



USAID
FROM THE AMERICAN PEOPLE

MALAWI SUCCESS STORIES 2012



January 2013

This document was produced for review by the United States Agency for International Development. It was prepared by Sayaka Koseki for the Strengthening Health Outcomes through the Private Sector (SHOPS) project.



The Strengthening Health Outcomes through the Private Sector (SHOPS) project is funded by the United States Agency for International Development (USAID) under Cooperative Agreement No. GPO-A-00-09-00007-00. The information provided in this material is not official U.S. government information and does not represent the views or positions of USAID or the United States government.

INTRODUCTION

Over 72 percent of Malawi's 15 million residents live in poverty. The private health sector, which includes non-profit, faith-based, and commercial institutions, is a vital source for care to these people; 37 percent of services are provided by the Christian Health Association of Malawi (CHAM), and an additional 3 percent are served by the rest of the private sector market including commercial providers. With the Ministry of Health (MOH) making clear acknowledgement in recent years of the value that the private sector provides in health, this is a crucial time to strengthen the private health sector and improve the public-private coordination in the provision of essential health services.

The United States Agency for International Development (USAID)-funded Strengthening Health Outcomes through the Private Sector (SHOPS) project conducted a private health sector assessment (PSA) in 2011 to examine opportunities and constraints to leverage the private health sector to fulfill the MOH and USAID/Malawi's national health objectives. Based on the findings of the PSA, the stakeholders identified four overarching objectives which form the base of SHOPS' program in Malawi:

1. Strengthen the enabling environment for public-private partnerships (PPPs)
2. Strengthen the capacity of non-profit organizations to deliver quality priority health services in a sustainable manner
3. Increase the role of the commercial private sector in the delivery of priority health services
4. Increase overall demand for both child health related products and services.

Since its initiation in January of 2012, SHOPS/Malawi has made significant strides in implementing the activities that work towards these four objectives.

As one of SHOPS project's most comprehensive country programs, SHOPS/Malawi has initiated activities with multiple groups in the health sector. It has built a strong foundation for dialogue and a network of both public and private health sector stakeholders during its first program year that are now working towards a common objective of ensuring better health for all Malawians. The key to continue improving Malawi's health and development lies in sustained efforts in strengthening the private sector and public-private coordination in the upcoming years.

SHOPS/Malawi Successes

- Re-energizing the PPP-Technical Working Group (TWG) and assisting in the establishment of a PPP Unit within the MOH
- Rebuilding partnerships and contracting mechanisms between the MOH and CHAM
- Increasing sustainability of faith-based organizations through assessment and direct assistance to CHAM member units
- Facilitating the growth of the private sector by comprehensively identifying all private health providers in Malawi
- Saving lives by linking and coordinating private suppliers to respond to a cholera outbreak
- Increasing access to family planning by improving operations of social franchisees
- Improving standards of care through revision of the monitoring and evaluation (M&E) tools for health regulatory boards
- Improving coordination by bring together the professional associations

ESTABLISHING PUBLIC-PRIVATE PARTNERSHIPS IN HEALTH

PPPs have become a prominent component of many strategies within the Malawian government over the past few years. Most notably, the government passed a PPP Policy that covers all sectors and converted the Privatization Commission into a national PPP governing body. Although the Health Sector Strategic Plan II mentions PPPs explicitly, it does not clarify the nature of PPPs that the government should take on in health. During the PSA dissemination workshop, stakeholders noted the need for guiding principles on PPPs for health. They also expressed the necessity to strengthen the capacity of the PPP-TWG to spearhead this initiative. In this effort, SHOPS worked closely with the MOH and the private sector to rejuvenate the TWG to establish a PPP Unit within the MOH and frame the MOH's approach to health PPPs.

What is a PPP?

Although there is no set definition for PPP in health, in the PSA, it is defined as “any formal collaboration between the public sector at any level and the non-public sector (commercial or non-profit) to jointly undertake activities that will improve access to health services and products or address a key health system constraint (such as policy, finance, human resources for health, and health information).”

“TWG was there, but there wasn't much activity prior to SHOPS” says Edgar Lungu, Health Planning Officer of the Department of Planning and Policy at the MOH, who serves as the head of the Ministry's PPP unit. SHOPS assisted the TWG to expand the core membership to include key private sector stakeholders. The TWG is now comprised of both public and private health sector players, and has representation from MOH, regulatory bodies, public and private providers, private suppliers, as well as professional associations. Gilbert Mwandira of the National Paramedical and Private Providers Association of Malawi (NAPPPAM), who is a private practitioner himself, is

excited about this collaboration. He believes that this TWG is now structured to allow for open discussions that will yield “ultimate products [policies, regulations, plans, etc.] that the private sector can support – something that is feasible to be implemented on the ground.”

The TWG submitted to the MOH a concept note on PPPs in the health sector and terms of reference for the PPP Unit. Once approved, these documents will be the foundation guiding the MOH's implementation of health PPPs in Malawi and the PPP Unit's leadership role in creating and sustaining health PPPs. In the meantime, the TWG is working on the next step: drafting of the PPP Strategy and Implementation Plan for Health. SHOPS work with the TWG and the PPP Unit for the second year will focus on examining the best practices around the African continent to structure a PPP Strategy that will clarify the vision, rationale, and guiding principles for health PPPs. As Dr. Mathias Joshua, Chair of the PPP-TWG, states: “We all know that the public sector cannot do it all. It is limited in its capacity, so we should utilize the private sector to provide complimentary services. That's why PPPs are important.”

OPTIMIZING THE SERVICE LEVEL AGREEMENTS BETWEEN THE MINISTRY OF HEALTH AND CHAM

Faith-based health institutions are a vital component of the Malawi health system. Notably, CHAM provides 37 percent of health services in Malawi, and offers services to more than 4 million people. The majority of its facilities are located in rural areas, and it often serves communities that lack access to public health services. The CHAM Secretariat signed a memorandum of understanding in 2002 with the MOH, whereby the MOH agreed to pay for the salaries of the CHAM member unit staff and subsidize user fees through service level agreements (SLAs). The SLAs are structured to compensate CHAM units for their role in

delivering the national essential health package to communities that cannot access public health facilities. Implementation of the SLAs uncovered several administrative challenges, such as:

- Delays in the MOH payment to CHAM
- Lack of transparency in accounting for costs, invoices, and payments
- Limitations in the government to plan for and finance the delivery of the full essential health package
- Lack of clarity in selecting the beneficiaries of government subsidized health care.

Along with its existing flaws, the devaluation of the Malawi Kwacha and the introduction of a new pension bill made the memorandum of understanding and SLAs outdated and a point of contention between two institutions. “The relationship between CHAM and MOH was not good and SLA was at risk of being completely dismantled,” says Mafase Ng’ong’ola Sesani, Monitoring, Evaluation, and HMIS Officer of the CHAM Secretariat.

SHOPS facilitated the process of reviewing the memorandum of understanding and SLAs, which brought together representatives from 69 CHAM member units as well as MOH district and zonal offices. SHOPS structured the workshops and acted as a neutral third-party. Participants reported that they had never been brought together with their public and private sector colleagues to discuss an issue of such grave national importance.

Representatives from CHAM units and District Health Offices (DHOs) were able to recommend new processes that would increase transparency in their billing practices. SHOPS also provided technical assistance around developing a price list that would help promote the sustainability of CHAM services and encourage the MOH to plan more accurately. Participants appreciated the opportunity to attend a workshop to learn in depth about the new SLA guidelines.



Moreover, SHOPS is supporting the activities of the SLA Taskforce, a technical working group tasked to refine and finalize the SLA policy framework. Through the Taskforce, SHOPS is providing economic and operational analysis that will lead the partners closer to a sustainable solution.

The new price list was approved by the MOH and CHAM Secretariat in July 2012. However, the stakeholders are interested in building a stronger evidence base for the price list. They have requested SHOPS support to track itemized costs of essential health services included in the SLAs at select member units to assess if the costs-per-diagnosis reimbursement methodology agreed upon in the MOH-CHAM price list is appropriate. This will be the first time in Malawi that this type of longer-term administrative tracking based on actual costs will be conducted. Such analysis is urgently needed in light of the rapidly changing economic and health landscape of the country.

IMPROVING SUSTAINABILITY OF CHAM UNITS THROUGH ASSESSMENT AND DIRECT TECHNICAL ASSISTANCE

CHAM member units have traditionally provided care at cost or lower and even for free, charging minimal user fees, and supplementing revenue with the SLAs and donor support from

its proprietors and international donor organizations. However, external donor support for CHAM units has declined significantly in recent years. The traditional funding sources are not sustainable anymore, and the units are finding themselves “in a type of financial crisis,” says Mary Chosamata, Matron of Likuni Mission Hospital.



In recognition of the serious need for CHAM member units to find sustainability strategies, SHOPS embarked on a rigorous assessment process on capacity and sustainability. SHOPS is using the ProCapacity Index™ (ProCap) developed by Abt Associates Inc., which takes a holistic approach to assessing NGOs’ financial strength, programmatic performance, and organizational development.

During the first program year, SHOPS indexed eight facilities and one more is slated to be indexed during the upcoming year. Through the ProCap indexing process, facility staff has come to appreciate the value of operating models that are self-sustaining.

SHOPS has identified a number of critical organizational needs. In response, SHOPS has already trained non-financial managers from 9 CHAM facilities on financial management. This training enhanced their capacity to use basic financial tools to analyze the fiscal situation at their facilities, understand management options, and make decisions to improve sustainability. To strengthen quality, SHOPS will offer training and technical assistance to selected CHAM facilities on the Lean Six Sigma approach, a cutting-edge management technique that aims to increase patient satisfaction and reduce errors by improving process efficiencies. SHOPS will also assist in board development and strategic planning to strengthen the facilities’ governance, and is recruiting MBA volunteers to address enterprise development, grant development, and financial management capacity issues.

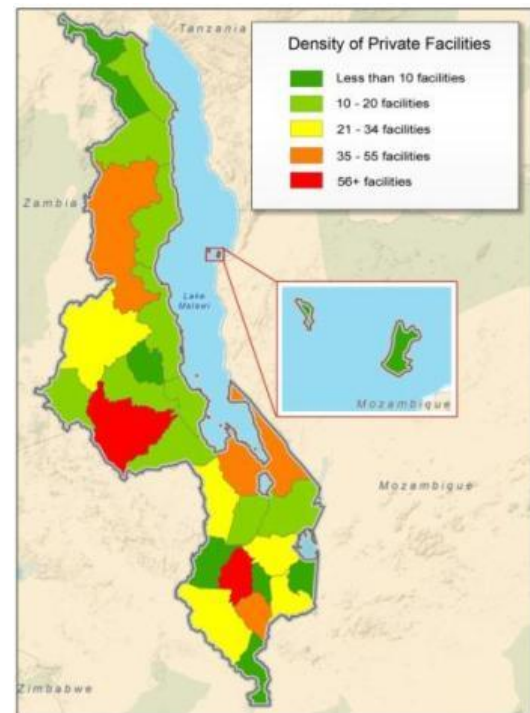
Anthony Chiyabwa, Hospital Accountant of Likuni Mission Hospital speaks of slowly building a hospital that is efficient and safely run. “We have to stand on our own now...Maybe 10 years from now, we will have a private wing that people will line up to go to, which can subsidize care for the poor, and maybe we can start assisting other clinics and hospitals in improving their operations.”

IDENTIFYING AND MAPPING PRIVATE HEALTH PROVIDERS IN MALAWI

In Malawi, the size and scope of the public, faith-based, and non-profit health facilities are relatively well known. However, in the case of private commercial entities, the majority of the facilities are small one-person clinics and often their location, service capacity, and offerings are unknown. The PSA estimated that about 3 percent of the health services provided in Malawi are given through the private commercial sector, although this has never been accurately measured. SHOPS took on the challenge of mapping as many of the private commercial health providers in Malawi (both health care facilities and pharmacies) as could be identified.

This mapping exercise identified 763 facilities (including 94 pharmacies) and produced a rich dataset comprising information on: geography, services, infrastructure, affiliation and registration, clientele, personnel, drugs/stock, and barriers to expanding business.

There is a lot of excitement around the dataset among both the public and private stakeholders. This is the most comprehensive list of private providers in the country. Furthermore, it could lead to strengthening of the commercial sector providers by linking them to trainings they want or need through associations, technical assistance organizations, and donor institutions. Andrew Chikopa, Executive Director of Malawi Business Coalition for AIDS (MBCA), is eager to review the mapping report. "We can now know which clinics are well positioned but are not yet providing antiretroviral treatment services. We can target them for training so that they can start providing life-saving care. In terms of planning, this is a great resource."



MOBILIZING PRIVATE SUPPLIERS AND PROVIDERS TO RESPOND TO THE CHOLERA OUTBREAK OF 2012

The rate of under-five child mortality remains high in Malawi at 112 per 1,000. Diarrheal diseases are a leading contributor to these deaths. The diarrhea prevalence in Malawi is 17.5 percent, jumping to 30 percent among children 12-24 months of age and 39 percent in children 6-11 months. There is a role that the private sector can play in providing critical water purification products throughout the country, especially in rural areas. The cholera outbreak in the spring of 2012 illustrated the importance and effectiveness of collaboration between public and private sector in responding to urgent public health needs.



At the request of USAID, SHOPS coordinated a rapid response to the cholera outbreak in southern Malawi. SHOPS acquired supplies of WaterGuard and HTH, household water treatment (HWT) chlorine products, from Population Services International (PSI) and private pharmaceutical suppliers, respectively. These were distributed to DHOs in the affected areas. Through this effort, over 80,000 households gained access to treatment to prevent additional cases of cholera.

A rapid response requires well-orchestrated execution. In this instance, all partners worked hand-in-hand, sharing necessary information and resources to make sure that the HWT products got to the people who needed it. DHOs had up-to-date information on the community's needs. The private sector manufacturers had the necessary stock to fill the need for water treatment, and partners like SHOPS, Save the Children, and the SSDI projects had the procurement and distribution mechanisms to get the products into the hands of the people.

To further explore the role of the private sector in the fight against cholera and other water borne diseases, SHOPS is conducting an assessment of the use of water treatment products under a variety of distribution and marketing mechanisms in five high-risk districts during the rainy season in Malawi (December 2012 through April 2013).

In Nsanje district, SHOPS is supporting the community-based distribution in combination with health education to increase commercial sales of WaterGuard in partnership with PSI. In Machinga district, SHOPS is supporting Clinton Health Access Initiative to continue its targeted program through anti-natal clinics whereby free “hygiene kits” containing WaterGuard, oral rehydration salts, soap, and a safe water storage container are provided to pregnant women as incentive for improved uptake of maternal and child health, and voluntary counseling and testing services. In Chikhwawa district, SHOPS is providing technical assistance to the DHO to improve the training of health surveillance assistants in the proper preparation and storage of stock (HTH) chlorine. SHOPS is also assisting with procurement of HTH chlorine to sustain free distribution during the diarrhea season. In Zomba district, SHOPS is orchestrating the direct supply of WaterGuard to community sales agents as part of the Millennium Village Project’s “Women Direct to Home Distribution” program. Finally, in Mulanje district, SHOPS is assessing trends in use and purchase of WaterGuard under a purely commercial model. Through assessment of these distribution channels, SHOPS hopes to better understand the trends in sales, use, and costs associated with these approaches given the recent removal of a subsidy on WaterGuard.

Robert Mahala, Child Survival Programme Manager of PSI, is intrigued by this assessment. “Providing these products at full price is new. There is significant concern around whether this model will be possible.” Through this assessment, SHOPS would be able to contribute to the evidence base on the effective and efficient approaches to increase access to and use of HWT products, and what role the private sector could play in providing these life-saving products.

IMPROVING ACCESS TO FAMILY PLANNING SERVICES BY STRENGTHENING PRIVATE PROVIDER’S FINANCIAL AND BUSINESS MANAGEMENT

In Malawi, 98 percent of currently married or sexually active unmarried women know at least one modern method of contraceptive, but only 62 percent have actually ever used a modern method, while only 33 percent are current users of modern method of family planning. Social franchises like Marie Stopes International’s (MSI) Banja La Mtsogolo (BLM) and PSI’s SafePlan are in the forefront of the effort to address this unmet need through the private sector. Among the challenges highlighted by the franchisee providers are the lack of financial management skills, poor record keeping, and lack of information on and access to financing. SHOPS is providing financial and management training to the providers of these social franchises to improve their sustainability so they can better promote family planning, especially in hard to reach regions.



In 2011, SHOPS developed the *Financial Management and Record Keeping Guide for BlueStar Franchisees* targeted to small-scale commercial providers that are members of MSI’s BLM network. SHOPS provided trainings to over 60 providers within the BLM network so that they could effectively manage their finances. This training provided them with the skillsets and tools

to plan ahead so that they could appropriately stock their supplies and provide services in a timely and efficient manner. Furthermore, SHOPS adapted the training for PSI's SafePlan network, and trained an additional 28 providers.

Through this course, participants significantly improved their knowledge and planning of cash flow, and many felt empowered to be able to apply for a bank loan to grow their business. "The training was an eye opener," said one participant. Another saw potential to make this a full-time profitable business, rather than something that he would do on the side to supplement his income. This training is welcome news for suppliers as well. Kalpesh Pancha, Managing Pharmacist of Pharmamed Company, says: "By increasing the financial management capacity of these private providers, it increases their ability to budget and plan ahead for their expenditures, which would make them a much more reliable client – this ultimately helps the people, since stock outs would be reduced." SHOPS will continue implementing these trainings, both for commercial providers and CHAM units, throughout the upcoming year.

ASSISTING THE MALAWI MEDICAL COUNCIL AND THE NURSES AND MIDWIVES COUNCIL SET STANDARDS OF CARE

There are over 1,000 public and private health facilities in Malawi, encompassing all levels of health care from individual clinics to hospitals. Malawi Medical Council regulates these facilities and the doctors and clinical officers that work within them; the Nurses and Midwives Council of Malawi regulates its two health cadres. These two organizations are significantly under-resourced. The Malawi Medical Council has 2 inspectors, and the Nurses and Midwives Council of Malawi has 17. Neither of these institutions has had sufficient funds to carry out required site inspections, and lack clinical standards and supporting M&E tools to assess the quality of care provided at these facilities.

To address these barriers, SHOPS provided the forum for the boards to revise their M&E tools. SHOPS brought together public and private providers, professional associations, and health care vendors who would be impacted by the regulation and standards with the boards to collaboratively develop these new tools.

Through this effort, SHOPS helped establish the National Quality Assurance Team with representatives from both the public and private stakeholder groups to define the Councils' roles and oversee the implementation of the M&E tools. Thokozire Lipato, Director of Monitoring, Evaluation, Investigation & Research of the Nurses and Midwives Council of Malawi, observed how the Council's role and relationships have changed for the better through this process. "It felt like there was animosity between the nurses and their associations and the Council because they felt like the Council was there to penalize them. Now, with their continuous input in revising the M&E tool, there is a better understanding of how we can all work together for the common goal of providing high quality care."

"People kept on saying that the nurses' quality is declining, but we had no evidence to show that. Now, we can think critically about where the problems are and provide them with solutions."

Thokozire Lipato, Nurses and Midwives Council of Malawi

The next challenge will be to bring these new standards to the facilities. SHOPS is assisting the Councils by training new inspectors so that the new M&E tool can be utilized by more facilities. The challenge lies in making this a sustainable effort. Successful training of these inspectors can potentially lead to measurable improvements in care at the facilities.

SUPPORTING HEALTH PROFESSIONAL ASSOCIATIONS TO STRENGTHEN THEIR ADVOCACY AND COMMUNICATION ROLES

Several associations representing a range of health care professional cadres exist in Malawi, although most are new and small. The Medical Association of Malawi is the most established association and was formed in 1967 for doctors and dentists; the Society of Medical Doctors in Malawi is affiliated with the Medical Association of Malawi but exists separately for doctors. The National Association of Nurses of Malawi represents nurses, and the Pharmaceutical Society of Malawi represents pharmacists. NAPPPAM is notable because it exclusively represents private providers. These fledgling professional associations, however, lack the advocacy skills to represent their constituencies. Also, they have weak organizational structures and inadequate financial resources, which limits them from recruiting and retaining members and delivering valuable services such as continuing medical education and providing valuable information about regulations, standards, and trends that can impact the member's work.

Prior to SHOPS, the associations were isolated and highly fragmented, but there is significant opportunity for them to shape private health sector growth if they can network, share information, and learn from each other to strengthen their advocacy and communication roles.

SHOPS hosted a two-day workshop in September 2012, and brought together over 14 professional health provider associations, represented by their directors and management staffs, to initiate collaboration among these associations. An expert on associations facilitated the workshop, shared best practices from other African countries, and guided group discussions to identify next steps to strengthen individual professional associations.

This workshop was groundbreaking in bringing together associations for the first time; the participants were surprised at how many associations were in Malawi, and many had no idea that there were other unique health associations in the same city or town. The participants agreed that there was merit in organizing and harmonizing efforts.

"This is exactly what happens with SHOPS assistance – we can plan, prioritize, and actually implement."

Dr. Mathias Joshua, Chair, PPP-TWG

During the upcoming year, SHOPS will build upon the plans and recommendations developed by the associations during this workshop to provide technical assistance and training in the areas of strategy development and planning, association governance, member recruitment and retention, and operational management and financial tools.

CONCLUSION

In one year, SHOPS has laid the groundwork for the growth of the private sector and improved public-private coordination. SHOPS successfully established relationships with the key stakeholder groups, and put them on a path towards better coordination. The project demonstrated how the private sector can complement public sector efforts, including responding to health emergencies. It established a new way of doing business where public and private sector engage in dialogue to develop better regulations, products, and services, and the private sector now understands that it can become more effective if its constituencies work together. Collaboration facilitated by SHOPS has built the trust and confidence needed to build an enabling environment for private sector growth and PPPs in the future, ultimately to benefit the Malawian population in getting access to affordable, quality health services.

