Republic of Macedonia

Ministry of Health

Inception Report of the Policy Analysis Unit Advisor

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For

CIDC
Consulting

November 2005

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Annexe A Mission Report, First Mission, October 2005

Annexe B Revised Work Plan

Abbreviations

DfID	Department for International Development (U.K.)
EU	European Union
FYRM	Former Yugoslav Republic of Macedonia
HIF	Health Insurance Fund
HSMP	Health Service Management Project
KPI	Key Performance Indicators
MoH	Ministry of Health
PAD	Project Appraisal Document
PAU	Policy Analysis Unit
PCU	Programme Coordination Unit
PSMAL	Public Sector Management Adjustment Loan
RIPH	Republican Institute of Public Health
ToR	Terms of Reference

1 Introduction

This report has been prepared following the contracting and initial visit to the Republic of Macedonia of Robert Dredge, the consultant appointed to the position of Advisor to the Policy Analysis Unit (PAU) of the Ministry of Health (MoH) .The purpose of the advisory services is to assist the newly established PAU to improve the policy and decision making of the MoH. It is seen by the Ministry to be a key input into the overall Health Service Management Project (HSMP), which the Government has committed to, and which is supported by a loan from the World Bank.

The PAU has been established within the MoH. The Minister expects that the PAU staff will be responsible for providing the overall input and guidance on health policies. The Ministry has committed itself to this in documents such as the biennial agreement with the world Health Organisation. They will monitor all relevant health indicators and assess the impact of policies and reforms as they are implemented. They will also give an overview of the financial health of the system. The Head of the PAU will be responsible for leading and coordinating the formulation of all health policy within the Ministry, and will report directly to the Minister.

The PAU Advisor is expected to give adequate international technical support to the PAU, and to work closely with the PAU in monitoring Key Performance Indicators (KPIs). The PAU Advisor will focus on the national level issues that impact on the PAU and the MoH.

This Inception Report presents the findings of the initial assessment of the current position in Macedonia. It is based upon the extensive background materials provided by the International Programme Coordinating Unit (PCU), the consultants' previous knowledge of the health care system, and a mission to the country held from October 17-20th 2005. During this visit meetings were held with the Minister of Health, counterparts from the Ministry of Health, The Republican Institute for Public Health (RIPH), The Health Insurance Fund (HIF) and the World Bank, as well as formal and informal meetings with the members of the PAU itself. A full list of those met is given in the mission report of Annexe A.

This Inception Report is used to provide an initial assessment of the key issues that need to be addressed if the ToR for the consultant is to be satisfactorily delivered. Section 2 of this report outlines and reiterates the intended role and aim of the PAU and Section 3 highlights the key themes and issues shaping the Macedonian health environment. Section 4 provides a more detailed assessment and critical analysis of the PAU advisor role and project concept as well as the broader HSMP, highlighting many of the issues and obstacles faced by the PAU currently. These issues are directly addressed by the consultant through recommendations and amendments to the ToR in Section 5 Immediate Actions. These actions and recommendation will need to be considered by the PCU, the MoH and other relevant stakeholders, and necessary amendments to the ToR, the workplan and payment schedule will be required. These recommendations are based on the need to enhance the establishment and sustainability of the PAU and the Section 6 Amendments; outlines these modifications.

2 Aims and Objectives of the PAU Advisor

The Terms of Reference (ToRs) given to the PAU Advisor state that the role "is considered to be one of the key consultants to the entire (HSMP) project focusing on the role of the MoH and providing support in strengthening of its stewardship function."

The broad purpose of the role is to provide

- assistance in establishing methodologies for developing standards, norms and guidelines;
- advice to the RIPH in strengthening their capacity to assist the MoH by collecting and analysing relevant data;
- assistance in the establishment of a data base for the MoH; and
- advice on communications and public relations.

Alongside these a number of specific tasks have been identified. The main tasks will be to provide assistance so that:

- The MoH can exercise its overall stewardship role
- The MoH can improve the way in which it sets priorities and policies
- The PAU becomes a major contributor to strategy formulation and policy development, and has the data and analytical skills, in collaboration with the RIPH, to evaluate the impacts, both service and financial, of new policy
- The PAU is able to monitor and evaluate the overall HSMP
- The MoH is able to better regulate and monitor the functioning of the HIF

The Advisor will work closely with the PAU to ensure that it is able to integrate into its work all of the various strands of expertise that it will need, and that are available in the system. This will also extend to advising on the data needs for the unit, and the best way to work with the RIPH on the efficient and effective delivery of this. The Advisor will be expected to make recommendations on structural and capacity constraints in the MoH as they impact on the role of the PAU.

The Advisor will, where and when appropriate makes specific recommendations on policy and its implementation. However the overriding approach will be to transfer knowledge and build the sustainable capacity of the PAU.

The Advisors input will be available from September 2005 until January 2008. As such the PAU can be confident of a consistent and continuing source of advice, mentoring and support.

3 Background

3.1 Literature Review

The PCU provided the consultant with an extensive and comprehensive set of background papers. This enabled the Advisor to gain a thorough and wide ranging in understanding of both the general and specific issues that are impacting on the healthcare sector. The European Observatory report on the Macedonian health care system in transition (2004 draft), and Katherine Burchfield's paper (March2004) on Macedonian Health Sector reform were particularly useful here. Sight of the various Laws that are regulating the sector (Insurance, Health and Social Protection, Self Government) were clearly essential to comprehend the formal framework. The detailed analysis of the challenges facing the Ministry provided by Poul Thims Functional Analysis and the World Banks Project Appraisal Document gave a clear focus to the reasons for the Technical Assistance role of the consultant.

Whilst many of these papers repeated the descriptive analysis of system they did give a comprehensive overview of the roles, relationships, strengths and weaknesses of the current Institutions. These, along with the many others papers provided by the PCU were invaluable in preparing for the assignment.

3.2 Previous Involvement

The consultant had worked in Macedonia during the period1999-2002 as part of the World Bank PSMAL preparatory team. The Consultant had also, on other occasions been requested by the HIF to return to provide further support in the development of revised financing arrangements and healthcare contracts. The Consultant was therefore aware of some of the prevailing cultural, infrastructure and capacity issues in the country, and was thus able to analyse the background materials, and prepare for the assignment from this perspective. The consultant was also known to, and knew a number of the key stakeholders in the current system. This enabled constructive and positive working relationships to be quickly re-established.

3.3 Prevailing Key Themes

Some simple and consistent themes emerged from the majority of the background materials. These were that the overall health sector needed strengthening so that efficiency and effectiveness gains could be achieved alongside improvements in quality, standards and access .An overarching theme was the inadequate capacity in, and relative weakness of the MoH. This was exacerbated by the strong position that had been gained by the HIF since its independence in 2000. Taken together these were leading to inconsistencies and dysfunctional positions in the policies and delivery of the system.

The European Observatory alludes to the fragmentation of positions between the MoH and the HIF. Katherine Burchfield's report elaborates in some detail on this. She details the problems that are arising from the lack of an equal working relationship between the two major players in the system, the MoH and the HIF, and cites examples of duplication of effort, and inconsistencies in approaches to policy. She

notes that this competitive position has been detrimental in, for example budget bids to the Ministry of Finance. There is also some duplication in the funding of the vertical health programmes. In considering the specific position of the MoH she notes that it is under resourced and does not have the capacity to undertake its policymaking and oversight functions. It is also unable to perform the stewardship role explicit in the duties of a MoH and nor does it have the capacity to evaluate and quantify policy options. It is similarly not resourced to oversee the financial and functional operation of the HIF, or to holds the HIF accountable for its performance. This analysis is well made and concludes by recommending that efforts to strengthen the MoH must continue.

This theme is picked up and expanded in some detail in Poul Thims (DfID) Functional Analysis of the MoH .He finds a very similar set of issues in the Ministry, and concludes that whilst an overriding set of published mission and value statements exist their delivery is severely compromised by the overriding lack of capacity and resources. To rectify this he recommends, amongst other things, that the MoH develop the capacity to apply evidence-based findings to policy development and implementation His recommendation is that a policy/performance monitoring function is established.

The MoH and the Government have taken up this specific theme. In the Biennial Collaborative Agreement between the Government and the (20004/5) the first priority on health policy and system development is that the Ministry will strengthen its capacity in health policy and strategy. It also commits to developing appropriate tools and information for policy making. This commitment is further developed and elaborated in the matrix of activities submitted in August 2005 in the EU Health Target Questionnaire. This notes that a Policy Advisory Unit has been established to perform core policy analysis functions within the MoH, and that it will be responsible for providing the overall guidance on improving health policies. It also states that the Ministry is considering extending the PAU with representatives from other MoH sectors.

There has been a strong and consistently recognised to strengthen the capacity of the MoH. This is especially so in the area of policy analysis. The Ministry has responded by establishing the PAU. More significantly it is now seeking support to develop and embed the PAU in the structure of the Ministry. This is, in the light of both the volume and credibility of the analysis that has led to this decision, the appropriate thing to do.

4 Initial Findings

4.1 Interview Themes

The preparatory work and the purpose of the series of meetings and interviews undertaken during the first mission enable the Advisor to form a view on the deliverability of his Terms of Reference. More importantly, he was able to form an opinion on the real position in the MoH and its main stakeholders in terms of the progress made, and that needed to be made to achieve the aim of establishing and embedding the PAU.

The inception visit also allowed the Advisor to clarify and establish any structural or systemic issues and barriers that could prejudice the project.

There was an almost universal recognition and explanation of the underlying problems and challenges facing the healthcare system. The aims to improve the efficiency, effectiveness and quality of services were universally supported. There were varying degrees of concern at the conversion rate of recent aid and loans into real improvements on the ground. Many expressed a degree of frustration with the repeated nature of short term project funding, and spoke strongly in favour of the need to build and embed sustained capacity in local Institutions and individuals.

There is, therefore already a strong degree of key stakeholder support to the purpose of this current piece of work. On top of this all stakeholders accepted and supported the overriding need for the Ministry of Health to be strengthened. This is a positive finding and it is important to build on this by ensuring that these stakeholders remain committed to the aims of reform. The stated desire of both the HIF and the RIPH to contribute to, and work alongside the project is extremely encouraging.

One fundamental and systemic problem has been identified. The laws on civil servants and the state budget are extremely rigid. They require a number of preconditions before a new position, department, or unit can be established in a Ministry. The staffing structure, both the absolute number and exact duties of each post are prescribed and unless specifically recognised in the annual budget can not be changed, irrespective of circumstances. Further, it has been stated in interviews, that agreements at Governmental level, to add to the manpower of the MoH have not been followed through because of financial and overall civil service number restrictions. Even if they were there are restraints that mean that appointment may not always be on absolute merit.

They prescribe reporting hierarchies that mean that a stand-alone unit such as the PAU cannot be established without compromising its role and authority.
Whilst some, or all, of these measures have a historical grounding and justification in terms of broader socio-economic   Taken singly these issues are fundamental, together they risk compromising the entire project. They are not compatible with the development of a modern and adequately functioning Ministry, or with the rational development of health policy.

4.2 Current Position of the PAU

In reading the various background materials, advice and recommendations aimed at supporting the MoH the view that a Policy Analysis Unit should be established is one that gains increasing acceptance and support. Indeed, it is further supported by the conditionality of the current World Bank Loan asks for the establishment of the PAU and states that it should have at least three staff.

The clear deduction from the background papers is this that a new unit, the PAU , had been set up within the MoH, and that it was an identifiable function operating with staff dedicated to the tasks that it is to perform. In short that one could find an office s in which at least three people can be found in full time occupation on policy analysis and support work, and that these three people would have some form of full time contract for employment with the MoH. Further one would reasonably expect that the role and duties of the Unit and the individual staff would be set out, agreed and known to other players in the Ministry if not in the sector. This would also codify the governance arrangements of the PAU and the staff by stating who they were accountable to, how they could access Ministers and senior officials, how they and other key stakeholders, such as the HIF and the RIPH, would relate and work with each other. All of these things would seem fundamental to the delivery of the stated objectives of the Ministry in supporting the necessary functioning of the PAU. Certainly most would have to be in place before most would recognise that a PAU existed.

The formal establishment of the PAU has not yet occurred. The organisation of this Unit can best be described as a "virtual committee", without a clearly defined or legitimate role, a workplan or terms of reference, and with no resources or funds to support it for sustainable function.

The position as it stands, is that the Minister has informed three individuals (it is unclear if all in writing) that they are to form the PAU. Discussions are continuing as to whether these are the appropriate people for the roles, and this seems to be somewhat uncertain. This role is in addition to existing full time positions in the MoH (two people) and the RIPH (one person) .No terms of Reference or process of governance has been drafted or agreed, and no formal working arrangements appear to exist. No specific competencies for the skills required to contribute to the unit have been identified. No resources to support the unit have been identified. Two of the individuals so identified are clearly committed to the concept and role of a PAU, the third is somewhat less clear of the purpose given the constraints that operate. This is probably a realistic view and the individual should not be criticised for this it.

4.3 Weakness of the current position

The current position is not sustainable. The PAU requires at least the three staff implied in all of the papers. It also needs these core staff to be dedicated to the role of policy analysis and monitoring. This alone is a vitally important contribution to the MoH and should not be diluted by adding to the burden and duties of existing staff and their workloads (which presumably have to continue). Alternatively different staff

could be hired, on the basis of their competencies, or certain activities commissioned from third parties such as Universities, to undertake the policy analysis role.

A formal recognition of the PAU must be made in the Organisation Chart, budget and establishment of the Ministry. This should place the PAU with a direct reporting line to the Minister. Analytical support to the PAU must also be clarified and if necessary resourced. This position must be recognised and funded by the Ministry of Finance. Models for the achievement of this were discussed briefly with the PCU, Principal Coordinator and the PAU itself, but no clear consensus was found.

Clear Terms of Reference for the PAU must be agreed and promulgated. These should also make clear it's governance-the authority it has, who to and how it reports, how it can commission further research and support and so forth.

4.4 Conflicting roles of Advisors

Ministers and Governments legitimately take advice from a variety of sources, some official, some otherwise. In Macedonia the MoH appears to have a multiple processes for obtaining advice and the way the PAU fits into this has not been fully articulated or agreed.

The Functional analysis review suggested that a ministers Council be established. In addition to this there exists the formal position of the four State Advisors to the Minister. Three of these are actually civil servants in the Ministry itself, and it is not immediately apparent what additional value is gained from nominating them as State Advisors. One would have expected them to already be in a position, being in effect amongst the most senior civil servants, to give advice across a range of topics.

There are also predictable and obvious concerns from other senior officials who are not included in the new policy 'loop' of PAU or State Advisors, as to what their exact role and interrelationship to Ministers now will be.

For the PAU to be established and to function with any degree of success these issues of governance require clarity.

4.5 Analytical Support and the RIPH

The RIPH currently collects arrange of data from the healthcare sector. This is held at the national office in Skopje, having been sourced from the Regional Offices. Much of the data is collected from manual prime records and is subject to some quality and consistency checks. There is limited scope to amend the data set collected, but this probably requires an annual iteration and hence some degree of foresight and planning.
The RIPH is confident that it has the capacity to analyse and interpret data from the sector. It expressed a very positive willingness to undertake such a role on behalf of the Ministry. Given other capacity constraints in the system this is an option that must be fully considered The Ministry has stated that it needs a database from which to

assess policy issues. The main issue is whether the MoH can have the confidence to pass over all of its data handling and analytical requirements to the RIPH, and hence avoid duplication of effort and storage. In principal there is no reason why such a model could not work provided that it was protected by a clear process for the safeguarding of confidentiality. Such a culture appeared to be already present in the RIPH. An agreed process for commissioning data and analytical requests, and a transparent and honest way of funding the RIPH to undertake such activities would also be needed. A simple contract would suffice.

4.5 Communications

Previous attempt at reform in the healthcare system have been hampered by inadequate communications and public relations activities. This is a general observation from most of the transitional countries, and the limited success of this element of previous local projects was commented on during a number of the inception meetings. The World Bank PAD makes a very clear reference to the need for there to be effective PR to ensure the buy-in of the public for reforms, and also to manage the realistic expectations of all interested parties.

The Terms of Reference for the Advisors role include a requirement to give advice on public relations and communications for the overall health reform programmes. This is a legitimate and proper requirement. However the initial schedule of deliverables for the contract appears to place this element of the work towards the end of the programme, with the final workshop devoted to this subject. This is currently planned for month 22 of the project. This is too late to start focusing on this important subject.

5 Immediate Actions

5.1 World Bank loan conditionality

The Health Sector Management Project relies upon a loan of $10,000,000 from the World Bank. As is always the case with such loans there are a number of conditions that have to be met to satisfy the lender. The loan is given to, amongst other activities; strengthen the capacity of the MoH. The Bank recognises that this is one of the key lessons it has learnt from previous involvement on the health sector in Macedonia. A stated conditionality of the new loan is that:

> 'The Policy Analysis unit within the MoH is established with staff, resources and terms of reference sufficient to begin project implementation' (Project

Appraisal Document, World Bank, 2004 para5) In the supporting narrative, the Bank makes it clear that it should be staffed by at least three people and that it will perform core functions within the MoH. As currently organised and resourced it is hard to see that this conditionality is being satisfied. In discussions with the Bank during the Inception Mission in October, it was clear that they saw this as a key and non-negotiable condition.

The MoH and PCU should clarify this position with the World Bank, explaining the impediments to the immediate establishment of a fully staffed PAU, and proposing interim and transitional arrangements.

5.2 PAU Governance

The PAU is not currently in the organogram of the Ministry, although options for this were discussed with the Minister and the PCU Coordinator, during the Inception Mission. There is a pressing need for the PAU to be established as a clearly identifiable sector or Unit of the Ministry. It should be placed at the highest level of organisational influence and report directly to the Minister and the Secretary General. It would be compromised as a functional and strategic unit, if it were made to be a subservient part of an existing part of the Ministry. This establishment is essential to ensure that the PAU has a continuing and meaningful existence.

Having determined the position of the PAU in the Ministry it will then need to be given clear and written Terms of Reference. These will define the accountability of it to the Minister, the authority it has to commission work from others, the requirement that other senior officials will work with it, and the status that its advice will hold. It will also make clear its power to establish working groups and project assistance to deliver its work plan.

The MoH is recognised by all commentators as having insufficient resources to discharge the tasks expected of it. This, alongside the structural and constitutional rigidities and impediments in the system has led to the current unsatisfactory and unsustainable position of the PAU. The PAU requires three new posts to be added to the establishment of the MoH and for new and additional people to be appointed to them. The MoH has had a case for up to 15 new positions to be added to it agreed at governmental level. These should also now be established.

The budget for 2006 will soon be finalised. The Ministry of Finance must ensure that at least the 3 posts for the PAU are added to the budget of the MoH. It should also consider establishing further posts in the Ministry for 2006 if the wider strengthening of the MoH is to begin.

We had assumed this governance structure and the activities and assistance required to establish the PAU as a cohesive and meaningful Unit would be in place and have been undertaken before the PAU advisor began this project. As this is not the case the additional activity required ensuring its establishment need to be accounted for. The current Terms of Reference do not provide scope for this to be absorbed by this consultant's activity. Consequently, it needs to be highlighted here that the PCU together with the World Bank and MoH need to support additional work to ensure this is in place.

5.3 PAU Competencies and Staffing

The PAU has been established to undertake a clearly defined role. Notwithstanding the need to codify this in formal Terms of Reference and a suitable governance structure, the broad competencies required for the unit can be defined. The MoH has already suggested (in the Annexe 1 to the Advisors Terms of Reference) that:

> '*the initial staff of three should be a leading high level MoH official and two expert staff….. One of these staff will manage the PR of the Project and the MoH'*

Further the MoH alluded to the skills and competencies needed in the PAU as being:
- guidance on, formulation and coordination of, health policies
- monitoring impact of health reforms and the impact of the (HSMP) project
- monitoring health status of the population
- monitoring financial viability of the sector
- public relations
- definition of data needs
- commissioning evaluations and public opinion polls

These are a wide ranging and challenging set of skills to find in three individuals, especially in existing staff who, notwithstanding their current expertise and abilities, have limited knowledge or experience in many of these areas .The sustainable competencies required for the PAU should therefore be developed and the PAU then resourced to satisfy them.

5.4 PAU Priorities

The role of the PAU has been defined to some degree in the HSMP project description document. From this document we can deduce that there are several expected roles

and priority areas that the PAU should be supporting as part of its tenure. These include:
- The monitoring of all relevant health indicators for Macedonia for better policy making

- Guidance and direction on health sector policies, in particular those impacting on the health of the population and financial viability
- The monitoring of all project related indicators (key performance indicators, impact assessment, financial viability)
- Public Relations and public Information management

These priorities are not necessarily reflected in the interventions and workplans of the PAU Advisor, which have been pre-determined by the PCU in their scoping of the ToR. Given the capacity requirements of the individuals and the priority areas of the HSMP and the Macedonian health sector, there is an urgent need to identify and priorities the activities of the PAU and match the scope, scheduling and timing of work for the PAU Advisor. The Project workplan will also need to be adapted to account for this.

Given the capacity requirements of the PAU individuals and the technical requirements of the MoH and PCU in managing the HSMP, the consultant believes that many of these tasks need to be undertaken up front and within the first 12 to 18 months. Once a realistic workplan is established it should continue to guide the work over the immediate and short terms. We recommend it be reviewed and assessed within the first 18months and revised if necessary to account for priorities. Even if necessary the conditionality of the loan and effectiveness of the PAU in its tasks within the HSMP maybe re-evaluated.

5.5 Public Relations as a Priority

It has been brought to our attention that there is an immediate and pressing need for the PAU to begin on the PR activities required to support the HSMP. The current PR activities for the PAU are scheduled in months 22 of the workplan according to the contract. We strongly believe that this is too late in the programme and would recommend that this be brought forward into the first 8 months

6 Revised workplan, deliverables, and payment schedule

There is no need to fundamentally revise the overall thrust of the workplan and deliverables that were outlined in the original terms of reference. However there are some issues that do need to be addressed and adjusted to better ensure the success of the project and the input of the advisor.

6.1 Establishing the PAU – Impact on Workplan

The most pressing issue is the need to revise the scale and scope of activities required to establish the PAU. The main areas that need action are those identified in Section 5 above. Given that this is a 27-month involvement it is well worth focusing resource at this early stage to build a sustainable base. This will greatly improve the chances of success and achievement of the main objectives. The areas that are of immediate concern are those of governance, competencies and staffing of the PAU, the initial workplan, and the PR activities.

The actual tasks and resources needed for this additional definition and establishment of the PAU are:

1. Refine role of PAU and draft and agree Terms of Reference
2. Determine and agree precise Governance and reporting arrangements
3. Define the competencies required to successfully discharge the tasks and duties of the PAU (by elaborating on the areas of work already defined by the MoH)
4. Assess current capacities of staff in MoH and RIPH to deliver to the ToRs and competencies required for the PAU. Refine precise resource requirements, including non-staff resources, for the PAU.
5. Draft and agree the initial workplan of the PAU based on priorities in the health sector

The main deliverable will be a concise set of reports that outline all of the above. In addition to this the initial Plan of Action and Priorities for the PAU will need to be drafted and agreed to by the relevant stakeholders. The PAU should be expected to agree a rolling work plan with the Minister. This must be realistic in the volume of analysis and policies that are reviewed in a reasonable and defined time period.

In proposing the Plan, the PAU should take account of advice from clinical colleagues as to which policies have, or potentially have, the most impact on the health status of the citizens. The Plan must also allow for the prospective analysis of policies before they are recommended to Ministers. In this regard Section heads in the MOH will have to work closely with the PAU (and the PAU with them) to plan the development, analysis and implementation of policies. The PAU will also have to be mindful of the resources it can call on to support it in its analysis, and will need to liase with the RIPH in this regard.

Having set a work plan the PAU will need to demonstrate to stakeholders that it is being delivered. There will need to be a process for revision to the plan as and when new policies emerge, or new or unforeseen issues arise.

The scope of this additional work has been calculated at approximately 30 days input by the consultant. The majority of this will be in country. Given the compelling and urgent nature of these tasks the Advisor will require support from specialist colleagues in CIDC.

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The proposed additions are integrated into the overall project plan of the Advisor, as Activity 1A, given in the proposed workplan outlined in Annex 2. This shows that the additional work can, and should, be undertaken early in 2006. The subsequent steps in the project follow the sequence and broad timing set out by the Terms of Reference agreed with the PCU.

6.2 Refinement of the Workplan

In addition to this work the Advisor is of the view that some PR activities must be commenced very early into the project. An initial assessment of need should be undertaken in the early months of 2006 and the workplan needs to reflect this priority by changing the order of the PR activity. It is currently scheduled for month 22, which is too late for it to be an effective intervention, and we recommend that it be put forward as a priority into month 5.

We believe that the success or shortcomings of the new unit will be evident in a short time and therefore recommend that an evaluation and planning exercise occur after 17 months. The PAU advisor's inputs during the remainder of the contract should be contingent on that review and the agreement of a rolling workplan that is flexible and focused on the identified priorities be established.

The plan can be summarised as

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Visit Date	Main focus
October 2005	Inception and initial fact finding
January /February 2006	PAU Governance and competencies, Initial PR review
June 2006	Project performance, methodology, manual and KPIs Strategy formulation and analysis
Oct/ Nov 2006	Health Data base set-up and data collection and Reporting
Feb/ March 2007	General review and support mission
October 2007	Public Information
December 2007	Final Reports

The schedule of workshops, mission and progress reports is contained within this plan. The main revisions that should be noted are:

- Inclusion of additional support to ensure the Establishment of the PAU, Governance and Staffing arrangements
- Bring forward PR activities into January 2006,

- Parallel work on Project Performance/ KPIs and Strategy Formulation in June 2006
- Parallel working of Database and Data Collection elements of work, to be focused on October/ November 2006 mission
- Review and support mission suggested for Feb/March 2007

In addition to this the Advisor has agreed to provide an outline brief in advance of each visit. This will outline the work schedule for the mission and identify the key individuals who need to be available. Where appropriate these missions will overlap with other TA involved in the project.

<u>Addition Activities out of Scope</u>
The consultant has been asked to provide support to other components of the HSMP where it is believed that his skills and experience will add value to the overall project. The consultant is very willing to undertake such tasks, provided that it is agreed that he has the appropriate skills and knowledge to so do. However it should be highlighted that such tasks are outside of the agreed contract and Terms of Reference currently. In the case that the consultant was requested to undertake additional activities in health financing for example, additions to the agreed contract and payment schedule will need to be agreed with the PMU.

6.3 Contractual Issues

<u>Staffing</u>
Four of the project's payments are linked to the delivery of Progress Reports staggered at 6-month intervals across the 27 months of the projects lifetime. In re-aligning the consultants' activities to match priorities and for the reasons and issues highlighted above, we must also account for the timing and alignment of progress reports.

The consultant has determined that in order to undertake a progress assessment and report of the PAU, he must be physically in country in order to effectively and accurately understand the issues at hand and have face-to-face contact. Consequently progress reports must coincide with the consultants' time in country. The number and timing of trips does not neatly account for the 6 monthly intervals as identified in the contract and we therefore recommend that the delivery of progress reports change to mirror the activities and in-country time of the consultant.

The current contract allows for a total of 60 days input and states that 50 of these should be in country. The presence of the consultant in the PAU is, of course essential to build relationships and be at hand to give assistance to the PAU. However the overall workplan is somewhat imbalanced in that the time needed for detailed preparatory and report writing will, if adequately done, exceed the 10 days out of country. It is more cost effective for the Advisor to do these tasks when not in Macedonia as per diem costs are avoided.

<u>Expenses</u>
The contract states that office and IT facilities will be available to the Advisor. Whilst it is recognised that office space and resource is limited there does need to be a

guaranteed access that does not rely on individuals temporarily vacating their desks and machines, and having their working schedules disrupted.

The PCU will be providing the expenses for the workshop costs such as translation and materials as specified in the Contract. The contract also states that the PCU in connection with the clients will be responsible for all translations in connection with meetings, training sessions, seminars etc. The consultant is expected to provide translation of all formal documentation submitted under the project.

ANNEXE| A

GOVERMNENT OF MACEDONIA

MINISTRY OF HEALTH (MoH)

MISSION REPORT OF THE POLICY ANALYSIS UNIT ADVISOR

FIRST MISSION, 17-20 OCTOBER, 2005

The first in-country mission was conducted from 17-20 October 2005. In preparation for this mission the consultant was provided with a considerable number of background materials, all of which were read and considered. In addition to this the consultant had good background knowledge of the healthcare system in Macedonia, having been active in World Bank activities in the period1999-2002.

The focus of this first mission was to gain an overview of the current state of play in the system and to build constructive relationships with key counterparts. To this end meetings were held with the following:

>Katerina Venouska and staff in the policy Coordinating Unit
>Gordana Majnova, Principal Coordinator/State Secretary, MoH
>Dr Vladimir Dimov Minister of Health
>Dr Nikola Panovski, Director, Health Insurance Fund
>Dr Vlado Spirkovski, Deputy Director, and senior staff, Republican Institute for Health Protection
>Ms Reina Cemerka, coordinator, World Bank, Skopje

And the following who are the currently nominated members of the Policy Advisory Unit (PAU):

>Ms Angelina Bacanovic
>Ms Snezana Cicevalieva
>Dr Dragan Gjorgjev

The mission was also used to review the Terms of Reference for the consultants' assistance, to provide initial guidance to the PAU and agree the detailed work objectives and plan for the remainder of the contract.

The themes that emerged from the mission were as follows:

1 There is a clear acceptance and consensus amongst all stakeholders that the Ministry of Health does require strengthening and that the establishment of a PAU is appropriate
2 The views on the developmental needs of the MoH were consistent with the aims and objectives of the consultants Terms of Reference
3 The actual position of the PAU, as currently established and resourced in the MoH is uncertain
4 The roles of the individuals nominated to form the PAU are unclear
5 The role of the PAU in relation to the current Heads of Sections and State advisors is unclear

6 The Minister accepts these contradictions and is prepared to reorganise the Ministry’s structure to bring greater clarity to these points
7 the workload of the 3 individuals is unsustainable if the PAU is to function as envisaged and desired
8 The RIPH is committed to provide support to the PAU
9 The World Bank is firm in its position that the establishment of the PAU, with 3to 5 dedicated staff, is a non negotiable condition of the current and future loan arrangements fort he health sector.

At the end of the visit initial reactions, ideas and plans were also reviewed at a meeting with the PAU members (Dr Gjorgjev unavailable) and the senior PCU staff. Their reactions are incorporated in the Inception Report and revised work-plan that is produced in parallel to this mission report.

R.Dredge
Skopje

October 20, 2005.