ICR Review

Operations Evaluation Department

Report Number : ICRR11962

1. Project Data:		Date Posted : 11/29/2004		
PROJ ID : P035825			Appraisal	Actual
Project Name :	State Health Sys II	Project Costs (US$M)	$416.7 million	$401.5 million
Country :	India	Loan/Credit (US$M)	$350 million	$315.3 million
Sector(s):	Board: HE - Health (95%), Sub-national government administration (5%)	Cofinancing (US$M)		
L/C Number :	C2833			
		Board Approval (FY)		96
Partners involved :		Closing Date	03/31/2002	03/30/2004

Prepared by :	Reviewed by :	Group Manager :	Group :	
E. Hazel Denton	John R. Heath	Alain A. Barbu	OEDSG	

2. Project Objectives and Components

a. Objectives

To assist the Governments of Karnataka, Punjab, and West Bengal to (i) improve efficiency in the allocation and use of health resources through policy and institutional development; and (ii) improve the performance of the health care system through improvements in the quality, effectiveness and coverage of health services at the first referral level and selective coverage at the primary level to better serve the neediest sections of society . The ultimate goal was to improve the health status of the population, especially the poor .

b. Components

Working within an agreed Reform Program, the project had three components . These, together with the *appraisal* and *actual* costs, were:

- Management Development and Institutional Strengthening (Expected cash US$26.6 million/Actual cash US$28.7 million) by (a) Improving the institutional framework for policy development; (b) Strengthening the management and implementation capacity of institutions; and (c) developing a surveillance capacity for major communicable diseases and response capabilities .

- Improving Service Quality, Access and Effectiveness at the First Referral Level (US$308.2 million/US$354.9 million) through (a) upgrading community, subdivisions and district hospitals; (b) upgrading effectiveness of clinical and support services; and (c) improving the referral mechanism and strengthening linkages with the primary and tertiary health care levels .

- Improving Access to Primary Health Care in Remote and Underdeveloped Areas (US$24.3 million/US$17.9 million) by (a) upgrading primary health centers and improving access to primary health care services in the Sunderban area of southern West Bengal; and (b) increasing access to primary health care services among the Scheduled Castes and Scheduled Tribes in Karnataka .

c. Comments on Project Cost, Financing and Dates

The Credit of SDR 235.5 million was equivalent to US$315.3 million at project closing, rather than US$350 million as at appraisal. Total project cost was US$401.5, against an appraisal estimate of US$416.7 million. The credit was 99 percent disbursed. Having been prepared rapidly (five months from appraisal to approval) it closed two years later than planned, on March 30, 2004.

3. Achievement of Relevant Objectives:

- The first objective was partially achieved . The efficiency in the allocation and use of health resources was improved as reflected in the overall increases in the share of health resources dedicated to the primary and secondary levels (except in Punjab) as well as an increase in government spending for non-salary recurrent costs, particularly for drugs and supplies . However, there was a reduction in the absolute levels of state government spending on health in the last few years .
- The second objective was achieved, with most of the targets met or exceeded, but there was some variation in performance between the states .

4. Significant Outcomes/Impacts:

- Improving access, quality, and effectiveness of the health care system at the first referral level and selected coverage of primary health care was achieved through increased allocations dedicated to the primary and secondary levels in two of the States; a computerized Health Management Information System was established at state, district, and project-facility levels to provide feedback to assist hospital performance and facilitate follow-up actions; structured involvement of the private and voluntary sector increased with private contractors involved in providing supporting services such as ambulance, sanitation and maintenance .
- Upgrading of hospitals exceeded the target (571 hospitals versus 524 planned) with several output targets also exceeded including the number of admissions, out-patients, laboratory tests, surgeries, and X-rays.
- Significant increases in access to Primary Health Care (PHC) in Remote and Under-served areas were achieved with the upgrading of PHC facilities in West Bengal plus provision of three floating medical units for the riverine area; health camps were organized in Karnataka which served mostly Scheduled Tribes and Scheduled Castes; In West Bengal, 382 villages were covered by mobile health care services against a target of 351 villages.
- Capacity of the implementing agencies in sector analysis and management has been strengthened and more than 70 studies and background papers have been prepared to provide a foundation for policy and institutional development.
- A policy of user fees was implemented in all project facilities for paying beds, diagnostic tests, surgery, and out-patient services with revenues retained at the project hospital level (except in West Bengal) and used for non-salary recurrent expenditures.
- A Waste Management System has been deployed in a large number of project facilities using segregation of waste, collection in bags and bins of different colors, then treatment and disposal . It has been documented as best practice within the Bank.

5. Significant Shortcomings (including non-compliance with safeguard policies):

- The planned development of a regulatory framework to monitor private health sector development, assess quality, and encourage referrals between the private and public sectors did not happen . The project activities made no effort to foster interaction between the public and private sectors .
- There is no clear evidence on improvements in the referral systems, and hospitals continue to provide services that could have been provided at lower levels.
- There is some evidence of under-utilization of upgraded facilities. While bed occupancy rates increased in all three states, the rates did not meet the ambitious targets set at appraisal .
- Although the poor in West Bengal and Karnataka benefited greatly from the facilities improved under the project, in Punjab the poor did not proportionately benefit from the project .
- Data from the Reproductive and Child Health surveys show that in all three states although there was a slight increase between 1999 and 2003, only about half of total deliveries were 'institutional deliveries' (IDs); the share of IDs in total deliveries was only a third for the poorest 20%. In both Punjab and Karnataka the public sector share of total IDs declined over the period of the project .
- Data collection for monitorable indicators was inadequate in several aspects . Although non-project hospitals were included in some surveys, private health facilities were not . Thus comparisons between project and non-project facilities of patient satisfaction, drug availability, impact of enhancement of clinical skills, admissions, X-rays, and surgeries cannot be made.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev .:	Substantial	Substantial	
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with ' * ' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

- Appropriate selection of indicators to be monitored is critical for useful feedback during project implementation .
- Recognition of the role of the private sector/NGOs and their incorporation into work with the State Governments can make health care much more accessible.
- A framework supporting referral from primary health care to first level referral hospitals can significantly improve the allocation of health care resources.

8. Assessment Recommended? ○ Yes ● No

9. Comments on Quality of ICR:

Very thorough ICR, with extensive and helpful Annexes.