



## INNOVATIONS FOR SUCCESSFUL SOCIETIES

### South Africa: Staying Focused on Health Priorities during a Financial Storm

In 2009, South Africa's health-funding system teetered on the verge of collapse. As wage hikes and supply costs ate into the health budget and as government revenues plummeted in the wake of the 2008 global financial crisis, the national health department had to find ways to preserve priorities, linking them more effectively to the budget. The department won agreement on a list of non-negotiable expenditure items to protect in provincial budgets, used earmarked conditional grants to channel funds to key programs, cut medicine costs by improving central procurement, rolled out a new information technology system, and improved its monitoring of provincial finances. Although the country's nine provincial health departments also had important roles to play, most of them struggled. However, the Western Cape set a model by controlling personnel costs, improving monitoring, and creating incentives for health facilities to collect fees. Nationally, total per-capita government revenues dropped by 5% in the immediate aftermath of the financial crisis and grew only slowly thereafter, but the health sector's strategy helped ensure progress on its key priorities even as resources fluctuated.

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#### Featured ISS Interview

**Santiago "Santi" Garces** worked with South Bend, Indiana to help the city develop

innovative ways of improving service delivery. In January 2015, he became the city's first chief innovation officer. In this interview he reflects on lessons learned from the first few years on the job. Read the ISS case study, *Rebooting a Rust Belt City: An Innovation Office in South Bend*, to learn more.

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