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The purpose of this article is to provide an example of recent public administration reform in Afghanistan. In 2003, the Afghan Ministry of Public Health (MoPH) established the Basic Package of Health Services (BPHS) and other health services. To date, service delivery has been conducted largely by NGOs, funded by the main international donors, and managed by the Grant and Contracts Management Unit (GCMU) of the MoPH. Despite these advancements, Afghanistan continues to face significant challenges in health service provision and policy. In 2009, the GCMU was restructured into the Health Economics and Financing Directorate (HEFD), which broadened the scope of the Unit to conduct important economic analyses. This article examines the MoPH’s role in health financing as a developing institution engaged in applied health economics and policy analysis. This development will allow the MoPH to build evidence for policy-making and further establish its stewardship role in the health sector.

Keywords: health sector reforms in a challenging environment, health economics, health policy development, public administration and health

INTRODUCTION

Developing a more strategic and effective Ministry of Public Health (MoPH) in Afghanistan in the coming years will enable the Afghan government to advance beyond early successes in the health sector achieved since 2002. Over the past decade, the international community has largely been involved in supporting the Afghan government during a post-Taliban emergency phase.

In the health sector, the United States, European Commission, and World Bank (along with other donors) have collectively supported the Afghan MoPH through a number of targeted initiatives, including the establishment and financial support of the Basic Package of Health Services (BPHS) at the primary care level and the Essential Package of Hospital Services (EPHS) at the hospital level.
While directing these policies with an infusion of international financial support, the MoPH prioritized service delivery as well as monitoring and evaluation of health sector performance through a series of household surveys, health facility assessments, and development of an extensive health management information system (Loevinsohn & Sayed, 2008).

Over the same period, the Ministry of Public Health (MoPH) established the Grant and Contracts Management Unit (GCMU) within the General Directorate of Policy and Planning to manage and oversee health project proposals and monitor budgets in support of these health service packages, in close collaboration with the major financing partners and implementers. According to some stakeholders in the Afghan health system, early on, the GCMU served as a core unit within the Ministry, effectively managing contracts but also possibly taking on activities beyond its mandate. In addition to reviewing the core functions of GCMU, the authors of this article discuss how the GCMU provided an environment of capacity-building within the MoPH to ultimately establish expansion of other critical MoPH projects and units such as hospital reform, human resources, public relations, etc.

Over the past two years, the developing policy, administrative, and financial contexts of the MoPH have challenged the GCMU to further define its institutional role in the organization. Furthermore, pressures within the health system have called for the MoPH to examine key policy and resource allocation issues, develop domestic revenue sources, and achieve greater cost-effectiveness in the delivery of health services. The combination of these and other factors led to the establishment of the Health Economics and Financing Directorate (HEFD) in the Afghanistan MoPH in 2009.

The purpose of this country brief is to provide the international public administration and health and development communities with an overview of this important central government transition in Afghanistan within the Ministry of Public Health and the various contributors to this change. Specifically, this transition involves the evolution of the MoPH’s role from a “manager of international public health funding and an informal capacity-building unit” to a developing institution with a focus on applied health economics and financing, necessary for building important evidence for policy-decision making in the MoPH.

INITIAL ACHIEVEMENTS IN THE HEALTH SECTOR AND EARLY FOCUS POINTS OF THE MOPH

Recent reports and publications highlight the important progress Afghanistan has recently made in public health (Loevinsohn & Sayed, 2008; Belay, 2010). Loevinsohn & Sayed (2008) describe the important step the MoPH took in defining a package of priority health services known as the basic package of health services (BPHS).

The BPHS focuses on health interventions including child immunizations, nutrition care; TB and malaria control; prenatal, obstetrical, and postpartum care; disability; family planning, and other curative services. This mechanism enabled the MoPH and its international partners to contract with NGOs to deliver the BPHS in 31 of the 34 provinces (Three of the provinces are currently under management and BPHS service delivery solely by the MoPH under a project called “Strengthening Mechanisms”). Furthermore, the creation of the BPHS has enabled the MoPH to develop key indicators of public health impact and building blocks for monitoring and evaluation of the BPHS including the household surveys, and health facility assessments such as the “Balance Scorecard” (Hansen et al., 2008; Peters et al., 2007). In a recent World Bank report, Belay suggests “M&E is expensive, but it is critical for the success of BPHS.” (Belay, 2010).

Results indicate key improvements in maternal and child health and health facility functioning. The percentage of pregnant women receiving at least one prenatal visit increased by 25 percent from 2003 to 2006 (Loevinsohn & Sayed, 2008). Furthermore, the percentage of deliveries attended by a physician or midwife doubled during the same period (Loevinsohn & Sayed, 2008). These and other authors also indicate positive changes in DPT vaccine coverage and functioning primary health care facilities throughout the country (Loevinsohn & Sayed, 2008; Waldman et al., 2006; Belay, 2010).

THE FORMER GRANT AND CONTRACTS MANAGEMENT UNIT (GCMU) WITHIN THE AFGHANISTAN MOPH

Within the General Directorate of Health Policy and Planning (GDPP) of the MoPH, the Grant and Contracts Management Unit (GCMU) was established in April 2003 to manage and oversee health project proposals mainly from the international community and recommend actions for grant release to the MoPH leadership. Furthermore, GCMU had the responsibility of working to expand the delivery of the BPHS and EPHS services in collaboration with international donors, NGOs, the United Nations (UN) and the private sector while strengthening MoPH leadership in health resource management. GCMU also held the primary responsibility within the MoPH to manage donor-related contracts including BPHS and EPHS. Within GCMU, there was a small health financing department which took on the responsibility to facilitate the early stages of program budgeting in the health sector and to manage a growing health care financing taskforce.

Some stakeholders suggest, the GCMU was considered a “Ministry within a Ministry” taking on activities beyond its mandate. In retrospect, in addition to overseeing financing
and contracts, the GCMU provided capacity-building within the MoPH to ultimately help establish expansion of other critical MoPH projects and units such as the Hospital Reform Project, human resources and public relations, monitoring and evaluation, procurement, etc.

GCMU was heavily supported by donors, including USAID, WHO, and EC, some of which (USAID, EC, and World Bank) eventually agreed to fund staff in the Unit. The donors relied heavily on these staff to assist in coordination of BPHS contracts and to provide management linkages to the broader donor organizations. Although each of the donors agreed upon the content of the BPHS, each has a relative level of autonomy in the delivery process and distribution of funds (current cost of $4.96 per capita). For example, one donor might emphasize training while another might direct service delivery costs. Moreover, the reimbursement mechanisms to NGOs differ between donors from performance-based approaches to direct awards. These different “flavors” of the BPHS will need to ultimately be addressed by the MoPH as it sets course to create greater standardization in the Afghan health system.

Over the past two years, the changing policy, administrative, and financial contexts of the MoPH have challenged the GCMU to further define its institutional role. Simultaneously, pressures within the health system (including the limitations on the use of donor funds) have called for the MoPH to examine key policy and economic questions related to resource allocation, domestic revenue sources, and cost-effectiveness in the delivery of health services. The combination of these and other factors led to the recent establishment of the Health Economics and Financing Directorate (HEFD) in the Afghanistan MoPH. Before understanding the new role of HEFD, we discuss the need to examine economic data for health policy decision-making in Afghanistan.

THE NEED TO EXAMINE KEY HEALTH ECONOMICS DATA TO ADDRESS POLICY QUESTIONS

During the recent emergency phase of health delivery in Afghanistan and the on-going implementation of GCMU, clear gaps impeded the development of evidence-based policies and strategies linked to financing and economic data. For example, financing of hospital services throughout the country continue while fundamental building blocks for health financing, such as unit cost data, have yet to be established. Moreover, similar data relating to the BPHS exist in the health economics literature, but are limited by the small sample of BPHS facilities (Newbrander et al., 2007). As the MoPH moves towards addressing key policy and resource questions, including the planning for a possible Sector-Wide Approach (SWAp), acquiring and examining these data are critical for establishing future health financing arrangements.

Furthermore, despite advancements in public health and the delivery of BPHS, Afghanistan continues to face significant challenges and questions in the organization, delivery, and financing of health services which have yet to be adequately addressed. More specifically, what is the future direction of health service delivery in Afghanistan? Should the content of the BPHS and other essential services be revised and what are the associated costs? Can Afghanistan support the established health packages with domestic revenues? Is contracting-out to NGOs a sustainable approach to health service delivery or should the MoPH take on a greater role in implementation? Although the Afghan Constitution guarantees “free health care,” why are out-of-pocket payments so high? How can the MoPH reduce out-of-pocket payments for health care throughout the country? These and other key policy questions cannot be simply answered by existing monitoring and evaluation mechanisms, but, rather, require economic and policy analyses to help inform the future leadership and decision-making levels within the Afghan MoPH. The next sections of this article explore recent developments in the MoPH which will assist in filling these gaps.

THE EVOLUTION OF THE HEALTH ECONOMICS AND FINANCING DIRECTORATE (HEFD)

With recognition of the need to advance centralized institutional structures for addressing the above-mentioned type questions, along with the growing importance of health care financing, economics, and policy research in strategic planning, the leadership of the MoPH restructured the GCMU into a newly created and staffed Health Economics and Financing Directorate (HEFD) within the General Directorate for Policy and Planning, inaugurated May 29, 2009. The MoPH envisions HEFD as a critical component for managing and advancing health economics and financing activities within the MoPH, including policy analysis and costing support to other departments within the Ministry.

In the coming years, in partnership with the broader MoPH and the international community, HEFD will play a significant role in advancing the newly adopted National Strategy on Health Care Financing and Sustainability in Afghanistan (2009–2013) (Ministry of Public Health, 2010). The Health Care Financing Strategy is developed in line with the National Health Policy and Health and Nutrition Sector Strategy (2008–2012) and is to address specific, current health economics and financing gaps in Afghanistan (Ministry of Public Health, 2010; Belay, 2010):

Examples of the areas to be addressed include:

1. Estimated high levels of out-of-pocket payments for health services. Based on recent country reports, out-of-pocket expenditures are estimated to be the
largest source of financing, representing an estimated 73–79 percent of a total health spending of around US$35 per capita in Afghanistan (Ministry of Public Health, 2010; Belay, 2010). HEFD will explore mechanisms related to community-based health insurance and other financing options to help mitigate the burden of out-of-pocket payments in the Afghan population.

2. **Low per capita public health expenditure.** Public spending on health in Afghanistan remains low when compared with other low income countries in the region, 3.6 percent of government budget in 2007 (Ministry of Public Health, 2010). HEFD will support the establishment of National Health Accounts (NHA) to track financial flows in the health sector and provide data to the leadership of the MoPH for budget negotiations.

3. **Limited data and policy analysis available for informed health financing.** Within the emergency phase, financial support from the national government and international community has generally involved top-down per capita budget allocations. With a need for more quantitative analysis and efficiency in resource allocation in the health sector, HEFD will work toward producing important unit cost and other economic data to support the future financing of BPHS and EPHS.

**KEY ELEMENTS OF THE REFORM PROCESS**

Several elements have contributed to this recent reform in the MoPH in Afghanistan and should be highlighted to inform the international community about mechanisms for building effective and sustainable local capacity. In summary, the key elements can be categorized as the following:

1. international collaboration and commitment,
2. evidence-based research and strategy development, and
3. close working relationships between international and Afghan staff.

**International Collaboration and Commitment**

The international community has not only supported the MoPH financially in service delivery, but it has also provided a significant amount of international and local technical support both on the periphery of the MoPH and within the government. The three major donors to Afghanistan, including the United States, the European Commission, and the World Bank have all provided human resource technical assistance to the MoPH over the past few years. A recent report highlights the contributing factors of technical assistance to the Ministry of Public Health thus far and possible future adaptations (European Commission, 2010), including the continued need for capacity-building of MoPH staff. Furthermore, the MoPH and the international community have participated in an annual three-day “Health Retreat” which has fostered further collaboration in addressing important health policy issues to be addressed by the Ministry. The most recent retreat, held in March 2010, focused largely on health financing initiatives.

**Evidence-Based Research and Strategy Development**

In a step-wise approach, the international community has worked with the MoPH on research critical to institutional and policy advancement. For example, in 2008, the European Commission and World Bank supported a thorough health financing assessment in Afghanistan, in preparation for the development and implementation of a health financing strategic plan in the coming years (Belay, 2010). The development of the National Strategy on Health Care Financing and Sustainability in Afghanistan (2009–2013) is a direct result of the needs identified in this report. Similar supports have been provided through support from the United States Agency for International Development (USAID) through Management Sciences for Health (MSH), Tech-Serve Project (http://www.msh.org).

**Close Working Relationships between International and Afghan Staff**

Close working relationships between international and local staff have been a key element of the reform process. For example, the European Commission recently supported the Afghanistan MoPH with a team of embedded international experts in the areas of hospital management, health financing, human resources, monitoring and evaluation, and procurement over a three-year period. In addition to providing day-to-day capacity-building support to various directorates and departments in the MoPH, international and Afghan staff have worked closely to begin to share experiences globally in health sector. In March 2009, Afghan and international staff attended a three-day United Nations meeting in Colombo, Sri Lanka, to discuss health financing in developing country contexts. The representation of Afghanistan in this global health forum helped to launch Afghanistan back into the international public health community.

**THE CHALLENGE FOR HEFD: PROVIDING EVIDENCE FOR THE MoPH LEADERSHIP AND HEALTH POLICY-MAKING**

Transitioning from an emergency phase of resource allocation in Afghanistan to a more strategic context of maximizing investment for health in the country is a formidable
challenge. The HEFD will be responsible for examining key policy questions related to resource investment and policy in the health sector. Moreover, the Directorate will conduct key economic analyses such as cost, cost-effectiveness, and benefit-cost analyses, examine potential domestic revenue sources (and caveats to implementation), pilot alternative health financing mechanisms, and work towards the establishment of an institutionalized national health accounts (NHA). In structure, HEFD consists of three primary units:

1. the Health Economics Unit;
2. the Health Financing Unit
3. the Aid Management Unit.

The Health Economics Unit is an analytically oriented unit and will be responsible for economic studies that will serve the operations and activities of HEFD. In particular, the unit will assist in costing new strategies of the MoPH and overseeing the NHA process which is to provide a picture of the flows of funding invested into the Afghan Health Sector. Within the Health Financing Unit, activities of the HEFD will involve supporting annual MoPH program budgeting, and implementing various health financing schemes including both demand-side (strengthening consumer purchasing of services) and supply side (strengthening health facility capital and staff incentives) financing initiatives. The Health Financing Unit will examine the feasibility of these schemes, along with community-based health insurance and will evaluate the design of Result-Based Financing (RBF) pilots (linking staff pay to performance) in several provinces of Afghanistan. The Aid Management Unit will take over the activities of the former GCMU, which consists of managing BPHS and EPHS-related contracts as well as other significant donor-funded projects.

The leadership of the MoPH envisions that the work of HEFD will assist the Ministry to efficiently contribute to the improvement of Afghan health, expand access to care, improve quality and cost-effectiveness of health services, and assist in managing financial risk of illness among the population, as indicated in the recently approved National Health Financing Policy and National Health Financing Strategy (Ministry of Public Health, 2010). These policy briefs have been discussed at the most recent health sector retreat and are being reviewed by parliamentarians and the Afghan Ministry of Finance.

2. What is the relative cost and value of supporting various health care interventions in Afghanistan?

Understanding the required investment in the different components of the Afghan health system (child health, environmental health, disability and rehabilitation, mental health, etc.) and their relative value and impact on Afghan health is critical in the context of limited resources. As various departments of the MoPH develop strategies for specific health sector service areas, HEFD is now undertaking the task of supporting these departments in the detailed costing of the strategies. Recently, HEFD supported the costing of the disability and physical rehabilitation strategy and is presently working on costing the child and mental health strategies.

3. Can user fees be adequately administered and help support the autonomy of Afghan hospitals?

HEFD has also begun to examine the possible application of user fees at the national and provincial hospital level in Afghanistan (Ministry of Public Health, 2010). In Afghanistan, health financing mechanisms were piloted at primary health care level in 2007 (Ministry of Public Health, 2010c, Johns Hopkins University, 2007). The study concluded that user fees decreased utilization of essential health services, creating a challenge for the country to attain Millennium Development Goals for Maternal and Child Health. There was also political pressure as the health law specifies a level of “free health services” to all Afghans. As a result, in 2008, a decision was made by the MoPH leadership to withdraw the pilot. Since the Basic Package of Health Services (BPHS) for primary health care is currently funded by donors, the withdrawal of the user fees did not affect delivery of primary health care services.

However, at present, user fees may be useful at the level of national or provincial hospitals (above BPHS and EPHS) to establish greater autonomy and to provide some income (even if minimal). Quality of services is poor and only 6 percent of the total aid budget (development and external) is allocated to National Hospitals (Belay, 2010). Few donors support tertiary level services in the country. Ensuring that hospitals have a minimum of discretionary funding at
their disposal for purchase of medicines and equipment could improve the effectiveness and quality of service delivery. The Hospital Management Task Force (HMTF), at the Ministry of Public Health is advocating the idea of Limited and Progressive Autonomy (LPA) in National Hospitals (Ministry of Public Health, 2010c). The first step in this process includes the availability of discretionary funds for the independent use of the hospital to achieve modest improvements through small or petty cash purchases of needed equipment, supplies, or repairs (Ministry of Public Health, 2010c).

4. Should the Afghan MoPH further pursue contracting-in or contracting-out (or some mixture) of health service delivery?

Although the MoPH and international partners have largely directed a contracting-out model for delivering the BPHS and EPHS, over the past few years, the MoPH has led and managed health service delivery in 3 of the 34 Afghan provinces under an initiative entitled “strengthening mechanisms.” Recently, with support from the European Commission (ECORYS/EPOS Health Management), HEFD is currently jointly undertaking a cost-effectiveness study with consultants from EPOS Health Management in the provinces of Jowzjan, Kapisa, Kunduz, Panjshir, Parwan, and Samangan to examine possible alternative directions in both financing and provision of the BPHS (ECORYS and EPOS Health Management, 2010). This study will provide analyses of unit cost and utilization data of BPHS services and will further examine technical efficiency at the facility level as another means of exploring the impact of contracting “in or out” on outputs and resource allocation in the health sector. Furthermore, this study will enable the staff in HEFD to gain greater capacity in analysis of economic data for policy-making so that they can in turn report evidence to the MoPH leadership on this key health policy question.

CONCLUSION

Although we often hear about transitions in military operations and the eventual “handover” of security practices to the Afghan government, public administration advancements in other areas are rarely reported. Beyond the current daily insecurities of Afghanistan reported in the media, the Afghan MoPH and international partners continue to make contributions to the health of the Afghan people through the development of greater institutionalized and sustainable public administration structures.

One key aspect in the growth and advancement of the Afghan MoPH is the recent establishment of the Health Economics and Financing Directorate (HEFD) within the General Directorate for Policy and Planning (GDPP). Developed within a collaborative partnership between the MoPH and the international community, the HEFD can undoubtedly play an important role in examining evidence to support policy decision-making issues at the MoPH leadership level. Future activities to be undertaken by HEFD are clearly laid out in the Afghanistan Health Financing Strategy (2009–2013). Lastly, as the Afghan MoPH further develops its stewardship role in the health sector, continued capacity-building is needed to enable the Afghan MoPH to examine and address its most pressing health policy issues from within.

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