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TWENTY-FIVE YEAR REVIEW OF ASSISTANCE TO NEPAL'S HEALTH SECTOR: REPORT SUMMARY

September 2016

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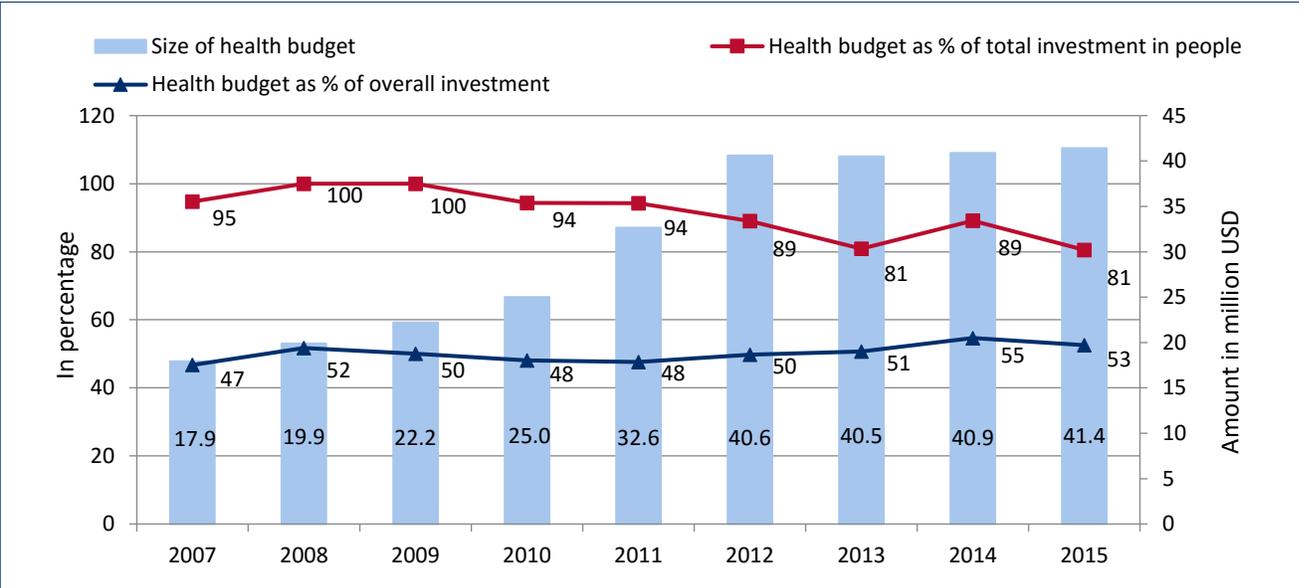
ACRONYMS

| | |
|----------|---|
| CB-IMCI | Community-based Integrated Management of Childhood Illnesses |
| CRS | Contraceptive Retail Sales |
| DFID | Department for International Development, UK |
| DHS | Demographic and Health Survey |
| EDP | External development partner |
| FCHV | Female Community Health Volunteers |
| FHI | Family Health International (now FHI 360) |
| FPAN | Family Planning Association of Nepal |
| FSN | Foreign Service National |
| GON | Government of Nepal |
| HIV/AIDS | Human Immunodeficiency Virus/Acquired Immune Deficiency Syndrome |
| HKI | Helen Keller International |
| IMR | Infant Mortality rate; |
| INGO | International non-governmental organization |
| Jhpiego | Originally Johns Hopkins Program for International Education in Gynecology and Obstetrics |
| JSI | John Snow, Inc. |
| MCH | Maternal and child health |
| MDG | Millennium Development Goal |
| MOH | Ministry of Health |
| MSNP | Multi-Sectoral Nutrition Plan |
| NGO | Non-governmental organization |
| NMICS | Nepal Multiple Indicator Cluster Survey |
| NNMR | Neo-natal Mortality Rate |
| PNNMR | Post neonatal mortality rate |
| RFA | Request for Application |
| RFP | Request for Proposal |
| SWAp | Sector-wide Approach |
| U5MR | Under-5 mortality rate |
| USAID | United States Agency for International Development |
| USD | United States Dollar |
| WASH | Water, Sanitation and Hygiene |
| WHO | World Health Organization |

REPORT SUMMARY

This report was prepared in response to the request from United States Agency for International Development (USAID) for a review of its investments and approach to providing technical assistance to Nepal’s Ministry of Health (MOH) over a 25-year period (from 1990 to 2015). The review was also designed to examine USAID’s contributions in the context of the larger donor effort to improve health services, systems, and outcomes in Nepal, by providing an overview of its partnership with the MOH and its role in the donor community to strengthen aid effectiveness and improve health outcomes and systems. Although the review was not designed to establish causal links between USAID’s efforts and health outcomes, it does look at key technical and programmatic investments developed to influence and contribute to positive change in Nepal’s health sector. The perceptions and assessment of USAID’s contribution were obtained through 62 interviews with a broad range of Government of Nepal (GON) officials, external development partners (EDP), and U.S.-funded partner organizations, in addition to review of documents.

Contribution of USAID to Nepal’s health sector



Source: USAID Country Office, Nepal

LIMITATIONS AND CHALLENGES

The terms of reference specified a review of the health sector, with a special focus on USAID’s contribution and approaches to providing support. Therefore, this is not an evaluation, but a review of developments during the 25-year time frame, and it did not involve project assessment, site visits or interviews with beneficiaries. Many challenges were encountered during the review period, including identifying and contacting people who were involved over the 25-year period and were able to reflect upon and discuss the situation during the different periods of time. Obtaining specific details over a 25-year period and reconstructing a social history of USAID’s assistance—encompassing the diverse sources of funding, various interventions, engagement of multiple partners and wide range of projects and activities supported—was challenging. Many documents were not available, especially for the years 1990–2000. In addition, statistics varied greatly, depending on the consulted report, data collection method, and population (e.g., ethnic group, geographic location). During the review period (August 2015 to January 2016), Nepal experienced a number of challenges, including political protests, political

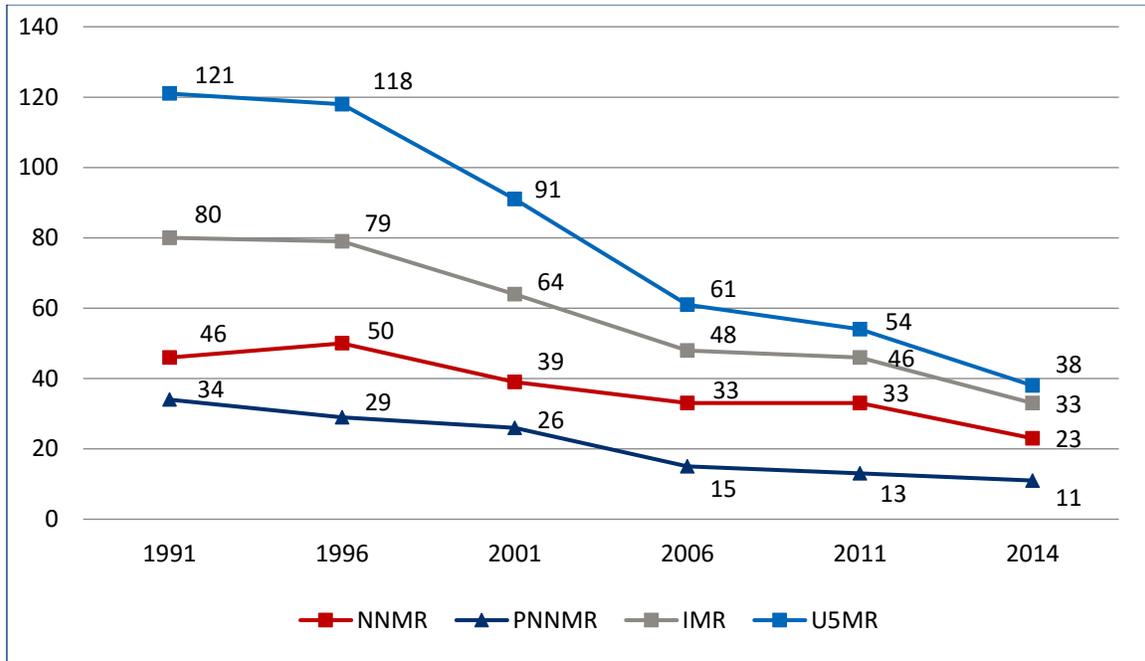
transitions in the GON, and closure of the India-Nepal border, causing extreme shortages of essential commodities and making transportation and daily life difficult in Nepal. Also, the review commenced after a major earthquake in Nepal (April 2015).

NATIONAL CONTEXT

This section presents a brief description of Nepal's political history and socioeconomic situation between 1990 and 2015 to help provide a context for understanding the health sector and the roles of the GON and EDPs. The major political influences during this time period include: the 1990 political uprising, which ended Nepal's single-party Panchayat system and restored multiparty democracy, raising people's expectations for reforming government sectors, including health; a more market-oriented and liberal economic policy, opening up the participation of the private sector and non-governmental organizations (NGOs); and expedited decentralization and increased authority of local governments. The opening of the private sector and thrust for decentralization had major implications for the health sector, including an increase in the number of health training institutions, health facilities, and services. However, the multiparty political system was marred by continuous political disagreements between and within political parties and frequent changes in government. In 1996, the Maoists began an armed insurgency, which lasted 10 years, had major implications for the country, and hindered the delivery of health care services. The conflict did encourage the EDPs supporting the health sector to collaborate, beginning with informal meetings, which have evolved into an EDP Forum that still meets regularly. Following the Peace Accord between the GON and Maoists in 2006, the constitutional monarchy was abolished and Nepal was declared a "Federal Democratic Republic State." It has taken the Constituent Assembly many years to draft and obtain majority support for a constitution, which was approved in September 2015, although the proposed federal form of government has not yet been accepted by all political parties, with the result that unrest continues. However, the Constitution of Nepal (2015) does preserve health as a fundamental right.

In spite of the many political upheavals and governance challenges, Nepal has made steady progress in improving health and population outcomes. In fact, its achievements in family planning, reducing child mortality and improving maternal health are seen as exemplary successes and often lauded internationally, as they are part of the Millennium Development Goals (MDG) 4 and 5. For example, between 1990 and 2014, Nepal reduced under-five mortality by 73 percent, infant mortality by 67 percent and neonatal mortality by 57 percent. Although current data on maternal mortality remain contentious, using the estimate of the UN agencies, it has declined by 76 percent, from 790 to 190 (per 100,000). Improving maternal and child nutrition continues to be a challenge for Nepal, but some progress has been made. New HIV infections have declined from 8,329 in 2002 to 1,408 in 2013. Until recently, population growth was around 2-2.5 percent but has recently declined to 1.35 percent, which is attributed to a reduction in the fertility rate (from five births per woman in 1990 to 2.3 in 2014) and the growing trend of out-migration among young people.

Infant and child mortality, 1991–2014, Nepal



Key: NNMR = Neo-natal Mortality Rate; PNNMR = Post neonatal mortality rate; IMR = Infant Mortality rate; U5MR = Under-5 mortality rate

Source: DHS 2011, Nepal Multiple Indicator Cluster Survey (NMICS) 2014, Economic Survey 2012/13, Ministry of Finance/GON

Despite the overall progress made during recent years, equity gaps persist, and marginalized and vulnerable communities continue to face several barriers in accessing health care services. One of the major challenges facing the health sector today is ensuring quality of services. Many deficits in Nepal’s health care system limit efforts to improve quality, including the need for major improvements in management of human resources, procurement and finances, and in government regulatory functions. In addition to communicable diseases, Nepal also faces the burden of non-communicable diseases and increasing threats to human health from natural disasters (e.g., the 2015 earthquake), climate change, violence, injuries, and traffic accidents (Nepal has one of the world’s highest rates of road traffic accidents and fatalities). There are major developments in the private sector and some examples of public-private partnerships, but there appears to be no momentum within the GON to take a joint agreement forward. Recently, there has been discussion about the fact that health is not solely the business of the MOH or health sector, but that other sectors also contribute significantly. Despite the development of multisectoral plans in areas such as nutrition, water, sanitation and hygiene (WASH), and road-traffic accidents, in practice, it is difficult to bring different sectors together.

INTERNATIONAL ASSISTANCE IN THE HEALTH SECTOR

Global development assistance in health increased substantially since 1990. Approximately USD 7 billion was disbursed globally as health aid to low- and middle-income countries in 1990; by 2014, the total disbursement had reached USD 35.9 billion. In Nepal, the contribution of the EDPs to the health sector since 2005 has remained almost one-third of the total MOH expenditure. The United States, together with Japan and the United Kingdom, are among the largest bilateral health donors to Nepal, while the Asian Development Bank and the World Bank are the major donors among multilateral institutions.

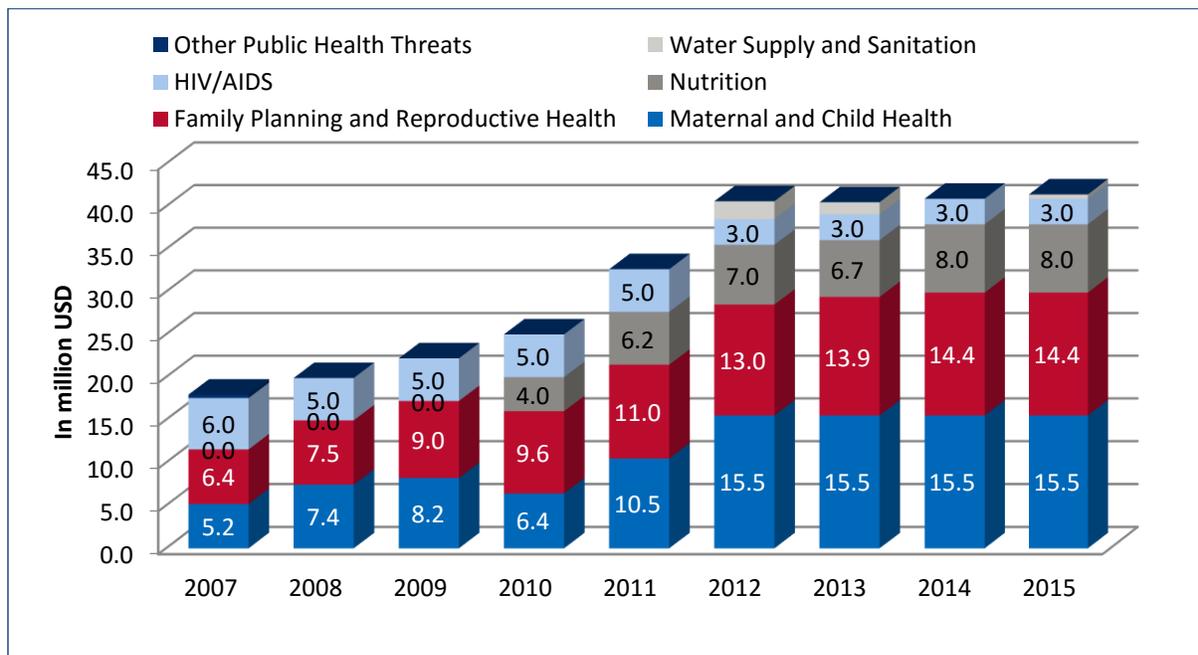
Support from the EDPs to the GON is channeled through various mechanisms. These include “Pool Fund Budgetary Support,” which is reflected in the annual work plan and budget of the GON and channels funds through the GON Treasury. (The U.S. Government does not contribute to pooled funding mechanisms, but in Nepal it has been creative in finding a way to participate in the Sector-wide Approach, or SWAp, with other EDPs.) “Non-pool Budgetary Support” is also reflected in the GON’s annual work plan and budget, but the funds are managed either by the supporting agency or partially provided to the government’s spending units. “Non-budgetary Technical Support” is not reflected in the GON’s annual work plan and budget, and funds are directly managed by the supporting donor or the agency providing technical assistance.

USAID’S APPROACHES TO PROVIDING ASSISTANCE TO THE HEALTH SECTOR

The United States is one of the earliest bilateral donors to Nepal and is also one of the major bilateral donors in terms of the volume of its contribution. During the 25-year period from 1991 to 2015, USAID’s total obligation has been USD 1.34 billion, in the form of economic assistance (1.3 billion) and military assistance (40 million). The health sector is the prime recipient of USAID’s support for Nepal, followed by economic growth and governance sectors. From 2007 to 2014, the health sector received approximately 50 percent of USAID’s total contribution for Nepal.

USAID/Nepal’s goals, objectives and strategies over the last 25 years, as well as the position of health under the overall USAID strategic documents and the framing of specific objectives, have been influenced by factors such as USAID global policies, priorities, and directions reflecting U.S. Government administrations, USAID funding levels, its regional bureau priorities and emerging global and country-specific health issues. These factors must be considered in the context of significant improvements in health status and the changing political and socioeconomic environment in Nepal. Family planning and maternal and child health (MCH) have been the dominant components, although from 2006–2008, HIV/AIDS received the most funding, and recently, nutrition has received increased budgetary support.

Composition of USAID health sector budget by thematic areas



Source: USAID Country Office, Nepal

USAID's approaches and policies in the health sector have remained largely the same during the 25-year period and have included developing an approach to work with the GON and other EDPs. The following financing mechanisms are used by USAID to provide financial and technical support to the health sector in Nepal:

1. Bilateral projects, which are commissioned through cooperative (Request for Applications or RFAs) or contractual (Request for Proposals or RFPs) agreements, such as the Suaahara Project (cooperative) and Health for Life Project (contractual).
2. Funding that is extended through central or field support projects, such as support for conducting the Demographic and Health Survey (DHS).
3. Grants to public international organizations, such as the World Health Organization (WHO), to accomplish the defined objectives.

Direct funding for GON activities, following the Government-to-Government channel, under which supported activities are directly reflected in the annual work plan and budget (Red Book) of the government.

USAID SUPPORT TO HEALTH PROGRAMS

Between 1990 and 2015, USAID supported the GON's health sector through a broad range of innovations and technical interventions. The areas most often associated with USAID were: family planning and reproductive health, MCH, HIV/AIDS and health logistics. Although USAID/Nepal includes nutrition as a key technical component, interviewees only recently associate USAID with nutrition, except for vitamin A, which was closely identified with USAID support. USAID was credited with early and long-term support for the cross-cutting Female Community Health Volunteer (FCHV) program. USAID was not directly associated with health system

strengthening, except for logistics management and evidence-based (i.e., research, pilot projects and DHS) policy and program development. USAID also lists environmental health as a major technical component, but interviewees did not identify this as an area of major contribution, except for a few who said that USAID should be encouraged to continue supporting WASH. Support for social marketing was primarily associated with Contraceptive Retail Sales (CRS). Because it is not possible to describe all areas supported by USAID, a brief description of the most frequently identified interventions and innovations are given in the report. The discussion of these programs and projects confirm that USAID support is viewed as making a major contribution, especially to these key interventions. However, as with all health-related issues, there are also inconsistencies, complications and ongoing challenges that require attention and action.



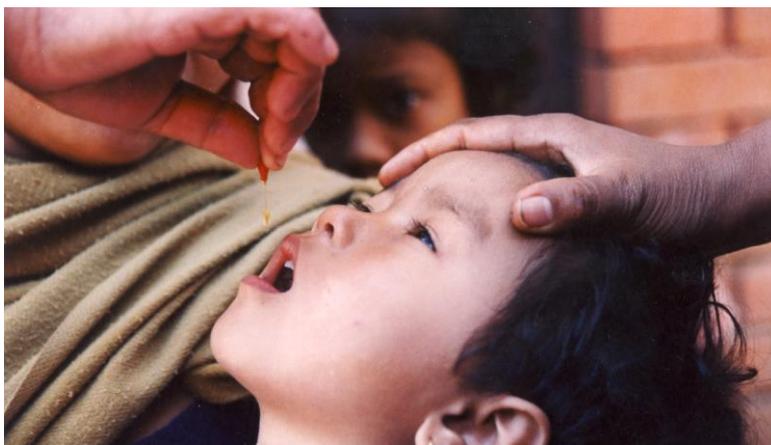
CRS non-traditional outlet selling condoms

FINDINGS

Analysis of the data from the 62 interviews provided a rich source of information from several perspectives. These data reflect the experiences, views and perceptions of government (especially the MOH, Ministry of Finance and Planning Commission), other EDPs, consultants, USAID partner organizations (e.g., NGOs, international NGOs (INGOs) and U.S.-based contracting groups) and USAID staff. In all categories, the interviewees represented people currently or formerly involved throughout the 25-year time frame. Therefore, interviews drew on a broad range of professional positions and personal experiences. Comments were made in response to questions from the interview guide and not as criticisms, but rather as observations and views about USAID's structure, policies, procedures, and relationships, and, of course, all were related to its approaches to development assistance to the health sector.

Key findings from the interviews follow:

- Most interviewees were consistent in identifying USAID's contribution to the health sector as including family planning and reproductive health, vitamin A, community health (FCHVs), MCH, HIV/AIDS, logistics and the DHS.
- USAID's support for evidence generation, research, innovative pilot projects and scaling up was viewed as a very positive contribution, including support for vitamin A, acute respiratory infection/community-based Integrated Management of Childhood Illness (CB-IMCI), chlorhexidine, and misoprostol.
- USAID's long-term support for logistics was widely appreciated. However, it was noted that recently there has been a reverse in the curve, which may be associated with a decrease in USAID support for logistics.
- USAID and other donor-supported investments are viewed as increasing access to health care, although many people interviewed noted the need for an increased focus on the quality of care.
- Wide recognition was given to Nepal's overall achievements in health outcomes, including international recognition for meeting MDG targets (e.g., total fertility rate; maternal, neonatal, infant and under-five mortality; etc.). Although many interviewees noted the increases in private sector and government facilities and the number of trained health professionals and paramedical staff, they also attributed the achievements to broader changes and overall developments in Nepal, such as increased roads contributing to improved access, education for girls and improved economy, including out-migration, and the availability of cash income from remittances.
- Several interviews noted that the focus on achievements masked internal issues related to disparities and equity.



Vitamin A dosing

- USAID-supported projects and activities are viewed as being target- and results-oriented.
- USAID is viewed as being the donor that is most risk-adverse.
- USAID, in general, is not viewed as being responsive to GON requests, compared to some other EDPs, but was described as being more responsive only when GON requests were within the sphere of work of USAID-supported projects.
- USAID is viewed as being guided by global rather than country priorities. When global and local priorities align, then USAID was described as being a strong partner.
- USAID was described as having a preference to work with the private sector, INGOs and NGOs.
- Many interviewees, especially GON officials, commented on USAID funding modalities and the limited budget support put through the Red Book, in comparison to project-related assistance through U.S.-based organizations.
- USAID was perceived as having stronger partnerships and influence with the GON in earlier years. Changes in technical background, negotiation skills and the experience of USAID staff (globally and at country/mission level) have resulted in USAID having less influence with the GON. Unlike other donors, such as the Department for International Development/UK (DFID) and the World Bank, USAID was viewed as having less interaction and influence with the government.
- There was a widespread observation among people interviewed that at the global and country levels, USAID's contracting office currently has a greater influence in decision-making and type of funding mechanisms, as well as internal USAID relationships during project implementation. These factors have affected relationships with the GON and partner organizations. This has also meant that technical aspects of projects may receive less priority than compliance.
- USAID was seen as shifting from more flexible to tighter funding mechanisms and managerial oversight, which was viewed by partners as USAID being less flexible, with more control and micromanagement of projects.
- Many (in all categories of interviewees) noted changes in the relationship between USAID and partner organizations, e.g., less appreciation for the technical skills of partners, more formal relationships between partners and USAID staff, more oversight, and increased micromanagement.
- The location of USAID within the U.S. Embassy was viewed as a barrier to communication and collaboration with the GON and stakeholders. This move was also perceived as resulting in USAID being more closely aligned with U.S. political priorities and less oriented to the local country situation.
- USAID is viewed as not paying competitive salaries for Foreign Service National (FSN) staff and as having a difficult contracting process for consultants, which was described by many as discouraging well-qualified people from working with USAID.
- USAID's RFP/RFA process for projects was described as being so minutely defined that the process provides limited scope for GON and stakeholder inputs during project planning. Several examples were given, describing observations of USAID's limited consultation with the GON and others (e.g., EDPs) regarding development of new policies and project planning.

- USAID’s recent increase in support for nutrition is appreciated, but many viewed the projects as having some problems, including lack of alignment with the Multi-Sectoral Nutrition Plan (MSNP), problems with multisectoral collaboration at the central level and post-project continuity, among other issues.
- Although interviewees did not associate environmental health as an area of major contribution, USAID’s support for WASH was recognized and encouraged to continue.
- USAID’s assistance to the private sector was associated primarily with its long-term support for CRS.
- Although the review attempted to identify USAID’s support for capacity building, this was difficult to assess, because there did not appear to be a common understanding of the meaning, approach and implementation modality. One of USAID’s important contributions has been in supporting the GON staff to deliver a range of health services in family planning, maternal, neonatal and child health, and HIV through training and mentoring. Outside government, it has supported various institutions such as CRS, the Family Planning Association of Nepal (FPAN) and New ERA, as well as many individual professionals, who are used to provide short-term technical inputs in different programs.



Application of chlorhexidine to a newborn in a maternity hospital

- USAID’s earlier support for scholarships and fellowships (e.g., for Master’s in Public Health) was viewed by many as building capacity and relationships, but it has been discontinued.
- Donors were described as having focused on developing the GON’s capacity for service provision, rather than on stewardship and regulatory capacity.
- Although USAID Forward was a major initiative under the Shah administration, it did not appear to have much visibility in Nepal and was not mentioned by interviewees. In general, USAID was not viewed as supporting local organizations, except for those few mentioned above (New ERA, FPAN, CRS), but rather building the capacity of INGOs (e.g., Save the Children, CARE, Helen Keller International (HKI)) and large U.S.-based contracting groups, such as Family Health International (FHI, now FHI 360), John Snow, Inc. (JSI), and Jhpiego, among others.
- During Nepal’s armed conflict, USAID and other donors began closer collaboration, which evolved into the formal EDP Health Forum, which still meets every two weeks.
- Despite U.S. Government regulations, both donors and the GON expressed appreciation for the efforts of USAID’s country office to find a way to participate in the aid effectiveness agenda by

signing joint agreements and participating in other joint mechanisms, such as the Joint Annual Review.

- Although USAID is seen as an active participant in the EDP Forum and other collaborative mechanisms, it is also frequently viewed as doing things in its own way, despite feedback from other donor partners.
- Some GON officials observed that the EDP Forum is not adding value to the GON, because as a group they are not able to go beyond their individual bilateral agreements with the GON.

MOVING FORWARD

Based on the findings of the review, including interviews and review of documents, the following recommendations are made for moving forward.

- Because of USAID's strong results orientation and long experience in the delivery of technical interventions, its comparative advantage is viewed as technical and managerial assistance in the actual implementation of programs at the level of service delivery, rather than at the national health system and policy level. Some interviewees viewed USAID's project support as also strengthening the health system at district and local levels.
- Many observed that USAID's consultation with the GON (and other donors) during planning of projects could be increased. Lack of consultation and engagement with GON officials appeared to fuel the perception that "USAID does its own thing."
- In order to address the widespread critical view of current recruitment and contractual policies and procedures, in addition to its low salary structure compared to other donors, USAID will need to develop a long-term strategy to attract and retain qualified and experienced staff and consultants to support its programs.
- A frequent theme during interviews was that EDPs expect the GON to provide detailed information, but that USAID and other EDPs are not forthcoming or transparent with the GON. A more equal exchange of information could help improve the relationship between USAID and the GON.
- USAID should reconsider comprehensive support for logistics to ensure commodity security, building upon its past experience and investment. Sustainability of earlier achievements has been especially challenging given Nepal's recent history of armed conflict and ongoing political instability. However, a well-functioning health logistics system is essential for the successful implementation of current and future health interventions and the country's proposed universal health coverage.
- USAID should consider supporting construction and renovation of the health infrastructure and equipment. The poor infrastructure base has an impact on the quality of services. Support for infrastructure, power supply, and equipment should be provided together with technical and advisory support.
- USAID and other donors have invested in improving access to care, and now there is a greater need to support improving the quality of care. While there has been expansion in reach over the years because of the focus on targets, there are consistent concerns about quality.

- Because of the shifting burden of disease, Nepal needs to focus beyond communicable diseases to address emerging non-communicable diseases and conditions (e.g., mental health, diabetes, cancer, road traffic accidents) and public health threats from natural disasters and climate change.
- USAID and other donors, jointly with the GON, should undertake a sector-wide capacity assessment of the GON to develop a capacity-development plan and mutually implement it. In addition to the current focus on measurable results in specific health outcomes, USAID's assistance in the health sector should also be judged by its impact in building the organizational and institutional capacity of the GON, NGOs and the private sector.
- As noted above, a major change in Nepal's health sector is the development of private health facilities and services, which are widely used by the public throughout the country, both in urban and rural areas. However, there have been very limited efforts to document the comparative use of government (public) and private health services, which are basically unregulated. In addition, there has been a rapid increase in the number of private medical colleges, nursing schools and paramedical training institutions, also unregulated. USAID and other EDPs could work with the MOH and Ministry of Education to review this situation and support the development of a system of oversight and regulation, including curriculum development and quality of education and training.
- Although interviews were positive about USAID's long-term support for FCHVs, it was noted that their increasing use in the delivery of health programs should be balanced with the supervision, support, and mentoring needed from GON health workers. USAID and other donors need to follow up on this and other ongoing challenges, documented by the many USAID-supported reviews of the FCHV program, which confirm the need for more regular supply of commodities, supervision and support, and addressing the unresolved issue related to incentives, plus future roles related to the MOH's proposal to place trained auxiliary nurse midwives at the community level.
- USAID and other donors should be more committed to addressing the inequalities in health outcomes, including the needs of marginalized and hard-to-reach populations. Unequal health outcomes, embedded in gender and caste relations, remain a major challenge in Nepal. Conducting a political and economic analysis through an equity lens is very important prior to undertaking any technical interventions.



Child enjoying Jaulo during cooking demonstration in Kailali.

- Resource mapping (following the money and the institutions) would be important as a way to better understand the relationships between different organizations and institutions working in the health sector. At present, it is difficult to map USAID and other donor-funded projects and programs in Nepal. The GON's attempt to map external assistance through the Aid Management Platform is incomplete and does not capture all of the assistance.
- Although USAID has helped to build the technical and managerial capacity of individual professionals to support the health sector, support for institutional capacity has been limited. USAID is encouraged to explore initiatives designed to build more sustainable capacity. Despite USAID Forward, local organizations are often excluded as prime recipients of USAID funding and must work as subcontractors. Direct funding of local organizations would not only help reduce transactional costs, but would also result in making USAID's assistance more accountable, sustainable, and closer to the beneficiaries.
- USAID's long-term partnership with international organizations such as FHI, JSI, and Jhpiego has made an important contribution to supporting the health system and service delivery in Nepal. Many of these organizations have had a long tenure in Nepal, and USAID should now work with them to start transferring more administrative, managerial, and technical skills to local partners.
- USAID will need to ensure that its assistance is accountable not just to the U.S. Congress, but also to the GON and the actual beneficiaries. It was also noted that USAID-supported health-related activities need to be more closely aligned with GON strategies, goals and objectives, including for projects noted in interviews, e.g., Suaahara and Health for Life.
- USAID is strongly encouraged to continue its support for research/operational research, piloting projects, and other forms of generating evidence, which has made a major contribution to Nepal's health sector, including in policy development, planning, and implementation of health interventions. The focus on evidence has helped assert USAID's important contribution to the health sector in Nepal.
- In planning future programs, USAID, together with other donors, needs to consider the new constitution and its forthcoming federal structure. As warranted by the constitution, the GON is currently in the process of reorganizing functions and structures of the various sectors, including health, for transitioning to a federal form of governance. The current discourse within the government has not yet produced concrete plans on some significant issues, such as the formation of local governance units and setting up fiscal decentralization mechanisms under federalism, which may have important bearing for future USAID investments in Nepal. USAID and other EDPs will need to keep informed about such changes, as they could greatly affect the way donors and the government work together in the future.

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