



ZdravReform/ЗдравРеформа

SEMI-ANNUAL PERFORMANCE REPORT¹

**NIS Health Care Finance and Service Delivery Reform Program
(ZdravReform)**

July 1, 1994 - December 31, 1994

AID Contract No. CCN-0004-C-00-4023-00

Managed by Abt Associates Inc.

¹In compliance with guidance received October 13, 1994, from the USAID Office of Procurement, all future progress reports from the ZdravReform Program will be Quarterly Reports.

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CONTRACTOR'S REPORT

A. Narrative

1. Background

The *ZdravReform* Program, funded by the Agency for International Development (AID) and implemented by Abt Associates Inc., is a multi-year program that provides collaborative support and innovative approaches to the health financing and health care organization and management reform in the New Independent States (NIS) of the former Soviet Union. It works with NIS health care experts to design, implement, evaluate and refine initiatives aimed at enhancing efficiency, equitable access, sustainability and quality of health care, and then to disseminate information about achievements and lessons learned.

ZdravReform's headquarters at the Abt office in Bethesda, Maryland, supports three primary field offices: a Country Office in Moscow, for activities in Russia; a Regional Office in Almaty, Kazakhstan, for activities in Central Asia; and a Country Office in Kiev, for activities in Ukraine. There is currently a site office in Chimkent, Kazakhstan. Site offices will be established in the Siberia Geographic Focus Area (GFA) before the end of 1994, and in two Intensive Demonstration Sites (IDSs) in Ukraine by early 1995.

2. Expected Results

ZdravReform seeks to help governments implement and test new organizational, management and financing structures for health services delivery systems as the NIS move to market-oriented economies. The reforms are intended to find long-term solutions to problems inherent in the health systems as they were organized and financed during the Soviet era. The reforms intend to overcome problems of reliability and sufficiency of financing, inefficiency of resource use, and quality of care, while preserving relative equity of access.

To achieve the above *ZdravReform* concentrates 70-80 percent of its resources in a Geographic Focus Area (GFA) in the Russian Federation and Intensive Demonstration Sites (IDSs) in the Central Asia and Ukraine. The remainder of resources is used to support smaller-scale, usually shorter-term, activities elsewhere in the NIS. Many of the resources allocated for use outside of the GFA and IDSs are for dissemination of information about lessons learned from the field sites. The concentration of Program resources in the field allows *ZdravReform* to quickly design and implement new systems, so that lessons may be

learned for application elsewhere.

Modes of Assistance

Technical Assistance - *ZdravReform*'s specialists assist decision makers in identifying available options, in determining how the options may be expected to perform in local circumstances (advantages/disadvantages analysis), and in evaluating how the sets of choices available are expected to work in combination (consistency analysis). Usually the assistance with policy choices is accompanied by help with the design and execution of monitoring and evaluation programs to measure the policies' actual performance against objectives and expectations.

Training - *ZdravReform*'s training objectives are to strengthen the financing, management and quality assurance capabilities of individuals and institutions in the health care sector and to develop the training capacities of those individuals and institutions. Training comprises short courses and on-the-job training in-country, study tours to the United States and third countries and the identification of individuals for training in the United States and third countries.

Grants Program - *ZdravReform* conducts a competitive grants program to fund experimental pilot projects testing innovative approaches to health financing and health care organization and management. Grant activities identify approaches resulting in improved or increased financing, quality, efficiency, distribution and management of health services in the NIS.

Dissemination - ZRP disseminates information about the successes and problems encountered in implementing reforms in health care financing, management and organization. Extracting specific lessons learned from the Program's GFA and IDSs is a particular focus of the dissemination strategy. Materials are targeted in order to promote health reforms among local and national policymakers, health providers, insurers and consumers, both within and outside the NIS.

3a. Current Core Activities

Second Six-Month Workplans for *ZdravReform* Program activities in Central Asia, Ukraine and Russia were submitted to the COTR in July 1994, with revised versions submitted August 22, 1994. These workplans consisted of timelines which identified activities, persons responsible and dates of implementation. The timelines described activities related to starting country and site offices, fielding long-term advisors, developing country action

plans and beginning work in each of the modes of assistance mentioned above. Events such as changes in approach by USAID/Moscow and the change of government in Ukraine have had significant impact on the implementation of Program activities. These and other factors affecting implementation are discussed further in Section 4 below.

The following list highlights activities completed or in process, by country or region, during the second six months of 1994.

Central Asia

July/August:

Regional Office Director (Michael Borowitz) participation in HFS TA in Kyrgyzstan (see HFS report)

Posting of Associate Regional Office Director (Becky Copeland); preparation of draft CAPs for Kazakhstan and Kyrgyzstan

Completion of office set-up; TDY of Bethesda Administration and Finance Officer (Steve Mason) to complete training and orientation for Rafal Slaski

Training Advisor (Dean Millsagle) completion of NET interviews at request of USAID

STC MIS Specialist (Mimi Church) completion of Kazakhstan Health Trend Analysis

September/October:

Survey set-up, field testing, training for Kazakhstan Health Demand survey

IDS assessment TA, South Kazakhstan Oblast

IDS assessment, West Kazakhstan Oblast

TA to develop cost accounting methodology, manual and software in Kyrgyzstan; training in use in Kyrgyzstan and Kazakhstan

TA in health facility autonomy, accreditation and quality assurance in Kyrgyzstan

Preparation of background paper on resource allocation at the request of the Deputy Minister of Health, Kazakhstan

TA on legislative reform in Kazakhstan

November/December:

Survey data collection, data entry for Kazakhstan Health Demand Survey

Completion of Kazakhstan Country Action Plan on 11/4/94

Turkmenistan assessment visit

Uzbekistan assessment visit

Farmatsiya privatization/drug policy design TA in Kazakhstan

Health insurance training course held in Kazakhstan for Kazakhstani and Kyrgyzstani participants (course conducted by subcontractor Vermont Insurance Institute)

Health management training course held in Kyrgyzstan for Kyrgyzstani and Kazakhstani participants

Cost recovery TA in Kazakhstan

Health trend analyses completed for Turkmenistan, Uzbekistan and Kyrgyzstan

Financial MIS Advisor (Sheila O'Dougherty) posted to Almaty office

IDS Coordinator (Shel Hulac) and Technical Advisor (Rose Kane) posted to Chimkent IDS

Chimkent IDS logistical set-up and completion of IDS activity design

Multiple collaborative activities with ODA, WHO, World Bank

Ukraine

July/August:

Initial assessment visit to Ukraine by Program Director (Nancy Pielemeier) and Deputy Director for Programs (Marty Makinen), including visits to four potential IDS sites in Eastern and Western Ukraine

Preparation and presentation of six-month rapid response activities workplan (see reference to Workplan above)

September/October:

Cost-effectiveness analysis (CEA) of pregnancy screening program performed at Chernivtsi Diagnostic Center

Lectures on cost-effectiveness analysis presented at University in Chernivtsi

CEA methodology taught and preliminary results of Chernivtsi analysis presented at Wellstart conference on breastfeeding and reproductive health

Collaboration with PRIDEV pharmaceutical seminar held in Kiev

TA in curriculum development at School of Public Health Administration in Kiev

November/December:

Self-financing evaluation assistance to Odessa Family Health Center

Evaluation of Drogobych "DRG" system

Technical assistance for analysis of draft health insurance law performed at request of Deputy Minister for Health Reform

Assessment visit to potential IDS site in Dniepro-Petrovsk

Short courses taught at School of Public Health

Collaboration with PRIDEV training course on health policy in Lviv

Logistics preparation for opening of offices in Kiev, Lviv and Odessa

Recruitment of long-term staff for Ukraine program

Russia

July/August:

Meetings in Moscow between USAID/Moscow and ZRP Bethesda and Moscow staff and Abt corporate staff to discuss country program status and agree on plans for second six months; submission of draft Russia Second Six-Month Workplan

Submission of report from joint USAID/ZRP team on preparation of Siberia Action Plan

Identification of potential candidates for "fast-track" grants and submission of rationale for "fast-track" grants to USAID Contracting Office

Follow-up meeting in Washington on August 11

Submission of revised Second Six-Month Workplan on August 22

September/October:

Attendance at AIHA Partnerships Conference in St. Petersburg by Grants Management Advisor (David Boyd)

Follow-up planning visit to Siberia GFA by joint USAID/ZRP team (Cheney-O'Byrne/Sheiman)

ZRP Country Director removed at direction of USAID Contracting Officer; Dr. Jack Langenbrunner appointed as Interim Country Director

Revision of "fast-track" grant applications and TA to applicants

Confirmation, orientation and fielding of LTAs in Training (Russell Whaley) and MIS (Kevin Woodard); orientation and fielding of STC Quality Assurance Advisor (Hans Loken)

Planning and logistics start-up visit to Siberia GFA

First draft of Russia Country Action Plan submitted to USAID/Moscow on October 14

Follow-up visit to Siberia to finalize Siberia activity plans by ZRP team composed of Langenbrunner, Sheiman, Woodard and Loken

November/December:

Revised CAP submitted on schedule on November 11

Confirmation of Jim Rice to become new Country Director; TDY by Rice and Langenbrunner to participate in joint USAID/World Bank planning for Central Russia

New requirements issued by USAID/Moscow governing approval of STCs

Three-person TA team fielded to develop financial forecasting model in Altai Krai, Siberia

Seminar in Tomsk, Siberia on Development of Methods for Strategic Financial Planning (40 participants)

Meetings in Washington between USAID/Moscow, USAID/W and Abt regarding a modification to the Scope of Work for the Russia portion of the contract

Follow-up logistics visit to Siberia to sign leases and hire local administrative and support staff

Bethesda/Headquarters

Staffing:

Recruitment, orientation and placement of three LTAs in Russia, three LTAs in Central Asia

Recruitment of four LTAs for Ukraine

Completion of ZRP consultant database

Recruitment and orientation of replacement for Moscow Country Office Director

Technical Assistance:

Recruitment, orientation, fielding of short-term technical advisors for Russia and Central Asia activities, as well as direct provision of ST TA by most members of Bethesda office staff

Design, preparation and implementation of Key Consultant training

Logistics and Procurement:

Assistance in completion of office set-up and training of LT Grants/Financial Manager in Almaty

Development of Information Technology Plan and procurement of computers and other equipment for field offices

Coordination with site offices in acquisition of electronic mail services

Assistance to Moscow office in completion of office set-up and logistics preparation for GFA and oblast office set-up in Siberia

Logistics preparation team to Ukraine for planning of Kiev, Lviv and Odessa offices

Information dissemination and external relations:

Hiring of Information Dissemination Manager (Courtney Roberts)

Development of ZRP Information Dissemination Plan

Compilation of *Glossary of Health Care Financing and Service Delivery Terms* in Russian and English

Identification and screening of a pool of Russian-speaking translators and interpreters

Design and production of ZRP brochure in Russian and English

Establishment of ZRP Library

Production, translation (for selected documents) and dissemination of reports completed to date

Management Oversight Committee meeting (with subcontractor representatives)

Meetings with and collaborative activities planned with

Wellstart

Futures Group

World Learning

Boston Consulting Group

IBTCI

Aga Khan Foundation

AIHA

JHPIEGO

World Bank (Ukraine, Central Asia, Russian Federation)

Study tours

AIHA insurance training group

Nizhniy-Novgorod insurance group

Odessa study tour

Vladivostok-Medical College of Virginia group

3b. Current Buy-Ins

The *ZdravReform* Program is a cost-plus-fixed-fee, level of effort contract and is not designed to accommodate buy-ins. The Program operates through task orders which define and authorize individual tasks. These tasks are funded through incremental funding to the base contract, rather than through buy-ins for specific tasks.

3c. Current Subcontracting Activities

Abt Associates Inc. implements *ZdravReform* in collaboration with six subcontractors:

- *Development Associates, Inc.* (Training);
DA has LTA Training Advisors in Moscow, Almaty and Bethesda. They may also provide STCs in training and assistance with arrangements for participant training programs. Program procurement is handled through the DA subcontract.
- *E. Petrich and Associates, Inc.* (small business, interdisciplinary);

EP&A has LTAs in Moscow (MIS Advisor), and Almaty (Associate Director and Grants/Financial Management Advisor). They also have a STC Quality Assurance Advisor in Moscow who is providing interim coverage for the long-term position while recruitment continues for an LTA.

- *John Snow, Inc.* (health service delivery);

JSI provides the ZRP's Health Service Delivery Specialist based in Bethesda; the LTA Technical Advisor for the Chimkent, Kazakhstan IDS; and may provide an LTA in Ukraine. The firm will also provide STCs in health service delivery.

- *International Executive Service Corps* (volunteer health and management executives, interdisciplinary);

The IESC subcontract has not yet been approved by the USAID Contracts Office. It is anticipated that IESC volunteers will provide longer-term consulting services than are typically available through an STC.

- *Quality Healthcare Resources, Inc.* (quality assurance and improvement); and

QHR has been invited to provide candidates for the LTA Quality Assurance position in Russia, and will also provide STCs in quality assurance and facility accreditation. They may also provide targeted training programs.

- *Vermont Insurance Institute* (health insurance)

VII provides STCs and training programs related to health insurance. They recently conducted a highly successful workshop in Kazakhstan.

Affiliates are Global Healing; Henry Ford Health Systems; Mercy International Health Services; and Tillinghast. Affiliates do not have a direct contractual relationship with Abt Associates, but have agreed to provide short-term TA, training and other support in response to mutually determined and USAID approved needs.

4. Performance

For each of the activities described in number 3a (core), b (buy-ins), and c (subcontracting) above, state whether on-target or not, and comment, particularly in terms of comparing actual accomplishments with the objectives, deliverables, or requirements established for the period, and explain reasons why objectives, deliverables or requirements were not met, as appropriate.

Central Asia

The ZRP Central Asia Office in Almaty is fully-staffed and has produced Country Action Plans for Kazakhstan, Kyrgyzstan and Uzbekistan. Implementation of activities has proceeded largely according to the Second Six-Month Workplan, with minor delays attributable to adjustment of staff schedules in August and September to accommodate priority being given to Russia and the timing of USAID review of the draft Country Action Plans. The Program has successfully implemented over 25 major TA, Training and start-up activities in the region as shown in 3b., above. The ZRP works effectively with the USAID Regional Office for Central Asia in Almaty and the USAID has indicated that it finds the contractor's performance to be exemplary and responsive to USAID priorities and local needs. ZRP Central Asia and Bethesda-based staff have established effective relations with counterparts in Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan, which provide a foundation upon to proceed with implementation of CAPs for the region.

Ukraine

Since beginning work in Ukraine in July, the ZRP has successfully carried out five rapid response TA activities in accordance with the Second-Six Month Workplan. IDSs have been confirmed and country office and IDS LTA positions are expected to be filled before the end of December. Set-up of offices in Kiev, Odessa and Lviv is proceeding. As in Central Asia, the ZRP has solid relations with the USAID Mission, its contacts there being Nicole Simmons, Anne Aarnes and Victor Boguslavsky. The primary factor which has caused some delay in the confirmation and planning of IDSs in Ukraine was the Ukrainian election in July, which caused most activities to be put on hold temporarily, and the subsequent replacement of the Minister of Health in September, which resulted in a change in counterpart institution for the ZRP. In addition, during September and October USAID's funding for ZRP activities in Ukraine came into jeopardy due to Ukrainian balance of payments problems, causing further concern about the Program in Ukraine. After deliberation, anticipated funding was left intact. Despite these challenges, the ZRP has maintained the schedule of the workplan for fast-track activities in Ukraine presented in August and it is anticipated that 1995 will be a full and productive year for the Program there.

Russia

The ZRP has made less progress in carrying out its Second Six-Month Workplan in Russia than in Central Asia and Ukraine. Factors affecting implementation have included:

- 1) Instructions from USAID for the contractor to deviate from the negotiated/agreed upon workplan (i.e., elimination of the planned Central Russia GFA; cancellation of scheduled missions and delays in development and implementation of the Siberia

GFA; and the decision that ZRP will not be involved in national policy level activities).

- 2) The September decision by USAID to request that the ZRP Country Director be replaced. (The contractor responded quickly to appoint an Interim Country Director and has confirmed a new Country Director who will begin February 1, 1995. The Interim Director has been acknowledged by USAID/Moscow to be providing effective leadership to the Russia program.)
- 3) The documentation and associated time requirements in the process for approval of STC candidates.

USAID/Moscow has tended to very closely manage contractor activities. The contractor recommends that it be allowed more flexibility to implement the Program based upon an approved workplan.

During December 1994, a contract amendment process was initiated by USAID/Moscow to modify the Scope of Work for the Russia component of ZRP and to reduce funding for this component of the Program.

5. Statement of Work

Comment as to whether circumstances have changed which would require modification in any elements of the statement of work.

Other than the pending contract amendment related to the Russia component of the Program, no further issues are noted here.

B. Administrative Information

Contract Data:

Total level of effort* -	1,937
Total estimated cost -	\$ 44,246,489
1. Level of effort (last six months):	133 PM
2. Cumulative level of effort	290 PM
3. Unused level of effort)	1,657 PM
4. Expenditures (last six months):	\$ 2,285,112
5. Cumulative expenditures to date:	\$ 5,046,468
6. Remaining unexpended balance:	\$ 39,200,021

*Applies to level of effort contracts only