NEPAL HEALTH SECTOR PROGRAMME 2010-15 (NHSP II)

Fifth Joint Annual Review (JAR)

February 23-25, 2015. Kathmandu

AIDE-MÉMOIRE

1 Background

The fifth Joint Annual Review (JAR) of the Nepal Health Sector Program 2010-15 (NHSP II) took place from February 23-25, 2015. The JAR was organized by the Ministry of Health and Population (MoHP) with participation by the National Planning Commission, the Ministry of Finance, the Chief Secretary and various line agencies of the Government of Nepal (GoN), External Development Partners (EDPs), civil society organizations and other state and non-state actors. The full list of participants is included in Annex A. MoHP prepared a number of reports as outlined in the Joint Financing Arrangement (JFA) and these reports formed the basis for the discussions during the JAR. *This Aide-mémoire summarizes the main issues and agreed actions of the JAR 2015.*

JARs, as an integral part of the Sector Wide Approach (SWAp), provide an opportunity for GoN, EDPs and civil society to jointly review progress and continue to be better organized with more open dialogue every year. This year's JAR included three components: plenary forum; business meeting between MoHP and JFA signatories; and Information Bazaar where MoHP divisions, centres and I/NGO partners showcased their products, services, and innovations.

Being the last JAR of NHSP II, there were reflections and discussions on achievements and lessons learned from the implementation of NHSP II. Going in to the next Nepal Health Sector Programme 2015-2020 (NHSP III), the JAR took stock of progress made to date on drafting the NHSP III document, including the Results Framework and the Implementation Plan (IP). Looking forward, the JAR also deliberated on financing the next sector programme and agreed to put in place a new JFA and improved arrangements for coordinating Technical Assistance (TA).

The agenda for the JAR is included in Annex B.

2 Guiding Principles of the Aide-mémoire

1. Every action of this Aide-mémoire has been agreed jointly between the EDPs and MoHP. Both parties will jointly work to achieve these actions.
2. The Aide-mémoire will be a public document.

3 Strategic Directions

National Health Policy 2014 provides the overall policy framework to guide the health sector while the NHSP III provides the strategic directions for both the government and its development partners for the next five years, i.e. 2015-2020. NHSP III Results Framework will monitor the

performance of the health sector for the next five years, and similarly, the IP of NHSP III will guide the Annual Work Plan and Budget (AWPB) from 2015 to 2020. The new JFA will facilitate the partnership arrangements between the GoN and EDP signatories.

4 Progress and Challenges

4.1 Reflections from NHSP II Implementation

The JAR reflected on NHSP II implementation focusing on key achievements, challenges, and existing opportunities to be capitalized upon in moving forward to the NHSP III period. NHSP II period saw improvements in service delivery and health outcomes with significant progress on maternal and child health. Health knowledge and awareness among the populace increased during this period and so did the community involvement in local health management and governance. This resulted in more accountable health system, as compared to the past.

Progress was also made in areas of financial management in term of introduction of Transaction Accounting and Budget Control System (TABCUS) to record and capture expenditures at cost centres, update of Health Management Information System (HMIS) to report disaggregated data on service utilization. NHSP II period also saw better mainstreaming of Gender and Social Inclusion (GESI) in health.

Partnerships remained the cornerstone of health development during NHSP II period. Strengthened partnership allowed rapid scale-up of proven initiatives like Aama Programme and Community Based – Integrated Management of Neonatal and Childhood Illnesses (CB-IMNCI). Strong partnership also contributed in improved sector planning and review underscored by ever improving business plans, JCMs and JAR processes. In the last five years, GoN and EDPs started seeking increased multi-sectoral response in health with multi-sectoral frameworks already established in areas such as nutrition, Water, Sanitation and Hygiene (WASH), non-communicable disease, and road safety.

Even though access and utilization of health services improved during the last five years, disparities continue to exist among certain population sub-groups and ecological zones. In cases such as establishment of birthing centres, much of access also came at the expense of quality. NHSP II period saw mixed progress on procurement and logistics management. (ref. 4.6).

Looking forward in to the future, quality of care remains one of the core challenges for the health sector to tackle. Governing and regulating the sector at large remains weak. Linked to this is also a continuous problem of adequately mapping resources and contribution in the health sector. Despite efforts, progress has been slow on decentralization and local health governance. Similarly, sustainable health financing is an area which demands utmost attention. Specifically, a

comprehensive health financing strategy that would provide the much needed strategic direction for Nepal's pathways to Universal Health Coverage (UHC) needs to be developed. Monitoring and Evaluation (M&E) and information management – particularly integrated approach to information management, also warrants greater attention.

Nepal now faces a triple burden of health problems. These burdens require more resources and efficient management of existing resources. But both of these remain a challenge: health sector continues to face persistent lack of resources and much improvements are still needed in financial management processes to improve the efficacy of existing resources. Linked to this is a need to better coordinate and harmonize technical assistance that flows to the health sector. Slow progress in human resource management also compromises MoHP's efforts to tackle existing and new health challenges.

4.2 Progress against NHSP II M&E Framework

Illustrating the progress made on maternal, new-born and child health, the JAR noted that during NHSP II period, skilled birth attendance had increased from 36 to 56 percent, antenatal care of at least four visits from 50 to 59 percent, postnatal care from 31 to 58 percent, exclusive breastfeeding from 53 to 57 percent and immunization coverage was maintained at a level of 90 percent. Under five mortality has declined from 54 in 2011 to 38 in 2014; neonatal mortality from 33 per 1000 live birth in 2011 to 23 per 1000 live birth in 2014.

There was a mixed progress on improving social inclusion in access to and the use of health services. Despite the improved overall health outcome for maternal and child health at the national level, there are significant differences in overall health outcomes and health service access and use among different population sub-groups.

NHSP-2 period did not see much improvement on Human Resource (HR) related indicators. A large proportion of the sanctioned posts at different level remained unfilled. Adequate number of health work force were not produced or deployed. Only two thirds post of doctors at district hospitals and Primary Health Care Centres (PHCCs) were filled. Information on the HR status remained weak which hampered effective planning for addressing the future need.

Progress was also limited in improving infrastructure of public health facilities. To date, only one third of public hospitals and 16 percent of health posts have met the MoHP standard.

Progress against the targets of NHSP 2 Logical Framework is included in Annex C.

4.3 Follow-up of last JAR's Aide-mémoire

MoHP presented the status of agreed actions of the 2014 JAR. Progress was made on most of the actions. Some pending actions – for example endorsement of State Non-State Partnership Policy, rolling out of waste management guidelines, etc. – from the last year have been carried forward in this Aide-memoire. A full update of the 2014 JAR actions and their status is reflected in Annex D.

4.4 NHSP III development

The first draft of the NHSP III strategic document and the Results Framework were released for comments and the final drafts of both the documents are expected by the end of March 2015. The IP development is underway and the final IP is expected by the end of April 2015.

4.5 Financial management

The JAR noted progress on financial management. Some key achievements are the implementation of the Financial Management Improvement Plan (FMIP, 2012/13–2015/16); the development and implementation of the TABUCS; the strengthening of MoHP's internal control system, and the development and introduction of systems to reduce the proportion of audit queries against audited expenditure.

There are some financial management challenges that continue to plague the health sector, yet are beyond the direct control of MoHP. Cost centres whose accounts have been taken for investigation by the Commission for Investigation of Abuse of Authority (CIAA) or District Administration Offices (DAO) for investigation are not able to present these accounts for auditing, often leading to additional audit queries. Direct expenditure by the EDPs and their audit reports not being presented to the responsible government authorities remains an area of concern.

However, there are areas where MoHP needs to further improve its internal systems such as practices related to Public Financial Management (PFM). Because of poor record keeping practice within MoHP, it faces difficulties in reconciling central financial statements and timely compiling of financial reports. Effective implementation of the revised FMIP as well as the audit clearance and internal control guidelines is paramount in strengthening PFM systems. MoHP is still not yet able to capture all revenue and expenditure information incurred in the sector.

4.6 Procurement and logistics and asset management

The JAR noted the progress made in procurement, as is also documented in the JFA report on procurement. The establishment of a Contract Management Database System (CMS) and specification bank with growing number of technical specifications for drugs and commodities (1,050 specifications as of July 2015) is a welcome achievement. In respect to the development of

specifications, unlike past efforts which could not be institutionalized, these specifications need to be duly approved by MoHP senior management and any changes can only be made with authorization from the approving authority. In FY 2014/15, the Consolidated Annual Procurement Plan (CAPP), containing 19 lots, catered to the procurement needs of all DoHS divisions. As agreed in the last JAR, civil works related to three major hospitals and those under the District Health Offices (DHOs) were consolidated in the CAPP. However, more effort is required for timely preparation of a comprehensive CAPP and its execution.

However, major reforms in procurements are needed – including developing institutional capacity – to address concerns such as delayed procurement, transparency, and cost effectiveness. Despite incremental progress, the overall logistics system and storage needs much strengthening. Drug distribution, in particular from the DHOs to peripheral health facilities, remains weak, resulting in frequent stock-outs or overstocking.

Following last year's assessment of the procurement systems in the health sector, MoHP and EDPs are engaged in a process to outline the roadmap for reforming the existing procurement systems. An action plan has been developed with time bound activities. The MoHP, with support from the EDPs, will ensure that activities do not fall behind schedule. As agreed during the last JAR, two districts (Udayapur and Kapilvastu) are under a pilot programme to strengthen distribution of drugs from district to peripheral level through state and non-state partnership. Improvements are already visible in these districts; however, full picture will only emerge after the assessment of the pilot.

The Physical Assets Management (PAM) unit was established last year but is yet to be staffed and requires expedited action, particularly in view of the national roll-out of the medical equipment maintenance contracts.

4.7 Social Health Security

MoHP has recently prepared a National Health Insurance Policy. The policy enables the implementation of the health insurance scheme and has provisions for establishment of Social Health Security Fund which will be the in-charge of managing the insurance fund and buying health services on behalf of the members.

In February 2015, GoN established Health Security Development Board – an autonomous body to implement the Health Insurance Policy. Social Health Security scheme is planned to be rolled out in the selected three districts by the end of the current fiscal year. Ministry has also got the approval from the Cabinet to draft Social Health Insurance Act.

4.8 Development cooperation and partnerships

The JAR recognized the overall arena of development cooperation in the health sector as progressive and accepted the SWAp as an effective mechanism to harness the partnership in the health sector. While not discounting the need to address some specific challenges, the JAR broadly foresaw SWAp as an integral partnership approach to take forward in order to implement the next five-year sector programme – NHSP III.

The JAR duly noted the continuous progress made in the coordination and alignment of TA within the AWPB process, for example, the practice of identifying TA requirement in the Business Plans of the divisions.

Less obvious progress was noted in the overall coordination of TA. The constitution of the Technical Assistance/Technical Cooperation (TA/TC) coordination committee had done little to improve the level of coordination of TA/TC activities. In particular the existing forums for coordination such as AWPB are rarely used to align TA requirements of the government with that of the TA support from EDPs.

The JAR valued the effort of MoHP to develop performance based grant agreements and appreciated that the ministry had signed the agreements with seven hospitals which were receiving GoN grants. The JAR recognized the need to review the process mechanism of these grant agreements – including adequate management and monitoring of the grant agreements.

MoHP had drafted the State and Non-state Partnership (SNP) Policy two years ago and was committed to endorse it last year. However, in light of the new National Health Policy 2014, the SNP policy is being reviewed and will be endorsed by the end of this year.

4.9 Human Resources

Effective HR management remains an important challenge for the ministry to tackle. From production to deployment to retention, all aspects of human resource management poses a challenge. However, the JAR has noted some progress.

Since the approval of the amended Health Service Act in 2013, this FY, 303 medical officers (9th to 11th grade officials) will be recruited and there is a plan for phase-wise recruitment of 14,000+ new health workers during NHSP III period. A decision has been made to upgrade 2,205 Sub-Health Posts to Health Posts; this decision also includes addition of more than 7,400 junior level health workers. Organization and Management Survey of 15 districts hospital, DHO/DPHOs, PHCCs and health posts has recently been conducted to inform which cadres will be recruited.

A Non-practicing allowance – as an incentive package – for the doctors working in government hospitals has also been submitted to the cabinet for approval. Complimentary to this, Extended Hospital Service is also proposed as an added incentive to motivate and retain the health workers. Under this service, government hospitals are allowed to run paid service after normal hours to motivate the health workers to work within the government hospitals and compensate for their external private practice. Also in the pipeline is the development of comprehensive HR information system.

4.10 Local Health Governance

The JAR applauded MoHP's recent initiatives to promote multi-sectoral responses to address 'health beyond health' issues and social determinants of health. Under the Collaborative Framework signed between MoHP and Ministry of Federal Affairs and Local Development (MoFALD), the GoN has identified six demonstration districts to implement the framework. MoHP has also secured a budget of NRs 50 million to implement related activities in these six districts. The JAR; however, noted a limited progress in empowering regional health structures as an essential part of effective decentralization of the health sector.

5 Agreed Actions

1. MoHP will form a task force with representations from the NHSP III Programme Development Team (PDT) and other nominated representatives from GoN and EDPs. This task force will:
    a. Develop, by May 2015, an implementation plan for the 5 years of NHSP III that reflects the key priorities in the NHSP III strategy
    b. Prepare a budget for the AWPB (IP) 2015/16 and hold meeting between MoHP and EDPs to discuss on the budget scenario by March 31, 2015
    c. Jointly define the scope and develop the JFA by the end of April 2015
    d. Until the JFA for NHSP III comes into effect, Joint Consultative Meetings (JCM) for AWPB 2015/16 will be organized as per the current practice stipulated under the JFA for NHSP II
2. MoHP and the EDPs will begin discussions on Disbursement Linked Indicator (DLI) based financing modality by the week of 23rd March 2015
3. Draft bill of National Public Health Act will be prepared by mid-July, 2015
4. State Non-State Partnership Policy will be revised in line with the National Health Policy 2014 and endorsed by the end of September 2015
5. EDPs to indicate budget support and TA commitments for FY 2015/16 not later than end of March 2015
6. Identify the required number of HR positions to be furnished through local contracts for implementing different programs and specify in NHSPIII document
7. Update Financial Management Improvement Plan jointly with MOHP, MoF, NPC, FCGO, OAG and EDPs to identify systemic issues and actions to be taken over NHSP III by the end of June, 2015
8. Submission of OAG external audit report for FY 2013/14 by June 15, 2015
9. Practice of redistribution of drugs and commodities will be initiated in three districts from each region (15 districts) to minimize stock-outs and overstock situations
10. Adjust timeline and provide adequate funding for the first year implementation of procurement and supply chain management plan by the end of March 2015
11. Staffing of Physical Asset Management Section under Management Division ensured – temporary recruitment by July, 2015 and permanent staffing by December, 2015

12. Roll out new National Healthcare Waste Management Guidelines in 1000 public and selected private health facilities by the end of September 2015

13. Increase budget and enhance capacity of Regional Health Directorates for implementation and monitoring of public health activities and hold them responsible and accountable against delegated authority for programmes in their regions effectively. Progress to be discussed in next JAR

14. Comprehensive assessment initiated and short-term plan prepared to manage overcrowding of maternity wards in referral hospitals to ensure quality of care for safe and respectful delivery by June 2015

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Signed for the Ministry of Health and Population / Government of Nepal
Mr Shanta Bahadur Shrestha Secretary

Government of Nepal
Ministry of Health & Population

Signed for the External Development Partners (EDPs) working in Nepal's Health Sector
Ms Natasha Mesko, EDP forum Chair

Date: 19th March, 2015. Kathmandu, Nepal.