January 27, 2016

Subject: DRAFT Program Description

Program Title: Health Finance and Governance Activity Program Description

Ladies/Gentlemen:

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This notice is not a NOFO and is not to be construed as a commitment by the U.S. Government or USAID to issue any solicitation or Notice of Funding Opportunity, or ultimately award an assistance agreement on the basis of this draft.

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The posting of this draft Program Description does not commit the Government to issue a solicitation.

Sincerely,

Luis A. Rivera
Agreement Officer
USAID/Jordan

ACRONYMS

ADS	Automated Directive System
AMEP	Activity Monitoring and Evaluation Plan
AO	Agreement Officer
AOR	Agreement Officer Representative
CIF	Civil Insurance Fund
CIP	Civil Insurance Program
DHS	Demographic and Health Survey
DO	Development Objective
GBD	General Budget Department
GDP	Gross Domestic Product
GOJ	Government of Jordan
HHC	High Health Council
IR	Intermediate Result
KPI	Key Performance Indicators
MIF	Military Insurance Fund
MOF	Ministry of Finance
MOH	Ministry of Health
MOI	Ministry of Interior
MOPIC	Ministry of Planning and International Cooperation
NCD	Non-Communicable Diseases
ROB	Results-Oriented Budgeting
RFA	Request for Applications
RMS	Royal Medical Services
UHC	Universal Health Coverage
UNRWA	United Nations Relief Works Agency
USAID	U.S. Agency for International Development
USG	U.S. Government
WHO	World Health Organization

DRAFT

PROGRAM DESCRIPTION

USAID/JORDAN HEALTH FINANCE AND GOVERNACE ACTIVITY

1. INTRODUCTION

The U.S. Agency for International Development (USAID)'s mission in Jordan is issuing this Funding Opportunity to solicit technical applications for a five-year Health Finance and Governance Activity whose ***goal is to improve health sector sustainability and resilience in Jordan, including achieving universal health coverage***. This activity will apply a health systems strengthening approach to address structural and systems-related weaknesses within Jordan's health finance landscape, as well as address gaps and deficiencies within the public sector's health governance. The Health Finance and Governance Activity will build capacity through technical support, policy reform, and systems development – enabling the Government of Jordan (GOJ) to better respond to the demands that arise from continued regional displacement, population growth, and economic fluctuations. The Health Finance and Governance Activity will build on USAID investments in systems strengthening and public fiscal reform, while focusing new resources towards the achievement of the GOJ's Universal Health Coverage goal. USAID encourages applicants to submit performance-based applications that present a logical, comprehensive, concrete, and measurable set of interventions to achieve the stated objectives and purpose.

2. BACKGROUND AND CONTEXT

As the largest donor to the health sector in Jordan over the last fifty years, USAID investments have contributed to significant improvements in health outcomes – and indeed, results from the 2012 Demographic and Health Survey (DHS) indicated that Jordan was well on its way towards achieving all of its health-related global development commitments. However, the demographics in Jordan are dramatically changing and taxing public services and resources. Between 1979 and 2012, the population grew from 2.1 million to 6.3 million, and at the 2012 growth rate of 2.2%, the population of Jordan is expected to double from an estimated 6.3 million in 2012 to 13.2 million in 2040. These estimates were made prior to the influx of over one million refugees into Jordan since the Syrian crisis began. As of 2015, approximately 1.4 million Syrians are estimated to reside in Jordan. A significant proportion of these refugees (85%) live outside of camps in local communities and rely on publically provided social services, which has placed considerable pressure on the GOJ. Experts estimate that in 2013, the total cost of hosting these refugees was $850 million/year, which included $93.6 million for health services.[1] Two years later, these costs have continued to rise. The GOJ, who was and continues to suffer from budget deficits and public debt,[2] is watching many of its development achievements at risk of slipping backwards.

[1] Government of Jordan Rapid Response Plan

[2] General government net outstanding public debt as a percentage of Gross Domestic Product is 80.3% (source: Ministry of Finance, General Government Finance Bulletin, January 2015)

In areas particularly affected by the influx of refugees (such as Amman and the northern governorates), the increased demand has resulted in overcrowding at health facilities and delays in service provision. The refugee crisis has also contributed significantly to the existing burden of disease, particularly non-communicable diseases (NCDs). In addition to being the leading cause of death in Jordan, NCDs are driving up healthcare costs. The GOJ currently spends approximately 74% of its budget on costly curative services and only 16% on primary/preventive healthcare.[3] Presently, 76% of total deaths in Jordan are caused by NCDs, primarily heart disease, cancer and diabetes.

With nearly 70%of Jordan's population under the age of 30, the growing youth bulge can pose either an ***opportunity*** to grow Jordan's economy or a ***risk*** to Jordan's stability if there are insufficient jobs available for the expanding working-age population. The GOJ recognizes that the latter is a prospect it cannot afford, given that unabated population growth adversely affects Jordan's ability to achieve its economic progress and reduce poverty and unemployment levels. Additionally, high population growth complicates governance and security efforts, especially in a highly urbanized society like Jordan. To achieve its long-term development goals, Jordan needs to reap the benefits of demographic transition by balancing its population growth with its natural resources and economic outputs. Given the worsening economic situation in Jordan, the role of the primary healthcare system is becoming more vital in advancing and sustaining the health gains of the prior two decades.

In order to meet the increased demands of the growing population, while protecting the last two decade's achievements and gains, ***it is critical to improve the financial and institutional sustainability of Jordan's public health system***. In 2013 the GOJ spent approximately 7.6% of its GDP on health; comparatively, this makes Jordan the highest spender on health in the region. Other middle-income countries typically spend less on healthcare - approximately 5% of GDP. The increasing cost of treating NCDs, in addition to the increasing costs resulting from the Syrian refugee crisis, are straining Jordan's health system and threaten to negatively impact the economy and the stability of the country.

The health sector in Jordan is complex and comprised of multiple entities from both the public and private sectors. There is a distinct separation between the public and private sectors, both with respect to service provision and with respect to health financing - and as a result, Jordan's health system is highly fragmented. The two major public providers who both finance and deliver health services are the Ministry of Health (MOH) and the Royal Medical Services (RMS). Other smaller public providers are the university-based programs: Jordan University and the King Abdullah University Hospital. In addition to these main actors, there are a number of specialist healthcare providers, including the King Hussein Cancer Center, which are funded through the general budget. Several non-governmental organizations and donor-owned and operated facilities exist, the largest of which is the United Nations Relief Works Agency (UNRWA), who primarily funds services for Palestinian refugees.

The Ministry of Finance (MOF) funds approximately 92% of the annual MOH budget through pooled taxes and other government revenues. The health budget is based on previous years'

[3] Health Sector Working Group (2015 June): Health Sector Humanitarian Response Strategy Jordan 2014-2015

figures and includes an annual arbitrary growth percentage that is not tied to any type of needs-based assessments and without consideration to output levels or quality of services. The MOH submits their annual budget to the MOF/General Budget Department (GBD), who then determines the final allocation amount. As budget operations are fully centralized in Jordan, ministries at the governorate level are unable to respond to local needs flexibly, as they are obliged to obtain central MOH approval for even minimal spending amounts. USAID's Fiscal Reform Project conducted a comprehensive analysis on the MOH's budget expenditures and highlighted the need to strengthen the links between budget allocations, key performance indicators (KPIs) and needs-based assessments, as well as decentralize the budgeting process to the facility level.

In 2008 the MOF/GBD adopted the Results-Oriented Budgeting (ROB) approach, which focuses on establishing monitoring and evaluation capabilities within each line ministry, including the MOH, to strengthen the process of budget planning and execution. This includes the establishment of relevant and measurable KPIs, assigning targets to these KPIs, follow-up procedures to ensure adherence to, as well as corrective actions in cases of deviations from the planned budgets. Though the MOH has set KPIs per program area to measure progress, recent review by the Fiscal Reform Project has recommended that the current MOH KPIs be revised to better align with MOH strategic objectives and be more clearly linked to measuring progress towards universal health coverage. Further analysis is underway by the Fiscal Reform Project to determine the utility of the ROB approach and to identify ways to strengthen its application within the MOH.

The National Agenda 2007-2017 represents the GOJ's effort to create a plan for the reform, future growth, and development of Jordan through a comprehensive strategy for social, political, and economic transformation. Among other things, the National Agenda emphasizes administrative development, justice, accountability, and transparency in governance. As a steward of the health system, the MOH licenses, controls, and regulates professions and health institutions in Jordan, as well as ensures accountability, monitors and provides oversight of the health system. Although the MOH has achieved significant success in strengthening its stewardship role, there are remaining gaps in the areas of governance and social accountability that need to be addressed.

3. CHALLENGES

In general, Jordanians enjoy high quality, accessible healthcare for relatively low out of pocket spending costs; however, the funding situation is not sustainable, and the GOJ lacks a clear plan to move forward. Since the global financial crisis, the GOJ has assumed the role as principal financier of healthcare services in Jordan – a role that is increasingly difficult to sustain. Currently, two-thirds of all health spending is public with the MOH being the largest provider of health services, and (after households) is the second largest financing source of total healthcare spending. The MOH manages the Civil Insurance Program (CIP), which is the main health insurance program for civil servants and their dependents, covering 44% of the population. Contributions from employees generally do not reflect the cost of services as exceptionally low premiums amounting roughly to 3% of total salary or an average 6 JDs/month. The RMS manages the military insurance fund (MIF), which covers healthcare for 27% of the population,

including military staff and their dependents, as well as a large number of additional population groups such as high-ranking officials. Similar to the CIP, the contributions of the members of the MIF are very low, ranging from 2.5 JD to 5 JD per month, and do not reflect the costs of services or lead to cost recovery. Thus, the CIP and the MIF places a considerable financial burden on the GOJ and produces no cost recovery.

Rising healthcare costs in Jordan – due to: 1) the high prevalence of NCDs; 2) continued population growth; and 3) the Syrian refugee crisis – further threaten to upend the tenuous health financing situation. Based on service utilization data, demographic trends, and macroeconomic scenarios, the health expenditures of Jordan are expected to dramatically increase as a share of GDP over the coming decades if no health financing reform is introduced. Experts project that by 2030, Jordan will be forced to spend 14% of its GDP on health – unless drastic measures are taken.

4. OBJECTIVES

USAID/Jordan's new Health Finance and Governance Activity contributes directly to Jordan's Country Development Cooperative Strategy, Development Objective 3: Social Sector Quality Improved. It aims to improve health sector sustainability and resilience in Jordan through targeted interventions at the national and subnational level. This activity will focus primarily on supporting the GOJ to strengthen its underlying planning and management systems at the central, governorate and district levels, in order to ensure its capacity to provide effective stewardship, coordination and program oversight throughout the health sector. The activity will also strengthen the MOH's capacity in governance and management and make substantive gains in increasing efficiency in GOJ health spending. The core objectives of this activity are two-fold:

1. ***Increased spending efficiency of public resources for health in support of the GOJ's universal health coverage goal;***
2. ***Strengthened governance of the health sector to more effectively coordinate, plan, manage, and monitor the health system.***

Scope

The Health Finance and Governance Activity provides USAID/Jordan with an opportunity to shift its investments towards a new technical arena, while utilizing innovative and creative approaches to meet its objectives. While focusing primarily on health systems strengthening, this activity will coordinate closely with USAID's Human Resources for Health (HRH) 2030 Activity, the Health Service Delivery Activity, and the Jordan Communication, Advocacy and Policy (JCAP) Activity to ensure complementarity and to leverage resources towards common goals, whenever possible. With Jordan's national health system at the center of the Syrian crisis response, USAID's vision for this Activity is that it will have flexibility to respond to unforeseen challenges that may arise over the implementation period. As health financing and governance are new technical areas for USAID/Jordan to invest in at the proposed scale, USAID anticipates working closely with the winning applicant to ensure that the Activity is progressing as anticipated during the learning period of implementation.

In order for the Health Finance and Governance Activity to succeed, it is imperative that all interventions solicit host country leadership and foster key stakeholder ownership. No intervention will be implemented in a way that does not consider future institutionalization and sustainability and ultimately lead to a more resilient national health sector. USAID expects that the Health Finance and Governance Activity will focus its efforts at both the national and sub-national level and across various stakeholders potentially including, but not limited to, the GOJ – MOH/Health Insurance Administration, MOH/Planning Administration, MOF/GBD, the Ministry of Planning and International Cooperation (MOPIC) and the Ministry of Interior (MOI) – High Health Council (HHC), RMS, university hospitals, Insurance Commission, private insurance providers, etc.

USAID expects that the Recipient will work in lock step with the World Health Organization (WHO) and other donors supporting universal health coverage in order to establish a well-coordinated, united donor front that will ensure efforts are harmonized and resources are leveraged to maximize activity impact.

Please note: The interventions listed under Objectives 1 and 2 are illustrative. USAID expects Applicants to thoughtfully analyze the context in Jordan and to propose interventions that will ultimately lead to the achievement of the two objectives. Given that this innovative activity will break new ground, applicants should articulate the various levels of risk associated with each proposed intervention, as well as present the critical assumptions inherent to each, and discuss mitigating steps that USAID could take to assist the activity to meet its objectives.

Objective 1: Increased spending efficiency of public resources for health in support of the GOJ's universal health coverage goal

A good health financing system raises adequate funds for health in ways that ensure the public can access services and are protected from financial catastrophe or impoverishment associated with having to pay for them. It provides incentives for providers and users to be efficient. In support of this objective, the Recipient will assist the GOJ to: a) improve and expand insurance coverage; b) increase efficiencies within the health system; c) increase engagement with, and leveraging of, the private sector; d) improve equity of health insurance premiums mechanisms; and e) allocate increased resources for preventive/primary health care. Efforts will also focus on building capacity in financial and economic analysis to inform programming decisions.

In 2015 the GOJ declared its intent to achieve universal health coverage.[4] At the request of the GOJ, the World Bank conducted a rigorous economic analysis on the potential and feasibility for achieving universal health coverage in Jordan and concluded that it could be possible if Jordan prioritizes policy reforms that have the maximum impact in addressing challenges faced in the sector. The World Bank also concluded that universal coverage is possible given current budget funding levels, ***if*** far-reaching structural reforms are executed successfully. Necessary reforms range from streamlining the fragmented, uncoordinated, and loosely regulated (in the case of the private sector) web of healthcare finance flows, consolidating public providers, reducing the disproportionate amount of money spent on curative, hospital-based care rather than outpatient

[4] Jordan Vision 2025

preventive care, and inefficient resource allocation stemming from centralized management of human resources and physical infrastructure.[5] The GOJ has demonstrated its commitment to its universal health coverage goal by establishing a UHC Ministerial Steering Committee and Task Force, both of which receive technical support from the WHO. WHO, along with USAID, the HHC, and the MOH, will conduct a UHC assessment for Jordan in early 2016 (TBD) as a starting point for the development of a comprehensive UHC strategy and action plan.

As mentioned above, the MOH manages the CIP,[6] while the RMS manages the MIF, and, in both cases, member contributions are extremely low. These contributions have also not been revised to account for price increases for several years. Inefficiencies on the revenue side, in combination with several weaknesses on the purchasing side, have contributed to undermining their financial sustainability.[7] Both insurance schemes are criticized for being regressive as low-income households are currently responsible for the same cost-sharing arrangements as middle and higher income households. There is insufficient means testing to assess an individual's ability to pay for health services; and therefore, those who *could* reasonably afford to pay higher premiums, have no obligation to do so. This is particularly the case for those who access Royal Court exemptions based solely on a physician's referral and with no requirement to demonstrate inability to pay. The GOJ's generosity - as exemplified by the highly subsidized healthcare it funds and provides - has created an expectation among the public to pay only minimally for services. This is a factor that must be considered when designing interventions to increase public spending efficiencies. Though it is commendable that a high percentage of Jordanians can access healthcare services through various schemes and exemptions, it is important to recognize that this creates inefficiencies in resource allocation and undermines the ability of the GOJ to develop a sustainable health financing system.

For individuals in the lowest wealth quartile, they can receive MOH benefits with subsidized fees that do not cover the cost of the health services. The Civil Insurance Fund (CIF), which operates under the CIP, exempts civil population who were classified as poor by the Ministry of Social Development from paying. In addition to this benefit, the MOH provides free-of-charge medications for patients who suffer from certain medical conditions regardless of their ability to pay.[8] The CIF is not restricted solely to civil servants and their beneficiaries; it also provides free health services to children under the age of six, people residing in poverty pockets and remote areas, organ donors (for a period of five years), blood donors (for a period of six months), and there is an optional subscription for pregnant women and the elderly. Most Jordanians without insurance coverage or other means can receive medical assistance through the Royal Court who provides physician-referred cases with a "blank check" to cover high cost services, including cancer and certain NCD treatments. These are provided without verifying the patients' ability to pay. In 2013, approximately 180 million JD were spent on treating 110,000 exempted cases.[9]

[5] Rabie T, Ekman B, Özçelik E. Towards Universal Health Coverage: A Comprehensive Review of the Health Financing System in Jordan. World Bank, 2014: Washington, D.C.
[6] The CIP receives 45% of its budget from MOH and 49% via household contributions from the insured.
[7] Ibid.
[8] Examples of medical conditions included in this category include contagious diseases, cancer, kidney disease, tuberculosis, and pneumonia, HIV/AIDS, and drug and alcohol addiction.
[9] Rabie T, Ekman B, Özçelik E. Towards Universal Health Coverage: A Comprehensive Review of the Health Financing System in Jordan. World Bank, 2014: Washington, D.C.

Within the private sector, 64 hospitals of various sizes operate along with a large number of general practitioners and medical specialists. These are accessed both by fee-paying clients and those possessing private health insurance (which is between 8-11% of the population). CIP patients who are referred for services not provided in the public sector are also in this category. A relatively large number of private insurance companies operate in the country, under the regulatory supervision of the Insurance Commission, which offers health insurance policies both to individuals and to the employees of private companies. Private insurance companies also act as third-party payers/administrators to manage the health insurance programs on behalf of larger companies and corporations that self-insure their staff. The private health insurance market is not well regulated with respect to premium setting or benefits packages, and this is an area that requires attention.

Other smaller insurance programs include the university hospitals insurance, which covers 1.3% of the population, and UNRWA's health insurance, which covers 6.8% of the population with primary healthcare services only. Out-of-pocket expenditures are relatively high at 31% of total health spending – a strong driver of this is high pharmaceutical costs.

Additionally, a certain percentage of Jordanian citizens are covered twice by different forms of insurance. The combination of: 1) multiplicity of insurance agencies in the public sector; and 2) the duplication of government health insurance creates many spending and pooling inefficiencies. Currently no one has determined the exact percent of duplication, so it is impossible to know (with any degree of confidence) who is without insurance coverage and what is their vulnerability to catastrophic health spending. In order to achieve universal health coverage, it is necessary to identify these populations and to ensure that they are covered appropriately. The World Bank, MOH, and HHC conducted two assessments using different methods to evaluate the degree of insurance coverage in Jordan. The outcomes of both assessments had significant variations in their results, and concluded that between 70-93% of Jordanians possess some form of health coverage. The 93% figure does not take into account the duplication of insurance policies known to be held by a significant percentage of the population. As a result, severe ambiguities remain with respect to total population coverage and the type of insurance coverage that different groups possess.[10] It is unknown who in Jordan lacks protection against catastrophic health spending. In order to achieve universal health coverage, it is imperative that coverage be extended to those vulnerable populations.

The Recipient will work closely with relevant stakeholders to identify and implement strategies in support of universal health coverage that will include expanding coverage to vulnerable groups, while increasing overall spending efficiencies. In partnership with the GOJ, the Recipient will develop a national universal health coverage (UHC) financing strategy and associated action plan, including relevant analyses (i.e. political economy analysis, etc.) to examine opportunities and barriers to financing UHC. As part of this strategy, the Recipient will propose appropriate cost-containment measures (such as the strategic purchasing of services and pharmaceuticals) and implement them in conjunction with stakeholders. To unify information systems for all insurance programs, the Recipient will support the creation of a national

[10] Ibid.

database/registry to track insurance subscriptions for all public and private insurance programs and to avoid duplication of coverage where possible. Innovative approaches to link this registry with a smart card/eFile for each subscriber holder should also be investigated. Where possible, the Recipient will also define and establish a more equitable system linking the ability to pay with insurance contributions and entitlements, and review and amend legislation packages related to the health insurance industry as necessary.

To address rising healthcare expenses, the Recipient will assist the GOJ to critically analyze its spending and identify strategies to contain costs. One way for the GOJ to counter high NCD curative spending is to invest more resources into preventive/primary healthcare services. Currently, 27% of health spending (roughly 445 million JD) goes towards pharmaceuticals – a high percentage when compared to the average 19% spent in European Union countries.[11] Provider prescription behavior is identified as the most significant reason behind high pharmaceutical spending, namely due to the lack of evidence-based, and enforced standards and regulations governing what treatments are prescribed under what circumstances.[12] This is compounded by the fact that continuing medical education is mostly sponsored or organized by private pharmaceutical companies. Although Jordan is one of the largest generic pharmaceutical producers in the region, government purchases do not benefit from their availability. Thus, analysis of current pharmaceutical spending and the procurement of locally-produced generics is a critical area for further investigation.

Working closely with the MOH and MOF/GBD, the Recipient will identify opportunities to strengthen the GBD and MOH's capacity to monitor program performance and to link it with annual budget requests. This will include technical assistance to build economic analytical capacity in order to more effectively advocate for and justify these requests. The Recipient will also identify opportunities to build national capacity overall to carry out economic/costing studies with key counterparts, including the HHC, and promote the use of the National Health Accounts in policy-making.

In addition to activities targeting the GOJ, the Recipient will explore public-private partnerships and other innovative health financing options. This may include providing a number of small to medium-sized grants to local NGOs, research organizations, think tanks and/or universities to conduct research, to design and pilot interventions, and/or to foster a public-private dialogue on strategies to achieve universal health coverage.

Objective 2: Strengthened governance of the health sector at both national and subnational levels to more effectively coordinate, plan, manage, and monitor the health system

Although there are several strategy documents outlining the national vision for the health sector (including the Jordan Vision 2025, the MOH Strategic Plan 2013-2017, and the National Strategy for the Health Sector 2015-2019), the ability to actually implement and monitor these strategies is a significant challenge for the GOJ. This is due in part to the lack of inclusion of subnational counterparts in the planning and preparation of these strategies. Additionally, it can

[11] National Strategy for the Health Sector 2015-2019
[12] High Health Council (2014) Jordan National Health Accounts 2012

be traced back to a lack of technical, material, and human resources. When new protocols and procedures are developed at the central level, they are often rolled out without adequate training or support provided to those working at the governorate or ground level. Overall, the health sector suffers from poor coordination – both among the public and private sectors, as well as within the central and governorate-level MOH offices. This extends to donors and multilateral stakeholders, who often miss opportunities to coordinate efforts and leverage resources towards a shared goal. Effective coordination within the health sector is critical to achieving universal health coverage; currently there is lack of clarity regarding who is actually tasked with this role and able to carry it out effectively. Although HHC is positioned to do this, it lacks the resources and authority to do so. Currently, the HHC, which is chaired by the Minister of Health, is mandated to:

- Set the general policy for the health sector in Jordan;
- Develop strategies to carry out these policies; and
- Organize the health sector to ensure that all citizens access the needed health services according to the latest scientific techniques and technologies.

HHC membership includes representatives from each public and private health sector entity. While there have been several notable achievements by the HHC (including launching the National Strategy for the Health Sector 2015-2019 and drafting the annual National Health Accounts reports), the HCC is hindered from completely fulfilling its mandate due to a lack of human, technical, and material resources. The Recipient will conduct appropriate analysis to determine the best approach for improving overall health sector coordination, including analysis of HHC's specific role – given its current level of support and authority – and determining how to strengthen this entity in light of the above mentioned challenges.

Additionally, many MOH processes, procedures, and policies are inefficient. For example, public accountability and transparency are areas that need improvement; and public consultation mechanisms and procedures for obtaining citizen feedback on policies and services are inadequate. Inefficiencies due to highly-centralized decision making are a primary concern in Jordan. There is limited authority and capacity at subnational levels to plan, budget, and manage resources effectively. The centralized MOH system leads to unnecessarily high operational costs due to inefficient resource allocation, procurement practices, and an inability to respond flexibly to the needs of the health directorates and facilities. This is aggravated by fragmented health information systems that do not lend easily to timely, data-driven decision making across the sector.

Decision-making within the MOH is highly centralized despite the appearance of a deconcentrated system of management. The country is divided into twelve governorates, each of which has a MOH administrative office or Health Directorate, led by a centrally-assigned Director of Health. Each of the Health Directorates act on behalf of the central MOH and exercise only limited decision-making power. All significant managerial, budgetary and procurement matters are ultimately decided by senior-level executives, located at the MOH headquarters in Amman. This has created a system in which the needs of the governorates, health facilities and the public, frequently conflict with the policies of the central ministry. In 2005, His Majesty King Abdullah expressed the GOJ's intention to roll out a decentralized system of government where public policies would be developed through a "bottom-up" process rather

than imposed from the top down. Since that initial announcement, Jordan has made minimal progress towards decentralization, seen mainly through the establishment of democratic representation at the local levels and the granting of powers to local governments and councils. While full decentralization of the health system is unlikely to occur in the immediate future, efforts to prepare the MOH for this imminent process are critical – particularly in that they will support more effective decision-making and increased spending efficiency overall.

The Recipient will strengthen the GOJ's governance capacity to effectively manage health system resources, measure performance, and ensure meaningful stakeholder participation. The Recipient will identify and implement approaches to improve the GOJ's ability to monitor the implementation of key health sector strategies, while also supporting improved coordination of the health sector.

Strengthened and expanded efforts will support the MOH to deconcentrate management, planning functions and budgeting to subnational levels, particularly as the GOJ prepares for more formal decentralization efforts in the future. The Recipient will focus on strengthening administrative, management, budgeting, and monitoring and evaluation capacity at subnational levels, as well as strengthen the coordination and linkages between and among all levels of the MOH. Because leadership capacity underpins all of these investments, the Recipient will design and implement targeted interventions to strengthen professional administration, strategic and operational planning, financial management and monitoring and evaluation. As too many minor decisions are sent up the chain of command in the MOH, the Recipient will help to define the decision-making authority of middle managers at the central MOH and the governorate-level health directorates, particularly with regards to executing regulations and standard operating procedures. Based on the findings, the Recipient will identify ways to empower these managers and strengthen their overall management capacity. The Recipient will also support the use of high-quality, transparently available data for management decision-making through improved training, studies and research in the field of health policy. Lastly, the Recipient will identify and implement appropriate means to ensure that civil society participation is enhanced and that feedback is solicited in order to improve the overall accountability of the public health sector.

Expected Results:

USAID expects that successful implementation of interventions under these two core objectives will lead to universal health coverage. In order to achieve this goal, USAID expects significant improvements in the following areas:

- Increased public health spending efficiency;
- Increased percent of GOJ funding spent on preventive/primary health care;
- Improved coordination and monitoring of the overall health sector;
- Strengthened capacity among MOH middle-managers in planning, management and monitoring and evaluation;
- Increased authority exercised by MOH Health Directorates in day-to-day management of the health sector.

The Applicant is responsible for recommending additional indicators and targets that are ambitious, yet realistic and achievable, to demonstrate progress towards expected results.

5 OPERATING CONSIDERATIONS AND CONTRAINTS

This section provides information to applicants regarding key considerations for design and implementation of this activity. The section also outlines major assumptions or challenges that may impact achievement of results.

USAID/Jordan Guiding Principles

The following guiding principles are critical to achieving the USAID/Jordan's overall health development and should be reflected throughout applicants' technical applications and in their monitoring and evaluation plans. These principles include:

- Strengthening Jordanian ownership, capacity and leadership;
- Fostering the sustainability and institutionalization of program interventions whenever possible;
- Working with and through host country counterparts (not parallel to them);
- Leveraging past USAID efforts and results whenever possible;
- Complementing ongoing USAID activities and preventing duplication of other stakeholder activities;
- Addressing the needs of the most vulnerable populations (women, children, poor, refugees in host communities);
- Designing evidence-based, cost-effective interventions, and incorporating innovation when possible and appropriate; and
- Fostering youth and gender-sensitive approaches.

Programmatic Approaches

- Country-led policies and processes**:** USAID/Jordan will strengthen country leadership, policies and processes towards increasing public spending efficiencies, achieving universal health coverage and strengthening governance capacity to coordinate, plan, manage and monitor the health sector. USAID will partner with the GOJ - including MOH, MOPIC, MOI, HHC, RMS and other public sector providers - civil society, private sector and other stakeholders, to promote coordinated actions and advance country priorities.
- Sustainable approaches**:** USAID/Jordan will support country capacity development and cost-effective approaches to help ensure sustainable interventions. USAID/Jordan will support the GOJ and other key partners to adopt evidence-based, innovative practices tested through this activity to bring these interventions to scale and promote sustainability. The activity is expected to work through and complement existing health financing, insurance and governance structures at the national and sub-national levels, including both the public and private sector.
- Inclusivity and equity: This activity will support USAID/Jordan's cross-cutting development objective of promoting gender equality and will effectively integrate gender mainstreaming through male involvement, staffing, partnerships, activity planning and interventions, and implementation, wherever possible. The activity will also consider the specific needs of youth, marginalized and vulnerable populations, particularly when proposing strategies to increase their participation in insurance coverage schemes.
- Program Learning**:** USAID/Jordan will support scaling-up evidence-based best practices in health financing, universal health coverage and governance based on a robust program

learning agenda and field application. The activity will liaise closely with key stakeholders to rigorously identify strengths, weaknesses, opportunities and threats to achieving activity objectives. The activity will also collect and use data on the private sector to strengthen linkages between the public and private health sectors and to identify opportunities to better leverage resources from the private sector, including identification and implementation of Public Private Partnerships, wherever possible. The activity will facilitate documentation and dissemination of implementation successes and failures to achieving universal health coverage, and adaptation of best practices from the region and other developing countries.

Consistent with USAID Mission Strategic Goals

USAID/Jordan designed its new Health Finance and Governance Activity to contribute towards the achievement of its mission level goal to "Improve the prosperity, accountability and equality for a stable and democratic Jordan." Specifically, this activity is meant to produce results under Development Objective (DO) 3: Social Sector Quality Improved, Intermediate Result (IR) 3.1 Health Status Improved. Interventions under this activity will contribute primarily to improving health sector sustainability and resilience through strengthening the health system and improving the enabling environment. To demonstrate contributions towards the achievement of USAID/Jordan's sub-IR 3.1.2 (3.1.1.1 and 3.1.1.2), the Recipient will be responsible for achieving specific results under each of the Activity Objectives listed in Section 4 above. In their technical applications, applicants will need to link proposed activity interventions and activity level sub-results to the achievement of the results outlined below. This Activity also falls in line with DO 1: Broad-based, Inclusive Economic Development Accelerated, *IR 4: Fiscal stability and public financial management improved*, and DO 2: Democratic Accountability Strengthened, *IR 1: Governance processes and institutions improved*. The Applicants do not need to detail how their proposed technical applications link to DOs 1 and 2.

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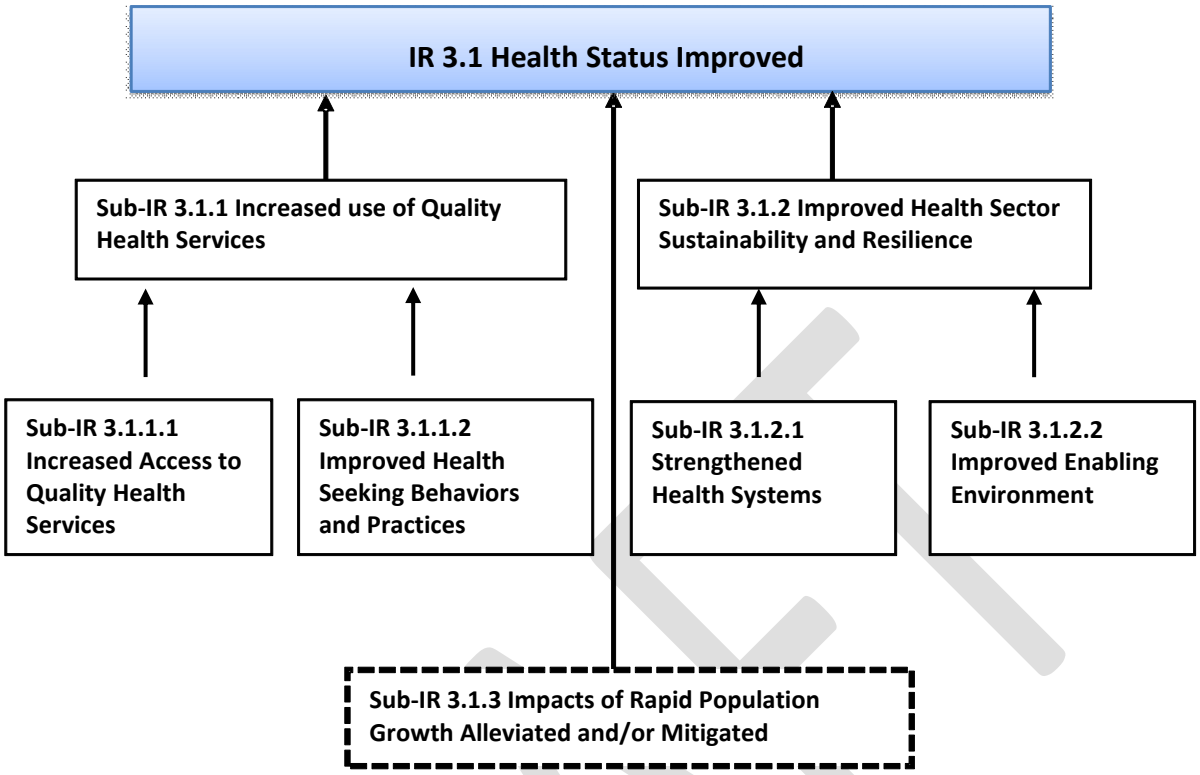

Synergies with other USAID-funded Activities

The Health Finance and Governance Activity will coordinate closely with the other activities in USAID/Jordan's current and growing health portfolio, including the Human Resources for Health (HRH) 2030 Activity, Health Service Delivery Activity and the Jordan Communication, Advocacy and Policy (JCAP) Activity to ensure complementarity and to leverage resources towards shared goals. The Health Finance and Governance Activity will also ensure that it works in lock-step with the USAID-funded Fiscal Reform Project as it draws to an end in July 2016. After that point, the Activity will coordinate closely with the follow-on Fiscal Reform III Activity and build upon achievements in the area of public financial management. In support of decentralization, the Health Finance and Governance Activity will also coordinate wherever possible with the USAID-funded Municipal Governance Project.

Key Assumptions

USAID/Jordan makes the following assumptions about the implementation/operating environment during the life of this activity:

- Jordan remains relatively stable;
- The GOJ remains strongly supportive of achieving universal health coverage;
- Key stakeholders are willing to coordinate and collaborate towards the goal of achieving universal health coverage;
- The GOJ and other stakeholders are willing to make key policy reforms that increase health spending efficiencies and strengthen the governance capacity of the health sector;
- USAID funding levels may decline gradually over the life of program.

6. PERFORMANCE STANDARDS AND QUALITY ASSURANCE and SURVEILLANCE PLAN (or MONITORING AND EVALUATION PLAN)

Performance-based monitoring is essential for ensuring management and results achievement of this activity, and therefore the Awardee will be required to develop and maintain a performance monitoring system to track tangible, measurable progress toward the results under this program description. Specifically, this activity will require a comprehensive Activity Monitoring and Evaluation (AMEP) Plan, which must include a clearly defined development hypothesis, performance indicators, baselines, and targets for output, outcome, and impact level monitoring, as well as learning approach and resources and benchmarks for performance over the five-year implementation period. The AMEP should also contain metrics for the sustainability of successful interventions introduced with activity support. The AMEP should also include approaches for a systematic, intentional and resourced approach to a strategic collaboration, continuous learning and adaptive management. An illustrative monitoring and evaluation plan is to be included in the technical application with the final version submitted to the Agreement Office Representative (AOR) within 60 days of the Award. USAID expects the draft AMEP to be populated with as many figures as possible. During implementation, the Awardee will be using the approved AMEP to track and report on progress against jointly agreed-upon quarter, semi-annual, annual, and end-of-program performance targets and benchmarks. Additionally, the Awardee will empirically demonstrate how activities build the institutional capacity of the GOJ, and other stakeholders. USAID/Jordan may require the Awardee to track and report on additional performance indicators subject to changing of Agency guidance and/or the requirements of specific funding sources and the Mission's own Performance Management Plan.

USAID will also be responsible for conducting a third-party end-of-project evaluation to determine the extent to which this activity met its objectives and results were achieved in the context of the comprehensive USAID health investment within Jordan, the reasons for the variance per available baseline data, and how the review's findings can further inform similar investments in the future.

Notwithstanding the need for semi-annual and annual reporting, the Awardee must immediately notify USAID/Jordan of any developments that have a significant impact on award-supported activities. Further, notification must be given in the case of problems, delays, or adverse conditions, which materially impair the ability to meet the objectives of the award. These notifications must include a statement of the action taken or contemplated, and any assistance needed to resolve the situation. This is a program area that may require high-level USAID or Embassy intervention to catalyze movement or advocate for a viewpoint. At a minimum, the Awardee will be required to meet regularly with the AOR and submit written quarterly performance progress reports on implementation and strategic direction of this activity.