



POLICY

BRIEF

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## Exploring corruption in the SA health sector

### Introduction

Leadership and governance are globally recognised as necessary for optimal health system performance and to achieve health and other development outcomes.

Corruption is defined as “the abuse of resources, power and/or connections for private gain”<sup>1</sup>. Corruption in the health sector is a widespread and global problem in both developed and less-developed countries alike.

South Africa’s health system performance is sub-optimal with poor returns on investment. Governance of the health system is decentralised with health services both a national and provincial function. While it has been argued that democracy reduced the state’s vulnerability to corruption, in 2013 South Africa (SA) ranked 72<sup>nd</sup> out of 177 countries in Transparency International’s corruption perceptions index. The National Development Plan acknowledges that SA has high corruption levels in both the public and private sectors.

### Methods

Research on corruption often relies on perception surveys since there are no formal reporting systems or criteria for measuring it. There is a lack of empirical studies on corruption in the SA health system. This study used agency theory to explore corruption in the SA health sector, and combined information from three sources.

Firstly, the authors used irregular expenditure<sup>2</sup> as an indirect measure for corruption from reports of the Auditor-General of South Africa (AGSA) for each province over nine years. They also interviewed 13 key informants selected for their involvement in and solid understanding of the health sector.

### Highlights

- This study provides the first known empirical evidence on corruption in the SA healthcare system. Corruption is a problem in both public and private health sectors.
- Corruption has a negative effect on patient care and the morale of healthcare workers. It hampers health access and affordability, efficiency and equity, health policy and spending priorities. Corruption can be deadly (e.g. the use of ineffective, counterfeit medicines).
- Factors influencing corruption include inappropriate selection of health service staff with delegated authority; inadequate corruption detection mechanisms; and a failure to discipline corrupt individuals.
- To reduce corruption, SA needs political will to run corruption-free health services; correct staff selection; an effective government that enforces laws; appropriate systems for exposing corruption; and citizen action to hold public officials accountable.

Interviews covered research participants’ perceptions of the extent of corruption, systems to detect corruption, personal experience of corruption and the impact of corruption on health system delivery. Finally, a content analysis of press coverage from June 2009 to July 2012 yielded 41 articles reporting specific cases of corruption in the healthcare sector.

<sup>1</sup> Adapted from Transparency International *Global Corruption Report 2006*.

<sup>2</sup> Defined as expenditure incurred without complying with applicable laws and regulations

**Source:** This policy brief was based on an article: “[Exploring corruption in the South African health sector](#).” *Health Policy and Planning*, June 2015, doi: 10.1093/heapol/czv047. **Authors:** Laetitia C Rispel<sup>1</sup>, Pieter de Jager<sup>2,3</sup> and Sharon Fonn<sup>2</sup>. <sup>1</sup>Centre for Health Policy & Medical Research Council Health Policy Research Group, School of Public Health, Faculty of Health Sciences, University of the Witwatersrand, South Africa; <sup>2</sup>School of Public Health, Faculty of Health Sciences, University of the Witwatersrand, South Africa; <sup>3</sup>Epidemiology and Surveillance Unit, National Institute for Occupational Health, 25 Hospital Street, Constitutional Hill, South Africa. **Acknowledgements:** The authors thank the key informants for sharing their insights. References are available on request.

## Results

### Auditor General Reports

Overall, audits for provincial health departments have worsened over the years. From 2009/10 to 2012/13, R24-billion (\$2.4 billion) was classified as irregular for all the provincial health departments. For the period 2012/13, this amounted to 6.3% of the combined provincial health expenditure.

### Key informant interviews

All the key informants believed there was corruption in the SA health system, having heard about it personally or dealing with an incident. They described it as 'rampant' and that it had 'reached uncontrollable levels'. Both suppliers and service providers were implicated through political connections and business interests (Box 1).

**Box 1:** *They make use of their political connections. They have insiders who advise them...As they [suppliers] are protected from within, it makes it virtually impossible to hold them accountable. There is very little trust. People in positions to award tenders or purchase goods from suppliers are in collaboration with the suppliers.* Private Hospital Manager

Respondents felt the complexity of the health system lent itself to opportunities for corruption, particularly at a provincial health department level where large budgets and complex systems are managed. They believed that employing the right people with no political connections was a way to avoid corruption. They were of the opinion that private providers (hospitals or doctors) submitted false claims or inflated bills to maximise their income.

Attitudes were 'appalling – people know they can get away with it. There are no consequences of fraud and corruption, they won't lose their jobs.' Public sector respondents highlighted how corruption had demoralised support staff, and said that honesty was regarded as 'almost an exception in the public sector'. Corruption was seen to increase costs and lead to lower quality services and health delivery, resulting in poorer health outcomes (Box 2).

## Conclusion

Poor governance and corruption go hand-in-hand with adverse consequences for patients and the morale of healthcare providers, most of whom are committed to excellent service. Government efforts to reduce corruption in the health sector need further development. Mechanisms to detect and impose punitive measures on those found guilty are important measures to root out corruption. Correct 'agent' selection is critical for encouraging alignment to the goal of improving health system performance.

**Box 2:** *A bid to deliver hospital beds was awarded to a company whose bid was almost twice as high as other bids, even though the beds were of an inferior quality. The result was that a surgical bed broke during a patient's C-section and the patient cracked her skull.* Clinical Director, Tertiary Hospital

### Print media

The majority (63%) of the 41 print media reports on health sector corruption were from the public sector, mainly provincial health departments. The Eastern Cape Province was most often cited in these articles, followed by Gauteng Province. Concerning healthcare workers, 71% were reported to be doctors, while service providers were implicated most (44%) followed by funders (31%) and suppliers (21%). Figure 1 shows reported involvement of different health service levels in corrupt activities.



**Fig 1:** Newspaper reports on corruption by health service level

## Recommendations

1. South Africa does not necessarily need additional legislation; it has sufficient institutions, laws and procedures to control the behaviour of public servants. However, political will and respect for the rule of law are required to run corruption-free health services.
2. Civil society groups in other countries have played an important role in combatting corruption. Hence structures such as parliamentary committees, hospital boards and clinic committees represent citizen voices and need to be used and function optimally.
3. Critically important in the fight against corruption is a functional bureaucracy staffed with public servants with the right skills – including capacity in moral judgement - competencies, ethics and value systems, and who are aligned with health system goals.