 90% • 70% • 70% • 20 	<ul style="list-style-type: none"> • 16 (76%) • 44% • 68% • 100% and 74% • 63% • 31% • 89% • 5 	<ul style="list-style-type: none"> 13% 43% 53% 65% and 74% 110% 71% 98 %
HPV Component: To enable the health sector to prevent cervical cancer by making available HPV vaccination for grade five schoolgirls in all public and special schools and progressive integration of HPV into ISHP	<ul style="list-style-type: none"> • Percentage of grade five schoolgirls aged 9 and above vaccinated for HPV • Percentage of schools with grade five girls reached by the HPV vaccination team 	<ul style="list-style-type: none"> • 80 % • 80% 	<ul style="list-style-type: none"> • 80,6% • 93,0% 	<ul style="list-style-type: none"> • 76.7% • 84.7% (83.1% in 2018/19)
Transferred amount per amended DORA (R'000)	Original budget:R22 038 995	Transferred: R22 076144	Spent: R27 030 128	Spent: R21 900 654
The underspending is attributed to COS component which relates to Presidential Employment Initiative allocation made in-year. Some provinces were unable to appoint the community health workers. Funds will be surrendered.				

Table 3: Health Facility Revitalisation Grant (Direct Grant), 2020/21

Purpose of the grant	Outputs	Expected outputs 2020/21	Actual outputs 2020/21	Actual outputs 2019/20
<ul style="list-style-type: none"> To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organizational development systems and quality assurance To enhance capacity to deliver health infrastructure To accelerate the fulfilment of Occupational Health and Safety 	<ul style="list-style-type: none"> Number of PHC facilities constructed or revitalized Number of hospitals constructed or revitalized Number of Facilities maintained, repaired and/or refurbished Number of facilities replace equipment 	<ul style="list-style-type: none"> 37 24 100 40 	<ul style="list-style-type: none"> PHC: 4 constructed 35 revitalised Hospitals: 0 constructed; 21 revitalised 116 65 	<ul style="list-style-type: none"> 3 (14 of 25 in 2018/19) 60
Transferred amount per amended DORA (R'000)	Original budget: R6 315 281	Transferred: R6 315 281	Spent: R5 963 733 (R6 238 423 in 2019/20; R6 072 743 in 2018/19)	Spent: R6 238 423

Table 4: National Health Insurance Grant: Personal Services Component, 2020/21

Purpose of the grant	Outputs	Expected outputs of the grant 2020/21	Actual outputs achieved 2020/21	Actual outputs 2019/20
To expand the health care benefits through strategic purchasing of services from health care providers	<ul style="list-style-type: none"> Number of health professional contracted (psychiatrists, psychologists and Registered Councillors) Number of health professionals contracted through capitation arrangements Number of patients screened and treated for mental health problems Percentage reduction in the backlog of forensic mental observations 	<ul style="list-style-type: none"> 40 10 15 30% (500 of the 1400) 5% 	<ul style="list-style-type: none"> 27 0 2 714 19% 0 	<ul style="list-style-type: none">

Purpose of the grant	Outputs	Expected outputs of the grant 2020/21	Actual outputs achieved 2020/21	Actual outputs 2019/20
	<ul style="list-style-type: none"> Percentage reduction in radiation oncology 			
Transferred amount per amended DORA (R'000)	Original budget: R171 187	Transferred: R171 187	Spent: R138 405	Spent:R64 940

Table 5: National Health Insurance Grant: Non Personal Services Component, 2020/21

Purpose of the grant	Outputs	Expected outputs of the grant 2020/21	Actual outputs achieved 2020/21	Actual output 2019/20
<ul style="list-style-type: none"> To expand the alternative models for dispensing and distribution of chronic medication To fund the development of and roll out of new Health Information Systems in preparation for NHI To develop a risk-adjusted capitation model for the reimbursement of Primary Health Care To enable health sector to address the deficiencies in the Primary Health Care facilities systematically to yield fast results 	<ul style="list-style-type: none"> Alternative chronic medicine dispensing, and distribution model implemented Number of new and total patients registered in the programme broken down Number and percentage of PHC facilities peer reviewed against Ideal Clinic Standards Number and percentage of PHC facilities achieving an ideal status Number of PHC facilities and Number of hospitals implementing the Health Patient Registration System Number of individuals from the population registered on the Health Patient Registration System Number of PHC facilities implementing an electronic stock monitoring system Number of hospitals implementing an electronic stock management system 	<ul style="list-style-type: none"> Alternative chronic medicine dispensing, and distribution model implemented 3 500 000 500 and 14% -1 950 and 56% -3 070 90 - 46 000 000 - 3290 - 385 	<ul style="list-style-type: none"> Alternative chronic medicine dispensing, and distribution model implemented 4 321 755 257 reviewed of which 90 achieved ideal status - 1 444 and 42% - 3220 52 40 000 000 3320 396 Established 	<ul style="list-style-type: none"> 3 381 731 467 and 94% 1 906 and 56% 3 059 PHC facilities and 34 hospitals 45 286 288 3 300 378

Purpose of the grant	Outputs	Expected outputs of the grant 2020/21	Actual outputs achieved 2020/21	Actual output 2019/20
	<ul style="list-style-type: none"> National data centre hosting environment for NHI information systems established Number of fixed health establishments reporting medicine availability to the national surveillance centre 	<ul style="list-style-type: none"> - National data centre hosting environment for NHI information systems established - 3 790 	<ul style="list-style-type: none"> No number provided 	not implemented
Transferred amount per amended DORA (R'000)	Original budget: R985 448	Transferred: R685 448	Spent: R585 866	Spent: R487 397
<p>The underspending is attributed to delays in submission of invoices and subsequent BAS errors that prohibited processing of payments on the last day of the financial year. Delays in delivery of equipment. The HPRS could not be implemented in 18 Hospitals due to the complexities of linking patient information system with HPRS in hospitals which resulted in delays as individual systems vendors took longer to respond. The use of the HPRS implementation at PHC facilities is becoming more mature and leads to an increase in the uptake</p>				

Table 6: National Health Insurance Grant: Health Facility Revitalisation Component, 2020/21

Purpose of the grant	Outputs	Expected outputs of the grant 2020/21	Actual outputs achieved 2020/21	Actual output 2019/20
<p>To create an alternative track to improve spending, performance, as well as monitoring and evaluation on infrastructure in National Health Insurance (NHI)</p> <p>To enhance capacity and capability to deliver infrastructure for NHI</p> <p>To accelerate the fulfilment of Occupational Health and Safety</p>	<ul style="list-style-type: none"> Number of PHC facilities constructed or revitalised Number of hospitals constructed or revitalised Number of facilities maintained, repaired and/or refurbished 	<ul style="list-style-type: none"> 17 0 50 	<ul style="list-style-type: none"> 1 3 0 	<ul style="list-style-type: none"> 4 39
Transferred amount per amended DORA (R'000)	Original budget R852 278	Transferred: R852 278	Spent: R801 851	Spent: R852 879

Table 7: Statutory Human Resources & HP Training & Development 2020/21

Purpose of the grant	Outputs	Expected outputs of the grant	Actual output
<p>To appoint statutory positions in the health sector for systematic realisation of human resources for health strategy and phased-in of National Health Insurance Support provinces to fund service costs associated with clinical training and supervision of health science trainees on the public service platform</p>	<ul style="list-style-type: none"> • Statutory posts funded from this grant • Community Service personnel funded from this grant • Registrar posts funded from this grant • Specialist posts funded from this grant • Other health professionals (clinical & allied) appointed 	<ul style="list-style-type: none"> • 1 038 • 152 • 1 800 • 100 • 600 	<ul style="list-style-type: none"> • 1 534 • 702 • 1 313 • 328 • 957
Transferred amount per amended DORA (R'000)	Original budget: R4 309 290	Transferred: R4 309 290	Spent: R4 228 117

Table 8: Comparison of purposes of specific conditional grants

National Tertiary Service Grant	Statutory Human Resources & HP Training & Development	National Health Insurance Grant: Personal Services Component	National Health Insurance Grant: Health Facility Revitalisation Component	Health Facility Revitalisation Grant (Direct Grant)
<ul style="list-style-type: none"> • Ensure provision of tertiary health services in South Africa • To compensate tertiary facilities for the additional costs associated with provision of these services 	<ul style="list-style-type: none"> • To appoint statutory positions in the health sector for systematic realisation of human resources for health strategy and phased-in of National Health Insurance • Support provinces to fund service costs associated with clinical training and supervision of health science trainees on the public service platform 	<ul style="list-style-type: none"> • To expand the health care service benefits through strategic purchasing of services from health care providers 	<ul style="list-style-type: none"> • To create an alternative track to improve spending, performance, as well as monitoring and evaluation on infrastructure in National Health Insurance (NHI) • To enhance capacity and capability to deliver infrastructure for NHI • To accelerate the fulfilment of Occupational Health and Safety 	<ul style="list-style-type: none"> • To help accelerate construction, maintenance, upgrading and rehabilitation of new and existing infrastructure in health including, health technology, organisational development systems and quality assurance • To enhance capacity to deliver health infrastructure • To accelerate the fulfilment of Occupational Health and Safety