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Draft Terms of Reference for Health Financing Unit
in Timor Leste
Health System Sustainability Activity

Local Health System Sustainability Project
Task Order I, USAID Integrated Health Systems IDIQ

Local Health System Sustainability Project

The Local Health System Sustainability Project (LHSS) under the USAID Integrated Health Systems IDIQ helps low- and middle-income countries transition to sustainable, self-financed health systems as a means to support access to universal health coverage. The project works with partner countries and local stakeholders to reduce financial barriers to care and treatment, ensure equitable access to essential health services for all people, and improve the quality of health services. Led by Abt Associates, the five-year project will build local capacity to sustain strong health system performance, supporting countries on their journey to self-reliance and prosperity.

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BACKGROUND

Health financing is one of the building blocks of a health system. Health financing refers to the “function of a health system concerned with the mobilization, accumulation, and allocation of money to cover the health needs of the people, individually and collectively, in the health system. The purpose of health financing is to make funding available, as well as to set the right financial incentives to providers, to ensure that all individuals have access to effective public health and personal health care”¹. The proposed Health Financing Unit will serve as the steward within the Ministry of Health (MOH) to ensure that sufficient funding is available to the health system and used effectively and efficiently to ensure the population’s access to public health services.

VISION

To build capacity of the Government of Timor-Leste to effectively mobilize and use financial resources for health and provide quality health care for every individual, resulting in Healthy East Timorese People in a Healthy Timor-Leste.

MISSION

To improve the performance of the health sector through data-driven, evidence-based decision making for increased provision of quality services for the entire population, especially the poor and the disadvantaged, through the provision of health financing information and analysis.

GOAL

To provide timely analysis that will inform the design, implementation, monitoring, and evaluation of sustainable financing approaches for the health system.

ACTIVITIES

The Health Financing Unit will:

- Conduct analyses to inform evidence-based decision-making using data from the Health Management Information System (HMIS), such as resource mobilization, equity, and resource optimization analyses.
- Conduct regular Health Accounts exercises and institutionalize this capacity within the Health Financing Unit.
- Develop relevant tools to improve MOH budget execution processes and speed up budget execution.
- Support and strengthen the national directorate of budget and financial management (NDBFM) to analyze budget envelopes and allocations to MOH directorates including health facilities, considering execution capacity, needs, equity, and efficiency (resource optimization).
- Collect, analyze, and report on budget expenditure information and identify mechanisms for internal and external dissemination of budget execution performance.
- Provide training to municipality health services on health financing and budget processes.
- Conduct medium-term costing of health programs in Timor-Leste.

¹ World Health Organization (WHO). The World health report, 2000. Health systems: improving performance. Geneva: WHO; 2000. Cited in Liaropoulos, L., Goranitis, I. Health care financing and the sustainability of health systems. *Int J Equity Health* 14, 80 (2015). <https://doi.org/10.1186/s12939-015-0208-5>.

- Serve as the Secretariat for the health financing subgroup of the Health System Strengthening Working Group.

STAKEHOLDER ENGAGEMENT

The HFU will collaborate with the Director of Budget and Financial Management and the Director General of Corporate Services at the MOH to identify key stakeholders to support the HFU's work. In particular, the HFU will engage with key stakeholders who are generating and analyzing health financing data in the health system. Key partners within the MOH may include the HMIS team and the Monitoring & Evaluation (M&E) Department; partners external to the MOH may include the Ministry of Finance (directorate general of statistics and directorate general of planning and budgeting, and directorate general of treasury), the National Agency for Planning, Monitoring, and Evaluation (ANAPMA), academia, and civil society organizations such as Rede ba Saude Timor-Leste (REBAS-TL), La'õ Hamutuk, etc. The HFU will engage with international learning platforms such as the Joint Learning Network for Universal Health Coverage, Providing for Health (P4H), and other regional and global platforms.

STRUCTURE & STAFFING

The HFU will be created under the supervision of the Director General of Corporate Services and Director of Budget and Financial Management of MOH. The HFU will be led by a head of unit who has senior managerial experiences and health financing and or health economics backgrounds to coordinate the activities and outputs of HFU. The staffing of the HFU may be identified within (but not limited to) the Directorate of Budget and Financial Management of the MOH, or the positions may be filled through external recruitment. The staffing of the HFU will be a mix of permanent staff (civil servants) and staff with full-time employment schemes.

Staff recruited or appointed to the HFU should have a background in economics and statistics, health financing, health economics, accounting, finance, public financial management, public health, or other equivalent fields. Recent graduates are welcome to be part of the HFU. For the initial phase the Activity will be the only partner to support the capacity strengthening of the Health Financing Unit staff. The role of other development partners will emerge based on the decision of MOH after the unit is fully functional. A detailed staffing plan will be developed as part of the establishment process.

FUNDING

The MOH commits to prioritizing allocations for the HFU through the annual state budget. Additional financing for the HFU will be sourced from development partner assistance.

Supplemental external funding options for the HFU may be arranged through cooperation and partnership with development partners. For example, donors and development partners may provide additional financing and/or technical assistance in the form of training and coaching for the HFU staff. Once the HFU is functional, the Activity will support the identification of strategies to sustain any financing done by development partners to optimize the use of available resources. The ultimate aim is to reduce the HFU dependency on development partners over time.

IMPLEMENTATION PLAN WITH TIMELINE

The following are immediate priorities for the HFU in the 2022 and 2023 fiscal years:

- Establish standard operating procedures for how the health financing unit will operate within the MOH.
- Establish relationships between the HFU and relevant MOH directorates. Discussion and approval of HFU establishment in the Council of Directors and coordinate with the legal team to officially establish the unit with ministerial diploma.
- Identify local resources in health financing to partner with, including universities, independent think tanks, and civil society organizations (for collaboration and advocacy).
- Develop the capacity of HFU staff for health financing technical areas as necessary.
- Monitor HFU work performance and in producing expected health finance outputs (e.g., annual health expenditure reports and budget analysis).
- Transition responsibility for Health Accounts exercises from development partners to the Health Financing Unit.
- Coordinate the scoping of potential performance-based financing reform.

NOTE: The USAID Health System Sustainability Activity drafted this Terms of Reference at the request of the Director General of Corporate Services in the Ministry of Health, with inputs from various stakeholders in the MOH. The Activity, in partnership with the MOH, will continue to refine and validate this Terms of Reference as we hold conversations with key government stakeholders who will have a role in establishing the Health Financing Unit.