

HEALTH SECTOR REFORM

RATIONAL

The reform process was initiated in 2000 following wide consultations with all stakeholders of the sector. It is a ten year programme, currently in its fourth year and start of the second phase focusing on policy and institutional reform. Phase one focused on institutional capacity building (*See annual joint review reports for more detail*) Phase three will involve sector wide implementation of guidelines and protocols developed in the first two phases. Health sector reform was a response to the rapid increase in demand for health and social welfare services coupled with dwindling resources for the sector. The intended outcome of the process was to improve management systems in the sector so that the scarce resources are used more efficiently. The reform programme entails a rearrangement of structures and definition of policies so that the service delivery system is responsive to the needs as identified at the community level. This programme is one of the biggest initiatives being undertaken by the MOHSW. In 2004/05 the budget for the health sector reform programme alone was approximately 46% of the total development budget. The key partners supporting this programme are Lesotho Government, Development Corporation Ireland, European Union, World Health Organisation, African Development Bank and the World Bank

AREAS & OBJECTIVES for REFORM

District Health Package & Decentralisation

The objective here is to define a set of cost effective protocols and procedures to improve standards of care and to improve efficiency and enhance local accountability. The implication of this was to rationalise and decentralise health management systems and define a basic package of health services that will be cost effective, affordable and improve the referral system.

Thus far the Ministry has succeeded in defining the district health package by level of service delivery, with defined standards for health personnel and equipment needs at the district hospital and health centre levels. The process of defining standards for quality assurance has also been initiated. District Health management teams are being piloted in three districts: Thaba Tseka, Mohale's Hoek and Berea. The Ministry is also in the process of strengthening management competencies at the district level as well as developing procedures and guidelines in the areas of financial management, planning & budgeting and monitoring and evaluation.

*The key challenges facing this area of reform is to continue to build capacity in line with the sector needs as well as other initiatives being undertaken by government, specifically the establishment of local councils under the broad national decentralisation strategy. Over and above this, resources need to be mobilised for expansion of the pilot to other districts. The district health package remains to be costed to facilitate more transparent processes of allocating resources in a decentralised management context. See **Decentralisation Strategy & action plan** document for further details*

Social Welfare

Social welfare reforms were a response to a general lack of cohesion and focus in the delivery of services as well as a lack of capacity to carry out this function. The objective therefore was to improve the systems for the provision of protective, preventive and rehabilitative social welfare services to those in need. Target groups here include geriatrics, vulnerable children and disabled persons. The reform process sought to respond to the lack of capacity of this department, particularly in the areas of increasing the number and quality of social workers and to increase access and awareness of social welfare services to those in need. In addition, systems in the way services are delivered were to be improved through the development of relevant policies legislation and guidelines.

Thus far, a Social Welfare Policy and Strategic plan have been developed. Child protection legislation has been tabled for consideration by cabinet. Training has been undertaken to address needs related to disability and specialised social welfare needs and a programme to

strengthen vocational training for disabled persons has been initiated, coupled with strategies to promote rehabilitation and prevention of disability at the community level. Guidelines for monitoring of income generating projects have been developed. The key challenge facing this area of reform is insufficient resources to meet the needs at the community level.

Strengthen HIV/AIDS response

Public sector capacity to implement a multi-sectoral approach to control of the HIV/AIDS pandemic was one of the key facets of the reform programme. Hence establishment of the national AIDS coordinating body LAPCA. The objective of this reform area is to build the capacity of the MOHSW to play a leading role in building national responsiveness to this pandemic. The MOHSW is expected to provide technical support to both private and public institutions involved in the fight against HIV/AIDS and to provide medical and clinical care to AIDS patients.

The Ministry has successfully refined the mandate of the AIDS Programme and emulated it to directorship. The structure has been revised to accommodate the new challenges faced by this programme. The areas of focus include prevention & health promotion; care & treatment; health standards & systems, informed policy and strategy development. Furthermore, clinical guidelines for the prevention of mother to child transmission (PMTCT) are being implemented and the voluntary counselling programme has been initiated in various institutions around the country. Efforts are underway to strengthen the capacity of stakeholders, particularly in the private sector, to carry out mitigation activities at the community level and to strengthen coordination at the central level of the MOHSW and the National AIDS Secretariat. The procurement and distribution of anti-retrovirals is another area identified for strengthening under the Health sector reform programme

The key challenges facing this area of reform are to continue to streamline activities so that they are responsive to control and management of HIV/AIDS across the country; to ensure sustained access to appropriate treatment and care for people living with AIDS, to institutionalise systems and provide the right infrastructure for effecting HIV/AIDS strategies,

Pharmaceuticals supply & management

Reforms in the pharmaceuticals sector were a response to the absence of clear drug regulation policies, irrational prescription practices and inefficiencies in drug procurement, management and distribution. The objective of reform was therefore to improve efficiency in the procurement, distribution, quality control and used of drugs as well as to strengthen the capacity of pharmaceutical sector personnel to carry out its mandate more efficiently.

To date pharmaceutical reform has involved a baseline study which informed the policy and legislation for regulation of this sector. The policy has been submitted to cabinet for approval. The strategic plan which includes training of personnel in the pharmaceuticals sector, establishment of a drug regulatory body, implementation of the national standard operating procedures, capacity building and definition of the status of the National Drug Procurement Organisation NDSO. The expectation is that implementation of the standard treatment guidelines and essential drug list will address problems such as drug pilfering and mismanagement. All these initiatives are geared towards facilitating efficient management and rational use of drugs. Initiatives are also underway to revise the organogram of the Pharmacy department and improve numbers and quality of pharmacy personnel.

The key challenges facing the pharmaceuticals sector to attract and maintain the right calibre of personnel to regulate the drug sector in the country and to change from inefficient prescription practices to those defined under the standard treatment guidelines. Moreover, the sector is also challenged to create appropriate incentive systems for the retention of trained staff, especially in areas outside the capital

Human resources planning, management & development

Reform in the area of human resources was a response to a chronic shortage of health personnel partly due poor working conditions and ineffective management systems, which have led to high attrition rates of health personnel, particularly trained nurses and doctors. The health sector reform process was intended to develop systems for tracking staff deployment and skills, addressing training outputs; recruitment, retention and incentives. Thus far, a comprehensive study has been undertaken to assess the situation in terms of personnel and skills gap at the different levels of the health system. The outcome of this study was a human resources development plan. Progress in other areas such as the development of the district health package have added value to processes of training and deploying the right personnel and skills in the right places. Public service sector reform has also had a positive impact on the Human resources department of the sector, which was strengthened as a result.

One of the factors contributing significantly to slow progress in implementing effective incentive systems such as appropriate career ladders and staff housing in the mountain areas is the dependence on other the Ministry of Public Service, Ministry of Public Works and Ministry of Finance & Development Planning to effect decisions taken at the level of the MOHSW. Nevertheless, challenges facing the health sector are rationalisation and deployment of staff so that the district health package is implemented as envisaged, this will include attracting and keeping trained personnel in places that have historically been underserved. Furthermore, attraction and retention of trained staff through implementation of effective and sustainable incentive systems will remain a challenge for some time to come, especially as Lesotho is competing with not only other SADC countries but also countries as far off as the Middle East and Europe for nurses in particular.

Health Financing & financial management

Financial reforms were meant to respond to problems of inefficient management procedures which resulted in under-utilisation of budgets and therefore lack of responsiveness to health needs at the community level. Also in the interests of equity there was a need to develop resource allocation mechanisms that would facilitate equitable distribution. Financing of health services has been a prominent issue on the sector agenda because of the dwindling resource base which has given rise to a need to use resources more efficiently and to broaden the base for resource mobilisation. The objective for this area of reform was therefore to improve allocative efficiency, equity, ensure sustainable financing for the sector as well as to generate appropriate financial information for decision makers at all the levels of the health system

The Ministry has succeeded in improving the structure of cost centres and developing a budgeting system which attempts to link programme objectives to the budget. A costed three year programme based on the strategic plan has been developed to guide realisation of the sector priorities in the long run. A financial management system which attempts to generate financial reports linked to activities was also developed, though this works only for the development budget. The practice of generating monthly expenditure reports has been improved. Financial reporting remains inadequate because of a severe shortage of competent accounts personnel in the Finance department of the MOHSW. Since expansion of cost centres was not complemented with additional accounts personnel, reporting by established cost centre still remains problematic. Reforms being undertaken in the Ministry of Finance & Development Planning should have a positive impact on the financial management practices in the health sector. Through the reform process the MOHSW was able to establish a project accounting and procurement unit, both of which fall under Health Planning. In addition to overseeing implementation of donor requirements, these two units are also charged with providing technical support to established departments of the Ministry and were responsible for developing procurement and disbursement guidelines which will be used for facilitating decentralised financial management and procurement.

Consultations within the region have been initiated on the issue of social health insurance which is a possible option for increasing the base for resource mobilisation for the sector. Options for standardising user fees structures between CHAL and government providers are also being

explored. This initiative is important for promoting equitable access and forging a transparent and rational partnership between the Government and CHAL.

Infrastructure development & maintenance

The objective of infrastructure reforms is to strengthen maintenance systems within the sector as well as to rationalise infrastructure development initiatives so that they promote both efficiency and equitable access. The need for these reforms arose as a result of extremely run down facilities and equipment due to poor maintenance systems, infrastructure gaps which resulting from initiatives such as decentralisation and the district health package and other sector development initiatives.

In an attempt to rationalise infrastructure development and maintenance systems the MOHSW established the Estate management department whose responsibility is to oversee all the infrastructure needs of the Ministry including sector maintenance and development policies and strategies. To address dire infrastructure situation of CHAL facilities, a *Health Centre rationalisation study* and the *Health Study* were undertaken to assess the baseline that would inform the best way to address problems. These studies generated useful data for decisions on distribution and calibre of hospitals that would facilitate efficient functioning of the referral system. Information generated would also inform allocation of government subsidies to CHAL facilities, one of the requirements for establishing a memorandum of understanding between government and CHAL. The *QE II Economic analysis* was also undertaken to inform the decisions on options for the construction of a new national referral hospital and a district hospital for Maseru District

Based partly on these two studies a sector *infrastructure development plan* and *hospital typology* standards were developed. This plan, which costs approximately 1.3 billion incorporates all government and CHAL sector facility and equipment development & maintenance needs, including health posts, health centres, filter clinics, district hospital, referral hospital, specialised hospitals, health training institutions, MOHSW headquarters building, staff housing and decentralisation. Needless to say mobilisation of resources for and prioritisation of this plan will be huge challenges, given urgency of the need. Other challenges include building capacity of the maintenance unit through the right numbers, skills and distribution of staff as well as institutionalising *planned preventive maintenance* practices throughout the health system.

Partnership & donor coordination

The rationale for undertaking reforms in this area is to improve collaboration and coordination between the MOHSW and its partners. The objectives are to strengthen service delivery systems through rationalising partnerships with other service providers, particularly CHAL and to facilitate sustainable support from development partners of the Ministry.

Efforts to improve collaboration with other service providers have concentrated mainly on CHAL, mainly because CHAL provides 40% of health services in the country. A *GOL/CHAL assessment* undertaken in 2000 led to the establishment of a GOL/ CHAL coordinating body which consequently evolved into the Partnership Unit. This unit coordinates all partnerships between the Ministry and other providers. Key successes have been in the areas of establishing a supplementary emergency financing facility (SEFF) to assist CHAL institutions to improve their quality of service to a standard that would be appropriate for a partnership with the government. This facility provides for 20% of the total operating costs of each facility and is meant to run up to March 2005. Efforts are underway to develop a comprehensive financing framework, quality assurance framework, supportive legislation and to undertake accreditation of CHAL facilities. All these initiatives are geared towards finalising a memorandum of understanding between CHAL and the government of Lesotho. A *SEFF performance review* was undertaken in 2004, to assess the impact of the SEFF on individual facilities and to inform the way forward to development of the Memorandum of Understanding.

The Partnership Unit has also facilitated a formal partnership between Blue Cross and government following the end of support from the Norwegian government in December 2004.

*Coordination with development partners has been facilitated through joint quarterly monitoring and evaluation meetings between programme managers and donors as well as **annual joint reviews** where all parties including the districts review progress in implementation of the Health reforms programme and general performance of the sector. Monitoring is also enhanced through monthly meetings between the top management of the Ministry and the donors that are active in the sector.*

The challenges faced by the MOHSW in this area include finalisation of the Memorandum of Understanding with CHAL and formalising partnerships with other service providers, this will require strengthening the capacity of the Partnership Unit especially as the Government has engaged the International Finance Corporation under a public-private partnership arrangement with the World Bank for construction and management of a new national referral hospital in the Lepereng area. In the areas of donor coordination the challenge is to facilitate pooling of funds and adoption of standard procurement, disbursement and reporting systems for all parties involved.

Monitoring & evaluation

Monitoring and evaluation ensures that sector expenditure is linked to impact on health and social welfare needs. The monitoring and evaluation function is intended to facilitate evidence based planning and allocation of resources according to established needs at the local level. Recognition of the comprehensiveness of the reform, gave rise to a need to define baseline indicators that would be tracked periodically to ensure that intended outcomes are realised. The key objective of establishing a monitoring and evaluation unit under Health Planning & Statistics, was to ensure generation of accurate information that would assist decision makers in gauging the vital indicators of the health sector such as, financial performance, burden of disease, epidemiology, drug availability, staffing profile etc.

*Thus far the Ministry has successfully conducted **quarterly M&E** meetings and annual joint reviews that are also linked to coordination with development partners. These meetings have been useful for decision making on issues that may be limiting performance of the sector and for generating insight on what the priorities are at a given point in time. Attempts have also been made to improve data collection and analysis through development of standard data collection tools. As part of the decentralisation initiative statisticians have been placed in the three pilot districts to improve data management at this level. The **M&E policy and strategic plan** have been developed.*

The key challenges facing the Ministry include building capacity for data management and appreciation at all the levels of the health system. Use of this data for planning and budgeting is also a practice that needs to be integrated into decision making processes for improving the performance of the sector.