PROGRAMME-BASED BUDGETING FOR HEALTH

**SOUTH AFRICA**

**EVOLUTION OF BUDGET STRUCTURE REFORM**

- **1997/98** South Africa shifted from single year budget to multi-year budget framework
- **2001** Introduction of estimates of national expenditure (replacing the National Expenditure Survey) - includes financial and programme performance information for past 6 years and future 3 years
- **2010** Guidelines on budget programmes for provinces with detailed manual on programme planning, indicators, targets, etc.

- **1999/2000** The PFM act came into effect, requiring measurable objectives for each programme
- **2002** Introduction of measurable objectives for each programme published in the “Estimates” document
- **2018** MoH changed budget programme structure to support interim National Health Insurance implementation structures, including interim NHI Fund

**KEY OUTPUTS**

- Each programme has formal definitions and objectives, inclusion and exclusion criteria
- Approved structure entered into financial management system and all transactions recorded accordingly
- Once approved, the budget structure is also used for planning and performance targets in Annual Performance Plans, enabling linkage to performance
- Departments can make requests to amend budget structure annually as priorities evolve
- Alignment of programme budget, plans and performance reporting

**REMAINING CHALLENGES**

- Misalignment budget structure of provincial health departments (8 programmes) and national DOH (6 programmes)
- Insufficient use of programme performance information in allocative decisions
-Allocations are partially reliant on historical expenditure (incremental budgeting)
-Many characteristics of traditional line-item budgeting remain, causing rigidity and inefficiencies (funds released in lump sum tranche for programmes but budget system allocated to specific input items)

**PROGRAMME STRUCTURE OF NATIONAL DEPARTMENT OF HEALTH**

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<tr>
<th>Programme names</th>
<th>Programme purpose</th>
<th>NDP 2030</th>
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<tr>
<td>Administration</td>
<td>Provides strategic leadership</td>
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<td>National health insurance</td>
<td>Improve access to quality health services and financing reforms to achieve universal coverage</td>
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<td>Communicable and non-communicable diseases</td>
<td>Develop and support the implementation of national policies to reduce morbidity and mortality associated with communicable and non-communicable diseases.</td>
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<td>Primary Health Care</td>
<td>Develop and support the implementation of legislation, policies and a protocol for chronic health services, including environmental and public health services.</td>
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<td>Hospital systems</td>
<td>Ensure that the planning, coordination, delivery and oversight of health infrastructure meet the country’s health needs.</td>
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<td>Health system governance and human resources</td>
<td>Develop policies and systems for the planning and commissioning of health sector human resources, monitoring and evaluation and research in the sector.</td>
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**MOVING FORWARD**

- Find mechanisms to collect spending information and report on priority areas which are not budget sub-programmes e.g. TB, disability, gender based violence
- Increase decentralised decision making and hold providers accountable for outcomes
- Restructure budget programmes in line with future legislative and administrative developments around National Health Insurance.
- Consider if and how programme budgeting will be implemented on both purchaser and provider sides