

**Technical Consultations on Health Financing Strategy, Nutrition Public
Expenditure Review and Human Development Public Expenditure Review
February 18 – 28, 2019
Aide Mémoire**

1. During February 18-28, 2019, the World Bank team¹ held technical consultations with the Ministry of Health and Population (MOHP) on: (i) the Health Financing Strategy (HFS); (ii) the Nutrition Public Expenditures Review (N-PER); and (iii) the Human Development Public Expenditure Review (HD-PER). This Aide Mémoire (AM) summarizes the discussions and agreements reached. Annex 1 presents a list of persons met. The findings of the consultations were discussed with Dr. Pushpa Chaudhary, Secretary, MOHP on February 26, 2019, Mr. Mahendra Shrestha, Chief, Health Coordination Division of the MOHP on February 20, 2019, and with Dr. Guna Nidhi Sharma on February 26, 2019. The consultation was led by Aline Coudouel, Lead Economist, with the objective to meet relevant counterparts (government authorities and development partners), discuss the task objectives and understand similar tasks, if any, being conducted by the government and DPs. The Team discussed the counterparts' expectations and specific needs in terms of the budget preparation and spending during the transition to federalism. As agreed, the AM will be classified as a public document as per the World Bank's Access to Information Policy

Health Financing Strategy (HFS)

Background

2. Since the last consultations (September 18-21, 2018), the Bank team noted progress towards the preparation of the HFS by the MOHP. A Technical Working Committee (TWC) was created under the Policy and Planning Division of the MOHP to support the preparation of the HFS. And, the MOHP indicated that a HFS Steering Committee (SC) will be formed to take decisions on the proposals of the TWC regarding the contents and directions of the HFS. The TWC has met twice (October 9, 2018 and December 24, 2018).

3. The Bank team is supporting the government to conduct a Situational Analysis on health financing in Nepal. The second meeting of the TWC discussed and agreed on the framework for the Situation Analysis. The Situation Analysis will lay the groundwork for discussing the priority issues that would be further analyzed and for which options would be developed in the HFS. Development Partners (DPs), namely, the World Health Organization (WHO) and Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) are also actively engaged in the process.

4. In all phases, the DPs supporting the preparation of the HFS are available to provide just-in-time support/technical advice on related proposals the Government may wish to explore further (e.g., health insurance – if that emerges as a topic worthy of further investigation). The Team noted that the focus should not be on just preparing a HFS – but rather to also consider alternative options and health financing proposals in the process.

5. It is proposed that the workshop (to be held in mid-April 2019) be conducted over two days at a venue close to Kathmandu. Participants would include TWC members, DPs and other stakeholders invited by the MOHP (especially from subnational governments, other government entities, and the Ministry of Finance). The first day would be dedicated to the presentation, discussion and agreement on the Situational Analysis. During the second day, a SWOT (Strengths, Weaknesses, Opportunities and Threats) Analysis would be jointly prepared as a foundation for discussing priorities of the HFS, as well as its mission, vision, values, goals and indicators.

6. Mamata Ghimire, a health economist, and consultant for the Bank will be based in Kathmandu and provide technical support related to the HFS.

¹ The World Bank team was composed of Andre C. Medici (Senior Health Economist and Mission Leader), Kari L. Hurt (Senior Operations Officer), Manav Bhattarai (Senior Health Specialist) and Mamata Ghimire (Consultant).

Nutrition Public Expenditure Review (N-PER)**Background**

7. The Bank launched the preparation of a N-PER in August 2018, as part of a regional task involving Nepal, Bhutan, India and Sri Lanka. The activity entails applying a methodological framework to analyze nutrition public spending based on existing data sources. This effort will allow a systematic review of the public financing for nutrition in Nepal, emphasizing efficiency of spending, equity and adequacy. The findings of this study are intended to inform policy dialogue with the government, donors and other stakeholder on guiding nutrition policies, mapping evidences and pointing out loopholes and areas for future investment and intervention in nutrition.

Status of Output and Next Steps

8. The team has developed and applied a sound methodology, identifying nutrition specific and sensitive budget lines, based on the Red-Book and Government of Nepal's Aid Management Platform (AMP) data bases (both from the MOF), for the fiscal years 2011/12 to 2018/19. During the consultation, the team shared the current progress with the relevant officials of the MOHP and the DPs. The final output is expected to be delivered in July 2019.

Human Development Public Expenditure Review (HD-PER)**Background**

9. The HD-PER (launched in early February 2019) will analyze public expenditures in human development sectors (health, education and social protection), with a view to inform the transition to a federal system. Recent public expenditure patterns in these sectors will be reviewed to understand the current patterns and issues (related to adequacy, equity and implementation) and inform policies and operational aspects of public expenditure management during the country's transition to federalism.

Status Outputs and Next Steps

10. The team sought to identify data sources related to budget preparation and spending and learn about the processes used by the government for fiscal transfers - conditional grants, equalization grants, special grants and matching grant. Data on service outcomes at municipal and provincial level was also discussed, based on the management information systems existing in the different ministries. .

11. The team worked with the Poverty, Governance, Social Protection and Health teams in Nepal on the design and development of an instrument to be applied in a sample of municipalities in order to compile data on the devolution of human development functions.

Table 1: Summary of Agreed Actions

	Actions	Responsible	Due Date
1	The draft report and a power point presentation of the Situational Analysis of the Health Financing in Nepal will be shared with the TWC	WB	March 31, 2019
2	The TWC will organize a workshop on Health Financing with a purpose to discuss: (i) the findings of the situational analysis; (ii) mission, vision, values and priorities for the preparation of the HFS, and (iii) a HFS roadmap. DPs will support and facilitate the TWC during the workshop	MoHP/WB/WHO/GIZ	April 15, 2019
3	The revised/final Situational Analysis will be presented by the TWC to the SC, with strategic options for the HFS	MoHP	May 31, 2019
4	The HFS draft document will be finalized and submitted to the SC by the TWC	MoHP	December 31, 2019
5	The HFS document, with implementation, and monitoring and evaluation plan will be finalized by the TWC and approved by the HFS-SC	MoHP	June 30, 2020

Annex 1

List of Persons Met in the Health Sector

Ministry of Health and Population

Dr. Pushpa Chaudhary, Director General of the Department of Health Services,
Mr. Mahendra Shrestha, Chief, Health Coordination Division
Dr. Guna Nidhi Sharma, Chief, Policy and Planning Section

World Health Organization (WHO)

Dr. Jos Vandelaer, Representative
Mr. Roshan Karn, Health economist

Department for International Development (DfID)

Ms. Nichola Cadge, Health Advisor

Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ)

Dr. Bikesh Bajracharya, Health Financing Advisor
Mr. Roland Panea, Lead of Component – Social Health Protection

UNICEF

Usha Mishra Hayes – Chief Social Policy, Evidence and Evaluation Section

Other Institutions

Dr. Shiva Raj Adhikari – President, Nepal Health Economics Association
Dr. Pukar Malla – Executive Coach, Nepal Leadership Academy
Mr. Devendra Gnawali – Oxford Policy Management.