Vanuatu Ministry of Health
Health Sector Policy

Prepared by: Ministry of Health Reform Task Force

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Foreword

I am very please to present this Health Sector Policy (HSP) for guiding the development of our country's Health Sector forward. Improving the health of the nation is at the heart of the policies of our government. Although we have been striving to improve the health services much more remains to be done in the years ahead. This document provides the Ministry of Health (MOH) a Health Sector Policy that will guide our efforts throughout the next 10-15 years. It reflects on what our strategic plans will address and a guide to our partners. In particular, we are determined that health services should be provided to all in terms of accessibility, quantity and quality.

This Health Sector Policy has been developed in line with the MOH commitment to reorganize itself by way of reforming the whole MOH system with 5 key areas including Health Sector Development Policy, Re-structuring, Human Resources development, Capacity building and creation of a National Health Council(NHC).

To meet this ideals this Health Sector Policy includes key strategy areas and indicators that strategy action plans should be developed upon. As a priority, we will target infant and maternal mortality rate with an aim to achieve significant improvements. We support and are grateful for the work of our partners who have realized that health is a cross-cutting issues and their support whether in providing health services or funding assistance. These policies are directions and are designed to improve the health of all people living in Vanuatu and the government's commitments to regional and international commitments/obligations.

To bring about all the enhancements in clinical and public health services we must also change and develop our support services. New ways of working must be brought in and greater emphasis be given to quality in all that we do. More efficient practices will be essential and systems and procedures must be revised and corrected. Seeking constant improvements must become our normal way of working. For this we depend on the continued dedication of all our health staff.

This Health sector Policy embodies our ambitions for a better and healthier future for all Vanuatu people. I recommend for all health and partners to abide to it for the success of our reform and better health services.

Mark Bene
Director-General of Health

1 Background

In an international context of globalization and accelerated changes in life styles and exposure to emerging health threatening factors, new challenges are added to the usual health problems faced by developing countries. To deal with that the Ministry of Health (MOH) has to adjust and equip itself in order to fulfill the mandate it holds in the Government of Vanuatu.

Health service provision is a complex business involving many experts. It requires: a workforce with several years of training and experience; expensive equipments, materials and tools; and above all a diverse range of procedures and techniques that needs to be well articulated and properly managed. The management of preventive and curative health services is certainly one of the most complex endeavors for the Public Service.

Setting the basis for the MOH for the years to come, this Health Sector Policy document defines the commitments of the MOH. This is the expression of the obligations and promises of the MOH. This is also a guiding tool to enable all players in the health sector to find their direction, role and responsibilities.

This document represents an achievement of the workforce of the MOH. The definitions in this document were thoroughly discussed in a participative consultation process where all health sector stakeholders had a chance to contribute. This document concludes the consultation process that had its crucial moment in the 4th National Health Conference held on November 2008 in Port Vila and the 5th Mini Health Conference held in 2009.

Integrity – Striving for improvement, the MOH commits itself to the highest ethical standards in the provision of quality care in Vanuatu

Efficiency – The MOH must be cost-conscious, aiming at avoiding waste of resources and at achieving value for money for all funds allocated to the sector.

3 Policy aims

In line with The Government of Vanuatu's PAA, the Millennium Development Goals (MDGs), the declarations by the Pacific Islands Ministers of Health (e.g. Healthy Island Declaration) and international obligations Vanuatu is signatory to, the MOH will:

- Ensure that the whole population has access to a range of evidence based and affordable health promotion and preventive services;
- Ensure universal equitable access to emergency, curative and rehabilitative services;
- Ensure that quality Primary Health Care remains pre-eminent as the central strategic health priority for the country, and that this is reflected in the budget;
- Ensure that the health systems necessary to provide such services, which are accountable to clients and are cost effective, are developed and strengthened in line with international best practices;
- Actively engage in partnerships with donor agencies, private sectors, civil society groups and other development partners to assist in optimizing health service delivery;
- Adopt a 3 year strategic planning framework, with rolling yearly implementation (business) plans that should drive the Department budgeting process;
- Ensure that all significant external funding is in line with the priorities and direction of the MOH.

4 Strategic Definitions

This Policy defines the general and specific objectives to which the MOH is committed. The Policy also states the strategic decisions through which the MOH will pursue the accomplishment of the defined objectives.

5 Health Partners and the Sector Wide Approach (SWAP)

Donors and partner organizations are very important in Vanuatu. About 80% of health programs in the Public Health Directorate(MOH) are donor funded (see section on Health Financing). The number of donors is likely to increase and the volume of support provided by individual donors is already increasing.

It is essential to guarantee that the external financial assistance is well coordinated and avoids duplications and gaps in relation to the strategic priorities. Any partner in Health should refer to this Health Sector Policy as a guiding document for the engagement strategy to be pursued by the MOH.

All external support must be approved by the MOH. This ensures that resources are allocated to areas where they are needed the most, according to Vanuatu's priorities. External support from MOH partners is welcome, but must be accompanied with sustainability considerations for the future of the activities at the end of the external support.

5.1 SWAP

The Health SWAP is the framework for the engagement of all Vanuatu partners in health under the leadership of the MOH. This partnership is intended to be transparent and a priority policy to promote effective coordination of all initiatives in the health sector with the spirit of cordial solidarity.

As the leader of the partnership the MOH is committed to the following principles:

- Playing a leading role and take ownership of the SWAP approach in health
- Working together with all the development partners in health.
- Sharing information on activities and on the projects and programs in the health sector.
- Chairing the common forums and SWAP meetings in an effective and democratic manner
- Being transparent on funds allocated to the sector and respective executions
- Encouraging and promoting the adequate opportunities for all partners to express their concerns and views on the development of the health sector
- Investing in its own capacities to be fully able to manage and to be fully accountable for all resources and funds channeled to the health sector by the development partners

Corporate plans must focus on the policy areas of the MOH. It is therefore a requirement that corporate plans are produced every three years and revised annually in order to produce annual business plans.

8.2 Annual business plans

Reflecting the Corporate plans, Annual Business Plan must be prepared with the activities to take place in the following year. The Annual Business Plans are detailed operational plans reflecting the strategic definitions in the corporate plan and should follow a defined template.

The Corporate Plan and Annual Business Plans set out the MOH targets and the details on how they will be achieved. To monitor and demonstrate progress on the Corporate Plan, each year the MOH will publish an Annual Report (see section 9 on M & E). The Annual Business Plans should provide the commitments and directives for action within the government's financial year.

Each section or unit in the MOH is responsible for developing their Annual Business Plans. The Business Plans for the following year should be ready by April every year to coincide with budgeting process. Preparation should be in-line with the Planning –Budget – Reporting cycle of the government (See annex 1: PSC Planning-Budget-Reporting cycle).

9 The Strategy and planning approach

One cannot develop plans until one knows the needs and problems to tackle. For understanding the situation on the ground, Managers are better placed to translate knowledge into plans of action. In Vanuatu the strategic planning process has been often carried out as a top-down exercise with front-line staff excluded, and their experience untapped in the process. This results in confusion regarding organizational goals, miscommunication on performance expectations. This Health Sector Policy therefore considers a bottom-up approach as fundamental for strategic planning-budgeting process. This way, information from all parts of the organization is considered in the decision-making process and so staff can be motivated to support organizational goals.

The Planning Unit of the MOH has a supporting role in guiding the preparation assuring the quality of the plans. The planning unit of MOH should facilitate the preparation of an integrated operational plan for national and provincial programs. This Health Sector Policy recognizes that, to achieve the overall goal of improved performance, the whole organization should be involved in strategic planning processes to deal effectively with the overwhelming complexity and pace of change.

which are specific for the concerned program. The indicators should be disaggregated by province or by facility as indicated below.

11.1 **Access to health services** – *Ratios of outpatient visits and home visits by population covered by health centers and dispensaries.*

The indicator expresses the volume of services provided to the population of the catchment area of each facility. The number of visits per head is not only influenced by the ease or difficulty in getting to the health centers and dispensaries, it is also influenced by the availability of professionals, affordability, medicines and equipments at the facilities as well as outreach programs. Actually, easy access to the health facility does not mean easy access to healthcare, if the professionals are not there or cannot provide the service required. Therefore this indicator gives an idea of both, the possibility to reach the health facility and obtaining the attention required.

11.2 ***Access to health services*** – *Number of referral cases from health centers and dispensaries to hospitals*

Some patients need to be referred to a higher level of care where they can receive the required attention. A functioning referral system is therefore obligatory in any health system. The number of cases formally referred through the system indicates first whether the system is working and second whether the distribution and connections between health facilities is adequate and working.

11.3 ***Infant mortality ratio*** – *MDG4*

Considering the difficulties in gathering accurate figures for live births and deaths of children younger than 1 year old the estimation of this classical indicator will depend on data collected through Health Information System (HIS) and specific surveys. The MOH must be able to produce estimation of this indicator every two years.

11.4 ***Number and cause of maternal deaths by province*** – *MDG 5*

In line with the MDG5, this indicator, disaggregated by province, will identify the provinces that need special attention and efforts to decrease the number of avoidable maternal deaths.

11.5 ***Proportion of Deliveries assisted by Skilled Birth Attendant by province.*** *A skilled birth attendant is a trained doctor, midwife or a registered nurse (need to consult TF on this).*

It is expected that some of the maternal deaths occur due to lack of access to trained birth attendants. Together with the previous indicator, this indicator will

13 Health Financing

The Health System in Vanuatu is mainly financed by general taxation. This Health Sector Policy reinstates the decision that the system remains funded by the Government tax revenue. Alongside the Government funded recurrent budget, the health system also uses financial resources from the development budget funded by external partners, as well as funds originated from user fees collected at point of service.

Financial sustainability is a long term goal of the MOH. Vanuatu health expenditure as a proportion of the GDP is 4.1%; this represents the average level of expenditure among the Pacific countries. Considering the health needs discussed in the situation analysis booklet (see Situation analysis booklet), there is scope and need to increase the health expenditure to 5% of the GDP. For that, Vanuatu will primarily count on increases in public expenditure and external support. External partners are currently funding almost 40% of the resources spent in the health sector (See table Y Annex 2). External support will be needed until the tax revenue can fully fund all investments and recurrent costs of the health system.

Fees collected at the health facilities (except hospitals) should be used where they are collected, in line with the directives of the Health Committee Act N0.34 of 2003. The health committees are responsible for using the funds at their discretion within the catchment area of the health facility. The book keeping of the revenues and expenditures has to follow the procedures established by the MOH and be regularly examined by the MOH internal auditors.

Other potential sources of revenue for the health sector have not been introduced yet but should be considered in due time. Possible sources are: sin taxes (e.g. tobacco and alcohol), fees and fines related to health legislations (such as the Public Health Act, the Food Control Act and the Tobacco Control Act), special fee schedules for patients covered by private health insurance, road traffic accident insurances and other areas.

The MOH will promote conditions to allow the provinces and health facilities to directly execute their respective recurrent cost budget. Considering the perspective of significant collection of user-fees, the MOH intends to transfer some financial obligations, for instance, the cost of electricity, phone or water, to the financially viable facilities. For that, the MOH will take into account the managerial competence, the income generation capacity and the quality of the book keeping in the respective facility.

It is a commitment of the MOH to engage in the preparation of Mid Term Expenditure and Financing Frameworks. For structured engagement with donors, the MOH and its partners should make periodic revision of the costs of the system. This exercise should assess the efficiency of the system and should lead to estimations of the resource envelop needed for covering recurrent and investment costs.

15 Annexes

Annex 1 – PSC Planning-Budgeting-cycle.
Annex 2 –The Expenditure Projection
Annex 3 – The Situation Analysis & the Health Reform (separate booklet)

					tion		MFEM		presentations	budget	to MPs	considered	Published
							Half year economic & fiscal update			Final draft of National budget to COM			
	Monthly Expenditure												Ministry monthly expenditure plan complete
	Internal performance	Performance report to director general as part of monthly meetings (Public service Instruction N0.1-1999)											
	Individual performance	6 monthly work performance & development plan review (Chapter 5 – Public Services Staff Manual)											
	External performance reporting	4th quarter reporti			1st quarter reporting on performan			2nd quarter reporting on			3rd quarter reporting on		

ANNEX 2: Expenditure Projection – details and considerations

First it is important to consider that the base line does not represent necessarily the optimum allocation of resources. For instance, almost 12% of the resources have been allocated to the Health Sector Development function, which is a too high allocation for such function, which ideally does not need to absorb more than 7% of the funds (in the projection it was adopted 5% as the target). For the calculation of the needed totals it was therefore adopted the proportion targets which are different from the ones observed in the base line. Table W shows the differences.

Table W – Base line and target proportion of funds allocated by health system's functions

Health System Functions	*Proportion of funds Base Line 2008*	*Ideal targets*
Operational costs (service delivery)	15.9%	From 12% to 17%
Salaries and other health workforce related costs	42.7%	From 45% to 50%
Drugs, chemicals and medical supplies	9.2%	From 9% to 12%
Health sector development initiatives	11.9%	From 3% to 7%
Workforce and/or community training	6.8%	Around 10%
Investment in infra structures and equipments	13.6%	Around 10%

The funding gaps are consequence of two independent factors: increases in needs (expressed by the target proportions in relation to the base line) and decreases in external funds. These two factors generate gaps. The impact of the reduction in external funds will be mostly felt in those functions showing larger funding gaps in 2010 on Table Y: Workforce and Community Training (-112 million); Investment in Infrastructures and Equipments (-109 million); and Drugs and Medical Supplies (-97 million).

One may argue that it will not be necessary to keep the same level on investment in Infrastructure once the rehabilitation of NDH is concluded, however the other facilities will still need to go through similar process of modernization and refurbishment. The yearly investment of 10% or the resources in physical structures is a minimum requirement that should be continuously maintained.

Considering that WHO funds are basically allocated to Health Sector Development function, if WHO keeps in 2010 the same level of support already planned for 2008 and 2009, these function will show a "positive" gap (100 million), what means an excess of funding in relation to the adopted target. These funds can nevertheless be diverted to other functions when the new biannual allocation is made.

The external contributions that were not included in the estimations and projections (see list on Table R) are difficult to measure or not considered as core funding components. These supports although valuable are subject of fluctuations or changes without much involvement of the MOH in the decision process.

Salaries = wages and salaries paid to MOH staff and expatriates directly engaged in service delivery

Drugs = medicines, lab supplies, medical supplies, insecticides, etc…

Health sector development = costs of TA, advisers, policy development, strategy development, related conferences and workshops, surveys, etc...

Workforce and community training = investment in human capital inside and outside the health system (including community awareness, IEC, etc…)

Investments in structures and equipments = facilities construction and rehabilitation and new equipment

Pacific Yacht Ministers

AusAID regional (NCD)

AusAID - College of Surgeons

AusAID Hospital maintenance

Peace Corps

PSP Malekula

VIVA Canadian Doctor at Lenakel Hospital

of positions, what gives a lot of room for increasing staff numbers without changing the human resource budget.

3 – Increase in drugs and medical supplies was projected to be about 10% a year, considering the expansion of coverage (more health workers and additional services) and introduction of new drugs and supplies. This projection keeps the proportion of expenditures in this item around usual 10% to 12% of the total expenditure.

4 – For health sector development related activities, an overall expense of 5% of the total resource envelop has been adopted as optimal.

5 – Rates of investment of 10% of the expenditure in assets and 10% in the workforce capacity have been adopted. This should cater for the introduction of new equipment, new buildings as well as staff and community training.

6 – Variations in inflation and exchange rates have not been considered.