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U.S. AGENCY FOR
INTERNATIONAL
DEVELOPMENT

MAY 27 1993

Mr. Joel H. Lamstein, President
John Snow Research and
Training Institute, Inc.
210 Lincoln Street
Boston, Massachusetts 02111

SUBJECT: Cooperative Agreement No. HRN-5974-A-00-2053-00

Dear Mr. Lamstein:

Pursuant to the authority contained in the Foreign Assistance Act of 1961, as amended, the Agency for International Development hereby provides the additional sum of \$247,790 in support of the provision for long term technical assistance under Health Care Finance for Ecuador. The detailed program activity is provided in the attached Supplemental Program Description.

The specific changes are as follows:

(1) Cover Letter - In paragraph 3., delete the obligated amount "\$1,000,000" and insert the amount "\$1,247,790" in lieu thereof.

(2) Schedule

Section C - Amount of Cooperative Agreement and Payment

In paragraph 3., delete the amount "1,000,000" and insert the amount "\$1,247,790" in lieu thereof.

(3) Program Description

Add the Supplemental Program Description attached hereto to the existing Program Description found within the original document.

1

Except as expressly amended herein, all other terms and conditions remain unchanged.

Please acknowledge the receipt of this amendment by signing all copies of this amendment. Retain one copy for your files and return the original and all remaining copies to this office.

Sincerely,



Michael B. Gushue
Agreement Officer
HRN Branch
Office of Procurement

ACKNOWLEDGED BY :

John Snow Research & Training
Institute, Inc.

TYPED NAME

TITLE

DATE

FISCAL DATA:

PIO/T NO	:	518-0071-3-09061
APPROPRIATION NO.	:	72-1101021
ALLOTMENT NO.	:	N/A
BUDGET PLAN CODE	:	LDHA-90-25518-KG13
PREVIOUS OBLIGATION:	:	\$1,000,000
OBLIGATED THIS ACTION	:	\$247,790
CUMULATIVE OBLIGATION	:	\$1,247,790
TOTAL ESTIMATED AGREEMENT AMOUNT	:	\$8,744,454
FUNDING SOURCE	:	USAID/Ecuador
PACD	:	12/31/94
CEC	:	14-673-921E
E. J. NO.	:	04-2679824

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2

E C U A D O R
SUPPLEMENTAL PROGRAM DESCRIPTION

Long Term Technical Advisor for Health Care Finance
(HCF Advisor)

Introduction:

One of USAID/Ecuador's Strategic Objectives is to increase the use, effectiveness, and sustainability of family planning and selected health services. In this respect, USAID's Division of Health and Family Planning, General Development Office (GDO/HFPD) provide assistance to private and public institutions in Ecuador in order to address the major public health problems in the context of limited resources. Severe health deficiencies in Ecuador have created a demand for health services that the government has not and will not be able to meet unless delivery systems and financing of health care are modified. Major obstacles to improving the provision of primary health care services by the public sector are as follows: a) an extant government policy that health services are a constitutional right that should be provided free of charge; b) the limited overall availability of financial resources for public sector institutions; and c) the inability of the public entities to efficiently program and allocate the few resources that it does have.

Currently over 80% of the operating budget of the Ministry of Health (MSP) goes towards salary support. This leaves little leeway for improving programmatic areas. Given the fiscal constraints facing Ecuador overall, significant budget increments are unlikely. The 1992 proposed MSP budget represents an increase of 40% over 1991, making it the largest sectoral increase after Education. Nonetheless, with inflation at over 50%, a 40% increase is not enough to offset the increased cost of living. Pressures from labor unions will likely result in salary increments over 50%, thereby resulting in a further decrease in funds for programmatic areas. Moreover, the approved 1992 budget indicates that percentage increases for MSP were substantially less than proposed. The total MSP budget for 1992 represents approximately 4% of the national budget; following a continuously declining trend from 1987 when it was approximately 7%.

Relationship to USAID/Ecuador Priorities:

The Mission is currently implementing a Child Survival (CS) Project which will continue until 1994. A component of the CS Project is Initiatives in Health Care Finance, which attempts to improve the financial efficiency of the public sector through policy dialogue, policy research dissemination, and pilot projects.

A bilateral Health Care Finance (HCF) Project is expected to start in FY94. The HCF project will be implemented through an international technical assistance contractor, with short term technical assistance.

Relationship to A.I.D.'s Child Survival Strategy:

The Mission approach is consistent with the Agency's strategy for Child Survival, which inter alia states that "...A.I.D.'s focus will be on developing a sustained capacity in each country to effectively provide...important child survival interventions..." (A.I.D. 1986). The Agency has identified Ecuador has a high priority country for Child Survival.

Responsibilities of the HCF Advisor:

The incumbent will be based in Quito, and will be responsible for advising the USAID/Mission, the Government of Ecuador (GOE), and selected NGO's and private sector entities on health care finance issues, which would include but not be limited to cost recovery, financial management, and alternative, cost effective service delivery schemes. The incumbent will be supervised by the Child Survival Project Officer of the Health and Family Planning Division within the General Development Office (GDO). The incumbent will coordinate closely with the Child Survival Chief of Party, the HCF technical assistance team, and USAID Mission offices as necessary.

Specifically, the incumbent will be responsible for the following:

A. Project Design, Development and Research.

1. The incumbent, under the supervision of and jointly with the HFPD Child Survival Project Officer, will be responsible for the drafting of the following HCF documents: HCF Sector Strategy Document, the HCF Project Implementation Document (PID), and the HCF Project Paper (PP). This will involve:

- a) Review of relevant extant literature and technical documents prepared by external consultants;
- b) discussion of relevant policy issues and key areas of constraints with relevant counterparts;
- c) travel to field sites to observe and analyze alternative service delivery schemes;
- d) monitoring of ongoing USAID supported health care finance activities, including oversight of relevant USAID financial and administrative requirements; and
- e) document drafting.

Select^d technical assistance will be made available for the preparation of these documents.

2. The incumbent, together with the HFPD Child Survival Project Officer, will be responsible for identifying, facilitating, and coordinating any external technical assistance that will be necessary during the project design phase. This will include the preparation of scopes of work, identification of appropriate consultants, coordination of TDY timing, etc.

3. The incumbent, together with the GDO Director, HFPD Chief, and HFPD Project Officer, will coordinate Mission meetings on HCF design issues as they arise.

B. Project Implementation and Management.

1. The USAID/HFPD Child Survival Project Officer will manage the HCF project. The incumbent will assist the HFPD Project Officer in the day to day management of the HCF project. This will include but not be limited to review of budgets and workplans by counterparts, discussion with counterparts on implementation problems and recommendations for improvement, etc.

2. The incumbent will provide the GDO Director, HFPD Chief, and Mission Management with the technical justification necessary in order to carry out effective policy dialogue with senior GOE officials.

3. The incumbent will provide technical assistance to counterpart institutions in areas related to health care finance. This will include areas such as analysis of cost recovery levels, establishment of means tests, pricing strategies, cost containment analysis, etc.

4. The incumbent will take a lead role in donor coordination on technical issues related to health care finance between USAID and other donors. These other donors will include but not be limited to PAHO, UNICEF, UNFPA, World Bank, and IDB.

5. The incumbent, together with the HFPD Child Survival Project Officer, will be responsible for coordinating closely all project activities with the Child Survival Chief of Party.

C. Project Evaluation and Monitoring.

1. The incumbent, together with the Chief of HFPD, and in coordination with the Child Survival Chief of Party, will be responsible for the establishment of appropriate indicators

which will be utilized to measure HCF program success, which is part of the Mission's initiative in establishing program specific strategic objectives.

2. The incumbent, together with the Chief of HFPD, and in coordination with the Child Survival Chief of Party, will be responsible for the design of the monitoring and evaluation plan for the HCF project and its initial implementation. This plan will follow the format and content as set forth in USAID Mission Orders.

3. The incumbent will coordinate all USAID funded external evaluations and special operational research and policy research efforts that are carried out in the area of health care finance.

Reporting:

The incumbent reports to the Child Survival Project Officer, GDO/HFPD, USAID/Quito and will be responsible for keeping staff of GDO, and other relevant Mission Offices informed of progress, problems, and issues in the health care finance sector. This liaison function within the Mission will involve, inter alia, attending meetings as requested, providing regular briefings on project status, etc.

The incumbent may undertake other tasks in support of the health and family planning program of the Mission from time to time as requested by the Director of GDO and/or the Chief of GDO/HFPD.

The incumbent will be responsible for coordination with the other USAID Health and Family Planning Project Advisors, including the Child Survival Chief of Party and the Water and Sanitation Advisor.

Desired Qualifications:

- Graduate degree in business, public health, health economics, hospital administration, population, or other related fields.
- Three years of work experience that related to health care finance. Experience working with HMO's, pre-paid organizations, and/or other health provider/insurance scheme would be a plus.
- Spanish language proficiency at Foreign Service S3/R3 or equivalent.

Period of Assignment:

Initially for two years, with extensions based on performance and Mission requirements.

Assignment to begin o/a June 1993.

