



Malawi-German Co-operation

Joint Strategy in the focal area Health

April 2006

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LIST OF ABBREVIATIONS

BMZ	German Federal Ministry for Economic Cooperation and Development
CHAM	Christian Health Association of Malawi
CPR	Contraceptive Prevalence Rate
CIM	Center for International Migration and Development
DC	Development Cooperation
DED	Deutscher Entwicklungsdienst (German Development Service)
DHMT	District Health Management Team
EHP	Essential Health Package
FC	Financial Cooperation
GoM	Government of Malawi
HRD	Human Resources Development
HSA	Health Surveillance Assistant
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ) GmbH
IMF	International Monetary Fund
InWent	Internationale Weiterbildung und Entwicklung gemeinnützige GmbH (Capacity Building International)
JIP	Joint Implementation Programme
KfW	KfW Entwicklungsbank
LATH	Liverpool Associates in Tropical Medicine
MoU	Memorandum of Understanding
MGDS	Malawi Growth and Development Strategy
MPRSR	Malawi Poverty Reduction Strategy Paper
NGO	Non-governmental Organisation
NHP	National Health Plan
OPC	Office of the President and Cabinet
OPD	Outpatient Department
PAM	Physical Assets Management
PHC	Primary Health Centre
PRSP	Poverty Reduction Strategy Paper
PSI	Population Service International
SWAp	Sector Wide Approach
TC	Technical Cooperation
ToR	Terms of Reference
VCT	Voluntary Counselling and Testing

1. Summary

Malawi's socio-economic and health indicators are below the average of other countries in the region. The public health services, offered at four levels, are understaffed thus overstressing the heavily burdened health care system. Ineffective management capacities and inefficient use of available resources contribute to the difficult situation. In order to address these challenges, the Government of Malawi (GoM) has developed a health policy and initiated reforms which build a sound basis for further health sector development. The implementation of these reforms and an effective coordination between the Government and its cooperating partners is realised through a Sector-wide Approach (SWAp) officially launched in July 2005. The Program of Work (PoW) of the SWAp is the common working platform of all partners having signed the Memorandum of Understanding (MoU) of the SWAp. German Development Cooperation (DC) supports this by adhering to the MoU and by integrating its activities into the SWAp.

The focus of the German contribution under the PoW will be on:

- Support to the implementation of the SWAp
- Decentralisation of the Health Sector
- Physical Asset Management (PAM)

2. Scenario in priority area

2.1. Framework for cooperation

Malawi's difficult socio-economic situation with 65 % of the population living below the poverty line creates serious framework conditions for the health sector. Despite all efforts made during the past years (important reduction of the infant and under-5 mortality rates in the last two years), the health status of the majority of the Malawi people remains an issue of serious concern. Malawi has one of the lowest life expectancy at birth in the world and one of the highest maternal mortality estimated to be now at least 1.300 per 100.000. Less than 50% of deliveries are attended by skilled health workers and only about 2% of all health centres are able to provide appropriate Emergency Obstetric Care services. High mortality and morbidity figures are mainly the result of the high prevalence of infectious diseases such as malaria, respiratory tract infection, diarrhoeal diseases and sexually transmitted diseases. Food insecurity due to recurrent draughts and floods lead to endemic malnutrition with about 50% of under-fives chronically malnourished. Frequent cholera epidemics contribute to the deteriorating health situation. The impact of HIV / AIDS affects all sectors of Malawi's society and the economic loss is devastating (estimated prevalence rate in 2005 15% in the 15 - 49 age group). The epidemic has contributed to reduced life expectancy of 37 years for males and 44 years for females. HIV / AIDS and Malaria are now the leading causes of death in the most reproductive age's group (15 - 49 years) with serious social and economic consequences. 30% of the public health sector budget is spent on care for AIDS patients. Around 70% of the patients admitted at medical wards are HIV-positive.

Budget allocations to the health sector have increased from 12% in 2001/2002 to 16% in 2004/2005. The recurrent expenditures have more than doubled in the same period. About 67% of the recurrent expenditures are going to the district level. Health services are provided by government institutions (42%), NGOs (47%, with the Christian Health Association of Malawi, CHAM, alone providing 29%) and the private

sector (11%). The public services are free of charge while the NGO run health services are charged for, resulting in a decrease of patients in times of shrinking purchasing power of the citizens. The utilisation of preventive services is still comparatively high although the immunisation rates dropped during the last four years. The Contraceptive Prevalence Rate (CPR) increased continuously to 31%, although the fertility rate remains high.

2.2. Deficits and Potential

The health sector - severely affected by the difficult socio-economic situation and the burden of the fast expanding HIV / AIDS epidemic - cannot cope with the high demands and needs of its mainly poor population. The reasons for these limitations are manifold: (i) Sector performance data indicate that Malawi's **health spending seems not to be yielding the expected health outcomes**. The per capita expenditure of US\$ 14 (including donor aid) is near the average of the countries in the region. The public allocation to the Health sector is with 16% very high. Therefore the difficult situation in the health sector cannot be blamed primarily on the low - level of spending. Other main factors such as **inequitable resource allocation, inefficient management** and **weak institutions** contribute to the limitations of the system. (ii) A serious problem is the limited capacities of **human resources** at all levels. Particularly the shortage of clinical personnel substantially affects access and quality. In 09/2005, the Ministry of Health (MoH) estimated an average vacancy rate of 70% on district level and of 56% on central hospital level. Only 10% of all facilities met the basic requirements for delivering the Essential Health Package, a set of priority health services. The shortage of staff is mainly rooted in the "brain drain" to foreign countries and other sectors due to unattractive working conditions in the public health sector. HIV-Aids contribute negatively to this situation. This results in extremely high population per physician ratios, estimated at around 1:60.000. (iii) The implementation of health policy strategies and programmes is severely hampered by the **limited administrative capacities** at all levels including those of the districts, now responsible for the management of district health services. Sector devolution has started; still a part of resource management remains centralised. Budget planning, cash availability and monitoring of activities and budget utilization remain a problem. Apart from the shortage of qualified management staff, there is a high fluctuation of key personnel affecting the efficiency and continuity of the health care management. (iv) The investments made in health care infrastructure and equipment is endangered because of the limited provision of operational funds for maintenance. The deficits of the maintenance system, the shortage of technical staff and an undeveloped private sector lead to poor maintenance of both hospitals as well as primary health facilities.

However, there is potential for improvement particularly in view of the reform process mentioned above which creates a sound basis for further health sector development. One of the key components of the strategy is the development and implementation of the Essential Health Package (EHP), the other key component is the Human Resource Emergency Programme. The Health sector devolution targets to overcome the limitations of a centralised system by transferring core management responsibilities to districts and local levels. The newly established Zonal Health Support Offices (ZHSO) will help districts and district assemblies in fulfilling their new tasks. In order to improve sector planning and collaboration between Government

and cooperating partners, a Health Sector-wide Approach (SWAp) has been launched.

2.3. Assessment of German activities in the sector so far

German cooperation in the health sector has a long history with activities including support to district health services, development and establishment of a maintenance system for physical assets, construction and rehabilitation of hospitals, drug and vaccine supply, HIV-Aids prevention, and provision of doctors. The experience with these projects varied, but revealed in general that a more strategic and targeted approach to health sector cooperation would be of benefit for both sides. Since 2002, Malawi-German cooperation in the sector has undergone a process of concentration, focussing on the areas (i) Implementation of health policy/Introduction of SWAp, (ii) Support to decentralised health care management, (iii) Physical Asset Management. The recent adaptation of Malawi-German cooperation in the sector, which is reflected in this reviewed version of the Joint Strategy, has been agreed on the basis of the approved sector-wide Programme of Work (PoW) of 2004 and the German adherence to the Health SWAp by signing the MoU of the SWAp

3. Definition of Goals and Strategies

3.1. Goals and Strategies of the Government of Malawi

The overall objective in the Malawi health sector is to raise the level of health status of all Malawians. To achieve this, the strategic framework of Malawi's health sector focuses on eight major health sector policies: (1) The EHP, (2) HRD, (3) Pharmaceutical Support Service, (4) Health Facilities Development, (5) Hospital Autonomy, (6) Health Care Financing, (7) SWAp and (8) Decentralisation of health care management. These policies were confirmed by the Poverty Reduction Strategy Paper (PRSP) of 2002, which defines the implementation of an EHP as the overriding objective N°2. Also the actual draft of the MGDS (PRSP II) defines Health and access to quality health care as a priority. The goal is to achieve the MDGs through a bundle of strategies including the **Essential Health Package**. The EHP is a targeted approach, determining a set of priority health services provided at community, primary and secondary levels, supported by the necessary administrative, logistics, and management systems. The EHP is supposed to guarantee the access to a minimum package of health care for everyone under cost-effectiveness aspects and will be offered free of charge to all Malawians.

In order to efficiently implement the EHP, sector and donor coordination through a **Sector Wide Approach** (SWAp) was established and a joined **Programme of Work** (PoW) developed, which comprises 6 key components: (i) human resource development; (ii) pharmaceutical, medical and laboratory supplies; (iii) essential basic equipment; (iv) infrastructure; (v) routine operations and (vi) central institutions, policy and systems development. The alignment of cooperating partners to the national process under the joined PoW shall increase aid effectiveness in the sector. The MoH intends to capture as many funding sources under the SWAp as possible. Therefore, the MoU provides for different funding modalities that neither exclude nor restrict contributions to the POW. Collaborating partners can contribute to the SWAp as either pooled donors (providing basket funding) or discrete donors (providing

direct funding to earmarked activities of the PoW or executing those activities directly). Health sector funding can be made either through the MoF (direct budget support) or directly to the MoH (sector investment support). Under the sector investment support, several modes can be used: (i) Pool funding, (ii) funding under MoH control but on separate bank account, (iii) funding under MoH control and on separate bank account earmarked for specific activities of the PoW, (iv) earmarked funds for specific PoW activities not under MoH control.

The commitment of the sector to the general decentralisation process is resumed in the **sector devolution plan**. This should create more efficiency and effectiveness through local planning and steering procedures and thus enhancing the outcome of the system. Responsibilities of planning, steering and resource allocation for health sector activities on district level are transferred to the district assemblies, supported by the district health officers. The technical support and the regulatory functions of the central ministry for districts and district health facilities will be reinforced through the new created Zonal Health Support Offices (ZHSO) and thus strengthen the process of devolution: Objectives of ZHSO are (i) to provide policy guidance and technical support to districts; (ii) to facilitate integration of health services in line with EHP and the SWAp POW, (iii) to facilitate inter-district collaboration and networking, (iv) to facilitate central MoH liaison with stakeholders in health at district level, (v) to facilitate access to specialist support from central MoH or other appropriate agencies as and when required, (vi) to provide or coordinate in-service training for district staff, (vii) to facilitate and encourage central hospital support to districts and (viii) to facilitate and support mutual learning processes between DHMT's and DA's.

The sector reform is targeting the whole Malawi population with a focus on the poor through providing free essential services (EHP and preventive programmes).

Total finance needs for the PoW from 2004 to 2010 was estimated at about 735 million US-\$. Government of Malawi estimates that a majority of around ¾ of the total financing will need to come from collaborating partners through the different modalities mentioned. Major collaborating partners (pooled donors) under the SWAp are DFID, Norway/Sweden and World Bank. The Global Fund will join in 2006.

<u>Contributions of Stakeholders in the Health SWAp</u>	
<u>Financial Year 2005/2006 (US-\$)</u>	
DFID	18.950.169
Norway/Sweden	17.542.762
World Bank	10.000.000
UNFPA	100.000
GoM	50.546.854
Total	97.139.785

With the SWAp in place and the sector devolution being implemented, milestones of the reform have been achieved. The **joined annual sector review** is the common

tool for monitoring progress in the implementation of the PoW on the basis of a jointly established Monitoring Evaluation and Research Framework (see Annex 2). There are still a number of operational problems linked to planning and financing procedures that need to be resolved. The establishment of the ZHSO and their potential role within district support to strengthen EHP and devolution are another important milestone in this road-map. With regards to service quality, especially for reproductive health services, the key problem of human resources was however not sufficiently met by the strategies so far and remains a major challenge.

3.2. Goals and Strategies of German Development Cooperation

The **overall objective of the German development cooperating is to contribute to an improved health status** of the population through support to the implementation of the Malawi health strategy and reforms.

Germany intends to achieve this objective by aligning behind the strategy of the partner and collaborating closely with a view to establishing a better division of labour with other cooperating partners under the Programme of Work of the SWAp. This alignment reflects the German commitment to achieving an increased aid effectiveness and efficiency on the basis of the Paris Declaration on Aid Effectiveness. Germany signed the Memorandum of Understanding of the SWAp in Nov 2005 as a discrete donor; pooled funding is foreseen for the future.

Based on the experiences from past activities and complementarily with other cooperating partners, the future German interventions will be in the area of:

(1) General Support to SWAp-implementation:

Without sufficient capacities and competencies to manage the implementation process of the PoW and to harmonise the support and efforts of MoH, of other Malawi ministries and institutions involved and of the donor and partner community, it will be difficult to reach the set goals. German Development Cooperation will support activities focussing on capacity, policy and concept development and other sector reform related issues.

Concrete activities: Support to pool funding, strengthening of implementation capacities of the MoH, support to the MoH in the development of concepts and implementation strategies, active involvement in the improvement of coordination and cooperation of development programmes, contribution to the development and establishment of mechanisms ensuring transparency and accountability and contribution to the development of concepts and implementation strategies to improve the HRD. A focus will be on contributing to the flexible TA-fund of the SWAp, on supporting MoH-partners like CHAM in the training of health personnel, in the development of contracting modalities for non public EHP-deliverers and by assisting MoH through integrated Experts.

(2) Decentralisation of the Health Sector

German Development Cooperation regards the decentralisation of policies and sector activities as key for improving service delivery to the population, particularly to the poor. Against this background and based on the experiences in the former TC-supported District-based projects in the South-East zone as well as in tight

collaboration with the activities under the Malawi-German Focal Area of Decentralised Development, German Development Cooperation will focus its support on strengthening Health Sector devolution mainly through support to the Zonal Health Support Offices.

Concrete activities: Support to MoH in managing the decentralisation process; decentralised health care management through assistance to the ZHSO for (i) the management, development and implementation of activities of the PoW, specially the EHP; (ii) strengthening cooperation between district health management, district assemblies and NGO's; (iii) human resource development at district level and (iv) preventive health care measures on the community level. This will be done through the provision of technical assistance and through a flexible TA-fund for non established staff needs on Zonal and district level, managed by the ZHSO's, direct support to ZHSO through funding, support to CHAM-facilities delivering the EHP.

(3) Physical Assets Management

The concept of infrastructure maintenance of assets and appropriate infrastructure planning should be further developed and supported. With regard to medical equipments, a strategy to involve the private sector and to build up its capacities in order to assist the MoH in terms of its human resource and management limitations will be promoted. The respective national policy will be finalized and implementation strategies developed. The national PAM programme will be supported at all levels (national, regional/referral and district). The PAM-Division requires support in policy and strategy development to fulfil its role with regards to national planning, monitoring and supervision, including advice to the implementation of the relevant POW-pillars at lower levels. Maintenance units and systems at various facility levels will receive continued support.

Concrete Activities: Establishment of an efficient maintenance system for vital medical equipment carried out within a PPP-framework (contracting out of defined services to a Private Maintenance Contractor (PMC)), thus contributing to an improved delivery of health services to the population. In addition the Programme will strengthen the PAM Division in its regulatory and supervisory functions.

3.3. Qualitative and Quantative Targets

The Government of Malawi in close cooperation with its partners has developed a Monitoring Evaluation and Research Framework for the SWAp (see Annex 2) including a set of impact, outcome, output, impact and process indicators. These are used for joint monitoring by Government and collaborating partners of the different activities under the PoW. As a partner to the SWAp, the impact of German development cooperation cannot be assessed in isolation, but as a contribution to the joint efforts to implementing the PoW.

On the level of the overall sector objective, an increased health status of the population, selected impact indicators (infant mortality rate, under five mortality rate, maternal mortality rate, life expectancy at birth, HIV prevalence among 15-24 year old pregnant women) will measure the success of the reform activities.. As a partner to the SWAp, these indicators will also be taken into account when assessing the German contribution.

Beyond that, selected indicators from the framework will be chosen to assess and discuss with the partner the particular German contribution with regard to the named three areas of intervention under the PoW (For matrix of selected PoW indicators see annex 3).

The need to adjust the German activities under the PoW will be discussed once a year based on the results of the annual sector review of the MoH and other relevant findings

4. Significance of German contribution

The alignment with the PoW (through the signature of the MoU) of the SWAp and the focus on the key elements of the Malawi health policy and strategies such as the poverty linked EHP ensures that the German Development Cooperation with Malawi meets the requirements of the Malawi health sector and contributes to the major goal of the Malawi Government to improve the health of the population. Through coordinated strategies and joint approaches with the donor community in the framework of the SWAp and based on sound experiences, it is expected that the German Development Cooperation will complement the efforts of the MoH and its development partners effectively thus adding significantly to the improvement of the health care system. The strategies of the German Development Cooperation consider a maximum of cost-effective utilization of available resources.

5. Instruments and Procedures of German Development Cooperation

The German contribution to the SWAP will be delivered by a pluralistic organisational structure including technical, financial and human resource cooperation, on the basis of the principle of complementarity and with a view to achieving synergies. The following is scheduled in connection with individual subcomponents of the PoW (see also Annex 1):

(1) General Support to SWAp Implementation

FC (KfW): Strengthening of the PAM Division in its regulatory and supervisory functions.

TC (GTZ): Strengthen implementation capacities in the MoH, especially through support to ZHSO and districts, conceptual support for the implementation of policy goals, especially for sector devolution and HRD. A part of the support will be given through a flexible TA fund to enhance capacity building on different levels. GTZ will also support the NMCP through a targeted funding of ITN-activities in the South-East zone.

(2) Decentralisation of the Health Sector

FC (KfW): Through the establishment of an efficient maintenance system for vital medical equipment carried out within a PPP-framework (contracting out of defined services to a Private Maintenance Contractor (PMC)), the regional maintenance units (RMU) will be integrated and will be developed to institutionally autonomous units.

TC (GTZ): Through intermittent assistance on Zonal, district and community levels, through assistance to MoH for policy and concept development and by strengthening

implementation capacities, through participation in relevant working groups and through coordination of German interventions, GTZ will assist in the implementation of decentralisation concepts in coordination with the activities in the focal area "Democratic Decentralisation" by using intermittent TA or NGO's where possible. A part of the support will be given through a flexible TA fund to enhance capacity building on different levels and through staffing for ZHSO.

CIM: On the job training for medical staff and technical supervision of district facilities (usually as part of the Central hospital's outreach programme)

DED: Will provide technical assistance to the ZHSO under the Program of Work. Core elements are to achieve national coherence in the delivery of quality health services across districts and programs and to support the management of devolved health services. A focus will be the strong collaboration on operational level with the DED-TA's supporting district assemblies within the activities of the German support to "Democratic Decentralisation". Support also through TA's for Mainstreaming HIV / AIDS activities in Enterprises in the framework of a regional project.

(3) Physical Asset Management (PAM)

FC (KfW): The objective of the "Health Sector Maintenance Programme" (Programme) is to establish an efficient maintenance system for vital medical equipment carried out within a PPP-framework (contracting out of defined services to a Private Maintenance Contractor (PMC), thus contributing to an improved delivery of health services to the population. In addition the Programme will strengthen the PAM Division in its regulatory and supervisory functions.

TC (GTZ): Finalise national policy and strategy support of the PAM-programme and implementation assistance at all levels. Assist the MOH and KfW in the design and planning of the above stated support components under FC.

5 Prerequisites for cooperation

German Development Cooperation as integrated part of the SWAp shares the principles for cooperation as laid down in the MoU and joins the prerequisites and milestones defined in the MoU.