Annex 2
Action Fiche for Syrian Arab Republic / ENPI / Health Sector

1. **IDENTIFICATION**

<table>
<thead>
<tr>
<th>Title/Number</th>
<th>Health Sector Modernisation Programme II in Syria</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total cost</td>
<td>EC contribution in the amount of €15,000,000 In-kind contributions from the Ministry of Health to be confirmed.</td>
</tr>
<tr>
<td>Aid method / Method of implementation</td>
<td>Project approach – Decentralised management.</td>
</tr>
<tr>
<td>DAC-code</td>
<td>1211 0 Health Sector Health policy and administrative management.</td>
</tr>
</tbody>
</table>

2. **RATIONALE**

2.1. **Sector context**

The 10th Five Year Plan (FYP) 2006-2010 envisages a gradual progression from a command economy towards a social market economy. Five goals are presented in the health chapter: (i) the enhancement of the public health; (ii) the development of the health financing system; (iii) the improvement of health services level and performance; (iv) the strengthening, management, supervision and monitoring of the sector; and (v) the modernisation of the pharmaceutical sector. Addressing goal (ii) is seen by the Prime Minister and the State Planning Commission as the first priority. Health reform elements in the 10th FYP will remain a priority for the Government of Syria (GoS) in the coming years and will remain central under the 11th FYP 2011-2015, under discussion.

There has been an important progress in the health status of the Syrian population over the past three decades. However the reform of the health sector still faces major challenges. Health financing in Syria originates mainly from out-of-pocket spending of private households and from the government. €62 are spent per head for health, out of which €29 are state-funded. The total health expenditure in Syria accounts for approximately 4.5% of GDP. An estimated 7.8% of the government budget is allocated for health. The overall political and governance situation in Syria, as well as the lagging reform process continue to make any work in the public sector a challenge; the health sector is no exception to this. The ambitious health reform elements, such as the establishment of a health insurance system, are still at an early stage. A final decision on the role and implication of the Ministry of Health, the Ministry of Finance and the Ministry of Social Affairs and Labour still has to be made. There has however been progress in reform elements, particularly with the development of semi-autonomous hospitals.

2.2. **Lessons learnt**

The main lessons learnt from EC-funded Health Sector Modernisation Programme I (HSMP I, 2001, €30 million) have been: (i) the need to limit the number of areas covered; (ii) more effective approach topic pilots will be used instead of pilot regions; and (iii) the need of a long term contracting and financing expert for programme implementation. The necessary skills to develop and steer a national health system under conditions other than a centrally planned state economy take substantive time to develop, and might require more time than assumed under HSMP I. The fostering
of the critical analytical skills and experiential learning to provide the country with the capacity to steer future change processes will be essential.

2.3. Complementary actions

Donor contributions concentrate on financing the physical rehabilitation and/or construction of primary/secondary care facilities. Most international donors tend to focus on specific interventions such as nursing, cancer, equipment for hospitals, or the health needs of Iraqi refugees in Syria, while the EC support (and to some extent the Aga Khan Foundation) envisages overall health system reform.

2.4. Donor coordination

Donor coordination in the health sector is currently weak in Syria. There is no formal health sector meeting organised by the Ministry of Health (MoH) or inter-sectoral coordination. There have been recent attempts to foster international coordination. Informal sector donor meetings have been organised by the EC and bilateral meetings with the MoH also take place on an ad hoc basis and help donors align with the priorities of the MoH. Coordination among partners working on the Iraqi refugees has significantly improved. The Consolidated Appeal Process for 2009 helped coordinating each agency's response.

3. DESCRIPTION

3.1. Objectives

The overall objective of HSMP II is to improve the health status of the Syrian population through improved equity, efficiency and quality of the health system. The project purpose is to strengthen the capacity of the GoS to implement the health component of the 10th FYP and related policy frameworks with the aim of increased utilisation, equal access and quality of health care. HSMP II deals essentially with capacity building for the coming generation of health system leaders. It strengthens the further training of committed health system managers, especially in the area of health financing. Pilot testing will remain an important component and will be used to test the reforms related to the autonomisation of hospitals and the mentoring of the nursing sector. The main result areas will be the following:

- The stewardship function of the MOH is supported.
- The managerial and financial autonomy of hospitals is developed while ensuring equitable access and quality of nursing care.
- The capacity to design and to adapt health financing and social health insurance is developed.
- The in-country capacity for training, sector policy advice and consultancy support is enhanced.
- The production of population-based information on health care utilisation/expenditure is supported.

3.2. Expected results and main activities

Result Area 1: Stewardship function of the MOH supported

Stewardship of the MoH will continue to be supported if the Ministry is to successfully undertake the ambitious health reforms and structural changes. Its roles,
functions and structure will need to be redefined as to comply with the ongoing socio-economic transition. Its planning functions will need to be strengthened (notably in capacity for policy analysis, formulation and strategic planning, development of long-term strategic thinking in the use of scenarios, etc.). Updating existing health legislation will need further technical support. The MoH, and notably the Department of Planning, International Coordination and Statistics, is the lead agent of this result area. The Director of HSMP II will be located in this Department.

**Result Area 2: Autonomy of hospitals (including piloting) and quality of nursing care**

One of the focuses of HSMP II will be on the hospital sector—considering that a lot of support has already been provided to primary health care under HSMP I and national/international activities. Capacity building is essential for obtaining consumer confidence in affordable and quality care. Nursing care is a major component of any plans related to quality hospital care. Recent initiatives of uplifting the level of nursing staff will be encouraged notably through training of trainers and mentoring in pilot hospitals. Pilot testing will be an essential element of this result area and will be designed to demonstrate that the benefits of HSMP II can be perceived and measured at the population level in the catchment's area of pilot hospitals. The pilot testing will also have to monitor that the user charges introduced will not constitute a financial access barrier for the poor.

Full-time professional expertise in hospital management (with a focus on cost accounting and hospital law) will be provided, in addition to short term experts in specific areas of hospital management (operations/HR/quality management). These experts will be closely working with the Director of the Damascus Hospitals and the Director of Nursing in their relevant areas of interest. Legal expertise will be required and provided through the cooperation with the legal expert working in result area 1.

**Result Area 3: health financing and social health insurance**

Capacity building in health financing and health insurance is an essential prerequisite for modernising the health sector, as set in the ambitious goals of the 10th FYP. The exact role of the MoH regarding health financing is still unclear but the Ministry has to remain a major contributor to the health financing reform. Consultancies and policy advice provided by the Center for Strategic Health Studies (CSHS) will increase understanding of health financing, as well as coordination with other line Ministries involved in this sector (Ministries of Finance and of Social Affairs and Labours).

The activities will be carried out by a unit for health financing and insurance to be established either in the Department for Planning, International Cooperation and Statistics in the MoH or in the CSHS. This unit will have a key role in policy advice during the implementation of HSMP II and will work closely with the long term health financing expatriate. Activities will comprise the compilation of all available evidence on health financing and health insurance in Syria, carrying out studies and elaboration for the costing and billing of services. Pro-poor health financing strategies will be given special attention by targeting the public supply subsidy.

**Result Area 4: Training, sector policy advice and consultancy**

a) A training component:
The CSHS will play a central role in the further development of the modernisation strategy of the Syrian health sector. Health sector stewardship has to be brought into the minds of all trainers and postgraduate trainees, since they shall assume in the future the role of leaders for modernising the entire health system. Stewardship needs training in long and short-term courses, a knowledge base, pilot-testing and application through consultancies. The methodology for strengthening the human resources of nursing will combine two approaches: (i) classical classroom training will be applied in a practice-oriented way (dual training model in classroom/workplace) and (ii) the mentoring model of training of trainers in nursing teaching will be used. The portfolio of the CSHS concerning long-term degree teaching and short-term non-degree training will be consolidated and further expanded with regards to the needs.

b) A sector policy advice and consultancy component (with a major role of the CSHS):

Research and consultancies are part of the main activities of the CSHS, which will be strengthened and expanded during HSMP II. Attention will be given to the following topics: health financing, health insurance, autonomisation of hospitals and monitoring of equity of access. The aim of these undertakings is a change in health policies and legislation, and the commitment of key players of the health system.

A review of the activities carried out in HSMP I will be assessed and experience in the region and with countries with similar epidemiologic profile will also be reviewed.

Regional nursing experts shall be hired as trainers of trainers. Senior international experts will be necessary to support the team of CSHS staff (which is in its majority a young team). All the experts will work closely with the CSHS and the Department of Nursing of the MoH in their concerned areas.

Result Area 5: Generation of reliable population based information

Reliable and valid statistical and financial data need to be produced and strengthened. National health accounting and health reporting on household health expenditure and on public and private health care provision need support. This data should be collected routinely by the Central Bureau of Statistics. Special attention will be given to out-of-pocket payments by households, which still represent the dominant trend in Syria. This result area will seek the best use of existing household survey data and on key considerations when supporting the generation of new data through household surveys.

3.3. Risks and assumptions

The main envisaged risk is the slow implementation pace of reforms in Syria. Regular monitoring of HSMP I and intensified policy dialogue with main stakeholders are mandatory risk mitigation measures. The assumptions for HSMP II are the following: (i) the socio-economic situation allows Syria to proceed in the modernisation process; (ii) the health budget is increased in line with comparable countries in the region; (iii) the 11th FYP follows the path of reforms envisaged in the 10th FYP and there is a political will to undertake the modernisation of the health system; and (iv) there is a perspective of civil service reform, preparing civil servants for their new roles.
3.4. Crosscutting Issues

The programme will support the Government’s efforts to achieve the MDGs relating to Poverty, Gender equality and Maternal and Child Health by improving Syria’s social protection system, and providing a security net for the poor. It will also contribute to good governance through strengthening the institutional capacity and know-how of Syria.

3.5. Stakeholders

(1) The Ministry of Health as the steward of the health system.
(2) The Department of Planning of the Ministry of Finance, which controls the budget and financial program management of all public finances.
(3) The Health Section of the SPC, which develops strategies and policies, coordinates programming and reports to the Prime Minister Office.
(4) The Ministry of Higher Education as a main partner for universal level education in health.

4. IMPLEMENTATION ISSUES

4.1. Method of implementation

The implementation method of the programme will be partial decentralised management through the signature of a Financing Agreement between the EC, the Syrian Ministry of Health (MoH) - as beneficiary of the project- and the State Planning Commission as national coordinator.

A Project Task Force (PTF) will be established, through the awarding of a services contract - comprising the necessary expertise for the running and the management of the project-, inside the institutional structure of the MoH. In line with the provisions of the Backbone Strategy, the management rules for the PTF will be designed in a way that it will ensure appropriation, ownership and leadership of the project by the Syrian administration. It will serve also to support the Ministry's institutional development, its implementation capacity and its policy making role through an appropriate mix of international, regional and national expertise in the key health areas of the project (health financing, hospital autonomy, public health training, monitoring, etc.).

During the formulation of the TAPs, the EC will assess different scenarios for the level of decentralisation of the service contract for PTF (e.g. assistance support to project management could be centralized with one long term expert and the technical cooperation, capacity development of the MoH's steering function and twinning activities could be decentralized).

The EC Delegation in Syria will be the contracting authority for the PTF service contract, as well as for the audit, monitoring and evaluation contracts. The Commission controls ex ante all the procurement procedures except in cases where programmes estimates are applied, under which the Commission applies ex ante control for procurement contracts > 50,000 EUR and apply ex post for procurement contracts ≤ 50,000 EUR. The Commission controls ex ante the contracting procedures for all grant contracts.
Payments remain centralised except in cases where programmes estimates are applied, under which payments are decentralised for operating costs and contracts up to the ceilings indicated in the table below.

The Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below.

<table>
<thead>
<tr>
<th>Works</th>
<th>Supplies</th>
<th>Services</th>
<th>Grants</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 300,000 EUR</td>
<td>&lt; 150,000 EUR (Budget)</td>
<td>&lt; 200,000 EUR</td>
<td>• 100,000 EUR</td>
</tr>
</tbody>
</table>

4.2. Procurement and grant award procedures

Contracts: All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure.

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EC external actions. The maximum possible rate of co-financing for grants is 80%. Full financing may only be applied in the cases provided for in Article 253 of the Commission Regulation (EC, Euratom) No 2342/2002 of 23 December 2002 laying down detailed rules for the implementation of the Financial Regulation applicable to the general budget of the European Communities.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by ENPI Regulation. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in 21(7) ENPI.

Specific rules of grants: It is foreseen to build capacity in (semi-)autonomous national institutions (mainly CSHS and CBS) that will play a key role in supporting the development of an equitable and inclusive health financing system in Syria through the direct attribution of grant agreements. Because of their monopolistic nature, a direct attribution (art 168 f) IR) without competitive call for proposals will apply (after verification that these institutions fulfil the necessary managerial and administrative requirements).

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

4.3. Budget and calendar

The indicative budget breakdown is as follows:

<table>
<thead>
<tr>
<th>Indicative Project Budget</th>
<th>Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Services (including technical assistance)</td>
<td>6,300,000</td>
</tr>
<tr>
<td>Running costs</td>
<td>2,500,000</td>
</tr>
<tr>
<td>Supplies and equipment</td>
<td>2,000,000</td>
</tr>
</tbody>
</table>
## Indicative Project Budget

<table>
<thead>
<tr>
<th></th>
<th>Euro</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grant Facility</td>
<td>3,000,000</td>
</tr>
<tr>
<td>Monitoring, auditing and evaluation</td>
<td>500,000</td>
</tr>
<tr>
<td>Information and communication costs (EC visibility)</td>
<td>200,000</td>
</tr>
<tr>
<td>Contingencies</td>
<td>500,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>15,000,000</strong></td>
</tr>
</tbody>
</table>

The **overall implementation period** of the programme shall be 48 months as from the signature of the Financing Agreement.

### 4.4. Performance monitoring

An **internal system of monitoring** will be developed by the programme during its inception phase. The PTF will be responsible to monitor the implementation of the project’s activities through the timely submission of standard reports and the EC will have the right to monitor and evaluate the project activities though accessing monitoring, progress and evaluation information produced by the PTF (EC will systematically be consulted *ex-ante* on any needed reorientation of the overall programme). A mid-term monitoring mission will be also carried out by the EC Delegation in Syria. The **external monitoring of the programme** will be carried out through the Result Oriented Monitoring (ROM) system on-going for the European Neighbourhood countries. Most of the activities related to capacity building/performance are difficult to measure and monitoring will have to a large extent be based on input measurement (e.g. trainings completed; service delivery and cost recovery approaches developed; etc.) – particular attention will be given to measure the reform benefits for the population at the level of the foreseen pilot experimentations. First experiences with the utilisation of quality indicators will be supported.

### 4.5. Evaluation and audit

Standard reporting to the secretariat of the Steering Committee, mid-term, final and ex post evaluations and audits. Expenditure incurred will have to be audited, as part of the obligations of the parties to this programme. An external independent mid-term review and a final independent evaluation will be carried out during the programme implementation. The final evaluation will take place at the latest three months after to the termination of the action.

### 4.6. Communication and visibility

During its inception phase, the programme will develop its communication and visibility strategy. Regular communication and visibility activities will be carried out. This will include the preparation of various visibility materials such as brochures and newsletters for important events (workshops, launch of reports, etc.). A manual for training will also be developed and distributed to national institutions (e.g. hospitals; etc.). All publicity material will clearly identify the EU as a partner and as the funding agency in line with the EC visibility guidelines.