



health

Department:
Health
REPUBLIC OF SOUTH AFRICA

Reference No: 3/10/10
Enquiries: M MUNSAMY/N CRISP
Office No: DM 25A/33
Extension: 073 134 7627 / 082 550 9166
Date: 15 July 2025

THE DIRECTOR-GENERAL

TO SEEK APPROVAL FROM THE DIRECTOR-GENERAL FOR CONTRACTING OF CCMDD PROGRAMME PERSONNEL THROUGH HEALTH SYSTEMS TRUST (HST) USING THE SECTION 16 EMERGENCY FUNDING ALLOCATION AND TO REQUEST APPROVAL FOR DEVIATION FROM NORMAL HUMAN RESOURCES PROCESS

PURPOSE

1. To seek approval from the Director-General for contracting of Central Chronic Dispensing and Distribution (CCMDD) programme personnel through Health Systems Trust (HST) using the section 16 emergency funding allocation and request approval of deviation from normal human resources process.

SUMMARY

2. In letters to the Director General of National Treasury, dated 16 and 19 May 2025, the National Department of Health request emergency funding for HIV/AIDS and TB services, health systems and health research considering the withdrawal of funding for these areas by the United States Government.
3. On 26 June 2025 the Hon Minister of Finance informed the Minister of Health that he has authorized emergency spending of R753,528,000 in terms of section 16(1) of the Public Finance Management Act (PFMA) in response to the department's requests.
4. The section 16 allocation included specified funding for the NDOH in an amount of R32,121,000. This includes R17,505,000 for costs related to CCMDD and R14,617,000 for costs related to pharmaceutical supply chain management.
5. The CCMDD programme is dependent on thirty-five personnel who were employed by PEPFAR-funded non-government organisations (NGOs).
6. A rapid bench-marking exercise was done to correlate each of the 35 peoples' jobs, qualifications and experience with the public service 2025 Cost of Living Adjustment (COLA) amounts.
7. The HST also administers a contract for the development and maintenance of the Synchronised National Communication in Health (SyNCH) system as

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commissioned by NDOH, that is used to manage the CCMDD programme. The contract is with a private ICT company named ASG-IT Support Services.

8. Based on the months that the s16 funding will be needed for this stabilisation an amount of R13,6 million of the R17 505 000 allocation will be required for personnel, with the balance of R3,905 million for non-personnel expenditure on the SyNCH system support and administration cost.
9. The medium-term objective is for the whole CCMDD staff complement to be employed in permanent NDOH posts. Until then it is proposed that the s16 allocation be used to stabilise the staffing until the end of the financial year on 31 March 2026.
10. There is no time to attempt individual contracting or to create posts addition to the establishment and manage a recruitment process to employ personnel and the most efficient and timely way to secure the services of the existing personnel who already know the programme and the various jobs that they have been doing is to contract HST to employ them.
11. The NDOH already has a contract with HST which is used to employ more than half of the CCMDD staff and which is paid for using a transfer payment from the department. The current transfer payment is also used to pay for the ASG-IT Solutions work to maintain SyNCH, therefore a deviation from the normal process is also requested.

STRATEGIC FOCUS OF THE SUBMISSION (APP AND STRATEGIC PLAN)

12. This submission is relevant to improving Health Systems effectiveness

DISCUSSION

13. In letters to the Director General of National Treasury, dated 16 and 19 May 2025, the National Department of Health request emergency funding for HIV/AIDS and TB services, health systems and health research considering the withdrawal of funding for these areas by the United States Government.
14. On 26 June 2025 the Hon Minister of Finance informed the Minister of Health that he has authorized emergency spending of R753,528,000 in terms of section 16(1) of the Public Finance Management Act (PFMA) in response to the department's requests.
15. The section 16 allocation included specified funding for the NDOH in an amount of R32,121,000. This includes R17,505,000 for costs related to CCMDD and R14,617,000 for costs related to pharmaceutical supply chain management.

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16. The CCMDD programme suffers from having only one National Department of Health permanent employee. Thirty-five other personnel were employed by PEPFAR-funded non-government organisations (NGOs):
- | | |
|--------------------------------|-----------|
| 16.1 Health System Trust (HST) | 20 people |
| 16.2 Broadreach (BRHC) | 8 people |
| 16.3 Project Last Mile (PLM) | 7 people |
17. The NGO personnel are paid differently (in some cases substantially more) from the public service prescripts. A rapid bench-marking exercise was done to correlate each of the 35 peoples' jobs, qualifications and experience with the public service 2025 Cost of Living Adjustment (COLA) amounts. This was done to estimate the funding that will be required for HST to engage the staff to be paid for from the s16 allocation. The list is attached in **Annexure A**.
18. The HST personnel are still at work but there is no more funding from 01 October 2025. The BRHC staff have been issued with s189 severance notices. Three of the PLM staff are being paid by the Gates Foundation until the end of December 2025 and the remaining four have had their services terminated.
19. The HST also administers a contract for the development and maintenance of the Synchronised National Communication in Health (SyNCH) system that is used to manage the CCMDD. The contract is with a private ICT company named ASG-IT Support Services.
20. Based on the months that the s16 funding will be needed for this stabilisation an amount of R13,6 million of the R17 505 000 allocation will be require for personnel, with the balance of R3,905 million for non-personnel expenditure on the SyNCH system support and administration costs.
21. The National Health Insurance Branch (NHI) has motivated in July 2024 for a permanent organisational component for CCMDD but there are no funds, and no posts have been created yet. The NHI Branch has also commenced a process to take over the management of the SyNCH system but that too depends on capacity in the ICT section.
22. The medium-term objective is for the whole CCMDD staff complement to be employed in permanent NDOH posts. Until then it is proposed that the s16 allocation be used to stabilise the staffing until the end of the financial year on 31 March 2026.
23. There is no time to attempt individual contracting or to create posts addition to the establishment and manage a recruitment process to employ personnel.
24. The most efficient and timely way to secure the services of the existing personnel who already know the programme and the various jobs that they have been doing is to contract HST to employ them.

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25. The NDOH already has a contract with HST which is used to employ more than half of the CCMDD staff and which is paid using a transfer payment from the department. The current transfer payment is also used to pay for the ASG-IT Solutions work to maintain SyNCH.
26. The NDOH does receive a Conditional Grant which it uses to pay for the CCMDD services contracted from service providers. This could be used to contract employees, but the human resources management processes are complex and will take too long to implement. It is proposed that CG funding is used for the appointment of permanent staff, the process at HR has commenced.

RELEVANCE TO THE NATIONAL DEVELOPMENT PLAN

27. CCMDD is on the National Development Plan as one of the key programmes to ensure alternate access to chronic medication for public sector patients.

CORPORATE SERVICES IMPLICATIONS

28. To assist in the Organisational Development and determination of staffing requirements as per the 2024 approved submission. **Annexure B**


MR PP MAMOGALE
ACTING HEAD: CORPORATE SERVICES
DATE: 17/07/2025

FINANCIAL AND SUPPLY CHAIN MANAGEMENT IMPLICATIONS

29. To assist with managing the addendum to the current contract with HST and the transfer payment. Attached budget report. **Annexure C**


MR PP MAMOGALE
CHIEF FINANCIAL OFFICER
DATE: 17/07/2025

Start the process of drafting the addendum to the current SLA. As part of emergency to ensure continuity of work however the unit to start process to identify permanent solution in next financial year going forward.

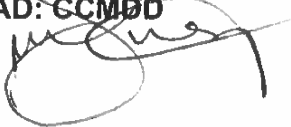
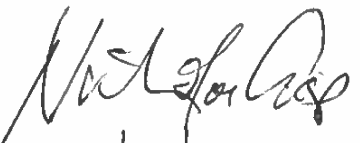
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RECOMMENDATION

30. It is recommended that the Director General approves:

30.1 that the R17 505 000 allocated s16 funding needed for the stabilisation of CCMD be transferred to HST for the employment of 35 people at a cost of around R13,6 million, with the balance of R3,905 million for non-personnel expenditure on the SyNCH system support, and administration costs.

30.2 the 2024 motivation for a permanent CCMD staff component be accelerated so that posts can be advertised and filled by April 2026.

CHIEF DIRECTOR:MS MAGGIE MUNSAMY NHI TECHNICAL SPECIALIST: CONTRACTING HEAD: CCMD  DATE: 15/07/2025 Recommended/Not recommended-	DEPUTY DIRECTOR-GENERAL: NHI PROF NICHOLAS CRISP  DATE: 15/07/2025 Recommended/Not recommended
DIRECTOR-GENERAL: HEALTH DR SSS BUTHELEZI  DATE: 29 July 2025 Approved/Not approved/Amended/Noted	

