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STRATEGY FOR SUSTAINABLE HEALTH SYSTEM STRENGTHENING

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LOCAL HEALTH SYSTEM SUSTAINABILITY PROJECT

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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ACRONYMS

AMELP	Activity Monitoring, Evaluation and Learning Plan
CLA	Collaborating, Learning and Adapting
GUC	Grants Under Contract
HSS	Health Systems Strengthening
LHSS	Local Health System Sustainability Project
MEL	Monitoring, Evaluation and Learning
OCS	Organizational Capacity Strengthening
S&T	Sustainability and Transition
USAID	United States Agency for International Development

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INTRODUCTION

This document outlines the USAID Local Health System Sustainability Project’s (LHSS) strategy for supporting the strengthening and scale up of local capacity through country and core activities. Designed for use by LHSS staff and local partners, this strategy provides a framework and details on how to develop, implement, monitor, and evaluate sustainable health system strengthening (HSS) activities. Supporting scale up of the capacity of local actors is essential for sustainable HSS and achieving progress toward universal health coverage. This strategy replaces the LHSS Scale Up of Local Capacity Strategy (2019).

Definitions of Key Terms

As defined by USAID, LHSS understands capacity to encompass “the knowledge, skills, and motivations, as well as the relationships, that enable an actor—an individual, an organization, or a network—to take action to design and implement solutions to local development challenges, to learn and adapt from that action, and to innovate and transform over time. The capacity of any one actor is highly dependent upon their fit within the context of a local system and the enabling environment” (USAID 2022). LHSS defines “local actors” to include government, civil society, and private sector individuals, organizations, and networks. Communities, whether officially organized or not, are also important actors in the health systems where LHSS operates.

This update offers the opportunity to integrate approaches per USAID’s Local Capacity Strengthening Policy and lessons learned from the practical application of the 2019 LHSS strategy.

Like many other development agencies, USAID increasingly recognizes the diversity of existing local capacities in partner countries and is shifting its use of terminology away from “capacity building” or “capacity development” and toward “capacity strengthening.”

"Local capacity strengthening is a strategic and intentional investment in the process of partnering with local actors—individuals, organizations, and networks—to jointly improve the performance of a local system to produce locally valued and sustainable development outcomes (USAID 2022).

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SUPPORTING THE SCALE UP OF LOCAL CAPACITY

The LHSS approach aligns with current thinking about delivering technical assistance in a way that embraces localization—appreciating the knowledge and experience of local actors and engaging them to lead effective, equitable, and sustainable actions for better health outcomes. The LHSS approach follows local priorities and works together with local actors to assess, create, and implement solutions to health system challenges. It acknowledges that the design and implementation of interventions must consider the local context, including enabling factors and risks posed by institutional aspects of power and politics (Cox and Norrington-Davies 2019).

The LHSS approach emphasizes:

- Applying systems thinking to make sense of complexity and understand the roles and perspectives of diverse, interconnected actors in constantly evolving local systems
- Practicing mutuality with local actors who play the lead role in identifying and pursuing contextualized solutions based on an understanding of political and economic interests and power dynamics
- Pursuing change through problem-solving methods tailored to addressing local priorities and challenges
- Working toward incremental strengthening of technical and organizational capacity, using the strategic approaches described below, in the interest of ensuring sustainable improvement

Working effectively within local systems is central to the LHSS approach and consistent with USAID’s seven mutually reinforcing principles for effective capacity strengthening (USAID Local Capacity Strengthening Policy). The seven principles are organized around the themes of effective programming and equitable partnerships.

Principles for EFFECTIVE Programming of Local Capacity Strengthening

1. Start with the local system.
2. Strengthen diverse capacities through diverse approaches.
3. Plan for and measure performance improvement in collaboration with local partners.

Principles for EQUITABLE Partnerships in Local Capacity Strengthening

1. Align capacity strengthening with local priorities.
2. Appreciate and build upon existing capacities.
3. Be mindful of and mitigate unintended consequences of our support for local capacity strengthening.
4. Practice mutuality with local partners.

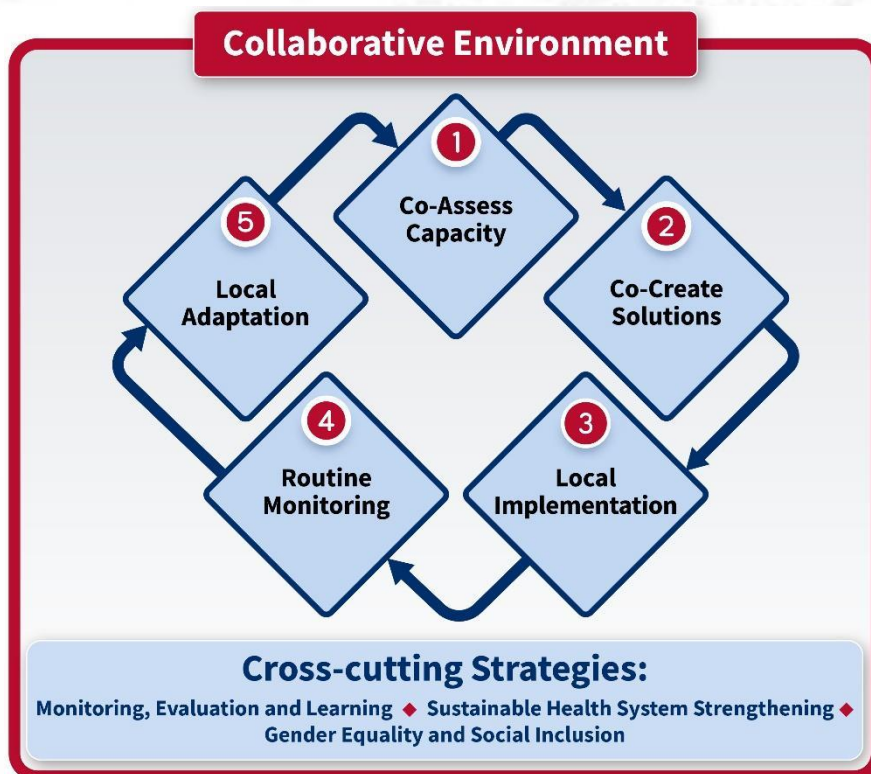
Source: USAID Local Capacity Strengthening Policy, October 2022

Mutuality is a shared mindset about a relationship whereby partners aim to balance power differences by striving for reciprocal partnerships that benefit each partner. These relationships are built on trust and respect. Mutuality is achieved when USAID and its partner(s) each share or exchange information, take action toward shared goals, and practice mutual accountability. When there is mutuality, partners agree to be held responsible for the commitments that they have made to each other.

LHSS applies a conflict-sensitive, political economy and “do no harm” approach to capacity strengthening in order to mitigate potential unintended consequences.

LHSS strives to create a collaborative environment in which the country team can effectively and continuously engage local actors early on and throughout activity implementation. The five steps of the LHSS approach are represented in Figure 1.

FIGURE 1. THE LHSS APPROACH



STEP 1: CO-ASSESS THE PRESENT STATE AND DESIRED CHANGE

The approach described above begins by developing a shared understanding, by the LHSS country team and local actors, of how the activity fits into the larger health system and country context. This encourages everyone involved in work planning to be aware of the bigger picture and relationships. It also involves defining strategies for engaging key local actors in the planning process and the prioritization of actions. Planning may become more complex with participation of increasing numbers of local actors, given the diversity of interests, perspectives, and ways of approaching the prioritized actions. However, robust participation promotes ownership of the work plan by key actors.

LHSS collaborates with local actors to answer the following questions:

- What is the situation local actors would like to change?
- What is needed to change the situation?
- What capacities already exist among local actors that can support the change?
- How can LHSS support the change?

STEP 2: CO-CREATE SOLUTIONS

This step builds upon previous interactions that have helped to develop a shared understanding of the situation that requires change, what the project and local actors seek to achieve, the perspective of local actors, ongoing or proposed interventions, and any relevant assessment results. Each agreed solution must be technically appropriate, feasible, and likely to increase local capacity and promote sustainable implementation by local actors. As appropriate, LHSS applies strategic approaches—organizational capacity strengthening (OCS), system-level capacity strengthening (individual, organization, network, system), grants under contract (GUC), collaboration, learning and adaptation (CLA)—through tailored activities co-developed with local actors.

Once the work plan has been approved, the country team, together with local partners, develops or revises a Sustainability and Transition (S&T) plan that describes the sustainable results that LHSS and the local actors will achieve, and finalizes the Activity Monitoring, Evaluation and Learning Plan (AMELP). Finalizing the AMELP includes tailoring it to the approved work plan, refining the theory of change, developing activity-specific learning questions, and aligning it with the S&T plan. This is an opportunity to further develop the co-creation process with the country team, local actors, and USAID missions.

STEP 3: LOCAL IMPLEMENTATION

Over the course of country program implementation, LHSS aims to support increases in local actors' ownership, including leadership, implementation, and financing, of activities and to decrease its own role. In many cases, LHSS collaborates with local actors by initially providing some measure of technical support and/or financing through a grant or subcontract. This technical assistance diminishes as partners' capacity is strengthened and they are able and willing to take on increasing technical responsibility until they own the activity and can conduct it independently. Local implementation and the progression along the transition spectrum is accompanied as appropriate by LHSS technical assistance to help address system level factors that impact sustainability.

STEP 4: COLLABORATE, LEARN, AND ADAPT

Activity teams engage local partners to co-facilitate routine performance monitoring, learning, and adaptation throughout the implementation cycle: review interventions and strategies against intended milestones and results and identify any that need to be adjusted; share learning from successful interventions and strategies that should be documented, adapted, and scaled up with relevant audiences; and identify changes in context that may affect implementation and require us to modify our implementation process. The S&T plan is a key tool to support this process.

STEP 5: LOCAL ADAPTATION

In addition to the routine monitoring in step 4, country teams also need to review interventions for future planning purposes. The key objectives of this step are to assess where the overall project is in terms of the S&T plan:

- Are the vision for strengthened capacity and the mutually agreed milestones still valid and feasible?
- What is going well and what needs to change to ensure sustainable capacity strengthening and increased local ownership at institutional and system levels?
- Are local actors better equipped to continue implementation and how is LHSS's role changing and/or being reduced?

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VISION FOR SUCCESS

LHSS activities support a vision of people leading healthier and more productive lives as a result of better-performing, more resilient, and more self-reliant health systems. Genuine and equitable partnerships that contribute to greater leadership, involvement, and influence of local actors are central to the LHSS approach.

To this end, LHSS partners with local actors to collaboratively design, implement, monitor, evaluate, and learn from project activities, including prioritizing the recruitment of local staff and consultants.

By the end of the project, more than 20 percent of LHSS work will have been implemented by local actors through grants, subcontracts, or consultants. More local actors will have sustainable capacities to fulfill their health system functions and maintain and improve health outcomes. Local partners will increasingly serve as a source of technical expertise on integrated health systems. Ultimately, local actors will set priorities and be at the forefront of planning, financing, managing, implementing, and monitoring and evaluation of health system functions.

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SUSTAINABILITY AND TRANSITION PLANS

Each LHSS country program of \$500,000 or more collaborates with local partners to develop a brief S&T plan. The plans establish a vision for the partners' strengthened capacity and strengthened health systems and system functions. Country teams use the S&T plan in several ways: as a starting point or tool for assessing how they collaborate with local partners, through provision of technical assistance, grants, subcontracts, or other approaches; and for mutual accountability check-ins with local partners.

S&T plans should be developed in alignment with country program work plans and in consultation with USAID and local actors, as they are a primary tool for guiding LHSS engagement with local actors for long-term and overarching health system and capacity strengthening objectives. The plans reflect implementation approaches agreed with local partners, as well as capacity-strengthening objectives and intermediate results, and the types of capacity-strengthening support LHSS will provide. Importantly, the plans include mutually agreed capacity milestones and timelines.

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ORGANIZATIONAL CAPACITY STRENGTHENING

Local capacity strengthening is an investment in local actors to jointly improve the performance of a system in producing expected development outcomes.

The LHSS approach to capacity strengthening aims to support local actors at the individual, organization, network, and system levels, using participatory and collaborative methods for understanding the aspirations and needs of different actors within the local context. Regardless of the intervention selected, our focus is on supporting organizational performance that leads to sustainable change in the health system.

This definition considers four levels of intervention that are incorporated into the LHSS organizational capacity strengthening (OCS) approach:

- **Individual:** strengthens the competencies of individuals in technical and managerial domains with the knowledge and skills individuals need to work effectively together and to fulfill their roles.
- **Organization:** strengthens the capacity of a single organization or operating unit of a larger entity, such as a provincial health division or civil society organization, in management and organization, including the ability to finance, plan, manage, implement, monitor, and evaluate activities and services.
- **Networks:** strengthens the capacity of an organizational network—a group of three or more organizations that decide to collaborate, share resources, and otherwise work together—including strengthening their coordination arrangements to work together toward a common end.
- **System:** strengthens institutional arrangements and coordination mechanisms required for both public and private organizations to work together toward a common end. This includes

the structures, standards, guidelines, supportive policies, legal frameworks, budgets, and attitudes and behaviors that influence how organizations work and operate together. For example, if LHSS aims to support the strengthening of the recruitment processes in the ministry of health, the project team will most likely need to consider the arrangements between that ministry and the ministry of finance with respect to budgetary approval to recruit for new positions. There might be areas of collaboration between the government and the private sector as well, such as government engaging the private sector or professional associations in establishing and enforcing standards.

LHSS embraces the concept of co-assessment of capacity strengthening needs. In the collaborative process, LHSS and the local actors review previous relevant assessments, agree on the scope of the new assessment, and co-develop the assessment tool they will use. Representatives of the local organization are members of the assessment team, alongside the LHSS country staff; in this way, they are both leaders of and participants in the planning and conduct of the assessment and in subsequent capacity strengthening activities.

The job of the LHSS country team is to guide and facilitate those discussions, to ensure that they are both collaborative and efficient.

LHSS has developed a 12-dimension capacity strengthening framework and tool to guide this process. While it is sometimes appropriate to assess all twelve dimensions, it is likely that the local actors and LHSS team will choose to conduct a more targeted assessment, focused on an organization's capacity to perform a particular task or to achieve a particular objective, based on their organizational goals, and roles in the health system and, in many cases, in the LHSS country work plan.

After validating the assessment findings, the assessment team develops a capacity development plan. The plan must fit within a number of parameters, including the mutually agreed goals, the LHSS project's budget and timeline, and the local partner organization's priorities. The activities must also be harmonized with the country work plan and a shared vision of the local partner's role in the health system. When determining specific capacity strengthening interventions, it is important to ensure synchronization with programmatic interventions, understanding that all efforts to improve the efficiency of the organization are directly and indirectly tied to the success of the work plan implementation and vice versa. The S&T plan tracks agreed organizational and system-level capacity strengthening milestones.

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GRANTS UNDER CONTRACT

LHSS deploys Grants under Contract (GUCs) to promote localization and achieve locally agreed objectives, encourage engagement with non-traditional partners (e.g., fledgling groups undertaking implementation research), strengthen local actor capacity, and foster innovative solutions. The GUC mechanism has a budget of at least \$20 million over the five-year life of the LHSS Project. The anticipated outcomes of the GUC program are (a) increased capacity of local organizations such that they are eligible to receive future transition awards; (b) reduced barriers to entry for a broad range of non-traditional partners; and (c) provision of in-kind assistance to partner with government entities to support sustainability of HSS efforts.

LHSS collaborates with these partners early in the design of grants to agree on capacity-strengthening support to sustainably expand or improve partners' capacity to fulfill their role in the health system. This is another essential aspect of sustainable HSS. As shown in the table, LHSS uses a combination of in-kind, fixed amount, simplified, and standard grants as appropriate and consistent with the administrative and financial capacity of each prospective grantee, as well as the grantee's ability to meet accountability and reporting requirements.

Each LHSS country activity is required to develop a grants strategy in accordance with the LHSS grants strategy template, to guide the implementation of the GUC and describe how this mechanism promotes localization and supports the LHSS expected result of increased technical and administrative capacity of local organizations to prepare, obtain, and manage successful HSS projects and activities.

TABLE 1. ILLUSTRATIVE APPROACHES TO USING GRANTS UNDER CONTRACT

Directed Grants	LHSS will use directed grants with partners with insufficient capacity to compete for other funding sources, such as fledgling groups undertaking research or private sector associations.
Results-Based Grants	LHSS will use results-based grants to complement other funding sources and create incentives for better performance by offering additional funds contingent on the delivery of results.
Umbrella Arrangements	LHSS will use umbrella arrangements for organizations that fund and oversee networks of non-traditional partners, which individually do not have the capacity to receive a grant. This will enable grant funds to reach more beneficiaries and strengthen the leadership of the recipient group.
Challenge Funds	LHSS will use challenge funds to solicit innovative solutions to systemic problems (e.g., using new technology to expand access to health services).

LHSS country grant programs are managed in accordance with the Global LHSS Grant Manual. Country staff under the guidance of the LHSS global grants manager finalize grant agreements that outline the grant activity, and stipulate reporting requirements and other grant management requirements. The awards also describe how grant activities are integrated into existing system structures and align with local priorities and needs, and how the local partner grantee intends to sustain progress beyond LHSS support.

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TRANSITION AWARDS

LHSS is designed to support USAID missions and local partners to prepare for direct contracting and grantee relationships. At the outset of country programs, USAID will indicate whether a transition award is expected to result from LHSS support. In preparation, the LHSS country team will establish an understanding of the vision of national stakeholders and USAID for transition awards and develop a timetable for transition from donor support and external TA. LHSS will ensure that local partners identified for transition awards by USAID receive special project focus. This includes strengthening their capacity to respond to both USAID's stringent performance, contractual, and reporting requirements; and to national government requirements for receiving external donor funding (such as for formal registration). LHSS will combine our OCS efforts in most cases with Grants Under Contract (GUC), and in some cases, with a sub-contract. LHSS will use and adapt our OCS approach as needed to address the capacity requirements for direct USG awards and contracts, using supplemental tools such as USAID's NUPAS. For local organizations in this category, LHSS will seek to co-design a financial management support action plan if program funding allows. The action plan uses targeted best-fit solutions to strengthen local partner capacity overall, improving compliance, and increasing audit-readiness, and helps local partners achieve a strong NUPAS score on their prime readiness.

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COLLABORATING, LEARNING, AND ADAPTING

Collaborating, Learning, and Adapting or CLA is a set of practices that help USAID and partners improve development effectiveness (Figure 2). As has been described above, collaborating with local actors is an LHSS strategy for increasing local ownership of HSS and scaling up local capacity.

FIGURE 2. USAID CLA FRAMEWORK



Source: USAID Learning Lab

Each activity work plan sets out how the project and local actors will facilitate the exchange of good practices, lessons learned, and innovations across countries. At the global project level, LHSS's learning agenda guides project staff across country activities to explore learning questions about capacity strengthening, transition, and sustainability. Local actors are invited to engage in these learning events and initiatives.

LHSS captures new learnings on sustainable HSS approaches and shares them with partners who can adapt and apply them to their work. LHSS continues to grow and develop our network to effectively disseminate learnings to our target audiences. Understanding preferred platforms for knowledge exchange by key partners is critical for promoting engagement. LHSS uses a range of knowledge management platforms and tools, including the LHSS website, email campaigns, in-person meetings and webinars, podcasts, publications, conferences, and social media.

Finally, LHSS applies new learnings through implementation and MEL approaches with local actors. Further guidance is available in the LHSS Project Knowledge Management Plan.

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MEASURING AND MONITORING LOCAL CAPACITY

LHSS rigorously measures and monitors capacity strengthening, sustainability and transition to local actors in the implementation of project activities. Guided by the USAID Local Capacity Strengthening Policy principles for measurement, LHSS: measures for improved performance rather than latent capacity; distinguishes performance measurement from other capacity assessment tools; and connects performance measurement to systemic change.

Country-specific AMELPs include metrics to assess change in capacities that can influence performance at the individual, organization, network, and/or system level; and assess interventions that enable local actors to identify their own priorities for performance improvement, and to take ownership of the management of their own progress.

LHSS embeds the measurement of local capacity into our technical approach. Our OCS Framework includes the establishment of benchmarks for measuring progress, increased capacity and defines twelve core competencies that organizations need to be sustainable and effective in their function in the health system, including supporting HSS activities. For each, the LHSS team identifies relevant questions and scores the answers on a 1 to 5 scale. Scores on each competency, and an overall score, provide a baseline and allow measurement of change over time. The OCS Framework is designed to be easily adapted to the context of the country activity and local partners.

As discussed, LHSS establishes baseline data through an initial co-assessment. These baseline data are used to develop a capacity development plan that reflects local capacity strengthening priorities. Early participatory self-assessments measure progress and provide information for learning and making adaptations, in alignment with our CLA management approach. The mid-project and end-of-project LHSS S&T reports contain the results of these assessments and

progress toward S&T milestones at the organizational and system levels. In addition, LHSS facilitates quarterly joint monitoring meetings— ‘pause and reflect’ sessions—to ensure that interventions are adapted in real time based on local feedback, USAID input, changes in the environment, and consultation with local actors.

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LEADERSHIP, MANAGEMENT, AND STAFFING

The LHSS S&T Director oversees implementation and monitoring and evaluation of this strategy, ensuring that core and country activities include well-designed, feasible, and cost-effective approaches to support scaling up of local capacity. The Capacity Strengthening Director provides technical oversight for all organizational capacity strengthening interventions. Both directors have frequent and regular communication with regional and country program managers, monitoring, evaluation, and learning (MEL) specialists, communications and knowledge management experts, and core activity leads. The project S&T director and operations and finance director work closely with the grants manager to ensure a robust GUC component.

LHSS strengthens the core capacity of key activity staff to implement this strategy. Specific actions that LHSS undertakes to achieve this include:

- Orient all LHSS country managers, chiefs of party, and local technical staff in the basic principles of organizational capacity strengthening and how to infuse these principles into country program design, implementation, and MEL.
- Provide training and coaching on specific issues in a particular country.
- Develop guidance materials (e.g., assessment tools, intervention materials, templates) that local staff can use.
- Regularly share project information on capacity strengthening, lessons learned, and materials with all staff.
- Support the strengthening of local staff capacities to lead and implement this strategy and to monitor progress.

Wherever possible, LHSS prioritizes the role of local actors who have the expertise to conduct specific capacity strengthening interventions to support country programs.

The Capacity Strengthening Director and other home office staff can provide training and support to local actors in a range of organizational capacity strengthening topics. In addition, country teams appoint an S&T point of contact who manages and monitors the S&T plan. Country activities are encouraged to have capacity strengthening specialists who coach, mentor, and use other techniques to support local actors, as well as rigorous quality assurance processes conducted by home office specialists in national languages. Grants programs are appropriately staffed to administer at the country level.

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