OFFICE OF INSPECTOR GENERAL
U.S. Agency for International Development

More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts

AUDIT REPORT 4-936-20-001-P
OCTOBER 21, 2019

1300 Pennsylvania Avenue NW • Washington, DC 20523
https://oig.usaid.gov • 202-712-1150

The Office of Inspector General provides independent oversight that promotes the efficiency, effectiveness, and integrity of foreign assistance provided through the entities under OIG's jurisdiction: the U.S. Agency for International Development, Millennium Challenge Corporation, U.S. African Development Foundation, Inter-American Foundation, and Overseas Private Investment Corporation.

Report waste, fraud, and abuse

USAID OIG Hotline
Email: ig.hotline@usaid.gov
Complaint form: https://oig.usaid.gov/complainant-select
Phone: 202-712-1023 or 800-230-6539
Mail: USAID OIG Hotline, P.O. Box 657, Washington, DC 20044-0657

MEMORANDUM

DATE: October 21, 2019

TO: USAID/Bureau for Global Health, Acting Assistant Administrator, Irene Koek

FROM: USAID OIG Africa Regional Office Audit Director, Robert Mason /s/

SUBJECT: More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts (4-936-20-001-P)

This memorandum transmits the final report on our audit of USAID's health systems strengthening (HSS) programs in various missions. Our audit objectives were to assess whether (1) selected USAID missions defined and designed HSS activities to address USAID's "Vision for Health Systems Strengthening" and (2) the Office of Health Systems provided USAID missions with HSS activities with the necessary direction and technical assistance to be successful. In finalizing the report, we considered your comments on the draft and included them in their entirety, excluding attachments, in appendix B.

The report contains three recommendations to improve USAID's HSS efforts. After reviewing information you provided in response to the draft report, we consider all recommendations resolved but open pending completion of planned activities. Please provide evidence of final action to the Audit Performance and Compliance Division.

We appreciate the assistance you and your staff extended to us during this audit.

CONTENTS

INTRODUCTION

The 2014 Ebola outbreak in West Africa devastated Guinea, Liberia, and Sierra Leone. According to the World Health Organization, over 11,000 died in the three West African countries due to the outbreak. The health crisis also resulted in shocks to investment, production, and consumption that slowed economic growth, with the overall impact estimated to be $2.8 billion in the three countries. To control the epidemic and stabilize the region, the U.S. Government appropriated nearly $5.4 billion in fiscal year (FY) 2015 for Ebola response efforts.

While a number of factors contributed to the devastation caused by the Ebola outbreak, the weak state of the countries' health systems was an underlying cause. USAID defines a health system as all people, institutions, resources, and activities whose primary purpose is to promote, restore, and maintain health. In the case of Ebola, weak drug supply systems and infrastructure and a lack of qualified health workers, for example, significantly hindered the ability of the health systems to adequately respond to the outbreak.

Recognizing the importance of systems strengthening to meeting overall health goals and improving countries' abilities to react to large-scale health emergencies like the Ebola crisis, USAID issued its vision for HSS as guidance to USAID missions in September 2015. According to USAID, the vision is an integrated, comprehensive, and holistic approach to improve health systems at the national, subnational, and community levels. The Office of Health Systems (OHS) within the Bureau for Global Health helps the Agency carry out this vision by providing direction and technical assistance to missions with HSS activities.

We conducted this audit to assess the design of HSS efforts at various USAID missions. Specifically, we assessed whether (1) selected USAID missions defined and designed HSS activities to address USAID's "Vision for Health Systems Strengthening" and (2) OHS provided USAID missions with HSS activities with the necessary direction and technical assistance to be successful.

To address the objectives, we used questionnaires to analyze HSS activities from a sample of 11 USAID missions for FY 2015 and 2016.[1] In addition, we interviewed officials from USAID, host country governments, and other HSS actors in the field such as the World Health Organization, other U.N. organizations, and the World Bank. We also conducted field visits to USAID missions in the Democratic Republic of the Congo, Ghana, Haiti, and Jordan. Appendix A contains our full scope and methodology.

[1] We reviewed HSS activities carried out by the USAID missions in Bangladesh, Democratic Republic of the Congo, Ethiopia, Ghana, Guatemala, Haiti, Jordan, Kenya, Liberia, Nigeria, and Tanzania.

SUMMARY

All 11 missions we reviewed designed activities that aligned with USAID's vision for strengthening health systems. Missions' HSS activities aimed to strengthen one or more of the six defined health systems functions: human resources for health; health finance; health governance; health information; medical products, vaccines, and technologies; and service delivery. In addition, missions incorporated HSS activities that were comprehensive in nature as well as those that primarily focused on a single health goal. In all missions reviewed, HSS operational plan budgets were a minority percentage of USAID's overall health budget. Funding dedicated through Federal appropriations to achieving USAID's primary health goals contributed to some missions' perceptions of limited flexibility to program HSS. HSS was a secondary priority because it (1) lacks a dedicated funding source and (2) would typically take longer than direct interventions, which provide a particular health service or product, to yield results. This reflects the tradeoffs inherent in balancing direct interventions and HSS noted during discussions with mission and OHS officials: While greater emphasis on HSS would likely strengthen health systems more quickly, in a world of finite resources, it would likely mean fewer funds for achieving the more immediate results of direct interventions designed to save lives.

Missions we reviewed reported being satisfied with the technical assistance and guidance provided by OHS. However, limited information on the progress of HSS activities affected the office's ability to assess where additional HSS guidance and support was needed across the Agency. For example, while seven missions reported on at least two HSS indicators in USAID's 2016 Performance Plan and Report, these indicators typically reflected only presence of HSS efforts rather than providing insights into results achieved. Further, USAID currently has no centralized mechanism for tracking HSS progress at the country level or results of HSS activities across missions. According to the OHS director, having information on where HSS activities are being carried out would help the office provide more targeted support to missions.

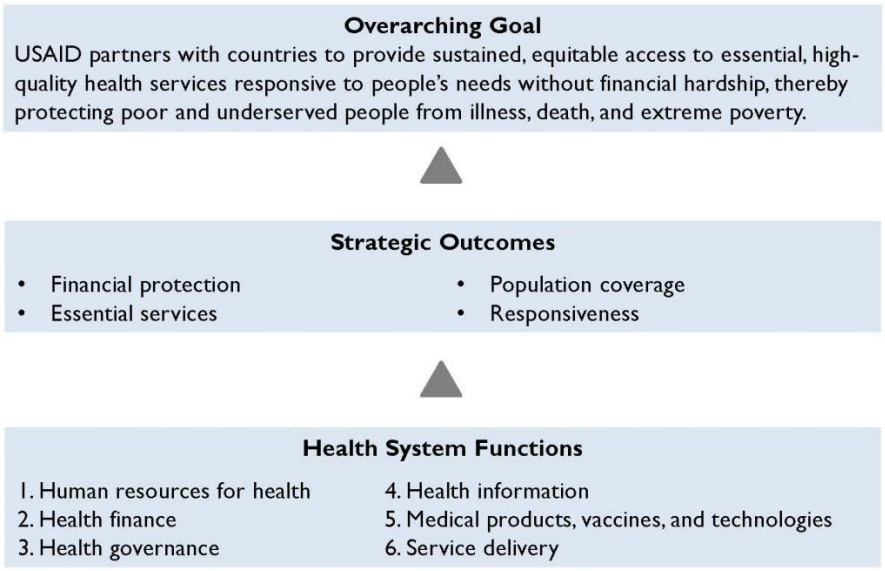
We made three recommendations to bolster USAID's HSS efforts by providing more guidance to missions and enhancing the way the Agency tracks progress in achieving its vision.

BACKGROUND

According to the World Health Organization, there is widespread acceptance that building and strengthening health systems is necessary for securing better health outcomes. To strengthen a health system, activities focus on the six internationally accepted core HSS functions: human resources for health; health finance; health governance; health information; medical products, vaccines, and technologies; and service delivery. USAID defines a well-performing health system as one that achieves sustained health outcomes through continuous improvement of these six interrelated HSS functions.

USAID has incorporated HSS into its global health programming for more than 30 years. Traditionally these HSS efforts have been incorporated into specific disease programs for health challenges like HIV, tuberculosis, and malaria. To elevate this work, in September 2015, the Agency issued its 2015-2019 "Vision for Health Systems Strengthening" as guidance to missions. The vision describes HSS as an approach that leads to national health systems that are resilient and adaptable in the face of disease outbreaks, epidemics, conflicts, and other shocks. It outlines an overarching goal and four strategic outcomes, in addition to the six health systems functions to be strengthened to achieve the outcomes and goal (see figure 1).

Figure 1. USAID Health Systems Strengthening Framework



Source: USAID's "Vision for Health Systems Strengthening."

Within this framework, the vision describes additional criteria that should be considered for HSS activities. It emphasizes taking an integrated, comprehensive approach so that USAID's HSS activities can improve a country's health system overall and achieve sustainable results from the Agency's investments in global health. The vision also states that USAID's HSS efforts should help the Agency achieve its three primary global health goals, as mandated by appropriations law:

1. Ending preventable child and maternal deaths.
2. Achieving an AIDS-free generation.
3. Protecting communities from infectious diseases (PCID).[2]

[2] PCID includes supporting the Global Health Security Agenda, which aims to prevent, detect, and respond to future infectious disease outbreaks, whether they are naturally occurring, intentional, or an act of bioterrorism.

Appropriations and earmarks focus health spending on achieving results related to these three primary global health goals. HSS does not have its own dedicated funding source. When missions plan health activities, they weigh a variety of factors to determine the most appropriate mix of activities to achieve immediate results related to the primary health goals and build sustainability of health investments.

The long-term viability of those health investments is also an important part of USAID's vision. The vision refers to the Lancet Commission's 2013 analysis, which concluded that structured investments in HSS must accompany all spending on discrete disease interventions to lead to sustained impact.[3] In addition, global best practices indicate that investments are more likely to yield sustainable results when they reinforce a country's systems.

HSS also supports the U.S. Government's recently released Global Health Security Strategy.[4] According to the strategy, HSS "complements and contributes to the core elements of global health security" by improving information systems needed for surveillance and reporting, fostering more effective health financing, and bolstering the capability of healthcare workers to respond to infectious disease outbreaks. USAID is tasked with leading capacity-building efforts relevant to global health security.

In 2012, OHS began operating as the Agency's focal point for HSS. The office is responsible for three core functional roles: technical leadership and strategic direction; knowledge and talent management; and field support and program implementation.

REVIEWED MISSIONS FOLLOWED USAID'S VISION FOR HSS, WITH MANY ACTIVITIES FOCUSING ON A SINGLE PRIMARY HEALTH GOAL

In all 11 missions reviewed, HSS activities were designed in accordance with USAID's vision. However, funding dedicated to USAID's three primary health goals—which are mandated by appropriations law—contributed to some missions' perceptions of lack of flexibility to program HSS. Further, to follow the Agency's HSS vision—which maintains a focus on supporting the Agency's primary health goals while also aiming to improve a country's health system overall—missions must consider the tradeoffs and opportunities inherent in balancing direct interventions to address people's immediate health needs with broader HSS activities that are designed primarily to make lasting improvements.[5]

[3] Lancet Commission on Investing in Health, "Global Health 2035: A World Converging Within a Generation" (December 2013).

[4] "United States Government Global Health Security Strategy," 2019. The strategy defines global health security as "the capacity to prepare for, detect and respond to infectious disease threats and reduce or prevent their spread across borders."

[5] Direct interventions primarily address health needs by providing a particular service or product, such as mosquito nets or antiretroviral drugs. Conversely, HSS activities are designed primarily to make lasting improvements to the health system in order to address needs, such as strengthening a country's supply chain capabilities so it is better able to procure and distribute mosquito nets and drugs.

HSS Activities in All 11 Missions Reviewed Were Designed To Address the Agency's Vision

According to the Agency's vision document, missions should design HSS activities that address several key criteria. First, each activity should strengthen at least one of the six health systems functions. Activities should also help USAID achieve one or more of its three primary global health goals, which focus on child and maternal health, an AIDS-free generation, and other infectious diseases. Finally, missions should elevate these efforts through HSS activities that are integrated and comprehensive in nature, to improve a country's health system overall.

We found HSS activities in all 11 missions aimed to strengthen one or more of the six health systems functions laid out in the vision. In addition, these missions incorporated HSS activities that were comprehensive in nature as well as activities that primarily focused on a single health goal.

Missions designed HSS activities to strengthen the system more generally and comprehensively. For example:

- The mission in Kenya combined portions of malaria, HIV/AIDS, and maternal and child health funds into one award designed to strengthen the supply chains and health commodity system for malaria, HIV/AIDS, and family health. This included technical assistance at the national level for malaria, HIV, and family planning. At the local level, the award was designed to strengthen commodity management and reporting systems in targeted areas.
- The mission in Ghana received approval for using President's Malaria Initiative (PMI) funding for an HSS-focused activity designed to expand health insurance coverage that would also benefit PMI efforts.[6] The activity was designed to support a Ghanaian Government communication strategy rolling out the national health insurance payment scheme.

Missions also designed HSS activities that focused on a single primary health goal. For example:

- In Nigeria, one activity aimed to strengthen HIV/AIDS service delivery by improving human resources for health systems. The award was designed to improve the skills mix of health workers delivering HIV/AIDS services and provide sustainable local financing for their salaries. The award would be expected to strengthen service delivery for HIV/AIDS specifically and less so for health service delivery in general.
- In Bangladesh, an activity was designed to strengthen health management services with a focus on tuberculosis (TB). Objectives included improving access to quality

[6] PMI was launched in 2005 with the goal to reduce malaria-related mortality by 50 percent across 15 high-burden countries in sub-Saharan Africa. Four new countries in sub-Saharan Africa and one regional program in Southeast Asia were added in 2011. Under the current PMI strategy for 2015-2020, the U.S. Government's goal is to work with PMI-supported countries to further reduce malaria deaths and substantially decrease malaria morbidity, toward the long-term goal of elimination.

patient care for TB services and strengthening TB platforms such as drug and commodity management systems.

Based on our review of contracts, work plans, and progress reports related to HSS activities, in 5 of the 11 missions,[7] a majority of HSS activities were designed to strengthen the system more generally and comprehensively, while 6 had a majority of HSS activities focusing on a single primary health goal.

In the 11 missions reviewed, HSS activities were a minority percentage of USAID's overall health budget, reflecting HSS as a secondary priority. According to the operational plans for the 11 missions, the total budgeted amounts for HSS accounted for 18 percent of the total health budget for FY 2016 and 13 percent for FY 2015, excluding HIV/AIDS activities funded through the U.S. President's Emergency Plan for AIDS Relief (PEPFAR). Budgeted amounts for HSS in the missions we reviewed ranged from 5 percent to 33 percent. Within PEPFAR, the budgeted USAID amounts overall for HSS were smaller, reflecting 4 percent for FY 2016 and 5 percent for FY 2015 of the total PEPFAR USAID health budgets.[8] A high-level OHS official noted that other USAID health activities designed with a primary goal other than HSS could also strengthen the health system overall, but this would be an ancillary effect.

Dedicated Funding for Primary Health Goals Contributed to Some Missions' Perceptions of Limited Flexibility to Program HSS Activities

USAID's primary health goals—which focus on child and maternal health, HIV/AIDS, and other infectious diseases—have dedicated funding sources as stipulated in annual appropriations laws. Some mission officials noted that these health goals have high visibility and well-defined targets that often need to be achieved within a few years. While HSS is one approach that missions can use to ultimately reach these goals, direct interventions work faster. The relatively longer time it takes HSS activities to achieve results, combined with the lack of a dedicated funding source, meant HSS was a secondary priority.

As a result, USAID's HSS activities would be expected to result in only limited gains in preparing health systems to address large-scale emergencies like the Ebola epidemic. Further, these modest HSS efforts will take longer to strengthen health systems overall. These effects highlight the tradeoffs inherent in balancing direct interventions, which have dedicated funding sources, with HSS. During our discussions with USAID health officials it was noted that while placing greater emphasis on HSS would likely strengthen

[7] USAID missions in Ethiopia, Ghana, Haiti, Kenya, and Liberia.

[8] The Office of the U.S. Global AIDS Coordinator and Health Diplomacy (OGAC) at the State Department has primary responsibility for coordinating all resources and international activities of the U.S. Government to combat the global HIV/AIDS pandemic. OGAC allocates appropriated funds to PEPFAR implementing agencies, particularly USAID and the U.S. Centers for Disease Control and Prevention (CDC). CDC and USAID obligate the majority of PEPFAR funds for HIV treatment, care, and prevention activities through grants, cooperative agreements, and contracts with selected implementers, such as U.S.-based nongovernmental organizations and partner-country governmental entities.

health systems more quickly, it would likely result in diminished resources focused on achieving the more immediate results of direct interventions designed to save lives.

Mission officials we spoke to stated that, because of how USAID funding for health programming works, it was not always clear if HSS activities could be carried out within disease-focused programs related to the primary health goals, or how much could be dedicated for this. Some mission health officials thought that although there was some flexibility to do HSS work, it would require particular justification.

Given the lack of clarity that we noted during our discussions with mission health officials, additional guidance for missions on HSS would be beneficial. While the vision for HSS has elevated HSS within USAID, provided missions with useful information on the importance of HSS, and set out the technical focus areas for missions to work in, it contains gaps that can limit its utility. In particular, the vision does not provide guidance to help missions determine an appropriate balance between direct health interventions and longer-term HSS activities. To that end, two mission health officials said that additional guidance could help resolve questions such as when to use HSS and how much, and clarify the flexibility available to do so within disease-focused programs. Furthermore, an OHS official noted that pairing such systems strengthening efforts with direct interventions can also result in greater, crosscutting benefits than doing individual programs without an HSS component. This approach also aligns with the conclusions of the Lancet Commission, which cited HSS as essential to achieving sustained impact of global health interventions.

OHS PROVIDED TECHNICAL ASSISTANCE TO MISSIONS BUT RECEIVED LIMITED DATA ON HSS ACTIVITIES TO INFORM ITS EFFORTS

As USAID's lead office for HSS, OHS is responsible for providing technical leadership and strategic direction, coordinating knowledge sharing across the Agency, and supporting missions with program implementation.

Missions reported being satisfied with the technical assistance and guidance provided by OHS. For example, one mission noted that the office was part of the design team for several HSS activities. OHS provided written and verbal feedback on the statement of objectives, the results framework objectives, and results expected. Another mission described how OHS technical assistance helped in developing a situational analysis and action plan supporting universal health coverage. One mission reported receiving technical assistance from specialists in the Bureau for Global Health, outside of OHS.

Although missions reported receiving adequate technical assistance, they provided limited information on the progress of HSS activities to OHS—affecting the office's ability to assess where additional HSS guidance and support was needed across the Agency. To establish a baseline for which missions had HSS activities, OHS made three HSS indicators available for use by missions in the Agency's annual Performance Plan and Report (PPR): (1) universal health coverage implementation score, (2) presence of

investment for strengthening of human resources for health, and (3) presence of investment for strengthening of health information systems data.

Seven of the 11 missions reviewed were already reporting on at least two of the indicators in the 2016 PPR.[9] However, two of the three indicators indicate only the presence of investment rather than tracking progress of HSS activities. Moreover, missions often reframed the other indicator, related to universal health coverage, to reflect inputs (presence) rather than results achieved.

Agency officials confirmed that USAID has no centralized mechanism for tracking HSS progress at the country level or results of HSS activities across missions. Furthermore, while there is a way to track what is budgeted as HSS, there is no systematic or reliable way to track what missions are obligating and disbursing on HSS activities—and so it is not possible for OHS to determine all of the HSS activities USAID is undertaking. Similarly, the limited information at the headquarters level could affect OHS's ability to respond to requests for comprehensive information on USAID's HSS work from Congress. For example, OHS officials indicated that the last congressional request took months to fulfill.

This limited tracking, which reflects HSS as a second-order priority with no specific funding, affects OHS's ability to monitor the Agency's HSS activities and fulfill its core functional roles: technical leadership and strategic direction; knowledge and talent management; and field support and program implementation. The OHS director stated that having information on where HSS activities are being carried out would help the office provide more targeted support to missions.

CONCLUSION

The Ebola crisis in West Africa demonstrated that global health security depends on high-functioning health systems. USAID's HSS activities at the missions we reviewed were aligned with the Agency's vision and designed to strengthen health systems. However, given that HSS is a second-order priority, and one approach of many that missions can use to achieve the primary health goals as mandated by appropriations law, HSS activities are a minority of the total health budget and often do not prioritize comprehensive HSS work. Therefore, USAID's HSS activities are not designed with the primary focus to fully prepare health systems to address large-scale emergencies like the Ebola epidemic. For the foreseeable future, new health crises will likely require responses from the international community and the U.S. Government. However, with the right tools, USAID missions are well-positioned to determine the appropriate mix of health activities primarily designed to save lives and have immediate impact, and those focused on strengthening health systems overall. Achieving this balance could enhance the long-term viability of U.S. Government investments in global health security and countries' self-reliance in responding to their future health crises.

[9] These were the USAID missions in Democratic Republic of the Congo, Ghana, Haiti, Jordan, Liberia, Nigeria, and Tanzania.

RECOMMENDATIONS

We recommend that the USAID Bureau for Global Health:

1. Develop and disseminate guidelines to help each mission determine an appropriate balance between health systems strengthening activities and direct health interventions.

2. In coordination with USAID's Office of the Chief Financial Officer, implement a mechanism to track obligations and disbursements of HSS activities to identify all HSS activities across missions.

3. Identify and disseminate a set of indicators for missions to track HSS progress, such as implementation, achievement, and improvement at the country level.

OIG RESPONSE TO AGENCY COMMENTS

We provided our draft report to USAID on July 17, 2019, and on September 3, 2019, received its response, which is included as appendix B.

The report included three recommendations and we acknowledge management decisions on all three. We consider the three recommendations resolved but open pending completion of planned actions.

For recommendation 2, the Agency proposed alternative actions and we consider those actions to be sufficient to meet the recommendation's intent. According to the Agency, standardized definitions for HSS activities and a new requirement for missions to inform the Bureau for Global Health of changes in HSS budgets allow the bureau to comprehensively track HSS activities through the development and approval of annual operating plans. In addition, the Agency stated that enhanced guidance gives the bureau the ability to verify that crosscutting HSS activities are captured in operating plans. These actions, once completed, should result in an efficient yet suitably effective means of identifying HSS activities across missions.

APPENDIX A. SCOPE AND METHODOLOGY

We conducted our work from September 2016 through July 2019 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We conducted this audit to assess whether (1) selected USAID missions defined and designed HSS activities to address USAID's "Vision for Health Systems Strengthening" and (2) OHS provided USAID missions with HSS activities with the necessary direction and technical assistance to be successful. We did not assess whether USAID's HSS activities are successful. Our audit centered on OHS within USAID's Bureau for Global Health, and we selected 11 missions with HSS activities to review. The audit focused on the selected missions' HSS activities for FY 2015 and 2016 (October 1, 2014, to September 30, 2016). We reviewed additional HSS information after this date as necessary to determine the extent to which observations were still valid.

To address the audit objectives, we first reviewed USAID's "Vision for Health Systems Strengthening" and interviewed OHS officials to obtain an understanding of HSS. We reviewed, analyzed, and summarized criteria and background information including laws, guidance, evaluations, U.S. Government websites, media articles, and various reports related to HSS, the Bureau for Global Health, OHS, and sustainability.

We used HSS budget information from USAID mission operational plans and PEPFAR country operational plans obtained from the Foreign Assistance Coordination and Tracking System (FACTS INFO) database to identify all USAID missions with HSS budgets from which to select a judgmental sample of missions with HSS activities. We relied on the computer-processed data contained in FACTS INFO maintained by USAID as a factor for our judgmental sample and in calculating the percentage of budgeted HSS versus total health budgets. We verified data reliability by performing tests and tracing budget amounts provided via FACTS INFO to the operational plans and found no discrepancy. These tests led us to conclude that the data are sufficiently reliable for our use. A judgmental sample of 11 USAID missions was selected from the 48 missions with HSS budgets for FY 2015 and 2016 based on the following factors:

- Budget dollar amounts
- Geographical coverage
- Various health risks (HIV/AIDS, malaria, Ebola, Zika, avian flu)

We performed desk reviews in OIG offices in Dakar, Senegal; San Salvador, El Salvador; Port-au-Prince, Haiti; Pretoria, South Africa; and Washington, DC. The desk reviews were of HSS activities in 11 USAID missions:

- USAID/Bangladesh

- USAID/Democratic Republic of the Congo
- USAID/Ethiopia
- USAID/Ghana
- USAID/Guatemala
- USAID/Haiti
- USAID/Jordan
- USAID/Kenya
- USAID/Liberia
- USAID/Nigeria
- USAID/Tanzania

We then judgmentally selected 4 missions from the 11 above for site visits based on similar factors, as well as to gather further evidence for our conclusions. As the samples are judgmental, we do not extrapolate or project results to all USAID missions. The four missions selected were the Democratic Republic of the Congo, Ghana, Haiti, and Jordan. During site visits to those missions, the audit team interviewed USAID officials, host country government officials, and officials from other HSS actors such as the World Health Organization, the United Kingdom's (UK) Department for International Development, UNICEF, and the World Bank.

We also conducted interviews with OHS officials in Washington, DC, and Arlington, Virginia, to determine the universe of HSS activities, how OHS interacts with missions with HSS activities, and what reporting OHS gets from missions with HSS activities.

In planning and performing the audit, we assessed the significant controls OHS relied on to ensure that HSS is built into the work that USAID operating units do and to provide sufficient support to operating units with HSS activities. These controls included USAID's "Vision for Health Systems Strengthening," OHS technical support, three PPR HSS indicators made available by OHS, training courses provided by OHS, and a tracking mechanism of technical assistance trips by OHS staff. We also reviewed the Bureau for Global Health's FY 2016 evaluation of internal controls required by the Federal Managers' Financial Integrity Act of 1982, as well as those from the 11 USAID missions.

We analyzed HSS activities of the 11 selected USAID missions for FY 2015 and 2016 through a desk review process to determine if they were designed to address the Agency's vision. Desk reviews consisted of sending questionnaires to, and receiving and analyzing responses from, all 11 to determine the technical assistance received from OHS. The respondents were mission health officials we identified who would be well-informed about HSS efforts and well-positioned to answer questions about OHS's technical assistance. We also analyzed HSS award documents and design documents such as contracts and project appraisal documents from the selected missions. Questionnaires were also sent to, received, and analyzed from other widely recognized HSS actors such as the World Health Organization, UK's Department for International

Development, UNICEF, and the World Bank, as well as ministry of health officials in the 11 countries selected. Since these organizations and health officials are familiar with HSS activities in the countries selected, their responses provided us with additional context and corroborating evidence about USAID's HSS activities and their alignment with the Agency's "Vision for Health Systems Strengthening."

APPENDIX B. AGENCY COMMENTS

MEMORANDUM

TO: Office of the Inspector General for the U.S. Agency for International Development (USAID), Africa Regional Office, Director for Audit, Robert Mason

FROM: USAID/Bureau for Global Health, Acting Assistant Administrator, Irene Koek /s/

DATE: August 30, 2019

SUBJECT: Management Comment(s) to Respond to the Draft Audit Report titled, *More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts* (4-936-19-002-P), Prepared by the Office of the USAID Inspector General (OIG)

USAID would like to thank the OIG for the opportunity to provide comments on the subject draft report. The Agency agrees with Recommendations One and Three in the report, and agrees with the objective of Recommendation Two, but disagrees that tracking obligations and disbursements would be the best way to accomplish it. The Agency herein provides implementation plans for each Recommendation, and reports on the significant progress we have already made.

For more than 30 years, USAID has provided technical leadership and innovation to strengthen health systems (HSS). We define a "health system" as the constellation of institutions, both public, private-sector, and not-for-profit, that deliver health care and public-health and prevention interventions; support the delivery of health care and public health; and provide stewardship, guidance, and regulation for, and data on, health-

related activities. A highly functioning health system is one in all people and communities can have access to the promotive, preventive, curative, rehabilitative and palliative health care they need, which must be of sufficient quality to be effective, while also ensuring that the use of this care does not expose the user to financial hardship. Such a system also empowers people, families, and communities to take responsibility for their own health, as well to practice and promote positive, risk-avoiding behaviors for optimal health and well-being.

HSS promotes integrated care focused on the needs of people and communities, and assists public and private health institutions in a mutually enhancing way to meet a set of standards that collectively indicate high-performing health care.

The Office of Health Systems (OHS) within the Bureau for Global (GH) at USAID currently serves as the hub and convener for the Agency's worldwide leadership network of technical experts in HSS. OHS collaborates with the other units of the Bureau and our implementing partners to create high-quality health care that is accountable, affordable, accessible, and reliable**.** Over the past year, this has included substantial contributions to the development of best practices and Agency-wide approaches to finance self-reliance; creating health-sector specific questions for the Agency's self-reliance learning agenda; and convening multi-sectoral and cross-Agency experts to discuss and refine principles related to resilience in health care.

All of USAID's investments in global health include HSS in some way. OHS is coordinating a Bureau–wide effort to define more precisely the continuum of activities from single-element interventions to support for comprehensive HSS. Ongoing support for, and tracking of, these foundational HSS activities is essential to foster national self-reliance in the health sector. Foundational investments in HSS complement and can amplify the effect of our disease-specific programs and prevent duplication and inefficiency. Since Missions in 32 countries are implementing USAID-funded health programs concurrently in three or more program areas (excluding the President's Emergency Plan for AIDS Relief [PEPFAR]), the need for alignment is clear.

In addition to defining the continuum of HSS activities with greater specificity, GH recognizes the need to communicate clearly within the health sector that strong health institutions are critical to national self-reliance. We

also need to promote the idea that systemic outcomes are an expected result of our global health investments, in a way that ensures consistency with the guidance and processes for individual programs such as PEPFAR and the President's Malaria Initiative. Such strategic communications will support the creation of criteria to inform decisions on when to invest in health institutions and systems in a comprehensive and foundational way.

GH will also address perceived inability of our field officers to design programs that solve systemic challenges. Beginning this year, GH has included a requirement in our guidance for country-level Operational Plans that Missions must invest resources toward cross-cutting health systems element(s), consistent with our existing legal authorities that govern the use of our funds.[10] This guidance makes clear that programming to build foundational health institutions and drive systemic change is both feasible and desired. Furthermore, it supports GH's ability to track budgets and performance better. OHS will lead the development of targets that HSS activities will work to achieve; HSS programming will be accountable for driving progress toward these targets.

[10] For example, the existing legislatively mandated authorities of the U.S. Global Malaria Coordinator over all malaria funds.

COMMENTS BY THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT (USAID) ON THE REPORT RELEASED BY THE USAID OFFICE OF THE INSPECTOR GENERAL (OIG) TITLED, More Guidance and Tracking Would Bolster USAID's Health Systems Strengthening Efforts (4-936-19-002-P)

Please find below the management comments from the U.S. Agency for International Development (USAID) on the draft report produced by the Office of the USAID Inspector General (OIG), which contains three recommendations for USAID. All corrective actions listed below take advantage of, and conform to, existing programmatic processes and budgetary authorities within the Global Health Programs account.

Recommendation 1: Develop and disseminate guidelines to help each Mission determine an appropriate balance between health systems strengthening (HSS) activities and direct health interventions.

Management Comments: USAID agrees with this recommendation, and has already begun to implement the following steps to address it:

- **A Bureau-wide Results Framework:** To help USAID's Missions determine an appropriate balance between HSS activities and direct health interventions, all stakeholders must first recognize that strong public, private, and not-for-profit health institutions are critical to national self-reliance in health, and that the pursuit of specific health goals should simultaneously strengthen health systems. The Bureau for Global Health (GH) will establish a Results Framework that demonstrates these expectations, which will provide a basis for leaders in both Washington and the Missions to consider how chosen HSS activities contribute to the measurable goals of disease-specific programs and *vice versa*. The Framework will encourage leaders to approve programs that foster national self-reliance in health while also achieving quantifiable targets, and will enable GH to have oversight of implementation to ensure Missions address both objectives. GH will disseminate this results framework to all USAID health officers and post it to the GH intranet. A summary version would be available for use in public documents and communications with partners.
Target Completion Date: March 2020

- **Improved Guidelines on Cross-Cutting Health Investments:** Supporting the Results Framework will be a more common understanding within USAID about which aspects of HSS require a comprehensive

approach versus a single-element approach. GH has already begun to define and outline this continuum of support for health institutions more precisely, and expects to develop a more unified, sector-wide approach to foundational aspects of HSS. The Office of Health Systems (OHS) within GH has created an intranet site of guidance and resources for all USAID Missions. OHS updates the easy-to-navigate site continuously with new guidance, and sends notices to all USAID health officers when major updates or new content are available. This intranet site will be the primary means for disseminating improved guidelines on the continuum of support for HSS within USAID. **Target Completion Date: October 2019**

- **Update HSS Vision for Action:** GH will issue a new HSS vision (or potentially an Agency strategy) in calendar year 2020, which will reflect updated best practices in HSS, as well as the new definitions and frameworks developed in response to this audit, and provide a further resource for partners and field staff to use to understand decision factors when making investments in HSS. The vision will be a public document that will reside on USAID's external website, and GH will disseminate it widely to Missions, implementing partners, and other donors. **Target Completion Date: September 2020**

Wide collaboration across GH and field Missions will ensure the above items to create broad understanding of common approaches.

Refined guidance for country-level Operating Plans (OPs) will then reflect these overarching documents to clarify the expected use of the HSS element to capture cross-cutting investments in HSS. **(Completed for Fiscal Year 2019; GH will update it in subsequent years as necessary.)** OHS will use the process of reviewing OPs to enforce adherence by Missions to this guidance **(in progress)**. An additional description of this action appears below under the response to Recommendation 2.

Recommendation 1 Target Completion Date: September 2020.

Recommendation 2: In coordination with USAID's Office of the Chief Financial Officer, implement a mechanism to track obligations and disbursements of HSS activities to identify all HSS activities across Missions.

Management Comments: USAID agrees with the objective of this recommendation, but disagrees that tracking obligations and disbursements

is the best way to accomplish it. USAID has already begun to implement a number of steps to address the objective of identifying HSS activities across Missions.

The process of developing and approving the annual OPs is the most-efficient way to identifying all HSS activities across Missions. Better definition and tracking of HSS at the budgeting stage, combined with diligent follow-up to ensure Missions update their budgets regularly through the OP process, enables USAID to capture all HSS activities across Missions, which is the objective of this recommendation.

Tracking HSS activities consistently and systematically at the budgeting stage was not possible at the time of the audit. GH did not have consistent definitions for HSS activities across all health elements. Missions did not have to notify GH of changes to their OP budgets for HSS programs. The Agency has made some important advances to address this challenge, and will implement additional steps to strengthen the ability to identify and track HSS activities across Missions:

- The Agency rolled out a new Standard Program Structure in 2016. This innovation 1) created alignment within cross-cutting HSS elements across Global Health program areas, which allows for increased standardization of what Missions budget as cross-cutting investments; and, 2) elevated health elements to program areas and sub-elements to elements, which establishes a reprogramming notification requirement for GH funding within the cross-cutting HSS elements. Therefore, changes to element-level budgets, including funds budgeted for HSS, now require clearance from GH in Washington prior to notification to the Office of the Director of Foreign Assistance Resources (F) at the U.S. Department of State and obligation. This has helped to ensure that the Agency's budget and programming systems align to actual obligations, and that USAID continually updates the correct numbers in the databases that track foreign-assistance programming. **Completed**

- Beginning this year GH has amended the guidance for OPs to specify that Missions must devote resources toward the cross-cutting health systems element(s), consistent with existing legal authorities on the use of our funds. This will ensure that Missions understand that we encourage investments in HSS. The guidance also includes technical considerations for how to design HSS programs according to state-of-the-art practice, which provide a means for OHS to use the process of reviewing and approving OPs to ensure that

funds Missions budget toward the cross-cutting HSS elements are correctly identified and in line with the Agency's strategic approaches.

In alignment with processes used by other GH programmatic areas, OHS will institute a rigorous review of all Mission-level programming for cross-cutting HSS to ensure compliance with the guidance. GH will not approve OPs until Missions are compliant with the guidance. **GH issued the guidance in August 2019. The review and approval of OPs will be complete by December 2019, and annually thereafter in alignment with program cycles.**

In consultation with the Agency's financial-management experts, GH has determined that there are two primary means of implementing the tracking of HSS disbursements and obligations. The first would be to add budget fund codes at the allotment level. Since HSS funding comes from different GH program areas, this would require waiting until after Missions and the Bureau make programming decisions, which could create delays in allotment and risk jeopardizing the full obligation of the the GH Programs account, including compliance with Congressional directives. The second approach would add distribution codes at the time of obligation to track the funding. Each individual Mission would have to take this step by using a common code. The risk of potential inconsistencies would be great, as GH would not have a specific review mechanism to ensure accountability and fidelity across Missions.

Based on the options above, GH has determined that the potential downsides to the implementation of these options (or other variations on them) outweigh the marginal benefit of tracking obligations and disbursements for HSS beyond the improved budgetary tracking already in place. These risks include the following:

1) To respect programming processes for GH appropriated accounts, tracking would need to take place at lower (decentralized) levels, and would then become less standardized and accurate;

2) Regardless of the level of implementation, delays would occur after normal programming processes required to determine which specific portions of funds would be for HSS by award for the coding level;

3) If Missions made changes to approved OP budgets, corrections to the funding for HSS would require moving funding back up to the level coded and then back down; and,

4) Any additional breakdown in coding would result in additional accounting lines to obligate, disbursements to post, track, reconcile, and manage that would add to the workload of both USAID and implementing partners, which could create a particular burden on new partners unfamiliar with the Agency.

Identifying HSS activities at the budget and obligation point does not provide information on the extent to which these partners ultimately implement thema. Enhanced review of HSS indicators and Performance Plan Reports (PPRs) (as outlined in the response below to Recommendation 3) will provide a means for OHS to assure that partners are carrying out expected HSS activities to achieve identified results, and allow the ability for GH to follow up with those Missions that are not achieving these results.

Recommendation 2 Target Completion Date: December 31, 2019

Recommendation 3: Identify and disseminate a set of indicators for Missions to track HSS progress, such as implementation, achievement, and improvement at the country level.

Management Comments: USAID agrees with this recommendation, and has already begun to implement the following steps to address it:

- **Updated Required Reporting on HSS:** Beginning this year, GH has changed the PPR indicators for HSS to track better. Missions must report progress on the following new indicators when making HSS investments:

    - **Protection from financial risk—**Percentage of people estimated to be covered or already enrolled under a financial-protection scheme in the project catchment area supported by USAID's projects;
    - **Quality-improvement—**Percentage of people who receive health care from facilities that implement quality-improvement (QI) activities in the project catchment area supported by USAID's projects; and
    - **Responsiveness—**Average percentage gaps in coverage in HSS projects funded by USAID a) between first antenatal clinic visit and fourth antenatal clinic visit; and, b) between the first and third doses of the vaccine against diphtheria, pertussis, and tetanus (DPT)

GH disseminated these new indicators to Missions via e-mail in August, 2019, and they will be available in reporting databases. **Completed**

- **Enhanced Review of Required Reporting:** GH has a robust annual PPR review process for all USAID Operating Units with health funding. This long-standing review process ensures compliance with technical and programmatic guidance and policies. Beginning this year, GH will use this process to review Missions' outcomes (through newly established PPR indicators) related to HSS, and compare them to activities and expected results articulated through the OP to identify and follow up with Missions that need additional support. **Target Completion Date: March 2020 and annually thereafter.**

- **New Tools for Tracking Progress in HSS:** OHS has recently established criteria, and issued a fact sheet, to define "high-performing health care" as accountable, affordable, accessible, and reliable. The fact sheet includes performance factors for each of those four dimensions. OHS will expand these performance dimensions to create a tracking tool modeled on the Global Health Security Agenda Joint External Evaluation that Missions can use to chart progress on HSS investments in a more nuanced way. OHS will disseminate the tool to Missions and health officers via its intranet site and provide support to Missions and partners to implement the tool on a regular basis. **Target Completion Date: May 2020 and periodically thereafter.**

- Finally, the World Bank and the World Health Organization have recently begun to issue an annual joint report that outlines comprehensive tracking of national progress toward the Universal Health Coverage target incorporated into the Sustainable Development Goals. Published every year, this report will track country-level progress on a range of HSS indicators, where data are available. This report includes both underlying indicators and their aggregation into two separate, but important, indices: service coverage and financial protection. The inclusion of the global monitoring systems aligned with the SDG targets will encourage governments to improve the availability of data and serve as an important resource for GH and Missions to track progress. **Ongoing**

Recommendation 3 Target Completion Date: May 1, 2020.

In view of the above, we request that the OIG inform USAID when it agrees or disagrees with a management comment.

APPENDIX C. MAJOR CONTRIBUTORS TO THIS REPORT

The following people were major contributors to this report: John Vernon, audit director; Abdoulaye Gueye, audit director; Louis Duncan Jr., assistant director; Ismail Kenessy, auditor; Robyn Blount, auditor; Abbas Busari, auditor; K. Nicola Harrison, associate counsel; Tanner Horton-Jones, associate counsel; Colette Konate, auditor; Laura Pirocanac, writer-editor; and Hugo Solano, auditor.