Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not Be Sustainable and Existing Hospitals Are Facing Shortages in Some Key Medical Positions
WHAT SIGAR REVIEWED

The U.S. Agency for International Development (USAID) is a primary provider of health sector assistance to the Afghan government, along with the World Bank and European Union. Through its assistance, USAID has sought to expand access to the Afghan public health system by increasing the number of medical facilities and health professionals available to provide health care services. This includes the Construction of Health and Educational Facilities (CHEF) program to build 2 new hospitals—in Gardez and Khair Khot—and the Partnership Contracts for Health (PCH) program to provide health services in 13 Afghan provinces, including the delivery of the Essential Package of Hospital Services (EPHS) in 5 provinces. Much of the funding for the PCH program is provided as direct assistance to the Afghan Ministry of Public Health (MOPH).

This report assesses whether (1) USAID has ensured that the Afghan government can sustain two hospitals currently being built with USAID funds, and (2) medical staffing required for the five provincial hospitals operated with USAID funds was being provided. We obtained data and met with USAID, MOPH, and non-governmental organization (NGO) officials responsible for operating and staffing health facilities in five Afghan provinces. SIGAR conducted this work in Kabul, Ghazni, Paktiya, and Paktika provinces from August 2012 through April 2013, in accordance with generally accepted government auditing standards.

WHAT SIGAR FOUND

The Afghan government may not be able to sustain two hospitals—Gardez in Paktiya province and Khair Khot in Paktika province—currently being built with USAID funds. USAID’s $18.5 million investment in these new hospitals may not be the most economical and practical use of these funds. First, USAID did not fully assess MOPH’s ability to operate and maintain these new facilities once completed. Second, construction began on the new hospitals about 1 year before USAID coordinated the final design plans with MOPH. USAID’s late coordination resulted in the construction of facilities that are larger—Gardez hospital is 12 times larger than the facility being replaced—than can be sustained, and increased estimated operating costs for the new facilities that are disproportionate to current costs.

SIGAR reviewed the two hospitals under construction as part of the CHEF program and found that their estimated annual operation and maintenance costs could be over five times more than the annual operating costs for the hospitals they are replacing. For example, the existing Gardez hospital has annual operating costs, including fuel, of about $611,000, and USAID estimates that annual fuel costs alone for the new hospital could be as much as $3.2 million. Similarly, the existing Khair Khot hospital has annual operating costs of about $98,000 and USAID estimates that annual operation and...
WHAT SIGAR RECOMMENDS

SIGAR recommends that the USAID Mission Director, in coordination with the Afghan Ministry of Public Health, (1) develop a plan for making optimum use of the Gardez and Khair Khot hospitals currently being constructed, and (2) establish and monitor milestones for achieving the minimum and advised staffing levels and include information on meeting these milestones in annual program reviews.

In commenting on this report, USAID expressed concern that the report’s scope did not include a more comprehensive review of health sector assistance. USAID did not agree with the first recommendation and provided information to support its conclusion that the hospitals will be sustained after completion. However, USAID did not provide sufficient evidence of MOPH capacity to operate the larger facilities or information on operation and maintenance funds for the hospitals. Regarding the second recommendation, USAID provided examples of efforts to monitor and report on medical staffing levels. However, these efforts do not specifically address the EPHS guidelines for minimum and advised staffing levels.

maintenance costs alone for the new hospital will be about $587,000. Neither USAID nor MOPH has committed to provide funding to cover the additional operating costs of the new hospitals.

SIGAR also found that some provincial hospitals are experiencing staffing shortages for certain key medical positions. Specifically, four of the five provincial hospitals that SIGAR reviewed to determine whether they met medical staffing standards reported persistent vacancies, some lasting several years, according to NGO officials. The EPHS program specifies the minimum number of doctors required to provide the basic level of healthcare services and the higher, “advised” number of doctors needed to provide the full range of healthcare services for provincial hospitals. SIGAR found that only one of the five hospitals met the minimum staffing standards for all five key positions reviewed. In addition,

- none of the five hospitals met the “advised” staffing standards, except for the general practitioner and pediatrician positions; and
- three of the five hospitals had no anesthesiologist, one had no pediatrician, and two had no obstetrician/gynecologist.

MOPH contracts require NGOs to implement the full range of healthcare services—including staffing—at hospitals during the life of the contract. However, NGO officials stated that the limited availability of doctors in Afghanistan, combined with the low pay for doctors, make it difficult for them to staff key positions at provincial hospitals. Although MOPH submits semi-annual and annual performance reports to USAID, these reports do not include an evaluation of the program’s success in meeting the EPHS guidelines on required staffing levels.

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April 29, 2013

The Honorable John F. Kerry
U.S. Secretary of State

The Honorable James B. Cunningham
U.S. Ambassador to Afghanistan

Dr. Rajiv Shah
Administrator, U.S. Agency for International Development

Dr. S. Ken Yamashita
Mission Director for Afghanistan, U.S. Agency for International Development

This report discusses the results of SIGAR’s audit of the U.S. Agency for International Development’s (USAID) Essential Package of Hospital Services program as it relates to the construction and staffing of hospitals. The report includes two recommendations to the USAID Mission Director, in coordination with the Afghan Ministry of Public Health (MOPH), to (1) develop a plan for making optimum use of the Gardez and Khair Khot hospitals currently being constructed, and (2) establish and monitor milestones for achieving the minimum and advised staffing levels at provincial hospitals and include information on meeting these milestones in annual program reviews.

This is the first of two reports we will issue on the subject of USAID-funded health services in Afghanistan. The second report—to be issued later this year—will address direct assistance for the Partnership Contracts for Health program involving the MOPH.

In commenting on a draft of this report, USAID did not concur with our first recommendation and expressed concern with our second recommendation. USAID comments are reproduced in appendix II. USAID also provided technical comments, which we incorporated, as appropriate.

SIGAR conducted this audit under the authority of Pub. L. No. 110-181, as amended; the Inspector General Act of 1978, as amended; and in accordance with generally accepted government auditing standards.

John F. Sopko
Special Inspector General for Afghanistan Reconstruction
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## ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPHS</td>
<td>Basic Package of Health Services</td>
</tr>
<tr>
<td>CHEF</td>
<td>Construction of Health and Education Facilities</td>
</tr>
<tr>
<td>EPHS</td>
<td>Essential Package of Hospital Services</td>
</tr>
<tr>
<td>MOPH</td>
<td>Ministry of Public Health</td>
</tr>
<tr>
<td>NGO</td>
<td>non-governmental organization</td>
</tr>
<tr>
<td>PCH</td>
<td>Partnership Contracts for Health</td>
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<tr>
<td>USAID</td>
<td>U.S. Agency for International Development</td>
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</tbody>
</table>
In 2008, the U.S. Agency for International Development (USAID) and the Afghan government signed a bilateral agreement to initiate the Partnership Contracts for Health (PCH) program. The PCH program supports the Ministry of Public Health (MOPH) in delivery of two components: (1) the Basic Package of Health Services (BPHS); and (2) the Essential Package of Hospital Services (EPHS). These two components provide different levels of health services:

- The BPHS provides primary health care services—such as immunizations and prenatal care—at small and rural health clinics and forms the core of health service delivery for all primary care facilities in Afghanistan.

- The EPHS outlines the medical services each type of hospital in the Afghan health care system should provide in terms of general services, staff, equipment, diagnostic services, and medications while promoting a health referral system that integrates the BPHS with hospitals.

According to USAID, its assistance programs—such as the PCH program—have helped improve overall health care for the Afghan population by providing (1) health care services for over 11 million patients annually, and (2) training for over 21,000 healthcare providers, including midwives and community health workers. USAID also reports that this assistance helped increase prenatal care for Afghan women from 16 percent in 2003 to 60 percent in 2010 and reduce the rates of maternal mortality by 80 percent, infant mortality by 53 percent, and child mortality (under 5) by 62 percent.

In 2008, USAID awarded a cooperative agreement to the International Organization for Migration to design and construct two hospitals to replace existing facilities in Paktiya and Paktika provinces, Afghanistan. These two facilities—Gardez, a provincial hospital, and Khair Khot, a district hospital—are being built to provide health care services prescribed under the BPHS and EPHS components of the PCH program. Funding to operate these hospitals, including funds for operation and maintenance, supplies, and salaries, will be provided through the PCH program.

The objectives of this review were to assess whether (1) USAID ensured that the Afghan government can sustain the two hospitals currently being built with USAID funds, and (2) required medical staff were provided to the five provincial hospitals funded by USAID. We are currently examining USAID’s assessment of MOPH’s ability to effectively use on-budget assistance and will report on this separately.

To accomplish these objectives, we reviewed USAID policies and procedures related to the PCH program. We analyzed current and projected operational costs for the two new hospitals being built with USAID funding and interviewed USAID and MOPH officials to determine whether plans were in place to operate and maintain these new facilities. We analyzed data on staffing standards for five provincial hospitals to determine whether the staffing levels prescribed for EPHS were being achieved as required. We conducted our work in Kabul, Ghazni, Paktiya, and Paktika provinces from August 2012 through April 2013 in accordance with generally accepted government auditing standards. Appendix I contains a more detailed discussion of our scope and methodology.

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1 International Organization for Migration was responsible for the design and construction of health and educational facilities in accordance with a USAID cooperative agreement.

2 On-budget, or “direct,” assistance refers to development assistance being channeled through the host country’s core budget.
BACKGROUND

USAID is a primary provider of health sector assistance to the Afghan government, along with the World Bank and European Union. USAID has sought to expand access to the Afghan public health system by increasing the number of medical facilities and health professionals available to provide health care services. Much of the funding is provided on-budget, whereby USAID provides the funds directly to MOPH for operation of the PCH program. MOPH uses these funds to contract for the implementation of BPHS in 13 provinces and EPHS in 5 provinces, as shown in figure 1.

In 2008, USAID committed $236 million in direct assistance funds to MOPH for the PCH program, which supports both BPHS for basic care and EPHS for hospital services.\(^3\) As of February 2013, approximately $190 million had been obligated, $114 million of which had been disbursed. These funds are being used for operating costs, including operation and maintenance, salaries, and supplies for hospitals and other medical facilities funded through the PCH program.

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\(^3\) Under the PCH program, MOPH initiates procurement activities supporting health service delivery through a host country contract.
In addition to the PCH program, USAID is funding the construction of two hospitals—Gardez and Khair Khot—through the $57 million CHEF program. The 100-bed Gardez hospital, being built to replace the existing 70-bed provincial hospital, has a $15 million estimated cost and an August 2013 scheduled completion date. The 20-bed Khair Khot hospital, being built to replace the existing district hospital, has a $3.5 million estimated cost and a May 2013 scheduled completion date.

**AFGHAN GOVERNMENT MAY NOT BE ABLE TO SUSTAIN TWO HOSPITALS BEING BUILT WITH USAID FUNDS**

Both the Gardez and Khair Khot hospitals have estimated operation and maintenance costs that are considerably higher than the associated costs of the hospitals they are replacing. The old 70-bed Gardez provincial hospital has operating costs of approximately $611,000, which includes costs for operation and maintenance, salaries, and supplies. However, the International Organization for Migration has estimated that operation and maintenance costs alone for the new 100-bed Gardez hospital will exceed $1.1 million annually. A USAID-contracted engineering firm, which conducted a study of projected operating costs for facilities being constructed under the CHEF program, estimated annual operation and maintenance costs of $2.1 million for the new Gardez hospital. USAID has also estimated higher fuel costs for the new hospital, ranging from $1.6 million to $3.2 million annually. This represents a potential increase in annual operation and maintenance costs for the new hospital ranging between 180 percent and 524 percent.

A Ministry official responsible for managing the PCH program stated that the higher operating costs for the new Gardez hospital were attributed to fuel costs associated with two large generators (400- and 720-kilowatts) and the complexity of the heating system being installed. According to these officials, the hospital may require smaller generators and a revised heating system to reduce estimated operating costs. Photo 1 shows the 400-kilowatt generator for the new Gardez provincial hospital.

The new 20-bed Khair Khot district hospital may encounter similar problems with substantially higher estimated operating costs than the hospital it is replacing. The old Khair Khot district hospital has total operating costs of about $98,000 per year, which includes costs for operation and

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4 The CHEF program was implemented to address the healthcare needs of Afghan citizens through the construction of one hospital in Gardez and one in Khair Khot. Also, under this program, training of local health personnel will be accomplished through the construction of three midwife training centers and four provincial teacher training centers.


6 We could not determine the reasons for the differences between these estimates.
maintenance, salaries, and benefits. The International Organization for Migration has estimated operation and maintenance costs alone for the new facility will be more than $266,000, while USAID estimated annual operating costs of more than $587,000. This represents a six-fold increase in annual operation and maintenance costs for the new hospital. As a result, substantial funding increases from the Ministry, USAID, or other international donors will be needed to operate and maintain the two new hospitals. However, USAID and Ministry officials indicated that no additional funding has been allocated to compensate for the higher operating costs estimated for these hospitals. Figure 2 illustrates the comparison of current and estimated operating costs for Gardez and Khair Khot hospitals currently under construction.

Figure 2 - Operating Costs of Existing Hospitals versus Hospitals under Construction

<table>
<thead>
<tr>
<th>Hospital</th>
<th>Operating Costs</th>
<th>USAID</th>
<th>IOM</th>
<th>Estimated for New Facility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Khair Khot - 20 bed hospital</td>
<td>Current</td>
<td>$98</td>
<td>$266</td>
<td>$587</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>$207</td>
<td>$481</td>
<td>$611</td>
</tr>
<tr>
<td></td>
<td>Estimated for New Facility</td>
<td>$1,117</td>
<td>$757</td>
<td>$664</td>
</tr>
<tr>
<td>Gardez - 100 bed hospital</td>
<td>Current</td>
<td>$611</td>
<td>$757</td>
<td>$1,117</td>
</tr>
<tr>
<td></td>
<td>Actual</td>
<td>$207</td>
<td>$481</td>
<td>$611</td>
</tr>
<tr>
<td></td>
<td>Estimated for New Facility</td>
<td>$2,109</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: SIGAR Review of MOPH and USAID Documents
USAID Approved Two New Hospital Design Plans without Coordinating with MOPH to Ensure That These Facilities Could be Operated and Maintained

We found that USAID did not fully coordinate with the MOPH to ensure that the higher operating costs could be managed. In July 2007, the USAID Mission Director issued a memorandum certifying that the Afghan government was capable of effectively maintaining and using the hospital facilities being built under the CHEF program. The memorandum specified that if the Ministry does not appear to have the capacity to maintain and use the new hospitals built under the CHEF program, at least at a minimally adequate level, funding assistance may be discontinued until Ministry officials take appropriate measures to satisfy the certification requirements.

In March 2013, a USAID official told us that the Ministry twice provided documentation stating that it would be able to operate and maintain the new facilities once completed. Specifically, in July 2007, the MOPH issued a memorandum stating that the Afghan government would provide funding to operate all health facilities to be constructed under the CHEF program. In December 2011, the Minister signed a memorandum from USAID confirming that the Ministry had funding available to operate and maintain these facilities; however, this memorandum did not specify time frames that funding would be available. Ministry officials told us that the statements from the Minister were not based on detailed analyses of operation and maintenance costs, but on general assumptions regarding the Ministry’s ability to fund operations for the new health facilities in the future. Moreover, we found no evidence that USAID had conducted any analysis to determine whether the Ministry had the ability to operate the health facilities constructed under the CHEF program.

USAID also could not provide documentation to indicate that the agency’s review and approval of the design plans for the Gardez and Khair Khot hospitals took into account the higher operating costs estimated for the new facilities or the Afghan government’s financial capability to maintain them once completed. Figure 2 presents a timeline of the key events that transpired related to the review and approval of facility design plans for projects to build provincial and district hospitals under the CHEF program.

This figure shows that construction on the new hospitals began about 1 year before the final design plans were provided to the Ministry for review. According to MOPH officials, in May 2012, the International Organization for Migration forwarded two memoranda of understanding to

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7 Section 611(e) of the Foreign Assistance Act of 1961 provides that whenever funds are proposed to be used for capital assistance projects exceeding $1 million, the mission director must provide certification regarding the capability of the host country to effectively maintain and use the project.

8 The design plans for the hospital in Gardez were developed by an architectural engineering firm, OWP/P-Cannon, under the general supervision of the International Organization for Migration.
the Ministry, asking that it acknowledge project approval by signing the documents. By signing the memoranda, the Ministry would assume responsibility for the cost of operating and maintaining the hospitals once completed. However, Ministry officials, including those responsible for managing the PCH program, told us that construction began before they were given the opportunity to review the hospital designs; therefore, Ministry officials were not able to provide feedback on the project requirements. As a result, the officials said they were reluctant to sign the memoranda. As of February 2013, Ministry officials said that they had not signed these memoranda.

Ministry officials also stated that the existing Gardez hospital is approximately 1,000 square meters, whereas the new hospital is approximately 12,500 square meters. A Ministry official stated that they do not need such a large hospital, which will require additional staff for cleaning and security and further strain funding available for future hospital operations. Another Ministry official also told us that as a potential solution, they may initially use part of the new hospital and gradually start using the unoccupied space in the future.

**Newly Constructed Khowst Provincial Hospital Experienced Similar Problems with Lack of Funding to Cover the Increased Operation and Maintenance Costs**

A similar situation occurred for another newly constructed provincial hospital operated under EPHS, whereby the funds allocated for operation and maintenance costs were insufficient because the new hospital was significantly larger than the facility it replaced and, therefore, required larger generators. Specifically, Ministry officials responsible for managing the PCH program cited the example of the new Khowst provincial hospital, which was constructed by the Department of Defense under the Commander’s Emergency Response Program. While USAID did not fund or manage the construction of this facility, the hospital is operated using USAID funding provided through the PCH program. This 100-bed hospital, completed in 2011, could not be fully used due to excessive fuel costs incurred for the 450- and 500-kilowatt generators that were originally installed. Ministry officials calculated that the fuel costs needed to operate these large generators were approximately 10 times higher for the new facility than they were for the old facility. However, no additional funding was made available to accommodate the major increase in fuel costs. According to Ministry officials, two smaller 132 kilowatt generators were purchased which resulted in lower monthly fuel costs. Moreover, these officials stated that the smaller generators did not have sufficient capacity to power the entire hospital. As a result, only about 35 percent of the space in the new Khowst hospital was operational at the time of our audit, and the two larger generators purchased for this project were not being used. Similar problems with operating and maintaining the Gardez and Khair Khot hospitals currently under construction may occur unless steps are taken to make operating costs more manageable.9

**PROVINCIAL HOSPITALS ARE EXPERIENCING STAFFING SHORTAGES FOR SOME KEY MEDICAL POSITIONS**

In our review of the five provincial hospitals under the EPHS component, four reported persistent shortages of doctors on staff. Non-governmental organization (NGO) officials told us that some of these vacancies had lasted for several years. The availability of qualified health professionals in Afghanistan, particularly doctors, is extremely limited. For example, a chronic shortage of obstetricians and gynecologists exists in most provincial hospitals. The Ministry’s EPHS guidelines specify the type and number of doctors required to be assigned at

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9 USAID officials told us that as of March 2013, they had no plans to build any new health facilities in Afghanistan beyond the two hospitals currently being built under the CHEF program.
provincial hospitals to provide essential health care services. However, because health care resources are scarce in Afghanistan, MOPH recognizes a large difference exists between the minimum number of staff required to operate a hospital and the number of staff that would be ideal.

EPHS guidelines specify two levels of staffing standards for provincial hospitals—“minimum” and “advised.” Minimum staffing represents the number of doctors required for a hospital to provide the basic level of health services. “Advised” staffing is the number of doctors that the Ministry plans to have within the next 5 to 10 years and reflects the number needed to provide the full range of health care services. Table 1 provides an overview of the minimum and advised staffing levels assigned, as of February 2013, to the five provincial hospitals that we reviewed.

Table 1 - Minimum and Advised Staffing Levels at EPHS Provincial Hospitals

<table>
<thead>
<tr>
<th>Medical Position</th>
<th>Minimum Staffing</th>
<th>Advised Staffing</th>
<th>Actual Staffing as of February 2013</th>
</tr>
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<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>Ghazni</td>
</tr>
<tr>
<td>Surgeon</td>
<td>2</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Anesthesiologist</td>
<td>1</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>Obstetrician and Gynecologist</td>
<td>2</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Pediatrician</td>
<td>2</td>
<td>2</td>
<td>0</td>
</tr>
<tr>
<td>General Practitioner</td>
<td>7</td>
<td>13</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: SIGAR's analysis of staffing details obtained from NGOs and MOPH.

Table 1 shows that Badakhshan was the only hospital we reviewed that met the minimum staffing standards for all five categories of key medical positions. It also shows that all five hospitals met the minimum staffing level for one position—surgeon. However, none of the five hospitals was able to meet the advised staffing standards, with the exception of the general practitioner and pediatrician positions. Three of the five hospitals—Ghazni, Khowst, and Badakhshan—met the advised standard for general practitioners and three of the five hospitals—Paktiya, Khowst, and Badakhshan—met the advised standard for pediatricians. In addition:

- 3 of the 5 hospitals had no anesthesiologist (minimum 1, advised 2)
- 2 of the 5 hospitals had no obstetrician or gynecologist (minimum 2, advised 4)
- 1 of the 5 hospitals had no pediatrician (minimum 2, advised 2)

While the provincial hospitals we examined lacked medical doctors for these key positions, four of five provincial hospitals met the minimum standards for general practitioner, and two of five exceeded advised staffing levels for this position.

MOPH contracts with NGOs to operate health facilities for the PCH program, to include providing the medical staff needed at provincial hospitals. NGOs are expected to implement the full range of health care services at hospitals during the life of the contract. NGO officials told us that recruiting staff, particularly females, has been a challenge due to the low salaries allocated to these positions and security concerns. According to a senior provincial hospital official, competition from private sector employers who generally offer higher salaries makes it more difficult to attract doctors. Further, the lack of qualified medical doctors in Afghanistan makes it difficult to recruit and retain qualified staff.

According to NGO officials, the Ministry allows salary increases for doctor positions to help attract qualified candidates, but it is generally a slow process. Further, NGO budgets have not been increased to compensate
for such salary adjustments. These officials stated that the Ministry expects them to use funding available for
vacant positions to increase the salaries for other positions. Additionally, NGO officials told us that delayed
funding from MOPH has resulted in consistently late salary payments and made retaining doctors even more
challenging. USAID and MOPH have attempted to fill some of the staffing shortages on a selective basis, but
have not developed a comprehensive action plan to address chronic vacancies in key doctor positions.

USAID, through its implementation letter for the PCH program, requires MOPH to submit a semi-annual
performance report and an annual report to USAID. These reports should show the progress made toward
achieving benchmarks, highlight tangible results, identify any problems encountered by MOPH or NGOs in
program implementation, and propose remedial actions as appropriate. USAID provided us three reports
submitted by MOPH to satisfy this requirement covering the period July 2008 through September 2012. Our
review of these reports demonstrated that the minimum and advised staffing levels were not included as part
of MOPH’s evaluation of staffing at provincial hospitals. USAID also provided documentation indicating that
MOPH is documenting staffing shortages at provincial hospitals as part of its monitoring and evaluation of
EPHS facilities. However, the results of our review show that, despite MOPH’s efforts to address staffing
shortages, persistent vacancies continue to exist in provincial hospitals, and staffing standards prescribed by
EPHS are not always met.

CONCLUSION

USAID’s $18.5 million investment in constructing Gardez and Khair Khot hospitals could have been used more
effectively, had USAID coordinated with MOPH earlier rather than waiting until 1 year after construction began
to provide MOPH the design plans. As a result, USAID funded construction of larger facilities—particularly for
the Gardez hospital at more than 12 times the size of the facility it is replacing—than the Ministry could
effectively operate and maintain. MOPH has indicated that it will not be able to fund the operation and
maintenance costs of these two hospitals, which could cost five times more to operate than the cost of the
facilities they are replacing. Moreover, the Gardez hospital may require major power generation and heating
system modifications to reduce operating costs, which would also limit the amount of hospital space that can
be made functional. This situation occurred in a recently completed hospital under another U.S. funded
program, resulting in the hospital using patient care funds to make the modifications and limiting the hospital’s
use of space to about one-third of its overall capacity. More than likely, better design planning for Gardez and
Khair Khot would have produced more economical and practical hospitals and allowed for better use of U.S.
appropriated funds.

Further, some USAID-funded provincial hospitals have staffing shortages for critical medical positions. With the
exception of one facility, provincial hospitals have not achieved minimum staffing for certain key medical
positions, which may result in the inadequate provision of health care services required under the PCH
program. More significantly, three of the five hospitals that we reviewed had no anesthesiologists, obstetricians
and gynecologists, or pediatricians. Although MOPH submits semi-annual and annual performance reports to
USAID, these reports do not include an evaluation of the program’s success in meeting the EPHS guidelines on
required staffing levels. Effective operation and staffing of provincial hospitals are essential to continued
progress toward in building a capable and sustainable Afghan health care system.
RECOMMENDATIONS

To provide greater assurance that the Afghan government will be able to sustain new health facilities built with USAID funds, we recommend that the USAID Mission Director for Afghanistan:

1. Coordinate with MOPH to develop a plan for making optimum use of the Gardez and Khair Khot hospitals currently being constructed. Specifically, the plan should identify:
   - The funding source for the increased costs that will be needed to operate and maintain the new hospitals.
   - Options for ensuring that the new hospitals can be used efficiently and effectively, to include an evaluation of whether all of the hospital space constructed will be used.

To ensure the successful provision of staffing resources needed to provide health care services, we recommend that the USAID Mission Director for Afghanistan:

2. Establish and monitor milestones for achieving the minimum and advised staffing levels at provincial hospitals and include information on meeting these milestones in annual program reviews.

AGENCY COMMENTS

USAID’s overall comments reflected the agency’s concern that the report’s focus on the two hospitals did not allow for a discussion of other aspects of Afghanistan’s health care system and the efforts of USAID, the donor community, and MOPH in bringing about improvements in life expectancy and other health indicators. We agree that Afghanistan faces many challenges in addressing health sector needs, and our draft report acknowledged some of the reported achievements of USAID’s assistance in expanding health care services and reducing maternal and child mortality rates. Our draft report also provided sufficient background on the PCH and construction programs. However, our audit was never intended as a comprehensive review of Afghanistan’s health sector. Nonetheless, we have included additional information for context and clarity, where appropriate.

USAID disagreed with our overall finding that the two hospitals may not be sustainable and did not concur with our recommendation to coordinate with MOPH in developing a plan to make optimal use of these facilities. USAID provided documents in an attempt to show that it coordinated with MOPH on the design of these facilities and also noted MOPH’s assurance that it will fund their operation and maintenance. Our draft report referenced much of this early correspondence on the hospitals’ initial design, and we welcome the Ministry’s stated commitment to sustaining these facilities upon completion. However, USAID’s comments and the information provided separately do not provide evidence of ministerial capacity to fund the sustainment of these facilities. For example, USAID stated that under the Afghanistan Reconstruction Trust Fund, there is a mechanism that includes funding for operation and maintenance expenditures. But this is speculative. No ARTF funding is dedicated to the MOPH. In fact, the MOPH is only one of many Afghanistan government agencies that is eligible to apply for such funding. There is no guarantee that it will receive any funds at all. USAID also stated that provincial authorities and some officials in the MOPH requested a larger facility. However, USAID neither provided documentation of analysis that validated the need for these larger facilities nor conducted an independent analysis to determine whether the MOPH is capable of funding the operation of these facilities given the significant increase in operation and maintenance costs.

USAID also expressed concern with our second recommendation to establish milestones reflecting EPHS guidelines on minimum and “advised” hospital staffing levels and include these milestones in annual program reviews. USAID provided several examples of ongoing efforts to monitor and evaluate staffing levels at
provincial hospitals and also noted that PCH implementing partners report on staffing levels in accordance with contractual requirements. However, these efforts are not specific to EPHS guidelines, developed by MOPH, regarding minimum and advised levels. Furthermore, we strongly disagree with USAID’s assertion that our recommendation does not recognize that staffing shortages are an issue that requires long-term solutions. Our report (including the draft report provided to USAID) clearly note that MOPH faces a number of challenges in recruiting and retaining qualified medical staff and acknowledges that the advised level of staffing is an aspirational standard intended to be achieved within 5 to 10 years. The numbers given as minimum staff—as indicated in the EPHS guidelines—are the numbers of staff required for the hospital to function as expected. However, as we found, only one of the five hospitals met minimum staffing standards for all five key positions that we reviewed. Moreover, while USAID indicated that other staff were recruited by NGOs to address shortages in medical specialists, the EPHS guidelines do not include provisions that allow for the substitution of assistants and other staff for medical specialists, and, therefore, we could not consider these as appropriate replacements.

USAID’s comments on a draft of this report, along with our responses to these comments, are reproduced in appendix II. USAID also provided technical comments, which we have incorporated into the report, as appropriate.
In August 2012, SIGAR initiated an audit of the U.S. Agency for International Development’s (USAID) Essential Package of Hospital Services (EPHS) as it relates to the construction and staffing of hospitals for this program. This report assesses whether: (1) USAID has ensured that the Afghan government can sustain two hospitals currently being built with USAID funds, and (2) medical staffing required for the five provincial hospitals operated with USAID funds was being provided. We had planned to inventory pharmaceuticals and medical equipment at EPHS hospitals to verify compliance with the quantity levels prescribed for the program. Due to security restrictions, we were only able to visit three of the five provincial hospitals and had limited time to conduct our work on-site at each facility. Therefore, we excluded pharmaceuticals and medical equipment from the scope of our review. This audit covered the period from July 2007 through April 2013.

To assess whether USAID has ensured that the Afghan government can sustain hospitals built with USAID funds, we reviewed the cooperative agreement for the design and construction of Gardez and Khair Khot hospitals, and plans in place to fund the operation and maintenance costs of these facilities once completed. We analyzed operation and maintenance costs for these hospitals to determine whether available funding will allow the facilities to operate as intended. We interviewed USAID, non-governmental organization (NGO), and Ministry of Public Health (MOPH) officials to obtain any plans in place to sustain and transition these facilities to the Afghan government.

To assess whether medical staffing required for provincial hospitals was being provided, we visited provincial hospitals in Paktiya, Ghazni, and Paktika, and interviewed relevant hospital and provincial health officials. We interviewed USAID and Afghan provincial government officials, Afghan health council members, and NGO representatives to gain an understanding of hospital operations, funding processes, and challenges of implementing the EPHS. We analyzed data on staffing to determine whether the services prescribed in the EPHS are being provided as required. We analyzed the funding process from MOPH to the NGOs implementing EPHS at health facilities under the EPHS, to gain an understanding of the flow of funds.

We did not rely on computer-processed data in conducting this audit. We considered the impact of compliance with laws and fraud risk. With respect to assessing internal controls, we reviewed compliance with requirements of the EPHS and NGO contracts and analyzed the operation and maintenance costs of the new hospitals in Gardez and Khair Khot. The results of our assessment are included in the body of this report.

We conducted work in Kabul, Ghazni, Paktiya, and Paktika provinces from August 2012 through April 2013, in accordance with generally accepted government auditing standards. These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives. SIGAR conducted this audit under the authority of Pub. L. No. 110-181, as amended, and the Inspector General Act of 1978, as amended.
APPENDIX II - COMMENTS FROM THE U.S. AGENCY FOR INTERNATIONAL DEVELOPMENT

MEMORANDUM

TO: John F. Sopko  
Special Inspector General for  
Afghanistan Reconstruction (SIGAR)

FROM: S. Ken Yamashita, Mission Director

SUBJECT: Draft SIGAR Report titled, “Health Services in Afghanistan: Two New USAID-Funded Hospitals May Not Be Sustainable and Existing Hospitals are Facing Shortages in Some Key Medical Positions” (SIGAR 13-9)

REF: SIGAR Transmittal email dated 04/02/2013

Thank you for providing USAID with the opportunity to review the subject draft audit report. Discussed below are our comments on the findings and recommendations in the report.

PART I: COMMENTS ON SIGAR’s FINDINGS

The improved health statistics in Afghanistan reflect some of the most striking development advancements in the last 25 years in any single country. The increase in life expectancy of nearly 20 years achieved in less than a decade is a very impressive achievement, especially in the midst of an ongoing civil conflict where people risk their lives every day to ensure basic health coverage is reaching the Afghan population.

This success has come in large measure through a well-coordinated partnership among USAID, the donor community, and the Ministry of Public Health (MoPH). The audit findings in your report, unfortunately, did not adequately review all aspects of that relationship and failed to account for the planning and coordination that has gone into the construction of the two hospitals cited in your report. By focusing on such a narrow scope, this report fails to illustrate the interaction of multiple projects required to achieve results.

The primary finding, that these two hospitals are not sustainable, is incorrect. MoPH has provided written assurance it will provide funding...
for the hospitals (see attached). The Government of the Islamic Republic of Afghanistan (GIRoA), with the support of the international community, is focusing its attention on operations and maintenance (O&M). For instance, under the Afghanistan Reconstruction Trust Fund, there is a mechanism that includes funding for O&M expenditures. For every dollar GIRoA spends on O&M, eligible ministries can receive an additional 1.5 dollars that can also be spent on O&M. The MoPH is one of the ministries eligible to seek this funding.

Unfortunately, the report did not explain to the reader the highly complex public health system in Afghanistan, as well as the intensive management and oversight provided by USAID of the Partnership Contracts for Health Services (PCH). Furthermore, the report fails to explain that the Essential Package of Hospital Services (EPHS) program is not a USAID program; EPHS is a package of hospital services managed by MoPH, not USAID. Neither EPHS nor PCH relates to the construction of hospitals.

SIGAR’s conflation of a review of the Construction of Health and Education Facilities (CHEF) with EPHS fails to convey the true nature of USAID’s support to EPHS, and therefore lacks the depth to provide constructive guidance to improve USAID health programs. PCH/EPHS never intended to fund O&M of the new hospitals in Gardez and Khair Khot.

USAID’s PCH program provides on-budget support for the delivery of the MoPH Basic Package of Health Services (BPHS) and the Essential Package of Hospital Services (EPHS) in more than 540 health facilities, including district hospitals, comprehensive health centers, basic health centers, and sub-health center clinics across Afghanistan, as well as five provincial hospitals and more than 6,000 health posts. PCH supports 13 provinces, including: Badakhshan, Baghlan, Bamyan, Faryab, Ghazni, Hirat, Jawzjan, Kabul, Kandahar, Hot, Paktika, Paktia, and Takhar provinces. Funding for BPHS and EPHS in the remaining 21 provinces is provided by the World Bank and the European Union. PCH-supported facilities are operated by non-governmental organizations (NGOs) contracted directly by MoPH. The BPHS and EPHS programs are the MoPH's national strategies to deliver and expand health services to address the most common health problems throughout Afghanistan. Since the programs' inception, the MoPH has been credited with continuing to bring coherence to the Afghan health system, particularly through the delivery of BPHS and EPHS, which standardize the classification of health facilities and increase the proportion of the population with access to health services.
USAID’s CHEF project facilitates the medical needs of over two million Afghan citizens through the construction of two new hospitals. It also serves the needs of more than one million Afghan citizens through the construction of three Provincial Midwife Training Centers. These health facilities will support the MoPH in its efforts to provide urgently needed health services, including in-patient and out-patient referral and treatment, to communities within the province and those in outlining areas/adjacent provinces. The hospitals also will serve as training facilities for health professionals, as well as venues for medical conferences and seminars. The education component of the CHEF project aims to address the teacher training needs (current and projected) according to the needs identified by the Ministry of Education, by providing Provincial Teacher Training Colleges to educate trainers of teachers and teachers themselves, to strengthen the educational requirements of the country, and to increase the quality and number of teachers.

SIGAR’s statements in the summary page under the section “What SIGAR Found” are also misleading.

a. “First, USAID did not assess MoPH’s ability to operate and maintain these new facilities once completed.”

USAID did engage in significant dialogue with MoPH regarding its ability to operate and maintain these facilities prior to launching the program, a process which included developing estimates of O&M costs and considering MoPH’s previous performance in maintaining facilities. USAID also received a letter of commitment from MoPH to maintain the facilities (see Attachments 1 and 2).

b. “Second, construction began on the new hospitals about 1 year before USAID coordinated the design plans with MoPH. USAID’s late coordination resulted in the construction of facilities that are larger—Gardez hospital is 12 times larger than the facility being replaced...”

USAID disagrees with the assertion made by the report. USAID began coordination with the MoPH on these structures prior to construction, starting in 2008, as referenced by the attached emails (Attachment 3).
USAID notes that the plans referenced in the SIGAR audit given to MoPH one year after construction began were final design drawings. Conceptual plans and working design drawings were shared throughout the planning process with the MoPH. Working design drawings are updated as needed during the course of construction. Final design drawings are typically not produced until late in the stage of design/build project as was this case.

As captured in the documents in Attachment 3, provincial authorities and some in the MoPH requested a larger facility. In addition, improvements over the existing facility necessitated a larger plan. There have been complaints regarding the size constraints of the current hospital building, which was not originally designed to serve as a provincial hospital, but was converted from a maternity home. The MoPH also plan to use the new facility in the future for a teaching hospital, which would require additional space.

PART II: COMMENTS ON SIGAR’S RECOMMENDATION

To provide greater assurance that the Afghan government will be able to sustain new health facilities built with USAID funds, we recommend that the USAID Mission Director for Afghanistan:

1. Coordinate with MoPH to develop a plan for making optimum use of the Gardez and Khair Khoi hospitals currently being constructed. Specifically, the plan should identify:
   - The funding source for the increased costs that will be needed to operate and maintain the new hospitals.
   - Options for ensuring that the new hospitals can be used efficiently and effectively, to include an evaluation of whether all of the hospital space constructed will be used.

USAID Comments:

USAID does not agree with this recommendation. USAID takes sustainability of our projects very seriously, and O&M planning is built into our projects.

MoPH has given USAID written assurance that it will fund operation and maintenance of the new facilities. Furthermore, it is USAID’s standard practice, upon completion and turn-over of USAID-funded facilities, to request the cognizant ministry to acknowledge the transfer of ownership.
of the facility and to confirm that it will assume full responsibility for the proper operation, maintenance and security of the facility. In addition, as noted above, the ARTF has established a facility for the provision of O&M to the Ministry, which is not referenced in the report and misleads the reader of the future capacity of the MoPH to support these and other facilities. The related implementation letter signed with the MoPH also emphasizes that the sustainability and prolonged successful operation of the facility depends on continuous involvement from the Government of the Islamic Republic of Afghanistan (GIRoA).

To ensure the successful provision of staffing resources needed to provide health care services, we recommend that the USAID Mission Director for Afghanistan:

2. Coordinate with MOPH to implement controls over the contractor monitoring and evaluation process for medical staffing at provincial hospitals. Specifically,
   • Establish milestones for achieving the minimum and advised staffing levels, and actively monitor the progress made in achieving these milestones.
   • Determine whether minimum and advised staffing levels are being met as a part of required annual PCH program reviews.

USAID Comments:

This recommendation does not recognize that staffing shortages are an issue that requires long-term solutions. The report fails to provide a comprehensive picture of staffing in provincial hospitals and takes the GIRoA/MoPH aspirational EPHS staffing targets as a fixed absolute. It also does not explore or convey the work already underway with the MoPH, by USAID and other donors, to address human resources for health.

The shortage of human resources for health is a well-established challenge for Afghanistan. See, for example, “Building on Early gains in Afghanistan Health, Nutrition, Population Sector: Challenges and Options” (The World Bank, 2010, Tekabe A. Belay, Editor), which states:

> Overall, the health worker shortage is very severe, with an estimated shortage of 39 percent. On the one hand, meeting the current BPHS and EPHS norms requires a large supply of health
workers in all categories except dentists. On the other hand, there are a few health worker categories that are not included in the packages but seem able to fill important gaps in the health worker shortage, including assistant midwives and nurses. It is, therefore, important to take the BPHS/EPHS requirements as guidelines rather than as rigid rules. For instance, the fact that the BPHS/EPHS standards do not include "assistants" should not be interpreted to mean that assistants cannot or should not be deployed. Building in flexibility so that existing health workers are deployed and fully utilized is critical to addressing shortages in some areas. Given the existing mix of health workers, there should be the opportunity to allow, for instance, physicians at BPHS facilities to fill nurse or midwife vacancies.

SIGAR's report does not convey that services are being delivered through EPHS, despite the staffing shortages (which are a universal issue and not confined to USAID-supported facilities, e.g., the World Health Organization has cited 57 countries to be in a human-resources crisis in the health area). In addition, the report and Table I on page 7 of the report, which forms the cornerstone of SIGAR's argument, provides only a snapshot of a specific point in time:

- Table 1 does not convey an accurate staffing pattern over time. For instance, although Ghazni had no pediatrician at the time of the audit, one was hired in April 2013, showing the value of including multiple data points over time.

- There is no analysis of staffing patterns over time, nor of the outputs and results delivered by service providers present in the facilities at issue (see, for example, the service delivery statistics for these facilities captured in Attachment 5, as well as the health impacts achieved as captured in the Afghanistan Mortality Survey, 2010).

Table 1 and the SIGAR report also do not indicate the specifications the MoPH provides for staffing under EPHS in its Request for Proposals (RFPs) against which NGOs provide proposals and in the subsequently awarded contracts to NGOs. These specifications vary depending on the requirements of the hospital, e.g., number of beds. The chart included as Attachment 6 provides the staffing requirements included in NGO contracts for EPHS implementation in the five hospitals in question. It demonstrates the variation, as well as the alternate staff recruited by the
NGOs to address the absence of medical specialists. As noted below, these other staffs deliver the hospital-based referral services that are a key objective of EPHS.

Staffing numbers, their distribution across health facilities in a province by cadre and gender, and their performance against a range of EPHS/BPHS mandated services, is already part of NGO performance reviews under PCH.

The performance of NGOs implementing EPHS is assessed each quarter through the Project Data Sheet (PDS) submission. The PDS is just one piece of an NGO quarterly report submitted to the MoPH, documenting contracted performance under PCH. As noted above, the hospitals make accommodations to address staff shortages in the categories listed by SIGAR. Ensuring the full complement of such medical specialists throughout the country will require years to address and will extend well beyond the life of USAID’s PCH Project. This need for increased numbers of clinicians and planning for human resources for health are issues that will be addressed by the MoPH, in collaboration with all donors and development partners including USAID, but not solely with USAID assistance.

USAID believes that adequate measures are already being taken by MoPH to properly monitor and evaluate the process for medical staffing at provincial hospitals.
SIGAR Response to USAID’s Comments

1. Although USAID indicated that there is a mechanism that includes funding for operation and maintenance expenditures under the Afghanistan Reconstruction Trust Fund (ARTF), there is nothing in that mechanism that dedicates ARTF funding to MOPH programs. Rather, MOPH is simply one of many Afghan ministries eligible to apply for such funding and there is no guarantee that any such funding will be provided to MOPH programs. Additionally, although USAID provided documentation explicitly stating that funding provided under the PCH program covered, among other things, operation and maintenance costs, it did not provide any documentation or analysis that validated the need for these larger facilities. It also failed to conduct an independent analysis to determine whether the MOPH is capable of funding the operation of these facilities given the significant increase in operation and maintenance costs.

2. Our scope was neither designed nor intended to include a comprehensive review of the public health system in Afghanistan or a general assessment of USAID’s management and oversight of PCH. Rather, the report addresses the sustainability of the two hospitals under construction through the CHEF program and medical staffing for the five hospitals in the EPHS program—two relevant issues that we believe warranted specific attention, given USAID’s investment in and commitment to the success of these two hospitals.

3. Our report (including the draft provided to USAID) clearly notes that MOPH delivers the two PCH components: BPHS (basic health care) and EPHS (essential hospital services), and that USAID provides the funds directly to MOPH, which contracts for implementation of the basic and hospital care programs.

4. As stated above, this report was not intended as a comprehensive review of all USAID assistance to the EPHS program and, therefore, does not make recommendations to improve USAID health programs overall. USAID’s assertion that “PCH/EPHS never intended to fund O&M of the new hospitals” fails to address the issue; the point we make in the report is that no reliable provision has been made to fund O&M for these hospitals.

5. We welcome MOPH’s commitment to sustain these facilities and have described the early communication between USAID and MOPH in our report. However, USAID did not provide evidence that an assessment of MOPH capacity to fund the larger facilities had been conducted or that the dialogue with MOPH fully addressed the ministry’s needs and capabilities. As we note in our report, ministry officials told us that the statements from the Minister regarding MOPH’s commitment and ability to sustain the facilities were not based on detailed analyses of operation and maintenance costs, but on general assumptions regarding the Ministry’s ability to fund operations for the new health facilities in the future. In addition, ministry officials, including those responsible for managing the PCH program, told us that construction on the hospitals began before they were given the opportunity to review the hospital designs; therefore, ministry officials were not able to provide feedback on the project requirements.

6. The attachment referenced here is a high-level summary of a meeting with Afghan officials to discuss the Gardez hospital in October 2008. It does not provide support for USAID’s assertion that MOPH officials requested a larger facility.

7. USAID’s comments and the information referenced do not provide sufficient evidence that USAID and MOPH have developed a plan for making optimum use of the hospitals or for ensuring operation and maintenance costs are covered.

8. The efforts outlined here by USAID are not specific to EPHS guidelines, developed by MOPH, regarding minimum and advised staffing levels. Furthermore, we strongly disagree with USAID’s assertion that our recommendation does not recognize that staffing shortages are an issue that requires long-term solutions. Our report (including the draft provided to USAID) clearly notes that MOPH faces a number
of challenges in recruiting and retaining qualified medical staff and acknowledges that the advised level of staffing is an aspirational standard that is intended to be achieved within 5 to 10 years. The numbers given for minimum staff—as indicated in the EPHS guidelines—are the numbers of staff required for the hospital to function as intended. However, as we found, only one of the five hospitals met the minimum staffing standards for all five key positions that we reviewed. Moreover, while USAID asserted that other staff were recruited by NGOs to address shortages in medical specialists, the EPHS guidelines do not include provisions that allow for the ad hoc substitution of assistants and other staff in lieu of medical specialists, and, therefore, we could not consider these as appropriate replacements. That is why we believe that taking steps to establish milestones for achieving the minimum and advised staffing levels is warranted.
APPENDIX III - ACKNOWLEDGEMENTS

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This audit report was conducted under project code SIGAR-068A.
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