Health Sector Reform in Developing Countries: Issues for the 1990's

Conference Report
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Durham, New Hampshire USA

Patricia Langan

Data for Decision Making Project
Department of Population and International Health
Harvard School of Public Health
Boston, Massachusetts

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Executive Summary

Over 75 health professionals, policymakers, researchers and representatives of bi- and multilateral donor organizations representing over twenty countries participated in the Conference on **Health Sector Reform in Developing Countries: Issues for the 1990's** in Durham, New Hampshire, USA from September 10-13, 1993. Sponsored by the Data for Decision Making Project of the Department of Population and International Health at the Harvard School of Public Health, and supported by the US Agency for International Development, the Conference defined health sector reform as sustained, purposeful change to improve the efficiency, equity and effectiveness of the health sector. This definition implies a vision of the sector as a whole, within which specific strategies can be applied. It calls for new approaches to government and non-government action. Conference participants agreed on four recommendations for action on health sector reform:

1. International Consortium

The conference consensus strongly supported the establishment of **an international, horizontal, independent consortium to support health sector reform efforts and to foster cooperation and learning.** Members of the consortium would include institutions, scholars, activists, government officials and donors from many countries. This consortium would help apply methods to capture the high returns from the investment made in the ***World Development Report 1993*** and advances in health sector reform research already made. The consortium would advance the application of analytical tools and reform strategies and contribute to their monitoring and evaluation.

2. Tool Development and Application

Much progress has been made in using data and country experiences to analyze reform strategies. The continued development of **existing planning and evaluation tools,** the development of **new**

tools, and the **wider application of tools** for analyzing reform efforts should be supported. This can be a major focus for donor support and collaboration in the international consortium.

3. Institution Building

Especially in developing countries, more attention should be paid to **institutional development and support** in the form of training, institution building, and funding. Successful reform requires that countries develop new capacities for monitoring, analyzing, and evaluating health systems and the results of reform. Donors need to make longer term commitments to institutional support and to measure progress towards the goal of building up the new structures and capacities that underpin viable reform efforts.

4. Increased Resources for Reform

Recognizing the demand for more work on health sector reform and the need to expand the resources available to health in general, the conference participants recommended that **more resources** be made available at both the national and international levels **for the advancement of health and health sector reform** in developing countries. Such resources would take the form of larger national budgets for health, more resources for research, training, and institution building, especially at the country level, and increased donor support.

I. Introduction

Over 75 health professionals, policymakers, researchers and representatives of bi- and multi-lateral donor organizations participated in the **Conference on Health Sector Reform in Developing Countries: Issues for the 1990's** in Durham, New Hampshire, USA from September 10-13, 1993. Participants came from over 20 countries and represented a variety of disciplines, including economics, public health, medicine, and policy. (For a complete participant list, please see Appendix A.)

The Conference was sponsored by the Data for Decision Making Project (DDM) of the Department of Population and International Health at the Harvard School of Public Health. It was supported by the US Agency for International Development.

Health sector reform has attracted a broad constituency worldwide. Despite different levels of income, institutional structures, and historical experience, many countries are struggling to develop promising health sector reform strategies. The factors bringing countries to consider reform vary. They include rapidly changing demographic and epidemiologic conditions, economic changes, both positive and negative, and dramatic political transformations. There is great interest in learning how to define problems better, how to identify and choose strategies, and how to implement and evaluate the results. The experiences of innovators are closely observed.

The Conference provided an opportunity to exchange views and experiences on the theory and practice of reform. ***The World Development Report 1993,*** published in July 1993, provided a useful and provocative backdrop for the Conference deliberations. Participants discussed reform goals and strategies on panels, in working groups, and in the course of the presentation of papers. They reviewed new tools for analysis and discussed the challenges of their wider and more systematic application.

Reform was defined as sustained, purposeful change to improve the efficiency, equity and effectiveness of the health sector. "Sustained" means that the change provides for its own continuation and is not just a one-time effort or sudden windfall.

"Purposeful" means that reforms have clearly defined objectives and strategies with monitoring of change and possibility of readjustment. The general goals of improving efficiency, equity, and effectiveness must be translated into specific objectives, such as health improvements, sustainable financing, or better distribution of benefits.

Innovations in vision, concept, and action have guided reform efforts. Reform should have a vision of the health sector as a whole, not just of its parts. Reform actions, however, are often properly targeted on health subsectors. Many governments in developing countries are in the process of redefining their role from being solely one of service provider to including new roles as financer and manager of change in the health sector. These new roles imply new action. Governments increasingly use fiscal tools--fees, taxes and subsidies--to bring about change. They need to improve their use of legal and administrative tools as well, such as regulation and other methods. Governments could also act as providers of information to help consumers use the health sector efficiently and effectively.

II. Main Conference Themes

Summarized below are major themes highlighted over the course of the conference presentations and discussions:

- Reform is an iterative process that is complex. It may occur quickly or slowly. The environment surrounding reform efforts is crucial, for example the natural and political environments have an impact on health and the health sector. But often reform strategies define the environment too narrowly.
- Whether we can thoroughly identify a single best approach to reform is questionable. A method that works in one country cannot be expected to work automatically in another, but countries can benefit from sharing their experiences.
- The role of politics and institutions has been inadequately addressed in research and policy. Other factors, especially the political environment and the structure and function of institutions, affect the change that is part of reform. Research on the health sector must move beyond the traditional rational actor model of organizational analysis and recognize the complexity of actors involved, in order for reform efforts to be more appropriately targeted on the actors that matter. In recognition of the political nature of health and how factors other than health systems affect health, other voices should be included in the debates. Academics, policymakers, and donors should not just talk among themselves. The debate should include the press, health consumers, community groups, and professionals from other sectors of development.
- Donors are engaged in their own political battles. It is difficult to maintain funding for programs like institution building that have long lead times, without some interim measures of progress. This presents a challenge to both donors and their recipients to clarify goals and measure progress.
- The role of information is key in achieving such goals of reform as better health status. This includes information generated through research and exchange of ideas. Education is a

powerful tool in the dissemination and utilization of information and can include the people whose health status is measured. At the higher levels, encouraging international dialogue, especially in terms of sharing country experiences, would be helpful. South-south communication needs to be given more attention, and mechanisms to build information and share information at the country level are needed.

- Political realities in the donor community, for example, smaller budgets for development aid, and the recognition of the global nature of health calls for more collaborative efforts. These entail not only collaboration between countries, bilateral and multilateral efforts, and the strengthening of existing multilateral institutions, but also encouragement of new multilateral alliances. Such alliances could be formed among NGO's, universities, and foundations.

- Reform of existing health care structures may not be the only means of improving the health status of the population. In some countries, it may be necessary to improve the size and status of the health sector. If, as many conference participants proposed, health is seen as a basic right rather than a commodity, then health may need to be given a higher priority. Tools used to analyze reform have tended to emphasize doing better with what we have, but this should not preclude advocating for more where resources for health are insufficient.

- Each case we examined highlighted the important role of analysis and the demand for more work on health sector reform. ***The World Development Report 1993*** has contributed to the range of tools we have, including those that are better developed (burden of disease analysis, cost effectiveness analysis and national health accounts) and those that are less developed (tools to analyze provider responses to incentives and determinants of consumer demand, and to monitor and evaluate the impact of reform); this has allowed serious discussion of health sector reform strategies to take place. Tools should continue to be developed and, in addition, should be more practical and have a wider application. The results of their application need to be monitored and the linkages among them strengthened. For example, cost effectiveness analysis can help set priorities among programs, but can it tell you how to implement changes in a viable service program? Political analysis may guide in implementing a strategy, but can it be better used to inform the choice of reform strategy? While there is a need for more analysis, there is also the need to experiment in real field settings and to monitor and evaluate results.

III. Recommendations of Conference

From the above themes, conference participants agreed on four recommendations for action on health sector reform:

Recommendation 1: International Consortium

Many actors, institutions and sectors are engaged and influential in the process of changing health systems. There is an urgent need for an independent, international forum that fosters cooperation and learning among professionals, institutions, organizations, and countries. Conference participants strongly recommended the establishment of an international, horizontal, independent consortium to support health sector reform efforts. "Horizontal" means that consortium members, from various countries and regions, would meet as co-equal partners. Members would include scholars, activists, government officials and donors with scope for both individual and institutional roles. "Independent" means that the agenda of the consortium would not be based on the policy agenda of a particular donor agency, although consortium members would include representatives of international agencies. A consortium is more than simply a network of groups that communicate with each other. It implies some shared agenda and aggregation of experiences leading to a synergy of benefits. The consortium would provide a vehicle for new analysis, experimentation, and documentation/evaluation of health sector change. It would help increase the returns on donor investments (such as ***The World Development Report 1993***) and, in turn, benefit from new investments. Conferees recommend that an appeal for the support of such a consortium in the form of this Conference report be circulated at the upcoming meeting of donors at Ottawa, Canada in October, 1993.

Recommendation 2: Tool Development and Application

Much progress has been made in using data and country experiences to analyze reform strategies. The continued development of existing tools, the development of new tools, and the wider application of tools for analyzing reform efforts should be supported. Tools could include burden of disease analysis, cost effectiveness analysis, national health accounts, planning models for health care, application of economic analysis to understanding provider and consumer behavior, methods for analyzing service costs, quality and outcomes, and institutional and consensus building strategies for health sector reform. This can be a major focus for donor support and collaboration in the international consortium.

Recommendation 3: Institution Building

Recognizing the role of institutions in health sector reform, more support should be given to institutional development and support, especially in developing countries, in the form of training and funding. In addition, donors need interim measures of progress toward the goal of institution building. Priority should be given to developing such interim measures.

Recommendation 4: Increased Resources for Reform

Recognizing that there is a demand for more work on health sector reform, and acknowledging the need to expand the resources available to health in general, the Conference recommends that more resources be made available on the national and international levels for the advancement of health and health sector reform in developing countries. Increased resources should be provided in the form of increased national budgets for health and budgets for research, especially at the country level, and increased donor support.

IV. Conference Follow-up

Based on the recommendations by the Conference participants for wider dissemination of the results of health sector reform experiences, DDM plans to document the conference with this report, the Conference proceedings, and in 1994, a published volume including revised versions of the papers presented. In addition, the participants will continue the discussions initiated at the Conference towards an International Consortium and country to country collaborations.

V. Sessions and Presentations

The Conference began with introductions by Adetokunbo Lucas (Harvard University), Robert Emrey (USAID), and Julia Walsh (DDM) followed by opening remarks from Julio Frenk (National Institute of Public Health, Mexico). Peter Berman (DDM) then provided a guide to the concepts underlying the conference.

The Conference proceeded in six sessions, each of which included paper presentations and/or panel discussions, as summarized below.

Health Sector Reform: Multilateral Perspectives

A panel of representatives of four international organizations kicked-off the Conference by discussing their interpretation of the goals and strategies of reform. The panel members included Dean Jamison (World Bank), Monica Sharma (UNICEF), Ernesto Castagnino (Inter-American Development Bank), and Katya Janowsky (WHO).

The Goals and Principles of Health Sector Reform

Four papers were presented discussing the underlying goals and principles of health sector reform. Underlying alternative approaches to reform and its analysis are different goals and principles, such as improving health status, achieving equity and redistributive goals, and enhancing individual welfare. These differences in goals, however, are often not made explicit, which confuses the debate about the best reform strategies. Reform can occur at different levels, each with its own objectives. Discussion revealed that reform actions are often not tightly related to reform goals.

Presentations included the following:

- "Ends and Means in Public Health Policy in Developing Countries,"Authors: Jeffrey Hammer (World Bank) and Peter Berman (Harvard University, USA)
- "The Health Transition and the Dimensions of Health System Reform,"Author: Julio Frenk (National Institute of Public Health, Mexico)

- "Cost Effectiveness and the Socialization of Health Care"
  Author: Philip Musgrove (World Bank)

- "An Analytical Approach to Health Sector Reform"
  Author: Christopher Murray (Harvard University, USA)

Factors Leading to Health Sector Reform

Two papers were presented and an additional presentation was made on factors leading to reform. Factors that initiate reform are declining resources for health sector reform, resources inefficiently or ineffectively employed, or negative changes in health status. Politics is often a force motivating progress towards or creating barriers to reform.

- "The Politics of Health Sector Reforms in Developing Countries: Three Cases of Pharmaceutical Policy"
  Author: Michael Reich (Harvard University, USA)

- "Has Structural Adjustment Led to Health Sector Reform in Africa?" Authors: David Sahn and Rene Bernier (Cornell Food and Nutrition Policy Program, USA)

- "Health Status in Central and Eastern Europe" (Presentation)
  Presenter: Richard Feachem (London School of Hygiene and Tropical Medicine)

Strategies and Tools for Health Sector Reform

Five papers identified strategies and tools for researching as well as implementing reforms in a market or mixed economy. A consensus has developed in the industrialized economies around key goals of reform and several key functions that can be performed by the private or public sector were identified: finance of care; management of publicly funded care; and provision of care. Reform efforts in industrialized countries have required significant institutional bases for information, analysis and regulation; these will also be needed in developing countries. We need to learn much more about the "abnormal" behavior of health systems and how to manage it. Many economic tools exist but need to be better applied. There is also a need to form policy information systems to manage the reform process more effectively.

- "Abnormal Economics in the Health Sector"

Author: William Hsiao (Harvard University, USA)

- "Preconditions for Health Reform: Experiences from the OECD Countries" Author: George Schieber (US Health Care Financing Administration)
- "Economic Analysis and Research Tools for Health Sector Reform" Authors: Marty Makinen and Ricardo Bitran (Abt Associates, USA)
- "Lessons in Health Financing and Provision from Middle and Upper Income Countries"
- Author: Dov Chernichovsky (Ben Gurion University of the Negev, Israel)
- "Data Analysis Needs for Health Sector Reform"
  Author: Maryse Simonet and Julia Walsh (Harvard University, USA)

Country Experiences in Health Sector Reform

Examples of successful, partially successful, and unsuccessful reform processes are presented in the six papers listed below. Many of the analytical lenses and tools mentioned in the previous sessions were used in designing, implementing, and analyzing the reforms in these cases.

- "Health Care Reform in Sweden--some reflections on the economical and political problems it may solve and create"
  Authors: Goran Dahlgren (Swedish International Development Authority) and Finn Diderichsen (Karolinska Institute, Sweden)
- "New Methods of Finance and Management of Health Care in the Russian Federation"
  Author: Igor Sheiman (Russian Academy of Sciences, Russian Federation)
- "Chile's Health Sector Reform"
  Author: Jorge Jimenez (Centro de Estudios del Desarrollo, Chile)
- "Reform of Chinese Health Care Financing System"
  Author: Xing-yuan Gu (Shanghai Medical University, China)

- "Health Sector Reform in Kenya, 1963-1993: Lessons for Policy Research"
  Author: Germano Mwabu (Kenyatta University, Kenya)

- "Health Sector Reforms in Lower Income Countries: Lessons of the Last Ten Years" Authors: Lucy Gilson and Anne Mills (London School of Hygiene and Tropical Medicine)

Tools Sessions

Several tools for planning and evaluation were presented in five concurrent sessions, as follows:

- Health Finance Simulation Models
  Presenters: Abt Associates

- Burden of Disease Analysis
  Presenter: Christopher Murray

- National Health Accounts
  Presenter: Ravindra Rannan-Eliya

- Political Mapping
  Presenter: Michael Reich

- Cost Effectiveness Analysis
  Presenter: Julia Walsh

The Future Agenda for Health Sector Reform in Developing Countries

The final session, chaired by Lincoln Chen, was a working session in which all participants were asked to share what they had learned from the Conference, what they thought was missing, and suggestions for future action, either by their own or other institutions. Several panel discussants were asked to summarize the comments made and add their own remarks. Peter Berman then closed the Conference with his summary. This session formed the basis for the "Main Conference Themes" and "Recommendations of Conference" sections of this report.

Panel Discussants included:

- A. Vaidyanathan, Madras Institute of Development Studies, India

- Davidson Gwatkin, International Health Policy Programme
- Anne Van Dusen, USAID
- Aleya Hammad, WHO
- Gaspar Munishi, University of Dar Es Salaam, Tanzania
- Jorge Jimenez, Centro de Estudios del Desarrollo, Chile
- Chitr Sitthi-amorn, Chulalongkorn University, Thailand
- Panel Chair: Lincoln Chen, Harvard School of Public Health
- Summary and Closing Statement: Peter Berman, Harvard School of Public Health

VI. Contact Information

For further information regarding the Conference or Conference-related publications, please contact:

Data for Decision Making Project
Department of Population and International Health
Harvard School of Public Health 665 Huntington Ave.,1-1108

Boston, Massachusetts 02115 USA
Phone (617) 432-4610
Fax (617) 432-2181

Appendix A: List of Participants

Name	Affiliation
Dr. Adrienne Allison	Center for Development & Population Activities, USA
Dr. Sudhir Anand	Harvard University, USA
Dr. Jose Ignacio Arbelaez	Ministry of Health, Columbia
Dr. Abraham Bekele	US Agency for International Development, USA
Dr. Ricardo Bitran	Abt Associates, USA
Dr. Jose Luis Bobadilla	The World Bank, USA
Dr. Thomas Bossert	International Science and Technology Institute, USA
Dr. Ernesto Castangnino	Inter-American Development Bank
Mr. Indrajit Chaudhurj	Ministry of Health and Family Welfare, India
Dr. Lincoln Chen	Harvard University, USA
Dr. Dov Chernichovsky	Ben Gurion University of the Negev, Israel
Dr. Chitr Sitthi-amorn	Chulalongkorn University, Thailand
Dr. Goran Dahlgren	Swedish International Development Agency, Sweden
Dr. Finn Diderichsen	Karolinska Institute, Sweden
Dr. Dayl Donaldson	Harvard University, USA
Dr. Hamdy El-Sayed	Egyptian Medical Syndicate, Egypt
Mr. Robert Emrey	US Agency for International Development
Dr. Richard Feachem	London School of Hygiene and Tropical Medicine, UK
Dr. Zuzana Feachem	London School of Hygiene and Tropical Medicine, UK
Mr. Jaime Fernandez	Inter-American Development Bank, USA
Dr. Julio Frenk	National Institute of Public Health, Mexico
Dr. Charlolette Gardiner	UNFPA, USA
Dr. Lucy Gilson	London School of Hygiene and Tropical Medicine, UK

Dr. Ramesh Govindaraj	Harvard University, USA
Dr. Davidson Gwatkin	International Health Policy Program, USA
Dr. Xing-yuan Gu	Shanghai Medical University, China
Dr. Aleya Hammad	The World Health Organization, Switzerland
Ms. Kara Hanson	Harvard University, USA
Dr. William Hsiao	Harvard University, USA
Dr. Dean Jamison	University of California, Los Angeles, USA
Dr. Katja Janovsky	The Word Health Organization
Dr. Jorge Jimenez de la Jara	Centro de Estudios del Desarollo, Chile
Dr. Angwara Kiwara	University of Dar Es Salaam, Tanzania
Ms. Felicia Knaul	Departmento Nacional de Planeacion, Columbia
Dr. Maureen Law	IDRC, Canada
Adetokunbo Lucas	Harvard University, USA
Ms. Katie MacDonald	US Agency for International Development, USA
Dr. Deborah Macfarland	Centers for Disease Control, USA
Dr. Marty Makinen	Abt. Associates, USA
Dr. Michael Mailson	Centers for Disease Control, USA
Dr. Daniel Mbiti	Ministry of Health, Kenya
Ms. Subhi Mehdi	US Agency for International Development, USA
Dr. Ann Mills	London School of Hygiene and Tropical Medicine
Dr. Dow Mongkolsmai	Thammasat University, Thailand
Dr. Johnathon Morduch	Harvard University, USA
Dr. Melinda Moree	US Agency for International Development, USA
Dr. Henry Mosley	Johns Hopkins University School of Hygiene and Public Health, USA
Dr. Gasper Munishi	University of Dar Es Salaam, Tanzania
Dr. Christopher Murray	Harvard University, USA
Dr. Philip Musgrove	The World Bank, USA
Dr. Irbahim Mustafa	Egyptian Medical Syndicate, Egypt
Dr. Germano Mwabu	Yale University, USA
Dr. James Mwanzia	National Primary Health Care Programme, Kenya
Dr. Rene Owona-Essomba	Ministry of Health, Cameroon
Dr. Marguerite Pappaioanou	Centers for Disease Control and Prevention, USA
Dr. David Parker	UNICEF, USA
Dr. Suzanne Prysor-Jones	Academy for Educational Development, USA

Dr. Michael Reich	Harvard University, USA
Ms. Laura Rose	Harvard University, USA
Dr. Stanley Samarasinghe	The Institute for International Research, USA
Dr. George Schieber	Health Care Financing Administration, USA
Dr. Monica Sharma	UNICEF, USA
Dr. Igor Sheiman	Russian Academy of Sciences, USA
Dr. Jim Shepperd	US Agency for International Development, USA
Dr. Mellen Duffy Tanamly	US Agency for International Development, USA
Dr. A. Vaidyanathan	Madras Institute of Development Studies, India
Dr. Ann Van Dusen	US Agency for International Development, USA
Dr.. Oleh Wolowyna	Research Triangle Institute, USA
Ms. Tania Zaman	International Health Policy Programme, USA
Dr. Julia Walsh	Data for Decision Making Project
Dr. Peter Berman	Data for Decision Making Project
Mr. Chris Hale	Data for Decision Making Project
Dr. Ravi Rannan Eliya	Data for Decision Making Project
Ms. Alison Cave	Data for Decision Making Project
Dr. Mary Adams	Data for Decision Making Project
Ms. Catherine Haskell	Data for Decision Making Project
Mr. Bert Phillips	Data for Decision Making Project
Ms. Patricia Langan	Data for Decision Making Project

Appendix B: List of Authors and Titles of Papers Presented

Peter Berman

- "Health Sector Reform in Developing Countries: Framing the Issues"

Dov Chernichovsky

- "Health Care Reform in Sweden -- Some Reflections on the Economical and Political Problems It May Solve and Create"

Richard Feachem

- "Health Status in Central and Eastern Europe" (Presentation)

Julio Frenk

- "The Health Transition and the Dimensions of Health System Reform"

Lucy Gilson and Anne Mills

- "Health Sector Reform in Lower Income Countries: Lessons of the Last Ten Years"

Xing-yuan Gu

- "Reform of Chinese Health Care Financing System"

Jeffery Hammer and Peter Berman

- "Ends and Means in Public Health Policy in Developing Countries"

William Hsiao

- "Abnormal Economics in the Health Sector"

Jorge Jimenex de la Jara

- "Chile's Health Sector Reform"

Marty Makinen and Ricardo Bitran

- "Economic Analysis and Research Tools for Health Policy in Developing Countries"

  Christopher Murray

- "An Analytical Approach to Health Sector Reform"

  Philip Musgrove

- "Cost-Effectiveness and the Socialization of Health Care"

  Germano M. Mwabu

- "Health Care Reform in Kenya, 1963-1993: Lessons for Policy Research"

  Michael R. Reich

- "The Politics of Health Sector Reform in Developing Countries: Three Cases of Pharmaceutical Policy"

  David E. Sahn and Rene Bernier

- "Has Structural Adjustment Led to Health Sector Reform in Africa?"

  George J. Schieber

- "Preconditions for Health Reform: Experiences from the OECD Countries"

  Maryse Simonet and Julia A. Walsh

- "Data Analysis Needs for Health Sector Reform"

  Igor Sheiman

- "New Methods of Finance and Management of Health Care in the Russian Federation"