

USAID MEDICINES, TECHNOLOGIES, AND PHARMACEUTICAL SERVICES (MTAPS) PROGRAM

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Framework Agreement Technical Working Group meeting on January 2, 2023, Government Procurement Department, Amman, Jordan. Photo credit: MTaPS Jordan.

Institutionalizing Pharmaceutical Procurement Frameworks in Jordan

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Institutionalizing the implementation of framework agreements for the public procurement of pharmaceuticals

Background

According to Jordan's High Health Council (HHC) and the World Health Organization (WHO), the country's expenditure on pharmaceuticals is considered high relative to its economy and global spending rates. In the 2019 National Health Accounts (1), the HHC reported expenditure on pharmaceuticals to be just over 23% of the total health expenditure in 2016 and 2017, accounting for 1.98% and 2.05% of the national gross domestic product (GDP), respectively (2,3). These estimates are significantly higher than those for other nearby countries; for instance, Jordan's pharmaceutical expenditure surpasses the average expenditure of other countries in the WHO's Eastern Mediterranean Region (4,5). Moreover, on a global scale, Jordan's

pharmaceutical expenditure as a percentage of its national GDP in 2016 and 2017 exceeded the average spending rates of many countries with similar economies (3,4).

The Jordanian Government Procurement Department (GPD), under the Ministry of Finance, has made remarkable strides in unifying the pharmaceutical procurement system across all entities within the public health sector. These entities include the Ministry of Health (MOH), the Royal Medical Services (RMS), two public university hospitals (Jordan University Hospital and King Abdullah University Hospital), and two semi-independent public hospitals (King Hussein Cancer Center and Prince Hamzah Hospital). Together, these

entities cater to nearly 70% of the population seeking public health services in Jordan (6,7). The role of the GPD in implementing a centralized pooled mechanism within these entities' unified procurement system for pharmaceuticals was pivotal in consolidating their purchasing power. As a result, the GPD has successfully reduced costs in public procurement and saved 5.6 million Jordanian Dinar (JOD) (USD 7.89 million) in 2021 (8). This accomplishment underscores the positive contribution of the unified pharmaceutical procurement system to the overall performance of health care services provided in the public sector, which is evident by the increased access to medications within public health care entities by the population.

The regulations governing pharmaceuticals procurement practices include the Government Procurement Bylaw (GPB) and the Medicines and Pharmacy Law. Those practices are also influenced by institutional policies set by the Jordan Food and Drug Administration (JFDA) and the MOH Procurement and Supply Directorate (PSD), as well as other public health entities.

Problem Statement

High pharmaceutical expenditures can pose significant challenges for health care systems. In addition, the administrative and operational costs and time to conduct one-off and repetitive procurements are likely to be disproportionate to the value of the products, and such procurements may not be effective in emergency situations (9–11). The related substantial financial burden impacts public insurance programs, private insurance companies, and government budgets. This strain on limited health care resources could result in decreased accessibility to crucial health care services and products for the population.

One widely recognized method for addressing the problem is to utilize framework agreements (FAs), which are “umbrella” contracts between one or more buyers and a single or multiple suppliers that can improve procurement contracts by providing a pre-established structure for repetitive purchasing and thereby promote efficiency and ensure consistent terms and conditions. In addition, FAs reduce duplication of

efforts and resources associated with negotiating individual contracts for similar goods or services and their operational and administrative work burden.

Appropriate implementation of FAs contributes to achieving greater value for money, ensuring security of supply over the contracting period, and further driving efficiency and effectiveness in procurement (12,13). FAs are relatively easy to monitor and evaluate compared to multiple small-scale, one-off procurements (14). Among most of the Organisation for Economic Co-operation and Development (OECD) countries, FAs are one of the most often used contract types for the public procurement of pharmaceuticals, second only to fixed-quantity agreements (9,10).

However, although FAs were introduced in the Jordanian GPB in 2019, the MOH has yet to implement them with pharmaceutical suppliers.

Technical Approach

Transforming Vaccine Procurement

In 2019, the National Vaccines Procurement Modernization Committee (NVPMP), with the support of the US Agency for International Development (USAID), developed a national plan to reform vaccine procurement that included 17 recommended actions. Five of those actions, including one that would extend the maximum duration of FAs from two to five years, were set as conditions precedent¹ between USAID and the Government of Jordan. Under this arrangement, the USAID Medicines, Technologies, and Pharmaceutical Services (MTaPS) Program was charged with creating an enabling environment for stakeholders to successfully implement FAs with pharmaceutical suppliers, which could positively affect the procurement of all pharmaceuticals—not just vaccines.

The management of pharmaceuticals in a health system comprises four complex, highly interdependent functional areas: *selection, procurement, distribution, and use*. Through different activities, MTAps provided technical support to the Government of Jordan in those four areas by:

¹The conditions precedent typically take the form of policy reforms and are designed to align with both Jordan's development priorities and U.S government goals and objectives for Jordan. The Government of Jordan must meet a set of conditions prior to disbursement of funds under the cash transfer program from the US government to the

Government of Jordan funded through the ESF account.
https://oig.usaid.gov/sites/default/files/2022-11/8-278-23-001-P_0.pdf

- Introducing required FA regulatory reforms into the GPB.
- Improving stakeholders' understanding of FAs and strengthening their procurement practices capacities.
- Updating and institutionalizing supply chain policies and standard operating procedures (SOPs) for FA implementation.

Regulatory Reforms

MTaPS advocated for developing and introducing the requested FA regulatory reforms into the GPB. Challenged with the complexities associated with a high number of stakeholders, MTaPS honed a two-pronged strategy for creating an enabling environment for reform: inclusive NVPMC meetings and separate one-on-one meetings with stakeholders to align efforts. Leveraging the committee's knowledge and expertise while providing technical and legal backstopping, MTaPS secured unanimous agreement and buy-in for reforms from key Government of Jordan stakeholders such as the MOH, GPD, and JFDA.

Capacity Strengthening

Reform in the GPB was not enough to change procurement practices. Through engagement with the GPD and PSD, MTaPS identified the need to raise awareness among procurement stakeholders about FAs, including how they can be used to improve procurement efficiency. Accordingly, MTaPS supported the GPD in the development of the "Framework Agreement Implementation Guideline," which is based on international best practices for procurement and covers key topics such as the Jordanian GPB; international procurement regulations; benefits and risks of implementing FAs; FA models; and designing, implementing and managing FAs.

After developing training materials based on the FA Implementation Guideline, MTaPS facilitated training of 39 procurement officials (20 female and 19 male) from the GPD, MOH, RMS, university hospitals, and two semi-independent public hospitals. This training was led by the pharmaceutical procurement unit of the GPD, thereby indicating ownership and a pathway to institutionalization. Trainees were active and posed important questions, challenged the conclusions, offered alternative solutions for the challenges, and shared their

practical experience in procurement. Given the positive feedback on the training, the Director General (DG) of the GPD requested support from MTaPS for expanding the FA training to additional procurement personnel from GPD and from other governmental entities responsible for procurement of goods and services other than pharmaceuticals. Therefore, MTaPS conducted two rounds of training for an additional 73 GPD representatives (18 female and 55 male) responsible for procurement of supplies, services, and works contracts and 12 representatives from other governmental entities, such as the Ministry of Agriculture, Ministry of Planning and International Cooperation, and Greater Amman Municipality.

Institutionalization

Building procurement capacities among stakeholders, however, was still not enough to sustain improvements in procurement and strengthen governance structures. To further institutionalize procurement practices, the GPD DG requested the development of specific organizational SOPs for entering into and executing FAs with suppliers. More importantly, the DG realized that such SOPs should be standardized among all public health entities carrying out procurement and advocated for an FA Technical Working Group (TWG). Through an official request from the Minister of Finance to the Minister of Health, the DG of the RMS, and the directors of hospitals, a TWG was formed comprising representatives from the GPD, MOH, RMS, Prince Hamza Hospital, and public university hospitals and tasked with developing the FA SOPs.

Under the guidance of the GPD and with MTaPS support, the TWG met regularly, elected a chairperson and a rapporteur, reviewed and approved its terms of reference, and developed an annual action plan. To develop the knowledge of members, MTaPS provided training based on the FA Implementation Guideline. These efforts helped ensure productive discussions and efficient progress in developing the FA SOPs. The TWG, with MTaPS support, completed an advanced draft of the SOPs, which was submitted to the National Procurement Policies Committee (NPPC) for review and approval.

The GPD organized an informational session in June 2023 attended by 46 individuals (24 male and 22 female), including the GPD Director and the Head of

the Jordanian Association of Pharmaceutical Manufacturers as well as representatives from various pharmaceutical companies, to involve private sector pharmaceutical suppliers in the FA planning process. During the session, the GPD conveyed its intention to incorporate FAs into future bidding processes. The primary objective was to establish a platform for engagement, gather feedback, address concerns, and collaboratively explore potential solutions that could enhance the FA SOPs. Most participants demonstrated interest in FAs, which was reflected in the session evaluation survey, with 96% of attendees requesting additional workshops relevant to FAs and 60% expressing interest in participating in FAs.

To promote a comprehensive and collaborative approach, suppliers were encouraged to submit additional feedback or raise concerns by July 2023. These suppliers gave the GPD valuable insights that were subsequently incorporated into the final draft of the FA SOPs. The draft underwent a final round of revision by the FA TWG, and the GPD formally submitted the SOPs to the NPPC in September 2023 for official approval. Once approved, these SOPs will be disseminated to pertinent government procurement officials who will be obligated to adhere to them when utilizing FAs for procurement of pharmaceuticals. As these are the first FA SOPs in Jordan, they will serve as a model for procurement officials across the public sector who will subsequently tailor and implement them for all public procurement processes beyond vaccines and pharmaceuticals that currently have no comparable SOPs in place.

Results and Achievements

MTaPS helped the Government of Jordan build an enabling environment for implementing FAs in a stepwise manner that addressed both systems and practices, as follows:

1. Regulatory reforms were introduced. Collective efforts culminated in 2022 with an amendment to GPB Article 57 that extended the maximum length of procurement FAs from two to five years.
2. The “FA Implementation Guideline” and related training materials, which will continue to serve stakeholders as a training resource, were developed.

3. The capacity of I12 procurement officials across all public health entities on best procurement practices utilizing FAs was strengthened.
4. An FA TWG overseen by the GPD and comprising representation of public health entities, including MOH, RMS, Prince Hamza Hospital, and University hospitals, was established for the purpose of enhancing communication, cooperation, and partnership among these organizations and developing the FA SOPs and needed tools that will facilitate implementation.
5. In a collaborative manner, institutionalized SOPs for how the government enters and implements FAs for procurement of pharmaceuticals were established.

MTaPS strengthened the systems governing procurement through both top-down and bottom-up approaches. The top-down approach involved the highest governance structure, where legislative reform was successfully integrated into the GPB with ministerial approval. The bottom-up approach involved advocacy to and the engagement of procurement personnel from the different public health entities represented in the FA TWG. This dynamic relationship between legislative and operational levels acted as a catalyst that drove and motivated procurement personnel and ensured that technical initiatives benefited from steadfast support within the broader context of comprehensive reforms. Notably, this successful approach has cleared the path for future implementation of FAs across a wider spectrum of goods and services beyond vaccines and pharmaceuticals.

While an official assessment has not been conducted, several key achievements were reached concerning organizational, technical, and operational capacity. Organizational capacity was expanded through the establishment of a clear governance structure with defined roles and responsibilities and decision-making processes, engagement of relevant stakeholders (e.g., GPD, MOH, RMS, university hospitals, and private sector suppliers), and the development of the FA Implementation Guideline and SOPs. Technical capacity was built through the involvement of procurement professionals. Finally, a culture of continuous learning and improvement to address challenges and adapt to changing circumstances, as well as efficient systems and processes for various stages of the FA, contributed to the developed operational capacity.

Pathway to Sustainability

With MTaPS support, the GPD actively led the activities and achieved the strong results mentioned above. These achievements, including amendments to procurement law and the development of the government-owned guideline and SOPs, were made possible through the continuous engagement, leadership, buy-in, and approval of high-level decision-makers in the GPD and other government stakeholders.

The GPD is moving toward further engagement of pharmaceutical suppliers and plans to hold additional informational sessions that will foster sustainability and facilitate stronger involvement of stakeholders in the pharmaceutical industry. These sessions will enable suppliers to collectively identify other innovative solutions, such as optimizing supply chains, improving production efficiency, and embracing enhanced practices.

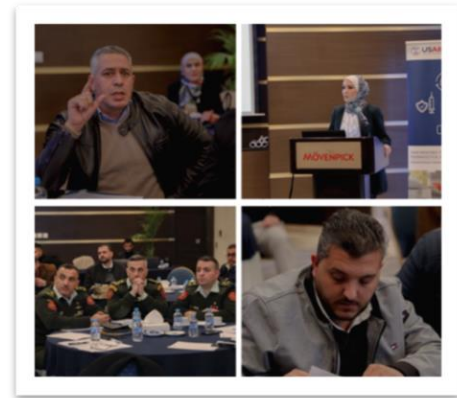
To transform improved knowledge among stakeholders into sustainable practices, the FA SOPs were developed by a TWG comprising the same procurement personnel who will be implementing those procedures under the leadership of the GPD. Moreover, government entities, including the GPD and MOH, can use the guideline, training materials, and SOPs in future training and to onboard new procurement personnel.

Lessons Learned

1. **Planning activity implementation with a comprehensive, incremental approach was essential to success.** The MTaPS team understood the desired outcomes, envisioned detailed requirements, and reverse-engineered the steps needed to achieve results.
2. **Engagement with and commitment from top- and middle-level management enabled stakeholders to identify gaps in the standardized procurement practices.** MTaPS facilitated an engaging atmosphere among stakeholders, including the GPD and PSD managers who were able to pinpoint areas where lack of understanding of standardized procurement practices and FAs existed. This helped MTaPS focus its support on developing training materials based on the FA Implementation Guideline. Without this demand from the highest levels of

management, implementation of the FAs would have continued to stall.

3. **Advocating for action at the ministerial level was critical.** MTaPS' continued advocacy with the Ministry of Finance culminated in the formation of a national TWG for FAs.
4. **Obtaining buy-in from TWG members helped drive success.** MTaPS emphasizes the significance of transparent communication and collective expertise in recognizing challenges, fostering collaboration, and orchestrating coordinated efforts to define contextually appropriate solutions for achieving objectives.



Attendees participate in the framework agreement training conducted on February 16, 2023, in Amman.
Photo credit: MTaPS Jordan.

Conclusions

MTaPS worked collaboratively with key stakeholders on different fronts to address the lack of FA implementation in Jordan by designing a comprehensive approach and implementing effective activities to achieve the objectives set for improved procurement practices. MTaPS worked with upper management as well as technical implementers to ensure a top-down/bottom-up approach. As a result, knowledge about FAs, including their advantages and the organizational, technical, and operational capacities needed to implement them, were strengthened. Procurement stakeholders in governmental entities are now well-positioned to begin implementing FAs with pharmaceutical suppliers. MTaPS' successes will positively benefit the procurement of all pharmaceuticals and potentially other goods and services in Jordan.

In the upcoming program year, the GPD will lead the development of standardized bidding documents

specifically tailored for the initial FA. MTaPS will provide technical support to the GPD in translating the FA SOPs into programmable requirements for integration within the existing online procurement system and developing a policy for evaluating the suppliers' performance in all tenders, not only FAs.

Before the close out of the program, MTaPS will ensure that the GPD takes a leading role in actively collaborating with stakeholders to ensure the effective institutionalization and oversight of FA implementation.

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About USAID MTaPS:

The USAID Medicines, Technologies, and Pharmaceutical Services (MTaPS) Program (2018–2025) enables low- and middle-income countries to strengthen their pharmaceutical systems, which is pivotal to better health outcomes and higher-performing health systems. The program is implemented by a consortium of global and local partners, led by Management Sciences for Health (MSH), a global health nonprofit.