# NATIONAL ASSEMBLY

**FOR WRITTEN REPLY**

**QUESTION NO. 2940**

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**(INTERNAL QUESTION PAPER NO. 50)**

**Mrs E R Wilson (DA) to ask the Minister of Health:**

Whether, given that the 2019-20 Annual Report of her department stated that R18 million worth of registered irregular expenditure was for the National Health Insurance Supplier (Digital Vibes) for the COVID-19 response and in light of the fact that the COVID-19 lockdown only started at the end of March 2020, he will provide the full, relevant details as to the (a) date on which Digital Vibes was contracted to deal with the COVID-19 response, (b)(i) time period and (ii) total cost of the contract with Digital Vibes, (c) question if a service level agreement was entered into with Digital Vibes, (d) kind of services that Digital Vibes was appointed to provide and (e) question if a tender process was followed prior to the appointment of Digital Vibes; if not, why not; if so what are the relevant details in each case?

###### NW3765E

**REPLY:**

1. Digital Vibes was appointed on the 15th of November 2019 through a deviation process to provide communication services in relation to the National Health Insurance (NHI) Bill as released by the Cabinet for Parliament consideration. A closed tender process for the appointment was followed and supported by National Treasury. On the 25th of March 2020, the Department extended the scope of work of Digital Vibes to include Covid-19. This deviation was supported by National Treasury on a letter dated 24 June 2020 in terms of emergency procurement. It must however be recalled that the National Institute for Communicable Diseases (NICD) confirmed the first positive case of Covid-19 in the country on the 5th of March 2020 from patients who had entered the country on the 1st of March 2020. Therefore, even though the President had made a formal announcement of lockdown on the 23rd of March 2020, the Department of Health had already started with the groundwork of curbing the spread of the virus, which included information dissemination, education, public awareness and media communication on Covid-19 long before the lockdown started. The irregular expenditure identified by AGSA is still to be investigated as per irregular expenditure framework. The Department maintains that the transaction in question was not irregular as there was a contract already in place.
2. (i) Digital Vibes contract was supposed to come to an end on the 30th of November 2020, however due to logistical arrangements, National Treasury was requested to extend the contract on a month-to-month basis for a period not exceeding four (4) months while procurement process to appoint a new service provider who will provide the same service for all health programmes like HIV, TB etc is in progress. The requested and approved extension will end on 31 March 2021.

(ii) The appointment is based on activity-based costing (ABC), which means as and when services are required. The current expenditure to date is R82 471 856.80 (VAT Incl).

1. Yes, the Department of Health entered into a Service Level Agreement with Digital Vibes.
2. Digital Vibes was appointed through a deviation process to provide communication services in relation to the National Health Insurance (NHI) Bill as released by the Cabinet for Parliament consideration. The scope of the contract was expanded to include information dissemination, education, public awareness and media communication on Covid-19.
3. A deviation from normal procurement processes was followed in the appointment of Digital Vibes. This was following a Cabinet meeting of the 3rd of July 2019 which made a recommendation that there must be a clear media strategy at the time that the NHI Bill is released by Cabinet to Parliament as the Bill will be in the public domain. The National Department of Health was required to prepare this plan within a very short time frame and a skilled professional in this area of work was required immediately. This led to the Department requesting National Treasury for a deviation from normal procurement processes. National Treasury recommended that the Department must advertised a tender for a shortened period of 14 days. Pursuant to this response from National Treasury a meeting was held between representatives from NDoH and National Treasury and during this meeting it was resolved that NDoH must identify at least 10 service providers, operating within the public relations and professional communication services who are registered on Central Supplier Database (CSD) and issue them with the terms of reference in order for them to present proposals to the Department for further consideration. The recommendation from National Treasury was followed and at the closing date only two (2) out of ten (10) service providers responded to the invitation. Digital Vibes was then recommended and awarded based on meeting all the requirements of the bid.

END.