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Staying the Course

How a SWAp has sustained Kyrgyz health reforms

A publication in the German Health Practice Collection

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Acronyms and Abbreviations

ADP	Additional Drug Package
BMZ	Germany's Federal Ministry for Economic Development and Cooperation
FGP	Family Group Practice
FMC	Family Medical Center
DfID	UK Department for International Development
GDC	German Development Cooperation (comprising BMZ, GIZ and KfW)
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
HPAC	Health Policy Analysis Center
IEG	Independent Evaluation Group
JAR	Joint Annual Review
KfW	KfW Entwicklungsbank
MHIF	Mandatory Health Insurance Fund
SDC	Swiss Development Cooperation
SGBP	State Guaranteed Benefit Package
Sida	Swedish International Development Cooperation Agency
SWAp	Sector-wide Approach
UNICEF	United Nations Children's Fund
WHO	World Health Organization

Staying the Course

How a Sector-Wide Approach has sustained Kyrgyzstan's health care reforms

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German Health Practice Collection

Objective

In 2004, experts working for German Development Cooperation (GDC)[1] and its international and country-level partners around the world launched the German HIV Practice Collection and, in 2010, expanded it into the German Health Practice Collection (GPHC). From the start, the objective has been to share good practices and lessons learnt from BMZ-supported initiatives in health and social protection. The process of defining good practice, documenting it and learning from its peer review is as important as the resulting publications.

Process

Managers of GDC-supported initiatives propose promising ones to the Managing Editor of the GHPC at ghpc@giz.de. An editorial board of health experts representing GDC organizations at their head offices and in partner countries select those they deem most worthy of write-up for publication. Professional writers then visit selected programme or project sites and work closely with the national, local and GDC partners primarily responsible for developing and implementing the programmes or projects. Independent, international peer-reviewers with relevant expertise then assess whether the documented approach represents 'good or promising practice', based on eight criteria:

- Effectiveness
- Transferability
- Participatory and empowering approach
- Gender awareness
- Quality of monitoring and evaluation
- Innovation
- Comparative cost-effectiveness
- Sustainability

Only approaches meeting most of the criteria are approved for publication.

Publications

All publications in the GHPC describe approaches in enough detail to allow for their replication or adaptation in different contexts. Written in plain language, they aim to appeal to a wide range of readers and not only specialists. They direct readers to more detailed and technical resources, including tools for practitioners. Available in full long versions and summarized short versions, they can be read online, downloaded or ordered in hard copy.

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Do you know of promising practices? If so, we are always keen to hear from colleagues who are responding to challenges in the fields of health and social protection. You can go to our website to find, rate and comment on all of our existing publications, and also to learn about future publications now being proposed or in process of write-up and peer review. Our website can be found at www.german-practice-collection.org. For more information, please contact the Managing Editor at ghpc@giz.de.

[1] GDC includes the Federal Ministry for Economic Cooperation and Development (BMZ) and its implementing organizations Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH and KfW Entwicklungsbank (KfW).

Executive Summary

In the mid-1990s, the government of the Kyrgyz Republic, in close cooperation with the World Health Organization, embarked upon a series of fundamental reforms to the way health care is structured, financed and delivered in the former Soviet republic. Since 2006, the Federal Republic of Germany has been supporting this reform process, through the provision of both financial and technical cooperation, under the auspices of a sector-wide approach (SWAp) in the health sector.

The Kyrgyz health SWAp, the first of its kind in Central Asia, was established as a way to make external assistance for the health sector more efficient by better coordinating development partner support for the implementation of the Manas Taalimi National Health Reform Strategy (2006-2011). It also sought to promote greater local ownership of the health reform process by moving towards common implementation arrangements based on the use of the Kyrgyz government's own planning, management and accountability systems. A fundamental element of this approach was a close working relationship between the Kyrgyz government and development partners and a commitment to regular, structured opportunities for joint reviews of reform progress.

The Kyrgyz health SWAp has emerged as a successful example of a comprehensive approach to investment in the health sector and its achievements have attracted international attention. In a review of six health SWAps around the world by the World Bank's Independent Evaluation Group (IEP) in 2009, the Kyrgyz SWAp received high marks for achieving capacity and efficiency gains from the SWAp approach itself, as well as for realising key health programme objectives. By the end of Manas Taalimi, considerable achievements had been secured in expanding access to health services, particularly among the poor, and in making the delivery of health care more efficient. In line with the Millennium Development Goals, the health reform programme has also contributed to positive trends in population health in areas such as infant mortality and tuberculosis control. Improving the quality of care remains an area of challenge and is at the heart of the current Den Sooluk National Health Reform Programme (2012-2016).

Perhaps as important as these accomplishments, however, the SWAp has put into motion an intensive learning process which has seen the Kyrgyz Ministry of Health build significant capacity in areas such as policy development, planning, budgeting, financial management, and procurement. In taking on ever-increasing responsibility for managing the SWAp budget in a transparent and accountable way, the Ministry of Health has demonstrated to other ministries and public sector institutions the value of integrating internationally accepted public financial management standards into routine operations. One of the most important lessons of the SWAp exercise in Kyrgyzstan is the potential role of financial cooperation in strengthening the institutional capacity of public sector institutions and in contributing to improved governance in the country as a whole.

A number of factors contributed to the success of the investments made by the German Government and other development partners in the Kyrgyz health reform programme. Significantly, the SWAp in Kyrgyzstan was not an attempt to initiate a reform process, but rather to extend and deepen an already successful government-led programme. The political framework conditions in Kyrgyzstan in the mid-2000s were conducive for an innovative joint undertaking between the government and development partners, and an already close working relationship provided a strong starting point for intensifying cooperation. Finally, the terms of the SWAp joint agreement and the technical elements of the SWAp process itself – budget rules, fiduciary risk mitigation measures, investments in monitoring and evaluation, a close policy dialogue process, and regular stakeholder summits conducted as 'peer review' sessions – have contributed to a robust and rigorous process which has helped to sustain a promising reform programme.

A new era in Kyrgyz health reform

Introduction

The Kyrgyz Republic is a small, mountainous Central Asian nation with a population of just 5.5 million people. Since its independence from the Soviet Union in 1991, Kyrgyzstan has been engaged in a challenging political, economic and social transition towards a democratic government and market-based economy.

Kyrgyzstan is classified as a low-income country, with a Gross National Income per capita of 2,036 PPP USD in 2011 (UNDP, 2011). One-third of the population live under the national poverty line (World Bank, 2012), although the country has made significant progress in reducing levels of extreme poverty, which fell from 34 % in 2002 to 6.4 % in 2008 (United Nations Statistics Division, 2012). With a Human Development Index score of 0.615, Kyrgyzstan was ranked 126th out of 187 countries in 2011, falling below the regional average for nations in Europe and Central Asia (UNDP, 2011). Among the country's developmental challenges are high unemployment rates, gender inequalities, an urban-rural divide, and a widening income gap between the wealthier north and poorer south of the country.

While Kyrgyzstan was quicker than other former Soviet republics to introduce economic reforms in the 1990s and came to be seen as an island of democracy in a largely authoritarian region, it has also struggled over the past two decades with political instability, pervasive corruption, and ethnic tensions. Popular uprisings overthrew the country's elected presidents in 2005 and 2010, with the second revolution accompanied by significant violence in the south of the country.

Kyrgyzstan occupies a strategic location at the heart of Central Asia, bordering Kazakhstan, Tajikistan, Uzbekistan and China. Compared to its neighbours, Kyrgyzstan has been particularly open to the West over the past two decades, in part as a counterbalance to the continued strong influence of Russia in the region. This openness is reflected in the close working relationship between the government of Kyrgyzstan and representatives of the international development community.

The Federal Republic of Germany has been supporting Kyrgyzstan's economic and social development since its independence from the Soviet Union and is the country's third largest bilateral donor after Japan and the United States (BMZ, 2012). In the most recent bilateral negotiations in 2011, two priority areas were agreed for German-Kyrgyz cooperation – sustainable economic development and health – and new commitments of 26 million Euros were pledged via financial and technical cooperation. German-led regional projects in the areas of economic cooperation, law and justice, health, education and resource protection are also active in Kyrgyzstan.

>> In its transition to democracy and a market economy, Kyrgyzstan faces many challenges, including poverty, high unemployment and widening the inequality between urban and rural areas.

A new approach to health sector investment

In 2005, German Development Cooperation (GDC), along with other international development partners, entered into negotiations with the government of the Kyrgyz Republic over the establishment of a Sector-wide Approach (SWAp) in support of the country's health reform programme. A decade earlier the Kyrgyz Ministry of Health, in close partnership with the World Health Organization, had embarked upon the Manas National Health Sector Reform programme, a comprehensive strategy which changed the way health care was delivered, financed and managed in the country. These reforms were yielding promising initial results, most notably in expanding access to health care services for the poorest members of the population.

The second phase of the reform programme, known as Manas Taalimi ('Lessons of Manas'), was designed to consolidate these achievements and to bring about improvements in the health status of the population in the priority areas of maternal and child health, cardiovascular disease, HIV and tuberculosis. Germany and the other development partners who promoted the establishment of a SWAp saw an opportunity not only to lend support to a well-designed national reform programme, but also to invest in the growing capacity of Kyrgyz institutions to manage and lead a complex sector reform process.

Under the new SWAp, development partners agreed to coordinate their financial and technical contributions within the framework of Manas Taalimi, and committed to ever-greater reliance on the Kyrgyz government's own planning, management, and accountability systems. The guiding assumption was that the establishment of a SWAp would reduce the government's transaction costs, by bringing all development partners into a single process focused on common goals, and thereby increase the efficiency of external assistance. It would also promote greater local ownership of the health reform process through an approach which emphasized close donor-government cooperation and steady movement towards the use of country systems. And by bringing concentrated financial and technical resources to bear upon the existing health reform strategy, the SWAp would make a major contribution towards improved health outcomes for the Kyrgyz population, in line with the country's Millennium Development Goal targets.

Germany's contribution

Development partner support for the SWAp took two forms: basket financing, in which donors pooled financial contributions in a fund which was managed by the Kyrgyz government in accordance with the conditions of a joint agreement, and bilateral cooperation – parallel programme-based financing and technical cooperation in support of Manas Taalimi's annual programme of work.

The Federal Republic of Germany invested in the SWAp through both channels. On behalf of the Federal Ministry for Economic Cooperation and Development (BMZ), which in 2012 commemorated the 20th anniversary of Kyrgyz-German development cooperation, KfW Entwicklungsbank (KfW) contributed approximately 28.5 million USD to the health sector basket fund over the period 2006-2011, making it the largest investor among the so-called Joint Financiers.[2] KfW also provided parallel financial support for health programmes in the areas of tuberculosis control, maternal and child health services and HIV prevention, all priority areas of the Manas Taalimi reform programme. Since 2009, this financial cooperation has been complemented by technical cooperation, provided by Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH through its regional health programme in Central Asia. This programme focuses, among others, on developing the capacity of health professionals in the field of reproductive health and establishing and improving quality assurance systems in the health sector.

A best-practice example of successful health sector investment

This comprehensive approach to investing in health care reform – linking bilateral cooperation and joint financing in the context of a SWAp framework – has yielded considerable results in Kyrgyzstan. The SWAp succeeded in safeguarding and deepening important achievements in Kyrgyzstan's health reform programme, particularly in the areas of efficiency and financial protection which had been the main goals of reform efforts since the mid-1990s. And although improving the quality of health care services remains challenging, the SWAp has also generated some positive trends in the health status of the population in areas such as infant mortality, tuberculosis control and mortality from cardiovascular disease.

[2] The other original Joint Financiers were the World Bank, the Department for International Development (DFID), Swedish International Development Cooperation Agency (Sida) and Swiss Development Cooperation (SDC).

As important as these programme achievements, however, have been the benefits of the SWAp process itself. The SWAp gave rise to an intensive learning process on the part of the Kyrgyz Ministry of Health and other government institutions as they took on ever greater leadership of the reform process. Responsible for executing the SWAp budget in a transparent and accountable manner, the Kyrgyz partner institutions developed significant public sector management capacity 'on the job' in areas such as budgeting, financial reporting, auditing and procurement.

The SWAp initiated an intense learning process: Kyrgyz partner institutions built public sector management capacity 'on the job' and under close observation.

The SWAp's achievements have attracted international attention. In a 2009 evaluation of six health SWAps around the world by the World Bank Independent Evaluation Group (IEG) (Vaillancourt, 2009) only the Kyrgyz SWAp received top marks as a country-led partnership between government and development partners. It was also singled out for its achievements in improving health sector management and coordination and for its substantial results in enhancing sector stewardship.

Given the widespread interest in SWAps as a form of development cooperation – both in and beyond the health sector – it is of interest to explore in detail the lessons of this successful SWAp experience. This contribution to the German Health Practice Collection examines the approach taken to the Kyrgyz health SWAp over the period 2006-2011, the results which it generated, and the lessons which have been learned along the way. In doing so, it pays particular attention to the role played by financial cooperation in bringing about improvements in public financial management systems, increased accountability, and enhanced local leadership and stewardship of national reform processes.

The health SWAp: A joint exercise in support of health sector reform

The story of the Kyrgyz health SWAp cannot be told without attention to events which preceded its creation. This section starts by providing background on the strategy pursued by the Kyrgyz Republic to modernize and make more efficient the health care system which it inherited from the Soviet Union. It is this strategy which the SWAp, beginning in 2006, sought to reinforce and further advance. The remainder of the section then explores the SWAp approach and the features which contributed to its success.

Health reforms in Kyrgyzstan prior to the SWAp

Following the collapse of the Soviet Union in 1991, the Kyrgyz Republic faced a large-scale financial crisis and mounting social problems. Between 1990 and 2000 the country's gross domestic product plummeted from 2.7 billion USD to 1.4 billion USD (Ibraimova et al., 2011b). Unemployment rose sharply and the proportion of the population living in poverty nearly doubled, from approximately one-third at the time of independence to nearly two-thirds in 1999 (World Bank, 1995 & 2001).

The health system was in a particularly perilous situation. Government spending on health was cut in half between 1991 and 1998 (Kutzin et al., 2009), and rates of private expenditure on health – in the form of out-of-pocket payments by users – rose. By 1994, almost 70 % of outpatients and 85 % of inpatients were making informal, under-the-table payments to health care workers, to supplement their low salaries, or had to pay for medicines, food or supplies as part of receiving care in public facilities (Meimanaliev et al., 2005). Informal payments rapidly emerged as barriers to care, especially for the poor, and undermined previously high levels of financial protection. By 2001, more than 14 % of people in a national household survey reported not seeking medical help for existing conditions due to the costs involved or because of geographical barriers to access (Falkingham, Akkazieva & Baschiere, 2010).

Rising levels of private expenditure on health – including under-the-table payments to health care workers – became a barrier to care, especially for the poor.

Although the Soviet model of healthcare had ensured universal access to free basic health services, the highly centralized and bureaucratic system was not responsive to population health needs. Financing for health facilities was 'input-based,' linked to the size and capacity of the physical infrastructure, rather than 'output-based,' linked to the health services provided. The incentive structure was such that facility managers sought ways to continuously increase the number of beds and personnel, rather than improving health outcomes or looking for ways to deliver services more efficiently.

These and other limitations of the health system came to be reflected in the population health profile. In the early 1990s the newly independent Kyrgyz Republic faced health challenges characteristic of both developing nations (e.g. high childhood mortality rates due to infectious disease, high maternal mortality rates) and developed ones (e.g. cardiovascular disease and cancers). Rising rates of tuberculosis and syphilis heralded the HIV epidemic which would soon follow (McKee & Chenet, 2002). The rapid social and economic changes following independence intensified these public health concerns.

The Manas National Health Reform programme

By the mid-1990s it was clear that the former system was not sustainable and that there was a need to fundamentally reform the way health care was structured, governed, financed and delivered. In an attempt to improve the health status of the population and maximize the impact of shrinking resources for health, the Kyrgyz Ministry of Health launched the Manas National Health Sector Reform in 1996. From the start, Manas was characterized by strong government ownership and high levels of domestic political support, in addition to loosely-coordinated financial and technical support administered by a range of development partners (Meimanaliev, et al., 2005). The World Health Organization played a particularly important role in advising the Kyrgyz government on the design of the Manas programme. Manas focused on four main reform elements:

- health care delivery;
- health financing;
- medical education and human resources; and
- drug policy and quality assurance.

>> Under Kyrgyz health reforms, many specialized facilities have been transformed into Family Medical Centers, such as this one in Bishkek, which serve as people's first point of contact into the health system.

Health services reform

In the area of service provision, Manas sought to strengthen the role of primary health care and to move away from the specialist-dominated model which had characterized the Soviet health system. It did this by promoting family medicine, including the establishment of Family Group Practices (FGP) and Family Medical Centres (FMC) across the country, which were to replace existing health facilities as the first point of contact for the population into the health system. By the end of Manas, the Ministry of Health had overseen the retraining of thousands of nurses and doctors in the practice of family medicine and had upgraded facilities with new medical and laboratory equipment.

A parallel objective was to rationalize the hospital sector, which had excessive capacity and high recurrent costs. The Manas programme employed a combination of measures, including planned facility closures, mergers between specialized hospitals, and financial incentives to encourage hospitals to downsize their facilities. Between 2000 and 2003, just over 40 % of hospital buildings were closed, representing a 35 % reduction in available floor space (Ibraimova et al., 2011a). This allowed for resources to be shifted away from infrastructure maintenance towards the cost of treatment and care.

Health financing reform

Under the Soviet system, health facilities were subsidized directly by the state, out of general government revenues. Manas changed this approach through the establishment of a mandatory social insurance scheme, based on the principles of solidarity and cross-subsidiarity, which represented a new source of revenue for health care. The Mandatory Health Insurance Fund (MHIF) was created in 1997 to manage this insurance system. It uses the contributions of insured citizens (premiums deducted via a 2 % payroll deduction) and uninsured citizens, whose payments are covered by the government, to purchase a basic package of health benefits – the State Guaranteed Benefits Package (SGBP) – on behalf of the population (see Box 1 for further detail). By 2006, the MHIF had become the Single Payer for health care services in Kyrgyzstan.

Manas also introduced the pooling of funds – first at oblast (region) and then at national level – in order to allow for more equal resource allocations throughout the country. It changed the way providers were paid for services through the introduction of purchasing reforms. Payment arrangements also changed for health care users: under Manas, official co-payments were introduced for certain categories of the population (based on insurance status) and for certain services, in order to reduce the scale of informal payments and to improve the transparency of the health system for users.

Other areas of reform

The Manas Health Reform Programme also focused on improving medical education, the quality of health services, and the affordability and accessibility of pharmaceuticals. One component of the reform oversaw changes to medical curricula and the reorganization of medical faculties to better align medical education in Kyrgyzstan with the health system's new directions. Another focused on the privatization of the pharmaceutical sector, the development of an essential medicines list, and the introduction of an additional drugs package, linked to social insurance, to improve outpatient access to drugs. In the area of quality assurance, the Manas programme supported the development of clinical protocols and a computerized health information system (Meimanaliev et al., 2005).

Box 1. The Mandatory Health Insurance Fund and the Single Payer System

Two of the key goals of health financing reforms in Kyrgyzstan were to improve the financial protection of the population and to move away from the Soviet model of state-funded and -supplied health care to one in which health services were purchased in accordance with the population's health needs (Falkingham et al., 2010).

The establishment of the Mandatory Health Insurance Fund (MHIF) was the first important step towards achieving these goals. The 2 % payroll tax, introduced in 1997 as a complementary revenue source and compulsory for all employed people, was collected by the Kyrgyz Social Fund alongside other taxes and transferred to the MHIF. The MHIF pooled these contributions from the 'insured' population with contributions from the government on behalf of the 'non-insured' population.

>> Everyone who is formally employed in Kyrgyzstan – such as these women, who work for a small business, sewing clothes – is insured through the Mandatory Health Insurance Fund via an automatic 2 % payroll deduction.

Between 1997 and 2000, district, regional and national-level authorities continued to allocate budgets to health facilities, in accordance with existing procedures, while the MHIF used the pooled insurance funds to top-up payments to health facilities for the services they provided to insured patients. In hospitals, these additional funds went directly to expenses related to patient care (rather than to fixed costs), for example, helping to offset the costs of drugs, supplies and food (European Observatory, 2010).

This first phase of financing reform saw important changes in the way providers were paid for services rendered. The MHIF made payments to primary care providers on a capitation basis (i.e. according to need), and to hospitals for inpatient care on a case basis (i.e. according to outputs). By tying payments to the services provided, the MHIF incentivized hospitals to become more efficient, to reduce excess capacity and to limit unnecessary hospitalizations. This marked a significant break from the past, where the state essentially subsidized the supply of services, towards a new era in which health services would be purchased through the insurance fund (Falkingham et al., 2010).

Towards a Single Payer System

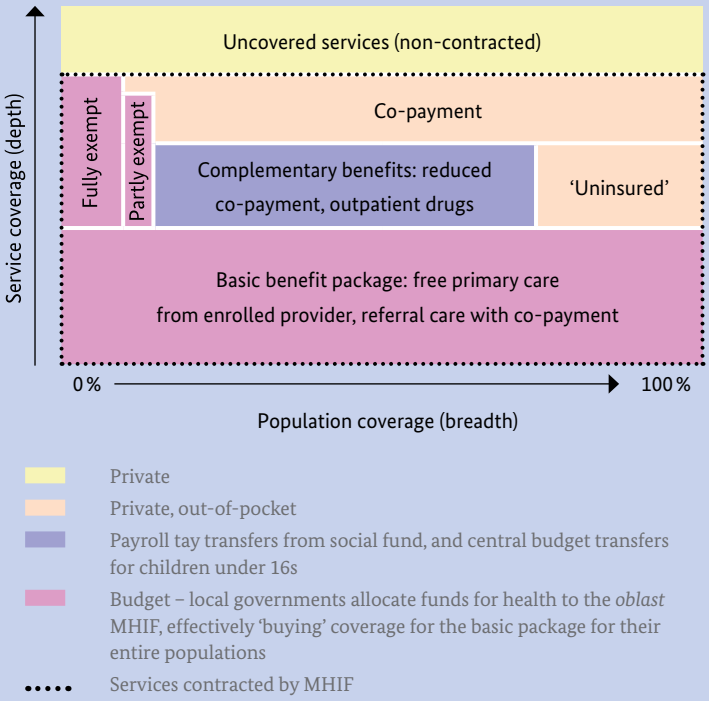
In 2001, the MHIF became responsible for purchasing health services, at oblast level, using both insurance and budget funds. This was a fundamental reform which ended the Soviet legacy of vertical integration between purchasers and providers and eliminated, at regional level, the duplication in financing, delivery and coverage arrangements which had previously existed (European Observatory, 2010).

These 'Single Payer' reforms were rolled out on a pilot basis. In participating oblasts, all local government health budgets (i.e. district, city and oblast) were pooled at oblast level and managed by the oblast branch of the MHIF, alongside the national pool of insurance funds transferred from the Social Fund. As the MHIF used the same purchasing methods for both pools of money, it appeared to providers as a Single Payer (European Observatory, 2010).

The State Guaranteed Benefit Package and the Additional Drug Package

The MHIF, as Single Payer in the Kyrgyz health system, contracted with providers to provide health services to the population. Given the limited financial resources available for health, it became necessary to define a benefits package which balanced available resources with expected costs and linked to the new provider payment methods.

Figure 1. Population coverage under the SGBP



Private

Private, out-of-pocket

Payroll tay transfers from social fund, and central budget transfers for children under 16s

Budget – local governments allocate funds for health to the *oblast* MHIF, effectively 'buying' coverage for the basic package for their entire populations

Services contracted by MHIF

The State Guaranteed Benefit Package (SGBP), introduced in 2001, defines the scope of health services to which the population is entitled. Under the SGBP, all patients, regardless of insurance status, are entitled to free primary health care services (Ibraimova et al., 2011b). Certain categories of the population are eligible for free, or almost free, outpatient specialist and inpatient care on the basis of their individual attributes (e.g. veterans of the Second World War, orphans, people with certain types of disabilities) or medical diagnoses (e.g. tuberculosis, epilepsy, meningitis). Over time the number of exempted categories has gradually expanded. For example, the SGPB initially provided free services to infants and pregnant women (including childbirth); in 2007 this was extended to include all children under 5 and people over 75 years of age (Ibraimova et al., 2011a). Approximately 50 % of the population are now covered by exemptions, a proportion which will need to be reduced for the sustainable efficacy of the SGBP in the future.

Non-exempted population groups are subject to a co-payment when accessing outpatient specialist or inpatient care. Those who are insured via the 2 % payroll tax pay a lower co-payment than those who are uninsured and are also entitled to an outpatient drug benefits (the Additional Drug Package (ADP). Figure 1 depicts population coverage under the SGBP.

The Single Payer System Goes National

The final step of the health financing reforms occurred in 2006, when budget funding for health was centralized at the national level and the MHIF became the Single Payer for a national pool of budget and insurance funds. This opened up the possibility of equalizing health allocation across the country. The MHIF began gradually balancing payment standards among the regions of the country, which benefitted previously disadvantaged oblasts such as Naryn, Talas, Osh Oblast and Jalal Abad.

It also created an enabling environment for the MHIF to promote efficiency savings within the health sector and to direct funding towards population health needs rather than infrastructure demands. Savings from the hospital rationalization process, for example, were invested in primary health care, reinforcing the health service delivery reforms which aimed at strengthening basic care.

Manas Taalimi and the Establishment of the SWAp

By the end of the Manas National Health Reform programme, Kyrgyzstan had succeeded in implementing sweeping changes in the way its health care services were financed and delivered. Over a period of just 10 years, the newly established MHIF had gone from administering a new provider payment system to acting as the Single Payer for all public health services in the country. The rationalization of the country's hospital infrastructure had generated sizeable efficiency gains, allowing greater investments in primary health care, at the same time that thousands of doctors had been retrained in family medicine and hundreds of facilities had been upgraded. And the utilization of health services by the richest and poorest segments of the Kyrgyz population had become more equal, reversing the trend towards greater inequality of utilization by socio-economic status (Jakab et al., 2005).

Manas Taalimi sought to build upon these achievements. It aimed to consolidate the health financing reforms, to increase the effectiveness of primary health care and expand access to specialized care, to improve the quality of care in line with the Millennium Development Goals, to strengthen public health in the country, and to improve the quality of medical education.

Preparations for the SWAp

As Manas entered its final phase, discussions began about a new configuration of support which would give the Kyrgyz government the chance to take greater control of and responsibility for the future of the reform programme. The sector-wide approach in support of Manas Taalimi was envisioned as a joint exercise in which a group of development partners would help to safeguard the reform process and ensure that the country stayed focused on attaining its goals. It would do this not only by contributing to the reform process financially, but also by working in close cooperation with the Kyrgyz government on administrative, managerial and technical aspects of reform planning and oversight.

The move to establish a health SWAp in Kyrgyzstan was a milestone for the Central Asian region. Although all five countries in the region had launched health care reform initiatives of one sort or another since independence, only the Kyrgyz authorities had succeeded in setting clear policy objectives and demonstrating their intent to implement reforms consistently and systematically. Moreover, the political environment in Kyrgyzstan in 2005 was conducive to such a development. The Kyrgyz Republic was open to cooperation with the West as a counterbalance to the influences of Russia and China and a constructive working relationship was already in place between development partners and the government. This combination of circumstances made the prospect of a health SWAp in Kyrgyzstan possible in a way that was not yet the case in other Central Asian countries.

> Kyrgyzstan's openness to the West was part of generally conducive political framework conditions for the establishment of the health SWAp.

Planning for the SWAp began in November 2005 and involved frequent consultations between development partners and the government, particularly the Ministry of Health and the Ministry of Finance. Because the SWAp envisioned increasing reliance on national systems, it was necessary to assess the capacity of local institutions to take on increased responsibility in areas such as planning, budgeting, financial management, procurement and monitoring and evaluation. As part of the preparation process, the World Bank undertook a detailed fiduciary assessment and identified fiduciary safeguards and capacity building measures which would need to be put in place in the SWAp agreement.

At the same time, the Ministry of Health and development partners worked together to formulate a Programme of Work for Manas Taalimi, which formalized objectives and targets for the period 2006-2010 and specified the components and activities which would be undertaken to achieve these. The Programme of Work was aligned with the country's national poverty reduction strategy.

Implementation of the Manas Taalimi sector strategy was structured around eight main components. Technical Working Groups were established, under the leadership of the Ministry of Health, to serve as platforms for sharing information and coordinating activities in each of the components and sub-components. The main goals of the programme components were as follows (Ibraimova et al., 2011b):

- Community involvement. The activities in this component sought to promote the involvement of the population in health-related decision making and to stimulate community-based action for health, including in the area of health promotion.
- Health financing. Continuing the work of the Manas health financing reforms, described above, this component aimed to increase public financing of the health sector, to gradually equalize health financing across regions through the pooling of funds, to improve the MHIF and Ministry of Health's purchasing arrangements, to reduce financial burdens on households by reviewing the structure of benefits and co-payments, and to improve the country's health information systems.
- Individual health services. The goal of this component was to improve people's access to high-quality care, while ensuring the leading role of primary health care. Among other aims, it sought to improve the performance of Family Group Practices, feldsher points, and emergency care; family medical centers and outpatient departments of hospitals; and tertiary facilities providing specialized care.
- Public health. This component sought to strengthen and modernize public health functions and better orient them on population needs.
- Content of medical practice. This component set out to improve the quality of care by introducing evidence-based approaches into medical education and clinical practice at all levels.
- Priority health programmes. The goal of this component was to improve the delivery of individual and public health services in the four priority disease areas in order to reduce morbidity, disability and premature mortality. These activities were aligned to support the attainment of health-related Millennium Development Goals.
- Human resources. This component sought to improve the human resource situation in the health sector through improvements to the medical education system, human resource management, and strategic planning.
- Stewardship. The stewardship component focused on introducing new approaches to health policy formulation and sector management and on building the capacity of the Ministry of Health to lead efforts to attain health sector goals.

The mechanisms of the SWAp: Tools and instruments for managing a complex process

In March 2006, the World Bank, as the lead development partner in the SWAp, signed a grant agreement with the government of Kyrgyzstan. This was followed, in July 2006, by a Memorandum of Understanding between the government and the Joint Financiers, which outlined a set of rules which would govern the SWAp and the relationship between its stakeholders. The terms of this agreement not only defined the conditions under which financing would be disbursed (e.g. compliance with specific budget rules and accountability requirements), but also outlined the coordination mechanisms which would be used to jointly monitor and review programme progress.

>> Maternal mortality rates in Kyrgyzstan have been fluctuating in recent years, but remain high. Maternal and child health was one of four priority health areas under Manas Taalimi.

>> The basket fund has made possible much-needed investments in the aging Soviet health infrastructure. Previously, most public expenditure on health went to recurrent costs, such as salaries and utilities.

Funding arrangements

A basket fund, supported by five Joint Financiers, stood at the centre of the agreement between development partners and the government of Kyrgyzstan. Led by the World Bank, the basket fund was joined and further extended by DfID, Swiss Development Cooperation (SDC), the Swedish International Development Cooperation Agency (Sida) and KfW, which, on behalf of the BMZ, became its largest contributor, accounting for 36.9 % of approximately 77 million USD in contributions over the period 2006-2011. The basket funds were jointly managed by the Kyrgyz government and the Joint Financiers, with the government responsible for budget implementation and the Joint Financiers responsible for financial oversight.

The purpose of the basket fund was to complement government expenditure on health by concentrating on two major areas. The first was the Mandatory Health Insurance Fund, which was suffering from a critical funding gap. Up to 50 % of the basket was directed to the MHIF, which ensured its ability to cover the costs of the State Guaranteed Benefit Package for the country's non-insured population. The other half of the basket fund was designated for investments in the physical infrastructure of the health sector. Since independence, the budget of the Ministry of Health was devoted almost entirely to recurrent costs (i.e. salaries and utilities), leaving little for maintenance or investment. By providing predictable financial support for these two budget lines, the basket fund ensured that the health reform programme could continue as envisioned in Kyrgyzstan.

KfW, DfID, Sida and SDC not only funded the basket, but also provided bilateral financing for the SWAp. They were joined in this by the United States Agency for International Development, the Asian Development Bank, Japan International Cooperation Agency, World Health Organization (WHO) and United Nations agencies. These bilateral contributions were embedded within the framework of the SWAp, implemented by development partners in close cooperation with the Kyrgyz government.

According to Joachim Schüürmann, Senior Medical Adviser with KfW, the balance between the basket funding and parallel financing was, in fact, one of the secrets to the success of the Kyrgyz SWAp. Due to its key role in the implementation of Kyrgyz health reforms, the basket became the main platform for coordination between the government and development partners and relieved the government from the need to negotiate and manage multiple streams of parallel financing. The parallel financing which continued to flow was built around the basket fund and linked directly to elements of the Manas Taalimi strategy. In this respect, the basket was an important instrument for harmonizing donor assistance and helped to reduce transaction costs for Kyrgyz partners.

> The basket fund was important for harmonising donor assistance in the health sector: almost all external assistance is now under the SWAp framework.

The Minister of Health of Kyrgyzstan, Dinara Saginbaeva, concurs. She explained that the SWAp has dramatically changed the format of cooperation between the government and the donor community, such that significantly less financing and technical assistance for health now remains outside the SWAp framework, compared to the pre-SWAp period.

Technical assistance

The SWAp can be best understood as a joint exercise which strategically combined the contributions of many different actors from within and outside Kyrgyzstan. In the area of technical assistance, development partners provided consulting and advisory services to address defined areas of need in the implementation of Manas Taalimi. The WHO and DfID played critical roles, for example, during the design and preparation of the SWAp, including support for the establishment of the Kyrgyz Republic's Center for Health Systems Development and Health Policy Analysis. Swiss Development Cooperation concentrated on support for continuous medical

>> As the Ministry of Health has upgraded medical facilities, such as the Bishkek National Children's Hospital, with new equipment, it has had to learn to manage procurement processes according to World Bank rules.

education, while UNICEF focused on maternal and child health. The World Bank guided and supported the Ministry of Health in the areas of financial management and procurement and KfW supported consultancies on technical trainings, maintenance issues and the optimisation of hospital services, in additional to its financing role.

Budget rules

One of the factors which limited the success of the Manas National Health Reform programme between 1996 and 2005 was the historically low levels of public sector expenditure on health. The SWAp agreement contained two conditions, referred to as 'budget rules,' which sought to make sure that the Kyrgyz government's own expenditures on health continued to grow and, at the same time, to safeguard the principle of additionality – that is, to ensure that development partners' contributions to the health sector did not displace domestic resources for health. The first rule stated that the overall share of the state budget devoted to health should increase every year, by 0.6 %, to reach 13.0 % by 2010. The second rule required that budget execution not fall below 95 % on an annual basis.

Demonstrating significant political will, the Kyrgyz government consistently met these conditions. The rules and targets were important for ensuring fiscal space for pro-poor and pro-equity reforms in the country (Jakab et al., 2012). For example, the growth in public expenditure meant that health sector wages could be increased and co-payment requirements could be removed for certain population groups.

Fiduciary risk mitigation measures

One of the major tasks of the SWAp has been to minimize fiduciary risk and to ensure that the health sector budget is executed transparently. The basket fund's Joint Financiers agreed that their contributions would flow through the Kyrgyz Treasury, be co-mingled with government resources, and spent by the government on agreed activities. In order to ensure that the funds were used in a timely manner for their designated purpose, the Joint Financiers required the government to comply with a number of conditions and closely monitored compliance with these requirements as part of their financial oversight function.

The fiduciary assessment conducted by the World Bank in Kyrgyzstan prior to the start of the SWAp identified risks of 'low capacity, low performance and inexperience in procurement, financial management and auditing tasks' (Vaillancourt, 2009). Kyrgyzstan, like many former Soviet republics, is known for pervasive corruption: in 2011 it was ranked 164th out of 183 countries in an international corruption index (Transparency International, 2011). The pre-SWAp assessment identified widespread concern, including on the part of the Ministry of Health itself, about the potential for financial mismanagement. As a consequence, 'an exceptionally extensive set of mitigation interventions,' covering areas such as accounting, financial monitoring, procurement procedures and internal controls, was included in the terms of the SWAp agreement (Vaillancourt, 2009).

One of the most important interventions was the introduction of an audit system. According to the agreement with the World Bank, the government had to establish an internal audit unit in both the Ministry of Health and the MHIF. It also became responsible for arranging independent external (financial and operative) audits of the entire health sector on an annual basis. Audit results had to be presented to the Joint Financiers at specified intervals and further disbursements to the basket were contingent upon audit results. The existence of an in-house audit unit at the ministry is a unique example of best practice not only within the Kyrgyz government, but also internationally.

Prior to the SWAp, the government had no experience with international-standard audit processes and had to learn to manage the various stages of an audit process, from tendering the audit, to receiving and responding to the audit report and developing plans of action to address audit findings. As with many of the SWAp processes, they agreed to do this 'under observation' – the ups and downs of their learning curve monitored by the Joint Financiers and the technical advisors from the World Bank who provided on-going guidance and support.

Procurement has been another major area of emphasis. According to the terms of the agreement, all procurement in the health sector – not only that using basket funds – must be undertaken in accordance with World Bank rules. Staff at the Kyrgyz Ministry of Health are still learning to comply with the complex requirements of the procurement chain, but processes are already significantly improved compared to the start of the SWAp, according to Joachim Schüürmann of KfW.

As these examples show, the SWAp has helped the Kyrgyz government to build capacity in the area of financial management through a 'learning by doing' approach. At the start of the SWAp, fiduciary capacity was weak and the process of institutionalizing risk mitigation measures was slow to start. According to Joachim Schüürmann, there was initially a sense among government counterparts that the financial management measures, audits and procurement rules were onerous requirements that had to be fulfilled to satisfy the conditions of the agreement. Over time, however, the government has recognized the value of these instruments for their own institutions and sees them, not as something to be done solely for the development partners, but as something inherently valuable and of lasting benefit.

Health Summits and Joint Annual Reviews

Perhaps the most important provision of the agreement between development partners and the Kyrgyz government was the commitment to hold regular Health Summits – biannual roundtable meetings which bring together the key stakeholders involved with Manas Taalimi for a detailed review of progress. The Health Summits have emerged as the cornerstone of the entire sector reform process and have been instrumental in ensuring that the reform agenda remains on track.

The Ministry of Health convenes Health Summits every spring and autumn. The spring Health Summits represent the end of the Joint Annual Review (JAR) process and consider both programme progress and compliance with fiscal issues; the autumn reviews look forward to the plan of work for the following year. The meetings usually last a full week and are conducted as 'peer review sessions' in which programme progress is described and jointly analysed. The Ministry of Health is responsible for reporting on programme implementation and results, in accordance with the Programme of Work and an agreed set of monitoring indicators. The development partners have the opportunity to reflect on achievements and challenges, to express any concerns and to highlight their positions on emerging policy issues and future directions. The government, in turn, has the chance to respond to this feedback and to make adjustments to the programme in line with its overarching agreement with the development partners.

The Health Summits and JARs provide a window into the intense, professional relationship which has evolved between the government of Kyrgyzstan and development partners in the context of the SWAp. The meetings are characterized by robust and frank discussion on both sides. Expectations and concerns are aired openly, based in an understanding that the reform process is a complex and long-term endeavour to which both internal and external partners are deeply committed. Beginning in 2012, civil society organizations were also invited to participate in the meetings, bringing important and sometimes challenging perspectives to the discussions.

The regularity of the meetings is important for accountability purposes: the Health Summits and JARs keep the pressure on the government to meet agreed deadlines and to move forward with the implementation of reforms in accordance with the decisions which have been collectively taken and minuted. The review sessions have been essential for improv-

>> Under the SWAp, Joint Annual Reviews have emerged as intensive working sessions which bring together dozens of government officials, development partners and local stakeholders for detailed reviews of health sector progress.

ing the government's stewardship of the reform process. In assuming leadership of the Health Summits and the Joint Annual Reviews, the government has become more conscious of its responsibility to provide strong policy leadership: to set the overarching vision for the sector and to drive forward the realization of this vision.

Monitoring and evaluation

The Health Summits have emerged as such strategically important sessions in part because the discussions which take place are informed by high-quality, relevant and timely evidence about the implementation and results of the Manas Taalimi programme. A regular flow of monitoring data has provided a rich evidence base for reviewing progress and informing future policy.

The significant investment in monitoring and evaluation systems is one of the defining characteristics of the Kyrgyz health SWAp. Of the six SWAps evaluated by the IEG, only Kyrgyzstan had a well-designed and implemented monitoring and evaluation system which effectively tracked performance against programme objectives. The Ministry of Health, with input from the development partners and the World Health Organization, developed a package of monitoring indicators prior to the start of Manas Taalimi, so that it was clear to all involved what would be measured, and how. A 'dashboard' system consolidated data on close to 100 output, outcome and impact indicators in an easy-to-use format and was updated prior to each Health Summit.

The work of the Bishkek-based Health Policy Analysis Center (HPAC), which was established with support from WHO and DfID to serve the Ministry of Health and has since become an independent health policy and research institution, has also been important in this respect. HPAC produces high-quality analysis of the Manas Taalimi monitoring data and conducts commissioned studies and evaluations on specific topics, such as the effects of the reform programme on reducing informal payments and trends in public and private health expenditure.

Assessing results

Manas Taalimi set out to raise the health status of the Kyrgyz population by improving access, financial protection, efficiency, transparency and quality of services in the health sector. The Ministry of Health's on-going monitoring of the indicator package and the analytical work conducted by the Health Policy Analysis Center, as well as the availability of other data sources, such as national household surveys and qualitative studies, together form a broad base of evidence with which to assess progress towards these goals. The next section reviews the key results of Manas Taalimi and the SWAp approach in Kyrgyzstan.

A Successful Investment

When the Federal Republic of Germany decided to promote the establishment of a health SWAp in Kyrgyzstan and to increase its support to the health sector in the country, it was responding to a unique opportunity. For the first time in post-Soviet Central Asia, the conditions were ripe to embark upon an ambitious, joint effort in support of a promising health reform agenda. Germany's investment in the Kyrgyz health SWAp has proven to be a worthy one. The SWAp is widely regarded as one of the most effective in the world and is held up as a best practice example for other countries to learn from.

This section describes the main results of the health SWAp in Kyrgyzstan, focusing first upon the benefits of the SWAp process itself for the management and stewardship of the health sector, and then upon progress made towards meeting the objectives of the Manas Taalimi programme.

Benefits of the sector-wide approach

A focus on sustainable processes

Arguably the most important result of the SWAp exercise is the elevation of the Kyrgyz health reform programme to a more secure and sustainable footing. The conditions of the SWAp agreement – the budget rules, the financial reporting requirements and the fiduciary risk mitigation measures – obliged the government and the Ministry of Health to develop reliable and systematic processes for planning, budgeting and procurement. The Health Summits, which served as a continuous 'peer review' process, ensured that the reform process stayed on track: the action points and recommendations endorsed at the end of each session acted as road maps for the coming months and kept pressure on the Ministry of Health and other government partners to deliver on agreed commitments.

The effect of this new rigor was a more predictable environment in which to focus upon the implementation of the health reform agenda. The Joint Financiers' support of the basket fund meant that the budget lines for critical elements of the reform programme, such as the Mandatory Health Insurance Fund, could be guaranteed. This marked a significant change from the era of Manas, when chronic budget instability threw into doubt the future of one of the reform's most significant components.

Ministry of Health: increased capacity and improved leadership

The Ministry of Health has played the leading role in Kyrgyzstan's health reforms since the mid-1990s with the development of the Manas National Health Reform programme. Different from some countries, the SWAp in Kyrgyzstan did not represent a departure from a past, or an attempt to open a new chapter; rather, it was a mechanism for intensifying support for an existing, already successful country-led strategy. Development partners saw an opportunity to bolster a reform programme at a critical point in its history, thereby ensuring that the government could continue to pursue the objectives it had already identified.

> The Kyrgyz SWAp was not a departure from the past, but a mechanism for intensifying support for an existing country-led strategy.

Over the course of the SWAp, the Ministry's capacity to manage complex health reforms has improved significantly. Because the Ministry of Health has been directly involved in the implementation of the reform strategy from the very start – in contrast with other countries, where Project

>> The Kyrgyz Ministry of Health has assumed a stronger leadership role over the course of the SWAp. Here (l. to r.), the director of the Mandatory Health Insurance Fund, Gulnara Shakirova, and the Minister of Health, Dinara Saginbaeva, are joined by Daniel Dulitzky, the World Bank Health Sector Manager, at a Health Summit in Bishkek.

>> All Kyrgyz children under 16 are covered by the Mandatory Health Insurance Fund. The Ministry of Health has become a strong defender of a publicly funded system, which ensures universal health coverage.

Implementation Units are set up in the Ministry of Health or Finance to coordinate financial and technical assistance – the SWAp became a type of laboratory where enormous capacity was built 'on the go.' Along with the Ministry of Finance, the Ministry of Health rose to the challenge of convening the Health Summits and Joint Reviews and took ownership of the review and planning process (Vaillancourt, 2009). As a result, health plans and strategies produced by the Ministry are of better quality and more comprehensive than before; the successful development of the Den Sooluk health reform strategy is a testament to this improved capacity (see 'A New Chapter Begins').

In interviews conducted during the preparation of this publication, several respondents observed that the success of the SWAp has strengthened the position of the Ministry of Health in its policymaking role. The Ministry is now in a stronger position domestically to assert its policy vision against competing ideas. In recent years, for example, some powerful voices within the country's political elite have advocated for the chance to experiment with different approaches to health financing – such as private individual health accounts – which would undermine the reforms' commitment to public funding. The Ministry of Health has been able to resist these policy turns, with strong backing from the WHO and development partners, and to ensure continued commitment to the solidarity principle, which has been a key achievement of the reforms to date.

Investments in financial management: greater transparency, enhanced credibility

According to Larissa Kachibekova, the head of the Department of Coordination and Implementation of Reforms at the Ministry of Health until spring 2012, the greatest achievement of the SWAp has been its success in achieving full budget transparency. Although it took significant time and effort to establish and manage the fiduciary risk mitigation measures outlined in the SWAp agreement, the strict auditing procedures and close financial oversight of the basket fund have had far-reaching effects. The fact that the Ministry of Health has succeeded in setting up and mastering these systems has improved its credibility and shaped outside perceptions of the Ministry as one which is transparent and accountable.

Since the start of the SWAp, the Ministry of Health has steadily built in-house expertise in technical areas such as financial reporting, auditing and procurement. While the learning process is still underway, particularly in the area of procurement, the achievements thus far have been significant. These changes can be attributed to the on-going technical support provided by the World Bank and other development partners, but also and more importantly to the Kyrgyz government's willingness to embrace the fiduciary risk mitigation measures and to integrate them into their own systems.

As the Minister of Health noted, 'The SWAp has taught the government how to calculate, how to manage and control huge budgets, and how to organize procurement processes. This was not easy for any of the actors involved, but now that Manas Taalimi has finished, we can look back and see it as successful.'

The Ministry of Health's increased capacities in the area of public financial management have catapulted it to the forefront of public sector reform in Kyrgyzstan and have begun to have a knock-on effect on the broader governance climate in the country. In this respect, the fiduciary risk mitigation conditions attached the SWAp's basket fund have acted as an impetus for institutional capacity development and an important driver of change within the country as a whole.

A genuine country-led partnership

In the IEG World Bank evaluation of health SWAps around the world, only the Kyrgyz Republic received top marks for establishing a country-led partnership between the government and development partners (Vaillancourt, 2009). While coordination between development partners and the government was reportedly strong even during the pre-SWAp period, it has been taken to a new level under the SWAp. The local ownership of the health reform programme was described by one of the Joint Financiers as being 'much higher in Kyrgyzstan than in many other countries of the world.' Another said that the degree of coordination between the government and donors has been 'unprecedented.'

>> Over the course of the SWAp, a close working relationship has developed between the Ministry of Health and development partners. L. to r.: Minister of Health, Dinara Saginbaeva; Hans Kluge of the WHO Regional Office for Europe; Alex Kremer, World Bank Country Manager in Kyrgyzstan; and Joachim Schüürmann, KfW.

The SWAp process was well-organized from the start, with regular communication between development partners and frequent opportunities for policy dialogue – both formal and informal – between development partners and the government. The fact that a relatively small number of donors are active in the Kyrgyz SWAp – compared to larger countries where more than 40 institutions can be involved – has helped to minimize the coordination burden. The donors reportedly work well with one another and can speak with one voice; this, in turn, enhances the quality of engagement with government. As in any complex endeavour, conflicts and tensions do arise – both among development partners and between development partners and Kyrgyz counterparts – but, according to those involved, ways are found to manage these conflicts within the framework of cooperation.

Another respondent observed that the SWAp has been an 'extremely positive process' overall, with donors, the government and health providers 'growing together' over the course of the reform process. One sign of this trust and mutual commitment is the fact that the SWAp continued to function even during the tumultuous political events of 2010, when 'there was practically no government,' in the words of one respondent, and unrest in the south of the country led to violence and civilian deaths. The situation had a particularly strong impact on the health sector, which scrambled to provide emergency care under difficult circumstances; the existence of the SWAp and the basket fund acted as a financial safety net during this period.

Learning how not to agree with the donor community can be taken as sign of increased capacity within the Ministry of Health.

The nature of the robust relationship between the development partners and the Kyrgyz government was summed up by the Minister of Health as follows: 'The Ministry and the government have learned through Manas Taalimi how to work with donors. They have also learned how not to agree with the donor community which, if put positively, is definitely an indicator of increased capacity within the Ministry.' By the end of the first SWAp in 2011, the Kyrgyz government was firmly in charge of the reform programme, able to articulate its vision for the future, and increasingly capable of managing the complexities of a sector-wide programme.

Achievement of health programme objectives

SWAps are ultimately focused on programme results, but as this publication has detailed, they also require large capacity building investments in areas such as policymaking, priority setting, budgeting, and monitoring and evaluation. In many cases, these process tasks can dominate SWAp proceedings and take away from a focus on programme results. In Kyrgyzstan this was not the case: according to the authors of the IEG evaluation, Kyrgyzstan was the only country which succeeded in maintaining a good balance in its SWAp between capacity building initiatives, on one hand, and a focus on health outcomes, on the other (Vaillancourt, 2009).

Health outcomes can be affected by a wide range of factors which lie outside the health sector, such as changes in income levels, poverty, women's education rates, migration, and climate. It can therefore be difficult to disentangle the relative contribution of a sector-wide health strategy to changes in health outcomes from those of other factors. In the case of Kyrgyzstan, however, the Independent Evaluation Group's reviewers found strong grounds for attributing the significant improvements which have been seen in health services delivery and health systems strengthening to the SWAp's programme of work (Vaillancourt, 2009). In doing so, they noted that, although the SWAp was only formally adopted in 2006, many of its principles were already in place during the Manas Health Reform Strategy (1996-2005) and that improved health outcomes in the country should be seen as a result of cumulative efforts on the part of government and development partners, beginning even prior to the SWAp.

The following are some of the main outcomes of the Manas Taalimi programme over the period 2006-2011 (Ministry of Health, 2011a & 2011b):

- Reduced financial burden, especially for the poor. Over the period 2003-2009, as a result of the health financing reforms, the financial burden for Kyrgyz households at all socio-economic levels was reduced, as measured by the share of overall household expenditure going to out-of-pocket payments. The greatest positive change occurred for the poorest two quintiles of the population: in 2003, the poorest 20 % of households paid 7.1 % of their total household expenditure on out-of-pocket payments for health; by 2009 this had dropped to 4.4 %. Among the second poorest quintile, the reduction was from 5.5 % to 2.9 %. Importantly, this change coincided with an increase in the utilization of health services by the poor, meaning that the reduction in out-of-pocket payments was not a reflection of declining use of services.

- Better and more equitable access to care. Manas and Manas Taalimi have improved access to and equity in use of health care in Kyrgyzstan by reducing financial and geographical barriers to care. According to household survey data, 11.2 % of people in 2000 reported not using health services due to financial or geographical reasons. This figure had dropped to 6.3 % in 2004 and to 4.4 % in 2009.

- Fewer informal payments. The introduction of the State Guaranteed Benefit Package aimed to reduce the burden of pervasive informal payments in Kyrgyzstan by creating an official system of payments for inpatient care. Between 2001 and 2010 there was a steady decline in the proportion of hospital patients who made informal payments across a number of categories and the overall share of private out-of-pocket payments declined from 56 % of total health expenditure to 49 % between 2006 and 2010. While informal payments continue to represent a considerable proportion of total health expenditure in Kyrgyzstan (e.g. estimated to be 26-34 % of hospital costs in 2006), the declines which have been recorded are at a scale far greater than those seen in other countries in central and eastern Europe and the former Soviet Union (Ibraimova et al., 2011a).

- Greater transparency. People in Kyrgyzstan are increasingly aware of the services to which they are entitled under the State Guaranteed Benefit Package and the Additional Drug Benefit. Household surveys revealed that, between 2006 and 2009, people's awareness about their rights improved across five categories of questions, including services which should be provided free of charge at primary health care level, during hospitalization (following co-payment) and in relation to outpatient drugs.

- Greater spending on direct medical costs. The Kyrgyz health financing reforms brought about important efficiency savings, via rationalization of the health sector infrastructure, allowing resources to be re-directed towards direct medical costs and investments in primary health care. The share of public funds at hospital level spent on direct medical costs – including drugs, food and medical supplies – increased from 20.4 % in 2004 to 36 % in 2010. Primary health care is also being assigned greater priority: by 2010, it received 38.6 % of funding in the State Guaranteed Benefit Package framework, up from 26.4 % in 2004 (the target is at least 40 % of funding).

>> L. to r.: One third of Kyrgyz citizens live under the poverty line. Health reforms have led to a reduction in the health-related financial burden on Kyrgyz households, particularly for the poorest 40 % of the population.

>> The health reforms have led to more equitable access to care, including in previously disadvantaged regions. Pooling health funding at a national level has allowed a gradual equalization of payment standards across the country.

>> Declines in the infant and under-five child mortality rates have been greater than expected in recent years, which may link to the fact that young children and pregnant women are exempted from co-payments for health care.

Impacts on population health status

The ultimate aim of the Kyrgyz health reform programmes has been to improve the health status of the population, particularly in relation to the four priority diseases. The final evaluation of Manas Taalimi found mixed results for the seven 'dashboard' indicators used to track the high-level impacts of the programme.

Both the infant mortality and under-five child mortality rate have declined, with the annual rate of decline exceeding targets. The success in reducing these mortality rates may be related to the inclusion of children under five and antepartum/postpartum women in the State Guaranteed Benefit Package, as well as an intensive package of activities in the area of maternal and child health throughout the health system. Tuberculosis morbidity and mortality rates have also declined, attributable to an integrated set of TB-control activities.

The maternal mortality ratio has fluctuated strongly since 2006 and there is not yet evidence of a stable trend towards reducing the rate. These results must be interpreted with care, in the context of the country's overall development and changes in health indicators and reporting. By the end of Manas Taalimi, maternal and child health indicators had returned on paper to levels seen during the Soviet period, yet much improved reporting suggests that the actual situation is likely to be better than two decades ago.

Mortality from cardiovascular diseases has stabilized among adults in two age groups (30-39 and 40-49), although it remains higher than at the 2004 baseline. The high prevalence of hypertension among the Kyrgyz population, widespread tobacco and alcohol use, and high-fat diets all contribute to high rates of cardiovascular disease in the country.

Finally, there has been a strong growth in the number of newly registered HIV infections in Kyrgyzstan, although the incidence rate appears to be slowing. Although an extensive package of measures has been undertaken, the spread of the disease points to the need for greater infection control measures in health care facilities, an expansion of sentinel surveillance among vulnerable population groups, and improvements in patient adherence to antiretroviral therapy.

A continuing challenge: improving the quality of services

Expanded access to health services must be accompanied by improvements in the quality of care if positive impacts are to be felt at the level of population health. The Manas Taalimi strategy placed emphasis upon the promotion of evidence-based medicine and improvements to medical education, as well as quality improvements in the four priority health programmes.

Although there is some evidence of quality improvement in aspects of the priority health programmes, the final evaluation of Manas Taalimi found that targets were not met for the five indicators selected for tracking progress on health service quality. Monitoring data suggests that the quality of health care services remains an area of challenge at both the primary health care level and in in-patient facilities. This mirrors widespread public opinion that more than 15 years of health reforms have not resulted in better quality health services. The government shared this sense of disappointment that the Manas Taalimi programme had generated insufficient quality improvements.

Evidence of quality improvement has been found for certain conditions related to maternal and child health and cardiovascular disease, particularly in those organizations in which training programmes and quality improvement initiatives have been undertaken. German technical cooperation under the SWAp, which focuses on improving the quality of maternal and child health services (see Box 2), has contributed to these gains. However much remains to be done. The Ministry of Health, in its final evaluation of Manas Taalimi, noted that, among others, greater attention needs to be paid to training and quality improvement activities in the future, including the development of clinical guidelines and protocols, the strengthening of procurement mechanisms within the SGBP, the targeted utilization of the Additional Drug Benefit for priority conditions, health promotion programmes, and reforms to the system of medical education (Ministry of Health, 2011a). These are areas which German technical cooperation will continue to support in the next programme phase.

>> Despite many achievements, the health reforms cannot be considered a success until people feel their effects in better quality care, such as that received by this pregnant woman during an antenatal visit.

While these initiatives will play an important role, they will not be sufficient on their own and must be accompanied by some critical changes at the macro level if the quality of health care in Kyrgyzstan is to improve in a meaningful way. Greater hospital autonomy, linked to an attractive incentive system, would do much to enhance the results of capacity building efforts aimed at quality improvement. And resolving the country's health financing challenges is arguably the most important task of all: sustainable improvements in the quality of care will only come about in connection with steady commitments in health spending. Given that further increases in public expenditure will be fiscally difficult, emphasis must increasingly be placed upon efficiency savings within the health sector and upon broader changes to the country's public financial management and tax framework in order to make health financing a cross-sector issue. Here, development partners' continued support for structural changes in the health sector will be important for sustaining the reform process.

Box 2. German support for quality assurance in the area of Maternal and Child Health

On behalf of Germany's Ministry for Economic Cooperation and Development (BMZ), GIZ has been providing technical assistance in support of Manas Taalimi since 2009 through its regional health programme in Central Asia. Under the Health Systems Development component of this programme, GIZ has concentrated its efforts in Kyrgyzstan on improving the quality of reproductive health services, with a focus on the medical accreditation system.

Germany's technical cooperation contributions to the Kyrgyz SWAp are coordinated through the Maternal and Child Health working group, led by the Ministry of Health. Specific activities which Germany has supported include: institutional capacity building of the Kyrgyz Medical Accreditation Commission in the area of reproductive health; support at facility level for the application of accreditation standards; the development of evidence-based clinical guidelines in the areas of maternal and newborn health; and capacity development of professional associations, such as the Hospital Association, Association of Obstetricians, Gynaecologists and Neonatologists, and the Midwifery Association.

BMZ-led financial and technical cooperation are well-aligned in the areas of maternal and child health. Between 2002 and 2007, the financial cooperation (via KfW) procured medical equipment for hospitals throughout the country, accompanied by intensive clinical user trainings. Since 2009, the technical cooperation (via what is now GIZ) has delivered clinical and management capacity building services in the areas of safe motherhood and quality assurance in hospitals in Chui and Issyk-Kul oblasts, thereby complementing the earlier procurements by financial cooperation. Supplementary group-specific and implementation-oriented capacity building measures enabled the health staff at the maternity hospitals to apply what they have learnt more systematically, ultimately resulting in considerable improvements

Technical cooperation is also expected to contribute to a new financial cooperation project between Kyrgyzstan and Germany which foresees the construction of a tertiary-level perinatal centre in Bishkek. The role of German technical cooperation will be to strengthen the capacity in human resource recruitment, training and development, clinical education, hospital management, quality management and on-the-job supervision for this new facility.

Lessons Learned

This section describes some of the main lessons learned from the Kyrgyz experience, focusing in particular on the SWAp support for Manas Taalimi.

Financial cooperation can become an instrument for improved governance and stewardship

The experience of the Kyrgyz health SWAp has shown that financial cooperation, undertaken in close partnership with government, can become a vehicle for sustainable changes in the management of public sector systems. The SWAp process in Kyrgyzstan helped the government to focus on developing a more reliable and sustainable approach to health budgeting and planning, which was essential for keeping the sector reform programme on track. This, in turn, has greatly improved the transparency of sector governance and has raised the profile and credibility of the health sector within the country.

> Financial cooperation can become a vehicle for sustainable changes in the management and transparency of public sector systems.

Invest in 'change waiting to happen'

Development cooperation is more likely to be successful when development partners step in to support a process which is already underway in a partner country. At the time that the SWAp was established in Kyrgyzstan, the government had been working closely with the World Health Organization for more than a decade on major structural reforms to its health system. There was already ample evidence of the government's commitment to reform and a clear set of objectives had been articulated for the future of the reform. At the same time, however, there were shortcomings to the reform programme and obvious ways in which external assistance could help to secure the next phase of the process. The Joint Financiers and other donors who joined the SWAp correctly identified that there was a valuable change process underway which could benefit from a well-designed and well-executed sector-wide approach.

The importance of political framework conditions

Politics have played a significant role in the story of the Kyrgyz health reforms – sometimes as a crucial supporting force, sometimes as a disruptive one. On the one hand, the reform process has benefitted – particularly in its early years – from high-level political support. The President of the Kyrgyz Republic was a strong proponent of the health financing reforms, and his open endorsement made it possible for the Ministry of Health to initiate far-reaching changes.

In 2005, when negotiations over the SWAp began, the political framework conditions in Kyrgyzstan were particularly conducive to the introduction of a sector approach. Following the Tulip Revolution, which forced Askar Akayev, who had led the republic since its independence from the Soviet Union, to step down, the Kyrgyz Republic was open to close cooperation with development partners. The government was willing to accept the terms and conditions of the SWAp agreement – including fiduciary requirements which would require a substantial investment in changing their own internal systems and processes. In this respect, the model of the Kyrgyz SWAp is not easily transferrable to other countries, as it presupposes a particular type of political climate. In neighbouring states of Central Asia, for example, the political framework conditions have been less suitable to this type of approach, and exploratory discussions about health SWAps have not progressed.

At the same time, the significant political instability in Kyrgyzstan over the past 15 years has also presented obstacles to the health reform process. Frequent changes in political leadership – including new presidents, new ministers of health and new parliaments – have altered on-going efforts: new agendas and interests have arisen, valuable time has been lost as processes are slowed down, and policy decisions have been delayed. While the health reforms have raised the stature of the Ministry of Health considerably, they have also become highly politicized. The introduction of parliamentary democracy and the election of a coalition government have not made the health reform process in Kyrgyzstan easier, as members of the new government wish to experiment with other approaches to health financing (for example, the introduction of private insurance and self-financing of health facilities) which would directly contradict the underlying logic of the health reforms to date.

>> A robust political dialogue between the Kyrgyz government and development partners has been one of the main factors contributing to the success of the sector-wide approach.

These challenges have made the robust political dialogue between development partners, the Ministry of Health and other Kyrgyz government institutions particularly important. A clear advantage of the Kyrgyz SWAp model has been the fact that it has been possible to bring together development partners and government representatives, on a regular basis, to communicate directly with one another. The relatively small size of the country and the limited number of development partners in the SWAp have been clear assets in this regard.

Focus on institutional capacity building

The Kyrgyz experience has shown that managing a SWAp can be a great learning process for a country. However a certain set of conditions need to be in place for this to happen: if partners don't have at least basic institutional capacity to handle key processes, such as budgeting, planning, and procurement, the SWAp is unlikely to succeed. Development partners can help – even prior to the establishment of a SWAp – in strengthening the institutional capacity of both partner ministries and the Ministry of Finance and preparing them for the responsibilities they will need to assume.

Kyrgyzstan can point to many successes in this respect. From the very start, under the leadership of the Ministry of Health and the World Health Organization, and later under the SWAp, health financing reforms in the country have been carried out slowly and incrementally. Far from rushing through reforms, the Ministry of Health and development partners moved deliberately to build key institutions, processes and systems in line with the main direction of change. For example, sufficient time and space was granted to the MHIF to develop its staff, systems and approaches during the gradual transition to the Single Payer system. New approaches were piloted at a regional level before being scaled up nationally and careful attention to monitoring data has shaped the course of reform, allowing adaptations to be made where necessary.

Pay attention to popular views on reform

Health sector reform is a highly technical topic that is of core interest to a relatively small community of policymakers, economists, and health experts. The reform process described in this publication occurred largely out of the sight of average citizens, whose main engagement with the health system takes place at medical centres, obstetrical points and hospitals across the country.

While the reforms have been successful in restructuring an increasingly obsolete health system, it is important to take into account how they are perceived and experienced in the daily lives of ordinary people. For the health reforms to be truly called a success, 'people have to see, feel and experience changes,' said Ulan Narmatov, the Deputy Director of the MHIF, and this is not yet the case. As the Minister of Health noted, what is unfortunately most visible to people is the lack of improvement in the physical infrastructure and the absence of modern equipment. Sub-standard conditions at many rural health facilities, for example, serve to discredit the reform effort. Add to this the fact that the health system is susceptible to corruption and misuse – informal payments continue to exist at a fairly high level in Kyrgyzstan – and nostalgia by some for the 'good old days' of the Soviet past, and it becomes clear how the reform programme can become vulnerable to political populism.

> People need to see, feel and experience changes in their daily lives before the health reforms can be called a success.

>> Popular views on health reform remain mixed and many in Kyrgyzstan are nostalgic for the Soviet past. More needs to be done to improve quality, limit corruption and build people's awareness about entitlements.

Building popular awareness about entitlements under the State Guaranteed Benefit Package and people's right to free primary health care services is important for increasing popular support for the reforms. Improvements in the quality of health services is another way in which people will begin to feel the significance of the structural changes which have already been undertaken. German Development Cooperation consistently highlights this relationship in its policy dialogue with the government and in its contributions at the Joint Annual Review. As the Kyrgyz health reforms go forward, the development partners, including Germany, will continue to stress the necessity of structural reforms in the health sector as a precondition for improved quality of care.

A new chapter begins: The Den Sooluk National Health Reform programme

By the end of the SWAp process in 2011, the Kyrgyz health reforms remained on track and poised to enter their next phase. The sector-wide approach had helped to consolidate the achievements of the earlier stages of the reform programme and to improve the government's stewardship of the process. Thanks to the combination of financial and technical cooperation administered via the SWAp framework, and the Kyrgyz partners' improved capacity to manage this assistance, the Kyrgyz health reform programme had become more stable and sustainable.

The next phase of the reform effort will be guided by a new national strategy – the Den Sooluk National Health Reform programme, which will be implemented over the period 2012-2016. Den Sooluk was developed through a consultative process led by the Ministry of Health and benefitted from a rigorous review by a team of outside experts who conducted an independent assessment of the plan.[3] It represents a continuation of the Manas and Manas Taalimi reforms, but places even greater emphasis upon improving the quality of care and the health status of the population. The strategy has been welcomed by development partners as 'well-structured, relevant and realistic' (Jaganjac, 2011) and is seen as further proof of the growing capacity of the Kyrgyz authorities to lead the health reform process into the future.

Germany and other development partners remain committed to the health sector reform agenda and to further investment in a health SWAp in Kyrgyzstan. The German government, together with the World Bank and Swiss Development Cooperation, has pledged approximately 60 million USD to a basket fund in support of Den Sooluk, pending its approval by the Kyrgyz parliament.[4] German Development Cooperation will also continue to provide bilateral support to the SWAp, through financial cooperation's 'accompanying measures' and parallel financing and technical cooperation's advisory services.

Policy issues and key challenges

During the next phase of the SWAp, development partners and the Kyrgyz government will need to continue their close working relationship in order to address a number of thorny challenges now at the forefront of the reform process. These include:

- Closing the funding gap. Despite the government's steadily increasing allocations to health, the health system remains heavily underfunded. The financing gap for the State Guaranteed Benefit Package, estimated between 25 and 37 %, means that private cost-sharing are a stubborn reality for the immediate future. The country's short-term macro-economic outlook is not encouraging, and further increases in public financing are unlikely. Although progressive reforms to the tax regime would do much to help in the long-term, the pursuit of efficiency gains within the health sector is the leading short-term option for reducing the funding gap.

[3] The Joint Assessment of National Strategies (JANS) team reviewed not only the content of the proposed programme, but its monitoring and evaluation plan, costing framework and programme of work.

[4] However given that two other Joint Financiers – DfID and Sida – have phased out their support at the end of Manas Taalimi, the government of Kyrgyzstan must lead a process of identifying new funding partners for the basket fund.

>> The Kyrgyz flag flying high over central Bishkek. Kyrgyzstan's improved stewardship of the health sector bodes well for the success of the new Den Sooluk national health strategy.

- Improving the quality of services. Despite significant investments in structural reform, quality improvements remain elusive. Activities under Den Sooluk include strengthening evidence-based medicine, wider use of clinical protocols, the re-training of health personnel, quality assurance initiatives, and accreditation programmes. Various donors will continue their contributions in this area, among them German Development Cooperation, which will broaden its focus from maternal and neonatal health to sexual and reproductive health and rights, with links to HIV.

- Strengthening the human resource base. Efforts to improve the quality of health services are heavily dependent upon the human resource situation in the country. The health sector in Kyrgyzstan is characterized by high staff turnover and mass emigration. The wage disparity between primary health care doctors and those working at secondary and tertiary levels contributes to this problem and undermines the reform programme's earlier investments in primary care.

- Debates over the role of the private sector. Within the Kyrgyz government there are pockets of support for expanding the role for private sector providers in the health sector, including the introduction of private insurance and the self-financing of facilities. Those in favour argue that introducing competition will lead to improvements in the quality of care, while also reducing financial pressure on the public sector. Development partners, including German Development Cooperation, are concerned about the consequences of such a move and have strongly voiced their position that any private financing would need to complement the public system, not replace it. Proposals such as the dissolution of mandatory social insurance in favour of personal insurance accounts are viewed with great concern, as they would undermine the solidarity principle and the universality of coverage.

- The introduction of greater provider autonomy. Provider autonomy refers to the right of facility managers to control the allocation of resources and to decide where and how to re-invest efficiency savings. The concept is still not well understood in Kyrgyzstan and is often confused with the right of health providers to charge fees for services. Hospitals already have significantly more autonomy in Kyrgyzstan than they did a decade ago, and the expansion of provider autonomy under Den Sooluk will extend this even further. However greater autonomy also implies greater risks. Given the complexity of the tasks which will devolve to facilities under such a process, changes need to be introduced carefully, in order to ensure that there is not a negative effect on the quality of services.

Future prospects

At the May 2012 Joint Annual Review, a representative from the WHO observed that the government of Kyrgyzstan and development partners have worked together 'in a very fruitful partnership' over a long period of time. While the relationship is not without its tensions, it has proven itself to be robust. The SWAp process has intensified this relationship, bringing development partners and the Kyrgyz government into regular direct communication with one another in pursuit of shared objectives.

The next chapter of Kyrgyz health reforms is soon to begin and many difficult problems remain to be addressed. Yet based upon the experience of the first SWAp process, there is reason to be optimistic that the coordination and review mechanisms will continue to function, as before, as mechanisms for keeping the health reform programme on track and moving forward.

As the country enters the third phase of its health reforms, the partnership between the government and development partners remains strong and the health sector itself is managed more professionally, and more sustainably, than ever before. Thanks to this, there is the very real prospect that the Kyrgyz health sector will continue to evolve into a more modern, efficient system which responds to the needs and expectations of the population.

Peer Review

To be included in the German Health Practice Collection, a project or programme must demonstrate that it comes close to meeting most if not all of the criteria that would make it effective, transferable, participatory and empowering, gender aware, well monitored and evaluated, innovative, comparatively cost effective, and sustainable.

In reviewing this publication, two external experts have concluded that the sector-wide approach to supporting health reforms in Kyrgyzstan – as supported by German Development Cooperation and other development partners – can be considered a 'promising practice' whose lessons are worth documenting and sharing widely. They offered the following reflections on the specific criteria used by GHPC to identify a 'promising practice':

Effectiveness

There is evidence that the Kyrgyz sector-wide approach in health enhanced the harmonization and alignment of development assistance for health and strengthened local ownership of reforms, while simultaneously keeping a focus on results. The SWAp contributed to progress in achieving many of the objectives of Manas Taalimi, including greater efficiency in the health sector, improved financial protection for the population, and greater equity in health care utilization.

Transferability

The Kyrgyz experience contains lessons for other similar-sized countries, and possibly for larger countries as well, although conditions across countries are so context-specific that the approach which succeeded in Kyrgyzstan may not be equally effective elsewhere. Among the main lessons from the Kyrgyz SWAp are the importance of building core management capacities and promoting local ownership from the outset of a process – and remaining committed to that approach even in the face of political and personnel changes.

Participation and Empowerment

A strength of the Kyrgyz health SWAp was its focus on empowering local institutions to take ever-greater responsibility for the health reform process. This can be seen, at a national level, in the increased capacity and leadership shown by the Ministry of Health and Mandatory Health Insurance Fund, as well as other institutions, such as the Health Policy Analysis Center. At the service delivery level, components of the SWAp have sought to engage citizens more actively in health promotion and decision-making, while public dissatisfaction with the insufficient improvements in quality of care is holding the Ministry of Health accountable and leading to an ever-greater focus on service quality.

Gender-sensitivity

Gender was not a central focus of the sector-wide approach and there is not enough evidence to assess the effects of the approach on gender. However, Manas Taalimi's explicit focus on family medicine and on maternal and child health reflect increasing attention to women's health.

Monitoring and Evaluation

There is strong evidence that the SWAp was guided by a systematic and well-developed monitoring and evaluation system, anchored by the rigorous work of the Health Policy Analysis Center. An indicator dashboard tracked dozens of process and results indicators, which were used to steer programme implementation throughout the course of the SWAp. In an international evaluation of six health SWAps around the world, an independent evaluation team found the Kyrgyz SWAp to be the most effective across a range of parameters.

Innovation

The main innovation of the Kyrgyz health SWAp may be the way in which the right approaches were combined in the right way – under strong execution on the part of the government and development partners – to bring about a successful result. While no one aspect of the SWAp approach stands out as particularly innovative on its own, its component parts were carefully brought together for maximum effect – a result which has eluded stakeholders in other SWAp exercises.

Cost-Effectiveness

There is not enough information to assess the cost-effectiveness of the SWAp. The reduced transaction costs and uniform platform of donor coordination are likely to have reduced costs, although these benefits cannot be quantified.

Sustainability

There is strong evidence that many of the capacities built to manage the SWAp have become institutionalised and will underpin the next phase of health reforms in Kyrgyzstan. The SWAp's strong emphasis on local ownership has provided the reform process with a stability and continuity that has carried it through political upheaval and changes of personnel. The Kyrgyz experience demonstrates the importance of investing in institutional capacity building as a prerequisite for successful financial cooperation.

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