Islamic Republic of Afghanistan

Ministry of Public health

General Directorate of Policy, Planning and International Relations

Health Economics and Financing Directorate

Annual Report 2013

This report compliments the second direction of health and nutrition policy, and constitutes the fifth column of strategic plan of the Ministry of Public Health

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Acronyms

ACU	Aid Coordination Unit
ANC	Antenatal Care
BIA	Benefit Incidence Analysis
BPHS	Basic Package of Health Services
CAF	Care of Afghan Families
CHWs	Community Health Workers
CoA	Chart of Account
DSF	Demand Side Financing
EMIS	Expenditure Management Information System
EPHS	Essential Package of Hospital Services
FMIC	French Medical Institute for Children
GAVI	Global Alliance for Vaccines and Immunization
GCMU	Grants and Contracts Management Unit
GDP	Gross Domestic Product
HEFD	Health Economics and Financing Directorate
HEU	Health Economics Unit
HFU	Health Care Financing Unit
HMIS	Health Management Information System
HPP	Health Policy Project
HSS	Health System Strengthening
KMU	Kabul Medical University
MDG	Millennium Development Goal
MoEc	Ministry of Economy
MoF	Ministry of Finance
MoPH	Ministry of Public Health
MSc	Master of Science
MTBF	Mid-Term Budget Framework
NGO	Non-Governmental Organizations
NHA	National Health Accounts
PETS	Public Expenditure Tracking Survey
PNC	Postnatal Care
PPM	Provider Payment Mechanism
RBF	Results Based Financing
RH	Reproductive Health
SEHAT	System Enhancement for Health Action in Transition
THE	Total Health Expenditure
ToR	Terms of Reference
UN	United Nations
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
USAID	United States Agency for International Development
WHO	World Health Organization

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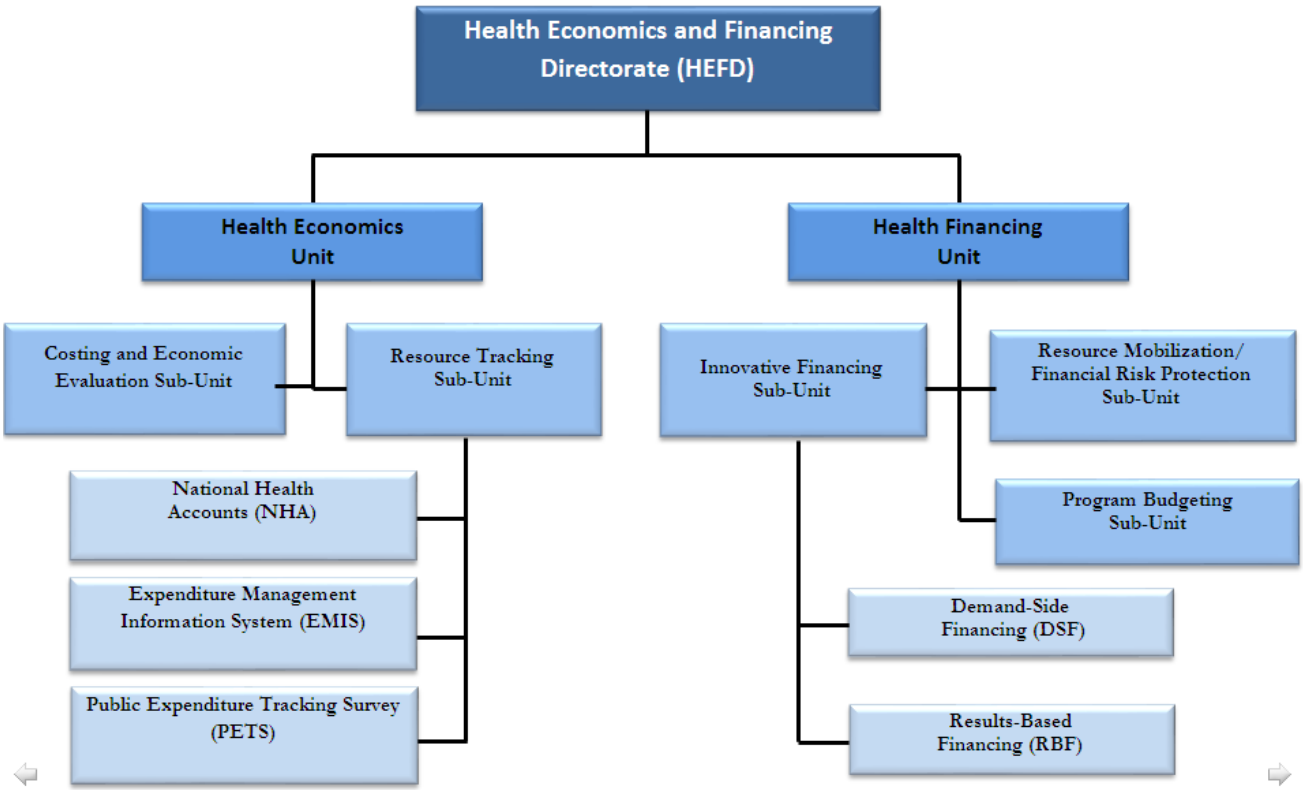
Overview: Health Economics and Financing Directorate

Since its establishment in mid-2009, Health Economics and Financing Directorate (HEFD) has expanded its role to provide important economic and financing data analyses to key policy decision makers and service provision partners. HEFD had two functional units during 2012: Health Economics Unit (HEU) and Health Financing Unit (HFU). In mid-2012, based on the Executive Board's decision dated August 14, 2012, the Aid Coordination Unit (ACU) was separated from the HEFD's structure and started working under the umbrella of General Directorate of Policy, Planning and International Relations. Each unit is comprised of subunits that are responsible for fulfilling key functions such as economic evaluations, production of National Health Accounts (NHA), health insurance, Public Expenditure Tracking Survey (PETS), program budgeting, resource mobilization, and innovative health financing modalities, such as Results Based Financing (RBF) and Demand Side Financing (DSF). Current HEFD's organizational chart is elaborated in Figure 1 below.

Figure1. HEFD Organizational Chart



Executive Summary

HEFD had numerous achievements during the fiscal year 2013. For example, HEFD produced the second round of NHA and the first round of Reproductive Health (RH) Subaccounts. Findings of the second round of NHA show that the Total Health Expenditure (THE) in 2011–2012 was USD $1,500,975,945. This represents a significant 43.8 percent increase since the first round of NHA in 2008–2009 and it comprises around 8% of the country's Gross Domestic Product (GDP). Total amount of government expenditure on health reached USD $84,148,093 in 2011–2012 which constitute 4.2% of the total government spending. Private sources (mainly households) were the main financiers of the Afghan health system, which represent 73.3% of THE in 2011–2012.

HEFD's achievements could not be summarized by only production of this report. After Expenditure Management Information System (EMIS) team members were recruited, the team started to work on revising the database. In addition, some practical steps were taken in establishing EMIS during 2013. For example, an assessment of the Basic Package of Health Services (BPHS) implementing partners was conducted, EMIS was piloted in a number of Non-Governmental Organizations (NGOs) and it would be ready for use as of System Enhancement for Health Action in Transition (SEHAT) Project commencement. A final report of the Benefit Incidence Analysis (BIA) of the Afghanistan Health System was produced and widely circulated. A third party was hired for conducting PETs. PETs data collection has already started and its final report will be submitted to the MoPH leadership before long.

In addition to the aforementioned activities, HEFD, in close collaboration with stakeholders, developed private health insurance regulation; terms of reference for health insurance feasibility study in Afghanistan; health financing strategy for 2014 – 2018; and a concept note for global budget. It is worth mentioning that HEFD celebrated the graduation of seven employees from Master of Science (MSc) in Health Economics and Healthcare Management as well.

HEFD has conducted a number of economic evaluations during 2013. Further details of these studies are presented in the related sections.

1. HEFD's Activities by Unit

1.1 Health Economics Unit

HEU is responsible for conducting economic evaluations such as Production of National Health Accounts (NHA), the Public Expenditure Tracking Survey (PETS) at National Hospitals and Benefit Incidence Analysis (BIA) in the Afghanistan Health System as well as institutionalization of the Expenditure Management Information System (EMIS).

1.1.1. National Health Accounts (NHA)

NHA is an internationally recognized framework for measuring the total volume of expenditure and tracking the flow of funds in a country's health system. The standard set of NHA tables provides comparable and comprehensive country-level information on the generation, allocation, and utilization of health system resources. It charts the flow of actual expenditures on health from different financing sources (e.g. donors, Ministry of Finance [MoF]) to those who determine how the funds are utilized (e.g. MoPH, NGOs). This allows national decision makers to prioritize funds and design policies that promote a more sustainable, equitable and efficient allocation of resources. Beginning in July 2009, the NHA team was established within the Health Economics & Financing Directorate (HEFD) of the Ministry of Public Health (MoPH) and released the first round of NHA in 2011 using data from fiscal year 2008-2009.

Findings of the second round of NHA show that the Total Health Expenditure (THE) in 2011–2012 was USD $1,500,975,945. This represents a significant 43.8 percent increase since the first round of NHA in 2008–2009. However, THE as a percentage of Gross Domestic Product (GDP), decreased from 10 % to 8 % over the three-year period. Total amount of government expenditure on health reached USD $84,148,093 in 2011–2012 which constitute only 4.2% of the total government spending. Private sources (mainly households) were the main financiers of the Afghan health system, contributing USD $1,099,542,464 which represent (73.3%) of THE in 2011–2012. On the other hand, Afghanistan spent USD $246,744,339 on Reproductive Health (RH) in 2011–2012, which accounts for 16.4 percent of THE.

Key Accomplishments:

- Collected expenditure data from donors, implementers and households;
- Analyzed expenditure data;
- Produced the second NHA and the first RH subaccounts;
- Held the launching ceremony of the second NHA and the first RH subaccounts findings;
- Developed key policy questions for production of RH Subaccounts;
- Presented the second NHA and the first RH subaccounts at the Basic Package of Health Services (BPHS) & Essential Package of Hospital Services (EPHS) coordination meeting and market economy workshop for provincial health directors;
- Conducted two one-day workshops on NHA findings and discussion on RH and Child Health subaccounts indicators and policy questions.

1.1.2. Expenditure Management Information System (EMIS)

A financial management assessment conducted in early 2011 by Health Economics and Financing Directorate of BPHS & EPHS implementing partners revealed that health care program implementers face difficulties in balancing financial reporting requirements, as they were spending too much time and resources in financial reporting, and they were complaining from duplicate reporting to multiple donors and MoPH. On the other hand, a comprehensive financial data collection system didn't exist within MoPH. Therefore, MoPH intended to develop the Expenditure Management Information System (EMIS). This innovation aims to create transparency in financial reporting in health sector and enables MoPH to access the financial data easily. Implementing partners can use this tool to prepare their financial reports to donors and MoPH timely and easily as well as be aware of their expenditures at the different levels of health facilities.

Key Accomplishments:

- Conducted the preliminary assessment of EMIS in implementing partners;
- Developed and prepared EMIS database for pilot use;
- Successfully implemented the pilot phase of EMIS;

- Finalized EMIS based on the feedback from the pilot phase. It will be ready for implementation at the commencement of SEHAT Project; and
- Drafted and finalized EMIS user guides.

1.1.3. Economic Evaluations

Economic Evaluations play a crucial role in providing accurate data for evidence based decision making. There are various types of economic evaluations with their own advantages and limitations. HEFD has conducted many cost analysis and economic evaluation studies during the fiscal year 1392. Public Expenditure Tracking Survey (PETS) conducted in 16 Kabul National Hospitals is a good example whose final findings will be available at MoPH soon.

Key Accomplishments:

- Cost Analysis of French Medical Institute for Children (FMIC)
- Cost Analysis of Jangalak Drug Addicts Hospital
- Economic Evaluation of Contracting Modalities: Cost, Quality and Equity in the BPHS
- Cost Analysis of the MoPH Central Workshops
- Technical Efficiency Analysis of Provincial Hospitals under two different Contracting Modalities in Afghanistan
- Spillover Effects of Demand Side Financing Project on Health Care Utilization in Afghanistan
- PETs in selected National Hospitals of Kabul
- Technical efficiency of district hospitals
- Cost Analysis of Regional Hospitals
- Results Based Financing Impact on Efficiency of BPHS Facilities
- Study of Unit Cost and Quality of Ghazanfar Institute of Health Science and Private Institutes in Kabul Province for the years 2009-2012

1.1.4. Public Expenditure Tracking Survey (PETS)

Public Expenditure Tracking Survey (PETS) is a responsive tool to provide evidences for possible concerns about leakage of resources, delay in budget exemption and their implications on service delivery and accountability. PETS track

the flow of resources from the origin; meaning, Ministry of Finance, inter-sectorial levels of resource management units within MoPH and ultimately national hospitals. This would recognize any possible leakage, delay in budget execution and its impact on the quality and quantity of healthcare services at the national hospitals. Therefore, HEFD has conducted a pilot study in the 16 national hospitals of Kabul city. Data collection and analysis have been started already and its comprehensive result would be presented to MoPH leadership soon. It is worth to mention that MoPH leadership is regularly being updated about the process of this study during technical sessions.

Key Accomplishments:

- Finalized the ToRs, protocol, questionnaires and recruitment process of third party through a competitive process to conduct the study;
- Launched the study and monitored all stages of the research including planning; training of data collectors and data collection;
- Provided feedback on how to improve data quality; and
- Facilitated PETs paperwork at MoPH.

1.1.5. Financial Gap Analysis

The objective of this study is to assess the financial gaps between the existed financial resources and the required ones for achieving the goals determined in the MoPH Policies. The study findings can be used for developing comprehensive, equitable and sustainable plans in the health sector. This study is funded by Global Alliance for Vaccines and Immunization (GAVI) through the Health System Strengthening (HSS) Unit of the MoPH.

Key Accomplishments:

- Completed the implementation plan including study design framework and procurement plan;
- Coordinated study implementation methodology with the related departments;
- Staff recruitment for data collection and analysis is in the process.

1.1.6. Benefit Incidence Analysis (BIA) of the Afghanistan Health System

Benefit Incidence Analysis (BIA) combines information on the population's socio-economic status, health care utilization by households, and the cost of providing those services by the government to assess the benefit different groups received. This was the first study that analyzes inequalities and inequity in the Afghanistan health sector. Inequalities and inequities in health utilization are examined with health determinant variables and a benefit incidence analysis is conducted. Data from the Afghanistan Mortality Survey and National Health Accounts are used for health utilization and public expenditure information, respectively. All final analyses were conducted with the ADePT software health outcome module.

According to the study findings, the lowest wealth quintiles or the poorest populations face inequalities in the use of services such as antenatal care and deliveries by skilled health workers and institutional deliveries. Home deliveries were strongly preferred by the poorest quintile, as were deliveries with a traditional birth attendant, relative/other person, or no one. These poor health behaviors are unequally distributed across the poor, reinforced by the negative concentration indices. On the other hand, institutional deliveries and skilled birth attendance were significantly pro-rich. Inpatient admissions are concentrated among the wealthy, whereas outpatient visits are favored by the poor. Though utilization of outpatient and inpatient services do not greatly differ by sex, differences in utilization occur in other health determinant variables such as residence (urban/rural) and education level.

The study shows that the wealthiest quintiles have the largest share of National Hospital outpatient visits and inpatient admissions (35.0% and 32.4% respectively). Regional and Provincial Hospitals are less strongly pro-rich but are by no means pro-poor. All inpatient services disproportionately benefit the wealthy.

Public spending favors the poorest quintile at BPHS facilities while the wealthiest quintile is favored at EPHS facilities and National Hospitals. The majority of public spending on outpatient services goes to Comprehensive Health Centers and Basic Health Centers, with 63.8 percent of the total shares. Public spending for District Hospitals decreases with socioeconomic status for inpatient admissions (23.6 percent share for the poorest quintile and 5.4 percent share for the wealthiest).

However, as seen with utilization of public facilities, the share of public spending also decreases for the poorest quintile with higher levels of hospital facilities –shares for the poorest at District Hospitals decrease by more than half to 9.3 percent at National Hospitals.

1.1.7. Policy Brief on Hospital Efficiency

The Cost Analysis of National Hospitals in Kabul was conducted last year. Final report of the study was widely shared with the MoPH stakeholders, but it was perceived necessary to facilitate further data utilization by the health sector leaders and decision makers. Therefore, HEFD, according to its capacity building strategic plan, developed a policy brief on the efficiency of national hospitals. It is worth mentioning that the policy brief is produced based on the data from Coast Analysis of the National Hospitals and in-depth interviews held with experts of the relevant field, so that MoPH officials will have a better picture of the national hospitals' current status.

1.1.8. OneHealth

OneHealth is a useful tool for costing, budgeting, financing, and development of health sector strategies in developing countries. The tool focuses on the integration of health systems planning and strengthening. OneHealth was developed by the Futures Institute under the auspices of several United Nations (UN) agencies. A staff member of the Health Economics and Financing Directorate (HEFD) was trained on this tool. Subsequently, HEFD decided to assess the data availability for the OneHealth tool for its use in Afghanistan. Based on HEFD's proposal to the Ministry of Public Health (MoPH) leadership, OneHealth taskforce was established. The taskforce members are representatives of United Nations Children's Fund (UNICEF), World Health Organization (WHO), United Nations Population Fund (UNFPA) and MoPH Departments and they discussed different aspects of the tool. However, the rapid assessment of data availability indicated that a number of studies should be conducted as prerequisite for the smooth implementation of OneHealth tool. Thus, OneHealth was not implemented.

1.1.9. Seven Staff Members of HEFD Successfully Completed Masters of Science in Health Economics and Healthcare Management

Graduation ceremony of seven staff members of HEFD from MSc in Health Economics and Healthcare Management was held on September 18, 2013. At this event, the graduates presented a summary of their MSc thesis findings to the MoPH leadership. The two-year program was designed in partnership with Chulalongkorn University in Thailand – the students rotated their studies and work with the MoPH. All of the program modules were according to the day to day needs of participants and what they were dealing with in their routine work at the MoPH. The master degree program not only provided rigorous training in health economics and on-the-job application, but students were also given the opportunity to interact with peers from other developing countries around the world and develop their world view on health and development. In May 2013, the seven staff successfully graduated as health economists. They have contributed to the design, implementation, and analyses of economic studies such as the costing of Kabul Medical University (KMU), costing of the National Hospitals, and cost-benefit analysis of IV fluid production in Afghanistan.

1.1.10. Internship Program

The HEFD Internship program is designed to provide workplace opportunities and on the job training for the females in the labor force. The HEFD internship will enable the recent female university graduates to build their skills in economic and financial analyses, program budgeting and office administration. Several interns have been trained during the past few years. HEFD aims to invest in female interns and suggests this method as a solution to introduce new capacity and female staff to the MoPH and other line ministries. Under the Health Policy Project (HPP), with support from the United States Agency for International Development (USAID), HEFD will formally establish their internship program with the necessary processes to increase employment opportunities for female graduates; to identify new and qualified female candidates to other departments; and to serve as a capacity building model for the MoPH.

Main Responsibilities:

- Assisting HEFD in data collection for costing, NHA, health insurance, program budgeting, economic evaluations … etc;
- Participating in weekly capacity building presentations;
- Collaborating in research activities;
- Assisting in organizing meetings and events;
- Supporting HEFD in translation of documents;
- Attending relevant meetings and recording minutes of meetings if needed;
- Presenting poster of relevant topic;
- Providing support in general administrative tasks

1.2. Health Financing Unit

HFU is responsible for developing key health financing policies and strategies; managing annual MoPH program budget; implementing various health financing innovations; designing a context specific health insurance scheme; and studying the feasibility of several supply and demand side financing schemes (including implementation of Results Based Financing and Mobile Health Initiatives).

1.2.1. Health Insurance

Afghanistan has less experience in health insurance program implementation and less attention is paid to its development. Experience from other countries shows that development and implementation of a successful health insurance program requires adequate resources, especially time. For the first time, HEFD initiated to conduct a health insurance feasibility study and build a stronger than ever foundation for health insurance in Afghanistan.

Key Accomplishments:

- Developed the private health insurance regulation;
- Developed the Terms of Reference (ToR) for the Afghanistan health insurance feasibility study; and
- Announced the feasibility study and identified qualified consulting firm. The study is going to be implemented in the near future.

1.2.2. Result Based Financing Scheme:

The Result Based Financing (RBF) is one of the research projects of the MoPH. Its main objectives are; to achieve Millennium Development Goal (MDG) 4 and 5, with the ultimate goals of reducing maternal and child mortality by innovative mechanism of linking payment to the performances of the health care providers to increase output and improve quality of the health care services. The scheme has been implemented as a pilot in 14 provinces. The preliminary assessment of the Health Management Information System (HMIS) and third party data showed qualitative and quantitative improvement in Antenatal Care (ANC), Delivery and Postnatal Care (PNC).

Key Accomplishments:

- Conducted efficiency study of the RBF project;
- Carried-out cost analysis of the RBF project;
- In collaboration with GCMU, completed hiring process of third party for the data verification of HMIS;
- In collaboration with GCMU, extended contracts of the implementing partners;
- Organized quarterly coordination meetings with the implementing partners;
- Paid required installments to the implementing partners as per the RBF contractual obligations;
- Monitored and evaluated all 14 provinces under the project as per approved RBF M&E plan; and
- Developed the introductory concept note on new payment structure under RBF project through mobile services, to increase utilization of health services by mother and children.

1.2.3. Mobile Health (M-Health)

As demand side financing assessment has great role in health economics research and it is helpful in reducing maternal and under five mortality rate, MOPH proposed mobile health program through innovative public private partnership. Care of Afghan Families (CAF) is implementing the project in four district of Badakhshan province (Teshkan, Shuhada, Keran-o-Munjan, and Khash). According to the contract,

Community Health Workers (CHWs) are provided with a mobile phone access to a toll-free call centre managed by trained staff in order to provide consultation and help them in any emergent referral case. Provision of transport for referral cases is provided through mobile money solution. Project evaluation will be done through analysis of baseline and end line surveys. Findings of the evaluation will be presented at the end of the project.

Key Accomplishments:

- Implemented project in four districts of Badakhshan province;
- Established a call center in Kabul, which was visited by different departments of MOPH;
- Developed a decision tree;
- Consulted and referred 1827 patients by call center staff using mobile health technology;
- Established a technical committee in order to track project progress;
- Conducted baseline survey in four districts and presented survey report to the MoPH leadership; and
- Submitted a six-month project activity report to MoPH and paid installments to the implementing partner according to schedule.

1.2.4. Program Budgeting:

Program budgeting is a tool used for planning, preparing and presenting governmental budget. Program budgeting clearly shows the relationship between the budgetary resources and expected policy outcomes. Indeed, program budgeting explains accountability framework as well as monitors and evaluates administrative activities of different ministries.

Key Accomplishments:

- Developed 1392 chart of accounts (CoA);
- Developed 1392 budget statement;
- Submitted 1393 budget to the Ministry of Finance (MoF) according to the program budgeting guidelines;

- Prepared Budget Circular 2 (BC2) and submitted it to MoF according to the program budgeting guidelines;
- Developed Mid-Term Budget Framework (MTBF);
- Prepared MoPH 1393 budget and submitted it to MoF after approval of the parliament;
- Prepared performance indicators quarterly report and submitted it to MoF;
- Developed project's physical progress quarterly report and submitted it to the Ministry of Economics (MoEc); and
- Attended budget execution meetings at MoF and MoEc on regular basis.

1.2.5. Provider payment Mechanism (PPM)

The current provider payment mechanism (PPM) in Afghanistan is a line item budget mechanism that manages both ordinary operating budget and developing budget through MoF. The payment mechanism for national hospitals in Kabul is also a line item, which is a common payment system within the government financial system. Implementation of this mechanism is very easy, but there is no clear linkage between the budget allocated and its outputs and outcomes. In this mechanism, there are very small changes in each year's budget, but mostly the budget is allocated based on the previous year's execution rate. Providers have very limited authority in terms of budget reallocation from one line item to another and usually there is no chance for introduction of new initiatives for improving health care services with the current method. In addition, this mechanism is less accountable for quality and quantity of healthcare services. Therefore, global budget, a new provider payment mechanism, will be piloted in a number of national hospitals. Line item budget codes will not be considered under the global budget and it will give more flexibility to the providers.

Key Accomplishments:

- Established a working committee to introduce the new PPM concept note for global budget;
- Developed PPM concept note to introduce global budget mechanism; and
- Introduced new PPM in coordination with the relevant departments.

1.2.6. Revenue Generation Strategic Framework

Adequate, sustained, and equitable financing is the foundation of all health care systems. The design and implementation, however, remains a challenge for most countries. The healthcare management system in Afghanistan relies on three main sources of health financing: taxation, external support and private expenditure. While most middle and upper income countries rely on taxation to generate funds, developing countries depend on the latter two mechanisms, external assistance and private expenditure, – to finance health services. Both, however, are not equitable or sustainable in the long term. Hence, HEFD aims to work and establish the revenue generation strategic framework. This strategy will mainly focus on imposing tax on some specific items as sin tax and earmark them for health sector though MoF. This framework will help us to strengthen Afghanistan's health system and establish a sustainable health system in the country.

Key Accomplishments:

- Developed the revenue general strategic framework in coordination with stakeholders in order to gain their support;
- Presented revenue generation strategic framework to the inter-sectorial ministries;
- Presented the framework to the health committee of Afghanistan parliament;
- Established a working committee for economic evaluation of the revenue generation strategic framework;
- Updated the framework according to the 2012 figures; and
- Developed a concept note for the framework in order to advocate for its implementation.

2. Challenges / Constraints

- Unwillingness of stockholders for sharing data with HEFD;
- Low capacity of MoPH departments in resource management;
- Lack of unified database for resource tracking; and
- Lack of a strong political commitment for imposing tax on Tabaco.

3. Recommendations

- A routine data collection system should be established, so that credible, timely and responsive data will be collected and the culture of using evidence will be strengthened;
- MoPH relevant departments, international and implementing partners should be committed to EMIS implementation and institutionalization;
- Procurement and administrative procedures should be shortened; and
- There should be strong political commitment for the implementation of the revenue generation strategic plan.

4. Lessons learned

- Implementation of evidence based programs could be efficient;
- MoPH can have effective and efficient programs;
- Evidenced based planning allows us to use resources to their maximum potential and implement projects effectively and timely;
- Political will and close coordination are prerequisites for implementing the strategy; and
- Institutional capacity building assures programs sustainability.