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MOZAMBIQUE FORSSAS (HEALTH AND SOCIAL WELFARE SYSTEMS STRENGTHENING)

QUARTERLY TECHNICAL PERFORMANCE REPORT: FISCAL YEAR 2013, QUARTER 3

January 1 – March 31, 2013

Cooperative Agreement No. AID-656-A-12-00002

April 30, 2013

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Prepared for:

USAID/Mozambique, Integrated Health Office

Prepared by:

Deloitte.

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Acronyms

APE*	Community Health Worker (<i>Agente Polivalente Elementar</i>)
CHW	Community Health Worker
CIDA	Canadian International Development Agency
CMAM*	Central Medical Stores (<i>Central de Medicamentos e Artigos Medicos</i>)
DAF*	Directorate of Administration and Finance (<i>Direcção de Administração e Finanças</i>)
DIS	Department of Health Information (<i>Departamento de Informacao para Saude</i>)
DNAM	National Directorate of Medical Assistance (<i>Direcção Nacional de Assistência Médica</i>)
DNSP	National Directorate of Public Health (<i>Direcção Nacional de Saúde Pública</i>)
DPC*	Directorate of Planning and Cooperation (<i>Direcção de Planificação e Cooperação</i>)
DPS	National Directorate of Public Health (<i>Direcção Provincial da Saúde</i>)
DRH	Directorate of Human Resources (<i>Direcção Recursus Humanos</i>)
FORSSAS*	Health and Social Welfare Systems Strengthening (<i>Fortalecimento dos Sistemas de Saúde e Acção Social</i>)
GRM	Government of the Republic of Mozambique
HSS	Health Systems Strengthening
IA	Internal Audit
ICSM*	Health Sciences Institute of Maputo (<i>Instituto de Ciências de Saúde de Maputo</i>)
IGS	Health Inspector General (<i>Inspeccao Geral de Saude</i>)
IR	Intermediate Result
M&E	Monitoring and Evaluation
MISAU*	Ministry of Health (<i>Ministério de Saúde</i>)
MMAS*	Ministry of Women and Social Welfare (<i>Ministério da Mulher e da Acção Social</i>)
MTEF	Medium Term Expenditure Framework
NHA	National Health Account
PES	Annual Economic and Social Plan (<i>Plano Economico e Social</i>)
PESS	Health Sector Strategic Plan (<i>Plano Estrategico do Sector Saúde</i>)
PBF	Performance Based Financing
PIREP*	Integrated Program for the Reform of Professional Education (<i>Programa Integrado da Reforma da Educação Profissional</i>)
PFM	Public Financial Management
PMO	Project Management Office
PMP	Performance Monitoring Plan
RCPC	Division of Accounting and Reporting, formerly known as the Accounting Unit (<i>Repartição de Contabilidade e Prestação de Contas</i> , formerly known as the <i>Unidade de Prestação de Contas</i>)
SESP	Patient-Tracking Electronic System (Sistema Electronico de Seguimento dos Pacientes)
SIS-MA	Health Information System for Monitoring and Evaluation (<i>Sistema de Informaca em Saude para a Monitoria e Avaliacao</i>)
SIS-ROH	Health Information System for the Death Registration in Hospitals (<i>Sistema de Informacao em Saude para Registo de Obitos nos Hospitais</i>)
STTA	Short Term Technical Assistance, or Short Term Technical Advisor
UGEA	Acquisitions Executive Management Unit (<i>Unidade Gestora Executora de Aquisições</i>)
USAID	United States Agency for International Development
USG	United States Government

*Portuguese acronyms, formal definition provided in italics

Executive Summary

During the period of January 1 through March 31, 2013, the Mozambique Health and Social Welfare Systems Strengthening Program (FORSSAS) transitioned completely from start-up to ongoing implementation of activities aligned with MISAU and MMAS plans. Almost all of the remaining staff were hired and most began with the project.

IR1: Increased Effectiveness in Health Governance

FORSSAS support to **DAF** focused primarily on the development and documentation of standard operating procedures (SOPs) in the Financial Management Operations (FMO) Manual (*Manual de Procedimentos Financeiros*). The team drafted the majority of the planned SOPs by the end of the quarter. The FMO Manual addresses a major concern of the Ministry and is one of the critical components of the Public Financial Management (PFM) Strengthening Plan.

We completed a rapid assessment of the **CMAM Internal Audit** methodology and tools. The assessment report included a plan to complete enhancements to CMAM's risk management processes and practices, including strengthened tools and methodologies and alignment with international standards. FORSSAS staff completed the design and development of the first functional version of the CMAM Internal Audit database software. This software further enables the reporting of data from IA visits, assists in the development of these reports, scores and classifies audited sites and facilitates inter-province data comparison. Furthermore we supported Supply Chain Risk Management visits within two provinces – Niassa in February and Manica in March. These visits assist in verifying the compliance of each province in supply chain management procedures, monitoring Performance Management.

FORSSAS support to **CMAM financial management** achieved several key successes during the recent quarter including the design of the CMAM finance unit's future state organogram and terms of reference (ToRs) for the various positions. This future state incorporates the transition of CMAM to a *Unidade Gestora Executora* (UGE) which provides for increased levels of financial autonomy and the use of e-SISTAFE for financial management.

CMAM procurement strengthening support was focused on improving procurement operations and building workforce capacity in CMAM procurement. We documented and validated process flows for 16 CMAM procurement functions as an initial step for the production of Procurement SOPs. We improved three data collection tools currently used by the CMAM to manage tendering, contracting and shipments and developed an Access database solution, that is now serving as an initial database prototype to bring these functions into the same database.

IR2: Improved Management of Health Sector Financing

FORSSAS facilitated preliminary discussion with the MOH and partners about the design of a **health financing strategy**. While the importance of implementing several discrete activities—from National Health Accounts (NHAs) to health insurance to performance-based financing—have been emphasized, there remains no clear overarching strategy and partners support to guarantee political buy-in is crucial. Development partners are preparing a recommendation to the CCS to formalize a health financing working group technically supported by FORSSAS that is presently developing a roadmap for the health financing strategy which will be presented in late April to the Health Insurance Advisor within MISAU.

With support from the project, the first **NHA** Steering Committee meeting in almost five years was held this quarter. FORSSAS also led a series of four workshops for approximately 20 MISAU staff on NHA methods to provide participants with a general understanding and overview of the process prior to the WHO training on the new System of Health Accounts (SHA) framework.

FORSSAS helped in following the MTEF methodology of MPD in order to provide accurate **resource planning** data at the provincial level (Niassa). In addition, FORSSAS started assisting DPES in data collection for costing to implement PESS using the OneHealth tool and produce estimated available resources for PESS. FORSSAS is in the process of supporting the development of the 2013 planning guide. The main objective of the exercise is to guide the central and provincial teams through the planning exercise, to guarantee alignment of activities between the PES and the three levels (central, provincial and district), and to complete the activity in accordance with GRM policies.

The project held a partners meeting to discuss **PBF** experiences and lessons learned. Partners from CMAM, DFID, EGPAF, JHPIEGO and the World Bank presented key aspects of their programs including payment amounts, indicators and verification process. The outcomes of this meeting will inform a MOH-led PBF workshop FORSSAS will support during the next quarter to assist MOH developing a PBF strategy.

IR3: Strengthened Management and Operations Capacity

With assistance from FORSSAS and in accordance with **Global Fund** (GF) reporting requirements for performance-based funding, MISAU submitted Progress Update and Disbursement Requests (PUDRs) for the round 9 HIV and malaria grants and for the round 7 tuberculosis grant worth a total of \$10,331,583. This allowed MISAU to secure health products for TB patients (first and second line drugs), malaria patients (RDTs and ACTs) and HIV (pharmaceuticals to treat opportunistic infections, \$ 6,3 Million requested in October 2012 and disbursed in March after additional clarifications was submitted) for year 2013.

In order to secure continued funding for the Global Fund's (GF) principal recipient in Mozambique, FORSSAS supported MISAU in reprogramming the workplan and budget for the Round 8 Phase 2 grant proposal for health systems strengthening as well as in developing an updated internal audit plans and quantification of Global Fund commodities for procurement for the Inspeção Geral de Saúde (IGS).

As part of the Round 9 Phase 2 proposal process, FORSSAS assisted CMAM in the elaboration of the Procurement and Supply Management (PSM) Plans for health products. FORSSAS also supported the programs to develop performance frameworks aligned with the national M&E system for the HIV, malaria and the health systems strengthening Phase 2 grants. The proposals for Round 9 Phase 2 (HIV and Malaria) were submitted on time to the Global Fund, with total values of USD 108,117,017 (malaria) and USD 246,567,544 (HIV).

FORSSAS supported the National M&E Department in coordinating the different stakeholders, developing tools and training MISAU staff and health partners to carry out field visits for data collection for the Annual Joint Evaluation of the Health Sector (ACAXII) that will be presented in the next Comite de Coordenacao Sectorial (CCS) meeting in May 2013. In addition, FORSSAS facilitated the Department of Health Information's (DIS) adoption of protocols for data quality strengthening and developed a tool for data feedback which was implemented in January 2013 by DIS.

To further support **one M&E system**, Global Fund reporting activities are now integrated into the M&E Department and DIS. This consolidation should result in improved communication and collaboration between DPC and the health programs (HIV, TB and Malaria).

IR4: Strengthened Institutional Capacity to Improve the Management, Budgeting, and Performance of Key Health and Social Welfare Staff

FORSSAS assisted developing and updated supervision checklist addresses all major systems important to the success of the **CHW Program**. Supervision is underway in order to identify problems and successes in the CHW Program.

FORSSAS supported a new first semester of competency-based pilot courses under the **Ministry of Women and Social Welfare (MMAS)** that for a total of 55 students started in February 2012 at the *Instituto de Ciências de Saúde de Maputo (ICSM)*. FORSSAS continued developing the required curriculum package for the Level 4 program, in coordination with the Early Childhood Educator Technical Working Group, in particular guidelines for professors and a training of trainers was held in January 2013 to prepare the professors for the upcoming courses.

We conducted a gap analysis for two provinces (Sofala and Niassa) to verify the capacity of the DPMAS in key areas including planning, budgeting, human resources and data management and explored the potential to decentralize the social welfare and early childhood education courses to the provincial level. The preliminary outcomes have been presented to USAID and will be discussed with MMAS during the next quarter.

1. Introduction

During the period of January 1 through March 31, 2013, the Mozambique Health and Social Welfare Systems Strengthening Program (FORSSAS) transitioned completely from start-up to ongoing implementation. Almost all of the remaining staff were hired and most began with the project. Notable successes during the period include: the installation of the e-SISTAFE financial management system at DPC; the development of an Access database to improve reporting of CMAM IA visits; and the improvement of tracking tools within CMAM procurement in order to increase information flow and visibility into CMAM Procurement performance.

1.1 Project Background

The Mozambique Health and Social Welfare Systems Strengthening Program (FORSSAS) is a five-year USAID project awarded to Deloitte Consulting, LLP in July 2012. The purpose of FORSSAS is to provide technical assistance to the government of Mozambique to address specific constraints hampering the health and social welfare system in order to achieve improved health outcomes.

The key result areas for FORSSAS are:

1. **Effective governance:** Increased effectiveness in health governance to achieve a more responsive, participatory, transparent and accountable health system through improved planning management and budget execution;
2. **Integrated finance:** Improved health public financial management for integrated services to ensure rational allocation of resources, increased GRM investment, ongoing support through external funders like Global Fund, and maximized health impact;
3. **Sustainable operations capacity:** Improved skills, knowledge and tools in finance, governance, and human resource management to improve service delivery at central, provincial and local levels; and
4. **Strengthened human resources management and increased retention of health and social welfare staff:** Specifically strengthened institutional capacity to plan, distribute, retain and train health managers, GRM community health workers (APEs), and social workers.

This report describes the project's accomplishments, challenges faced and successes realized during its second quarter of implementation, January 1 through March 31, 2013.

1.2 Recent Expenditures

A separate document outlining recent expenditures, the Quarterly Financial Report, is attached.

2. Progress, Challenges, and Upcoming Activities by Intermediate Result

This section provides an overview of Deloitte's progress in supporting each of the four Intermediate Results (IRs) for FORSSAS, including challenges experienced and plans for the upcoming quarter.

2.1 Intermediate Result 1: Increased Effectiveness in Health Governance

2.1.1 Current and Cumulative Progress

Support the Directorate of Administration and Finance's (DAF) financial management, procurement, and governance capacity

During the January through March 2013 quarter, FORSSAS support to DAF focused primarily on the development and documentation of standard operating procedures (SOPs) in the Financial Management Operations (FMO) Manual (*Manual de Procedimentos Financeiros*). The team drafted the majority of the planned SOPs by the end of the quarter. The FMO Manual addresses a major concern of the Ministry and is one of the critical components of the Public Financial Management (PFM) Strengthening Plan. The manual incorporates the principles of the Performance Management Model and corresponding performance indicators.

In response to an observed area of weakness in financial management, FORSSAS advisors developed two job-aids on internal controls for DAF and CMAM staff with a role in PFM, including DAF technicians and accounting teams in the cost centers. The job aids provide guidance to PFM staff regarding the documents and procedures required to make various types of payments, ranging from per diem payments to large capital procurements. One job aid is in digital format, and the other is a poster format which will be hung in various areas of DAF as well as key positions in the cost centers. These job aids were developed in response to the study conducted in late 2012 through which FORSSAS assessed payment lead times at DAF.

The *Repartição de Conformidade Processual e Documental* (RCPD) is responsible for verifying supporting documentation and procedural controls before expenses are paid. Through the study, the project identified that the phase spent in the RCPD typically represented **77%** of the total lead time in the capital investment payment process (29 days of a 38-day lead time) and **69%** of the lead time to pay routine current expenses (8 days of 11-day lead time). In order to reduce this lead time, it would be more efficient if all supporting documentation was compiled before the payment is sent to DAF; these job aids provide important guidance to help realize this change.

Beyond the agreed-upon project work plan, FORSSAS advisors supported a number of other urgent activities at DAF during the quarter. FORSSAS supports these activities at the request of DAF's senior leadership although they sometimes risk timely implementation of work plan tasks as a result. The following list represents some examples of urgent issues we supported during the quarter.

- Led the preparation of MISAU's financial statements for November and December 2012 and January and February 2013
- Completed capacity development activities for advanced Excel and e-SISTAFE reporting functionality for staff in the *Repartição de Contabilidade e Prestação de Contas* (RCPC)
- Prepared response to the Global Fund regarding the outstanding balance of USD 3.3 million
- Supported development of the Fiduciary Control Plan for Global Fund Round 8
- Supported development of DAF response to the 6th PFM Strengthening Plan Monitoring Report

Support CMAM in supply chain governance

During this quarter, the FORSSAS IR1 team supported two Supply Chain Risk Management visits within two provinces – Niassa in February and Manica in March. The below tables summarize the sites visited, 15 in total. These visits assist in verifying the compliance of each province in supply chain management procedures, monitoring Performance Management and the associated reporting of results. Analyzing the data also verifies the quantity and quality of LMIS data coming from the provincial level and ultimately seeks to develop supply chain governance and accountability.

Date	Province	District	Facility Name
18-Feb-13	NIASSA	CIDADE DE LICHINGA	DPM NIASSA
21-Feb-13	NIASSA	LAGO	DDM DE LAGO
21-Feb-13	NIASSA	LAGO	CENTRO DE SAÚDE DE METANGULA
22-Feb-13	NIASSA	LAGO	POSTO DE SAUDE DE MECHUMUA
25-Feb-13	NIASSA	SANGA	CENTRO DE SAUDE 7 DE SETEMBRO
25-Feb-13	NIASSA	SANGA	DDM DE SANGA
27-Feb-13	NIASSA	CIDADE DE LICHINGA	HOSPITAL PROVINCIAL DE LICHINGA
11-Mar-13	MANICA	CIDADE DE CHIMOIO	DPM MANICA
12-Mar-13	MANICA	CIDADE DE CHIMOIO	HOSPITAL PROVINCIAL DE CHIMOIO
13-Mar-13	MANICA	CIDADE DE CHIMOIO	CENTRO DE SAUDE EDUARDO MONDLANE
15-Mar-13	MANICA	MANICA	DDM DE MANICA
15-Mar-13	MANICA	MANICA	HOSPITAL DISTRITAL DE MANICA
18-Mar-13	MANICA	MANICA	CENTRO DE SAUDE DE VANDUZI
20-Mar-13	MANICA	GONDOLA	DDM DE GONDOLA
21-Mar-13	MANICA	GONDOLA	HOSPITAL DISTRITAL DE GONDOLA

Table 1: Internal Audit (IA) Visits, January through March 2013

As part of its effort to support CMAM's use of internal audit data beyond basic data collection, FORSSAS began building the capacity of the CMAM IA Department to produce LMIS data analysis reports, building off of previous training on basic MACS LMIS use. The FORSSAS team also assisted CMAM in the use of LMIS data to report on IA visits. For example, satisfaction rates and province and district requisition evaluation were reported using the LMIS and data from the Niassa IA visits.

During the quarter, FORSSAS staff completed the design and development of the first functional version of the IA database software. This software further enables the reporting of data from IA visits, assists in the development of these reports, scores and classifies audited sites and facilitates inter-province data comparison. Now that this software is producing and reporting IA visit and LMIS IA data, the next step will be to shift focus toward the use of the reported data. Stakeholder requirements for dashboards are also under consideration. Training on this new software will be rolled out to CMAM IA Department prior to the next visits.

In order to coach CMAM IA staff on the use of IA guidelines and best practices, FORSSAS instituted a knowledge transfer process in which the results of field visits are shared, with support from the IA database software. This process was tested with Niassa and Manica province visits.

Also during the January to March period, the FORSSAS IR1 Team completed a rapid assessment of the CMAM IA methodology and tools. The assessment focused on five key objectives to identify needs and scope activities going forward:

- Strengthening existing tools and practices;
- Aggregating and presenting data;
- Aligning practices with international standards;
- Revising the annual audit strategy to reflect a capacity aware risk-based approach; and
- Developing a cost estimate to support sustainable IAS operations.

Recommendations from the analysis strengthen the practices of IA and enable a performance-based risk management approach. The specific recommendations cover organization, operations, and tools and are summarized below.

- The organization requires alignment with standards and leading practices to improve effectiveness and credibility.
- Operational procedures and metrics must be enhanced to increase efficiency and alignment with stakeholder needs.
- New tools are needed to better manage, analyze, and communicate data-driven results to stakeholders.

The assessment report included a plan to complete enhancements to CMAM’s risk management processes and practices, including strengthened tools and methodologies and alignment with international standards. In the upcoming quarter, the FORSSAS team will work with CMAM to focus on the design and implementation of performance-based risk management practices. The complete report will be available upon request.

Support to CMAM in financial management

FORSSAS support to CMAM in financial management achieved several key successes during the recent quarter. Perhaps most important was the design of the CMAM finance unit’s future state organogram and terms of reference (ToRs) for the various positions. This future state incorporates the transition of CMAM to a *Unidade Gestora Executora* (UGE) which provides for increased levels of financial autonomy and the use of e-SISTAFE for financial management. The CMAM Director accepted these recommendations, which is a major step towards successful PFM reform at CMAM.

Additionally, FORSSAS mapped the current state procedures for revenue recovery, payment of medicines and medical commodities, payment of current operational expenses and customs clearance processing. Mapping the current processes provides a baseline for FORSSAS advisors and identifies bottlenecks and other problematic areas in CMAM’s financial management procedures.

To support the process mapping activity as well as the previously-mentioned Performance Management models, FORSSAS advisors and CMAM’s finance team undertook a detailed analysis of over 100 payment processes. The assessment included the payment of operational expenses such as electricity as well as the payment of mission-related expenditures such as medicine procurements. The team reviewed lead times of the numerous steps required to make a payment to identify bottlenecks. The team also reviewed procedural accuracy as it relates to adherence to required processes and documentation to effect a payment.

FORSSAS determined that it takes CMAM an average of 57 days to process a payment for operational expenses through e-SISTAFE at DAF, including 27 days in processes controlled by CMAM. Acquisition of medicines and medical commodities takes an average of 103 days from invoice receipt to payment processing via e-SISTAFE at DAF. Fifty-one of those days, 49.5% of the total lead time, are between the invoice receipt and internal requisition emission at CMAM. Furthermore, FORSSAS observed that only 28% of payments had complete supporting documentation, indicating low execution of internal control procedures. FORSSAS is utilizing the results of this evaluation to inform interventions and prioritize CMAM’s resources for continuous process improvement in financial management.

Support CMAM in procurement capacity

IR1 quarterly activities for procurement strengthening concentrated on the Phase 1 validation work plan. Phase 1 of procurement strengthening is focused on improving procurement operations and building workforce capacity in CMAM procurement.

As part of the “As-Is” analysis activities, FORSSAS conducted detailed process interviews, working sessions, and shadowing sessions with CMAM Procurement staff and documented and validated process flows for 16 CMAM procurement functions. This process included the review of 10 documents and the completion of five stakeholder interviews to understand regulations. In addition, the team commenced data cleansing and collection for 20 tenders and 26 contracts, utilizing improved tracking tools also implemented during the quarter. As a result, the team was able to calculate initial procurement cycle times. The initial “As-Is” analysis key findings were presented in February to CMAM Leadership and USAID.

High priority improvements for the period included the development and enhancement of select data collection tools currently used by the CMAM Procurement Department. This included development, implementation and training of the following tools:

- *Mapa de Controle de Concursos*, which leverages data validation and linkages to minimize duplicative data entry and improve visibility into the status of tenders and contracts
- *Mapa de Controle de Documentos Contratuais*, which enables the tracking of contract details in accordance with regulations and simplifies submission of forms
- *Posicao de Encomenda*, which enhances the accuracy, consistency, and efficiency of data entry processes that support tracking of shipments, from date of contract celebration through arrival in the warehouse

In addition a medium-term Access database solution has been prototyped, as a result of assistance from the FORSSAS project. This medium-term solution will bring tendering, contracting, shipment and donations management into the same database system (supports CMAM Operational Plan 2013 activity 8.3.3). The database prototype was developed after the FORSSAS team documented over 300 business requirements based on 17 tracking tools and 18 stakeholder interviews.

Lastly, procurement workload analysis activities kicked off in January. During the period, the team conducted interviews with procurement staff, capturing over 50 work activities and quantifying workloads for nine procurement staff. These roles and responsibilities were then documented into a current state organizational structure. The workload analysis will serve to inform a leading practice organizational structure within CMAM’s procurement department in order to more efficiently utilize department resources.

2.1.2 Challenges Encountered and Solutions

Support the Directorate of Administration and Finance’s (DAF) financial management, procurement, and governance capacity

FORSSAS project advisors at DAF continue to be asked to undertake day-to-day and urgent tasks which limit the ability to make long-term change in the Directorate and complete all work plan items. It also contradicts the FORSSAS principle of “supporting not substituting.” With the arrival of the IR1 Lead, the team hopes to improve management of time in order to focus on lasting change through the implementation of the agreed work plan instead of simply staff augmentation.

Support to CMAM in financial management

CMAM has yet to install e-SISTAFE equipment. FORSSAS support to CMAM in PFM depends heavily on its installation. To mitigate the impact of this risk, the team is researching the possibility of FORSSAS procuring some of the required equipment.

Support CMAM in procurement capacity

The limited availability of CMAM staff to own and/or facilitate the implementation of work stream activities due to competing client priorities continues to be a challenge for FORSSAS. Accordingly, the team has tried to schedule meetings as soon as objectives and scope are determined. Additionally, the team developed principles to guide project activities such as open and constructive communication. Any bandwidth limitations that begin to hinder project outputs are escalated to CMAM leadership as necessary.

Timeliness and availability of reliable and accurate data within CMAM Procurement continues to present issues for the department's performance monitoring and evaluation effort. The development of the refined and new trackers have magnified potential data issues, with less than 50% considered "high quality". Manual reconciliation with hard copy documents is required to enter missing data or correct entries; this process is extremely laborious and increased timelines for data collection. In response, the team will try to increase the use of the new trackers in order to gather historical data and address data quality issues.

2.1.3 Plans for Upcoming Quarter (April 1 – June 30, 2013)

Support DAF's financial management, procurement, and governance capacity

- Complete draft of the Financial Management Operations Manual
- Develop the training plan for the PFM standard operating procedures
- Research additional data sources for PFM indicators
- Garner approval for and print internal control job-aid; identify relevant staff to be instructed in its use

Support CMAM in supply chain governance

- Improve Access software database(IA) to be more user-friendly and to provide necessary components for accurate reporting of IA visit data
- Support CMAM IA to prepare comprehensive reports (dashboards and visual graphics) from IA and LMIS, to be disseminate and presented to stakeholders
- Support CMAM activities in risk identification and the alignment of risks to operations and performance measures
- Review IA compliance measures and SC performance management metrics
- Define requirements for the Risk Management and Audit Approach consistent with international standards and develop the IA Charter
- Conduct CMAM IA visits to Sofala, Maputo Province, Tete and Gaza, share experience and transfer knowledge and skills through these visits as well
- Complete refresher training on the IA database software to before above visits to assure correct data introduction, proper discussion of results with the audited sites and appropriate reporting of results

Support to CMAM in financial management

- Develop candidate profiles for CMAM finance positions and identify staffing gaps
- Calculate next quarter's indicator results
- Facilitate installation of e-SISTAFE equipment
- Support development of the Financial Management Operations Manual

- Perform deep dive analysis into causes for extended lead times and poor adherence to procedures to secure supporting documentation for payments

Support CMAM in procurement capacity

- Develop and deliver as-is analysis report to provide an end-to-end view of current procurement operations, identify gaps in execution and recommend tailored solutions with proposed responsibility to address these gaps
- Finalize performance baseline calculations and continue monitoring and evaluation activities
- Conduct client demo and testing of CMAM procurement tracking database and develop training materials (supports CMAM Operational Plan 2013)
- Develop and deliver skills-building training in effective communication, leadership and management
- Present procurement workload analysis report and findings
- Begin drafting SOPs and to-be process flows

2.2 Intermediate Result 2: Improved Management of Health Sector Financing

2.2.1 Current and Cumulative Progress

Develop and execute a national health financing strategy

There has been some preliminary discussion about the design of a health financing strategy. While the importance of implementing several discrete activities—from National Health Accounts (NHAs) to health insurance to performance-based financing—have been emphasized, there remains no clear overarching strategy. MISAU aims to have a health financing strategy in place by 2015 (to tie into the Reform Agenda) but will require technical support to meet this target. The World Bank has undertaken a coordination role in the process as a robust strategy will require participation from the MISAU, Ministry of Finance and those supporting the MISAU (largely donors, particularly USAID). Political buy-in is crucial and this may take some time. FORSSAS is well-positioned to support this process given its engagement in a number of health financing activities, namely the development of an NHA, the results of which will form the framework of the strategy. FORSSAS is presently developing a roadmap for the health financing strategy which will be presented in late April to the Health Insurance Advisor within MISAU.

Support and institutionalize NHA and other resource tracking and utilization activities

With support from the project, the first NHA Steering Committee meeting in almost five years was held this quarter. The convening brought together key stakeholders including the Ministério da Planificação e Desenvolvimento (MPD), the Ministério das Finanças (MF), the Instituto Nacional de Segurança Social (INSS), the Organização Mundial da Saúde (OMS), and Eduardo Mondlane University (EMU) Economics and Medical faculties. While turnout was strong, representation from the private sector was noticeably absent as was senior MISAU leadership who need to be driving this process. The Steering Committee was presented with information about the upcoming exercise and also the MISAU's objective of institutionalizing the process. This was received well, with recommendations received from participants to increase the scope of the exercise (particularly sub-accounts). Going forward, Steering Committee meetings will be scheduled every quarter to coincide with specific milestones in the NHA process.

During the quarter FORSSAS also led a series of four workshops on NHA methods to provide participants with a general understanding and overview of the process prior to the WHO training on the new System of Health Accounts (SHA) framework. The WHO training's implementation is anticipated at the end of April. Approximately 20 MISAU staff attended the workshops in total. To engage a larger and broader

audience, the FORSSAS project will continue conducting these workshops but will do so at the locations where our target stakeholders are based (e.g. the Ministry of Finance, National Institute of Health, and Eduardo Mondlane University).

The NHA events which took place this quarter revealed substantial interest from stakeholders both within and external to MISAU. It is critical to build on this momentum and keep the audience engaged. FORSSAS is in the midst of developing policy briefs for the purpose of increasing the demand and appreciation for data. Possible topics for the first brief include measuring the efficiency of funding against progress towards MDGs or examining low expenditure on health care and its impact on productivity (targeted towards MoF). The briefs will not only serve as a direct output of the DPC but also build the capacity and knowledge of the team producing them and bring recognition to the department.

As the project begins the next round of NHA estimates, data provided will be carefully reviewed, primarily data associated with government and facility expenditures. Much of the data is incomplete, from earlier periods (2007-2008) and/or is not available to the level of granularity required by SHA 2011. Furthermore, household data will not be made available by the INE until late 2013; while data will be required from insurance providers, private enterprise and several other stakeholders. Our data collection plan estimates 3-4 months for data collection.

Support for resource planning

During the current quarter, FORSSAS also helped in following the MTEF methodology of MPD in order to provide accurate resource planning data at the provincial level (Niassa). In addition, FORSSAS started assisting DPES in data collection for costing to implement PESS using the OneHealth tool and produce estimated available resources for PESS. One preliminary presentation about costing and resource mapping was made for the JANS (Joint Assessment of National Strategy) team. The JANS team recommended the finalization of costing and calculating of financial gap using three scenarios. These three scenarios are funds that are anticipated to be available to meet the costs.

FORSSAS is in the process of supporting the development of the 2013 planning guide. The main objective of the exercise is to guide the central and provincial teams through the planning exercise, to guarantee alignment of activities between the PES and the three levels (central, provincial and district), and to complete the activity in accordance with GRM policies, including the PARP (Plano Alargado de Reducao da Pobreza), PQG (Plano Qinquenal do Governo), MDG (Millennium Development Goals), PESS, and BdPES (Balanco do PES).

Support for performance-based financing (PBF)

On March 20, the project held a partners meeting to discuss PBF experiences and lessons learned. A total of 24 representatives from implementing partners, donors and stakeholders participated. Meeting objectives included:

- To inform future PBF design and strategy in Mozambique;
- To explore the range of current PBF designs and structure being implemented in Mozambique;
- To provide evidence to the Ministry of Health related to the operations and sustainability of PBI schemes; and
- To guide the development of the upcoming MISAU-led PBF workshop.

Partners from CMAM, DFID, EGPAF, JHPIEGO and the World Bank presented key aspects of their programs including payment amounts, indicators and verification process. In Mozambique, there are

currently six PBF schemes being piloted at the central and the provincial levels. The schemes are at various stages of development with two in the evaluation phase (CHASS SMT and EGPAF) and one in development phase (DFID).

2.2.2 Challenges Encountered and Solutions

Support and institutionalize NHA and other resource tracking and utilization activities

Within IR2, activities for the health financing strategy, NHA and PBF require a local champion(s); at this time it is not clear whether there is vested interest from the Minister's office within MISAU to play this role. Identifying the right directorate to lead the efforts may be a challenge due to the competing priorities – often externally imposed – with which MISAU are faced. FORSSAS will need to more effectively communicate the importance of these activities and their impacts on decision-making in order to secure these champions in the coming quarter.

Any delays in the NHA exercise itself will likely be due to challenges with data collection (much of it was supposedly available but upon further review it is not). The WHO may dispute this as there is a certain naiveté that the “new” production tool is the solution to data woes; this is not the case. The production tool facilitates the analysis of data and uploading into the matrices, but it plays no role in the raw data collection process. FORSSAS will need to leverage its connections with DAF as much as possible, but this is not sufficient as there is still incomplete facility level data. In the meantime, the IR2 team will work with preliminary data, being careful to caveat estimates and initial calculations accordingly. For example, household data will not be available until late 2013 (NHA target date for completion is February 2014), but the team will work with preliminary data in the meantime. Additionally, the team is working on a plan to overcome some problems in sampling and extrapolation.

2.2.3 Plans for Upcoming Quarter (April 1 – June 30, 2013)

Develop and execute a national health financing strategy

- Convene a health financing working group within MISAU (or leverage an existing one)
- Obtain necessary approvals/sign off on the health financing road
- Deliver first policy brief and ensure wide circulation across the MISAU (including Minister's Office), MoF, Steering Committee members, donors (including USAID) and other relevant parties
- Work with the DPC to change the composition of the Steering Committee so that it is lean and focused

Support and institutionalize NHA and other resource tracking and utilization activities

- Conduct additional NHA sessions at the NIH, MoF and EMU
- Strengthen ties with EMU and gauge its interest in participating in the current round of NHA and explore the possibility of incorporating NHA into the university course curriculum
- Work towards completing data collection including primary data collection (insurance providers, private enterprise, etc.)

Support for resource planning

- Assist DPES in the completion of Costing of PESS using the OneHealth Tool and present costs to implement PESS and the estimate of available resources for PESS: resource mapping, in the prioritization session; before completing the costing it is necessary to complete the data collection at DNAM programs in all departments of Central Hospital

- Send the guide to the provinces to allow them anticipate the planning process based on preliminary PES matrices; support DPC on Planning Exercise Workshop to be held on May/June 2013
- Support DPES in data globalization and MTEF justification to be submitted to Ministry of Finance until 19 April 2013
- Conduct rapid analysis of the current budget and program monitoring process; based on findings, design future state and system, define success, and develop work plan implementation including indicators and measurement

Support for performance-based financing (PBF)

- Support MISAU to organize and conduct a PBF workshop
- Help MISAU think through the institutional design needed to coordinate PBF and develop an overarching strategy

2.3 Intermediate Result 3: Strengthened Management and Operations Capacity

2.3.1 Current and Cumulative Progress

Improve capacity in Department of Projects through the institutionalization of financial management, procurement and M&E procedures to meet donor requirements (with focus on the Global Fund)

With assistance from FORSSAS and in accordance with Global Fund (GF) reporting requirements for performance-based funding, MISAU submitted Progress Update and Disbursement Requests (PUDRs) worth a total of \$10,331,583 for the round 9 HIV and malaria grants and for the round 7 tuberculosis grant. Due to previous and current period PUDR submissions and subsequent disbursements for tuberculosis, malaria and HIV, MISAU was able to secure health products for TB first and second line drugs, RDTs and ACTs for malaria patients, and HIV pharmaceuticals to treat opportunistic infections for 2013.

In order to secure continued funding for the Global Fund's (GF) principal recipients in Mozambique, FORSSAS supported CMAM, DAF, Inspeccao Geral de Saude (IGS), Departamento de Informacao para Saude (DIS) and Direccao Recursus Humanos (DRH in reprogramming the workplan and budget for the Round 8 Phase 2 grant proposal for health systems strengthening. With the support of FORSSAS, the Ministry submitted all the requested Round 8 Phase 2 proposal documents on time to the Global Fund. The following components were submitted within the proposal:

- A document explaining the sustainability of the investments proposed for CMAM was finalized and submitted to the GF;
- DAF's Fiduciary Control Plan, which explained how MISAU will mitigate risk in the management of global fund grants; and
- Updated internal audit plans and quantification of Global Fund commodities for procurement for the Inspeccao Geral de Saude (IGS).

As part of the Round 9 Phase 2 proposal process, FORSSAS assisted CMAM in the elaboration of the Procurement and Supply Management (PSM) Plans for health products. FORSSAS also supported DPC to develop performance frameworks for the HIV, malaria and the health systems strengthening Phase 2 grants. Project advisors provided oversight in order to ensure that these performance frameworks are aligned with the national M&E system. The FORSSAS IR3 Team supported the Country Coordination Mechanism (CCM) in the harmonization and alignment of these proposals between the different

Principal Recipients (MISAU, Fundacao para Desenvolvimento da Comunidade (FDC, a local NGO) and World Vision). The proposals for Round 9 Phase 2 (HIV and Malaria) were submitted on time to the Global Fund, with total values of USD 108,117,017 (malaria) and USD 246,567,544 (HIV).

Strengthen Department of M&E at MISAU

One of the main activities planned by DPC for early 2013 was the Annual Joint Evaluation of the Health Sector (ACAXII). In this context, FORSSAS supported the National M&E Department in coordinating the different stakeholders, developing tools and training MISAU staff and health partners to carry out field visits for data collection. The field visits resulted in the production of a standard report on data quality, including analyzed results for the selected indicators. The report made recommendations based on the findings and discussed these recommendations with the Provincial Health Authorities. The provincial reports were eventually incorporated into the document for the 2012 national assessment of the health sector that will be presented at the next Comite de Coordenacao Sectorial CCS in May 2013.

Both MISAU and FORSSAS recognize the need to update existing protocol for data collection and quality verification, especially regarding provincial-level data. Accordingly, FORSSAS facilitated the Department of Health Information's (DIS) adoption of protocols for data quality strengthening. Following the adoption, FORSSAS trained DIS staff on these protocols. In conjunction with the effort for improved data quality, FORSSAS developed a tool for data feedback which was implemented in January 2013 by DIS. The tool provides information on received and missing provincial data. The tool also facilitates reporting on the FORSSAS indicator "Number and percentage of districts submitting timely, complete and accurate Modulo Basico reports". Improvements to the tool are still required to measure the timeliness of submission for district reports.

To further support one M&E system, Global Fund reporting activities are now integrated into the M&E Department and DIS. This consolidation should result in improved communication and collaboration between DPC and the health programs (HIV, TB and Malaria).

2.3.2 Challenges Encountered and Solutions

Improve capacity in Department of Projects through the institutionalization of financial management, procurement and M&E procedures to meet donor requirements (with focus on the Global Fund)

Potential implementers of the Round 8 HSS Global Fund grant were at first reluctant to provide support in order to respond to Global Fund questions. Accordingly, FORSSAS sought MISAU staff within each department according to individual availability and provided context to be able to facilitate understanding of the request and the provision of information. These actions did result in eventual collaboration.

The original Round 8 HSS proposal was developed in 2008 and signed by the Global Fund in November 2009. In 2011, the Global Fund Secretariat suggested that the CCM reprogram funds for Phase 2 of the grant. In 2012, MISAU submitted the reprogrammed proposal with the help of potential implementers and National Directors under the leadership of the Permanent Secretary. Despite this, the Global Fund continues to request further clarification on these documents and as a result, the achievement of conditions precedents continues to be delayed. To date, no disbursements have been made against this grant. **These funding delays have led to significant transaction costs for MISAU, the GF and partners. Accordingly, objective stakeholders in collaboration with the CCM should engage the GF regarding the**

opportunity to continue efforts aimed at demonstrating MOH ability to directly manage the funds or identify an alternative Principal Recipient.

Strengthen Department of M&E at MISAU

The M&E Department receives data from the HMIS in order to fulfill reporting requirements. However, the Annual Joint Evaluation of the sector (ACAXII) and other assessments of the SIS-Modulo Basico system reveal incomplete and inconsistent data for some indicators (e.g. coverage rates of greater than 100%). Moreover, the technology utilized to produce the reports is not user-friendly nor has the database been properly programmed. Since it is risky to develop analytical reports and make evidence-based decisions on low quality data, FORSSAS staff is now working closely with DIS staff to provide technical advice on HMIS activities to MISAU leadership. These activities include improvement associated with the Sistema Electronico de Seguimento dos Pacientes (SESP), the Sistema de Informacao em Saude para Registo de Obitos nos Hospitais (SIS-ROH), the Sistema de Informacao em Saude para a Monitoria e Avaliacao (SIS-MA), and an inventory of health infrastructure. Though not directly responsible for the actual usage or management of the system, FORSSAS provides technical assistance on specifications and coordination to the DIS Director as part of its role as Ministry advisors.

Since the M&E Department is meant to monitor achievements against the national strategic plans including the PESS, FORSSAS recommends inserting its staff into the indicator definition process, including types of indicators, level of responsibilities, frequency of reporting and coordination mechanisms. Integrating FORSSAS into these activities will increase alignment with the national M&E system coordinated by DPC.

One of the activities planned in the PES 2013 for the M&E Department was the approval of terms of reference to develop a strategic plan for the national M&E system. In order to avoid duplication, the development of a separate strategic plan should be reconsidered. If the M&E strategic plan was a donor requirement, then the plan for the strengthening of the national M&E system (developed in 2011 with USG support) might be a sufficient supplement.

2.3.3 Plans for Upcoming Quarter (April 1 – June 30, 2013)

Improve capacity in Department of Projects through the institutionalization of financial management, procurement and M&E procedures to meet donor requirements (with focus on the Global Fund)

- Support CMAM and the programs (HIV and Malaria) to respond to Global Fund questions on Round 9 Phase 2 grants
- Improve CMAM capacity to prepare proforma invoices, price quotes and other relevant documents for the Voluntary Pooled Procurement (VPP) mechanism of the Global Fund in order to improve turnaround time
- Examine VPP procurement flowchart and identify potential improvement areas
- Improve communication between health programs and CMAM through dissemination of health products procured through the Voluntary Pooled Procurement Mechanism of the Global Fund
- Support Round 8 HSS Grant implementers to respond to new condition precedents raised by the Global Fund (due 30 June)

Strengthen Department of M&E at MISAU

- Support the M&E Department to finalize and submit for approval the National Plan for the M&E systems strengthening and associated 2014 action plan
- Produce Summary Report of Health Statistics (2008-2012), to be presented during CCS in April
- Support DPC in creating and coordinating a technical working group on M&E within the context of SWAp-PIMA
- Continue to verify data quality and collect feedback from the provinces in order to improve central processes
- Support DPC in training provincial staff in data verification of district reports

2.4 Intermediate Result 4: Strengthened Institutional Capacity to Improve the Management, Budgeting, and Performance of Key Health and Social Welfare Staff

2.4.1 Current and Cumulative Progress

Strengthened HMA Twinning Program

Concept papers were due for the Health Management and Administration Education Twinning Program on February 22, 2013. USAID is reviewing the concept papers. When the institution has been selected FORSSAS will support coordination of start-up activities related to the HMA Twinning Program.

Integrate and coordinate APE Program

As a consequence of flooding (declared a national emergency), the National CHW Meeting and the Official Launch of the CHW Program by the Prime Minister are delayed. Preparations continue in conjunction with the Coordination Working Group.

Supervision is underway in order to identify problems and successes in the CHW Program. An updated supervision checklist addresses all major systems important to the success of the CHW Program. As part of the checklist, sources of data are compared with monthly reports and referral forms to verify coherence and data quality. This presents an opportunity to clarify misunderstandings related to data collection at all levels. Visits to the Provincial and District Pharmaceuticals Distribution Centers have also been included in the supervision checklist to ensure coordination and identify barriers to efficient distribution of kits.

Only 21 of the targeted 1,581 community health workers were trained in 2012 due to lack resources and materials financed by the World Bank. Although some districts completed the first of three modules due to joint funding from UNICEF and the World Bank, they were forced to interrupt these trainings prior to completion. The total number of CHWs trained prior to 2012 was 1,213. Progress has been made toward sustainable financing of CHW subsidies together with the Department of Human Resources as described below.

Results for the quarter are 60% in January and 40% in February, for an average of 50%. March is not included as the individual responsible for data coordination is currently on leave. March will be reported as soon as the data is received. Reporting rates declined from last quarter. It is suspected this is a result of the discontinuation of performance-based incentives, suggesting a correlation between the promise of incentives and the completeness and timeliness of data delivery.

Strengthen and support sustainability of educational programs with MMAS

A new first semester of competency-based pilot courses under the Ministry of Women and Social Welfare (MMAS) was started in February 2012 at the *Instituto de Ciências de Saúde de Maputo* (ICSM). The two pilot courses included 30 new students under the Social Welfare Technicians (Level 5) program. This is the second time the course is being held. The first class of students graduated in December 2012. Twenty-five students began under the new Early Childhood Educators (Level 4) program. All of the Level 4 Early Childhood Educator students are continuing their education from the previous year's Level 3 program.

Local consultants continued to develop the required curriculum package for the Level 4 program, in coordination with the Early Childhood Educator Technical Working Group, in particular guidelines for professors. A training of trainers was held in January 2013 to prepare the professors for the upcoming courses. Twenty-five professors participated and reviewed facilitation techniques and technical areas.

Last quarter, a total of 55 students graduated from the initial year of the training courses. The next group of students that initiated class in February 2013 will graduate in December 2013.

Increase the Capacity of the Provincial Directorate of Woman and Social Welfare (DPMAS)

We conducted a gap analysis for two provinces (Sofala and Niassa) to verify the capacity of the DPMAS in key areas including planning, budgeting, human resources and data management. We also explored the potential to decentralize the social welfare and early childhood education courses to the provincial level. We met with several local educational institutions to determine their interest and capacity. We collaborated with the Provincial Directors and their teams to assess their current status and gaps in institutional capacity.

2.4.2 Challenges Encountered and Solutions

Integrate and coordinate APE Program

The CHW Coordinator's expanded role as Head of the Community Involvement Section as well as National CHW Coordinator threatens the efficiency of CHW Program coordination and the quality of the program overall. There are several activities planned to alleviate the National Coordinators' overload, discussed below.

- MISAU is exploring the idea of an external provincial supervision team who would carry out supervision in coordination with the provincial and district APE Coordinators during a three week period, twice yearly. Funds for this initiative are not included in the PES nor have they been planned with any financing partner to date.
- Terms of Reference are being finalized for two positions to be financed by the RAcE Project, pending MISAU approval. One position is a Junior M&E Assistant whose tasks include data entry, analysis and summary. Currently, an intern carries out these tasks but the intern is expected to leave in the upcoming quarter. Senior TA being planned by FORSSAS will complement and build capacity for this position and in the future may also include providing regular feedback to relevant technical areas such as the malaria program, maternal child health and nutrition, and provincial and district data reporting. The second position is a Supervision Officer to be based in MISAU.
- Working Groups created in order to assist with planning for the National Meeting are ensuring that the National Meeting agenda is consensually planned and responds to major technical, management and policy concerns related to the Program. These groups also alleviate some of the burden on the National Coordinator.

As discussed above, MISAU also experienced difficulties accessing World Bank funding for training support and as a result, severely underperformed in this area, graduating no new CHWs in 2012. This challenge will be discussed with CMAM in order to identify potential action.

Strengthen and support sustainability of educational programs with MMAS

Due to challenges in scheduling, the timing of the practicums that were originally scheduled for 2012 for the students in the Early Childhood Educator course was adjusted. The practicum was held during the first quarter of 2013. This delayed that start of the Early Childhood Educator (Level 4) course to April 2012. The PIREP evaluation for course approval and certification has been delayed because course professors did not complete the mandatory internal evaluations. The internal evaluation is completed and PIREP is developing the external evaluation. FORSSAS will continue to provide support as required.

Increased Capacity of DPMAS

FORSSAS selected Niassa and Sofala for the site visits based on discussions with USAID; these two provinces expressed interest directly to USAID. FORSSAS shared the site visit information with the Permanent Secretary from MMAS, who agreed on these provinces. However, concerns persist regarding the province selection process, mainly from the Human Resource Department of MMAS. The team is in the process of providing all data and trip reports to MMAS for ongoing discussion on the final selection of the target provinces.

2.4.3 Plans for Upcoming Quarter (April 1 – June 30, 2013)

Strengthened HMA Twinning Program

- Concept papers were due for the Health Management and Administration Education Twinning Program on February 22, 2013. USAID is reviewing the concept papers. When the institution has been selected FORSSAS will support coordination of start-up activities related to the HMA Twinning Program.

Integrate and coordinate APE Program

- Complete two additional supervision visits to Niassa and Nampula; results of these visits will inform the recommendations to be presented at the National CHW Meeting to be held in June or July (date TBD by MISAU)
- Finalize a sustainable financing proposal for CHW's subsidies in conjunction with the Human Resources Department

Strengthen and support sustainability of educational programs with MMAS

- Oversee PIREP's completion of external evaluation and certification of the pilot courses, facilitating as necessary
- Oversee the ICSM courses for Early Childhood Educators and Social Welfare Technicians
- In collaboration with MMAS, present to the Conselho Técnico evaluation results from the first year of pilot courses and recommendations for improvements to be incorporated in the second year of course implementation
- Finalize teaching guidelines for the Level 4 EI course with the local technical working group and submit to MMAS for review and approval

Increased Capacity of DPMAS

- Advertise for local positions to drive the capacity building activities at the provincial level
- Continue collaboration with the targeted DPMAS' and develop their work plans for the next year of support

3. Performance Monitoring Progress, Challenges, and Upcoming Activities

3.1 Current and Cumulative Progress

FORSSAS has made excellent progress in developing a culture of Performance Management at MISAU. Indeed, both DAF and CMAM have demonstrated willingness to utilize Performance Management models and indicators to measure their own performance. FORSSAS is supporting MISAU to incorporate this Performance Management model and corresponding indicators into their Financial Operations Manual. The project is already tracking a handful of indicators at CMAM and DAF and expect for this to expand into other areas of support. It aligns well with Deloitte's CYPRESS Capacity Building Model and goes well beyond project performance reporting to strengthen MISAU's own ability to monitor, manage, and improve performance.

USAID reviewed and provided feedback on the initial PMP submitted by the project. No substantive changes were requested and therefore submission of a revised work plan and PMP was not necessary during this quarter. Quarterly performance data on project indicators can be located within Appendix A of this document.

3.2 Challenges Encountered and Solutions

Creating a culture of Performance Management at MISAU is a great challenge, particularly for an organization that routinely operates on the lower end of process maturity. Data sources are scarce and reporting indicators often requires manual research and data cleaning. Moreover, due to the maturity level of many processes, there appear to be large fluctuations in performance because of both controllable and uncontrollable circumstances. For example, at DAF the project noted a substantial increase this quarter in payment lead times for operational expenses (11.4 to 28.5 days). Our research indicates that many of those payments were carried over from the previous calendar year due to lack of funds thus extending the average lead time. We expect to observe these fluctuations for the near future. However, these indicator results help MISAU and FORSSAS target specific weaknesses in processes that improvement performance in future periods.

Some of the project indicators have experienced challenges. Due to an issue discovered in the HMIS regarding provincial data, the baseline for indicator fourteen, the *Number and percentage of districts submitting timely, complete and accurate Module Basico reports*, had to be validated. Upon deeper investigation, the team discovered that the issue stemmed from inconsistencies in the total number of districts within the Modulo Basico. A new tool has been developed and used since January 2013 in order to send feedback to the provinces on data completeness; the results for this quarter were calculated utilizing the tool as data source. However, a new baseline figure cannot be calculated retroactively. Indicator measurements are located in Appendix A.

Additionally, the data source that the project expected to use for indicator three (*Number and percentage of PFM strengthening actions met in the areas of intervention for FORSSAS (i.e. Financial management)*) was the PFM Plan Monitoring Reports. However, FORSSAS discovered that there are serious inconsistencies in these reports such as activities that were marked complete many months ago

are no longer complete in the current report. Accordingly, the project suggests an alternative indicator. One option for this alternative indicator is *percent of monthly treasury plans received complete and on-time*, which addresses one of MISAU's greatest challenges, predicting cash flow needs, and measures performance in both IR1 and IR2. This indicator is under consideration and any changes will be addressed with USAID via an updated PMP.

3.3 Plans for Upcoming Quarter (January 1 – March 31, 2013)

- Continue data collection and analysis activities, including any necessary actions in preparation for the end of project year one
- Explore alternative data sources for indicator 3

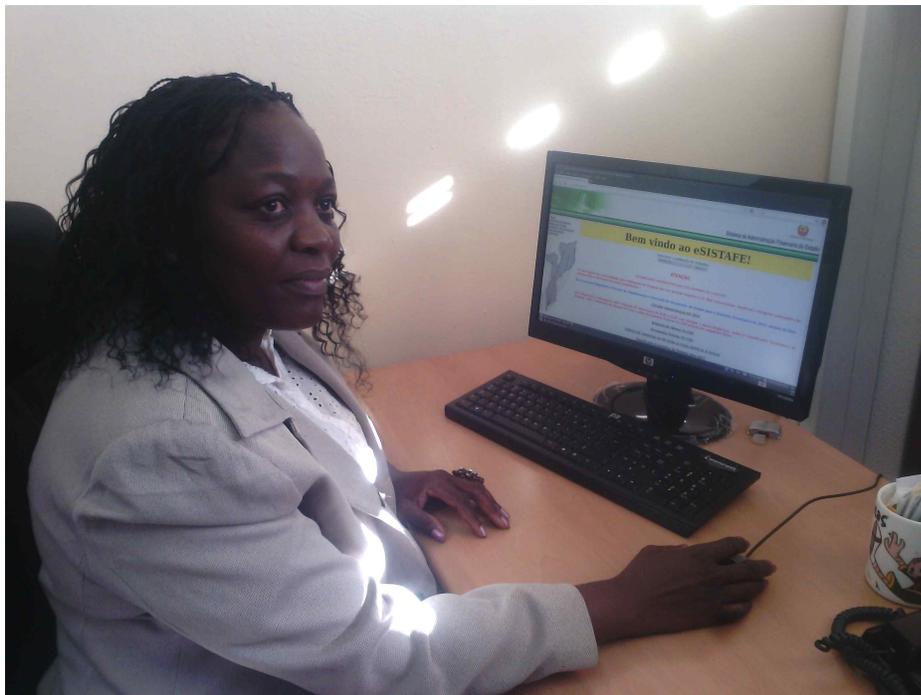
4. Other Activities

4.1 Project Staffing

The IR1 Lead, Operations Manager, a DPES Officer, a DPC M&E Officer and a DPCDIS Officer all began with the project in January. Additional required and approved IR1 supplychain team members are scheduled to start May 6.

5. Success Stories

5.1 FORSSAS helps to install e-SISTAFE financial management system at DPC



One of the functions of e-SISTAFE is to facilitate the processes of planning and the governance of public funds. FORSSAS supported the installation of e-SISTAFE terminals in the Directorate of Planning and Cooperation in order to support these two key functions. Access to e-SISTAFE is also required for

planning, budgeting, and internal controls of Global Fund grants. National Health Accounts and key planning models such as the Medium Term Expenditure Frameworks depend heavily on data that are extracted from e-SISTAFE. Finally, strengthening the internal audit and governance functions of the Inspector General of Health was a condition precedent of the Global Fund Round 8 grant.

Before the terminals were installed, DPC and IGS technicians were required to travel to the Ministry of Finance or request access to DAF terminals to register budgets and perform these tasks, diverting valuable time from normal operations of DPC, DAF, and IGS staff. As DPC and IGS demands of e-SISTAFE are high, a considerable amount of time was lost on these activities. In other words, the lack of local terminals impeded efficiency and productivity of the units. Furthermore, the principle of independence, a critical pillar for IGS, was violated by their having to “borrow” e-SISTAFE from elsewhere in the government, depending on the latter for access to information necessary to execute their function.

FORSSAS, in conjunction with the Project for Provision of Health Services financed by the World Bank, raised the issue to stakeholders and highlighted the need to obtain e-SISTAFE terminals at both IGS and DPC. As a result, the World Bank project procured the equipment whilst FORSSAS supported the Ministry of Health to prepare formal requests to CED-SIF at the Ministry of Finance and coordinate the e-SISTAFE installation in the aforementioned departments.

Since the installation of the terminals, Department of Planning technicians are able to execute their activities related to planning, budgeting, and financial monitoring directly in their offices rather than traveling to the Ministry of Finance. This represents a considerable gain in efficiency, productivity, and accuracy for their work. Key efforts such as the National Health Accounts, Medium Term Expenditure Frameworks, Global Fund, and other externally-funded programs managed by national systems will also benefit tremendously from these installations. Furthermore, FORSSAS supported one of the key objectives of e-SISTAFE, which is to provide greater autonomy to decentralized functions within national systems. Indeed, the Inspector General of Health can fully execute its research of financial transactions within the national system without depending on external bodies.

5.2 FORSSAS facilitates development of Access database to improve reporting of CMAM IA visits

As part of its mission, the IA Department within CMAM conducts audit visits and associated data analysis at sites across Mozambique. To date, the data collection and analysis have been largely manual, completed using Excel spreadsheets, and accordingly, a very time-consuming process. Furthermore, it was previously very difficult to complete any aggregate analysis or reporting on the IA visit data. In response to this challenge, FORSSAS team members developed the IA database. The database summarizes audit control data from different audited sites and combines the data to produce comprehensive, aggregate and standard reports in a timely manner.

The data base scores and classifies audited sites, synthesizing audit findings in one central location. As a result, the tool can compare the risks and performance of provinces. This type of comparison is useful in the compilation of quarterly and annual IA reporting and the fulfillment of associated requirements. This comparison can also help identify, quantify and classify the supply chain management risks at each site, and in turn can alert the IA Department to these risks.

The tool was developed with international standards and best practices for IA in mind. However, before the database can become completely operationalized, updates are required to make it more user-friendly. Overall, the tool has the power to increase the efficiency with which IA team members collect, analyze report and use data.

5.3 FORSSAS improves tracking tools, increases data, information and visibility into performance for CMAM Procurement

CMAM is responsible for the national procurement and distribution of medicines and health products in Mozambique. The tendering, contracting, and payments processes have numerous steps that engage multiple stakeholders, making visibility across all procurement activities a challenge. In particular, CMAM Procurement staff previously utilized various Excel tracking tools that faced challenges of inconsistent data input formats, inconsistent availability of information, lack of drop-downs requiring manual data entry, lack of unique identifiers for shipments, inability to track outstanding quantities, and excessive use of the comment function in Excel. These problems inhibited CMAM from quickly capturing and analyzing required information, tracking detailed contract and shipment information, and quickly confirming and monitoring process status.



FORSSAS Advisor Jessica Franck explains one of the new tracking tools to CMAM Procurement Director. Lucrecia Venancio

FORSSAS improved the following three tracking tools for CMAM Procurement:

- *Mapa de Controle de Concursos* (Tendering Tracking) leverages data validation and linkages between critical information (i.e., tenders and contracts) to minimize duplicative data entry, reduce dependency on comments function, and improve visibility into status of tenders and contracts;
- *Mapa de Controle de Documentos Contratuais* (Contract Documents Tracker) enables tracking of contract details including expiration of key documents, such as bank guarantees, and successful bidder's information; and
- *Posição de Encomenda* (Shipment Status) tracking tool enhances the accuracy, consistency, and efficiency of data entry processes that support tracking of shipments and outstanding quantities, from contract effective date through data of arrival in the warehouse.

All three improvements reduce data entry workload and create greater efficiency for procurement staff. Accordingly to Procurement Lead Lucrecia Venancio (pictured above), "it is helpful and very important for my staff to use these tools." For example, the standardization of fields to be utilized for analysis and reporting was not previously feasible. This enables CMAM to more effectively analyze procurement data by beneficiary, stage of contract, type of tender, method of processing, name of supplier, name of tender, shipment stage, shipment fulfillment, delivery date, receipt date, etc. The monitoring of time-sensitive documents (i.e., bank guarantees, supplier qualification documents, etc.) in accordance with the regulations gives CMAM insight into the validity of contracting documents and pending deadlines. Visibility into this process is imperative given CMAM's need to execute multiple contracts at a given time. In compliance with procurement regulations, the *Mapa de Controle de Documentos Contratuais* simplifies submission of forms to the Permanent Secretary for contract signatures while the *Mapa de Controle de Concursos* tracks fulfillment of process steps dictated by Decree 15/2010. Furthermore, the enhanced data visibility into process stages allows CMAM to monitor the cycle times as well as number of tenders and contracts being executed at a given time as well as monitor cycle times for payments.

CMAM's ability to monitor procurement activities through the tracking tools enables them to identify both process improvements and responsible stakeholders. In presenting the tracking tools to Dr. Manuel Jambane, a Procurement Special Advisor to the Minister at MISAU, he commented that "implementation of these tools has tremendous potential to improve the performance of the CMAM Procurement Department. Based on the outcomes of the CMAM experience, similar tools should be considered for implementation across all of MISAU to boost efficiency, enhance visibility, and achieve performance targets. By consistently adopting these types of tools, MISAU can become more efficient and responsive to the concerns of our public and private sector stakeholders, setting the way not only for our peers in other Ministries, but also other countries."

To date, CMAM has entered over 20 tenders and contracts in the Mapa de Controle de Concursos as well as over 850 records in the Posição de Encomenda. Moving forward, these improvements will continuously give CMAM greater visibility into their tendering, contracting and payment activities as well as measure current state cycle times and other performance indicators, thereby identifying opportunities for process improvements.

6. Lessons Learned

6.1 Some groundwork in place for a culture of performance management at MISAU

During the quarter, it became clear to the FORSSAS team that both DAF and CMAM demonstrate a willingness to utilize performance management models and indicators to measure their own performance. This is extremely encouraging, since incentivizing a performance management culture can be a major challenge in associated improvement efforts. If the foundation for this type of culture is already developing amongst the counterparts, it can help to facilitate interventions that address the area of performance management.

The initial indications of the openness to performance management were demonstrated through MISAU and CMAM adoption of performance management models, tools and indicators across IRs. MISAU, including CMAM and DAF, have accepted incorporation of these aspects into their financial operations; procurement data-tracking processes; internal audit data collection; and Modulo Basico reporting compliance measurements.

6.2 PFM strengthening data source reveals inconsistencies

The data source that the project expected to use for indicator three (*Number and percentage of PFM strengthening actions met in the areas of intervention for FORSSAS (i.e. Financial management)*) was the PFM Plan Monitoring Reports. However, FORSSAS discovered that there are serious inconsistencies in these reports such as activities that were marked complete many months ago are no longer complete in the current report. Accordingly, the project suggests an alternative indicator that addresses one of MISAU's greatest challenges, predicting cash flow needs. One option for this alternative indicator is *percent of monthly treasury plans received complete and on-time*, which would address performance in both IR1 and IR2. This indicator is under consideration and any changes will be addressed with USAID via an updated PMP. Moving forward, the project will make sure to validate data sources for any indicators before they are included in the PMP.

7. Annexes

The Quarterly Financial Report for January to March 2013 is included as an annex.

Appendix A: Indicator Measurement Matrix

IR	Ind. No.	Indicator Name	Baseline (Date)	Current Value (Jan-Mar 2013)	PY 1 Target Jul '12-Jun '13	Comments*
IR1	1	Prosaude audit recommendation resolution rate in the areas of intervention for FORSSAS (i.e. Financial management)	58% (2010)	N/A	70%	Reported annually, audit report for 2011 not currently available
IR1	2	Payment processing lead time (Disaggregated by type of invoice: routine goods and services, construction and equipment)	11.4 days (Operational expenditures) 38.3 days (Investments and capital purchases) (Sep-Nov 2012)	28.5 days (Operational expenditures) 21.5 days (Investments and capital purchases)	N/A	Indicator measures period from arrival at DAF to payment, derived from a sample. Current value was derived from 14 total payments, a relatively low sample size. Activities to address this indicator will not begin until project year 2.
IR1	3	# and Percentage of PFM strengthening actions met in the areas of intervention for FORSSAS (i.e. Financial management) disaggregated by area and level of priority	See comments			The data source we were expecting to use is not valid. Strengthening measures that were marked as completed in 2012 are now marked as "in process" or even "no progress." Alternate indicators are now under consideration in order to effectively track progress in this area.
IR1	4	Number of site audits conducted by CMAM DAI (Cumulative)	30 (Dec 2012)	45	110	The figure cited is a cumulative figure; 15 site audits were completed during the reporting period

IR	Ind. No.	Indicator Name	Baseline (Date)	Current Value (Jan-Mar 2013)	PY 1 Target Jul '12-Jun '13	Comments*
IR1	5	Number of procurement SOPs developed	0 (Dec 2012)	0	10 (Est.)	To date 16 process flows have been developed. Based on this figure, we can provide an estimate of 10 for the target number of SOPs to be developed but will finalize this target in May 2013 when this activity begins.
IR1	6	Placeholder: Indicator to measure support for UGEA	TBD	TBD	N/A	Activities to address this indicator will not begin until project year 2.
IR2	7	% of Health expenditure execution compared to original approved health budget	87% (2012)	See comments	85% (2012)	<p>This indicator is measured annually. According to preliminary MOH REO (Relatorio de Execução Orçamental – Budget Execution Report) for 2012, the percentage of Health expenditure execution is 87%, excluding vertical funds which are not under direct management of MISAU. Although this indicator is measured and published by MOH annually, it is possible to obtain quarterly data. For the period of Jan-March 2013 the data will be available in mid-May.</p> <p>The Ministry is now finalizing the five-year strategic plan for the health sector, which includes a 2013 target for this indicator. The report has not yet been released but the target will be reported when it becomes available.</p>

IR	Ind. No.	Indicator Name	Baseline (Date)	Current Value (Jan-Mar 2013)	PY 1 Target Jul '12-Jun '13	Comments*
IR2	8	Health Financing Strategy Implementation Plan Documented/Implemented (Ranked on a scale) <i>Scale:</i> 0 = HFSIP does not exist and is not under development 1 = HFSIP is under development but not yet approved 2 = HFSIP is approved, but implementation has not begun 3 = HFSIP is approved, implementation has begun, but is not completely effective 4 = HFSIP is approved, implementation has been completed and repeatable, data outputs are used for decision making	0 (Dec 12)	1	1	Framework being developed
IR2	9	Simultaneous NHA production and institutionalization (Ranked on a scale) <i>Scale:</i> 1 = NHA team not been established and no institutional home for NHA 2 = NHA team and institutional home for NHA have been identified; data collection has not commenced 3 = Data sources and key stakeholders for the NHA process have been identified; discussions have been commenced with the statistics bureau about collection of private sector data 4 = NHA Steering Committee has been organized to support the NHA exercise and drive the demand for data 5 = NHA institutionalization plan has been drafted	2 (Dec 12)	N/A	3	Reported annually

IR	Ind. No.	Indicator Name	Baseline (Date)	Current Value (Jan-Mar 2013)	PY 1 Target Jul '12-Jun '13	Comments*
IR2	10	<p>PBF approach, methodology and performance targets defined (Ranked on a scale)</p> <p><i>Scale:</i></p> <p>1 = PBF approach, methodology, and performance targets are not defined</p> <p>2 = 'Pilot' institution(s) are selected, and performance metrics for the institution are agreed upon with key stakeholders.</p> <p>3 = Based on inputs from key stakeholder, PBF approach and methodology are drafted.</p> <p>4 = PBF approach, methodology, and performance targets are presented and accepted by key stakeholders.</p> <p>5 = Detailed PBF action plan is developed.</p>	2 (Dec 12)	2	3	
IR3	11	# and % of Condition Precedents (CPs) for GF disbursement and Management Actions (MAs) met for each period and disaggregated by area (Finance, M&E and PSM)	<p>15/29 (53%) (Jan-Sep2012)</p> <p><i>Disaggregation:</i></p> <p>Finance: 2/4 (50%);</p> <p>M&E: 7/13 (54%);</p> <p>PSM: 6/12 (50%)</p>	<p>25/31 (81%)</p> <p><i>Disaggregation:</i></p> <p>Finance: 5/6 (83%);</p> <p>M&E: 5/6 (83%);</p> <p>Procurement: 9/11 (82%)</p> <p>Other: 6/8 (75%) (Jul-Dec 2012)</p>	55%	<p>Provided figures are preliminary estimates for the July to December 2012 period. These estimates cannot be considered official until the Progress Update/Disbursement Request (PUDR) has been verified by the Local Fund Agent (LFA). Note that these estimates do not consider multiple CPs and MAs whose conditions were waived for the period. In the next reporting cycle, the indicator may observe a decrease if these CPs and MAs are not waived.</p>

IR	Ind. No.	Indicator Name	Baseline (Date)	Current Value (Jan-Mar 2013)	PY 1 Target Jul '12-Jun '13	Comments*
IR3	12	# and % Global Fund PUDRs (Progress Updates/Disbursement Requests) submitted on time	3 (33%) (Sep 11-Sep 12)	0 (0%)	36%	Figures are reported semi-annually; although the PUDRs for this period were not submitted by the 15 February due-date, they were all subsequently submitted by 1 March. PUDRs were submitted late due to issues with data collection and quality within the programs.
IR3	13	Health Sector M&E Plan Implemented (Ranked on a scale) <i>Scale:</i> 1 = Health Sector M&E Plan is under development but not yet finalized and approved 2 = Health Sector M&E Plan finalized and approved, but not integrated within HMIS Strategic Plan 3 = Health Sector M&E Plan finalized and approved, integrated within HMIS Strategic Plan, but cannot at all levels be maintained without external support 4 = Health Sector M&E Plan finalized and approved, integrated within HMIS Strategic Plan, able to regularly maintain at all levels and produce usable outputs without external support	1 (Sep 12)	1	1	

IR	Ind. No.	Indicator Name	Baseline (Date)	Current Value (Jan-Mar 2013)	PY 1 Target Jul '12-Jun '13	Comments*
IR3	14	# and Percentage of districts submitting timely, complete and accurate Module Basico reports	31% (Jan-Sep2012)	35.5% (Jan-Feb 2013)	35%	The HMIS includes inconsistencies in the total number of districts. Therefore the HMIS is not the best data source for this indicator. FORSSAS developed a new tool which has been in use since January 2013. The provinces are now receiving feedback on data completeness. The indicator results for this quarter were calculated utilizing the new tool as the data source. However, a new baseline figure cannot be calculated retroactively and so the original has been maintained.
IR4	15	Number of social workers and early childhood educators graduated from pre-service training program, disaggregated by sex and cadre	0 (Dec 12)	55	55	<i>Cadre disaggregation:</i> Level 3 EI graduates: 25 Level 5 TAS graduates: 30
IR4	16	# of provinces/districts that submits timely monthly reports to the APEs program at central level	60% (Oct-Dec 2012)	50% (Jan: 60%, Feb: 40%, Mar: TBD)	90%	March is not included as the individual responsible for data coordination is currently on leave. March will be reported as soon as the data is received. Decline from baseline to quarterly value coincides with the end of the performance based incentives.

IR	Ind. No.	Indicator Name	Baseline (Date)	Current Value (Jan-Mar 2013)	PY 1 Target Jul '12-Jun '13	Comments*
IR4	17	<p>MMAS and government (MISAU, MPD, MF) has incorporated professional medium-level courses of social workers and child educators into their annual plan and budget (Ranked on a scale)</p> <p><i>Scale:</i> 0 = No courses budgeted in the annual plan 1 = Policy dialogue started 2 = Agreement exists between MMAS and other ministries, but no budget is available 3 = Plan approved and Budget available (state budget and external sources) 4 = The plan is implemented</p>	0 (Dec 12)	N/A	1	Reported annually

**Reporting frequencies will follow the lifetime of the project. For example, those indicators reported annually will be submitted at the end of each project year.*