



*Government of the Republic Of  
Vanuatu*



*Health Sector Strategy 2010 -2016*

**MOVING HEALTH FORWARD**



*Ministry of Health Mini- Health Conference on re-structuring and Health Sector Strategy development, March, 2010 - Lonnoc Beach Bungalows, East Santo.*

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## FOREWORD

I am very pleased to present this Health Sector Strategy 2010-2016 (HSS) for guiding the development of our country's health sector. Improving the health of the nation is at the heart of government policies and, although we have been striving to improve our health services, much more remains to be done in the years ahead. We are determined that our whole population will have access to good quality health care.

This HSS is not a detailed prescription for activities, but rather the context that will guide our efforts throughout the next six years. It lays out our overall objectives and specifies the directions we will take to address our major constraints and to meet those objectives. It is the context within which detailed plans will be developed and implemented, and is the guide for all participants working to improve the nation's health services: government, national and international non-governmental organizations, international technical agencies and our other development partners.

Our objective is to improve the health of all people living in Vanuatu, but we identify the reduction of maternal and infant mortality rates as priorities for the next few years. Our strategy emphasises integrating our efforts in reducing specific causes of mortality and morbidity into a continually improving primary health care service, supported by adequate curative services, and by improving systems to ensure the availability of drugs and supplies where and when they are needed.

This HSS builds on MOH policies for organisational re-structuring, human resource development and management, and capacity building at all levels. We will strengthen our planning and budgeting processes so as to make use of available resources efficiently. New ways of working must be brought in and greater emphasis given to quality in all that we do. More efficient practices will be essential and systems and procedures must be constantly improved – indeed seeking constant improvements must become our normal way of working. For this we depend on the continued dedication of all our health staff, and for this reason, this HSS has been developed with the full participation of our staff and others, and represents a consensus view on the way forward. We will endeavour to ensure that the process remains as inclusive as possible into the future.

I take this opportunity to thank our partners for all their help and to seek their support in introducing new ways of working together that will ensure our efforts are fully coordinated, harmonized and aligned with our new HSS and the detailed plans that will now emerge from it.

This Health Sector Strategy embodies our ambitions for a better and healthier future for all Vanuatu people, and I commend it to all as the basis for our joint efforts to secure that future.

**Honourable Moses K Kahu**

Minister of Health  
**August 2010**

## ACRONYMS

CRP	Comprehensive Reform program
HIS	Health Information System
HSS	Health Sector Strategy
M & E	Monitoring & evaluation
MDG	Millennium Development Goal
MOH	Ministry of Health
MTSF	Medium-Term Strategic Framework
NGOs	Non-Governmental Organization
PAA	Priority Action Agenda
SWAp	Sector Wide Approach
TB	Tuberculosis

## SUMMARY

This Health Sector Strategy 2010-2016 (HSS) defines our vision for the development of the health sector in the country. It provides broad objectives and the strategies to be employed in meeting them. Specifically, Section 2 provides a brief summary of our mission and the ‘values’ that underlie this HSS, Section 3 provides our broad objectives, and Section 4 provides details on the strategies with which we aim to achieve those objectives. Section 5 provides the indicators that we will use to monitor our progress and, where possible, specific targets that we aim to reach.

This HSS is the principle reference for all actors working in the health sector. It is coordinated with the Comprehensive Reform Program (CRP), the Priority Action Agenda (PAA) and the policies developed for the specific public health programs. It is also in harmony with the principles and statements in the 15 policies established in the MOH Policies document approved by the Council of Ministers in 2002.

Our strategy requires a new way of working with our development partners in which their financial and technical support is planned jointly with the MOH to ensure it is aligned to our strategy and detailed plans, and that it is coordinated to avoid duplication and gaps. Moreover, this new way of working will require a common platform for participation, and a common set of monitoring and reporting arrangements.

Our strategy requires also the further development and implementation of reforms in the organisational structure and ways of working of the MOH. These will introduce more modern management methods in which line managers and staff have more power to identify and solve problems, and to use available resources more effectively. At the same time, they will be supported in developing new skills needed, and assessed on their performance and results.

## **1. BACKGROUND**

In an international context of globalization and accelerated changes in life styles and exposure to emerging health-threatening factors, new challenges are added to the usual health problems faced by developing countries. To deal with this the Ministry of Health (MOH) has to adjust and equip itself in order to fulfil the mandate it holds in the Government of Vanuatu.

Health service provision is a complex business involving many experts. It requires: a workforce with several years of training and experience; expensive equipment, materials and tools; and above all a diverse range of procedures and techniques that needs to be well articulated and properly managed. The management of preventive and curative health services is certainly one of the most complex endeavours for the Public Service.

This HSS 2010 - 2016 defines the intentions and commitments of the MOH for the next six years, and provides the guidelines for all players in the health sector in defining their directions, roles and responsibilities.

This HSS document represents an achievement of the workforce of the MOH. The definitions in this document were thoroughly discussed in a participative consultation process where all health sector stakeholders had a chance to contribute. This document concludes the consultation process that had its climax in the 5<sup>th</sup> National Health Conference held on December 2009 at Blue Water Resort and the Task Force Mini Health Conference held at Lonnoc Beach Bungalows early in 2010.



## 2. MISSION, VISION AND VALUES

*'The mission of the MOH is to protect and promote the health of all people in Vanuatu.'*

In seeking to achieve this mission, we will seek to uphold these values:

### *A consumer focus*

Consumers are the first priority and concern in the provision of health care.

### *Equity*

Irrespective of culture, ethnicity, location, disability, age, gender, religious and political affiliation, all clients must be treated as equal, and according to their health needs.

### *Quality*

All our health care activities will pursue high quality outcomes using safe and affordable interventions and the application of science and technology to maximize benefits to health while minimizing risks.

### *Integrity*

We commit to the highest ethical standards in the provision of care and will strive constantly for improvement.

### *Efficiency*

We will be cost-conscious, and aim to avoid wasting resources by achieving value for money for all funds allocated to the sector.

## Our Vision

Our vision is to have an *integrated* and *decentralized* health system that promotes an *effective, efficient* and *equitable* health services for the good health and general well being of all people in Vanuatu.



*Village Health Workers: Plays Part of decentralization of health services to the community level.*

### 3. OVERALL AND SPECIFIC AIMS AND OBJECTIVES

Our broad objectives for the sector are to:

- Improve the health status of the population
- Ensure equitable access to health services at all levels of services
- Improve the quality of services delivered at all levels
- Promote good management and the effective and efficient use of resources.

More specifically, and in line with The Government of Vanuatu's PAA, the Millennium Development Goals (MDGs), the declarations by the Pacific Islands Ministers of Health (e.g. Healthy Island Declaration) and international obligations Vanuatu is signatory to, the MOH will:

- Ensure that the whole population has access to a range of evidence based and affordable health promotion and preventive services
- Ensure universal equitable access to emergency, curative and rehabilitative services
- Ensure that quality Primary Health Care remains pre-eminent as the central strategic health priority for the country, and that this is reflected in the budget
- Ensure that the health systems necessary to provide such services, which are accountable to clients and are cost effective, are developed and strengthened in line with international best practices
- Actively engage in partnerships with donor agencies, private sectors, civil society groups and other development partners to assist in optimizing health service delivery
- Adopt a 3 year strategic planning framework (Corporate Plan), with rolling yearly implementation plans (Business Plans) that should drive the budgeting process
- Ensure that all significant external funding is in line with the priorities and directions of the MOH.

We aim to achieve improvements in specific priorities, including maternal and child mortality and morbidity.



*Breast feeding is best*

## 4. OUR STRATEGY FOR ACHIEVING THOSE AIMS AND OBJECTIVES

We will achieve our objectives through a combination of three main strategies:

- Organisational re-structuring and strengthening
- Better coordination with our partners
- Development of our operational and strategic planning processes

### 4.1. Organisational re-structuring and strengthening

#### *The strategy for services*

Improvement in health status of all the people of Vanuatu will be achieved through a strengthened evidence-based public health and promotional approach aimed at reducing risk factors for conditions associated with use of substances, lifestyles, poor environments and other determinants of health.

Diagnostic and curative health care will be provided through effective, efficient, high-quality and evidence-based clinical services at all levels of the health care system, but with an emphasis on strengthening primary care services.

We aim to develop and maintain an integrated spectrum of services in which preventive, curative and rehabilitative care are offered through a hierarchy of health facilities and support services connected by referral and supervisory links.



*Aid posts are aimed to provide basic primary health care to even the remotest parts of Vanuatu.*

Our health services will promote continuous improvement in quality and standards by implementing best practices that are consumer focused while also ensuring that health legislation is enforced effectively.

Services will be supported by ensuring that all health facilities have water supply, sanitation, and communications, and are properly equipped and supplied for provision of the health services they offer. Information technology will be used to generate and act upon health information effectively in order to improve performance.

Plans will be put in place to reduce the health consequences of emergencies, man-made and natural disasters, and to minimize their social, health and economic impacts.

#### *The strategy for organisational development and management*

The MOH will investigate the potential for organisational restructuring to improve performance in its key functions. Planning and management of health services will be

delegated or decentralized to the Provincial level, which is responsible for managing and providing healthcare to the inhabitants in their respective areas.

Health systems including financial management and health financing will be strengthened and best practices adopted to ensure transparency and accountability at all levels.

The MOH will explore alternative sustainable methods of funding (health financing) to improve and support health care delivery incorporating donor's contributions.

The Health Information System will be strengthened to facilitate the systematic collection and analysis of data to provide accurate information to support policy, planning and decision making at all levels.

The MOH will support development of a National Health Advisory Committee as an avenue for the public to raise concerns regarding health services, and direct these to the MOH with the expectation that concerns will be acted upon and improvements put in place.

### ***HR development and management***

Sustained efforts will be made to produce adequate numbers of trained personnel



*Nurse's skill training is a key to better health service delivery*

and to create modern human resource systems and career pathways in which the workforce can develop through adequate incentives and rewards.

The MOH will work towards implementing an effective performance management system ensuring that individual staff roles and responsibilities contribute effectively to the overall performance of the organization in achieving its goals. A modern human resource function will be developed to support managers and team leaders in working with staff to match their job descriptions to the key objectives of the organization.

Reforms will include revision of the Health Practitioners Act (and the Nursing Act) to establish an effective Health Practitioners Board, Vanuatu Centre for Nursing Education Board, Vanuatu Health Training Institute Board (VHTI) and developing an appropriate career path and commensurate salary structure for all health staff aimed at retaining skilled staff, and at attracting home the medical students currently training overseas.

Nurse training will be strengthened through the further training of nurse educators, and further in-service training for practicing nurses will be provided. The MOH is reviving nurse aide training and for the further development of village health workers and village sanitarians.

## **4.2. Better coordination with our partners**

### *A sector-wide approach*

Donors and partner organizations are very important in Vanuatu. More than half of the health programs in the Ministry of Health are donor funded, particularly; the public health programs (see section 6 on Health Financing). The number of donors is likely to increase and the volume of support provided by individual donors is already increasing.

It is essential, therefore, that our external financial and technical assistance is well coordinated and avoids duplications and gaps in relation to our strategic priorities<sup>1</sup>. Specifically we require that, in line with accepted good international practice, our donors and partners ensure that their support is harmonized and aligned to our national strategy and plans.

To ensure that this happens, the MOH will request that all donors, partners and technical agencies work with us through a sector-wide approach, led by the MOH.

The sector-wide approach (SWAp) will allow us to work jointly with interested donors to agree annual plans and funding allocations to achieve Vanuatu's health objectives. We will report progress and ensure transparent accountability to our partners through a single performance and reporting mechanism thus minimizing disruptive and time consuming multiple dealings with our partners. We will request that all our partners 'sign up' to a single set of arrangements for this. This partnership approach is a priority policy to promote effective coordination of all initiatives in the health sector with the spirit of cordial solidarity.

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<sup>1</sup> The Paris Declaration (2005) and Accra Agenda for Action (2008)  
[http://www.oecd.org/document/18/0,2340,en\\_2649\\_3236398\\_35401554\\_1\\_1\\_1\\_1\\_00.html](http://www.oecd.org/document/18/0,2340,en_2649_3236398_35401554_1_1_1_1_00.html)

On our part, as leader of the partnership, the MOH is committed to the following principles:

- Playing a leading role and taking ownership of the SWAp approach in health, where necessary with selected and agreed technical support.
- Working together with all our development partners in health.
- Sharing information on activities and on the projects and programs in the health sector.
- Chairing the common forums and SWAp meetings in an effective and democratic manner.
- Being transparent on the allocation of government and external funding within the sector and respective executions.
- Encouraging and promoting the adequate opportunities for all partners to express their concerns and views on the development of the health sector.
- Investing in our own capacities to be fully able to manage and to be fully accountable for all resources and funds channelled to the health sector by our development partners.
- Consulting in an open and transparent manner at all times in all initiatives in the health sector.

All external support must be approved by the MOH, and the SWAp arrangement will ensure that resources are allocated to areas where they are needed the most, according to Vanuatu's priorities. This HSS will be the guiding document for operation of the SWAp, and for the joint efforts to develop annual plans.

The MOH where feasible will utilize the capacity of non-government organizations based in Vanuatu to implement health services. The non-government organizations shall report all health activities carried-out during their financial year to the MOH for harmonization into the overall MOH annual report and future plans.

### ***Strengthening of international, regional and sub-regional partnerships***

Vanuatu is engaged in many international, regional and sub-regional strategies, programs and projects with other Pacific Island countries. These engagements are complementary to the national partnership and, most of the time, are developed with the same technical and financial external partners. These partnerships play an important role and it is important to ensure they are effective and add value.

### **4.3 Development of our strategic and operational planning processes**

Improvements in health outputs and outcomes require good planning and budgeting. This Health Sector Strategy 2010-2016 sets the context for our activities over the next 6 years, and is consistent with the priorities and duration of national priorities including the Priority Action Agenda (PAA) and MDGs. It provides guidance on our priorities and on the strategic directions we will take to meet our objectives. All more detailed operational planning and budgeting will be consistent with this guidance. The MOH will have two levels of working plans detailed below.



### ***Corporate Plans***

In November 2006, the Council of Ministers endorsed the Medium-Term Strategic Framework (MTSF) that all public sectors must adhere to. Ministries are required to prepare three-year corporate plans (revised annually) with their commitments for service delivery to the people of Vanuatu. Corporate plans should adhere to the priorities and strategic directions indicated in this HSS, reflecting continuity in the mission statement and values, key priority areas, objectives, and strategic directions to achieve those objectives. They should develop a budget covering government and external funding, and detail the mechanisms to be used to monitor and evaluate progress. They should set targets and details on how they will be achieved.

To monitor and demonstrate progress on the Corporate Plan, the MOH will publish an Annual Report (see section on Monitoring and Evaluation below).

### ***Annual Business Plans and Budget Development***

Reflecting the Corporate Plans, Annual Business Plans must be prepared specifying the activities, commitments and directives for action to take place in the following financial year, and the targets to be achieved. The Annual Business Plans are detailed operational plans reflecting the priorities and strategic directions of the Corporate Plan and should follow a defined template. Further, a Health Sector budget to be developed to inform allocation decisions. Each section or unit in the MOH is responsible for developing its Annual Business Plans and budgets. This should be ready by April of the preceding year in-line with the Planning–Budget–Reporting cycle of the government (See Annex 1)

### ***The MOH approach to planning***

Adequate planning cannot be undertaken as a ‘top-down’ exercise. There must be a good understanding of problems and needs on the ground, and managers at all levels should be involved in identifying them and turning them into workable plans of action. In Vanuatu the strategic planning process has been often carried out as a top-down exercise with front-line staff excluded, and their experience untapped in the process. This results in confusion regarding organizational goals, and miscommunication on performance expectations. Throughout the period of this HSS, the MOH will promote a bottom-up approach involving managers and staff at various levels. This will be made a fundamental component of our planning and budgeting process. This way, information from all parts of the organization will be considered in decision-making, and staff will be motivated to support organizational goals and implement plans to achieve them.



*Developing Annual Business Plans together.*

The Planning Unit of the MOH has a supporting role in guiding the preparation and assuring the quality of the plans, and will facilitate the preparation of an integrated operational plan for national and provincial programs.

In addition to developing a SWAp to ensure coordination with and between donors and technical partners, the MOH will seek innovative ways of engaging all stakeholders including communities, Non-Governments Organizations (NGOs), private and other sectors to participate in the planning process to deliver health services to all in Vanuatu.

### ***Monitoring and Evaluation***

Monitoring and Evaluation (M&E) must be an integral component of the planning and budgeting process. It is vital for reviewing MOH policies and plans and assessing whether they are being successful. Whilst M&E has not been given much priority in the past, it will be a central component of the HSS to monitor sector performance. It will identify the strengths and weakness of the MOH in achieving its mission, and of our ability to take corrective measures and to adapt successfully to changing circumstances.

The M&E process will be undertaken through:

- ***Quarterly Progress Reports***

These will present statistics about service provision and epidemiological indicators for the respective period.

- ***Annual Reports***

Annual analytical progress reports, will consolidate the quarterly statistics, identify successes and failures and recommend actions, and measure progress towards achieving our strategic and operational objectives.

- ***Indicators Reviews***

These will report against the indicators and targets adopted by the MOH (see below), and will be used to update government, all partners and stakeholders on the progress of the service delivery and health profile of the country.

## **5. INDICATORS**

Health indicators are the measurable expression of the commitment of the MOH and should be used to evaluate whether the Ministry is achieving its aims. The health indicators established by this strategy reflect the overall and specific aims and objectives of the HSS as outlined in Section 3. The MOH will report to the Government and the people of Vanuatu on the annual achievements in relation to the selected indicators through an annual report.

The Health Indicators reflect the major public health concerns in Vanuatu and were chosen based on the direction they provide, the availability of data to measure their progress, and their relevance as broad public health issues. These are sector wide

multi-cause indicators that should reveal the developments taking place in the health sector as a whole – they do not replace program indicators (for TB or Malaria for instance, or for immunization coverage) which are specific to the program concerned. Where possible, the indicators should be disaggregated by province or by facility as indicated below.

The indicators are grouped by:

- i. Health outcome or impact indicators relating to improving health status
- ii. Health services output indicators relating to equitable access and quality
- iii. Organisational and management indicators relating to HSS implementation

### **5.1. Health outcome or impact indicators relating to improving health status**

#### ***Under 5 mortality rate by main cause of death – MDG 4***

Where possible, HIS data will be used to estimate under five mortality rates, but where this is not possible estimates will be made of the five most frequent causes of deaths per province. This indicator will permit consistent monitoring and indication of where actions are needed and the sort of intervention that needs to take place.

#### ***Infant mortality rate – MDG 4***

Considering the difficulties in gathering accurate figures for live births and deaths of children younger than 1 year old, the estimation of this classical indicator will depend on data collected through the Health Information System (HIS) and specific surveys. The MOH will produce estimates for this indicator every two years. For planning purposes in the meantime, information will be supplemented by measuring the ratio of infant deaths to population by province in order to highlight where efforts are needed most.



*Reducing Infant Mortality Rate (IMR) is a priority for the MOH (MDG 4)*

#### ***Ratio and cause of maternal deaths by population by province – MDG 5***

Maternal mortality rate will be estimated using HIS and specific survey data as this becomes available. For immediate planning and monitoring purposes, the number of maternal deaths disaggregated by province, will identify the provinces that need special attention and efforts to reduce the number of avoidable maternal deaths. This will be measured in terms of the ratio of maternal deaths to population rather than live births since the latter is not comprehensively recorded in some provinces.

***Proportion of deliveries assisted by Skilled Birth Attendant (doctor, midwife or a registered nurse) by province***

It is expected that increasing access to trained birth attendants will reduce maternal deaths. Together with the previous indicator, this indicator will monitor the progress towards reduction of maternal deaths due to poor access to adequate birth assistance, and will identify priority provinces that need special attention.

**5.2. Health services output indicators relating to equitable access and quality**

***Access to health services – rates of outpatient visits and home visits by population covered by health centres and dispensaries***

The indicator expresses the volume of services provided to the population of the catchment area of each facility. The number of visits per head is not only influenced by the ease or difficulty in getting to the health centres and dispensaries, it is also influenced by the availability of professionals, affordability, medicines and equipments at the facilities as well as outreach programs: access to the health facility does not mean access to healthcare if the professionals are not there or cannot provide the service required. Therefore this indicator gives an idea of both the possibility of reaching the health facility and of obtaining the attention required.

***Access to health services – number of referral cases from health centres and dispensaries to hospitals***

Some patients need to be referred to a higher level of care where they can receive the required attention. A functioning referral system is therefore obligatory in any health system. The number of cases formally referred through the system indicates first whether the system is working and second whether the distribution and connections between health facilities is adequate and working.

***Inpatient care admissions by hospital***

Hospitals will be required to maintain basic records and generate statistics of admissions, bed occupancy rates, lengths of stay (by basic specialty: medicine, surgery, paediatrics and maternity) and, where possible, cost per admission, as input to planning and budgeting at national and provincial levels.

***Ratio of key health professionals by population***

The MOH will monitor the progress in achieving the adequate staffing of health facilities and public health programs. This indicator will say whether the MOH is on the right path and adopting the right measures to overcome the shortage of staff and reaching the required level of population coverage.

***Proportion of people with access to safe water and proper sanitation in rural communities - MDG 7***

Poor sanitation and quality of water is a major public health concern and are cause of diarrhoea and worm infestations among rural communities in Vanuatu. The MOH should work alongside partners and monitor the progress of achieving this goal. This

indicator will inform the MOH and other partners whether people are moving towards high standards of living with better hygienic conditions.



*Proper and clean toilet raises standard of living and improves health*

### **5.3. Organisational and management indicators relating to HSS implementation**

These indicators relate directly to the strategies outlined in section 4 above. Those identified below will be refined over the next few months.

#### **5.3.1. Organisational re-structuring and strengthening (4.1 above)**

##### *Services*

- Basic indicators are outlined above in section 5.2

##### *Organisational development*

- Roles and mechanism defined for provinces
- Progress in delegating responsibilities to provinces

##### *HR development and management*

- Reductions in gaps in relation to defined needs (needs to take account of any services contracted out to non-state service providers including NGOs)

#### **5.3.2. Better coordination with partners (4.2 above)**

- SWAp convened
- Document on arrangements agreed with at least two key partners (memorandum of understanding)
- Regular meetings held
- Number of agencies participating

#### **5.3.3. Development of strategic and operational planning processes (4.3 above)**

##### *Key plans produced*

- Corporate Plan drafted and agreed at SWAp
- Annual Business Plans produced on time
- Health Sector budget developed to inform allocation of decisions.



### *Monitoring and Evaluation*

- Progress on HIS (e.g.% reporting coverage)
- Quarterly and annual reports produced.

#### **5.4. Targets**

The MOH will establish targets for each of the indicators outlined above, considering the baselines and the achievements of the previous years. The targets will be specified in the triennial Corporate Plans and Annual Business Plans. Table 1 summarises the indicators and what is available now for baselines and targets.



*Access to safe water is essential for health (MDG 7)*



**Table 1: Key Health Sector Strategy 2010-2016 indicators**

Output/Outcome	Indicator	Baseline (year)	2016 Target
<b>5.1 Health outcome or impact indicators relating to improving health status</b>			
Reduce child mortality (MDG 4)	Under-five mortality rate	30/1000 (MICs, 2007)	25/1000
	Infant mortality rate	25 (MICs, 2007)	20/1000
Improve maternal health (MDG 5)	Maternal mortality rate	68 /100,000	50/100,000
	Ratio of maternal deaths to population by province	11/100,000	9/100,000
	Proportion of deliveries attended by SBA	74%	90%
<b>5.2 Health services output indicators relating to equitable access and quality</b>			
Access to services	Health centre and home visits per capita of population covered	NA	1.5
	Number of referrals from primary care to hospitals	600	300
	Number of inpatient admissions	24,000	15,000
Key health professionals	Doctors / 1000 population	1/30,000	1/15,000
	Nurses / 1000 population	1/600	1/200
	Allied workers / 1000 population	1/60,000	1/7,500
	Public health officers / 1000 population	1/30,000	1/20,000
Access to safe water (MDG 7)	Proportion of people with access to safe water	85%	90%
Access to improved sanitation (MDG 7)	Proportion of people with access to improved sanitation facilities	64%	80%
<b>5.3 Organisational and management indicators relating to HSS implementation</b>			
Restructuring and strengthening (s. 4.1)	Provincial roles and mechanisms defined		2010
	Provinces planning and managing		2012
Better coordination with partners (s. 4.2)	SWAp convened		2010
	MOU agreed		2010
	Meetings held / agencies participating		Quarterly
Planning process (s. 4.3)	Corporate Plan agreed at SWAp		Annual update
	Annual Business Plans produced on time		1 per year
M&E	Progress on HIS		2011
	Quarterly and Annual Reports produced		2010 onwards

## 6. HEALTH FINANCING

The Health System in Vanuatu is financed mainly by general taxation, and this will remain the case throughout the period of this HSS. Alongside the Government funded recurrent budget, the health system receives financial resources from the development budget funded by external partners, currently funding almost 40% of sector expenditure (recurrent and investment). In addition, some user fees are collected at point of service.

Financial sustainability is a long-term goal of the MOH. Current health expenditure is 4.1% of GDP (2007); this represents the average level of expenditure among the Pacific countries. But, considering Vanuatu's health needs, there is scope and need to increase health expenditure to around 5% of GDP. This is likely to require increases in both public expenditure and external support. External support will be needed until the tax revenue can fully fund all investments and recurrent costs of the health system.

Projections of funding for 2009 and 2010 are shown in Table 2. These are based on estimates for funding needs in each of the main functional categories, and show a changing allocation between these categories to achieve a more appropriate distribution. The projections assume a constant government contribution and known commitments from external sources. They indicate a shortfall of some 260,000 million vatu or 11.3% of total funding needs in 2010.

**Table 2: Projections of funding needs and commitments 2008 -2010 (in '000 vatu)**

x1000 vatu														
base line 2008				2009				2010						
<b>Health System Functions</b>														
<b>Operational costs (service delivery)</b>	356,145	25,512	381,657	16	356,145	25,512	19,083	400,740	18	356,145	25,512	39,120	420,777	18
<b>Salaries and other health workforce related costs</b>	942,007	83,048	1,025,055	43	942,007	83,048	0	1,025,055	45	942,007	83,048	0	1,025,055	51
<b>Drugs, chemicals and medical supplies</b>	115,000	105,089	220,089	9	115,000	54,089	73,009	242,098	11	115,000	54,089	97,218	266,307	13
<b>Health sector development initiatives</b>		284,815	284,815	12	0	174,690	-61,622	113,068	5	0	214,690	-100,774	113,916	6
<b>Workforce and/or community training</b>		162,998	162,998	7	0	113,998	126,206	240,204	11	0	113,998	112,139	226,137	11
<b>Investment in infrastructure and equipment</b>	80,000	247,422	327,422	14		393,922	-153,718	240,204	11		116,422	109,715	226,137	11
<b>Total needs</b>								2,261,369					2,278,329	
<b>Total budget</b>	1,493,152	908,884	2,402,036	100	1,413,152	845,259	2,958	2,258,411	100	1,413,152	607,759	257,418	2,020,911	100
<b>% of total needs</b>	62.2%	37.8%	100.0%		62.5%	37.4%	0.1%	100.0%		62.0%	26.7%	11.3%	100.0%	

### Notes

An annual increase of 5% in operational costs (service delivery) reflects increases in service provision, mostly related to population increase (2.4% pa) and increases in staffing likely to generate more non-salary expenditure.

Work force expenditure is held constant since there is a 20% vacancy rate and increases in staffing are unlikely to fill all posts and raise costs beyond the current budget allowance.

Drugs and medical supplies are projected to rise 10% a year, allowing for expansion of coverage (more health workers and additional services) and introduction of new drugs and supplies. This reaches around 11-13% of total expenditure.

Health sector development costs are reduced to around 5-6% of total expenditure.

Variations in inflation and exchange rates have not been considered.



*Torba Mini- Hospital Construction: Part of MOH health infrastructure development*

Fees collected at health facilities other than hospitals should be used where they are collected, in line with the directives of the Health Committee Act N0.34 of 2003. The health committees are responsible for using the funds at their discretion within the catchment area of the health facility. The book keeping of the revenues and expenditures must follow the procedures established by the MOH and be regularly examined by the MOH internal auditors.

Other potential sources of revenue for the health sector have not been introduced yet but will be studied during this HSS period. Possible sources are: sin taxes (e.g. tobacco and alcohol), fees and fines related to health legislations (such as the Public Health Act, the Food Control Act and the Tobacco Control Act), special fee schedules for patients covered by private health insurance, road traffic accident insurances and other areas.

The MOH will promote conditions to allow the provinces and health facilities to directly execute their respective recurrent cost budget. Considering the perspective of significant collection of user-fees, the MOH intends to transfer some financial obligations, for instance, the cost of electricity, phone or water, to financially viable facilities. For that, the MOH will take into account the managerial competence, the income generation capacity and the quality of the book keeping in the respective facility.

It is a commitment of the MOH to engage in the preparation of Mid Term Expenditure and Financing Frameworks. For structured engagement with donors, the MOH and its partners should make periodic revision of the costs of the system. This exercise should assess the efficiency of the system and should lead to estimations of the resource envelope needed for covering recurrent and investment costs.

*Other potential sources of revenue for the health sector should be studied.*



## 7. IMPLEMENTATION

Jointly, the Director General and the Directors of the MOH have ultimate responsibility to follow up on the implementation of this Health Sector Strategy. They should base their actions on the directives established in this document and should lead the initiatives and workforce towards the accomplishment of the set objectives through the strategies outlined.

All managers in the health system also have a critical role to play in this. They are expected to be effective and should only remain in managerial positions as long as they fulfil their obligation for the progress of the sector according to this HSS and the plans that follow from it.

In the spirit of a SWAP, the coordinated discussion between development partners should start and be continued regularly from the moment this HSS comes into force. The Director General must make the arrangements for the development partners meetings to take place on a regular basis. The agenda of these meetings should include key developments taking place in the health sector.

Implementation of the current Health Reform programme is a fundamental step to put this HSS into practice and should, therefore, start as soon as the strategy becomes effective. All health workers, partners and other stakeholders must ensure the effective implementation of these reforms.

The MOH will establish a committee assigned with the tasks of monitoring and assessing the implementation of the reform program and of this HSS. The constitution and functions of the committee will be regulated in a specific policy to be sanctioned by the Minister of Health.



*Improving health in Vanuatu needs cooperation from all sectors: MOH handing over of Aid post materials to Malampa Provincial government.*

## ANNEX 1: PLANNING - BUDGETING - REPORTING CYCLE

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept	Oct	Nov	Dec	
<b>BUDGET</b>	Ministry Corporate Planning				Prepare / update Ministry Corporate Plan	Corporate Plan considered by Central Agency	Corporate Plans submitted to Council of Ministers				Final review of plan - post budget if necessary		
	Department Business				Prepare budget								
	New Government Investment Project (GIP)					New GIP submission to MFEM	MBC Approves GIP						
	National Budgeting				Budget Ceilings Determination		Budget figure/Narrative SDTs submitted to MFEM		Ministry budget presentation	MBC considers budget	Appropriation bill distributed to MPs	National Budget considered	National Budget Published
							Half year economic and fiscal update			Final draft of National Budget to COM			
	Monthly Expenditure											Ministry monthly expenditure plan complete	
	Internal performance	Performance report to Director General as part of monthly meetings (Public Service Instruction N0.1-1999)											
	Individual performance	6 monthly work performance and development plan review (Chapter 5 – Public Services Staff Manual)											
	External performance reporting	4th quarter reporting on performance to DESD			1st quarter reporting on performance to DESD			2nd quarter reporting on performance to DESD			3rd quarter reporting on performance to DESD		
	Annual reporting	Prepare annual report	Table annual report										





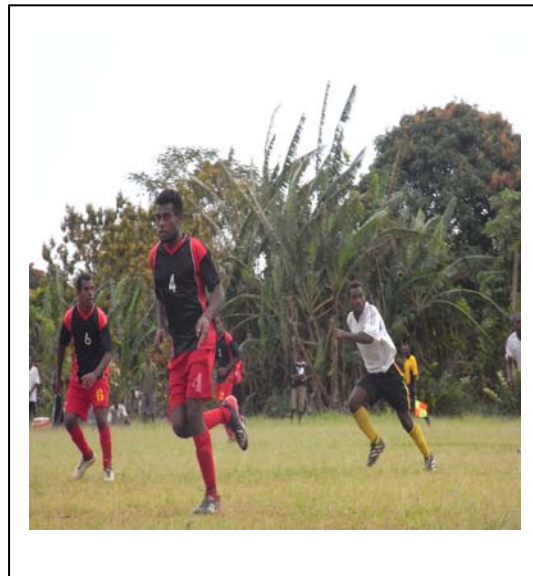
*Every child must be immunized.*



*Brush your teeth 3 times a day.*



*The food you eat plays an Important Part to your health.*



*Regular exercise prevents Non-Communicable Diseases (NCDs).*



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