

Moving Toward a Sector-Wide Approach

Papua New Guinea

The Health Sector Development Program Experience

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Asian Development Bank
August 2003

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Published August 2003

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ISBN 971-561-482-5

Publication Stock No. 111003

Published by the Asian Development Bank

P.O. Box 789, 0980, Manila, Philippines

Website: www.adb.org

Orders can be placed with the

Publications Unit, Office of External Relations

Asian Development Bank

P.O. Box 789, 0980, Manila, Philippines

Email: adbpub@adb.org • Fax No. (632) 636-2648

Foreword

This report reviews the genesis, experiences, achievements, and remaining challenges of the first Sector-wide Assistance Program in Health in Papua New Guinea. The Health Sector Development Program (HSDP) was developed as part of the donor assistance to the economic recovery program of the mid-1990s. The HSDP supports the implementation of the Government Health Plan, 1996-2000, and the “organic law” reform process. The HSDP has led to improved health management and improved governance. Challenges remain. The HSDP did not succeed in preventing the slow and steady collapse of the health system in rural areas. A recent review of the health sector revealed the lack of performance based public service, the lack of prioritization of health services, a sound health policy but a lack of implementation, inadequate supervision, and inadequate focus on service delivery.

The report was prepared by Maryse Dugue and John Izard.

This report has been produced by the ADB so that all concerned with promoting the health of the people of Papua New Guinea may better understand what has been, and can be achieved and what more needs to be done. The report is entrusted to a wide readership.

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Abbreviations

ADB	Asian Development Bank
AGO	Auditor General's Office
AusAID	Australian Agency for International Development
CEO	chief executive officer
DALY	Disability Adjusted Life Years
DNPM	Department of National Planning and Monitoring
DOF	Department of Finance
DPALLG	Department of Provincial Affairs and Local Level Government
DPM	Department of Personnel Management
ERP	economic recovery program
FMIP	Financial Management Improvement Program
FSM	Federated States of Micronesia
HDI	Human Development Index
HEO	health extension officer
HPI	Human Poverty Index
HRD	human resource development
HSDP	Health Sector Development Program
HSIP	Health Sector Improvement Program

IMF	International Monetary Fund
IMR	Infant Mortality Rate
MDG	Millennium Development Goals
MMR	Maternal Mortality Rate
NCD	National Capital District
NDOH	National Department of Health
NZAID	New Zealand Agency for International Development
PCC	Program Coordination Committee
PDMC	Pacific Developing Member Country
PGAS	PNG Government Accounting System
PHA	Provincial Health Advisor
PHO	Provincial Health Office
PNG	Papua New Guinea
QALY	Quality Adjusted Life Years
SWAp	Sector-Wide Approach
TA	Technical Assistance
WB	World Bank
WHO	World Health Organization

Summary

While considerable health gains had been made in the first decade after Papua New Guinea's independence in 1975, progress in a number of key indicators has slowed since the early 1990s. The deterioration of health services has complex causes. A major causal factor was the macro-economic crisis of 1994–1995. Imbalances in Papua New Guinea's fiscal performance in the early 1990s resulted in a precipitous halt of government spending on goods and services in 1994. This was followed by an economic rescue effort by the International Monetary Fund (IMF) and the World Bank (WB), assisted by both Australia and Japan, in 1995–1996. The economic recovery package provided for government policy to redirect spending to the social sector, particularly in health and education. These events established a framework conducive to a health sector program loan as part of the overall rescue effort.

Assistance to the health sector in Papua New Guinea had focused in the 1980s and the early 1990s on improving access to rural health services by investing mainly in infrastructure (aid posts, health centers, staff housing). Evaluations did confirm the improved physical accessibility to health facilities in many remote parts of the country, but did show that extending facilities did not solve the problems of closure or limited operation of facilities due to shortage of staff, insufficient drugs, malfunctioning equipment, and poor maintenance of buildings.

The public health system had tried to cope with the situation essentially without any change in its management style. A series of reforms and policy initiatives were identified as critical to reverse the declining trend of health services. This paper describes and discusses the innovations brought to the health sector by the Health Sector Development Program (HSDP), which was designed to support the implementation of

long-term reforms. Focusing on the whole sector with a major emphasis on performance of rural health service delivery, the HSDP presented a fundamentally new approach to the assistance to the health sector. The HSDP was prepared and implemented at a time when a new law on decentralization of all Government's services and activities was passed. This new law has transferred the responsibility of rural health service to the local level governments, limiting the role and responsibility of the National Department of Health (NDOH) to policy support, technical and quality standards setting, and monitoring and evaluation. Launched without sufficient preparation for its implementation, it has proved extremely disruptive for the health system, breaking down the vertical integration that is essential to ensure a strong link between policy development and implementation.

In this difficult context, the HSDP has supported and allowed testing of some elements of the sector-wide thinking in the NDOH, at a time of growing dissatisfaction of the government with the increasing difficulty of managing numerous projects, and of donors with the disappointing performance of project-based assistance. Government legislation, systems and regulations have served as the foundation for all public health sector strengthening and HSDP-specific processes. Procurement under the HSDP has been guided by the Public Finance Management Act, and accounting has used the Government's accounting system. The implementation of the HSDP has also contributed to the strengthening of the Department of Finance and other government agencies, which in turn has assisted the reform process in the NDOH and the public health sector. Monitoring and regular standard reporting encouraged, in most instances, an acceptable level of compliance to procedures. A program of performance audits in the provinces has supported the continuous efforts to maintain standards consistent with the government's Public Finances Management Act.

A review of the financial management, accounting, and reporting mechanisms established under HSDP commissioned by the Australian Agency for International Development (AusAID) in early 2000 concluded that the systems and procedures put in place were consistent with AusAID standards. This encouraged AusAID to join the mechanism, followed by the New Zealand Agency for International Development. This was a critical step toward the progressive establishment of a Sector-Wide Approach

(SWAp) in the health sector.

A SWAp is a process in which all funding supports a single sector policy and expenditure program. The government leads the planning and implementation processes, and common—ideally government—management procedures are adopted by donors. A certain degree of consensus has been reached among donors at the end of the 1990s that SWAp offers a better prospect to achieve sustained improvement in health systems than the piecemeal pursuit of separately financed projects. Achieving better health outcomes in Papua New Guinea is a priority for the Government and the donors, and therefore the SWAp is being progressively adopted as a framework for assistance.

While the building blocks of a SWAp are now in place, a number of other mechanisms have to be set in order to progress toward a better integration and coordination of assistance to the sector. Achievements, however, will in time depend on improved economic and political stability in Papua New Guinea.