

# FINANCING ARRANGEMENTS IN HEALTH SECTOR UNDER SECTOR-WIDE MANAGEMENT

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Sokha Hotel, Siem Reap, Cambodia

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Ministry of Health,

# OUTLINE

- Health System Organization
- Health System Performance
- Partnership Arrangement
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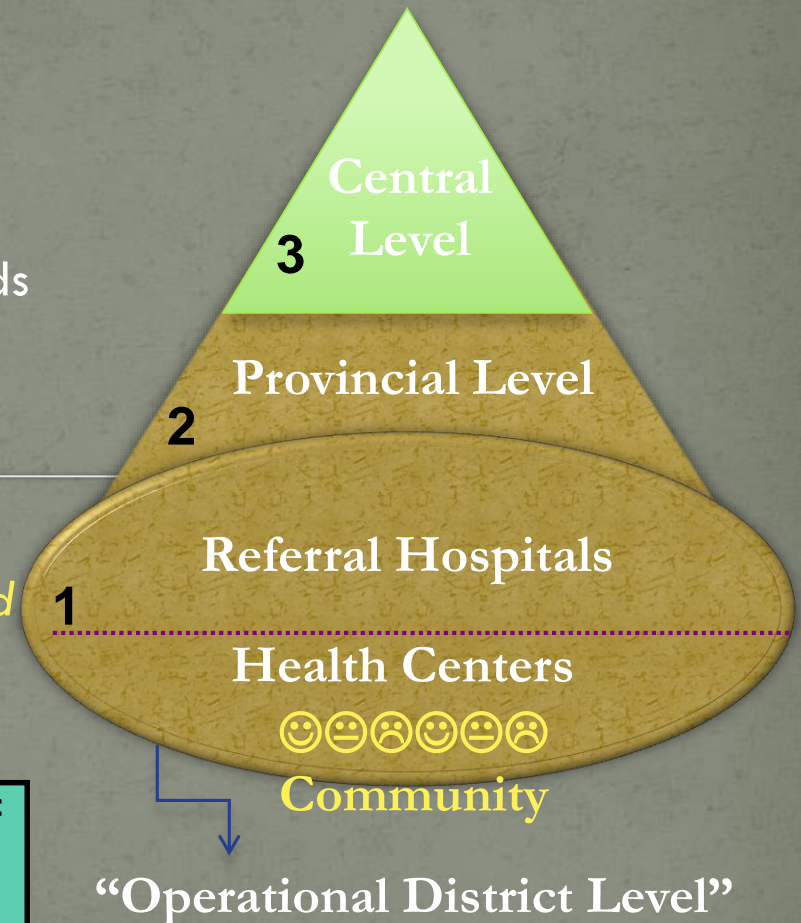
Financing Arrangement
- Concerns
- Opportunity

# 1. HEALTH SYSTEM ORGANIZATION

## Health Sector Reform started 1993

- to improve and extend primary health care through the implementation of a district based health system
- to meet the peoples essential health needs
- The reform implies entails important transformations, both organizational (including human resources) and financial  
→ *changing from administrative based to population based system organization, and introducing new ways of health system financing (Health Financing Charter)*

A two tier sub-health system comprises of referral hospitals providing CPA and a network of health centers providing MPA.

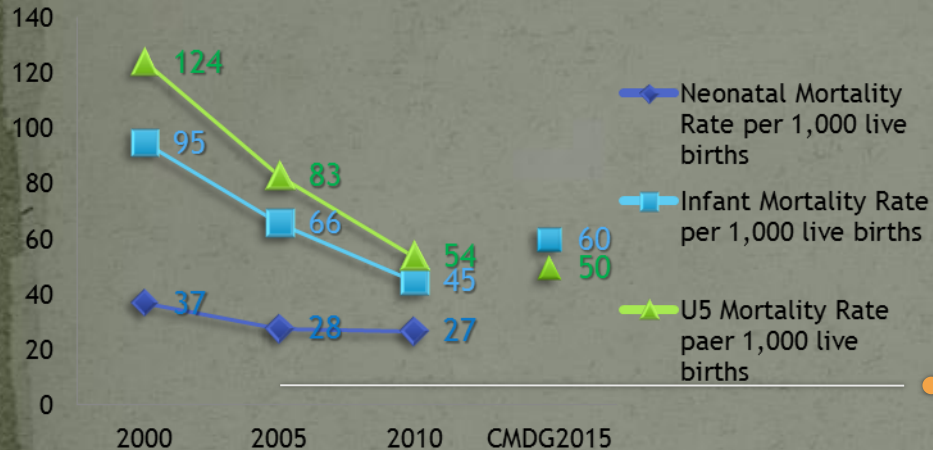




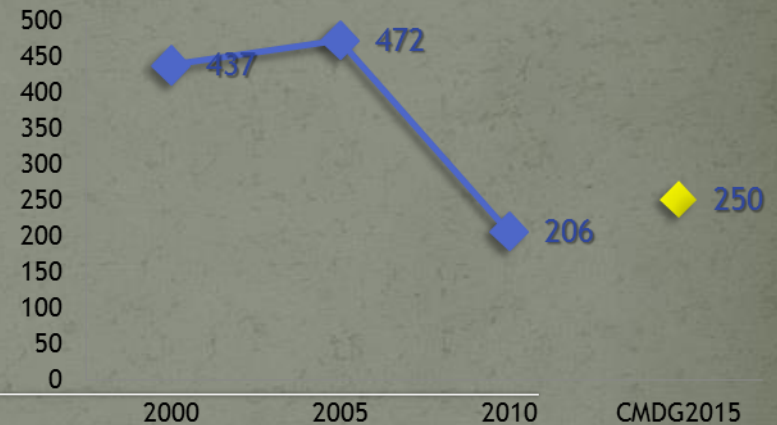
## 2. HEALTH SECTOR PERFORMANCE



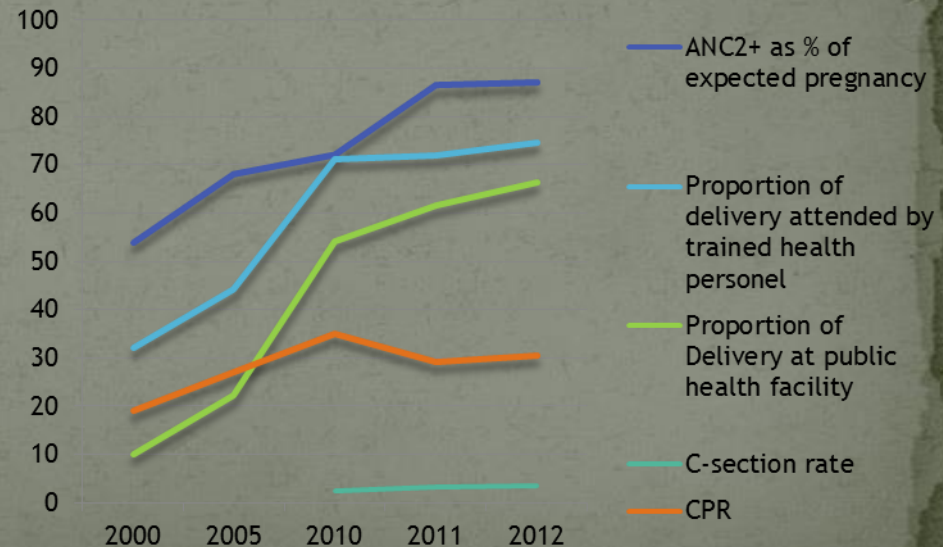
### Trends in Reduction of Child Mortality



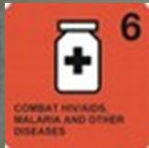
### Trend in Reduction of MMR per 100,000 live births



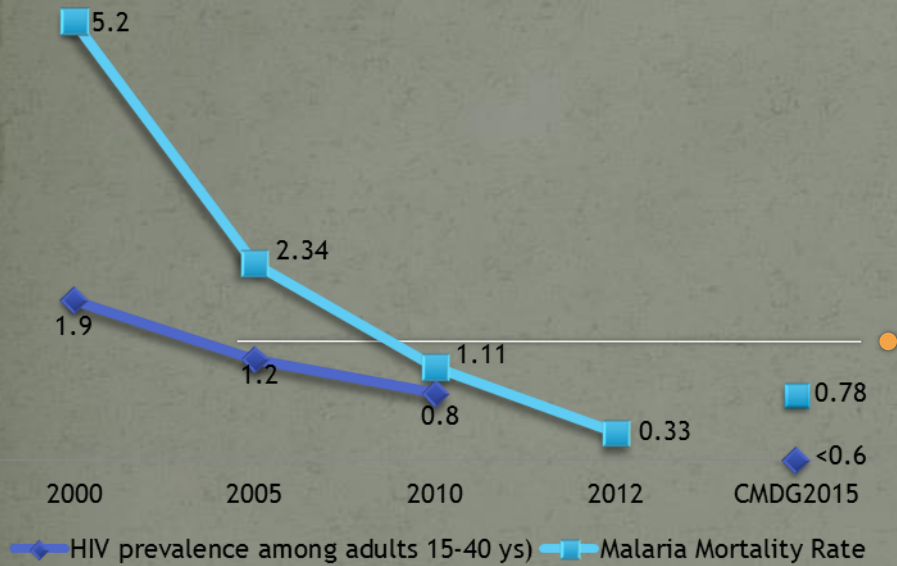
- TFR: 4 (2000), 3,4 (2005), 3 (2010)



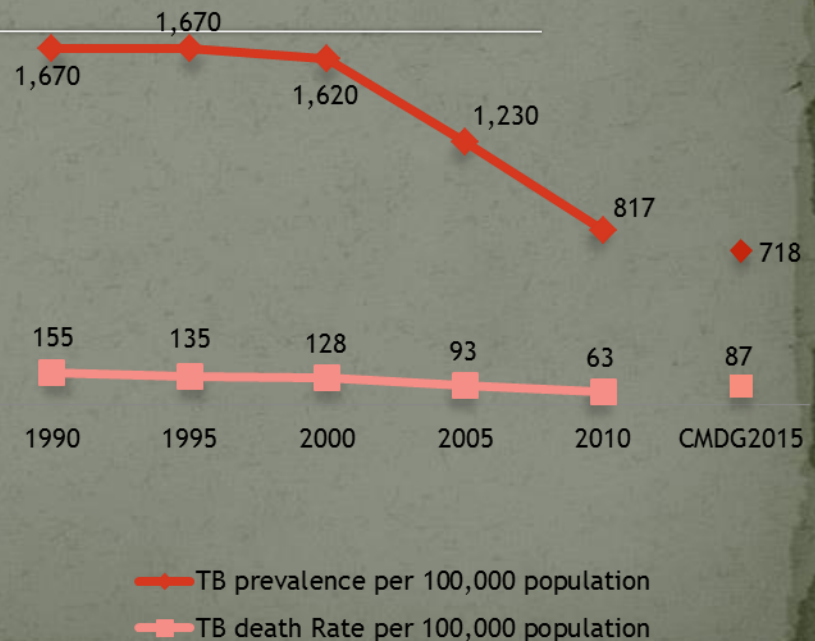
# 2. HEALTH SECTOR PERFORMANCE



## Trends in Reduction of HIV Prevalence and Malaria Mortality Rate



## Trends in Tuberculosis Prevalence and Death Rate





### 3. PARTNERSHIP ARRANGEMENT

#### Declaration by the Royal Government of Cambodia and Development Partners on Enhancing Aid Effectiveness (October, 2006)

- **Ownership** The Royal Government of Cambodia exercises full ownership and leadership over its development policies, and strategies and development actions.
- **Alignment** Development Partners will base their overall support on RGC's strategies, institutions and procedures.
- **Harmonization** Development Partner's actions are more harmonized, transparent and collectively effective.
- **Managing for Results** Managing resources and improving decision-making for results.
- **Mutual Accountability** The Royal Government and Development Partners are accountable for development results.

### 3. PARTNERSHIP ARRANGEMENTS

#### FROM SWAP TO SWIM

- SWAp initiated in 1999 to support the health sector. It envisaged a new dynamic and partnership between MoH and HPs.
- SWAp called for HPs to support and work within: a single set of national goals, objectives and strategies; to support national health plan implementation; **and, as appropriate**, common systems for planning, budgeting, financial management, M&E.
- MoH adopted a modified version of sector coordination arrangements – sector-wide management (SWiM) – which refined features of the initial SWAp concept.
  - ✓ *First*, under MoH leadership, *all* HPs would work together within a common strategic framework to achieve national goals and objectives, as articulated in MoH's first Health Strategic Plan 2003-2007 (HSP1).
  - ✓ *Second*, pooled funding and the adoption of common implementation arrangements, especially those linked to national systems, would not be mandatory, thus providing more flexibility to DPs, who might otherwise want to be involved

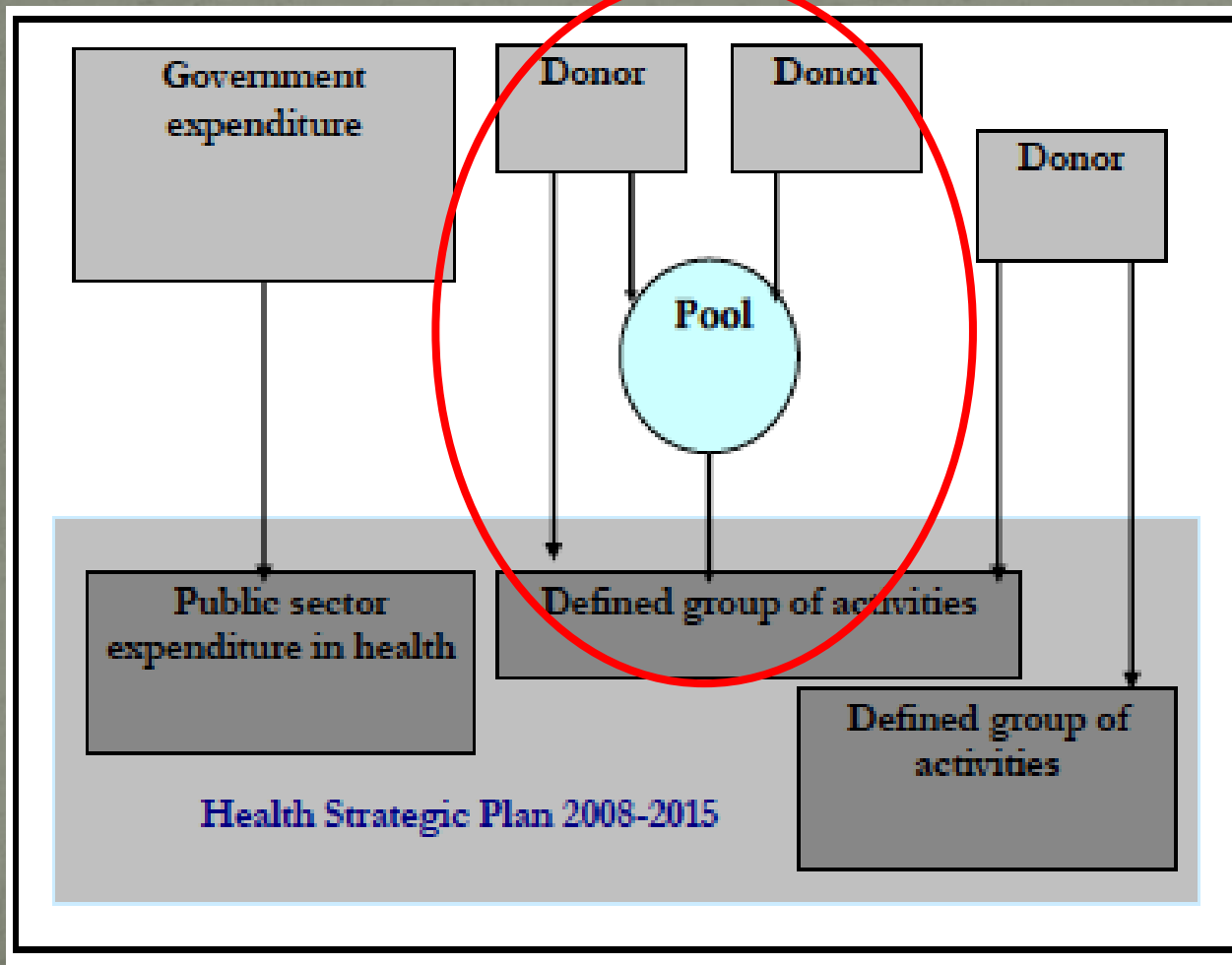
## SWIM review in 2011

- Ensuring sector resources and expenditures are effectively aligned with national priorities
- Reducing Government's transaction cost - parallel systems, structures and reporting requirements of individual development partners, can actually cause an increase in Government's transaction costs, fragment/distort lines of accountability, and overstretch limited capacity.
- Assuming the health sector stewardship role, especially ability to learn and account for results will be difficult, as long as development partners insist on multiple M&E frameworks, indicators and reporting systems; project/ program-related M&E (tools/teams); and driving research and evaluation agenda based on their own interests and pilot initiatives.



## 4. FINANCING ARRANGEMENT

MoH's Decision: Options moving toward SWAPs  
in health sector, dated 23 March 2007 (HSP2)



## 4. Financing Arrangement under SWIM: Health Sector Support Program (HSSP<sub>2</sub>)

- **Design:** support the implementation of Cambodia's Second Health Strategic Plan (2008-2015)
- **Development Objective:** Improved and equitable access to, and utilization of essential quality health care and preventive services
- **Key interventions:** both supply-side and demand-side (health service delivery; health care financing, human resource capacity and management and governance and stewardship functions.)
- **Implementation:** under the overall responsibility of the Ministry of Health and supported by HPs-- Joint Partnership Arrangement.
- **Funding:** IDA and Counterpart funds, and Grant (AFD, BTC, DFAT, DFID, UNICEF, UNFPA, WB)— recently, KOICA joints pooled fund
- **Timing:** 2009-2014— extended to the end of December 2015



# HSSP2 Financial plan

Source	Amount (US\$ million)
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AFD	10
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DFAT	45.15
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BTC	1.9
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DfID	50
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UNFPA	6.9
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UNICEF	3.4
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IDA	39
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RCG	18.8
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<b>Total</b>	<b>168.60</b>
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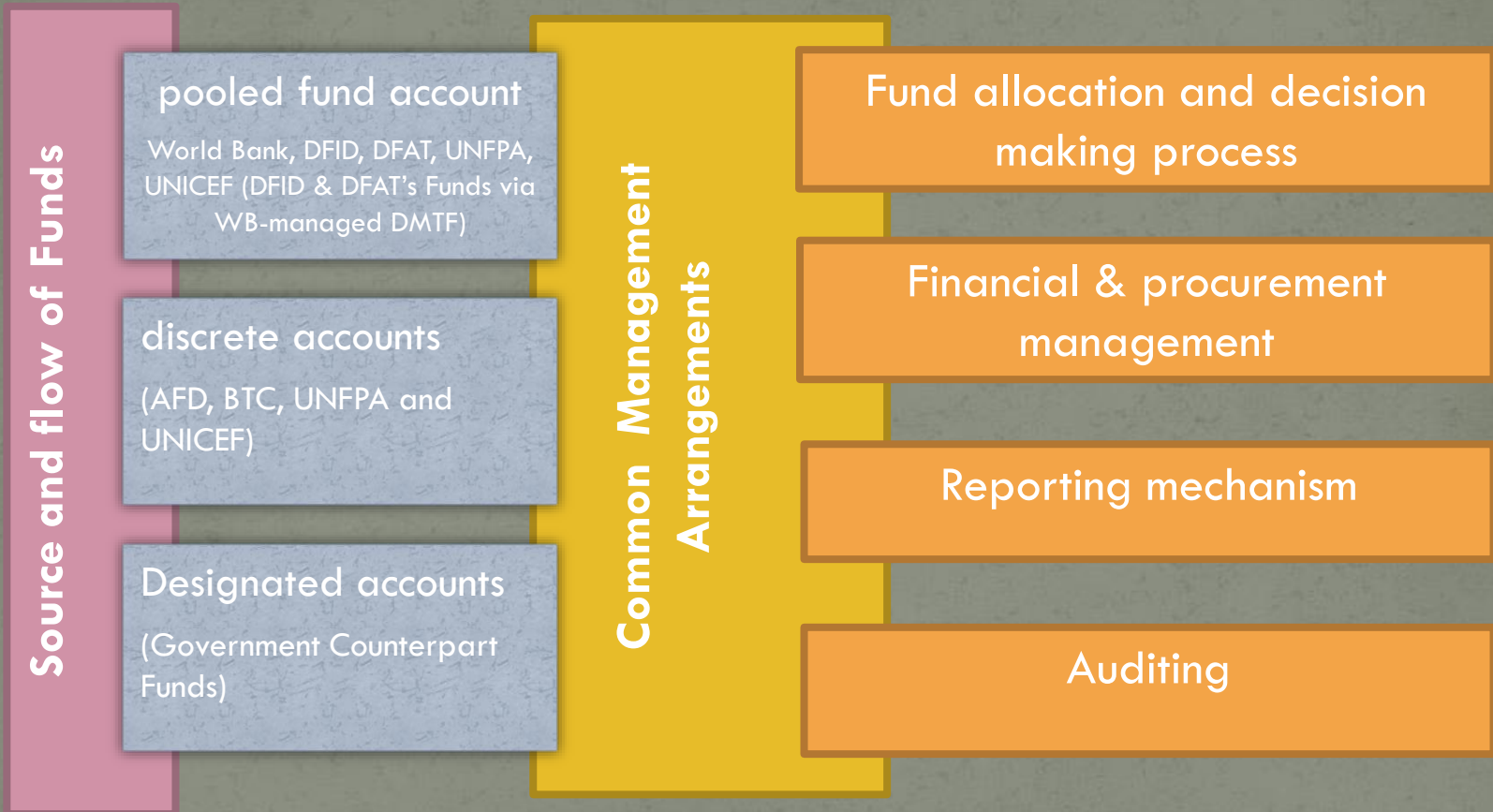
## 4. FINANCING ARRANGEMENTS: HSSP<sub>2</sub>

- A pooled account
- Discrete accounts
- All accounts are managed under common management arrangements:
  - Funding allocations and decision making processes
  - Financial management and procurement,
  - Reporting mechanisms
  - Audit

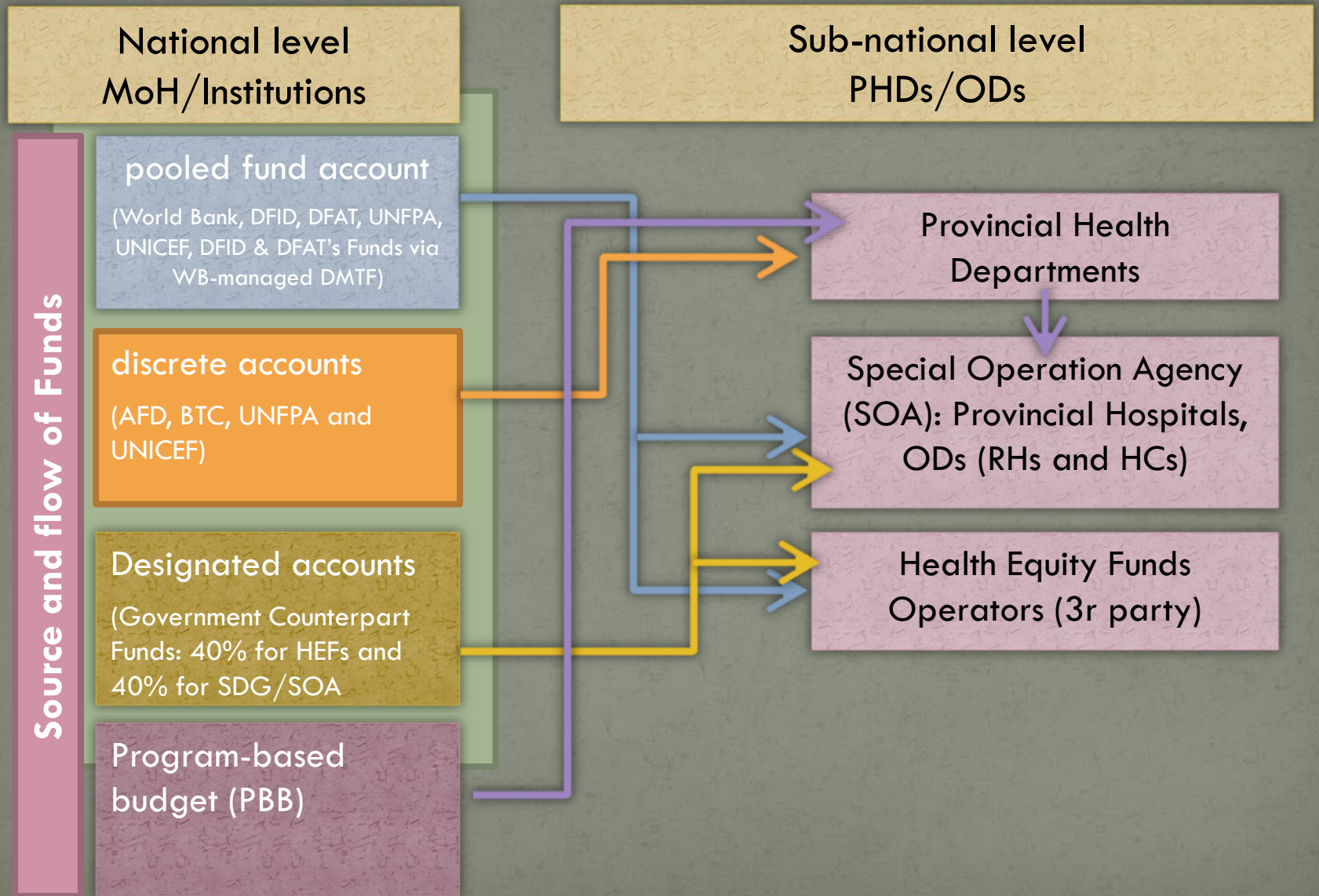
The current systems and mechanisms under HSSP<sub>2</sub> is found adequate with respect to transparency and accountability requirements.



# 4. FINANCING ARRANGEMENTS: HSSP<sub>2</sub>

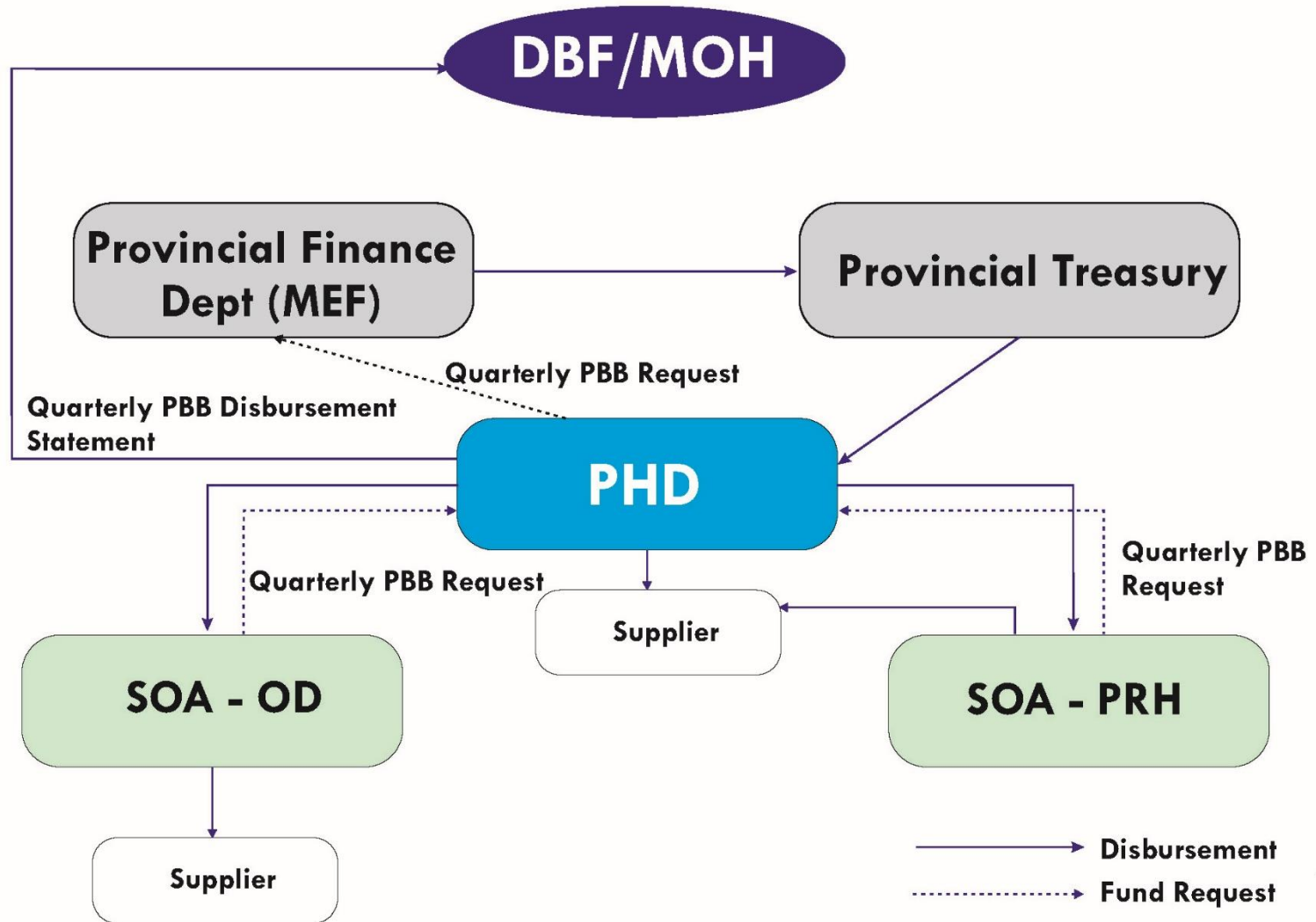


# 4. FINANCING ARRANGEMENTS: HSSP<sub>2</sub>





# PBB FUNDS FLOW AND REQUESTS



## 4. FINANCING ARRANGEMENTS: HSSP<sub>2</sub>

### Common Management Arrangements

Fund allocation and decision making process

Annual Operational Plan via Health Sector Annual Planning & Budgeting Process

Financial & procurement management

- Independent Procurement Agency (end in Nov. 2011)—International procurement advisor
- Procurement plan
- SOP

Reporting mechanism

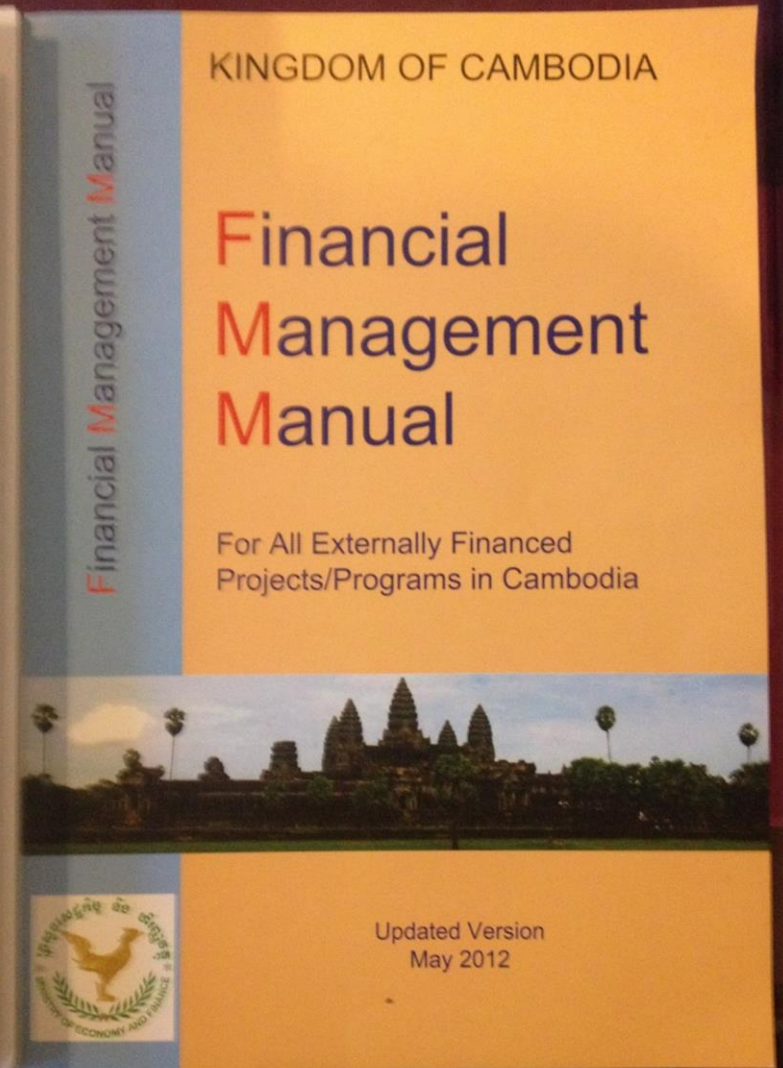
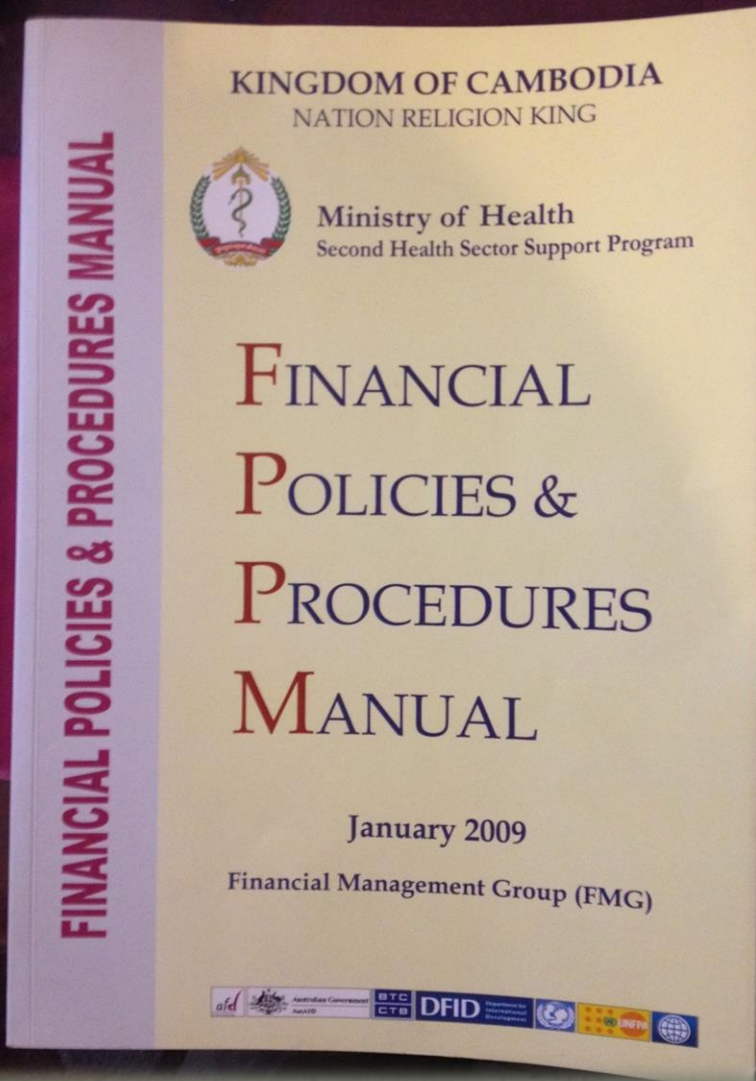
- Joint Review Mission (JPIG partners)
- Joint Quarterly Management Meeting (including IUs)
- Quarterly combined technical & financial report
- Semester performance monitoring report followed by Annual performance review report

Auditing

- Quarterly financial & technical audit (External)
- National Audit Authority, Internal audit (MoH)



# Financial Management





## 5. CONCERNS

- ✓ Funding commitment: short-term funding commitment with extendable period creates difficulty for MoH and Implementing Units to
  - Pursue it long-term expansion plans such as HEFs
  - Reduce administrative burden on service contract arrangement with service providers----frequent contract amendment and recruitment HEFOs (NGOs)
  
- ✓ Frequent amendment of financing agreement: Amendment is time consuming process of all concerned parties--- Financial agreement should be more flexible to allow accommodate additional funding during the course of action without amendment such as Addendum.
  
- ✓ Quarterly combined technical and financial audit: administrative burden--- semi-annual.

## 6. Opportunity

### Context

- Health Strategic Plan 2016-2020– under the formulation process
  - ✓ Health system financing strategic areas (one of 7 strategic areas):
    - Increase health spending with improved efficiency
    - Stable sources of financing
    - Effective financial management including budgeting
    - Expand social health protection
    - Enhance harmonization and alignment
- On-going Public Financial Management Platform 2 of the Royal Government of Cambodia

THANKS