



A Review of Health Governance Status and Achievements

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Good governance in health refers to the enhancement of the stewardship functions and the improvement of the management and internal support systems both at the national and local government to better respond to the needs of the health service delivery system

The devolution of health services brought about by the implementation of Local Government Code in 1991 weakened the district health system which resulted in fragmented health service delivery system. There was mismatch between the internal revenue allotment and local health responsibility, disincentives against cost-sharing in inter-local government health concerns and lack of DOH capacity to lead and coordinate inter-local government health programs and activities. The DOH institutionalized the Health Sector Reform Agenda (HSRA) in 1999 to improve the way health care is delivered, regulated and financed. It has five reforms: public health, hospital reform, health financing, health regulation and local health system which addresses the problems brought about by decentralization.

Major achievements were gained in HSRA implementation, however barriers towards achieving desired outcomes persist. Lessons learned in the past were used in the conceptualization of Fourmula One (F1) for Health, which was issued in 2005 as the framework for health reforms implementation in the medium-term. One of its pillars is governance. Other pillars of F1 are health service delivery, health care financing and health regulation.

Governance aims to improve the performance of the Philippine health system through the following strategies: 1) Improving governance in local health systems, through the establishment of an effective inter-local health zones, (ILHZ) effective referral networks, and resource sharing schemes pursuing accreditation of ILHZ networks; 2) Improving national capacities to manage and steward the health sector; and 3) Developing a rational and more efficient national and local health systems. It also seeks to improve management support systems for procurement, finance and management information systems.

ACCOMPLISHMENTS IN GOVERNANCE

A. Sectoral Management

Support to Improving Local Health System Governance

Establishment of Effective Inter-Local Health Zones. The establishment of Inter-local health zones is an important mechanism in making the district health system work in a devolved set-up. A total of 274 ILHZ are now existing in 89% of provinces. An incentive scheme such as provision of additional commodities, access to specialized training and technical assistance, provision of financial grant for LGUs practicing good inter-LGU coordination and functional ILHZ were implemented to enhance inter-LGU coordination and sustainability (AO 2006-17). The **Province-Wide Investment Plan for Health (PIPH)** as the vehicle in rationalizing local health systems and harmonized support from the National Government and development partners was implemented in 2005. Its implementation is accompanied by a Service Level Agreement (SLA) which sets the benchmark of LGU achievements for the release of corresponding grant and variable tranche from the DOH.

The National Government supports the PIPH implementation and allocated a total of Php1.6B for PIPH implementation at the 16 advanced implementation sites. Of this amount, Php1.31B or 80% will be given as a fixed tranche while Php326M will be used for the performance based grant under the SLA. As of September 2009, around 11.3 % of the total budget allotted have been released to LGUs for their 2007 and 2008 achievements or about Php 185M for 3 years.

Reforms through PIPH implementation are in varying stages of implementation. For the 16 advanced implementation sites, variable tranche for achievement of targeted milestones for 2007 and 2008 have been released to the provinces.

Table 1: Variable Tranche and SLA Achievement

Province	% of total 2007 Variable Tranche achieved based on 2007 and 2008 SLAs	Accomplishment of new 2008 SLA targets (%)
Province 1	70	100
Province 2	100	75
Province 3	70	100
Province 4	100	100
Province 5	70	50
Province 6	85	100
Province 7	85	100
Province 8	85	100
Province 9	70	100
Province 10	70	75
Province 11	70	50
Province 12	80	75
Province 13	70	50
Province 14	85	100
Province 15	70	75
Province 16	70	100

Source: Basis for 2008 Variable Tranche 2 July 09

Note: (Red - <100% achievement, Green - 100% achievement)

Table 1 above shows only two (2 or 12.5%) of the 16 F1 provinces, achieved 100% of their targets for 2007 while others achieved 70-85% of their targets.

Among the targets not achieved in 2007 includes health financing targets, with only 25% of the 16 provinces identified poor families using an acceptable tool. For 2008, 56% of the 16 provinces achieved all new 2008 targets, four (4) provinces accomplished 75% of their new 2008 targets, and three (3) provinces accomplished half of their new target.

PIPH implementation experienced various procedural delays which were addressed through the adoption of improved procedural guidelines streamlining the process flow and empowering CHDs in the appraisal of PIPH (AO 2009-0008).

Local Health Systems Development for Far-flung Areas & Marginalized Populations. The DOH recognized the need to manage the local health systems development of far-flung and geographically isolated and disadvantaged areas (GIDA). GIDA was developed to empower communities, LGUs and key stakeholders towards good governance in health. It employs the principle of inter-local health zones through collaborative partnerships and resource sharing and utilized Primary Health Care approach to make them self-sufficient and self-reliant. The Urban health equity and response tool (HEART) is another local health system strategy recently initiated by WHO to address the unfair health conditions and inequity in the urban setting.

Localization of DOH health policies. Crucial in reform implementation are policies that will serve as guidelines in effective reforms implementation at the local level. Seven (7) policies were formulated for adoption by the Local Government Units (LGUs) to guide them in the implementation of reforms that are geared towards achieving a more responsive health system. These policies also called the Basic 7 Policy Reforms for Local Health: Inter-local Health Zones Development, Performance Based Budgeting for Public Health, Financing, Guidelines for effective Drug Management, Hospital Optimization, Quality Improvement Program and Consumer Participation. Various technical assistance were conducted to localize these policies.

Sector Development Approach for Health

AO 2007-0038 sets the guidelines in implementing **Sector Development Approach for Health**, a system for harmonizing and improving the implementation of assistance from different development perspectives by pursuing effective donor coordination with DOH as the lead and harmonizing their procedures with Philippine Government procedures toward full support of health sector reforms. Various schemes using SDAH principles are: 1) the Joint Assessment and Planning Initiative (JAPI), to assess performances of F1 implementation in convergence sites and identify problems, issues and concerns; 2) the creation of the Joint Appraisal Committee (JAC) to appraise the PIPH, and AOPs of all F1 convergence sites; and 3) the Health Partners Meeting (HPM) to consult and appraise donors on SDAH and F1 strategy. A Technical Assistance Coordination Team (TACT) was also created to harmonize all technical assistance

provided to the DOH by the various partners operating under SDAH. TACT ensures that all technical assistance providers (TAPs) and their outputs are responsive to the needs of the health sector, reduction of duplication efforts and enhancement of complementation among all technical assistance groups.

Establishment of a Framework for Effective Management of Human Resource for Health

Addressing the problems for Human Resources for Health (HRH) is not the sole responsibility of the DOH. In 2006, the **Human Resource for Health Network (HRHN)**, a multi-sectoral organization was established to formulate and draft policies addressing and responding to HRH issues and problems. It is composed of government agencies and non-government organizations led by the DOH that will ensure the achievement of the goals and objectives of the Human Resources for Health Master Plan (HRHMP).

Four (4) HRH subsystems under the HRHMP were developed for effective HRH management:

<p>1. Human Resource for Health Planning and Production in partnership with institutions and other stakeholders were undertaken to increase the availability of skilled health personnel.</p>	<ul style="list-style-type: none"> • Pinoy MD Program – 235 scholars since 2006 • Midwifery Course at Fabella Memorial Medical Center - 16 scholars enrolled • scholarship to 24 undergraduate personnel • Post-graduate course to 39 scholars (2007-2008) • Anesthesia Residency Training, accredited by the Philippine Board of Anesthesiology • Licensure examinations for massage therapist and embalmers and undertakers <p>Institutionalization of HRH Management and Development Systems (HRHMDS): competency-based job descriptions (CJD); Job-related Recruitment and Selection System (JRSS), Performance Management System (PMS), Learning and Development, and Career Development and Management System (CMDS)</p>
<p>2. Human Resource for Health Utilization and Placement</p>	<ul style="list-style-type: none"> • Doctors to the Barrios Program (DTTB) – 65 MDs deployed in 67 municipalities (2008) • 4 Leaders for Health fielded • 1 Specialist to the Province deployed in Bohol Prov. Hosp • 154 doctors fielded under Medical Pool Placement and Utilization Program • 24 licensed Midwives Deployed under Midwifery Deployment Program • 5 public health managers deployed • Nurse Assigned in Rural Service (NARS) Program <p>An online job posting system or “e-jobs for Health” is currently being utilized by DOH and is being advocated for use by LGUs.</p>
<p>3. Human Resource for Health Learning and Development - capacity building activities both for national and local health personnel were developed to ensure availability of competent human resources for health</p>	<ul style="list-style-type: none"> • Strategy-driven interventions such as the Phase I (906 staff trained) and Phase II (291 staff trained) courses on health sector reforms • competency-based interventions (190 personnel trained in 2008, 110 in 2009) • development interventions such as localization of policies, project development and management and Urban HEART trainings <p>These capacity building activities have been institutionalized in partnership with academic and training institutions. Scholarship for post-graduate degree courses through the HRH Fund Assistance was also made available.</p>
<p>4. Human Resource for Health Information System.</p>	<p>Systems for securing information on DOH employees and job vacancies announcements are currently being improved.</p>

The implementation of strategy driven interventions such as the Phase I and II Courses on Health Sector Reform provided new knowledge and skills for both national and local health personnel. Nine-hundred six (906) have been trained on Introductory Course on Health Systems Reform and 31% are LGU staff across 41 provinces, of which only 17% attended the Flagship Course on Health Sector Reform.

Health Professionals at the LGU level

The table below shows LGU health personnel from 2005-2008. It will be noted that the number of doctors in LGUs is decreasing from 2967 in 2005 to 2838 in 2008. Meanwhile, BHWs and midwives who are among the frontliners in the delivery of health services at the local level are increasing while the number of other health personnel did not changed significantly from 2005-2008.

LGU Health personnel 2005-2008

Health Human Resources	Year			
	2005	2006	2007	2008
Physician	2967	2955	3047	2838
Nurse	4519	4374	4577	4576
Midwife	17300	16857	16821	17437
Dentist	1496	1 930	1894	1891
Medical Technologist	1695	1700	1717	1767
Barangay/ Community Health Workers	204481	200897	199546	214326
Nutritionist	290	601	1143	1704
Sanitary Engineers	3293	3429	3048	3921
Dental Aide	1144	1127	1449	1188

Source: DOH - FHSIS 2005-2008

Ratio of health personnel to population:

Health personnel	Ratio to population (FHSIS, 2008)	Standard Ratio of health personnel to population
Doctors	1:31,874 pop	1:20,000
Nurses	1:19,768 pop	1:20,000
Midwives	1:5,188 pop	1:5,000

Further, data shows that based on standards there is an adequate supply of nurses at the LGU level. However, there is a shortage in the supply of doctors in the country. Reasons behind these includes outmigration of health professionals which yielded more nurses but decreasing number of doctors. There are 120 rural municipalities that have been doctor-less for a decade or more and about 600 vacancies in rural and urban hospitals (public and private). There is also a decreasing enrolment in hospital residency training programs (Tan, 2008). The situation is further worsened by low compensation, poor benefits and difficult working conditions for those who opted to stay (HPN 2:2).

Important indicators on human resource production and distribution for planning and monitoring purposes are still wanting and would need mechanisms to draw these out from partners or other government agencies. These include total stock, composition and distribution of human resources, number of new graduates from the health educational institutions, annual investment in human resources and the likes.

Knowledge Management

Health information is important to health planning and decision-making. Several initiatives and projects were implemented to produce timely, quality and relevant health information for the health sector.

1. The **Philippine Health Information Network (PHIN)** was initiated to respond to issues on access and timely and reliable health information. The **Philippine Local Health Information System (PLHIS)** is a web-based monitoring

and evaluation system that tracks progress on local health system development and is integrated into the **Local Health Information System or the LGU Website**. The **Knowledge Management (KM) Framework** serves as the knowledge roadmap of the Department of Health. Knowledge mapping was initiated to make an inventory of knowledge assets, and management and information systems in DOH. The DOH KM Team was also organized and capacitated.

2. **Evidenced-based quality information through Research and Development.** The **Philippine National Health Research System (PNHRS) Strategic Plan for 2006-2010 was developed and the National Unified Health Research Agenda (NUHRA)** was implemented in collaboration with other stakeholders. Several researches were conducted and funded. The annual conduct of the **National Forum on Health Research for Action** translates various health researches into policies and program interventions. The Institutionalization of the **Resource Center for Health Systems Development (RCHSD)** is another milestone in information management. RCHSD is a portal which serves as repository of various knowledge resources on health systems development and can be accessed online and free of charge. The resource center has also video and teleconferencing facilities.
3. **Documentation of best practice** is another initiative of the DOH KM Strategy. Exemplary practices supporting ILHZ models are documented and replicated for possible adoption by other LGUs.
4. **Improving policy making through Health Policy Notes.** The conduct of the National Health Sector Meetings was enhanced with the development of Health Policy Notes (HPN). It communicates and provides analysis on important health policy issues in order to guide DOH policy makers, program managers and health partners in decision making. A total of 24 HPNs have been developed since its inception in 2008.

The above achievements should further be strengthened through advocacy on use and translation of knowledge for planning and decision-making.

Improving Performance through Monitoring and Evaluation

Another major reform in governance is the Institutionalization of the M&E System. The development and implementation of the Monitoring and Evaluation for Equity and Effectiveness (ME3) started in 2006 with the objective to measure the progress of reforms contributions in the attainment of goals and results of the health sector and to determine if these targeted goals were equitably and effectively achieved. **ME3** consists of five (5) scorecards namely: LGU Scorecard, DOH-CHD, DOH-Central Office, DOH-Hospital and Donor Scorecards. Issuances to implement ME3 system as well as the LGU, CHD and development partner's scorecard were already issued for implementation while DOH-Central Office and DOH Hospital Scorecards are still in different stages of development.

B. DOH Internal Management

Reforms in internal management include strengthening of the public finance management, procurement and logistics management, asset management and the internal audit.

Progress in financial management reforms

The **Public Finance Management (PFM)** is a reform initiated in 2005 as part of the start-up technical assistance under the Public Finance Component. It aims to strengthen the institutions involved in the implementation of the health reforms and those targeted as potential beneficiaries of the EU sector Programme. A mission identified the information flow involved in the DOH procurement system and how information technology can be used to make this process more effective. Department Order 2009-246 paved the way for the adoption of the Public Finance Management Strategy focusing on improving budget credibility, budget execution and internal control.

An **improve financial management process** was institutionalized through the revision of issuances related to delegation of approving authorities for various financial transactions. Operations were streamlined to allow for centralized cash advance, guarantee deposits and direct credit of salaries and other receivables to employees ATM cards.

Development and Institutionalization of Electronic tracking system (ETS) is underway. ETS is a system that will track expenditures and correlate them with planned activities especially for the service delivery programs of DOH. There is a plan to make this comprehensive to cover all DOH programs and activities in the next few years.

DOH as best performing agency

The DOH maintained its status as the top performing line agency of the national government. For two consecutive years (2007 and 2008), DOH ranked number 1 in terms of integrity development and fighting corruption among 11 other government agencies in the Philippines. (SWS Business Survey on Corruption). In 2007, it ranked second as the Most Compliant in Terms of Integrity Development Action Plan (IDAP) Implementation (Presidential Anti-Graft Commission).

Improving Internal Control Systems

Pursuant to DBM approval, the DOH Internal Audit Division under the Office of the Secretary was upgraded and strengthened into a Service and renamed as the **Internal Audit Service (IAS)**. IAS will appraise and recommend the improvement of the existing systems and procedures and continually promote transparency and accountability in various aspects of the operations. The audit approach veers away from traditional to risk-based, concentrating more on man-hours and resources reviews. As a result of this change, risk-based audit and risk assessment training courses were conducted. A 3-year Internal Audit Plan was also prepared to support the new IAS.

Reforms in Procurement. The DOH implemented the Agency Procurement Performance Indicators (APPI) which measures the performance and adherence of government agencies to RA 9184 and its Implementing Rules and Regulations. An integrated procurement and logistics system design was developed and is continuously being improved along with capability building programs for procurement officers both at the national and local level.

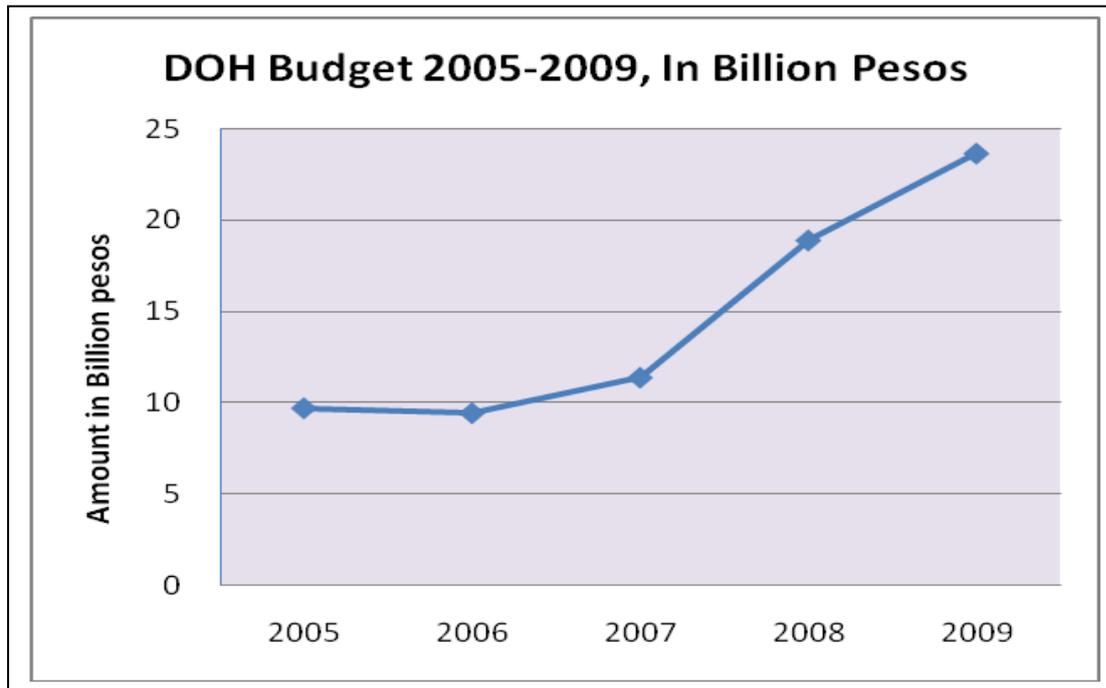
The **Guidelines for Health Commodities Reference Information System (HCRIS)** provides specifications on the type of drugs and medicines to be procured by government agencies. The **Procurement Resource Center (PRC)** systematically organizes all available reference materials and pertinent documentations of procurement transactions both for GOP and FAPs and provides quick reference on pertinent procurement rules and regulations relative to the package being evaluated. Manuals on procurement were developed for distribution in CHDs and retained hospitals, these are: Manual on Good Governance in Medicine (GGM) for selection, registration and procurement of Drugs and Medicine; 4 volumes of DOH customized manuals consists of volume 1– Guidelines on the Establishment of Procurement Systems and Organization; volume 2 – Goods; volume 3 – Civil works; and volume 4 – consulting services.

Continuing Challenges for DOH Internal Management

Institutionalization of a sound financial management for sustaining increased budgets and rational spending

The creation of the Program Planning and Budget Development Committee (PPBDC) in 2006 is a big step towards sound Public Finance Management. It ensures alignment of operational plans to DOH strategic policies and thrust and synchronizes these to financial plans. The process of sub-allotment is an activity which results in the distortion in budget allocation and execution. The DOH has made efforts of improving fund transfer and sub-allotment in different levels of health system by doing it in on a quarterly basis. However, it needs to be strengthened and enhanced further.

There was a significant increase in DOH budget appropriation for the last 2 years as shown in the graph below. Though budget allotment for DOH may not be 100% of what is appropriated, the DOH must ensure that this increase in budget will be translated in the implementation of much needed reforms.



Source: General Appropriations Act 2005-2009

The institution of eNGAS and eProcurement systems are the main focus of reforms in management support to improve efficiency of financial transactions. The eNGAS is fully operational in the DOH Central Office, and has been rolled out to five CHDs and seven hospitals. Training on eNGAS (eight CHDs and 50 DOH hospitals) and monitoring of its implementation has also been done. However, its implementation was deferred in other areas due to a directive from DBM that the system will be improved further.

For CY 2008 ODA, the physical performance of many projects in the DOH portfolio has been slow and implementation and achievement of targets of many DOH FAPs have not been up to par. This could be attributed to different problems within the control of the agency such as delays in procurement, civil works or beyond like increase in prices of construction material and withdrawal of LGUs. (ODA, 2008).

Studies show that RA 9184 or the Government procurement law tends to compromise quality of goods and services in favor of complex bid procedures. A procurement system that is slow and inefficient sends strong signal to the business community that the government is unable or unwilling to compete in today's fast-paced economy thus, crucial infrastructures are not built and basic services are not delivered. The long-drawn-out bidding process on the average 6 months even for a simple, low-budgeted contract including turn-around time for vendors to comply with overly detailed terms of reference and for procurement agencies to process voluminous bid documents hampers the performance of government functions. To court users, it simply means: justice delayed is justice denied (ACA Nimfa Cuesta Vilches, 2008). •

Recommended Actions:

1. The PPBDC should take a more active role in budget preparation though the conduct of internal budget hearing. Sub-allotment to CHDs, and other DOH units, which distorts budget allocation must be minimized and discourage through a more rationale budget allocation based on performance.
2. A study of DOH absorptive capacity must be done to ensure efficient utilization of resources. A mechanism to strengthen internal capacity in prioritization of resource allocation must be put in place. A forward planning activity must be done on an annual basis for effective program implementation and budget execution.
3. A detailed implementation plan for the PFM Reform Strategy must be developed. A monitoring and evaluation plan that will spell out milestones and measurable indicators for the implementation of this reform strategy should accompany the implementation plan.

4. Major reforms in procurement system have been implemented. However, improvement in DOH procurement process, procedures and practices had been limited to the DOH CO system. The level of understanding by PLGUs needs to be enhanced and LGU warehousing and inventory system must be strengthened (MTR HSPSP, 2009).
5. It is highly recommended that a review of existing procurement processes be done to determine gaps and bottlenecks so that these can be remedied more responsively. A study on the effectiveness of RA9184 should be considered to improve the process.
6. Full operationalization of eNGAS in all CHDs, and hospitals need to be done to achieve efficiency of financial transactions at all levels of governance.
7. In order for IAS staff to be more effective and efficient, there is a need for continuous capacity building, training and attendance to courses relative to their line of functions. Completion of the customized DOH Internal Audit Manual is essential in the conduct of audit and in the performance of IAS functions.
8. The implementation of the Integrity Development Committee is a commendable endeavor for the Department of Health and its implementation must be continued and further strengthened.
9. Other areas for further development are asset management and cash management at the hospital level.

This Working Paper was prepared by **Engr. Laurita Mendoza**, Planning Officer IV, Health Policy Development and Planning Bureau

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