



PRIORITIES FOR HEALTH SYSTEM RECOVERY IN UKRAINE

JOINT DISCUSSION PAPER



ЗРОБЛЕНО

ОБ'ЄКТ ПРОГРАМИ
ПРЕЗИДЕНТА УКРАЇНИ
ВОЛОДИМИРА ЗЕЛЕНЬСЬКОГО

ВЕЛИКЕ БУДІВНИЦТВО
ПРОГРАМА ПРЕЗИДЕНТА УКРАЇНИ



МОЗ УКРАЇНИ

КОМУНАЛЬНЕ НЕКОМЕРЦІЙНЕ ПІДПРИЄМСТВО
«МАКАРІВСЬКА БАГАТОПРОФІЛЬНА
ЛІКАРНЯ ІНТЕНСИВНОГО ЛІКУВАННЯ»

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The document is based on discussions held during a joint workshop in September 2022 and a subsequent consultation with Ukraine's Minister of Health, Dr Viktor Liashko, and deputy ministers. The joint workshop, which was organized by the WHO Country Office in Ukraine, brought together the following core group of authors:

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Abbreviations

| | |
|------|------------------------------------|
| EU | European Union |
| IDP | internally displaced person |
| NHSU | National Health Service of Ukraine |
| PHC | primary health care |
| PMG | Programme of Medical Guarantees |



1. Introduction

1.1 Rationale and purpose of this paper

On 24 February 2022, Russian forces launched a full-scale invasion of Ukraine, resulting in substantial civilian casualties, the displacement of millions of people, widespread destruction of infrastructure and disruption of health service delivery. As of October 2022, some 16 150 civilian casualties have been officially recorded (6374 killed and 9776 injured), with unofficial numbers likely to be much higher (1). Some 7.7 million people (about half of whom are children) have become refugees in the European Union (EU), with more fleeing to other countries (2). About 6.24 million people have been displaced internally (3), and nearly half of internally displaced persons (IDPs) aged between 18 and 64 years report having no income (4). Many more Ukrainians need life-saving humanitarian aid, especially as food and essential services are severely constrained in areas affected by fighting.

The Government of Ukraine is preparing a national postwar recovery plan. The first draft was presented for review at the Ukraine Recovery Conference in July 2022, and input was solicited from national and international stakeholders. The overarching goals of the Ukraine Recovery Plan are to provide economic, social and environmental resilience; find efficient solutions for the recovery of crucial economic and social processes and natural ecosystems; and develop a modernization plan to ensure rapid, sustainable economic growth and the well-being of the Ukrainian people. For the health sector, the specific goal is to upgrade the health care system to enable growth in human capital.

This joint discussion paper is intended to further contribute to the vision and plans for health system recovery in Ukraine by focusing on the short-term opportunities and trade-offs that we expect to be associated with early recovery efforts. It outlines our analysis of critical priorities for the health sector for the next 18–24 months across four priority domains:

- **service delivery** – finding early opportunities to restore priority health services in ways that scale up the Government of Ukraine’s vision for health service reform;
- **capital investment** – identifying critical choices and trade-offs for the Government and its partners to consider when planning for major investments in recovery and reconstruction with long-term consequences for the health system;
- **health financing** – setting financing priorities to sustain essential services in the face of severe fiscal constraints and achieve more with the available funds; and
- **strengthening institutions** – supporting the needs of the central and local government health sector institutions responsible for policy, planning, stewardship and governance functions.

Although this paper explicitly focuses on these four domains, it recognizes that other important investment areas – most notably, emergency preparedness and public health – are not covered thoroughly but will remain critical and, therefore, must be comprehensively addressed in national plans.

Our approach is inspired by the **Lugano Principles** that were approved at the Ukraine Recovery Conference 2022. These require that government and the international community work in **partnership** and with commitment to Ukraine’s **reform** agenda. We also recognize that sustaining the level of investment needed for recovery will require an explicit focus on **transparency and accountability** in the use of resources to deliver results for the most vulnerable and on transforming the health system to enable greater environmental and fiscal **sustainability**.

1.2 Background

Russian military aggression towards Ukraine has disrupted access to health services by causing damage to infrastructure, loss of staff, security concerns, mass displacement of the population, and increased costs of health care inputs combined with the population’s diminished capacity to pay for health care. The war has increased health needs in areas such as emergency medical services, trauma and burns (a 12-fold increase in the number of recorded patients who were treated for similar conditions in July 2022 compared with January 2022¹), rehabilitation (a 1.6-fold increase in July 2022 compared with January 2022²) and mental health conditions, with variations in the magnitude of these increases in different contexts across Ukrainian territories. Many people have left the country, but most have stayed (a significant number have been internally displaced), and refugees are returning slowly.

Population movement has changed the demand for regular health services, with different impacts across regions. A WHO health needs assessment conducted in September 2022 found that residents of areas of active combat or beyond control of the Government of Ukraine seek health services less often than residents of areas that are further from the front line. They also have lower level of access to health care; only 85% reported having access to a family doctor, and 32% reported that they had been unable to get necessary medicine since the start of the war. Many children and adults are not accessing immunization services and other critical interventions to control communicable diseases, and people with chronic diseases have suffered owing to interruptions in the availability of medicines. For example, the overall numbers of weekly prescriptions have reduced by 34% since before the war (week of 14–20 February 2022). Weekly prescriptions of medicines in Donetsk, Kherson and Luhansk oblasts are 89% lower compared with the prewar period, although the numbers of prescriptions in regions further from the front line are gradually recovering to prewar levels. IDPs have less access to health care than non-IDPs (only 80% of IDPs were able to access a family doctor, and 29% could not access medicines compared with 20% of non-IDPs.³ Medicines and paid health services

1. Unpublished data obtained from the National Health Service of Ukraine (NHSU) inpatient e-data dashboards and include discharges in diagnosis-related groups for “other surgical interventions related to remote consequences of mine-explosive injuries”, “consequences of mine-explosive injuries (severe burns, intracranial injuries)” and “other diseases associated with remote consequences of mine-explosive injuries”.

2. Unpublished data obtained from NHSU e-data dashboards.

3. Internal document, WHO Country Office in Ukraine health needs assessment conducted through the Premise crowd-sourcing platform, September 2022, in preparation.

are less affordable in rural areas and for women; women face higher expenditure on medicines and health care. The invasion has also led to the loss of medical records and an increase in cyber-attacks on Government information resources, indicating a need to ensure cybersecurity for the health sector.

Large investments will be necessary to support recovery of the health system. With 715 attacks on health care verified by WHO as of 30 November 2022 (5) (although the actual number is likely to be higher, given the challenges and complexity of confirming each and every incident), there is a substantial need for capital investment in recovery. According to the Rapid Damage and Needs Assessment that was jointly performed by the Government of Ukraine, the World Bank and the European Commission (6), the estimated cost of health sector damage by 1 June 2022 was US\$ 1.4 billion, with a further \$6.4 billion in losses (including demolition and debris-removal costs, revenue loss for private providers, and the estimated value of the health consequences of foregoing needed care). The full needs of the health sector to include the accumulated infrastructure damage and losses to the health sector, as well as the scale-up of critical health services for the population of Ukraine, was estimated at \$15.1 billion, equivalent to almost three times the annual Government spending on health. Since these estimates were developed, the damage to health infrastructure has continued, with significant implications for access to care and overall public health.

When the conflict ends, Ukraine will face the major challenge of re-integrating veterans into both civilian life and the civilian health system. Along with other populations that have been directly impacted by the war, veterans are likely to have unique health care needs (such as for mental health and rehabilitation services) that the Ukrainian health system will have to meet. The prewar dedicated systems for veterans' health will not be able to meet the expected scale of demand, and so veteran's health care needs may be better met through integration into the routine health system.

The devastating impact of Russian aggression on Ukraine's economy has tremendous implications for the health sector. The projected contraction in gross domestic product – estimated at approximately 35% in 2022 given that the conflict continues – will substantially reduce government revenue, and the fiscal space for health will be further constrained by increased expenditure in other key sectors (such as security) (7). Substantial real reductions in the Government's fiscal space can be expected to continue for the next 18–24 months and then recover gradually in the medium term, with potentially significant implications for public sector health expenditure. The recently approved 2023 draft state budget (8) includes the following estimates for 2023: 20.6% budget deficit, 28% inflation, 28% unemployment and a health budget of ₴176.1 billion, representing an almost 10% decrease in nominal value compared with 2022 (₴194.4 billion).⁴ The poverty rate in Ukraine is projected to increase from 5.5% in 2021 to at least 25% in 2022 (7). A fall in the value of the Ukrainian hryvnia by 25% has raised the domestic price of imported medicines and other supplies (9). Among the many consequences are an increased need for households to pay out of pocket for health care. Combined with falling incomes, this

4. ₴ UAH, or Ukrainian hryvnia.

will increase the likelihood that people will forego necessary health care or, if they need to pay out of pocket for services, experience financial hardship.

The Ukrainian health system is showing impressive resilience. Government and national health institutions are still financed and functioning, although with strained resources and somewhat reduced staff levels due to migration. The increased availability of humanitarian and development resources in the health sector can partially offset these pressures if they are invested well and coordinated with Government resources. Reconstruction is already under way as part of the Government's overall focus on recovery, and rapid progress has been made on urgent repairs to keep facilities functional. The Ministry of Health has produced a draft recovery plan as part of the Ukraine National Recovery Plan that envisions building back better in the medium to long term (10). The plan is aligned with Ukraine's pre-existing reform agenda and its aspirations for European integration, and is consistent with recently created reform institutions that have contributed to health system resilience. Ukraine was recently granted EU candidate country status, and plans to align its legislation with relevant EU legislation in the medium term. This should contribute to strengthening rules and standards in areas such as communicable diseases, cross-border health threats, pharmaceutical products and public health. These conditions create opportunities to steer investment in recovery towards improving the quality, efficiency, sustainability and resilience of Ukraine's health system in the longer term.

However, risks may escalate if short-term recovery and longer-term restoration investments are not well targeted and aligned with Ukraine's health reform vision. Investment in recovery that simply focuses on replacing the outdated, over-capacity public hospital network could have harmful consequences for Ukraine's transition to a more efficient, better-quality and more people-centred health delivery system (11). At minimum, this would be a lost opportunity: current economic and demographical projections require a different approach if progress is to be sustainable. External financiers are currently discussing major investments that have long-term consequences for recurrent government financing. However, financiers should understand and align their investments with the national vision and with the strategic plan for the health sector that is the logical extension of health reforms that began in 2016, while recognizing that such plans need further technical work and prioritization to address the recovery challenges created by the war.

Given Ukraine's history and the expected large-scale inflow of resources for both crisis response and longer-term investment, there should be a particular focus on accountability to mitigate the potential for corruption and waste. In addition, given the significant strain on public finances, combined with the rapid expansion of private sector and nongovernmental response efforts, there is great potential for the loss of critical staff from the public sector. A large-scale brain drain would risk hollowing out key institutions that were created to implement health reform and have a crucial role in recovery planning and implementation. For both initial recovery and short-term resilience, coordination of resources from multiple sources (Government of Ukraine and donors) must be strengthened to address critical gaps in meeting immediate health needs and

vulnerabilities while ensuring that institutional capacity to sustain health gains is on track in the medium term. Hence, it will be essential to steer externally funded humanitarian assistance and system development support as early as possible.

1.3 Health sector context – foundations and direction of recovery

Ukraine's recent health reforms pooled government financing to guarantee a benefits package (the Programme of Medical Guarantees (PMG)) covering comprehensive services for the whole population. The National Health Service of Ukraine (NHSU), which was created in 2018 to manage the Government's health financing pool, now contracts approximately 3900 public and private providers nationwide (1700 hospitals and 2200 primary health care (PHC) providers) to deliver services under the PMG. Health reforms have shifted the national health financing model from financing health care inputs to paying for services. In doing so, they have accelerated the impetus towards modernizing service delivery and creating more efficient service delivery models. The use of digital information and communication technology and systems has been an integral part of the reform by significantly facilitating new methods of providing and paying for health care in Ukraine.

In 2018 establishment of an effective Central Procurement Agency for the bulk procurement of medicines and supplies led to considerable efficiency gains (with price reductions of over 40% (12)) compared with previous procurement practices. The reform of public health services began in 2016, when the national Ukrainian Public Health Centre and a network of regional institutions were established to deliver population-based services around core public health dimensions: health protection, disease prevention and health promotion. The reform is continuing: new landmark legislation passed in 2022 provides a legal framework for the public health system, designates key public health institutions, and outlines their roles and responsibilities in delivering essential public health operations.

However, the full benefits of these reform processes are yet to be realized. Further changes are needed to achieve the kind of efficiency gains expected from financing reforms in which "money follows the patient". Such changes need to address excess inpatient capacity and the related costs of maintaining this infrastructure, to catalyse modernization in health care workforce training and skill development, and to continue to make progress against corruption at all levels, including in informal payments. As part of this transformation, there is a need to improve the quality of PHC and skills of PHC staff and to improve and expand community-based services in areas such as mental health, rehabilitation, palliative care and health care for older people. There is also a need to address heterogeneity across regions in the coverage of health care facilities and the availability of qualified medical personnel, including the unequal geographical distribution of specialists (concentrated in large cities, lacking in rural areas) – these challenges have been vastly exacerbated by the war. This calls for health service provision in rural areas using innovative solutions, such as teleconsultation and mobile services.

2. Service delivery – reconnecting people to health care and addressing new needs

The vision of the Ministry of Health's recovery plan to continue transforming the health system and building back better advances the health reforms initiated in 2016 that align with successful reforms in other European countries and are adapted to the war and recovery contexts. The Ministry has taken a strong leadership role by setting the directions for recovery and demonstrating its commitment to maintaining these as the basis for Ukraine's national recovery efforts. The central goal is getting the necessary higher-quality services to the population through mechanisms that will be financially sustainable in the medium term. Health reforms, particularly those in the public health domain aimed at improving resilience to epidemics and health emergencies, can be instrumental in furthering Ukraine's aims for European integration and its eventual EU accession. To achieve these aims, several elements of the recovery plan must be considered as high priorities for addressing war damage and new health needs in the short to medium term, while recognizing that the extent to which recovery is feasible in the short term will vary widely across Ukraine's territory as a result of the war.

2.1 What is important for the next 18–24 months?

- **Strengthening PHC as the foundation for people-centred services.** This is vital to enable Ukraine to reconnect people with services (including vaccination, screening for tuberculosis and other critical infectious diseases, and screening and treatment for chronic diseases) that have been interrupted because of the war and displacement of the population. Expanding the scope and extending the reach of PHC services, combined with skills and quality improvements, are also prerequisites for modernizing the hospital network to function more efficiently. This is consistent with the direction taken in many European countries, namely to move a substantial share of inpatient care to outpatient, community and PHC settings, while reallocating financing to support these shifts.
- **Restoring health service provision in territories recently retaken by the Government of Ukraine.** In the short term, there will be a continued need to supplement government services with humanitarian assistance and to make more use of mobile services in order to provide access to health care in areas where damage to (or looting of) facilities and loss of health personnel are too severe to allow the rapid restoration of routine health services. In these territories, a focus will also be needed also on restoring private sector services, notably the retail pharmacy sector.
- **Meeting the new needs of veterans and civilians affected by conflict by expanding rehabilitation and mental health services across the delivery system.** This can be achieved by leveraging the strong potential for developing community-based services, including by recognizing and strengthening the role of PHC in providing integrated services for all, including veterans. Rapid expansion

of community-based mental health will require developing and leveraging a more diverse range of both professional and lay providers and improving the efficiency of the patient management and referral pathways between community, primary and more specialized psychiatric care. Expansion of both rehabilitation and mental health services will require financing, workforce training and regulatory reforms for PHC personnel (as well as for psychologists, rehabilitation staff, nurses and social workers) and adapting and developing specific units for these services within multiprofile facilities.

- **Improving access to PHC, emergency medical services, medicines and other essential services in rural areas**, and promoting the rational use of such services, is a critical priority that can be accelerated using innovative models of care. Access to consultations and medicines was lower in rural areas than in urban areas before the war and has deteriorated further during the war.⁵ Rural populations in some areas have been swollen by IDPs. Solutions for more remote rural areas might include equipping PHC facilities or hospitals with emergency units capable of providing out-of-hours PHC, treating minor emergencies, and stabilizing and transferring major emergency patients to more specialized facilities.
- **Developing outreach modalities and communications to reconnect people with services**, including those who have been displaced by war. Innovative service delivery approaches supported by information technology can help to reach people facing diverse barriers to health care across Ukraine. For example, mobile teams can be used more systematically to fill the gaps. Call centres exist, but could be enhanced and supported with standardized dispatching algorithms, telemedicine solutions, and remote health monitoring and screening technology. Teleconsultations could be made available more systematically for a wider range of services, providers and patients, and with improved quality and integration with national systems.
- **Agreeing on plans for a rational health care facility network in each oblast to improve efficiency.** The Ministry of Health and regional governments have begun strategic planning to consolidate the excessive and fragmented hospital capacity. The planning process initiated by the Ministry should provide the entry point for supporting the Ukrainian authorities to rebuild a more efficient, streamlined, higher-quality and financially sustainable facility network. This will require technical assistance for a population needs assessment, planning a facility network, the development of modern facilities standards and the appraisal of investment options. Clusters of smaller, single-specialty hospitals may need to be merged into unified organizations (known as territorial medical unions) serving a larger catchment population to facilitate the consolidation of infrastructure and staff and, thereby, reduce pressure on recurrent financing. Planning and developing expanded PHC services as an integrated part of the health provider network is important, especially as hospital infrastructure investment is likely to be completed only in the longer term. However, PHC can be extended and expanded relatively quickly to meet critical needs in the short term while building

5. Internal document, WHO Country Office in Ukraine health needs assessment, conducted through the Premise crowd-sourcing platform, September 2022, in preparation.



an adaptable foundation to take on new roles in the future. Priorities in this area over the next 2 years include expanding PHC staff capacity to provide mental health services and expanding the role of PHC facilities in rehabilitation.

- **Making better use of nurses, allied health professionals and non-health personnel (lay cadres) working in the health sector.** As health worker shortages emerge, task-shifting to non-doctor health workers and trained community health workers can fill gaps at lower cost. Trained community workers can be deployed to fill gaps in some disrupted services and in areas of increased need (e.g. immunization, testing and screening for communicable and chronic diseases, mental health and psychosocial support, and referral and linkage to care). Community workers include peer workers and trained volunteers from nongovernmental organizations, as well as trained non-specialist or nonmedical staff such as peer counsellors, social workers and psychologists. Such measures could enhance efficiency and service integration, but will also require political leadership to begin shifting to a less medicalized and specialized paradigm in Ukraine. This will require leadership to address legal barriers to task-shifting

to non-specialist health or non-health professionals and to allay the concerns of medical and professional associations and other stakeholders who may be resistant to change.

- **Deepening digitization in health care to improve patient care and secure access to information.** Ensuring the availability and use of timely standardized information about patients to address problems of duplicate consultations, laboratory tests and other medical services at different levels of care is critical to improve quality, strengthen accountability and encourage a more rational use of resources. Opportunities in the short term include using NHSU data to monitor quality and provide feedback to facilities and using digital tools in e-health systems to guide medical staff. These tools are critical enablers of care continuity in the context of a mobile population and diverse settings, and are closely linked to the aforementioned outreach and communications tools. Streamlining the large number of medical and statistical paper forms and transferring them to an electronic format will help to preserve data amid the destruction of medical infrastructure and will provide a foundation for resilient recovery. Creating convenient and transparent mechanisms for users to access their health data and manage this information will benefit all, but particularly IDPs and those who are forced to change health care providers or use multiple providers.
- **Protecting core public health functions.** During periods of health system weakness and considering the significant new barriers to access and care seeking, focus on public health threats will be essential to maintaining Ukraine's resilience through the crisis and recovery periods. Priorities for public health services in the short to medium term are to:
 - ensure appropriate surveillance, preparedness and responses to communicable disease threats or outbreaks – cholera, COVID-19, diphtheria, measles, polio – especially in areas retaken by the Government of Ukraine;
 - focus on catch-up immunization and addressing coverage gaps, which requires coordinated action by public health structures and PHC providers;
 - sustain screening and treatment for critical communicable diseases, including for tuberculosis and HIV, to prevent excess disease spread and mortality;
 - strengthen linkages with PHC services and ensure their better integration with core public health services to ensure a timely response to health challenges (immunization coverage, timely notification of infectious diseases cases and contact-tracing, health promotion through the community engagement);
 - remove legal barriers and improve capacities for effective intersectoral coordination within the public health system and beyond regarding preparedness and response, following an all-hazards approach; and
 - deepen intersectoral coordination with actors driving investment in other sectors that impact public health such as heating, housing, water and sanitation and preparedness for biological, chemical, nuclear and radiological exposures.

3. Capital investment for sustainable progress

Ukraine's recovery provides an opportunity to lay the foundation for a more efficient, modernized health delivery system for the longer term, while attending to the immediate need to develop interim or stopgap measures to reconnect its people with essential services. The priorities for service delivery are described in section 2. The discussion of capital investment is closely linked to this but requires specific attention. Given that funding is likely to come from a variety of sources over different time periods and with multiple forums for decision-making, there is a real risk of uncoordinated investment. This could lead to gaps in meeting critical service delivery needs, increased inequity in access to health care, and compromised transparency and longer-term financial sustainability.

Political dynamics often focus on hospital investments first, but rebuilding and expanding access to care through PHC and related community services are important immediate priorities. As noted in section 2, PHC is the most rapid, cost-effective way to give people tangible improvements in conveniently accessible health care. Therefore, investment in PHC and community-based services is a central priority in the next 18–24 months, although technical preparation and stakeholder engagement should begin now to plan for later hospital investment. Achieving local political consensus and community support for some of the decisions involved in optimizing the facilities network will be difficult. Communities need access to better PHC and community services before they are likely to accept decisions such as choosing not to rebuild certain hospitals and to consolidate or reprofile others.

Alongside infrastructure and facility investment, specific attention to and investment in human capital will be needed. Before the war, investment in Ukraine's health workforce at both the pre-service and in-service levels were needed to enable the longer-term transformation to a more patient-centred delivery network, in line with reforms. With the loss (including through outmigration) of many health workers during the war and considering the longer-term implications of the war for population health needs (e.g. rehabilitation, mental health, outbreak preparedness), investment in human capital is now crucial.

3.1 Principles to guide investment and mitigate risks

- **The Ministry of Health's leadership role should be central** in guiding initial investments and prioritizing and coordinating major financing, including through the Coordination Council and Project Management Office, which are currently being established. However, joint efforts with other key actors are needed, including oblast and municipal governments and broader Government stakeholders, to enhance upward, downward and horizontal coordination for reconstruction planning at all levels. It will also be essential for the Ministry of Health to work closely with the NHSU to ensure a sustainable approach that aligns with fiscal realities. The NHSU can provide information on PMG financing parameters for regions, populations and providers, and other data for needs assessment and planning. The NHSU will also need to modify its existing contracting mechanisms

for the planned new, lower-cost facilities network and delivery modalities in order to reach more people for less – while maximizing incentives to utilize efficiency-enhancing modalities such as community-based services, mobile teams and teleconsultation services. In addition, the NHSU's efforts to move towards strategic contracting with the hospitals in the approved network plans will contribute to optimizing the delivery networks. Hence, investment planning needs to incorporate these strategic service delivery and financing considerations.

- **Investment planning should incorporate all financing sources** in integrated plans to develop capable health facility networks based on transparent needs-based criteria and assessment methods. Integrated plans would enable external resources (whether from international development partners or the private sector) to align with each other and with investments from the Government of Ukraine. Integrated plans for the networks should cover PHC and community-level care and consider linkages within each network, including ambulance services, patient transport and communications to ensure patient access to consolidated services.
- **The recurrent cost implications of the future health system should be a central criterion of both network- and facility-specific decisions**, given the need to be realistic about fiscal constraints on the PMG budget, which must cover operational costs. Plans should aim to reduce the recurrent costs of the hospital network. Investment should be made in facilities that will have a large enough patient catchment and workload to generate a sustainable revenue stream, as aligned with the above-mentioned process for developing integrated health facility network plans. Facility-specific design criteria should enable a relatively greater share of PMG reimbursements to be allocated to patient care and less to the heating and maintenance of buildings. Hence, the investment criteria should include the need for a more environmentally and fiscally sustainable health care delivery system. This will require the Ministry of Health to develop new building and technical standards for health facilities of different levels.
- **Investment should focus on facilities and equipment for delivering core PMG services** (not on supplementary or private fee-paying services). Priority core services are those most likely to drive catastrophic spending, disability and loss of life. National efforts should discourage investment in low-functioning facilities that provide few or no priority core services, in monoprofile hospitals or in large inpatient rehabilitation or mental health facilities, given that such services should be shifting a large proportion of patient care to PHC and community settings that are closer to where people live and provide services that people need.
- **Investment in human capital is as important as investment in facilities and technology**. Changes to labour regulations for the health workforce, (re)training of medical and nursing staff, building and strengthening the workforce in key areas (e.g. public health and epidemiology, mental health, rehabilitation), and changes to management practices are all needed to enable staff to modernize practices in line with the modernized facilities network to meet the evolving health needs of the population.

- Strive to **select investments that increase equity** in access to and quality of care across Ukraine, while acknowledging that facilities and medical staff have been excessively concentrated in larger, better-resourced cities and that the Government's and Ministry of Health's reform directions aim to address inequality.
- Plan and **design for resilience** in the face of unavoidable uncertainty about key variables, including the duration of conflict, the pace and extent of the recovery of public finances, the pace and extent of population return to particular territories, and climate risks. Information technology can make a critical contribution to resilience in the context of a highly mobile population.
- **Consider the contribution that the private health sector can make** when planning investments in the public network, bearing in mind that the NHSU can and does purchase services from private providers. The private sector can fill gaps in the service delivery network or partner with public facilities to provide complementary capacity.
- **Plan investment in health facilities together with investment in other sectors**, such as economic infrastructure, housing, transport, and water and sanitation.

3.2 What is important for the next 18–24 months?

- **Support the Ministry of Health with technical resources to develop the planning and investment criteria and facilities standards** (see sections 2.1 and 3.1) for both network and facility-specific planning. The planned Recovery Project Management Unit is a potentially important target for support.
- **Begin by restoring functionality to maintain access to essential health services.** This will involve focusing on the restoration, rehabilitation and strengthening of existing facilities that are critical to ensuring access to essential health services or on using non-facility-based service modalities such as mobile teams to maintain access. As a transitional measure, Ukraine could consider re-purposing the existing infrastructure to meet its new needs and support new service delivery models. The main aim should be to reconnect patients, especially at PHC level, with critical services through the most efficient and effective means necessary in the short term.
- **Investment in rebuilding and restoration should start from the PHC and community levels and then work upwards to specialized health services.** With limited resources in the short term, Ukraine should prioritize efforts to expand the scope and reach of PHC through investing in infrastructure and information technology to provide more comprehensive and integrated services that are accessible to the local population, including community-based mental health and rehabilitation services. Support for this approach can be built by raising awareness about the potential for PHC, especially through community-level services, to address the health needs of the population. Investments should be complemented by efforts to develop integrated health service networks with

PHC at the core that are responsible for defined catchment populations, based on population-based needs assessments.

- **Agree on the longer-term direction and priorities for investment in the major rebuilding of hospitals based on needs assessments**, through work with the Ministry of Health's strategic planning process to achieve a more efficient, people-centred health provider network. While regional plans for each oblast are still under development, supporting the Ministry of Health and oblasts to refine and strengthen the technical basis of these plans is likely to be the best entry point. Priority areas for further attention in the facilities planning framework include identifying efficient options to meet the access needs of remote rural populations and consideration of the broader facility network, including PHC and non-acute health care such as rehabilitation and mental health.
- **Throughout, look for opportunities for early reconstruction projects that could act as demonstration sites for leap-frogging towards a modernized, technology-enabled and resilient health provider network**, in line with Ukraine's European aspirations. Disseminate these experiences in partnership with Ministry of Health and other authorities. Although the war has had a devastating effect on people's lives and essential service provision, it can also provide an impetus for Ukraine to quickly modernize its system through consolidating services, removing redundancy and redistributing service delivery in the most effective and efficient way, while ensuring patient safety and quality of care.



4. Sustain and increase the effectiveness of health care financing

As noted in section 1, the public sector resource envelope (i.e. fiscal space) for all sectors is decreasing in real terms and is likely to recover slowly, leaving the Government of Ukraine with tough financial adjustments to make (13). Poverty has increased greatly while inflation has risen and the value of the hryvnia has declined, the combined effect of which is to diminish patients' purchasing power. Ukrainians now cite cost as the top barrier to health care, especially in active conflict areas. Medicines continue to make up the largest share of average patient expenditures for health care.⁶

Even during the war and the post-conflict period, Ukraine has the potential to continue budget and health financing reforms. Such reforms will help to prioritise limited resources by (i) using financing instruments to drive improvements in efficiency and equity, (ii) mitigating corruption and informal payments, and (iii) providing financial protection for vulnerable people. For example, by moving away from contracting any provider who qualifies to deliver some PMG services towards a more targeted, strategic contracting approach aligned with the Ministry of Health's planning of rational, capable facilities networks, the NHSU will be able to make more effective use of the resources under its management. Increasing spending will be critical to specific services and inputs that are essential to meet growing health needs (community-based services, infectious disease control, rehabilitation, mental health care, emergency medical care and medicines) and limit financial barriers to effective treatment. It will also be important to develop the system-wide foundations needed to enable recovery and continuation of the reform, such as through further development and strengthening of e-health and efficient allocation of resources. Integrating veterans into civilian health financing and delivery systems will also be critical, such as by modifying patient identifiers in the health information system to enable better monitoring of the health needs and health services provided to veterans. Since 24 February 2022, the NHSU has demonstrated flexibility in reallocating funding across territories and providers in line with population movements. This must continue, including by reducing funding in areas where the population demand for some services has declined due to displacement.

4.1 What is important in the next 18–24 months?

- **The allocation of external financial assistance and the Government budget must continue to fund the recurrent costs needed to ensure access to essential health care for all. It is premature to tilt the balance too far towards capital investment.** Assistance for recurrent expenditure is essential in the immediate term to enable the Government of Ukraine to maintain health spending on essential, life-saving services, alongside early investment in recovery. The Government budget is best placed to support most recurrent costs of the core health system and to operate and expand key transfer mechanisms – of which, the largest is notably the NHSU-administered PMG, including the Affordable

6. Internal document, WHO Country Office in Ukraine health needs assessment, conducted through the Premise crowd-sourcing platform, September 2022, in preparation.

Medicines Programme, which reimburses private pharmacies for essential prescription medicines. This support is essential because it funds outputs in the form of tangible services and medicines for patients, thereby potentially mitigating illness and death and preventing catastrophic expenditures. Donor resources to support recurrent health spending should be channelled **through** the Government budget wherever possible, for example the nearly \$2 billion of support provided by the United States of America to the PMG through the World Bank has enabled PMG financing and continued service delivery for all.

- **Analyse major disruptions to service delivery and barriers to accessing services** (e.g. financial, geographical) **and prioritize existing resources and channel additional resources to protect access to critical life-saving services and those with the biggest impacts on morbidity and mortality, particularly among vulnerable groups.** As part of this effort and in the light of fiscal contraction, it will be essential to review existing spending patterns to see where judicious cuts can be made without compromising access to care. Otherwise, the system will be at risk of overpromising benefits relative to the available resources, with increased potential for the growth of informal payments and for gaps in services.



5. Protecting institutions and reform foundations

Although Ukraine's national institutions have continued to function under war conditions, the Ministry of Health's strategic functions and coordination mechanisms need to be reinforced and supported. Equally, national health sector institutions with a central role in implementing the reform strategy (Central Procurement Agency, National Health Service of Ukraine, Ukrainian Public Health Centre) are under severe strain, understaffed and underresourced in responding to the changing and increased needs of the population. This scenario increases the risk of uncoordinated decision-making and parallel systems that could undermine longer-term health sector development and sustainability, thereby compromising the hard-won gains of national reforms since 2016. The current dynamic but unstructured environment for proposing solutions to evolving pressures inadvertently increases the risk of reform and investment directions that erode the foundations of the current health system.

5.1 What is important for the next 18–24 months?

- **Strengthen and support the Ministry of Health's strategic and coordination functions, and central/regional/local government coordination and data collection.** Recognize the capacity and information constraints of central institutions and the importance of coordination with local governments which have decision-making authority and accountability for local health facilities, while striving to align action at all levels towards a common vision and direction of reform.
- **Strengthen and develop the NHSU** by maintaining staffing levels, allowing for adequate administrative expenses, and expanding the capacity for data use, provider feedback (including through digitalization) and strategic contracting to expand access to the most critically needed health services at a lower cost. Identifying veterans in the NHSU e-health system may provide a basis for monitoring veterans' access to and use of care and enable a better understanding of their health needs. During times of constrained public sector resources, maintaining or expanding resources for NHSU as a driver of efficiency gains is even more critical. There is an opportunity to make more use of NHSU e-health and financial data in planning and monitoring health services in the short term (while supporting NHSU capacity), alongside longer-term opportunities to integrate this system with other public health and state databases, under the coordination of the Government of Ukraine.
- **Build on previous procurement reforms and expand the scope of the Central Procurement Agency** to extend the gains realized in medicines procurement across a broader share of public procurement, while reducing fragmentation in health commodity procurement functions across Government institutions. The next phase of procurement reform could be to increase the pooling of procurement at regional and hospital levels through the implementation and use of digital solutions. Sustained commitment to procurement reform is also

important for accession to the EU, given its concern for anti-corruption, health security and competitive pharmaceutical markets.

- **Strengthen the role of the Ukrainian Public Health Centre as the highest professional, politically independent and technically capable public health institution**, in particular by clarifying Centre's role and relationship with other entities, such as the Ministry of Health and regional centres for disease control and prevention.
- **Continue to emphasize and demonstrate a commitment to transparency, accountability and anti-corruption** in ongoing reform efforts and in investing and managing finance for recovery and reconstruction from all funding sources. Combating corruption through improving transparency and accountability at all levels is a hallmark of Ukraine's health care reforms and, in turn, of broader national progress on anti-corruption. Continued commitment will be essential to attracting and sustaining donor support for recovery efforts and momentum for EU integration.

The social and economic disruption caused by the Russian invasion of Ukraine requires a well-considered and prioritized response to rebuild a smarter health system that can address new needs while restoring and catching up on essential services that have been lost due to the war, and setting the country on track for sustainable progress towards universal health coverage. The European Union, U.S. Agency for International Development, World Bank and World Health Organization are committed to continuing our financial and technical support in line with our roles, mandates and available financing. We hope that other partners will embrace these priorities and join us in supporting the Government and people of Ukraine to have a stronger and better health system in the months and years to come.



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