SOUTH AFRICA
Vaccine Campaign Derails
Some of the country’s deepest political and economic divisions are exposed.

South Africa will begin its coronavirus inoculation campaign with Johnson & Johnson vaccines, the health minister said on February 10th. President Cyril Ramaphosa has announced that his government had secured a total of 29m doses of vaccines from Johnson & Johnson and Pfizer, AFP (10/2) reported. The country worst-hit by the pandemic in Africa suspended its vaccine rollout – meant to begin with Oxford/AstraZeneca in the second week of February – after scientists found the shot failed to prevent mild and moderate illness caused by a local virus variant known as S01Y.V2. The vaccination delay has set back an ambitious aim to inoculate around 40m people – 67% of the population – by the end of 2021.

The most recent excess mortality figures in South Africa reveal 137,000 extra deaths since May 2020, of which a high proportion can be attributed to Covid-19, experts say. The official Covid death toll stands at 47,382.

A politically charged fight between the Treasury and the Health Department has stymied the government’s bid to buy vaccines cheaply and quickly. Doctors and scientists criticise officials for blocking information about pricing and delivery schedules, raising concerns that opportunistic businesses are again trying to capitalise on the emergency, reports Africa Confidential (4/2).

Although South Africa’s initial response to the pandemic was impressive in terms of public health policy, testing and quarantine arrangements, the second wave in December, when cases surged to over 21,000 a day, threatened to overwhelm hospitals. That figure is now down to about 5,000 a day and on February 1st, President Ramaphosa eased some of the toughest restrictions, reopening beaches and parks and allowing people to buy alcohol again (Vol. 57. p. 23260B).

The Covax initiative was stalling in the teeth of rich countries’ vaccine nationalism. Now, Afreximbank, owned by the African Development Bank (AfDB), is to guarantee up to $2bn of orders, albeit with a convoluted settlement arrangement, and the World Bank is offering another $3bn. Together, that would secure Africa 270m doses in 2021, with at least 50m for the critical period between April and June, Ramaphosa said in January. A further 1bn doses have been earmarked for Africa by the AU and the Covax scheme but with questions over pricing.

Organising the purchase and distribution of the vaccines has been snared by ideological battles. Some ANC and government officials see it as a chance for the state to take over the health sector, nationalise private healthcare and bring in the surpluses of the private medical schemes, then use the vaccine campaign to lay the foundations of a National Health Insurance scheme. Although the state lacks the
capacity to organise mass vaccination on its own, many officials object to using healthcare companies’ medical aid schemes and hospitals. Arguments between the Treasury and the Health Department have been raging, since Ramaphosa became president, over whether the country can afford to establish a state-funded NHI scheme. The Health Department, dominated by statisticians, has pushed hard to create an NHI quickly, in accord with the ANC’s left wing, but the Treasury says it lacks the finance, particularly after the fallout from the pandemic. This battle spilled over into negotiations between the two departments over payments to Covax. This tug of war meant that the government missed the deadline for the Covax vaccine payment, with the departments blaming each other.

When it came to striking deals, the inexperience of the public sector negotiators showed – the Health Department and Treasury agreed to pay $12-13 per dose for the Covax facility, the price for upper-middle-income countries, although just over half of South Africans are living below the poverty line. This is also more than double the price that most European countries are paying for the Oxford/AstraZeneca vaccine. If South Africa had negotiated directly with the vaccine manufacturers’ order books were full by the time South Africa approached them. Another reason for delay was that the government’s coronavirus experts, particularly the Ministerial Advisory Committee (MAC), were embroiled in an argument over which vaccine was the safest.

**Funding Challenge**

Another glitch is the poor logistical and planning capacity in the public service. Many in the ANC oppose using big and mainly white-owned businesses, such as logistics groups, pharmacy chains and storage companies. Black economic empowerment companies close to the ANC are pushing to get preferential contracts for distribution. The Department of Health has asked to waive standard Treasury regulations which stipulate competitive bidding on contracts for cold storage and distribution. This would leave scope for backdoor business deals which could further delay distribution.

According to Treasury estimates, the cost of vaccinating 40m South Africans will be between Rand 20bn and R24bn. That will be a stretch with the International Monetary Fund (IMF)’s forecast for South Africa’s growth cut to 2.8% in 2021, after falling into recession when the pandemic hit in 2020. Treasury says it plans to cut budgets by R300bn over the next three years. That means pushing back against trade unions and politically connected contractors. State salaries have surged by over 50% over the past decade. But in late January, Treasury Director-General Dondo Mogajane insisted: “We will find the money. If any of these manufacturers come tomorrow and say ‘hey, we need money’ we will be able to pay.” He added that Treasury and the Health Department would try to centralise procurement, record keeping and contact with tendering companies to minimise corruption.

The government is considering new taxes, swapping budgets from other programmes and more borrowing. Public debt is forecast to peak at 95% of national income by 2026. […] One source of funds that is popular with almost everyone in the ANC is to use the surpluses of private medical aid to finance the vaccine campaign. Although the private companies fiercely resist this, they differ over how to contribute to the vaccine campaign for the majority of South Africans who don’t have private medical care.

Leftists and populists in the ANC oppose the private sector playing any significant role in delivering the vaccine, beyond cross-subsidising the payment. Private pharmacy chains Clicks and Dis-Chem have offered to source vaccines privately and distribute them to customers. Civil society group AfriForum and the Afrikaner-based trade union Solidarity are preparing legal action to argue that private companies should be allowed to independently source and distribute vaccines.

Far from uniting the country to halt the pandemic, arguments over how to run the vaccine campaign are exposing some of the country’s deepest political and economic divisions. 

**Covid Fund Fraud:** South African special investigators said on February 5th that around $17m in coronavirus funds was siphoned off in 2020 through corruption, fraud and inflated prices for protective gear supplied to government hospitals and departments. The probe revealed “flagrant and wanton disregard” of the law and an “insatiable pursuit of self-enrichment,” said Mothibi, who heads the government’s Special Investigative Unit (SIU). “We need to recover monies and pay that money back to the state,” he said.

The SIU has asked the courts to freeze pensions and assets of entities and individuals implicated in the thefts. Investigators unearthed a string of irregularities by state departments including overpayment for goods, wrong product specifications and the awarding of contracts to companies not registered on the government’s central supplier database. “In some instances political pressure played a role in the procurement” of protective gear. Numerous suppliers failed to disclose their close connection to officials responsible for awarding the contracts, and others used front companies to secure deals. Nearly 40 cases will be further investigated for possible prosecution for fraud, corruption and financial misconduct charges.

According to the National Treasury, a total of $2bn was spent by state institutions on Covid-related purchases between April and November, of which $889m is now under investigation.

**Zuma Could Face Jail:** The chair of a South African judicial panel investigating mass state corruption said on February 15th he would seek jail time for embattled former president Jacob Zuma over contempt of court after he again failed to appear before the commission. In a letter, Zuma’s lawyers said their client “would not be appearing before the commission” which had set aside February 15th to 19th for his testimony.