



# Nepal Health Sector Support Programme III (NHSSP – III)

## CONCEPT NOTE ON STRENGTHENING LOCAL HEALTH PLANNING AND BUDGETING IN THE FEDERAL CONTEXT

31 May 2017





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This material has been funded by UK aid from the UK government; however the views expressed do not necessarily reflect the UK government's official policies.

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## Abbreviations

D(P)HO	District (Public) Health Office
DoHS	Department of Health Services
eAWPB	Electronic Annual Work Plan and Budget
EDP	External Development Partner
GESI	Gender Equality and Social Inclusion
GoN	Government of Nepal
HFOMC	Health Facility Operation and Management Committee
LL	Learning Lab
LNOB	Leave No-One Behind
MoF	Ministry of Finance
MoFALD	Ministry of Federal Affairs and Local Development
MoH	Ministry of Health
MoJ	Ministry of Law and Justice
NGO	Non-Governmental Organisation
NHSS	Nepal Health Sector Strategy
NHSSP	Nepal Health Sector Support Programme
PPICD	Policy, Planning and International Cooperation Division
SWAp	Sector Wide Approach
TABUCS	Transactional Accounting and Budget Control System
UHC	Universal Health Coverage

## 1. Introduction

### 1.1 Background

Nepal's constitution embodies health as a fundamental right of the people. Citizens' right to health is secured under the right to *basic and emergency health care services* (CAS, 2015)<sup>1</sup>. The Ministry of Health (MoH), in partnership with External Development Partners (EDPs), has been implementing the Sector Wide Approach (SWAp), resulting in continued improvements with remarkable health gains over the past decades.

Building on the foundation of Nepal Health Sector Programme (NHSP) I (2004-2010) and gains achieved during the NHSP II (2010-2015) and translating the ambitions of the National Health Policy (2014), the Nepal Health Sector Strategy (NHSS) (2016-2021), stands to sustain the achievements and address the challenges in the health sector. The NHSS aims to address inequities as one of the four strategic principles<sup>2</sup> towards Universal Health Coverage (UHC) and reflects the government's commitment to leaving no-one behind (LNOB). The NHSS also calls for an accelerated departure from a centralized planning to a decentralized health planning and budgeting process that is contextually tailored and evidence informed.

Nepal's planning and budgeting system is overly centralized and the health sector is not an exception. The Local Self Governance Act (MoLJ, 1999)<sup>3</sup> and the Collaborative Framework (MoH and MoFALD, 2013) signed between the MoH and the Ministry of Federal Affairs and Local Development (MoFALD) provided the guidance to strengthen the local planning (including a fourteen step planning process at the district level), however the full operationalization of these initiatives could not be achieved. The MoH has launched a number of initiatives<sup>4</sup> aimed at strengthening the district health system which provided some key learning (USAID, 2011). For example: grants provided to local bodies have been effective to: enhance local ownership; identify local health needs and promote evidence-based planning; enhance local capacity, increase community participation and promote social accountability and transparency, among others. Similarly, although annual reviews in the health sector have been conducted at national, regional and district level to inform the planning cycle, the overall potential of decentralized planning is yet to be achieved. Instead, districts are mainly functioning as the implementing units and learning from the past initiatives has yet to be fully operationalised. Also, while gender equality and social inclusion (GESI) has been a priority of the MoH, the gender-responsive budgeting system and GESI mainstreaming is yet to be fully exercised as envisioned. Therefore, mainstreaming GESI into the health sector planning and review process will be one of the key approaches to accelerate progress towards LNOB.

In the federal context, the governance structure has been reshaped with the three levels: The Federal, the State (7) and the Local level (744). These three levels shall exercise the power of the State as per the

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<sup>1</sup> Citizens' right to health is: the right to be informed about his/her health condition; the right to equal access to health care; and the right to access to clean water and hygiene. It is the State's responsibility to deliver all of the health rights enshrined in the constitution

<sup>2</sup> Four strategic directions are equitable access to health services, quality health services, health systems reform and multi-sectoral approach

<sup>3</sup> In line with the LSGA, over 1400 health facilities were handed over to the local bodies for their management

<sup>4</sup> Examples of initiatives include bottom-up planning, handing over of health facilities to local bodies, integrating health in a 14-step planning process, local health governance strengthening programme, programme specific micro-planning, targeted plan to reach the unreached, among others

Constitution. A broad outline of the functions of the federal structures has been assigned (GoN, 2017) and institutional structures with detailed roles and responsibilities are being defined. Under the federal set up, the delivery of basic health services is devolved to the local governments. Accordingly, the government has allocated annual budget, including health budget, to the the local levels (744) in its recent budget speech (MoF, 2017), which is a major departure from the previous practice. At this stage, roles of health institutions such as District Public/Health Offices, which up to now have been managing the programme implementation at the local level, is unclear. Hence, the changed context clearly demands a strategic move of the MoH to strengthen capacity of the local government for evidence-based planning and budgeting. For this, the existing mechanism of health sector planning process needs to be reviewed and adapted to fit into the federal context.

Under the federal set up and in the aftermath of the local election, it is likely that the local government will face several competing local priorities. In such context, duly prioritising health as a local development agenda is crucial to ensuring need based delivery of health services which leave no-one behind. Moreover, local health planning also needs to be aligned with other sectors and development initiatives at the local level such as agriculture, water, environment and sanitation, road, nutrition, women and child development which will link health sector with wider social determinants and help to sustain and further accelerate the health gains made in the past. In such context, local capacity needs to be enhanced to:

- better understand and prioritise the health needs of people;
- establish linkages with other line agencies/sectors to incorporate wider social determinants to health in local planning;
- develop evidence-based annual plans and budgets with the use of local evidence ;
- mainstream GESI; and
- strengthen health governance and accountability for the delivery of quality health services.

In this backdrop, the 'Learning Lab' (LL) approach was conceptualized in consultation with the Policy Planning and International Cooperation Division (PPICD) of the MoH. 'Learning lab' refers to selected locations (which potentially include all forms of local government units) where contextually tailored, evidence-based interventions will be implemented and tested with the aim of strengthening local planning and budgeting to leave no-one behind. The processes and learning will be documented for their adaption and scale up which will be done in consultation with the MoH, PPICD. The overall aim of the LL is to make the local health system more resilient in the federal context through strengthening evidence-based planning and budgeting processes.

The existing policy and planning frameworks such as National Health Policy, NHSS and its Implementation Plan, Collaborative Framework for Strengthening Local Health Governance were reviewed in light of the devolved functions as defined in the Constitution and Functional Analysis and Assignment (GoN, 2017). Considering best practices and lessons learned from past initiatives, support interventions are defined under the implementation arrangements to address the gaps and challenges in planning and budgeting process at the local level. The preliminary draft of the concept note was refined based on the inputs from the PPICD and other work streams of the NHSSP III.

## 2. Objectives

The overall objective of the Learning Lab (LL) approach is to strengthen the local health system through improved health planning and budgeting mechanisms at the local level. The specific objectives are as follows:

- To revise and/or develop guidelines and tools for local health planning and budgeting with a focus on mainstreaming Gender Equality and Social Inclusion (GESI);
- To institutionalise the evidence-based planning and budgeting processes at the local level through capacity enhancement at organization, system and people level; and
- To monitor implementation, document learning and consolidate interventions to inform scale up.

## 3. Conceptual Approach

The LL approach focuses on enhancing the capacity of the local local governments (municipal or village councils) for evidence-based planning and budgeting which will contribute to make the local health system more resilient. The LL is designed around the three core principles:

- **Evidence use:** The LL recognises the importance of using evidence in planning and budgeting processes so that decisions are better informed and linked to citizens' health needs.
- **Equity:** While the health sector has made remarkable gains, the disparity in health outcomes linked to identity, geography and health condition continue to exist. This warrants a locally led approach and joined up efforts in addressing inequity at the local level. The LL approach provides opportunities to understand and address existing disparities in health gains to achieve equitable health outcomes.
- **Quality:** The LL approach acknowledges the essence of NHSS in improving quality of health services at the point of delivery. Improved capacity of the local government to design contextually tailored and need based planning and budgeting and effective approaches to institutionalize the gains will eventually contribute to improve quality of health services.

The LL conceptual framework depicts the engagement of the TA at policy, planning, implementation and monitoring level to enhance local government capacity. NHSSP 3 will work with both central and local government to develop contextually tailored, evidence-based approaches for the delivery of high quality services.

- **At the central level**, support will be provided to strengthen existing policy framework (shown in the diagram as the yellow bubble).
- **At the local level**, work will focus on

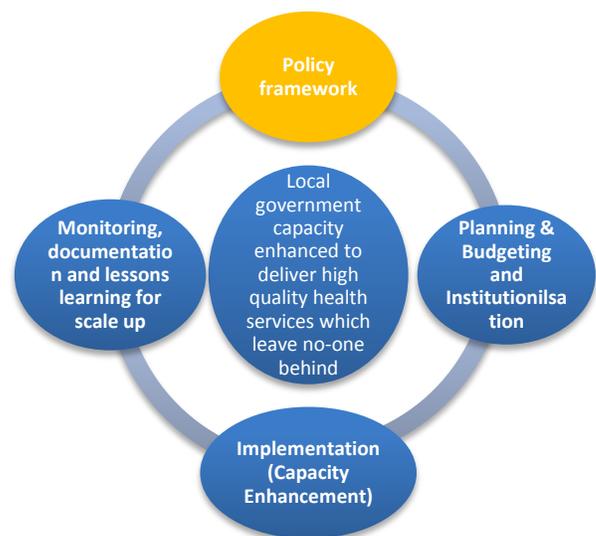


Figure 1: Conceptual framework of the learning lab

strengthening and institutionalising planning and budgeting processes; enhancing capacity of local stakeholders and monitoring, documentation and packing of interventions for scale up (shown in the diagram as blue bubbles).

**The conceptual approach at the central level:** The MoH will provide the policy, regulatory and strategic frameworks to facilitate the local health planning, budgeting and service provision. The existing policies and strategies (as appropriate) will be reviewed and updated to incorporate national priorities in the evolving context with particular focus on delivery of quality health services and LNOB. User friendly guidelines and tools will be developed to facilitate the evidence based planning and budgeting process at the local level. Health specific tools for analysis of evidence, priority setting and budgeting for integrated planning will be developed.

**The conceptual approach at the local level:** The LL conceptualises enhancing capacity of the local government at three level: organisations, systems and people. At the **organisational level**, the LL will strengthen capacity of local government (also provincial government as appropriate) and their organisational units, in planning and budgeting so that the learning and gains will be further institutionalised. Similarly, at the **system level**, various tools for planning and budgeting, including on the use of evidence and priority setting, will be developed which will be implemented, assessed and finalised. At the **people level**, the LL focuses on enhancing capacity of elected representatives at local level (and at provincial level as appropriate), local health managers, members of health facility management committee, health service providers (including non-state providers) and community health workers. The capacity enhancement exercise will be delivered through needs-based training, supportive supervision, coaching and mentoring.

A methodology will be developed for systematic assessment of the LL approach such as process documentation, assessment of implementation using baseline and endline comparison and of value for money. The change process to strengthen local health system is outlined in the Annex 1.

#### 4. Implementation Approach

In consultation with the MoH PPICD, LL intervention sites will be identified which will potentially include all forms of the local governments (metropolitan city, sub-metropolitan city, municipal council and rural municipal (village) councils). For the implementation of the learning lab approach, NHSSP III will support the MoH across three strategic areas:

- To strengthen **planning and budgeting processes** through the development of necessary guidelines and tools:
- To **enhance the capacity of local stakeholders** to implement evidence-based planning and budgeting that leaves no-one behind.
- To support the **monitoring and documentation of processes** including context, inputs and outcomes.

Some of the key activities at the implementation level are outlined below. Synergies with other interventions supported by EDPs will also be explored and executed as relevant to the context and approach of the LL.

#### **4.1 Health planning and budgeting process at the local level with focus on institutionalization**

- Engage with Ministry of Finance (MoF) and Ministry of Federal Affairs and Local Development (MoFALD) at central level to facilitate development and revision of local level planning frameworks and tools;
- Collaborate with the local governments (province, municipal, village) and different line agencies including EDP supported projects and programmes at the local level in defining planning cycles and processes;
- Facilitate the local planning process to ensure inclusive and needs-based planning that engages concerned stakeholders and communities including private sector;
- Develop appropriate and user friendly tools incorporating GESI components to be used by local government for data analysis, priority setting, health planning and budgeting;
- Develop budget marker guidelines for LNOB in line with Gender Responsive Budgeting Localisation Strategy 2017<sup>5</sup> and integrate into the AWPB process.
- Upgrade and/or develop an electronic platform (such as electronic Annual Work Plan and Budget eAWPB) and link the planning tools with Transaction Accounting and Budget Control System (TABUCS) as applicable at the local level;
- Develop a user friendly platform that integrates all components of the AWPB process (e.g. evidence analysis, priority setting, planning interventions and budgetary allocation);

#### **4.2 Capacity enhancement of local government, health managers and professionals**

- Identify capacity needs and enhance capacity of local government (elected representatives), health professionals and other relevant stakeholders to develop and implement the local health plan;
- Develop introductory training materials for participants who are relatively new to the health sector in the federal context. For example:
  - An induction package on health for newly elected local representatives
  - Orientation package for health managers and administrators at local level;
- Enhance capacity of local health managers to identify health sector data needs at the local level and generate and use the data to feed into the planning process;
- Provide trainings, orientations, mentoring and coaching to local government and implementers (Councils, Health Facility Operation and Management Committee (HFOMC), health professionals working in public and private sectors);
- Strategically engage with local health managers and other actors and provide supportive supervision with focus on institutionalization of the capacity;

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<sup>5</sup> The Gender Responsive Budgeting Localisation Strategy 2017 is a recently developed strategy by the MoFALD to guide the implementation of the gender responsive budgeting at the local level.

- Institutionalise social audits at health facility level as an integral part of the planning process to improve responsiveness and accountability of service providers and HFOMC; and
- Strengthen citizens' engagement processes including community dialogue to empower them to share their health needs to the local government.

#### **4.3 Monitoring, documentation and packing of interventions for scale up**

- Design assessment methodology and assess effectiveness of interventions in planning and budgeting process;
- Design and support implementation of user friendly approaches to improve information generation, analysis and monitoring at the local level such as:
  - Electronic reporting
  - Dashboard development and monitoring
  - E-attendance of staff
- Support periodic reporting of health expenditure by local level as well as use of dashboards for public display to promote transparency;
- Develop practice papers, case studies and communication materials highlighting best practices and learnings
- Document examples/case studies on value for money in learning lab sites; and
- Document processes and lessons learned in learning lab sites, as well as packaging interventions for their institutionalisation for their scale up.

### **5. Evaluation and Scale Up**

A methodology will be deployed for the systematic assessment and documentation of the implementation of the LL approach. Effectiveness of the interventions in planning and budgeting will be assessed and case studies on value for money will be developed. Key monitoring indicators using service utilisation data will be derived in accordance to the NHSS results framework to monitor the results of the interventions. Where possible, the changes in utilisation of services, quality of care, governance and accountability will be monitored.

As the planning and implementation process begins, rigorous process documentation will generate learning insights which will be discussed with the MoH, EDPs and other relevant stakeholders at each level and used to inform the next cycle of the local health planning and implementation arrangements in the learning lab sites and beyond. A mechanism will be established for the continuous collection of disaggregated data so as to feed into the policy, planning and monitoring processes. A final assessment report will be developed that documents context, processes, changes in outputs and outcomes, and learnings for the scale up. The practice papers, case studies and communication materials will be produced and disseminated as relevant.

In light of the lessons from the learning labs, all the proven interventions will be packaged into a consolidated implementation framework suitable for the local context with necessary adaption and revisions. The consolidated framework will form the basis for the scale up in other areas.

## 6. Implementation Budget

Implementation of the learning lab will be done by leveraging resources from different stakeholders. The grant allocated by the federal government will be the primary source of revenue. This will be complemented by the revenue generated by local government through their internal sources. Further, different work streams of the NHSSP III will pool their technical support in learning sites to strengthen local health system in a comprehensive and integrated manner. Support from other development partners including NGOs and private sector will also be mobilized and coordinated as relevant.

## 7. Indicative Timeframe

The timeframe for the implementation of LL is illustrated in Figure 2.

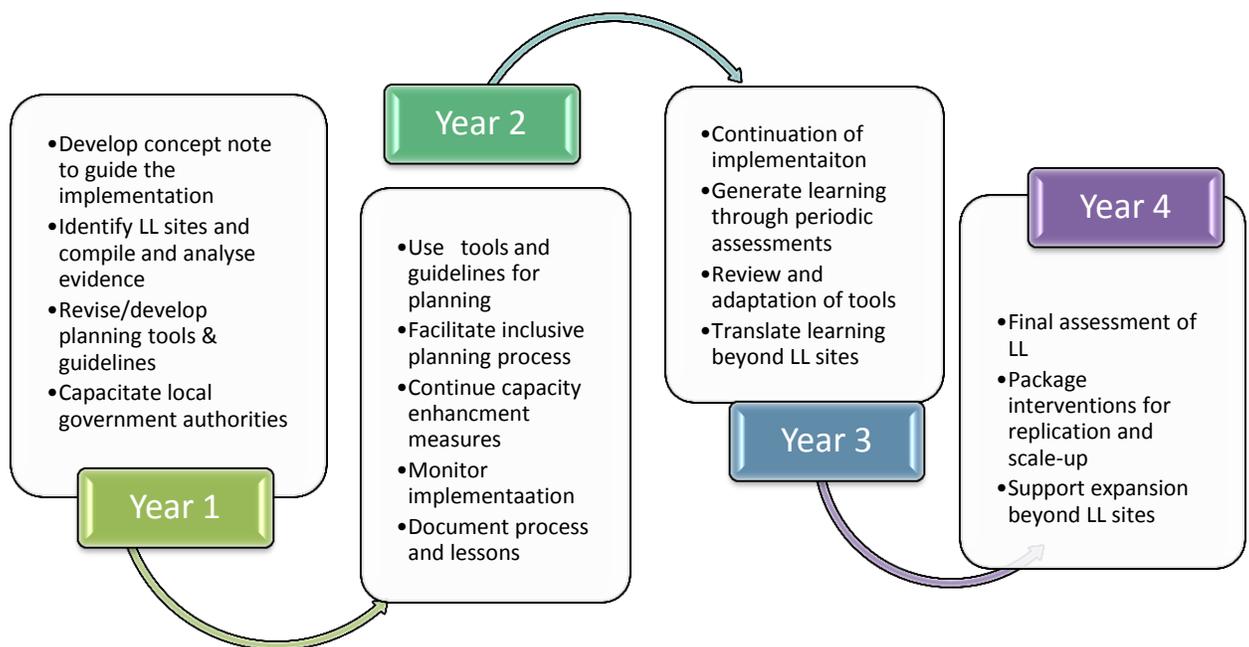


Figure 2: Indicative timeframe for the implementation of LL

## 8. Risks and Assumptions

While the government has allocated budget to the local government, the absence of a clearly defined mechanism to manage transition from an overly centralised planning to federal planning system will be a challenge. Similarly, the roles and responsibilities of local government in health planning and service delivery and their interface with existing districts health offices are not yet clearly defined even though restructuring process is progressing rapidly. As mitigation measures of the aforementioned risks and challenges, NHSSP III will adopt flexible approach based on a thorough analysis of the situation and regular review and learning in close consultation with the MoH, EDPs, NHSP 3 Steering Group especially PPFM, MEOR and SAHS suppliers, and local level government in respective implementation sites.

We assume that the MoH will be responsible for enhancing the capacity of health institutions at various levels of the government while the local governments will play a crucial role in planning and managing health services with efficient health governance mechanisms owned by the local authorities. We also assume that scheduled elections will be held in a timely manner and that elected representatives will promptly assume their responsibilities.

## **9. Sustainability**

The implementation of the learning lab approach will generate evidence that will feed into local planning and implementation for institutionalization and scale up. The tools and guidelines will be tailored to the local context during the implementation of LL in order to ensure integrated planning, implementation and monitoring for health sector.

Further, continuous coordination, collaboration and advocacy at the Federal, State and Local Level with sectors beyond health will eventually help to position health as one of the development priorities at the local level. Local ownership will be ensured during the implementation process by enhancing capacity of the key actors to lead the process. The engagement of NHSSP III with the MoH Working Groups and working in close collaboration with PPICD, MoFALD and MoF, the Ministry of General Administration and relevant health sector EDPs will help the NHSSP to fully understand the ongoing reform process and accordingly tailor the TA support.

## **10. Audience and Dissemination**

Over the course of NHSSP III, the learning from the LL will be presented to the MoH and other line ministries at the Federal, Provincial and Local Level, EDPs and other relevant stakeholders at appropriate frequency. The learning will be made available through various communication channels such as workshops, meetings, policy briefs, reports, website, according to the target audiences. The final LL report with a model for strengthening the health planning and budgeting for the local level will be disseminated at Federal, Provincial and Local Level.

## **11. Potential Synergies with Other DFID Suppliers**

From the outset, NHSSP III will explore opportunities for synergies with other DFID suppliers. The Monitoring, Evaluation and Operation Research (MEOR) will potentially work on assessing value for money, data quality assurance, generating local evidence and its use in planning in the LL sites. Similarly, the Social Accountability in the Health Sector (SAHS) will potentially collaborate for strengthening social accountability initiatives like developing compliance indicators on health sector accountability, third party monitoring on attainment of social accountability indicators through civil society organisations and linking social accountability with health information system.

## Annex: Change process to strengthen local health system for improved health services delivery

Objectives	Inputs	Outputs	Outcomes	Impact
Revise/develop guideline and tools for the local health planning and budgeting with focus on mainstreaming Gender Equality and Social Inclusion (GESI);	<ul style="list-style-type: none"> <li>Engage with MoF and MoFALD at central level to facilitate development of local level planning frameworks and tools;</li> <li>Collaborate with local governments at the local level in defining planning cycles and processes;</li> <li>Facilitate the local planning process to ensure inclusive and needs-based planning that engages concerned stakeholders and communities;</li> <li>Develop appropriate and user friendly tools incorporating GESI components for evidence analysis, priority setting, health planning and budgeting;</li> <li>Systematically integrate gender and equity perspectives into the planning and budgeting process and relevant guidelines and tools to ensure LNOB;</li> <li>Develop budget marker guidelines for LNOB.</li> <li>Upgrade/develop an electronic platform (such as eAWPB ) and link the planning tools with TABUCS as applicable at the local level;</li> <li>Develop a user friendly platform that integrates all components of annual work plan and budgeting process;</li> <li>and</li> <li></li> </ul>	Health Sector planning guidelines and tools developed and integrated in local planning framework	Improved utilization of services with focus on LNOB <sup>6</sup>	Local capacity developed to build a resilient health system providing quality services which leaves no-one behind
Institutionalise the evidence-based planning and budgeting process at the local level through capacity enhancement at people and system level	<ul style="list-style-type: none"> <li>Identify capacity needs and enhance capacity of local government and other relevant stakeholders to implement local health plan; <ul style="list-style-type: none"> <li>Develop introductory training materials for participants who are relatively new to the health sector in the federal context. For example:</li> <li>An induction package on health for newly elected local representatives</li> </ul> </li> <li>Orientation package for health managers and administrators at local level;</li> <li>Enhance capacity of local health managers to identify health sector data needs at the local level, generate and use the data to feed into the planning process;</li> <li>Provide trainings, orientations, mentoring and coaching to local government and implementers;</li> <li>Strategically engage with local health managers and other actors and provide supportive supervision with focus on institutionalization of the capacity;</li> <li>Institutionalise social audits at health facility level as an integral part of the planning process to improve responsiveness and accountability of service providers and HFOMC; and</li> <li>Strengthen citizens' engagement processes including community dialogue.</li> </ul>	Local level planning tools/ guidelines/ checklists incorporates GESI components	Improved quality of care <sup>7</sup>	
Monitor the implementation, document the learning and consolidate interventions for the scale up	<ul style="list-style-type: none"> <li>Design and support implementation of user friendly approaches to improve information generation, analysis and monitoring at the local level such as: Electronic reporting, Dashboard monitoring, E-attendance of staff</li> <li>Support periodic reporting of health expenditure by local level as well as use dashboards for public display;</li> <li>Develop practice papers, case studies and communication materials highlighting best practices and learnings</li> <li>Design evaluation methodology and assess effectiveness of interventions in planning and budging process;</li> <li>Document examples/case studies on value for money in learning lab sites;</li> <li>Document processes and lessons learned in learning lab sites, as well as repackage interventions for their institutionalisation for their scale up</li> </ul>	Capacity of the local government and health mangers enhanced	Strengthened health governance at the local level <sup>8</sup>	
		Processes and learnings documented including the assessment of value for money		

<sup>6</sup> Potential indicators: % of women attending four antenatal care (ANC) check-up as per protocol; % of institutional delivery; % of children fully immunized

<sup>7</sup> Potential indicators: % of health facilities meeting minimum standards of quality of care at point of delivery; % of hospital based maternal deaths reviewed

<sup>8</sup> Potential indicators: Number of LL sites that have functional dashboard for the monitoring of health information at local level; No. of LL sites where health sector plan has been integrated at local level

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