

**Status of POWER
Contract
Mozambique**

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by

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Lloyd Feinberg & I spent three working days in Mozambique in early December, 1996. The principal purposes of our mission were to update ourselves on the status of the POWER contract following the change in project management resulting from Paul Richardson's untimely death, and to discuss with POWER, the Ministry of Health and USAID their current perspectives on the long term sustainability of the prosthetics program and to reach consensus on next steps leading toward that objective.

In addition, we sought to deal with two nagging problems that are limiting the effectiveness of the prosthetics program: 1) the low levels of utilization of the prosthetics transit centers (two of which were constructed with AID assistance) and 2) the audit impasse between Handicap International and USAID that was precluding the provision of additional funds to Handicap for teaching and supervision.

1. POWER Contract Operations

POWER appears to have made as smooth a transition as was possible following Paul Richardson's sudden death. Max Denau, POWER's technical manager since the project's outset, has been named project director. Max is highly qualified technically and has a clear vision of some of the possible long term operational alternatives that could lead to increased production at the existing facilities and to ortho-prosthetics sustainability. A locally resident UK national is being hired as operations officer to assist in dealing with the project management issues. Max is fully capable of leading the project.

The POWER team believe they can hire a third expatriate technical specialist within the current contract budget (their original proposal had contemplated a three person technical staff) and will be advancing a proposal to USAID and the Ministry of Health shortly.

In October 1996 POWER completed the staff study on long term planning for ortho-prosthetics in Mozambique that was started by Paul Richardson. Prosthetics production is continuing at about 75% of the levels achieved when ICRC managed the activity (with a richer mix of donor resources). Relations between POWER and the Ministry of Health appear to be satisfactory despite their differing visions of the future program direction.

2. Current Perspectives on the Long Term Sustainability of the Prosthetics Program.

There seems to be very little change in the perspectives of POWER, the Ministry of Health and USAID on the long term sustainability of the prosthetics program since July, 1996 when I last visited Mozambique (see my July 9, 1996 report).

POWER's staff study on future program directions was completed in October, 1996. This was principally the work of Paul Richardson and reflects his and POWER's view that in the long term the prosthetics program will need to be managed and funded

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outside the government structure probably as a non-profit foundation working under the policy direction of the MOH. They continue to argue that prosthetics is a specialized & expensive program that in a non-war situation cannot effectively compete for public sector resources where the other health needs are so great. As the funding declines the quality of current services will deteriorate and the highly qualified staff will be lost. POWER argues that to attract sustained donor financial support the prosthetics program will need to be "ring fenced" financially to assure funds supplied are used exclusively for prosthetics and administered outside the structure of the MOH.

The POWER study summarizes what we know about need and estimates the resources required to sustain the program. Working from admittedly poor data POWER estimates that by the year 2000 the annual need for prostheses at between 3,300 and 5,600. This is at least three times the quantity that is currently being produced. POWER also projects that about \$1 million will be required annually to fund the program .

The Ministry of Health continues to appear to favor the direct delivery of orthoprosthetic services by the government through the newly formed medical and physical rehabilitation service (SMFR). They believe that if they have the resources they can continue to provide an effective quality service after the external assistance is no longer available. They are working toward strengthening the national program in a variety of ways including merging overlapping ortho-prosthetics facilities and opening new facilities in under served areas.

However, they also appear to recognize the MOH's budgetary realities (85% of the MOH budget comes from the donors) and the three year window before the AID and EU financing commitment to prosthetics is completed. SMFR has established a working group of interested parties to look into the issue of longer term technical and financial support for prosthetics. They hope to stimulate additional donor interest in prosthetics and fashion an organizational and implementation solution that will continue SMFR delivering services with donor support. Thus far, among the donors, only AID has shown a continuing interest. Ideally, the MOH would like a foundation or NGO such as POWER is proposing to be the international fund raiser for SMFR. The MOH appears to be genuinely uncomfortable with devolving the delivery of health services to an NGO viewing this function as a governmental responsibility. At the same time Dr Simao, the SMFR director, assures us he has an open mind and is willing to explore all of the alternatives.

AID/W and USAID interest is in broadening the donor base of support for prosthetics, maintaining the current high technical standards and establishing the program on a long term sustainable basis by the time the current contract with POWER is completed in 1999. Both the mission and Washington have shown considerable interest in the POWER NGO/Foundation approach but recognize that this may be only one of a variety of alternatives. POWER, in particular, has very little experience in technical assistance and institutional development at the policy level and has in the past

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underestimated the complexity of the task and the volatility of proposals that look to the Mozambicans like the privatization of health services. POWER recognizes that they need AID support in leading the policy dialogue on sustainability and are actively seeking our help.

3. Next Steps

It is important that we move as quickly as possible to explore and reach agreement on a long term plan to sustain the prosthetics program in Mozambique. All five of the most interested parties (MOH, USAID, AIDW, POWER & HANDICAP) are anxious to move forward and the working group established by SMFR assures that there is mutuality between the MOH and the donors in exploring this issue.

The POWER paper has made an excellent start in identifying issues and proposes one approach to long term sustainability. What is now needed is a more comprehensive independent study that USAID can use to engage the MOH at the policy level on this issue. This study should seek to:

- confirm and reach general agreement on the future need and demand for prosthetics in 1999 and the extent to which this need will be met.
- establish the long term prospects for MOH funding in the national budget and the likely levels of Mozambican public sector resources that will be available for prosthetics in 1999 and beyond. Can the existing Mozambican resources available for prosthetics be increased?
- reach a consensus on the levels of funds and technical resources (both national and expatriate) necessary to continue the program at agreed levels
- identify the constraints (financial, technical & administrative) in the existing delivery of services that would need to be overcome in any alternate long term arrangement
- identify alternate operational approaches to long term sustainability (the direct delivery of services by the MOH, the delivery of services by a non-profit foundation supervised by the MOH, the delivery of services by a long term contractor to the MOH, etc) and establish their strengths and weaknesses.
- explore the possibilities for expanding the donor base both from international donors and the private sector (particularly the new American investors such as ENRON and ALCOA)

A study of this nature should be undertaken as soon as possible, take between 1-2 months and when completed should form the basis for a policy dialogue with the government on this issue. The ideal candidate should have strong program development and policy dialogue experience with social sector programs and speak fluent Portuguese.

4. Two Nagging Problems

Utilization of the Transit Centers.

The utilization of the AID constructed transit centers is far below capacity. Currently the Maputo center occupancy is about 25%. These facilities are sorely needed to provide accommodation for rural patients undergoing treatment at the orthopedic centers. The failure to properly utilize these facilities reduces the total number of patients at the centers, undercuts our investments in the clinical component of the program and particularly discriminates against the villagers who have access to no other accommodation.

The root of the problem is resources. The transit center's operations are the formal responsibility of the Ministry of Social Welfare but they lack the resources to manage and provide food at the centers as well as transport the patients undergoing treatment from the centers to the orthopedic facilities at the hospitals. In the past the relatively small amount of supplemental resources required to support of the transit centers -both food and transport- was provided by ICRC.

A. potential solution is to integrate the centers as a part of the overall prosthetics program, and no longer rely exclusively on the Ministry of Social Welfare to provide total support . Through 1999 the current AID contractor or an alternate could supplement the Social Welfare input with sufficient resources to make these facilities fully operational using project funds. For the longer term the operation and maintenance of the transit centers should be included as a component in any overall strategy for a sustainable program.

The Handicap International Audit Problems.

There has been no resolution of HI's outstanding audit problems. The root of these problems appears to be the absence of supporting data to justify components of the grant that were disbursed in France. Last July the President of HI met with the USAID acting director and assured USAID that the needed documentation would be forthcoming but thus far it has not been presented to USAID. The USAID Controller is holding up the obligation of additional funds to the project until this matter is resolved.

As you are aware HI is a highly responsible technical organization with a world-wide organization and an excellent reputation for fielding very well qualified staff at an extremely low cost. They are also one of the few international agencies that work in the prosthetics field. They have worked creditably for close to a decade in Mozambique and enjoy a close and supportive working relationship with the Ministry of Health.

The audit impasse has created much bad feeling both in HI and USAID and it is distressing that an otherwise productive collaboration has been allowed to reach this unfortunate state of affairs. If this situation is allowed to persist it will undoubtedly impact negatively on the search for a sustainability prosthetics strategy. HI has much to contribute institutionally to the sustainability dialogue as they bring the European perspective and experience to this issue and enjoy a high level of confidence and

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credibility with the MOH based on their decade of experience working to strengthen the ministry program. HI/Maputo has assured us that they are pressing Lyon on this problem and that the HI financial officer concerned with Mozambique would be in Maputo in January with all of the required documentation.

5 Agreed Course of Action

On December 5 Lloyd Feinberg and I met with AID Director Wachtenheim and USAID Health Officer Nurick to discuss next steps. It was agreed:

1. The War Victims Fund would supply a 6-8 week consultant to conduct a staff study of the sustainability issue addressing the issues cited above for review by all parties which could potentially form the basis of a policy dialogue on the prosthetics sustainability issue with the MOH.

2. POWER and SCF (USA) would be asked to submit proposals to USAID to collaborate with the Ministry of Social Welfare in managing the prosthetics transit centers with a view to re-energizing them to their former levels of efficiency.

3. The Mission would hold off on making a final determination on future HI funding and provide HI a final opportunity to clear up their audit problems (via the upcoming visit of the Mozambique financial officer from Lyon scheduled to arrive in January with the supporting data).

NOTE: We learned with alarm that the mission had subsequently decided not to wait until January as indicated above and advised HI/Maputo in December that they would not consider any further grant. This is particularly awkward since subsequent to our USAID meetings we advised the Handicap Director in Maputo that AID had agreed to hold off a final decision on the new grant for a short additional period to enable HI to have a final chance to clear up this problem.