

# The impact of federalisation on Nepal's health system

## Final project recommendations

7 June 2024 | 25/02/2081

### Introduction

This policy brief presents key findings from our research project 'The impact of federalisation on Nepal's health system: a longitudinal analysis', which ran from 2020-2024.

The study was implemented in Bagmati, Karnali and Lumbini Provinces, representing hilly, mountain and terai regions, and the Kathmandu metropolitan area to capture the urban context. Data were collected through 243 qualitative in-depth interviews and 32 Participatory Policy Analysis workshops which brought together health leaders, political leaders, administrators and implementers from the Local, Provincial and Federal levels.

This document includes recommendations produced by local, provincial and federal-level stakeholders during a two day workshop held in Kathmandu on 9 and 10 January 2024. It also includes some of our [Interim Recommendations](#), presented to the Ministry of Health and Population in May 2022.

In this document, we present our recommendations according to five key Priority Areas that were discussed and agreed by participants in our January 2024 workshop, and which have been identified as important entry points for health system strengthening efforts. These are:

- **Building capacities for health system planning and management at local level.**
- **Improving the management, development, distribution and retention of human resources for health at all levels of government.**
- **Enhancing coordination and communication between different levels of government.**
- **Collecting, sharing and utilising high-quality data to inform decision-making.**
- **Making and implementing new legislation, regulations and policies.**

### Background

Nepal is in the process of implementing a process of major constitutional reform. The 2015 Constitution created a Federal Republic with significant devolution of power and resources. This complete restructuring of the country's political system brings significant changes to the health system, with responsibility for health services provision now resting primarily with the seven new Provincial governments, and significant powers and responsibilities further devolved to local municipal and ward-level governments.

This research project has been tracking this vast health system reform in real time, drawing upon the experiences, perceptions and expertise of health system stakeholders from across all levels of government. We have worked with policy makers and implementers at the Federal, Provincial, Municipal and Ward levels, as well as with Community-level health volunteers who are on the frontline of delivering health services.

This study was designed to capture policymaker and service provider perspectives and has not sought out patient or community members' views. However, through including a vast range of stakeholder perspectives - from Federal-level government officials down to village-level Female Community Health Volunteers - we have been able to gather and compare opinions and experiences from across the health system, and identify common themes, challenges, and recommendations.

**Key messages from this research are as follows:**

- Federalisation of the Nepali health system remains in a transition phase, with some components or functions federalised and others still somewhat centralised;
- This major political shift has brought about improvements as well as new challenges to the health system;
- Unlocking the full potential of federalism will require concrete action in the short, medium and long term to strengthen the health system in the five priority areas identified through our research.

**Priority area 1: Building capacities for health system planning and management at local level**

<b>Recommended action</b>	<b>Level of government responsible</b>	<b>Timeframe for action</b>
Implement training for local government in health system organisation and management (including basic package of services, human resource planning, procurement, financial management) to increase health system literacy.	Provincial, in collaboration with local	Short
Implement a standardised approach to induction and ongoing training for HFOMC members to enable them to effectively fulfil their roles and responsibilities.	Provincial, in collaboration with local	Short
Implement policies that enable social audit in all local areas.	Local	Medium
Regularly appraise all staff performance and incentivise good performance through reward and recognition. Create an effective system to identify and address underperforming staff.	Local supported by Federal	Medium

**Priority area 2: Improving the management, development, distribution and retention of human resources for health**

<b>Recommended action</b>	<b>Level of government responsible</b>	<b>Timeframe for action</b>
Address obstacles to the hiring of permanent health staff, including delay in adoption of relevant laws/policies, resource constraints, frequent transfer of decision makers, bureaucratic delays, lack of long-term HR planning.	All levels	Medium
Create promotion/career development opportunities for staff, with a clearer progression pathway.	All levels	Medium
Develop HR staffing strategies to ensure the right mix of technical skills, informed by local needs.	Provincial, local	Medium

Finance ministry to require the development of a credible staffing plan before creating new health facilities.	Federal	Short
Generate and implement a strategy/plan for incentivising the recruitment and retention of skilled health workers in remote areas.	Provincial	Medium
Implement Training Information Management System to minimise duplication of training.	Federal	Short

**Priority area 3: Enhancing coordination and communication between different levels of government**

<b>Recommended action</b>	<b>Level of government responsible</b>	<b>Timeframe for action</b>
Devise a system of regular inter-level meetings (Federal-Province; Province-Municipality) that are agenda-based, output-focused and result in implementable actions and regular feedback.	All levels	Short
Hold regular within-level multi-sectoral meetings for the health sector so that staff from different sections get to know each other and a better environment is created for communication and collaboration.	Local; Provincial	Short
Develop clear guidelines for referral of patients from locally-managed health facilities to higher level facilities.	Federal and Provincial	Short
Implement a mechanism for disseminating best practice between Provincial/local and work to develop a culture of learning from each other.	Provincial, local	Medium
Implement intra-level mechanisms for procurement and supply of medicines, vaccines and technologies.	All levels	Medium

**Priority area 4: Collecting, sharing and utilising high-quality data to inform decision-making**

<b>Recommended action</b>	<b>Level of government responsible</b>	<b>Timeframe for action</b>
Improve support for rural areas (including training, equipment etc.) for effective implementation of eHMIS.	Provincial, Federal	Short
Implement a system of prompt checking and feedback on data quality from higher to lower levels.	Provincial, Federal	Short

Strengthen capacities and procedures for analysis of local level data to enable the rapid identification of emerging patterns.	Provincial, Federal	Medium
Work towards the adoption and use of personal identification numbers for consistent patient identification across both the public and private sectors.	Federal	Medium
Procure and roll-out an Electronic Medical Records System in all government health facilities to improve data quality as well as individual patient care and safety.	Federal	Medium
Create an enabling environment and champion the use of data in decision making	All levels	Medium

**Priority area 5: Making and implementing new legislation, regulations and policies**

<b>Recommended action</b>	<b>Level of government responsible</b>	<b>Timeframe for action</b>
Create a Commission to investigate duplication, contradictions and gaps between different pieces of legislation (e.g. Local Government Act and Public Service Act).	Federal	Short
Pass and implement the Federal Civil Service Act to help with the management of human resources.	Federal	Medium
Make and implement new policies for a range of issues including for example staff training; private sector reporting; and minimum level of budget allocation for health.	Federal, Provincial	Medium
Encourage governments at all levels to make voluntary commitments on the proportion of their overall budget to be spent on health (for example, 10%).	All levels	Medium

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### Project publications (to date)

- Koirala et al (2024). " COVID-19 as a Challenge to Nepal's Newly Federalized Health System: Capacities, Responsibilities, and Mindsets". *Asia Pacific Journal of Public Health*. 2024;0(0). doi:10.1177/10105395241250123
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*Funded by the Health Systems Research Initiative (Round 6) awarded to Rushton and Balen et al (MR/TO23554/1) at The University of Sheffield, UK. Ethical approval for the study was obtained from the Nepal Health Research Council (reg. no. 354/2020P) and the University of Sheffield, UK (ref. AEA627).*