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STRENGTHENING CAPACITY IN HEALTH FINANCING, TANZANIA

QUARTERLY PERFORMANCE REPORT OCTOBER -DECEMBER, 2012

Strengthening Capacity in Health Financing Project
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ACRONYMS

COP	Chief of Party
GoT	Government of Tanzania
HFS	Health Financing Strategy
HFU	Health Financing Unit
IR	Intermediate Result
ISC	Inter-ministerial Steering Committee
MOHSW	Ministry of Health and Social Welfare
NHA	National Health Accounts
PER	Public Expenditure Review
SCHF	Strengthening Capacity in Health Financing
TWGHF	Technical Working Group on Health Financing
TWG	Technical Working Groups
USAID	United States Agency for International Development

I. INTRODUCTION

The Strengthening Capacity in Health Financing, Tanzania (SCHF) is an 18-month associate award working with the Government of Tanzania (GoT) to build improved health financing capacity to ensure long-term sustainability of health programs in Tanzania. This associate award follows the Health Systems 20/20 leader award that ran from October 2006 to September 2012. The period of performance for this cooperative agreement is September 25, 2012 – March 24, 2014. The project collaborates with the Ministry of Health and Social Welfare (MOHSW) and stakeholders in the health sector as well as with other Tanzanian organizations to build improved health financing capacity to ensure long-term sustainability of health programs in Tanzania. The SCHF team is assisting MOHSW to develop Tanzania's National Health Financing Strategy (HFS) and to implement activities that support the following objectives:

- Strengthening the GoT's capacity to effectively and efficiently allocate and use health resources;
- Developing a HFS as part of the implementation of the Health Sector Strategic Plan III; and
- Building capacity in resource tracking and economic analysis for risk pooling.

The SCHF team's goal is to enhance GoT capacity to ensure equity, access, and availability of appropriate health services across the country and to make certain that program decisions and the allocation of resources are linked to evidence-based processes. The project has three IRs and associated components:

- IR 1: Increased Effectiveness through Health Governance
 - Component 1: Develop MOHSW's capacity to provide ongoing management oversight of health financing, specifically by monitoring resource allocation through PERs and NHAs
- IR 2: Improved Planning for Financial Health Services
 - Component 2: Assist with completion of a GoT HFS
- IR 3: Sustainable Operations Capacity
 - Component 3: Provide technical assistance to MOHSW to evaluate/assess/model some of the agreed-upon approaches to expanding pooled-risk systems

I.1 PROJECT ACCOMPLISHMENTS

During this first quarter, the project focused on the rapid start-up of activities including program planning, staffing and administrative start-up. Technical activities included drafting the Resource Tracking Institutionalization Plan (activity 1.1), assisting the MOHSW to begin the 2012 Public Expenditure Review (activity 1.2), preparing a Request for Application (RFA) to further develop capacity of selected academic institutions by incorporating National Health Accounts (NHA) training into course curriculum (activity 1.4), providing support to the HFU and Inter-ministerial Steering Committee in developing the HFS (activity 2.1), and drafting terms of reference for health policy option papers (activity 2.2). Highlights for each of these achievements are provided below.

I.1.1 SCHF PLANNING

During the first quarter, the SCHF team vetted proposed work plan activities with key stakeholders including USAID/Tanzania, MOHSW, the Prime Minister's Office and development partners, specifically the Partners for Health (P4H) working group. After developing a work plan, the SCHF team communicated the final planned activities and expected results with key stakeholders that SCHF will be working with throughout the life of the project. Rebecca Patsika from the home office travelled to Tanzania to support the project Chief of Party (COP), Dr. Ngowi, with writing the project work plan.

I.1.2 STAFFING AND START-UP

The SCHF team focused on setting-up administrative and accounting systems for project operations in Tanzania. The project hired a COP, Dr. Daniel Ngowi, in October 2012 and set-up a small office co-located within the USAID-funded Wajibika project in Dar es Salaam. In January 2013 the project also hired a finance and administration staff member to support project field finance and operations. In November, the project submitted a request to make changes to the project's Branding and Marketing plan and develop a new project logo (The USAID AO approved the revised plan in January, 2013.)

I.1.3 RESOURCE TRACKING INSTITUTIONALIZATION PLAN (ACTIVITY I.1)

Also during this quarter, the SCHF team developed a draft resource tracking institutionalization plan. The project's Senior Health Financing Advisor, Stephen Musau, travelled to Tanzania to support the COP to develop the draft plan, which presents a framework for institutionalization. The MOHSW conducted a rapid review of key health sector documents which informed the status of each of the framework dimensions including demand, resources, enabling environment, financing indicators, data sources, data management, information products and dissemination and use. The rapid review team recommended actions to move towards institutionalization. The COP will attend a meeting next quarter with the HFU which will further inform the budget, funding sources and timeframe for each of the recommended actions.

In addition to developing an institutionalization plan, USAID and other stakeholders requested SCHF to assist to better harmonize the country's health financing indicators. Key policy documents, such as the most recent NHA, World Bank PER study and the MOHSW PER reported different numbers for the same indicators, such as total and per capita health spending. This brought confusion because stakeholders were not sure which numbers to use for policy decisions and advocacy for resource mobilization.

In response to this request, Dr. Ngowi created a matrix which compared the varying health financing statistics and the methods used to calculate each indicator definition. He then presented the draft matrix to the Technical Working Group on Health Financing (TWGHF) for input and comments. The COP received positive feedback on the matrix as it seemed to bring clarity to all stakeholders involved. Per the TWGHF's request, next quarter, Dr. Ngowi will expand the matrix to include additional health financing indicators, including human resources for health and HIV/AIDS.

1.1.4 ASSIST MOHSW TO CONDUCT PUBLIC EXPENDITURE REVIEW (ACTIVITY 1.2)

The objective of this activity is to build the HFU's capacity to conduct the Public Expenditure Review (PER) internally with minimal assistance from external consultants. During this quarter, Dr. Ngowi worked with the MOHSW PER team to conduct Tanzania's 2012/13 PER. He provided training to the MOHSW PER team on the following topics:

- Understanding the objectives and scope of PERs
- Task budgets and time frame analysis
- Data and information sources needed to conduct a health PER
- Comparative analysis and indicators assessment
- Performance assessment – spending vs. outcomes, analysis of equity and efficiency
- Health financing sources
- Central and local level financial management and spending patterns
- Trade-offs within and across sectors to improve equity, efficiency or impact
- The need to draw relevant conclusions and recommendations

The SCHF project will assist the HFU to prepare and disseminate the final 2011 PER report over the next few months.

1.1.5 DEVELOP CAPACITY OF SELECTED ACADEMIC INSTITUTION TO INCORPORATE NHA INTO COURSE CURRICULUM (ACTIVITY 1.4)

To further institutionalize resource-tracking data production, the SCHF team will work with an academic institution to incorporate the NHA into its curriculum and/or course(s). The NHA course will prepare students to undertake NHA estimation, analyze NHA results and use the data generated for decision making. The overall goal of this activity is to build analytic and training capacity, particularly for the next generation of health sector leaders. This will help to ensure long-term sustainability of health financing programs in Tanzania.

During this quarter, the project issued an RFA for this work. The project solicited the University of Dar es Salaam, Muhimbili University of Health and Allied Sciences, Institute of Finance Management and Mzumbe University to respond to the RFA. In the second quarter, the project team expects to receive proposals from these academic institutions, and will review and evaluate the bids and select the most qualified entity.

1.1.6 PROVIDE SUPPORT TO THE HFU AND INTER-MINISTERIAL STEERING COMMITTEE IN DEVELOPING THE HFS (ACTIVITY 2.1)

During this quarter, Dr. Ngowi and selected TWGHF members drafted a National Health Financing Strategy (HFS) timeline/roadmap which outlined the strategy development process. A positive result of this meeting was that members realized the need for someone to develop a summary of the HFS options which the Inter-ministerial Steering Committee (ISC) could review to better understand the option documents. The MOHSW requested the SCHF COP to draft these summaries once the option papers are finalized. The section below provides more detail about the option papers.

I.1.7 ASSISTING THE HEALTH FINANCING UNIT (HFU) TO DEVELOP ALTERNATIVE HEALTH FINANCING PROPOSALS (ACTIVITY 2.2)

The ISC¹ issued a directive to MOHSW to develop alternative health financing proposals as part of the HFS process. Therefore, MOHSW requested that the papers listed below be produced to inform them of different health financing policy options. In the second quarter, the SCHF project will be responsible to produce two of the option papers (to be determined next quarter with MOHSW and USAID). The project will also provide guidance and support to MOHSW for two additional papers. During this quarter, Dr. Ngowi led in developing four option paper terms of reference (ToR). The TORs focused on the following technical areas:

1) **Inclusion of the Poor and Vulnerable:** This ToR highlights (i) identification of the poor for inclusion in health care coverage services, (ii) specification of the role of vulnerable groups with specific health needs under various health financing options, (iii) an assessment of the existing and potential funding sources for the scheme, (iv) analysis of how the prepayment scheme for the poor and vulnerable will be administered, (v) pooling, and (vi) monitoring and evaluation (M&E).

2) **Community Health Funds (CHF) Reforms:** This ToR includes options for the redesign of the CHF system, such as: (i) governance (e.g. legal and regulatory system), (ii) CHF administration and sensitization, (iii) pooling and reimbursement of funds, (iv) benefits package, (v) sustainability and financing, (vi) M&E.

3) **Public-Private Partnerships (PPP) in Health Financing and Service Provision:** The ToR includes (i) a review and assessment of a range of health PPPs, (ii) financing products (e.g. project financing, investment loans, leasing, equity funds, revenue guarantees, etc.) that are currently available to the private sector to fund either private sector expansion or PPP projects, (iii) private health investments, (iv) service agreements as a health financing tool, (v) assessment of the value for money of PPPs, (vi) administrative and regulatory framework, (vii) M&E.

4) **Innovative Financing and Fiscal Space:** The ToR includes options for increasing public financing for health, such as: (i) an assessment of Tanzania's fiscal space to increase health sector spending, (ii) an analysis of Tanzania's expenditure flows over the last 10 years, (iii) identification of scenarios for the development of spending in the health sector, (iv) an analysis of Tanzania's revenue flows over the past 10 years, (v) identification of innovative financing mechanisms to increase fiscal space for the health sector, (vi) M&E.

In addition to developing these four ToRs, the SCHF COP played a supportive role in developing three additional ToR documents. These included the following:

1) **Minimum Benefit Package(s):** options to sustainably structure access to benefits;

2) **Insurance Market Structure:** options for the Social and Private Health Insurance architecture; and

¹ ISC is chaired by the Permanent Secretary MoHSW and is comprised of the Directors from key ministries responsible for finance, labor, and industries, as well as departments responsible for decentralization, public service, and planning.

3) **Financial management:** options for improving accountability and timely availability of funds.

2. M&E PERFORMANCE INDICATOR TABLE

Activity	Indicator	Data Source	Q1: October 1 – December 31, 2012		
			QI Target	QI Result	End of Project Target
Intermediate Result 1: Increased effectiveness in health governance					
Component 1: Develop capacity to provide ongoing management oversight of health financing in MOHSW, specifically monitoring resource allocation through PERs and NHA					
I.1	I.1: MOHSW formally approves an institutionalization plan for resource tracking and initiates implementation of at least 2 planned activities before the end of project	Institutionalization plan	Draft institutionalization plan developed	Draft institutionalization plan completed	Completed
I.2	I.2: MOHSW-led PER completed with support from local technical/academic institution	Draft PER report	PER commenced	PER commenced	Completed
I.3	I.3.1: Number of relevant technical staff from MOHSW and local technical institutions trained in NHA, PER, and/or NHA Production Tool (disaggregated by gender)	Project records	NHA – 4 PER - 4	Training of HFU staff on PER commenced: 4 training session involving the 4 HFU staff – 1(M), 3(F)	8

Activity	Indicator	Data Source	Q1: October 1 – December 31, 2012		
			Q1 Target	Q1 Result	End of Project Target
	1.3.2: % of relevant technical staff from MOHSW and local technical institutions that received training in NHA, PER, and/or NHA Production Tool who say they are using new skills on the job and can provide examples (disaggregated by gender)	Project records, Post training assessment	N/A	This activity will not take place until the next quarter (Q2)	75%
1.4	1.4: NHA course content adapted to fit the TZ context and incorporated into the teaching curriculum.	Project records	N/A	RFA for an academic institution that expresses interest in incorporating NHA into their course curriculum drafted. Ready to be issued in the second quarter	Completed
Intermediate Result 2: Improved planning for financing health services					
Component 2: Assist with completion of GoT health financing strategy					
2.1	2.1.1: MOHSW drafts HFS document that (1) outlines key system bottlenecks; (2) describes various policy options, including the benefits and risks of each; and (3) explains reasons for selecting the policy(ies)	HFS document	N/A	Activities related to the achievement of this indicator will not take place until the next quarter	Completed
	2.1.2: Evidence that the MOHSW effectively utilized NHA and PER results to inform the	HFS documentation	N/A	Activities related to the achievement of this indicator will not take place until the next quarter	Evidence documented

Activity	Indicator	Data Source	Q1: October 1 – December 31, 2012		
			Q1 Target	Q1 Result	End of Project Target
	development of health policy options, including the development of the HFS				
2.2	2.2.2 Number of Terms of Reference documents written (with MOHSW) to facilitate the development of policy option papers for the ISC	Terms of Reference documents	7	The SCHF project led 4 ToRs and supported 3. All ToRs have been submitted to the TWGHF for funding considerations.	7
	2.2.1: Number of project-generated policy options papers presented to MOHSW for potential inclusion in HFS	Policy option documents	N/A	This activity will not take place until the next quarter	2
	2.2.3: Number of policy options papers that the project played a supportive (i.e. non-lead) role in developing	Policy option documents	N/A	This activity will not take place until the next quarter	2
Intermediate Result 3: Sustainable capacity operations					
Component 3: Provide technical assistance to the MoHSW to evaluate/assess/model some of the agreed upon approaches to expanding pooled risk (group social health insurance) systems					
3.1	3.1 TWG on health financing completes road map for risk pooling initiatives in Tanzania with project support	Road map	N/A	This activity will not take place until the next quarter	Completed

As shown in the table above, most SCHF project targets are annual. QI achievements include drafting the MOHSW institutionalization plan, commencing PER training to HFU, drafting RFA for an institution to incorporate NHA into curriculum, and drafting ToRs for HFS option papers.

3. REASON GOAL, OBJECTIVES AND/OR TARGETS WERE NOT MET

The project made significant progress during its first quarter. The project team started strong and quickly engaged key project stakeholders in Tanzania to ensure that SCHF will succeed in achieving its goals and objectives. To date, we are on track to meet all targets outlined in the performance matrix.

4. LESSONS LEARNED

The lessons learned during the first quarter of the project include the following:

- A strong working relationship with MOHSW staff is essential for achieving SCHF goals and objectives.
- Participatory approaches that involve development partners, Ministry of Finance, the Prime Minister's Office of Regional and Local Government, private sector and key NGOs in the health sector are essential in the development of the health financing strategy.

5. BEST PRACTICES/CREATIVE IMPLEMENTATION

Previously, the MOHSW implemented the PER by hiring external consultants to complete the activity each year. The SCHF project COP is working hand in hand with ministry staff to guide them as they conduct the activity on their own. This approach ensures that the PER is country led and capacity is built in the Ministry for long term sustainability.

6. PLANS FOR NEXT QUARTER

The SCHF project has the following plans for quarter two:

- Finalize resource tracking institutionalization plan (Activity 1.1)
- Finalize PER training and assist in conducting PER field work (Activity 1.2)
- Complete a sub-grant agreement with a technical/academic institution. Initiate capacity building of selected academic institution to incorporate National Health Accounts (NHA) into course curriculum (activity 1.4)
- Assist the HFU to develop alternative health financing proposals (Activity 2.2)

