



African Forum and Network  
on Debt and Development

An Assessment of the Progress made in the  
Implementation of the Paris Declaration and  
Accra Agenda for Action on Aid Effectiveness

A Focus on Mutual Accountability and Democratic Ownership Principles

# **THE CASE OF SOUTH AFRICA**



# About AFRODAD

## Vision

AFRODAD aspires for an equitable and sustainable development process leading to a prosperous Africa

## Mission

To secure policies that will redress the African debt crisis based on a human rights value system

## Objectives include the following:

- 1 To enhance efficient and effective management and use of resources by African governments;
- 2 To secure a paradigm shift in the international socio-economic and political world order leading to a development process that addresses the needs and aspirations of the majority of people in the world
- 3 To facilitate dialogue between civil society and governments on issues related to Debt and Development in Africa and globally.

From the vision and the mission statements and from our objectives, it is clear that the Debt crisis, apart from being apolitical, economic and structural issue, has an intrinsic link to human rights. This forms the guiding philosophy for our work on Debt and the need to have African external debts cancelled for poverty eradication and attainment of social and economic justice. Furthermore, the principle of equity must of necessity apply and in this regard, responsibility of creditors and debtors in the debt crisis should be acknowledged and assumed by the parties. When this is not done, it is a reflection of failure of governance mechanisms at the global level to protect the interests of the weaker nations. The transparent arbitration mechanism on debt proposed by AFRODAD as one way of dealing with the debt crisis finds a fundamental basis in this respect.

AFRODAD aspires for an African and global society that is just (equal access to and fair distribution of resources), respects human rights and promotes popular participation as a fundamental right of citizens (Arusha Declaration of 1980). In this light, African society should have the space in the global development arena to generate its own solutions, uphold good values that ensure that its development process is owned and driven by its people and not dominated by markets/profits and international financial institutions.

AFRODAD is governed by a Board composed of seven members from the five regions of Africa, namely east, central, western, south and the North. The Board meets twice a year. The Secretariat, based in Harare, Zimbabwe, has a staff compliment of seven programme and five support staff.

An Assessment of the Progress made in the Implementation of the Paris  
Declaration and Accra Agenda for Action on Aid Effectiveness:  
*A Focus on Mutual Accountability and Democratic Ownership Principles*

**The Case of South Africa**

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# Acronyms

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AAA	Accra Agenda for Action
AG	Auditor General
ANC	African National Congress
ARF	International Cooperation Fund
ARASA	AIDS and Rights Alliance for Southern Africa
ARV	Antiretroviral
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BEMF	Budget and Expenditure Monitoring Forum
CSOs	Civil Society Organisations
DAC	Development Assistance Committee
DCIS	Development Cooperation Information System
DIE	German Development Institute
G8	Group of 8
G20	Group of 20
GBC	Global Business Coalition
GEAR	Growth, Employment and Redistribution Strategy
GDP	Gross Domestic Product
GFATM	Global Fund for AIDS, TB, and Malaria
HLF IV	High Level Forum IV
HIPC	Highly Indebted Poor Countries Initiative
HIV/AIDS	Human Immunodeficiency Virus/ Acquired Immunodeficiency Syndrome
ICSSG	International Civil Society Steering Group
IDASA	African Democracy Institute in South Africa
IDP	Integrated Development Plan
IMF	International Monetary Fund
IST	Integrated Support Team
LDCs	Least Developed Countries
LGB	Local Governance Barometer
MOFAT	Ministry of Foreign Affairs and Trade
MSF	Médecins Sans Frontières
MTEF	Medium-Term Expenditure Framework
NEPAD	New Partnership for Africa Development
NGOs	Non-Governmental Organisations
NSP	National Strategic Plan
ODA	Official Development Assistance
OECD	Organisation for Economic Cooperation and Development
PD	Paris Declaration
PEPFAR	President's Emergency Plan for AIDS Relief
PFMA	Public Finance Management Act
PRSPs	Poverty Reduction Strategy Paper
R	Rand, South Africa
RDP	Reconstruction and Development Programme
RSA	Republic of South Africa
SWAPs	Sector-Wide Approaches To Development
TAC	Treatment Action Campaign
TB	Tuberculosis
UNDP	United Nations Development Programme
USA	United States of America
WP-EFF	Working Party on Aid Effectiveness

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## Executive Summary

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The Paris Declaration (PD) was an attempt to address a number of issues regarding the inefficiency and ineffectiveness of aid, given the persistent poverty experienced in developing countries. As a framework for improved aid delivery, the emphasis was placed on the process of administering it, rather than its destination, which is meant to be determined by partner countries themselves. There are five reinforcing principles (ownership, alignment, harmonisation, managing for results and mutual accountability) to ensure uniform thought and practice on aid issues.

Within the framework of the PD, Civil Society Organisations (CSOs) have done much work in clarifying the link between aid and development, placing emphasis on ownership and accountability. Specifically, they have highlighted the need to place human rights at the centre of the development discourse and for independent monitoring and evaluation systems.

This report begins with an overview of the aid architecture in South Africa. It moves on to focus on two of the PD principles, ownership and mutual accountability. There is a discussion of the importance of mutual accountability in development and aid effectiveness and an exploration of the linkages between mutual accountability and ownership in the aid delivery process. There is a review of the mechanisms available for civil society involvement. Examples are drawn from analysis of performance in the Health Sector, with a highlight on Global Funds.

### Key Findings

- Though not aid dependent, South Africa has embraced the PD principles and has sought to integrate them into its public finance systems.

It has a national Development Coordination Unit and such units in each department. It has institutionalised participation and reporting mechanisms as it receives aid primarily in the form of sector budget support, it has a national information system, into which is meant to be fed information from each department.

- Even by the government's own admission, the role of civil society remains unclear and participation is limited. Officially, there are a number of opportunities for civil society to participate in both public finance and development issues. There is, however, insufficient evidence to claim democratic ownership with regards to Official Development Assistance (ODA) and development issues, as a number of studies by Non-Governmental Organisations (NGOs) have cited marginalisation of citizens in important decision-making forums. This is more so the case at provincial and municipal levels.
- Mutual accountability is based on transparency, which entails the disclosure of credible, relevant and timely information. However, departments still appear unable to conform to treasury guidelines on reporting. A focus on the Health Department reveals that the Auditor General (AG) also finds its performance lacking, precisely because of deficiencies in information governance systems.
- The AG's findings also highlight what is a reinforcing relationship between accountability through transparency and ownership through participation; one cannot exist without the other and both require information.



## Recommendations

- Very little by way of regulatory changes appear to be needed in South Africa to improve transparency and participation. Officially, South Africa guarantees a voice to citizens at all levels of government. But frameworks do not necessarily translate into practice. What is needed is a culture of sharing information between government departments, between government and NGOs, and a recognition that civil society, as well as donors, have a role to play in achieving development goals.
- The only institutional change that is recommended is perhaps the formation of cluster forums at local levels. Not only would this reinforce the importance of the Integrated Development Plan process, but citizens would work in tandem with local expertise on issues which concern them to arrive at targets and budgets. Since the dominant ODA modality is sector budget support and those services are administered by provinces, greater effort should be made to link the sector department policies to citizens through municipal accountability systems.
- The AG reiterates the role that transparency plays in development, with particular emphasis on the provision of information and how that can improve both citizen participation and departmental performance objectives. Until that time at which information is able to flow both upstream and downstream, democratic ownership and mutual accountability will be kept at bay.

# 1 Introduction

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The Paris Declaration on Aid Effectiveness (PD), an output of the Second High Level Forum on Aid Effectiveness, was signed in 2005 by over 100 entities including foundations and international non-governmental organisations, multilateral agencies, donor and partner countries. The PD was an attempt to address a number of issues regarding the insufficiency of aid; its volatility in disbursement and the existence of parallel delivery mechanisms; its non-alignment and lack of harmonization with national development strategies; its apparent ineffectiveness against persistent poverty levels and the lack of accountability in that regard; and the marginalization of citizens from the aid architecture.

The Paris Declaration is best described as a framework for improved aid delivery. The emphasis was placed on the process of doing so, rather than its destination, with five reinforcing principles (ownership, alignment, harmonisation, managing for results, and mutual accountability) to ensure uniform thought and practice on aid issues. Each of the principles were accompanied by targets for both donor and partner countries and indicators in order to measure progress on the targets.

Civil society organisations participated in the follow-up discussion of the PD, the development of monitoring mechanisms and the preparations for the Third High Level Forum in Accra, Ghana in 2008.

In a statement by the International Civil Society Steering Group for the Accra High Level Forum, the connection between aid and development was succinctly made. The principles of ownership and accountability endorsed by the Paris Declaration are welcomed by CSOs as the right basis for relationships between donors and recipient governments. Accountable aid relationships based

## Five Principles of the Paris Declaration, with example indicator

### OWNERSHIP

Partner countries exercise effective leadership over their development policies, and strategies and co-ordinate development actions

*Indicator:* Partners have operational development strategies

### ALIGNMENT

Donors base their overall support on partner countries' national development strategies, institutions and procedures

*Indicator:* Percent of aid flows to the government sector that is reported on partners' national budgets.

### HARMONISATION

Donors' actions are more harmonised, transparent and collectively effective

*Indicator:* Percent of aid provided as programme-based approaches

### MANAGING FOR RESULTS

Managing resources and improving decision-making for results

*Indicator:* Number of countries with transparent and monitorable performance assessment frameworks to assess progress against (a) the national development strategies and (b) sector programmes.

### MUTUAL ACCOUNTABILITY

Donors and partners are accountable for development results

*Indicator:* Number of partner countries that undertake mutual assessments of progress in implementing agreed commitments on aid effectiveness

on real ownership can help to support democracy and the empowerment of poor and marginalised people to claim their rights.<sup>1</sup>

CSOs and their networks have dutifully monitored the progress made against the targets in the PD and have stated a number of concerns. These include recognizing the centrality of human rights and poverty reduction; recognizing CSOs as development actors in their own right; the need for an independent monitoring and evaluation system; the reformation of technical assistance so that it better responds to national priorities and builds capacity, and the establishment of a multilateral governance system for development assistance.

The Accra Agenda for Action (AAA) was a policy outcome of the Third High Level Forum on Aid Effectiveness in 2008. The BetterAid consortium, a coalition of 380 civil society organisations, has noted that gender, human rights and environmental issues have been taken into account and CSOs have been included as full members into the Working Party on Aid Effectiveness.<sup>2</sup>

Based on a number of studies and consultations and the realisation that the PD failed to incorporate time-bound and monitorable commitments, the consortium had made 16 recommendations, which included an effective and relevant independent monitoring and evaluation system for the PD, the creation of a new multi-stakeholder mechanism for holding both governments and donors accountable, and new targets for the predictability of aid. Of the 16 only one, the recognition of CSOs in the aid architecture, has been achieved while nine have been partially achieved and five considered not achieved. Essentially, the PD and AAA fail on mutual accountability.

## 1.1 The Case of South Africa

South Africa is a middle income country, paradoxically so, as it has the highest GINI co-efficient on the African continent, approximately

0.6, and is among the least aid-dependent countries in Africa. In 2008, net ODA to South Africa was USD\$718 million, up from USD\$617 million. It was, and remains, less than 1% of GDP and the bulk of ODA, approximately 90.9%, comes from the DAC countries. In comparison, in 2008/09, its total government revenue was ZAR655 billion, with the bulk of it (ZAR642 billion) coming from taxes.<sup>3</sup>

Although not a recipient of a significant amount of development assistance in comparison to the size of its economy, South Africa receives much of its ODA as sector budget support. The proportion of donor funds to the overall health sector budget, as an example, is negligible. It has been less than half a percent until the 2008/09 financial year, where it climbed to 1.1%,<sup>4</sup> whereas the Strategic Health sub-programme of the Health Department averages around 2% of donor funding.

Sector budget support is meant to further improve development objectives by linking donors to specific programme goals. It is hoped that the quality of service delivery would improve. However, not only is much of it unexpended (because of absorption and capacity constraints), sector budget support is plagued by unpredictable donor flows, and there are insufficient accountability mechanisms at local and municipal government levels. Between the fiscal year 2005/06 and 2006/07, donor funding to the Health Department declined by 39.8%. It increased by 219.3% in the following fiscal year 2007/08 and 79.5% in fiscal year 2008/09.<sup>5</sup> The Health Department has been repeatedly cited by the Auditor General for “lack of effective, efficient and transparent systems” regarding both finances and information.

This report will focus on two of the PD principles, ownership and mutual accountability. In addition to discussing the progress made on the implementation of these two principles,

<sup>1</sup> *Better Aid: A Civil Society Position Paper for the 2008 Accra High Level Forum on Aid Effectiveness, International Civil Society Steering Group, Better Aid.org, 16 January 2008*

<sup>2</sup> *Ibid*

<sup>3</sup> *World Bank (2008), The Little Data Book on Africa; South African Treasury, www.treasury.org.za; Financial and Fiscal Commission, Republic of South Africa, parliamentary briefing on 25 February 2010.*

<sup>4</sup> *Health Department, Republic of South Africa 2009 Estimates of National Expenditure.*

<sup>5</sup> *Health Department, Republic of South Africa 2009 Estimates of National Expenditure.*

there will be continuous references made to the Health Sector, the Global Funds for HIV/AIDS, Tuberculosis and Malaria, in particular. Section 2 is an overview of the aid architecture in South Africa. Section 3 is a discussion of the importance of mutual accountability in development and aid effectiveness. Section 4 explores the linkages between mutual accountability and ownership in the aid delivery process. Section 5 reviews the local mechanisms available for CSO involvement. Section 6 highlights the Global Fund, as a case study and Section 7 concludes, with recommendations.

## 2 Country context interpretation and awareness of Paris Declaration (PD) and Accra Agenda for Action (AAA) among stakeholders.

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### 2.1 The aid architecture in South Africa

The Reconstruction and Development Programme (RDP, 1994-1996), was an attempt to bring to the forefront the developmental priorities of the African National Congress (ANC). It was formed into a ministry, along with the creation of a RDP Fund. It was believed that the RDP would facilitate integrated planning by dictating common policy approaches across departments. It also targeted institutional support at different levels of government to enhance delivery and to ensure stakeholder input. A major aim was to encourage new approaches to public sector management and budgeting that would guide the broader state machinery in meeting government's overall strategic objectives.

However, the RDP ran into several challenges. It underestimated the difficulties of getting autonomous departments to operate, and of aligning ODA to government needs. Secondly, it did not materialize into an implementation plan and was open to wide interpretation on what mechanisms would be most appropriate. Thirdly, there was resistance by other departments to be accountable to another line ministry. It was eventually disbanded.

The Growth, Employment and Redistribution Strategy (GEAR) took its place. Its premise was that economic growth was needed in order to eradicate poverty, and its focus was on attracting investment and increasing the number of South Africa's trading partners. But GEAR was consistently criticised by the labour movement and the South African Communist Party for promoting economic growth without a redistribution strategy.

The Growth, Employment and Redistribution (GEAR) strategy was complemented by the Accelerated and Shared Growth Initiative for South Africa (ASGISA). Medium-term strategies and priorities are translated into government action through the annual President's State of the Nation Address, the Government's Programme of Action and the Medium-Term Budget Policy Statement. Provinces also prepare integrated development plans.

In 2003, the government, in consultation with national stakeholders, revised its long-term priorities and singled out job creation, investment, equity and local development as focus areas. These priorities are integrated in the government's annual Programme of Action. The most recent development strategy, South Africa 2015, integrates these priorities, mapping out a development path for the coming years.

The National Treasury plays a central role in coordinating ODA. In 2003, the Treasury released the Policy Framework and Procedural Guidelines on ODA Management. It specified a number of changes in the way aid was utilized and reported, among them:

- With the closure of the RDP Office and the integration of the RDP into departmental budgets, the function of overall ODA management and coordination was transferred to the Chief Directorate: International Development Co-operation, in the National Treasury. However, the responsibility and accountability for the implementation of ODA-supported projects and programmes would be vested in South African implementing agencies – national and

- provincial departments, and local authorities.
- ODA, in the form of grants and technical assistance, would now be regarded as a donation to the State. Further, donor support is extra-budgetary; that is, does not form part of national revenue. As such, donations are additional to parliamentary budgetary appropriations.
  - All donations have to be declared in writing to the relevant financial officer and must be paid into the account of the RDP Fund and must be stipulated as such in a separate note to the annual financial report of the RDP Fund.
  - ODA must have a strategic focus, where such a framework should come about as part of the Medium-Term Expenditure Framework (MTEF) process.

Since the guidelines, reporting has not been consistent. This is partially due to the fact that the bulk of ODA as received by South Africa is in the form of sector budget support. From 2004-2006, ODA was recorded as per project, per donor and in various currency denominations. In 2007, departments (ministries) did not report at all. Thus, there was no central place in which to locate total ODA, as ministries reported separately and a cross tabulation would have to be undertaken. *Ex post facto*, the Development Cooperation

Information System, managed by the Treasury, supplies time-series information about the amount of ODA, by donor, but there is no information regarding its destination and impact.<sup>6</sup>

The 2006 OECD Monitoring Survey on the Paris Declaration in South Africa revealed a lack of an explicit South Africa-defined framework for poverty alleviation, which effectively meant that donors were able to rationalise their development interventions more liberally than they would otherwise have been able to do, and to set these in line with their own development policy objectives. In the absence of a clearly defined government led framework and poverty alleviation strategy (and monitoring systems to track this), it is difficult to ascertain to what extent ODA is directed to poverty alleviation, and what the nature of impact is.<sup>7</sup>

Consequently, in 2008, another document was released, the 2008 Treasury Guidelines on ODA. The guidelines state that ODA should be reported per department and in South African Rand, and it should follow the same reporting process as the budget. Donor-funded programmes should be output and outcome based, in line with the notion of a results-based management. Further, operational plans for implementation should incorporate actual deliverables and a breakdown

### Excerpt from the Annual Report of the Department of International Relations and Cooperation, 2008/09

Efforts to decentralise ownership are evident with the establishment of ODA coordination structures within departments and the nine provincial offices of the Premier. These efforts should be continued and supported. The role of the Civil Society Organisations remains unclear and their participation very limited – a gap that needs to be addressed.

South Africa insists on alignment to national priorities and the use of country systems at national level. However, where ownership is weak at sub-national levels, so usually is alignment. A few Development Partners are known to take advantage of the weaker ownership to push their agendas, rather than aligning to partner country priorities. There is a tendency for some officials to request the use of the Development Partners' systems as a result of various barriers or disincentives. The use of the country procurement system may therefore not always be the most appropriate. Whilst all aid needs to be recorded by National Treasury, some departments do not report on "in kind" assistance as they feel that they cannot account for it. Thus, measuring the full impact of aid toward development will be impossible. The appropriate degree of flexibility required for alignment within the South African context needs to be determined.

<sup>6</sup> [www.dcis.gov.za](http://www.dcis.gov.za)

<sup>7</sup> Organisation for Economic Cooperation and Development. 2006 Survey on Monitoring the Paris Declaration: South Africa.

of committed and disbursed resources. It specified that ODA should be used specifically to leverage innovation, best practices, risk-taking and piloting to address developmental challenges within a sector. In fact, stakeholders are requested to demonstrate how and where donor resources add value.

In its 2010 annual report, the Treasury commented on the remaining gaps in relation to ODA. It was still unclear whether the ODA reflected cash receipts or technical assistance. There was no breakdown of committed and disbursed resources. Departments still did not explain where and how donor resources would add value; nor was ODA explained in relation to domestic spending and pre-determined plans. In fact, in the Health Department's Estimates of National Expenditure for 2010, there was no listing of donor funding. The Treasury also commented the need for more information regarding why ODA was needed and what it would be used for and that these explanations should be included in the Medium-Term Expenditure Framework (MTEF).

## 2.2 South Africa as a donor

Despite its poverty, South Africa is also a donor. One of its delivery mechanisms is the African Renaissance and International Cooperation Fund (ARF), the purpose of which is to promote economic cooperation between itself and other African countries by granting loans and/or other financial assistance in respect of development projects. According to the Accounting Officer's report for the financial year, end March 2009, the total amount of funds available for disbursement was ZAR699 million, of which ZAR476 million was expended. Projects funded vary and include ZAR60 million for a dam in Lesotho; ZAR20 million to build the capacity of public administration in the Democratic Republic of Congo; ZAR8 million for a leadership school in Uganda and ZAR20 million to conserve ancient manuscripts from Timbuktu in Mali.

The Public Finance Management Act (PFMA) of 1999 requires Accounting Officers to evaluate

and report on a number of issues, among which include whether there is a clear trail of supporting documentation throughout the life cycle of the project; the quality of financial statements; the appropriateness of information systems in relation to performance, accurateness and completeness. The Fund scored very well, with the exception of risk management. The Accounting Officer found that a plan had been lacking regarding an assessment and mitigation of risks.

Through the Department of International Relations and Cooperation, South Africa also donates money to a number of international movements and relief efforts. Approximately ZAR13.6 million was given in humanitarian aid in 2008/09; ZAR1.1 million to the South Centre and relatively the same amount to UNDP. ZAR31.6 million was granted to NEPAD; ZAR3.9 million to the African, Caribbean, and Pacific initiative; and just under ZAR10 million to the India, Brazil and South Africa Dialogue.<sup>8</sup>

The principle advantage of ARF, in its design was its introduction of framework and basis for providing funds for South African government to identify and fund, in a pro-active way, projects and programmes aimed at promotion of democracy and good governance; prevention and resolution of conflict; socio-economic development and integration; humanitarian assistance and human resource development in Africa, by granting of loans or rendering of other financial assistance within the African Renaissance framework. At the time of its inception, the ARF pioneered encapsulation of the concept of 'African Renaissance' in legislation in South Africa. It also introduced practical mechanism through which donor (third party) funds could be channelled to recipients and/or joint tripartite projects.

It has been found that there is increasing pressure on the ARF to strengthen its accounting practices and align itself to the MTEF. Initially, ARF did not have a proactive planning mechanism, nor did it have monitoring and evaluation mechanisms in place. With increasing demand for assistance, what

<sup>8</sup> Republic of South Africa, Department of International Relations and Cooperation. Annual Report, 2008/09.

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has been found is that the ARF faces challenges such as setting of standard criteria from which to assess and evaluate projects, and lack of standard project proposal template. Besides lack of capacity to monitor and evaluate projects, need was identified to strengthen the ARF's administrative capacity.<sup>9</sup>

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<sup>9</sup> Department of International Relations and Cooperation, Republic of South Africa. Presentation to the Portfolio Committee on International Relations and Cooperation on the Experience of the African Renaissance Fund, 04 August 2010.



### 3 The Importance of Mutual Accountability in Development and Aid Effectiveness

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The importance of mutual accountability rests on the premise that the donor and the recipient country are both to account to each other for the failures or success of the aid process. The PD also calls for donors and partner countries to be accountable to each other for the use of development resources, and in a way that tends to strengthen public support for national policies and development assistance. This requires governments to take steps to improve country accountability systems, and donors to help by being transparent about their own contributions.

The principle of mutual accountability has since then taken on two important aspects: accountability between countries and domestic accountability. Accountability between countries includes mechanisms or indices that provide information about donor and partner performance, internal mechanisms of peer review for donors and partner countries (e.g. Africa Peer Review Mechanism), and mechanisms that have emerged between donors and partners to oversee the performance of one another (e.g. the Working Party on Aid Effectiveness and Paris Declaration Monitoring Survey).<sup>10</sup>

Domestic accountability requires the ability of citizens to hold the State responsible for its actions. Paradoxically, aid can undermine domestic accountability in a number of ways. Aid-dependent countries tend not to have strong tax collection systems, and domestic accountability is strengthened in a tax-paying culture. Aid-dependent countries also tend to have underdeveloped institutions, in which public administration is not capable of

service delivery and information and monitoring systems.

Transparency in the national budget process regardless of the degree of aid dependency is important for stimulating domestic accountability. While transparency does not necessarily lead to accountability, but parliaments, audit institutions, civil society organisations and others will not be able to hold the executive to account if they are unable to see how much aid is received, how it is spent, and what impact it has.<sup>11</sup>

Aid-dependent countries typically have several modalities operating simultaneously; i.e. direct budget support, sector budget support, etc. A variety of aid modalities can also impact accountability. They all require varying degrees of control and coordination. If aid is to strengthen rather than undermine domestic accountability, the selection and design of aid instruments must be informed by a sound understanding of existing patterns of domestic accountability, the complexities of governance and the political economy of aid.<sup>12</sup>

Because of the importance of mutual accountability the South African Department of International Relations and Cooperation has, among its priorities, a desire to improve on the principle of mutual accountability. They plan to develop mutually agreed framework on modalities for reporting on results; such a framework would specify the means, identify roles and responsibilities and reporting schedules, and would be aligned to the new Government-wide Monitoring and Evaluation System and existing departmental M&E systems.

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<sup>10</sup> Steer, Liesbet, Cecilie Wathne, and Ruth Driscoll. "Mutual Accountability at the Country Level: A concept and Emerging Good Practice Paper", Overseas Development Institute

<sup>11</sup> Organisation for Economic Cooperation and Development. "Aid and Domestic Accountability", DAC Network on Governance, OECD, 30 March 2009.

<sup>12</sup> Organisation for Economic Cooperation and Development. "Aid and Domestic Accountability", DAC Network on Governance, OECD, 30 March 2009.

What is now in place is the Development Cooperation Information System, administered by office of International Development Cooperation, in the Budget Coordination section of the National Treasury. Its objectives are to ensure that ODA is SA-led and aligned to development priorities; the effective and efficient operational management of ODA, promotion of transparency and accountability in utilisation of ODA. On the website there may be found strategic documents like bilateral agreements, the government's programme of action, and ODA by source and implementing organisation. The Development Cooperation Information System website is being redesigned from a database to a web-based strategic management system. In its current state it is not providing complete and quality data for mutual accountability.<sup>13</sup>

There are departmental initiatives to better coordinate donors under budget support. For example, to facilitate and strategise donor assistance for HIV and AIDS in South Africa, the National Department of Health formed a Donor Coordination Forum to facilitate communication between donors. Such a forum also serves to prevent unnecessary competition and funding duplication between donors. Overall, donor coordination can assist in shaping a common understanding and approach in donor practices operating in one country. In this way donor priorities could be more easily matched with country objectives and priorities. However, improved coordination of funds and targets does not satisfy mutual accountability.

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<sup>13</sup> Republic of South Africa (2008)

## 4 The Linkages between Mutual Accountability and Democratic Ownership in the Aid Delivery Processes

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Another of the principles of the PD is ownership. Ownership has been defined in terms of a country's ability to exercise effective leadership over its development policies and strategies.<sup>14</sup> Democratic ownership refers to the centrality of citizens in development planning. All actors must be integrated so that they may give meaningful input into strategic planning, implementation and assessment. This integration must be at all levels of public administration and the opportunities for engagement of civil society and Parliament must be provided for both by a regulatory framework and in practice.

*“Country ownership of development programmes should be understood not simply as government ownership, but as democratic ownership. Democratic ownership means that citizens’ (women and men) voices and concerns must be central to national development plans and processes Poverty Reduction Strategy Papers (PRSPs), Sector-Wide Approaches to Development (SWAPs), etc. They must have access to resources, meaningful and timely information and be active in implementation, monitoring and evaluation. It also means establishing legitimate governance mechanisms for decision making and accountability, including Parliaments, elected representatives, CSOs representatives and local communities.”<sup>15</sup>*

The Policy Framework and Procedural Guidelines on ODA Management (2003), issued by the National Treasury, speaks directly to ownership.

*“ODA to South Africa should essentially be a South African-driven partnership for sustainable development between the donor community and South Africa. South Africa*

*accepts full ownership of donor-supported interventions, both at a macro- and sectoral level, and in all spheres of government. This is the only way to ensure that such interventions are aligned to South Africa’s reconstruction and development priorities to the fullest extent possible.*

*Ownership begets responsibility. South Africa accepts full responsibility for meeting, and even exceeding, the governance, policy and capacity requirements that would enable it (together with its partners) to achieve sustainable development.”*

The International Development Cooperation Unit in the National Treasury undertook an evaluation of the implementation of the PD in 2008.<sup>16</sup> It found that there was a need to broaden the definition of ownership. The present one only assesses the existence of a national development strategy, which it found to be inadequate. It also found a need to take greater cognisance of civil society. And though the importance of managing for results and mutual accountability is recognised, it also found that confusion persists over what the terms mean. Finally, there was an expectation that a government-wide monitoring and evaluation system would fill the gap.

### 4.1 The Right to Information

Democratic ownership requires participation at all levels of society. Mutual accountability requires transparency of information, as well as of practices. The core component of both participation and transparency is information. The right of access to information is a leverage upon which other rights can subsequently be claimed.

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<sup>14</sup> Better Aid. “An Assessment of the Accra Agenda for Action from a Civil Society Perspective”, November 2009

<sup>15</sup> Better Aid. A Civil Society Position Paper for the 2008 Accra High Level Forum on Aid Effectiveness, International Civil Society Steering Group, 16 January 2008.

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<sup>16</sup> Development Cooperation Unit, National Treasury, Republic of South Africa. “Evaluation of the Implementation of the Paris Declaration: Case Study of South Africa”, July 2008.

## The Case of South Africa

A review of the Health Department was undertaken of the most recent reports (2009/10) of the Auditor General, which included the national as well as provincial departments, numbering 10 in total.<sup>17</sup>

**Table 1 Information indicators**

	2009/10	2008/09
Non-compliant with respect to regulatory requirements	6	3
Reporting of performance information that was not useful	3	2
Reported performance information that was not reliable	10	6

One can see that the provision of quality information is a significant challenge in realising the principles of ownership and accountability. The more striking observation is that non-compliance to reporting requirements has increased dramatically since last year.

In all 70% of health departments did not submit the regulatory monthly and quarterly reports while 60% were cited as having a lack of effective, efficient, and transparent systems and internal controls regarding performance management. Some 90% were cited as not following procurement protocols of inviting at least three price quotations and in 50%, no market analysis was undertaken in cases where goods and services were procured from a sole provider.

The Auditor General undertook an assessment of one of the grants that are distributed to the provinces to be administered, the Comprehensive HIV/AIDS Grant.<sup>18</sup> The findings were that in seven of nine Provincial Departments of Health and the national Department of Health, there was a lack of monitoring and evaluation. Programme targets were not met and there was a lack of

documentation and processes in five. Measurable objectives were reported in the annual report but not pre-determined as per Integrated development plan IDP and budget processes. There was a lack of sufficient appropriate evidence.

The South African Government indeed has the appropriate structures and regulations pertaining to participation of citizens and transparency regarding the reporting on public finance issues in general. But the regulatory framework itself does not necessarily translate into good practice. The AG's own findings repeatedly cite the lack of availability of credible, reliable and consistent information.

*There are no standard policies and procedures describing processes and controls necessary to report reliable information. As a result significant weaknesses exist in the design and implementation of the information systems in place impacting on the ability of the sector to report reliable information as required by the business plans. Actual achievements reported through the quarterly reporting process were materially different to supporting documentation. As indicated in the 2009/10 Annual Report of the national department, the health sector only achieved 53% of the targets set for the 2009-10 financial year although 99% of the grant allocation was spent during the year.<sup>19</sup>*

<sup>17</sup> Auditor General, Republic of South Africa. PFMA Audit Outcomes of the Health Sector, 2009-10.

<sup>18</sup> Auditor General, Republic of South Africa. "National General Report of the Auditor General, 2007-2008", 2008.

<sup>19</sup> Auditor General, Republic of South Africa. Health Sector: PFMA audit outcomes, 2009-2010

## 5 Mechanisms, Processes and Structures that Demonstrate CSO Involvement in Aid Effectiveness and PD/AAA Implementation in South Africa

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### 5.1 The role and involvement of Parliament

The role of Parliament in the budget process is rather marginal and limited to adjudication of the budget after negotiations regarding allocations had already taken place. An example of the marginalisation (and lack of capacity) of Parliamentarians is exemplified by a question posed by Honourable Prof. Ben Turok, a seasoned Parliamentarian, who asked the then Minister of Finance what was the total received in Official Development Assistance in 2005-06 and also how Parliament could access this information.<sup>20</sup> The Minister replied that all international agreements relating to ODA processed by National Treasury are tabled on a regular basis in Parliament as required under Section 231(3) of the Constitution. The relevant details of the agreements are set out in the “Announcements, Tablings and Committee Reports” that are published regularly and are available in Parliament.

The Money Bills Amendment Procedure and Related Matters Act 9 of 2009, which came into effect on 14 April 2009, gives Parliament broader powers over the budget process and outcome. No longer is Parliament confined to only voting for or against the budget. It now has the authority and statutory obligation, amongst other things, to consider the fiscal framework, the Division of Revenue Bill and the Appropriations Bill, and to make amendments were deemed appropriate and hold public hearings on all three.<sup>21</sup> Citizens have a role to play, albeit indirectly, in this broader space afforded to Parliament, as the legislative body is

compelled to hold public hearings on all acts of law and policy issues. This is discussed in more detail in the next section.

### 5.2 The role and involvement of Civil Society

In June 2008, there was a national workshop on Civil Society and Aid Effectiveness which was attended by CSOs, donor, and representatives of the Treasury. Recognising that democratic ownership requires mutual accountability between donor and partner governments and civil society and transparency in development and budget planning, the participants made the following recommendations, ahead of the HLF III in Accra:

- Government enact legislation or take steps to create structures through which CSOs can officially and directly monitor and participate in both national planning and budgeting processes.
- CSOs coordinate with each other so as to avoid duplication of activities and more efficiently communicate with government.<sup>22</sup>

The South African Constitution already required that both the National Assembly and the National Council of Provinces “facilitate public involvement and conduct business in an open manner”. As a result, most Parliamentary Committee meetings are open to the public. Parliament also convenes public hearings on policy issues and proposed legislation while citizens may also petition Parliament on any issue.

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<sup>20</sup> National Assembly, Republic of South Africa, question to the Minister of Finance for written reply, no. 306, 09 March 2007.

<sup>21</sup> Report of the Budget and Expenditure Monitoring Forum, February 2010

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<sup>22</sup> Workshop report on Civil Society and Aid Effectiveness, convened by Idasa, 24 June 2008.

However, citizen participation is not without its challenges. The Report of the Independent Panel Assessment of Parliament (2009) identifies the costs of engaging with Parliament, language and minimal feedback as obstacles to more meaningful engagement.

The Money Bill Act of 2009 mentioned above enhanced the opportunities for engagement of civil society with both the Executive and Legislative branches of government. Public hearings must be convened at nearly all stages of the budget process, giving citizens some space in which to deliberate on aggregate revenue and expenditure, borrowing and debt servicing, the division of Revenue Bill, and the Appropriation Bill.<sup>23</sup>

### 5.3 Participation Mechanisms at Municipal Level

A major contribution of a human rights approach to poverty reduction is the idea of the empowerment of poor people, expanding their freedom of choice and points of engagement in order to structure their own lives.<sup>24</sup> At the municipal level of government, this requires strong leadership and clear vision. For democracy to materialize at the municipal level, mayors must oversee a process by which citizens are ensured meaningful participation so as to lead to improved responsiveness and accountability.<sup>25</sup>

South Africa has a decentralised system of government, with accountability theoretically vested in its implementing agencies (line ministries) at all spheres of public administration. The challenge of consolidating its development priorities is meant to be tackled through the Integrated Development Plan (IDP). The Policy Framework and Procedural Guidelines on ODA Management (2003) state that “government will give effect to the principles of

*bathopele* (people first) in the management of ODA in pursuit of transformation towards improved service delivery.”

Each municipality plans for delivery of the services for which it is responsible in an integrated way, formulating an Integrated Development Plan (IDP). This plan forms the basis of the municipal budget. The IDP has two components. The first relates to municipal functions (e.g. refuse collection). The second relates to national and provincial responsibilities (e.g. health services). The municipal manager is meant to co-ordinate municipal planning with national and provincial departments advocating on behalf of the local community. The IDP is, in essence, a coordinating tool that includes the needs of the community with respect to local services provided by all three spheres of government.

However, participation has been hindered both by a lack of capacity and a lack of a culture of consultation. The Auditor-General’s reports repeatedly refer to a lack of leadership and skill regarding the Municipal Finance Management Act and the IDP process.

*Because many municipalities did not know how to drive IDPs, they were also at a loss as to how to meaningfully draw diverse interest groups, and especially organisations representing the poor, into formal local government processes. There was no shortage of processes or forums to engage citizens but these processes were not necessarily facilitated properly and were not linked to specific decisions or resource allocations.<sup>26</sup>*

In 2007-2008, the Local Governance Unit of the African Democracy Institute (IDASA) and its partners created and implemented a Local Governance Barometer (LGB) in 16 municipalities within South Africa to appraise the state of governance in these municipalities. The LGB measured among other indicators of good governance, participation and civic engagement; in particular, community participation in the

23 Lefko-Everett, Kate and Musa Zamisa. “Public Participation in Budgeting: opportunities presented by new amendment powers”, *Parliament, the Budget, and Poverty in South Africa: A Shift in Power*, Ed. Len Verwey, Idasa, 2009

24 United Nations Office of the High Commission for Human Rights. *Human Rights and Poverty Reduction: A Conceptual Framework*, 2004.

25 See for more discussion: Idasa (2010). “The State of Local Governance and Service Delivery in South Africa: Issues, Challenges, Solutions”, *Submission to the Portfolio Committee on Cooperative Governance and Traditional Affairs*, 22 January 2010

26 Pieterse, Edgar. “South African Local Governance: Ambitions, Experiences, and Challenges”, *Germany*, March 2007

development, monitoring and evaluation of municipal governance processes, systems, and policies.

The following are the general findings concerning the participation indicator:<sup>27</sup>

- The finding was that most municipal councils have not communicated their development vision and plan as reflected in the Integrated Development Plans (IDP) effectively to their citizens. As a result, in most municipalities there is a weak relationship between the IDP and the annual budget/expenditure as reflected in the Service Delivery and Budget Implementation Plans, and within most municipal councils there is no consensus on its service delivery priorities, resulting in inefficient use of limited resources.
- Communication on progress and audit reports and on remedial action from the administration to both councillors and citizens is minimal and when provided it is usually presented in a way that is too technical for the ordinary citizen or councillor to understand.
- In most municipalities there are no mechanisms in place for citizens to review council resolutions or to lodge complaints. If such mechanisms do exist they do not function properly as complaints are not dealt with systematically.
- Consultation with communities and citizens is usually limited to the compulsory consultations specified in the various acts (IDPs and budgets) and thus only done so for compliance. Conclusions from consultations are not recorded and ward or community plans are seldom included in the municipal plans or budgets, nor is feedback to the communities provided on why their plans were not included.

One of the implications of the obligation of municipalities to facilitate participation is building the capacity of citizens to do so. IDASA found that while it was documented that civil society has space to be heard in the planning process, they lack

detailed understanding of the workings of local government and do not know how to lobby and advocate effectively in order to influence planning and decision-making. Also, what is perceived as a lack of interest in planning and budgeting is really a sense of intimidation regarding the technicalities surrounding the budget, when information became available.

#### 5.4 Multi-stakeholder initiatives

There are a number of concurrent initiatives involving multiple stakeholders regarding aid. In WEnt's Development Policy Forum, on behalf of the German Federal Ministry for Economic Cooperation and Development (BMZ), in partnership with the Ministry of Foreign Affairs and Trade (MOFAT) of the Republic of Korea, the National Treasury of South African and in collaboration with the Brookings Institution from the US, the African Democracy Institute (IDASA) in South Africa and the German Development Institute (DIE) – organized three workshops on aid effectiveness (Berlin, June 2009; Seoul, November 2009; Cape Town, September 2010).

The events were conceived in early 2009 jointly by senior officials from BMZ and In WEnt and by experts from Brookings. The intention was to develop a complementary discussion platform for the official OECD-DAC process as a follow-up to the Paris/Accra High Level Forums and in preparation for the Busan High Level Forum in 2011. The workshops were to provide an informal venue for exploration of issues, for networking among a wide-ranging group of participants in the aid effectiveness debate, and for developing action-oriented ideas for eventual consideration at the Busan HLF IV. The workshops were also designed to identify research priorities and lead to possible follow-up research by relevant think tanks in time for the Busan HLF IV.

Participants in the workshops comprised officials from partner countries, bilateral and multilateral aid agencies, non-DAC bilaterals, the private NGO

<sup>27</sup> Memela, Siyabonga et al. "The State of Local Governance in South Africa: What does the local governance barometer tell us?", Idasa, 2008

sector and think tanks from the North and South. The diversity of this group reflects the changing and increasingly diverse landscape that is reshaping the key issues in aid effectiveness. It is a landscape characterized by heterogeneity of partner countries (fragile states, geostrategic states, LDCs, HIPCs), proliferation of development partners (emerging development partners and non-DAC bilaterals, vertical funds, private sector and foundations), expansion of modalities of aid delivery and broadening of the range of issues to be considered in the chain linking aid effectiveness, development cooperation and engagement and development results. With the participation of DAC officials and senior participants of the DAC processes, and with the engagement of Korean Ministry of Foreign Affairs and Trade (MOFAT) officials, close links with the HLF preparations were assured.

The 2010 workshop focused on global programs and took as its starting point the notion that new actors in the global aid system are welcome since they bring new ideas, approaches and resources. The global programs in particular represent a successful effort to scale up the fight against specific threats to human development and security. But they also contribute towards increased fragmentation in the aid architecture and require effective and sustained integration into country-owned development programs.

The workshop concluded with six recommendations, summarized below:

1. Put country ownership first: Partner countries need to exercise stronger leadership in the implementation of global programs as well as in the governance of the funds.
2. Strengthen and use country systems: Country systems need to be strengthened and relied on for communication, governance and management, financial management and procurement, and for monitoring and evaluation.
3. Encourage more effective and inclusive partnership: Recognize and strengthen inclusive partnership models and systematically build on local partnership successes.
4. Consolidate global programs: All should take seriously the AAA provision to “think twice” before introducing new global funds and use existing institutions where ever possible. OECD-DAC and the G20 need to take a lead in reviewing the Aid Architecture and where necessary consolidating the multilateral development programs.
5. Learn for better impact: Strengthen initiatives of learning about the development impact of global programs and country-owned results-based systems of management and learning.
6. Adapt global programs for greater aid effectiveness: Predictability, sustainability and flexibility in global fund interventions and financing need to be further enhanced.

Emphasis was placed on ownership. Ownership requires partner countries to negotiate strong leadership and ownership in working with global programs. This should be ensured by collective action to support voice and equal participation in all forms of aid including global programs. Ownership includes recognition that partner countries share joint responsibility, for example to proactively develop their own policy and strategic plans. Effective utilization of country systems supports ownership. This includes recording aid “on budget” and ensuring representation by global programs, including delegation to countries and partners through transparent, accountable mechanisms

With support of the WP-EFF members that participated at the respective workshops the results are being integrated into the deliberations of the relevant OECD-DAC and WP-EFF processes.



## 6 A Focus on Global Fund

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The Global Fund is an international structure of partnerships between governments, civil society and the private sector dedicated to attracting and disbursing additional resources to prevent and treat HIV/AIDS, Tuberculosis, and Malaria. Since its creation in 2002, the Global Fund has become the main source of finance for programs to fight these diseases, with approved funding of US\$ 19.3 billion for more than 572 programs in 144 countries. It provides a quarter of all international financing for AIDS globally, two-thirds for tuberculosis and three quarters for malaria.

### 6.1 Financing constraints

The third Voluntary Replenishment Pledging Conference was held in New York on 4-5 October 2010. According to the Global Fund, US\$20 billion is needed in the next three years to sustain existing HIV, TB and malaria programmes and allow for a slight scale-up of these programmes. The Fund is currently facing a budget gap of at least US\$4 billion.<sup>28</sup>

The Abuja Declaration on HIV/AIDS, Tuberculosis and Other Related Infectious Diseases, was signed by the heads of state of the African Union in Nigeria in April 2001. As part of the declaration, heads of state pledged to allocate at least 15 percent of their annual national budgets to the health sector. The Treatment Action Campaign (TAC), the AIDS and Rights Alliance for Southern Africa (ARASA) and Médecins Sans Frontières (MSF) expressed alarm over dwindling commitment to fund HIV programmes in poor countries.

Five years ago, the group of the world's eight most powerful political leaders, the G8, committed to achieving universal access by 2010. Donors appear to be back-tracking on earlier commitments:

- As the richest donor country the USA is the largest contributor to the Fund, and also supports important AIDS programmes through its own bilateral programme PEPFAR (the President's Emergency Plan for AIDS Relief). The State Department has just announced a shift in priorities from health.
- Germany is the third biggest donor, having pledged US\$1.2 billion since 2002. But now the German government's support for effective, multilateral aid in the fight against the three diseases appears to be weakening. The country is now only pledging on an annual basis, whereas the Fund operates on three-year plans.
- Italy has not converted its pledges into real contributions for 2009 and 2010. They are also refusing to commit to a new pledge. It currently owes the Fund US\$340 million.
- Though it is the "founding father", Japan's contributions are a lower proportion of its gross national income than countries with similar size economies.
- The United Kingdom is the seventh biggest donor and has an existing pledge: £1 billion (US\$1.6 billion) over 7 years (to 2015). It was the first donor to make a major multi-year pledge, which gave the Fund a secure future basis for planning. However, there was a new conservative government elected recently.

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<sup>28</sup> Palitza, Kristin. "More Funds Needed for HIV Prevention and Treatment" 08 March 2010, <http://ipsnews.net/news.asp?idnews=50594>, accessed on 25 October 2010.

Private sector contributions, led by petroleum producer, Chevron, only accounted for about 3 percent of all pledged contributions at the meeting. The Global Business Coalition (GBC) on HIV/AIDS, Tuberculosis and Malaria, an independent NGO that serves as a focal point for public-private partnership within the Fund, conducted a survey of 30 of the companies invited to take part in the Johannesburg conference. The survey found companies were most interested in contributing to the Fund through in-kind donations. Among the companies' main concerns in partnering with the Global Fund were that they would be seen as money pots, the potential for conflicts of interest, and that the Global Fund did not align with their corporate social responsibility strategies.<sup>29</sup>

### 6.2 The Global Fund in South Africa

A main source of development assistance to South Africa is through the Global Fund. Total disbursement for the health sector in 2009 was US\$194.6 million. The country has received a sharp increase in assistance. In 2005, the country received US\$13.7 million towards HIV/AIDS. In 2007, the amount was US\$51.2 million and in 2009, it was US\$97.2 million.

Though the country has a National Strategic Plan on HIV/AIDS (2007-2011), the under-expenditure stimulates questions regarding absorption capacity, the quality of service delivery, and the degree of civil society engagement regarding expenditure plans. According to the Treatment Action Campaign, a civil society organization advocating for improved public policy on HIV/AIDS, ZAR67 million was not spent on anti-retrovirals and was rolled over in the health budget in 2009. They calculated that only 10% of people living with HIV/AIDS actually have access to ARVs.

The Budget and Expenditure Monitoring Forum (BEMF), which draws together individuals and organisations from civil society, academia, government, organised labour and business,

focuses 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 more broadly. The BEMF held its first meeting on 21 August 2009.

The BEMF's second meeting, which was held in Johannesburg on 5 February 2010, drew together over 40 people from 19 organisations, including legal experts, clinicians, economists, government officials, epidemiologists and trade union and civil society activists. The agenda focused on the upcoming antiretroviral (ARV) drug tender and the need to ensure that it is structured and run in a manner that enables the state to procure an adequate supply of appropriate medicines at the lowest possible prices.

An Integrated Support Team (IST) reports on the financial and administrative management capacity of the Department of Health and provincial health departments. The IST reports have yet to be made public. A leaked copy of the Province of the Free State report reveals startling findings about the lack of cohesion between policy and budgets, poor monitoring and evaluation, challenges to the sustainability of the ARV treatment programme and a host of other financial management problems.<sup>30</sup> The BEMF's second meeting emphasized the need of civil society organisations to gain access to the IST reports – not only in the interests of open and transparent governance, but also to place such organisations in a better position to assist the state to implement a better health service.<sup>31</sup>

### 6.3 Performance of Health Department

Khayelitsha is the oldest ARV programme in South Africa. A multi-stakeholder report cites that the NSP does not do enough in terms of management. It recommends that there should be a dedicated district management team open to regular meetings with community organisations

29 AllAfrica.com. "Africa: HIV/Aids - Global Fund Looks to Private Sector to Fill Funding Gap", 14 October 2010, <http://allafrica.com/stories/printable/201010140648.html>, accessed on 25 October 2010

30 It is available at <http://www.tac.org.za/community/files/bemf/FreeStateIST.pdf>.  
31 Report of the Budget and Expenditure Monitoring Forum, February 2010

### Case Study: The Free State ARV Moratorium: A sign of things to come

In November 2009, an antiretroviral (ARV) moratorium was implemented in the Free State province. This meant that no new patients were to be initiated onto ARV therapy until further notice. TAC began receiving complaints from angry doctors and patients who had been told by the provincial Department of Health that for the time being, no new patients were to receive treatment. Many existing patients, including children, had their ARV regimens interrupted by drug shortages at clinics.

TAC quickly mobilised to have the moratorium lifted, but it still lasted for four months. The HIV Clinicians Society estimates that during this time an additional thirty people a day died from AIDS because they could not get ARVs. TAC contacted the Free State Treasury and Department of Health to learn the reasons for the moratorium. They were told that the province had run out of money and had no other alternative but to stop providing life-saving medical services and drugs – including those for HIV, hypertension and diabetes. To initiate the target of 1,200 new people per month onto ARV would have cost the Free State province roughly R800,000.

A few weeks after the moratorium started, TAC learned that the province had given R30 million to political parties' election campaigns. What happened in the Free State was a violation of the rights of people living with HIV and of others in need of essential health care which was denied to them during this time. In many cases, it continues to be denied. The Free State has the lowest levels of ARV coverage in the country – hovering at around 26%, according to official figures.

TAC has tried to find out whether the province acted within the law in its decision to enact the moratorium. The Public Finance Management Act allows for emergency funding when people's lives are threatened by a lack of public funds. It is clear that serious mistakes were made and planning was non-existent; people died as a result.

The moratorium in the Free State showed that provincial ARV rollouts were badly flawed – particularly in terms of their budget planning and oversight. Since then, ARV shortages have arisen in the Eastern Cape, Limpopo, KwaZulu-Natal and even in Gauteng, the richest province. Shortages of other essential medical supplies are also occurring with greater frequency.

The primary causes are improper and wasteful budgeting, and the fact that government spending is poorly monitored.

In a presentation to the Parliamentary Health Committee, the Director General of the Department of Health admitted that the department had no specific policy on HIV/AIDS donors. He also confirmed that 15,000 people in the Free State have been prevented from initiating treatment, as there was no money to continue with the drug regime.

#### Sources:

"Resources for Health", Equal Treatment, Treatment Action Campaign, Issue no.29, September 2009  
Director General, Department of Health, Republic of South Africa. Presentations to Parliament regarding Strategic Plan 2009-2012 in February and June 2009.

and constant programme adjustments informed by a rigorous monitoring and evaluation system.<sup>32</sup>

The Department of Health, along with the provincial departments of health, were reviewed by the Auditor General. The findings include:

- Management information which is deficient,

incomplete or simply not acted upon. To this extent the management function within the health sector can be compromised through inadequate information.

- Ineffective monitoring of the implementation of service delivery and limited remedial actions to address weaknesses.

<sup>32</sup> Cape Town Department of Health, *Medecins sans frontiers, Western Cape Department of Health, and University of Cape Town. "Khayelitsha Annual Activity Report", 2009.*

- Inadequate management, monitoring, review and control of performance information and related systems resulting in inconsistent reporting on planned performance objectives as well as insufficient appropriate source documentation substantiating performance reporting.<sup>33</sup>

The findings reinforce the importance of information and monitoring and evaluation systems to performance.

The AG also reviewed a number of programmes within the Health Department including an audit of the Comprehensive HIV/AIDS grant, approximately R2.9 billion, which is a transfer from the Treasury to the provinces. The overall purpose of this grant is to enable the health sector to develop an effective response to HIV/AIDS and to support the implementation of the National Operational Plan for Comprehensive HIV/AIDS treatment and care. The audit uncovered the following:

- There were various instances of non-compliance with the requirements of the grant framework, which have a negative impact on the monitoring of outcomes, quality of information and decision-making.
- Although 99% of the actual amount transferred was spent by the provinces, the health sector only achieved 45% of its targets relating to the HIV/AIDS grant for the 2008-09 financial year.<sup>34</sup>

A more recent study, commissioned by the Kaiser Foundation, reviewed the Health Department's performance between the years 1994-2010.<sup>35</sup> It estimated that real per capita spending on health programmes declined after 1996 and only regained those levels in 2005. The report also estimated the funding shortfall for the most urgent subset of HIV prevention programmes is R1.033 billion. The report summarized the accomplishments of

the Health Department, which included: policies regarding free primary health care; greater parity in district expenditure; improved immunization programmes and malaria control. Shortcomings were also reviewed. These included the inequitable spending patterns compared to health needs; insufficient health professionals; poor quality of care in key programmes; operational inefficiencies; insufficient leadership and innovation.

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<sup>33</sup> Auditor General, Republic of South Africa. *National Report of the Auditor General, 2007-08*

<sup>34</sup> Auditor General, Republic of South Africa. *National Report of the Auditor-General, 2007-08*.

<sup>35</sup> Harrison, David. "An Overview of Health and Health Care in South Africa 1994-2010: Priorities, Progress and Prospects for New Gains", discussion document commissioned by the Henry J. Kaiser Foundation, December 2009.

## 7 Practical Recommendations on how Donors and Recipient Countries can improve Accountability and Domestic Ownership throughout the Aid system.

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- 7.1 Though not aid dependent, South Africa has embraced the PD principles and has sought to integrate them into its public finance systems. It has a national development coordination unit and such units in each department. It has institutionalised participation and reporting mechanisms. It has a national information system, into which is meant to be fed information from each department.
- 7.2 Departments still appear unable to conform to Treasury guidelines on reporting. A focus on the Health Department reveals that the AG also finds its performance lacking. NGOs have undertaken studies which reveal participation at municipal government, which is the crucial point at which local needs are meant to feed into national plans and feedback is to be received concerning service delivery.
- 7.3 Officially, there a number of opportunities for civil society to participate in both public finance and development issues. However, there is insufficient evidence to claim democratic ownership with regards to ODA and development issues, as a number of studies and CSOs have cited marginalisation of citizens in important decision-making forums. This is more so the case at provincial and municipal levels.
- 7.4 Very little by way of regulatory changes appear to be needed in South Africa to improve transparency and participation. What is needed is a culture of sharing information between government departments, between government and NGOs, and a recognition that civil society, as well as donors, have a role to play in achieving development goals.
- 7.5 The only institutional change that is recommended is perhaps the formation of cluster forums at local levels. Not only would this reinforce the importance of the IDP process, but citizens would work in tandem with local expertise on issues which concern them to arrive at targets and budgets. Since the dominant ODA modality is sector budget support and those services are administered by provinces, greater effort should be made to link the sector department policies to citizens through municipal accountability systems.
- 7.6 The AG reiterates the role that transparency plays in development, with particular emphasis on the provision of information and how that can improve both citizen participation and departmental performance objectives. Until that time at which information is able to flow both upstream and downstream, democratic ownership and mutual accountability will be kept at bay.

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