The long-lasting conflict in Afghanistan has resulted in a fragmented health system unable to meet the needs and expectations of the Afghan population. Since the inception of a new government in 2002, the Ministry of Public Health (MOPH) has made significant progress in establishing a primary and secondary healthcare system. The establishment and implementation of the Basic Package of Health Services (BPHS) and Essential Package of Hospital Services (EPHS) have translated policy into service delivery, bringing drastic improvements in access to and quality of health care, resulting in significant health indicator improvements in Afghanistan. While these changes have helped bring health services close to the people that need them, a need remains to strengthen specialty care through referral hospitals at the national level.

National and Specialty Hospitals in the capital city of Kabul serve a population of over five million, and are specialty referral points for the entire country. In the eyes of the Afghan people, the performance of these 14 hospitals is an indicator of the effectiveness and efficiency of the health system as a whole. As such, it is of utmost importance that these hospitals are fully functional.
Until 2011, these 14 hospitals were not able to provide even the most basic services to their patients. The centralized financing and budgeting system housed within the MOPH failed to supply essential medicine, food, and other supplies to the hospitals. Almost no one within the MOPH system knew how much funding was allocated to hospitals. Additionally, the dismal state of hospital services contributed to mounting public criticism of the central government’s inability to manage institutions and provide essential services to Afghans.

In December 2011, with USAID support, the Hospital Sector Strategy was developed and endorsed by the MOPH. To increase effective and efficient health service delivery, transitioning hospital operations from a centralized model to a decentralized, autonomous management model was at the core of that strategy. Following extensive discussions with the Afghan Ministry of Finance (MOF), the MOPH was able to formally transfer financial and procurement authority to the 14 national hospitals in 2011. The initial tranche of funds (Afghan FY 1391/2011-2012) was limited to smaller transactions and funding levels. A full transition took place during the following year (FY 1392/2012-2013), when each hospital received the authority to manage 100% of its financial resources. During 2012-2013, another two institutions - the central blood bank and polyclinic - were added to the hospitals beginning autonomous operations, bringing the total number of autonomous institutions to 16. Once these 16 institutions are fully independent, the MOPH will then examine the regional and provincial hospitals to determine if they, too, can benefit from a similar decentralized model.

**Phase One of Hospital Autonomy: Budget-Based Management**

The USAID-funded Leadership, Management, and Governance (LMG) Afghanistan Project supported the National and Specialty Hospitals in implementing the first phase of the hospital autonomy process. Phase One grants the 16 institutions authority to independently manage their budgets and procurement processes.

The LMG Project also offered hospital management training to hospital leadership to build a cadre of qualified hospital administrators to manage these institutions and design and implement effective management systems. The LMG Project is also advocating for the establishment of a master’s-level Hospital Administration Degree Program and user fee policies to support hospitals to independently mobilize financial resources.

**Phases of Hospital Autonomy**

1. Independent Human Resource Management
2. Budget-Based Management
3. Hospital-Based Fund Generation (User Fee)
4. Governing Board Establishment
5. Public/Private Partnerships (PPPs)

“With the introduction of the Basic Package of Health Services, changes in the primary health system were enormous - the Essential Package of Hospital Services Strategy added value to primary health system strengthening. Though we consider this a significant step, it is now time to pay attention to the hospital system, where the hospital autonomy initiation is an important move forward.”

– Dr. Sayed Kabir Amiri, Director, MOPH Central Hospitals
Managing Procurement Independently

One important component of the hospital autonomy process is the successful procurement and management of essential medical supplies. Effective and efficient procurement of necessary supplies is a determinant of population health; the goal of streamlined procurement is for every hospital to be able to provide necessary and quality medical supplies, drugs, and non-medical commodities – including food, fuel, stationary, and cleaning supplies – to their patients when needed.

Prior to autonomy, all drugs were purchased for all hospitals in a single procurement. This centralized system did not take into account the specialized needs of the various hospitals. For example, a maternity hospital would receive the same drugs as an infectious disease hospital, even though the medical supply needs of these two hospitals differed greatly. With the implementation of phase one of the autonomy process, each institution is now able to order and purchase their own medical supplies, drugs, and non-medical commodities. The ability for each hospital to procure their own supplies not only increases the appropriateness of the procurement, it also increases the availability of medical supplies to patients. A recent assessment of the hospital autonomy process showed that autonomy has decreased the length of time it takes to get much-needed medical supplies to hospitals. Under the previous centralized system, the ordering and receipt of even the most basic supplies could take up to six months. Under the new autonomous system, procurement and receipt of supplies typically takes just a few days.

All 16 autonomous institutions have now developed and implemented procurement plans. During the first nine months of autonomy (2011-2012), the hospitals processed an average of 20 procurements. Over time, hospitals have been able to manage increasing numbers of procurements, with the number of major contracts increasing from 122 in 2013-2014, to 147 in 2014-2015.

Allowing the hospitals’ administration and management teams the decision-making power to decide which medical supplies, drug, and other non-medical commodities they need to procure has had a positive impact on the quality of care that patients receive. Patients now have better access to essential medicines. Under the centralized system, patients would mainly purchase their medicines and medical materials from local markets – where unlicensed pharmacies operate independently of hospitals, clinics, or other medical institutions – because medicines were unavailable at the hospitals. Now that the hospitals are able to procure and maintain adequate stock to meet patient needs, patients can purchase necessary medications directly from the institution where they are receiving care. This availability of essential medicines improves patient care, and also increases patient trust in the hospitals.

Another positive outcome of improved procurement practices can be seen in the increase in infection prevention at the 16 autonomous institutions. The LMG Project monitors the procurement, stock, and utilization of infection prevention supplies on a quarterly basis. Gradual improvements in hospital hygiene, efficient procurement, and use of infection prevention supplies have helped to decrease infection rates.
prevention materials have resulted in increased availability of infection prevention supplies, and decreased transmission of infectious diseases within the hospitals. This, in turn, leads to a decrease in morbidity and mortality rates.

Managing Budgets Independently
As was the case with procurement autonomy, financial autonomy also increases quality of care and health service delivery by allowing hospitals to fully control their own budgets. Controlling the expenditure rate of funds remains a major challenge for the Afghan government, as most Afghan ministries have not been able to exceed an annual expenditure rate of 50%. However, the autonomous hospitals have utilized over 90% of their annual budgets. These hospitals now have easily accessible cash-on-hand and petty cash to handle day-to-day needs, including renovations and equipment repair. Additionally, leadership from the 16 autonomous institutions recently reported that autonomy in financial management has resolved the chronic lack of funds available for medical equipment, essential supplies, drugs, and non-medical commodities. Prior to budget devolution, the budget that each of the institutions received was low – less than 1/8 of their current budget. Now, leadership reports that their budgets are more realistic, and they exercise ownership of the budget. To aid the financial autonomy process, three Afghan Finance Information Management System (AFMIS) Centers were established at selected National and Specialty Hospitals in 2013. The AFMIS Center systems feed financial information directly into the national finance system database. The centers were established with support of the Ministry of Finance, hospitals, and the LMG Project. Prior to establishing these centers, only one AFMIS facility was available at the central MOPH level. This facility was unable to accommodate the needs of the national Kabul Province MOPH and the hospitals. As a result of the newly established AFMIS Centers, the hospitals are now able to efficiently link with the national finance system, and no longer have to wait in long lines at the central MOPH to process their payments.

Technical Assistance: Hospital Management
Effective implementation of the hospital autonomy process requires strong capacity of hospital management. To this end, the LMG Project partnered with Johns Hopkins University in 2014 to provide Hospital Management Training for the National and Specialty Hospital Directors in Afghanistan. The goal of this training was to enhance the management capacity of the hospital teams, and ultimately the quality of care provided by the 16 institutions. The training took place in three segments over the course of six months, with the last segment held in July 2014. The training covered governance and leadership, tools for improving hospital service, principles of supportive supervision, and design and planning of individual hospital improvement projects. In total, 54 people from the 16 institutions – including hospital directors, medical coordinators and consultant teams – have been trained in hospital management best practices.
An Example of Hospital Autonomy: The Malalai Maternity Hospital

The Malalai Maternity Hospital (MMH) is a 210 bed referral center that provides obstetrics, gynecology, newborn, and fistula care services in Kabul. The MMH also provides professional national-level training for medical personnel, with 45 trainers on staff. Since the autonomy process began in 2013, MMH has expended 96% of its budget and spent nearly $2.5 million in accordance with the Afghanistan Procurement Law, which allows the hospital to successfully and quickly procure and pay for medicine, laboratory reagents, fuel, furniture, and renovations. Additionally, the hospital saw marked improvements in a number of clinical areas:

- Infection prevention practices improved by 32% since June 2013;
- The percentage of all patients who received medicine from the hospital (instead of having to purchase it themselves from a local market) increased by 81%, from 0% at baseline; and
- The percentage of all patients who received lab services in the hospital (instead of having to purchase them from a local market) increased by 92%, from 0% at baseline.

Another significant management coaching result was that the hospital identified the need for, and created, a Hospital Drug & Therapeutic Committee (DTC). The DTC focuses on defining the hospital-based formulary list. The committee also oversees and ensures proper and rational use of medicines within the hospital units.
Advocacy: Hospital Administration Degree Program

Hospital managers and directors in Afghanistan have typically been clinical physicians who have little to no training in current hospital administration best practices. The LMG Project regularly assists hospital management teams in learning and implementing best practices, with a focus on procurement systems, the budgeting process and data collection, and health information systems.

To build on previous achievements in hospital management capacity building, the LMG Project has advocated for further hospital administration training for its current and future hospital leadership. A distance-learning Master’s degree program has been incorporated into the World Bank-funded System Enhancement for Health Actions in Transition (SEHAT) hospital sector proposal. If this degree program is successfully established, it will be open to participants from across the hospital sector, including those trained under the LMG Project. Creating this opportunity for hospital leadership to obtain Master level training in hospital administration will help to build leaders’ skills in hospital administration, managing the hospital autonomy reform process, and leading institutions to provide high quality care.

Conclusions and Next Steps

Long term implementation of the Hospital Sector Strategy at target institutions will result in significant improvements in service delivery. However, progress is likely to be slow, as this type of structural change will demand that hospital management and staff assume unfamiliar responsibilities and learn new procedures without the benefit of management education or experience. The process of progressive autonomy, as defined in the Hospital Sector Strategy, employs a learn-by-doing approach that will develop skills through hands-on experience. The gap between present capacity and the level of skill and expertise required for full autonomous operations will take considerable effort, patience, and external assistance for an extended period of time. Early, modest, and tangible improvements establish a base to build on, and can guide the remaining steps in the autonomy process.

After achieving preliminary successes within the target hospital budgeting and procurement process, the next phase in the hospital autonomy process is to establish a plan to delegate human resources management (HRM) to hospitals. This Rationalization of Human Resources phase will allow hospitals to independently manage their own staff, in addition to managing their own finances and procurement, and will introduce a shift system for providing 24-hour patient care.

By completing the initial phases of the autonomy process (Budget-Based Management and Procurement Management, and Rationalization of Human Resources), the 16 institutions will achieve full control over their own revenue generation and use, and human resource management. If the gains achieved through phase one of the hospital autonomy process can be sustained, and if the next phases are equally successful, the future of hospital autonomy promises better quality care for the five million people in Kabul who depend on these institutions to receive effective and efficient health care.