



# Technical Assistance Report

---

Project Number: 47137-004  
Capacity Development Technical Assistance (CDTA)  
September 2016

## Lao People's Democratic Republic: Strengthening Capacity for Health Sector Governance Reforms (Financed by the Japan Fund for Poverty Reduction)

This document is being disclosed to the public in accordance with ADB's Public Communications Policy 2011.

Asian Development Bank

## CURRENCY EQUIVALENTS

(as of 15 August 2016)

|               |   |            |
|---------------|---|------------|
| Currency unit | – | kip (KN)   |
| KN1.00        | = | \$0.000123 |
| \$1.00        | = | KN8,113    |

## ABBREVIATIONS

|         |   |   |
|---------|---|---|
| ADB     | – | Asian Development Bank                    |
| GMS     | – | Greater Mekong Subregion                  |
| HEF     | – | health equity fund                        |
| HSGP    | – | Health Sector Governance Program          |
| HSRS    | – | Health Sector Reform Strategy             |
| Lao PDR | – | Lao People's Democratic Republic          |
| MDG     | – | Millennium Development Goal               |
| MNCH    | – | maternal, neonatal, and child health care |
| MOH     | – | Ministry of Health                        |
| TA      | – | technical assistance                      |

## NOTES

- (i) The fiscal year (FY) of the Government of Lao People's Democratic Republic ends on 30 September. "FY" before a calendar year denotes the year in which the fiscal year ends, e.g., FY2015 ends on 30 September 2015.
- (ii) In this report, "\$" refers to US dollars.

|                         |   |
|-------------------------|---|
| <b>Vice-President</b>   | S. Groff, Operations 2  |
| <b>Director General</b> | J. Nugent, Southeast Asia Department (SERD)   |
| <b>Directors</b>        | A. Inagaki, Human and Social Development Division, SERD<br>S. Nicoll, Lao PDR Resident Mission, SERD  |
| <b>Team leader</b>      | G. Servais, Senior Health Specialist, SERD  |
| <b>Team members</b>     | E. Banzon, Senior Health Specialist, Sustainable Development and<br>Climate Change Department<br>L. Marin-Manalo, Operations Assistant, SERD<br>A. Sato, Health Specialist, SERD<br>P. Xayyavong, Project Officer, SERD |

In preparing any country program or strategy, financing any project, or by making any designation of or reference to a particular territory or geographic area in this document, the Asian Development Bank does not intend to make any judgments as to the legal or other status of any territory or area.

## CONTENTS

|   | Page |
|---|------|
| CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE |      |
| I. INTRODUCTION                                       | 1    |
| II. ISSUES  | 1    |
| III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE    | 3    |
| A. Impact and Outcome                                 | 3    |
| B. Methodology and Key Activities                     | 3    |
| C. Cost and Financing                                 | 4    |
| D. Implementation Arrangements                        | 5    |
| IV. THE PRESIDENT'S DECISION                          | 5    |
| APPENDIXES  |      |
| 1. Design and Monitoring Framework                    | 6    |
| 2. Cost Estimates and Financing Plan                  | 8    |
| 3. Outline Terms of Reference for Consultants         | 9    |



## CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE AT A GLANCE

|  |   |  |                    |
|--|---|--|--------------------|
| <b>1. Basic Data</b>                               |   | <b>Project Number: 47137-004</b>       |                    |
| <b>Project Name</b>                                | Strengthening Capacity for Health Sector Governance Reforms                     | <b>Department /Division</b>            | SERD/SEHS          |
| <b>Country</b>                                     | Lao People's Democratic Republic  | <b>Executing Agency</b>                | Ministry of Health |
| <b>2. Sector</b>                                   | <b>Subsector(s)</b>   | <b>Financing (\$ million)</b>          |                    |
| ✓ Health   | Health sector development and reform  |  | 2.00               |
|  |   | <b>Total</b>                           | <b>2.00</b>        |
| <b>3. Strategic Agenda</b>                         | <b>Subcomponents</b>  | <b>Climate Change Information</b>      |                    |
| Inclusive economic growth (IEG)                    | Pillar 2: Access to economic opportunities, including jobs, made more inclusive | Climate Change impact on the Project   | Low                |
| <b>4. Drivers of Change</b>                        | <b>Components</b>   | <b>Gender Equity and Mainstreaming</b> |                    |
| Governance and capacity development (GCD)          | Institutional development   | Effective gender mainstreaming (EGM)   | ✓                  |
| Knowledge solutions (KNS)                          | Knowledge sharing activities  |  |                    |
| Partnerships (PAR)                                 | International finance institutions (IFI)  |  |                    |
| Private sector development (PSD)                   | Official cofinancing  |  |                    |
|  | Conducive policy and institutional environment                                  |  |                    |
|  | Public sector goods and services essential for private sector development       |  |                    |
| <b>5. Poverty and SDG Targeting</b>                |   | <b>Location Impact</b>                 |                    |
| Project directly targets poverty and SDGs          | No  | Not Applicable                         |                    |
| <b>6. TA Category:</b>                             | B   |  |                    |
| <b>7. Safeguard Categorization</b>                 | Not Applicable  |  |                    |
| <b>8. Financing</b>                                |   |  |                    |
| <b>Modality and Sources</b>                        |   | <b>Amount (\$ million)</b>             |                    |
| <b>ADB</b>   |   | <b>0.00</b>                            |                    |
| None   |   | 0.00                                   |                    |
| <b>Cofinancing</b>                                 |   | <b>2.00</b>                            |                    |
| Japan Fund for Poverty Reduction                   |   | 2.00                                   |                    |
| <b>Counterpart</b>                                 |   | <b>0.00</b>                            |                    |
| None   |   | 0.00                                   |                    |
| <b>Total</b>                                       |   | <b>2.00</b>                            |                    |
| <b>9. Effective Development Cooperation</b>        |   |  |                    |
| Use of country procurement systems                 | No  |  |                    |
| Use of country public financial management systems | No  |  |                    |



## I. INTRODUCTION

1. The Government of the Lao People's Democratic Republic (Lao PDR) requested capacity development technical assistance (TA) from the Asian Development Bank (ADB) to strengthen the Ministry of Health (MOH) capacity to implement key components of the health sector reform strategy (HSRS), which aims to achieve universal health care by 2015.<sup>1</sup> The TA, which focuses on health governance reforms under the HSRS, was discussed and agreed during a fact-finding mission conducted in 2015. The government concurred with the impact, outcome, outputs, implementation arrangements, cost, financing arrangements, and terms of reference. The design and monitoring framework is in Appendix 1.<sup>2</sup>

## II. ISSUES

2. **Health sector performance.** The Lao PDR made notable achievements in health outcomes since the 1990s. Maternal mortality ratio decreased from 405 maternal deaths per 100,000 live births in 1995 to 197 in 2015, compared to the Millennium Development Goal (MDG) target of 260. Infant mortality rate fell from 111 deaths per 1,000 live births in 1990 to 54 in 2014 compared to the MDG target of 45. Child mortality rate was recorded at 71 deaths per 1,000 live births in 2014 while the MDG target is 70. Only 37% of pregnant mothers have adequate antenatal care (four visits to a health practitioner prior to birth). Further, only 41.5% of mothers have a skilled birth attendant and 37.5% have an institution-based delivery. Access to health services, particularly in remote areas, remains inadequate and programs designed to help the poor are only partially effective. Utilization of health services in the Lao PDR is relatively low—ambulatory care visits per capita per year have been below 1 in most areas of the country.

3. **Key health governance challenges.** High user fees (including cost of pharmaceuticals) constitute a major barrier to access health services, particularly for mothers and children and the poor. FY2012 national health accounts report that 44.5% of total health expenditure was out-of-pocket, amounting to \$35.5 per capita. In 2014, only 43% of poor families benefited from health equity funds (HEFs).<sup>3</sup> While the number of health workers increased significantly in 2013–2014, primary health care facilities often lack health staff. In 2013, 33% of the health centers had a community midwife (against a target of 100%), and 90% of health centers had fewer than four health workers (against a target of at least five). The provincial health offices lack information on staff skills and health workforce development and deployment plans. There is no functioning regulatory system for licensing and registration of health professionals. While the planning and budgeting capacity of MOH has improved, the link between health services performance and budget allocation remains weak. The financial management systems do not capture the revenue generated by the sale of medicines and fees for services, which constitute about 50% of total revenue in the health facilities. The development budget, including all budgets from aid-financed projects, is not disaggregated, and there is no institutionalized system of national health accounts.

4. **Government's sector strategy.** The government has introduced policies and strategies since 2000 to guide health sector reforms aimed at achieving the MDGs, improving health

---

<sup>1</sup> Government of the Lao People's Democratic Republic, Ministry of Health. 2013. *Health Sector Reform Strategy, 2013–2025*. Vientiane.

<sup>2</sup> The TA first appeared in the business opportunities section of ADB's website on 21 April 2016.

<sup>3</sup> The HEF, established in 2007, provides free public health care services for the poor by removing major barriers to health facility and/or health service access, such as transportation, the cost of pharmaceuticals, and other health care costs paid by those seeking care.

financing and systems, setting standards, and strengthening coordination within the sector. The government's Eighth National Socio-Economic Development Plan, 2016–2020 reflects its commitment to improve human development outcomes.<sup>4</sup> To address key health sector constraints, in 2013 the National Assembly approved the HSRS, which aims to achieve universal health care by 2025 in line with sustainable development goals.<sup>5</sup> A key objective of the HSRS is to improve (i) social protection for mothers and children and the poor; and (ii) health service delivery. The HSRS identified a range of governance, public sector management, and health program reforms to improve the performance and coverage of the health sector. It includes five priority areas: (i) human resources development for health; (ii) health financing; (iii) organization and management; (iv) service delivery, with an emphasis on maternal and child care; and (v) information, monitoring, and evaluation.

5. To make health services accessible to the poor, the government introduced HEF schemes across the country. The HEF is a social protection scheme, targeting the poor as identified by village and district authorities. In 2014, HEF schemes covered 46,870 poor families (43% of poor households).<sup>6</sup> In 2015, 125 districts (out of 146 nationwide) were implementing the HEF compared to 106 in 2014. The government also implemented a free maternal, neonatal, and child health care (MNCH) scheme, financed by a combination of government revenue and external assistance. The government established common rules, procedures, and management systems for the schemes to harmonize their implementation. The National Health Insurance Bureau manages and coordinates the existing health insurance programs, HEF, and MNCH. The government will progressively increase the number of beneficiaries of social health protection schemes and health insurance programs, which is the first step in moving toward providing health insurance to 80% of the population, one of the targets of the HSRS.

6. **ADB strategy and engagement.** The Midterm Review of Strategy 2020 recommends expanding operations in the health sector to 3%–5% of ADB's annual approvals.<sup>7</sup> The Lao PDR country partnership strategy, 2012–2016 supports public financial management in the health sector.<sup>8</sup> ADB has supported health system development through TA projects and programs focusing on governance and public financial management.<sup>9</sup> Previous ADB health projects and programs (footnote 9) focused on infrastructure and staff capacity development in selected provinces, and improved the health facility network and access to health services in these areas. In September 2015, the Board approved the Health Sector Governance Program (HSGP), which supports the implementation of the government HSRS through a programmatic approach

---

<sup>4</sup> Government of the Lao People's Democratic Republic, Ministry of Planning and Investment. 2015. *The Eighth Five-year National Socio-Economic Development Plan, 2016–2020*. Vientiane.

<sup>5</sup> The World Health Organization (WHO) defines universal health coverage as “ensuring that all people can use the promotive, preventive, curative, rehabilitative, and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship.” WHO. Health Financing for Universal Coverage. [http://www.who.int/health\\_financing/universal\\_coverage\\_definition/en/](http://www.who.int/health_financing/universal_coverage_definition/en/).

<sup>6</sup> Government of the Lao People's Democratic Republic, Ministry of Health. 2014. *Summary Report on Implementation of Health Activities*. Vientiane.

<sup>7</sup> ADB. 2014. *Midterm Review of Strategy 2020: Meeting the Challenges of a Transforming Asia and Pacific*. Manila.

<sup>8</sup> ADB. 2011. *Country Partnership Strategy: Lao People's Democratic Republic, 2012–2016*. Manila.

<sup>9</sup> ADB. 2007. *Report and Recommendation of the President to the Board of Directors: Proposed Grant to the Lao People's Democratic Republic for the Health System Development Project*. Manila; ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Sector Development Program and Project—Asian Development Fund Grants to the Lao People's Democratic Republic for the Health Sector Development Program*. Manila; and ADB. 2013. *Technical Assistance to the Lao People's Democratic Republic for Health Sector Governance*. Manila.



consisting of two subprograms.<sup>10</sup> Subprogram 1 was completed by July 2015. Subprogram 2, which is being implemented from August 2015 to July 2018, includes measures to (i) improve the health sector reform process, (ii) improve the implementation of the HEF and free MNCH schemes, (iii) strengthen human resource management capacity, and (iv) strengthen the health sector financial management system. A TA loan, attached to HSGP, supports the implementation of subprogram 2 and provides management support through the provision of information technology equipment, vehicles, scholarship and training for health staff, studies, workshops, and exchange of experiences with neighboring countries.

7. **Key features of the technical assistance.** The TA will support the MOH in implementing key governance components of the HSRS, including (i) reform planning and monitoring; (ii) health financing mechanisms; (iii) health human resources management; and (iv) financial accountability. The TA will provide national and international expertise in specific fields such as governance, workforce planning, human resources management, health programs, budgeting, and financial management. These consultants will help implement key health sector reforms by developing plans, procedures, guidelines, and training modules. Consultants will support the training of the staff at all levels. The TA will support key MOH departments such as the health minister's cabinet, Planning and International Cooperation Department, Finance Department, Training and Research Department, Health Insurance Bureau, and Personnel Department.

### III. THE CAPACITY DEVELOPMENT TECHNICAL ASSISTANCE

#### A. Impact and Outcome

8. The impact will be the achievement of universal health coverage by 2025. The outcome will be strengthened government capacity to implement key components of the HSRS.

#### B. Methodology and Key Activities

9. **Output 1: Health sector reform planning, monitoring, and implementation improved.** The TA will assist the health minister's cabinet in implementing the health sector reform program with support from development partners with an emphasis on: (i) developing the strategy and phasing the health sector reform process as well as establishing a system of monitoring the progress and effectiveness of the health sector reform program, and (ii) conjointly between MOH departments and development partners, developing a plan that includes the selection of provinces and districts to pilot the rollout of the HSRS and to determine the resources available.

10. **Output 2: Implementation of the health equity fund and free maternal, neonatal, and child health care schemes improved.** The TA will help the MOH develop demand-side interventions to increase universal coverage and reduce the financial barriers to health program access through HEF and free MNCH for the poor. Interventions will include (i) harmonizing existing schemes under the leadership of the MOH, (ii) strengthening MOH capacity to support the provinces and monitor the implementation of the schemes, (iii) strengthening provincial capacity to implement and monitor the schemes, and (iv) providing technical support when assessing the health care schemes. Support to the Health Insurance Bureau (under the MOH

<sup>10</sup> ADB. 2015. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach, Policy-Based Loan, and Technical Assistance Loan to the Lao People's Democratic Republic for Subprogram 1, Health Sector Governance Program*. Manila.

Finance Department) will focus on four key implementation functions of the HEF and free MNCH: (i) membership management, (ii) provider management, (iii) benefits and provider payment design and management, and (iv) information management. The TA will also support the MOH and the Health Insurance Bureau in evaluating the HEF and free MNCH schemes. The evaluation will include the impact of the schemes on utilization of health services (disaggregated by gender and ethnic groups), quality of the services, and user satisfaction.

11. **Output 3: Human resources management capacity strengthened.** The TA will help the MOH Personnel Department and Training and Research Department strengthen health workforce governance and management systems. The TA will improve capacity in managing human resources at all levels of the health system with an emphasis on: (i) developing workforce plans in each province to identify specific local human resource needs and priorities, and to aggregate these centrally to determine national priorities; (ii) enhancing and rolling out the health personnel management information system; (iii) establishing an incentives and recognition system to improve staff morale and productivity, linking performance assessment to the reward system and opportunities for career progression; and (iv) supporting MOH in developing teaching institutions accreditation, and registration and licensing of health professionals

12. **Output 4: Health sector financial management system strengthened.** The TA will help the MOH and the Ministry of Finance improve financial systems as part of the financial structural reform program consisting of: (i) enhancements to provincial planning and annual budget processes and the introduction of a rolling 3-year planning framework, which will form the basis of agreements on provincial financing, including program support; (ii) development of procedures and guidelines to document the sources and application of funds collected and used at health facilities (including out-of-pocket expenses and activities financed by the government and development partners), which will support facility management and provide information to analyze health facility unit costs across the country (such information is not currently available); and (iii) development of a revised budget and expenditure reporting process (format) at the central and provincial levels of MOH that meets the technical needs of both the Ministry of Finance and Ministry of Planning and Investment, which will standardize budgets and expenditures for projects financed by the government and development partners.

13. Major risks include (i) patronage and corruption, (ii) decrease in MOH investment in health infrastructure and equipment, (iii) fragmented roles and responsibilities within the MOH and between different levels of government, and (iv) high turnover of management staff. The MOH, and the government more generally, have shown significant commitment to health sector reform through the development of the HSRS and the HSGP. An ADB-funded project supports the Ministry of Finance and other line ministries in budget planning and in improving the intergovernmental fiscal transfer systems.<sup>11</sup> The TA will strengthen key public finance management systems within the MOH, including planning, budgeting, and human resources management.

### C. Cost and Financing

14. The TA is estimated to cost \$2,040,000, of which \$2,000,000 will be financed on a grant basis by the Japan Fund for Poverty Reduction and administered by ADB. The government will

---

<sup>11</sup> ADB. 2012. *Report and Recommendation of the President to the Board of Directors: Proposed Programmatic Approach, Policy-Based Loan and Grant, and Grant Assistance to the Lao People's Democratic Republic for Subprogram 1, Governance and Capacity Development in Public Sector Management Program*. Manila.

provide counterpart funding in the form of staff, office accommodation, access to office equipment and facilities, and other in-kind contributions. The cost estimate and financing plan is in Appendix 2.

#### **D. Implementation Arrangements**

15. The MOH Planning and International Cooperation Department will be the executing agency responsible for TA implementation. It will monitor milestones, deliverables, and set the schedule of the consultants' inputs. The HSGP project director at MOH will provide overall leadership and coordinate TA activities. A steering committee chaired by the minister of health will review and guide TA work. Technical working groups on human resources development, quality of care, and health financing will provide technical advice in coordination with experts from other ministries and development partners, including the Japan International Cooperation Agency, Luxembourg Agency for Development Cooperation, the World Bank, and the World Health Organization. ADB's Southeast Asia Human and Social Development Division will be in charge of administering the TA. The TA will be implemented from September 2016 to August 2018.

16. The consultants will be recruited by ADB in accordance with the Guidelines on the Use of Consultants (2013, as amended from time to time). The TA will support 10 international consultants and 4 national consultants for a total of 144 person-months. International consultants will be recruited through a firm using quality- and cost-based selection procedures with simplified technical proposal (quality–cost ratio 90:10). National consultants will be recruited using individual consultant selection. Flexibility to mobilize expertise as required will be provided by determining the terms of reference and selection method during TA implementation for 4 person-months of international and 10 person-months of national consulting services, possibly in the areas of financing, health policy and governance, accounting, and financial management. The Planning and International Cooperation Department and other key MOH departments (including the health minister's cabinet, Finance Department, Training and Research Department, Health Insurance Bureau, and Personnel Department) will be engaged in monitoring consultants' work. Supervisory roles and reporting relationships are reflected in the terms of reference for consultants (Appendix 3). The TA will also mobilize short-term resource persons to provide specific expertise, as needed.

#### **IV. THE PRESIDENT'S DECISION**

17. The President, acting under the authority delegated by the Board, has approved ADB administering technical assistance not exceeding the equivalent of \$2,000,000 to the Government of the Lao People's Democratic Republic to be financed on a grant basis by the Japan Fund for Poverty Reduction for Strengthening Capacity for Health Sector Governance Reforms, and hereby reports this action to the Board.

## DESIGN AND MONITORING FRAMEWORK

| Impact the TA is Aligned with<br>Universal health coverage achieved by 2025 (Health Sector Reform Strategy) <sup>a</sup>  |  |  |  |
|---|--|--|--|
| Results Chain   | Performance Indicators with Targets and Baselines  | Data Sources and Reporting Mechanisms  | Risks  |
| <b>Outcome</b><br>Government capacity to implement key components of HSRS strengthened.   | By June 2018:<br>1. Health sector reform annual implementation plans for 2017 and 2018 submitted to the National Commission on Health Sector Reform for FY2017 and FY2018 (baseline: not applicable)<br><br>2. Gender-responsive evaluation of the inclusiveness, efficiency, and impact of the HEF and free MNCH programs conducted by MOH (baseline: not applicable)<br><br>3. Annual health workforce plans, which include gender and ethnicity dimensions and targets, formulated by at least 13 provinces (2013 baseline: 0 provinces)<br><br>4. Quarterly financial reports, according to national guidelines, and integrating all sources of funds produced by at least 13 provinces (2013 baseline: 0 provinces) | 1. FY2017 and FY2018 health sector reform annual implementation plans<br><br>2. MOH evaluation report on HEF and MNCH programs<br><br>3. Annual provincial health workforce plans<br><br>4. Provincial quarterly financial reports | Patronage and corruption undermine program reforms.<br><br>The MOH decreases investment in health infrastructure and equipment in rural areas.   |
| <b>Outputs</b><br>1. Health sector reform planning, monitoring, and implementation improved<br><br>2. Implementation of the HEF and free MNCH schemes improved<br><br>3. Human resources management capacity strengthened | 1a. Draft road map 2017–2020 for implementing human resource and financial management reforms submitted to the government by December 2016 (baseline: not applicable)<br><br>2a. Terms of reference for evaluating HEF and free MNCH schemes drafted in December 2017 (baseline: not applicable)<br><br>2b. Workshop on health equity funds evaluation conducted in March 2018 (baseline: 0 workshop)<br><br>3a. Relevant provincial health office staff trained on developing human resources database and drafting health workforce development plans (estimated number of staff to be trained: 75); minimum 50% of female staff trained by July 2018 (baseline: 0 staff trained in these areas)                       | 1a. Draft road map<br><br>2a. Draft terms of reference<br><br>2b. Workshop report<br><br>3a. TA training reports   | Fragmented roles and responsibilities between the MOH, provincial health offices, and provincial authorities<br><br>Fragmentation of the administrative structure and overlapping responsibilities within the MOH<br><br>High management staff turnover due to job market pressure |

| Results Chain   | Performance Indicators with Targets and Baselines  | Data Sources and Reporting Mechanisms   | Risks |
|---|--|---|-------|
| 4. Health sector financial management system strengthened   | <p>4a. Draft guidelines for reporting development budgets and expenditures submitted to Ministry of Finance and Ministry of Health by December 2017 (baseline: not applicable)</p> <p>4b. Draft revised planning and budgeting process submitted to provincial health offices and to Ministry of Health by March 2017 (baseline: not applicable)</p> | <p>4a. Draft guidelines</p> <p>4b. Draft revised planning and budgeting process</p> |       |
| <b>Key Activities with Milestones</b> <p><b>1. Health sector reform planning, monitoring, and implementation improved</b></p> <p>1.1 Conduct consultations among stakeholders on health sector reforms (November–December 2016).</p> <p>1.2 Assist in facilitating a forum whereby the government and development partners agree on a harmonized approach for the implementation of the health sector reform and monitoring system (December 2016).</p> <p>1.3 Submit draft health sector reform annual implementation plan for 2017 for approval (December 2016).</p> <p>1.4 Assist key MOH departments in drafting their plans for health sector reforms (December 2017 and July 2018).</p> <p>1.5 Submit draft health sector reform annual implementation plan for 2018 for approval (September 2017).</p> <p><b>2. Implementation of the HEF and free MNCH schemes improved</b></p> <p>2.1 Conduct consultations and national workshop among stakeholders on free MNCH and HEF (November–December 2016).</p> <p>2.2 Draft terms of reference for HEF and free MNCH evaluation (December 2016).</p> <p>2.3 Conduct capacity building for national and provincial Health Insurance Bureau staff (December 2016–December 2017).</p> <p><b>3. Human resources management capacity strengthened</b></p> <p>3.1 Design training modules on developing health workforce development plans for provincial health office staff (November 2016).</p> <p>3.2 Enhance the health personnel management information system (January–July 2017).</p> <p>3.3 Conduct the human resource development plan training in six pilot provinces (January–July 2017).</p> <p>3.4 Roll out the health personnel management information system (August 2017–December 2017).</p> <p><b>4. Health sector financial management system strengthened</b></p> <p>4.1 Design a revised planning and budgeting process (December 2016).</p> <p>4.2 Conduct training on accounting in the provinces (January 2017–July 2018).</p> <p>4.3 Conduct a revised planning and budgeting process validation workshop in the provinces (July 2017).</p> <p><b>TA Management Activities</b></p> <p>Consultants recruited and fielded (November 2016)</p> <p>TA review missions (March 2017, August 2017, March 2018, August 2018)</p> <p>Consultants' final report available by June 2018</p> |  |   |       |
| <b>Inputs</b> <p>Japan Fund for Poverty Reduction: \$2 million</p> <p>Note: The government will provide counterpart support in the form of staff, office accommodation, access to office equipment and facilities, and other in-kind contributions.</p>   |  |   |       |
| <b>Assumptions for Partner Financing</b> <p>Not Applicable</p>  |  |   |       |

FY = fiscal year; HEF = health equity fund; HSRS = health sector reform strategy; MNCH = maternal, neonatal, and child health care; MOH = Ministry of Health; TA = technical assistance.

<sup>a</sup> Government of the Lao People's Democratic Republic, Ministry of Health. 2013. *Health Sector Reform Strategy, 2013–2025*. Vientiane.

Source: Asian Development Bank.

**COST ESTIMATES AND FINANCING PLAN**

(\$'000)

| <b>Item</b>   | <b>Amount</b>  |
|---|----------------|
| <b>Japan Fund for Poverty Reduction<sup>a</sup></b> |                |
| 1. Consultants                                      |                |
| a. Remuneration and per diem                        |                |
| i. International consultants                        | 1,470.0        |
| ii. National consultants                            | 270.0          |
| iii. Resource persons                               | 20.0           |
| b. International and local travel                   | 170.0          |
| 2. Contingencies                                    | 70.0           |
| <b>Total</b>  | <b>2,000.0</b> |

Note: The technical assistance (TA) is estimated to cost \$2,040,000, of which contributions from the Japan Fund for Poverty Reduction are presented in the table above. The government will provide counterpart support in the form of staff, office accommodation, access to office equipment and facilities, and other in-kind contributions. The value of government contribution is estimated to account for 2% of the total TA cost.

<sup>a</sup> Administered by the Asian Development Bank.

Source: Asian Development Bank estimates.

## OUTLINE TERMS OF REFERENCE FOR CONSULTANTS

1. The TA will support 10 international consultants and 4 national consultants for a total of 144 person-months. Flexibility to mobilize expertise as required will be provided by determining the terms of reference and selection method during TA implementation for 4 person-months of international and 10 person-months of national consulting services, possibly in the areas of financing, health policy and governance, accounting, and financial management.

### A. International Consultants

2. **Governance specialist** (5 person-months). The specialist will have at least 10 years of experience in the public health sector with a master's degree in public health or management; proven experience in project planning and budgeting, policy support, and governance; proven monitoring and evaluation experience; technical skills in health service management; demonstrated competency in English language (both spoken and written); good interpersonal skills; and proven experience working at the national level in a ministry of health. Experience in the Lao People's Democratic Republic (Lao PDR) is an advantage.

3. The specialist will assist the cabinet in developing the strategy, phasing the rollout, and establishing a system to monitor the progress and effectiveness of the health sector reform process. The specialist will be posted in the Ministry of Health (MOH) cabinet. The MOH Planning and International Cooperation Department will coordinate the inputs of the specialist.

4. The specialist shall be responsible for the following outputs:

- (i) a strategy for the rollout of the health sector reform;
- (ii) a forum whereby the government and development partners agree on a harmonized approach to implement the health sector reform and monitoring system, which incorporates performance-based management and is consistent with government policies and the principles of good governance; and
- (iii) a process for monitoring health sector reform that is understood by key staff in MOH departments and provinces.

5. **Health workforce planning and management specialist** (9 person-months). The specialist will have a master's degree in health services management or equivalent with at least 10 years of experience in formulating health workforce policies and strategic plans, preferably with experience in the Greater Mekong Subregion (GMS).

6. The specialist is tasked with capacity building of the MOH Personnel Department. The specialist will focus on assessing organizational capacity at the national level, and strengthening management systems and capacity to provide a more effective organization and management of human resources for health. The second area of focus will be on identifying the modalities required to improve the performance of health personnel at all levels of the health system. The specialist will be posted in the Personnel Department. The Planning and International Cooperation Department will coordinate the inputs of the specialist.

7. The specialist shall be responsible for the following outputs:

- (i) capacity assessment analysis and comparison with the health personnel strategy to ensure that the strategy or parts of the strategy are still valid;
- (ii) regulatory analysis that recommends the necessary change for an improved legal framework for the health workforce;
- (iii) finalized health sector reform road map for human resource development; and

- (iv) design of the training modules for developing provincial health workforce development plans, and piloting the training in selected provinces.

8. **Health personnel management information specialist** (4 person-months). The specialist will have 10 years of experience in computerized database and information technology related to human resource management in a small country context. The specialist will review the existing personnel management information system in the Personnel Department with regard to its functionality, suitability, and ability to contribute to the decisions concerning recruitment, training, deployment, and tracking of health workers in the health system. The specialist must also be aware of the new e-health strategy and road map for MOH. The specialist will be posted in the Personnel Department. The Planning and International Cooperation Department will coordinate the inputs of the specialist.

9. The specialist shall be responsible for the following outputs:

- (i) an assessment of the existing Excel-based personnel management information system to establish its suitability as an e-health solution for the Personnel Department's current and future needs, and
- (ii) an action plan developed based on specific needs within the Personnel Department and the provincial workforce planning needs.

10. **Education development and regulation specialist** (10 person-months). The specialist will have a master's degree in health professions education or equivalent; at least 10 years of experience in leading educational development in health science education institutions and developing pre-service and in-service education programs, preferably with experience in the GMS; and experience in strengthening the regulatory framework for health professions education and developing educational regulations for licensing and registration of the health professions. The specialist is tasked with capacity building for the MOH Training and Research Department and Personnel Department. This dual consultancy will examine and report on institutional accreditation and registration and licensing of health professionals. The consultancy will be undertaken with the MOH Public Health Care Department, Personnel Department (registration and licensing), and Training and Research Department (institution accreditation). The specialist will be posted in the Training and Research Department. The Planning and International Cooperation Department will coordinate the inputs of the specialist.

11. **Health program specialist** (6 person-months). The specialist will be a health economist or equivalent, with at least 8 years of experience in the health sector; proven experience in project planning and delivery, development, and monitoring and evaluation of social protection programs; proven experience working at provincial, district, and national levels in a ministry of health; and competency in the English language (both spoken and written). Experience in the Lao PDR is an advantage. The specialist will assist in the harmonization, enhancement, implementation, and monitoring and evaluation of the health equity fund (HEF) and free maternal, neonatal, and child health (MNCH) programs. The specialist will report to the program director for administrative matters and will provide technical inputs to the Health Insurance Bureau. The specialist will also participate in the training of national and provincial health insurance bureau staff. The specialist will be posted in the Health Insurance Bureau. The Planning and International Cooperation Department will coordinate the inputs of the specialist.

12. The specialist shall be responsible for the following outputs:

- (i) review of the HEF and free MNCH program activities undertaken to date and report and recommendations produced for MOH and donor partner consideration;
- (ii) costing and phased implementation plans for HEF expansion;



- (iii) HEF data reporting and monitoring system;
- (iv) annual technical reviews of the HEF and free MNCH programs; and
- (v) terms of reference for the HEF and free MNCH evaluation study.

13. **Provincial planning and budgeting specialist** (5 person-months). The specialist will have at least 8 years of experience in public expenditure planning and system design and advice in developing countries with a decentralized service delivery structure, and substantial demonstrated knowledge and experience in the health sector. A master's degree in economics, accounting, and/or public health or equivalent is desirable. A demonstrated ability to work with national counterparts and consultants is essential. The specialist will work with the Planning and International Cooperation Department to review and update the current MOH-mandated provincial planning process with a view to capturing total provincial health expenditures—government and aid-financed—and budgets by level of service and according to the eighth national health sector development plan. The specialist will be posted in the Planning and International Cooperation Department.

14. The specialist shall be responsible for the following outputs:
- (i) review of the existing provincial planning and budgeting system;
  - (ii) design of a revised planning and budgeting process as agreed within MOH and with provinces covering total budget expenditures and funding from the Health Sector Governance Program;
  - (iii) a sequenced plan to implement the revised planning and budget process, including associated training needs and plan;
  - (iv) pilot training on budgetary processes in selected provinces; and
  - (v) initiating the implementation of reforms at the provincial level with the national consultant and Planning and International Cooperation Department and Finance Department staff.

15. **Ministry of Health budget reform specialist** (5 person-months). The specialist will have at least 8 years of experience in public expenditure planning and/or financial management systems design and advice in developing countries. A demonstrated knowledge of aid management issues and development agency financial management procedures is highly desirable. Some specific experience in the health sector would be an advantage. A master's degree in economics, accounting, and/or public health or equivalent is desirable. A demonstrated ability to work with national counterparts and consultants is essential. The specialist will work with the Planning and International Cooperation Department to develop and assist with the rollout of a detailed plan to establish a common disaggregated budget and quarterly expenditure reporting system, using a chart of accounts to be agreed within MOH and with the Ministry of Finance (compatible or comparable with the recurrent budget) for the development budget (termed 'chapter 17') managed by the Planning and International Cooperation Department covering government- and aid-financed projects. The system will provide for development partners who manage projects for MOH to adopt the common budget and quarterly expenditure reporting system.

16. The specialist shall be responsible for the following outputs:
- (i) review of the existing system(s) of budgeting and monitoring of expenditure for the development budget (chapter 17) including aid-financed projects;
  - (ii) review of the appropriate provisions of the budget law for the development budget;

- (iii) appropriated chart of accounts for the development budget in consultation with Ministry of Finance, Ministry of Planning and Investment, and MOH;
- (iv) a revised system for reporting development budgets and expenditures on a quarterly and annual basis for all aid projects, including aid projects managed by development partners on behalf of MOH;
- (v) preparation for the rollout of the proposed plan; and
- (vi) implementation of the plan with staff of the Planning and International Cooperation Department.

17. **Health facility accounting system specialist** (8 person-months). The specialist will have at least 8 years of experience in accounting practice and advice in public health facilities and substantial experience in a low resource and capacity environment in developing countries. Experience in the Lao PDR and/or the GMS would be an advantage. A professional qualification in accountancy for health facility management (master's degree or equivalent) is desirable. A demonstrated ability to work with national counterparts and consultants is essential. The specialist will review options to establish a system at the health facility level for the financial reporting of all facility revenues and how they are spent (sources and application of funds) including a review of the current pilot being undertaken in two provinces by the World Health Organization with financial support from the European Community. The system proposals will need to comply with the Budget Law (2006) and Prime Minister Decree 349 (2013) on the collection and use of funds at the health facility level. The specialist will support the design of training modules on health facility accounting and pilot the training modules in selected provinces. The specialist will be posted in the Finance Department. The Planning and International Cooperation Department will coordinate the inputs of the specialist.

18. **Public financial management specialist** (12 person-months). The specialist will have at least 8 years of experience in public expenditure budgeting and expenditure monitoring with substantial experience working in and/or providing advice in this area in developing countries. Experience with a decentralized service delivery structure together with substantial demonstrated knowledge and experience in the health sector would be an advantage. A master's degree in economics, accounting and/or public health financing or equivalent is desirable. A demonstrated ability to work with national counterparts and consultants is essential. The specialist will work within the Finance Department to provide strategic advice on the role and function of the department including advice on the overall implementation of finance reforms being undertaken as part of the overall Health Sector Reform Program. The specialist will review overall internal controls in the health sector and the flow of funds or cash management policies and procedures, and assess the quality and adequacy of staffing resources and asset management. The specialist will be posted in the Finance Department. The Planning and International Cooperation Department will coordinate the inputs of the specialist.

19. **Health accounts specialist** (5 person-months). The specialist will have demonstrated experience of at least 5 years (together with appropriate formal qualification in accounting and/or health economics) in the design and institutionalization of national health accounts in the MOH or other government agencies in compliance with applicable international standards. Experience in the Lao PDR and/or the GMS is highly desirable. A demonstrated ability to work with national counterparts and consultants is essential. The specialist will be posted in the Personnel Department. The Planning and International Cooperation Department will coordinate the inputs of the specialist.

## B. National Consultants

20. **Health workforce planning and management consultant** (15 person-months). The consultant will have a master's degree in health services management or equivalent, with at least 10 years of experience in formulating health workforce policies and strategic plans. The consultant will collaborate with the Personnel Department and the international consultant in relation to all tasks identified. The consultant will (i) maintain the momentum of project activities and do the groundwork in preparation for the visits of the international consultant to ensure efficient use of resources, (ii) support and advise the Personnel Department in managing the project and related professional responsibilities, and (iii) participate in the training of provincial staff on health workforce management. The consultant will be posted in the Planning and International Cooperation Department.

21. **Health personnel management information consultant** (12 person-months). The consultant will have (i) at least 3 years of experience in computerized database and information technology; and (ii) relevant bachelor's or master's degree in management information system, information technology, or a similar development qualification. Knowledge of the health sector in the Lao PDR and human resource management information systems is desirable. Competency in both spoken and written English is expected. The consultant will support the Personnel Department in implementing and updating the health personnel management information system database. The consultant will be posted in the Personnel Department. The Planning and International Cooperation Department will coordinate the inputs of the consultant.

22. **Health facility accounting system consultant** (24 person-months). The consultant will have at least 5 years of experience in accounting practice and experience in public health facilities. A professional qualification in accountancy for health facility management is desirable. A demonstrated ability to work in English and use standard word processing and spreadsheet programs is essential. The consultant will assist the international health facility accounting system specialist with the review options to establish a system at the health facility level for the financial reporting of all facility revenues and how they are spent (sources and application of funds) including a review of the current pilot study. The consultant will also participate in the training of provincial staff on health facility accounting. The consultant will be posted in the Finance Department. The Planning and International Cooperation Department will coordinate the inputs of the consultant.

23. **Health accounts consultant** (24 person-months). The consultant will have demonstrated experience of at least 5 years (together with appropriate formal qualification in accounting and/or health economics) in working with government budget and expenditure monitoring and recording. Experience in the health sector and familiarity with national health accounts is highly desirable. A demonstrated ability to work in English and use standard word processing and spreadsheet programs is essential. Experience with database programs is desirable. The consultant, who should be familiar with national health accounts, will assist the international health accounts specialist to institutionalize the agreed international system of national health accounts (adapted to Lao PDR conditions), which is being established within the Finance Department through the production of two sets of national accounts. Systems within departments will be established to systematically facilitate data collection across the MOH. The consultant will be posted in the Finance Department. The Planning and International Cooperation Department will coordinate the inputs of the consultant.