1. Country and Sector Background
(A more comprehensive account of the Strategic Context is in the document entitled "Romania: Health Sector Support Strategy", World Bank Report Number 18410-RO, 1999.) The main sector issues are: (a) weaknesses in governance of the system and the legislative framework; (b) technical and institutional shortcomings in the efficiency and transparency of sector financing, combined with a need for further progress towards the goal of equity in health finance; (c) structural and functional inefficiency in the organization of physical capacity and human resources in the health care delivery system, overlaid on critical inadequacies in infrastructure in many areas through years of lack of maintenance and investment, exacerbated by ad-hoc processes of making new investment decisions; (d) mismatch between the health needs of the population and the priorities and focus of health services; and (e) consumer dissatisfaction with the health services.

2. Objectives
In Phase I, the Project would support activities directed at achieving the following objectives: (a) development of frameworks and capacity for policy, planning, regulation, finance and management which will foster rationalization and upgrading of physical and human resources in the publicly financed health system, and realignment of the health system to focus on improving the population’s health; (b) improvement in the quality, cost-effectiveness and technical efficiency of primary health care, essential secondary-level healthcare services and emergency medical services in selected judets; including testing of the scope improve these dimensions of performance through better coordination and communication between PHC and secondary level services; and between the ambulance system, hospitals and other emergency services; (c) modernization of public health services, including the legislative environment, and
reallocation of resources to tackle selected major causes of preventable illness and death, beginning with: tobacco control; tuberculosis prevention, diagnosis and treatment; STD/HIV prevention; development of humane, community-based mental health services with appropriate protection of patients’ rights.

3. Rationale for Bank’s Involvement
The Bank will add value to the Health Sector Reform Program by: (i) working with Romanian professionals and partner agencies to focus the reform program on the most important health problems, on long-run sustainability and on systemic changes to improve efficiency; (ii) facilitating a coalition of domestic and external stakeholders in support of the health sector; (iii) providing access to, and encouraging the adaptation of, relevant international experiences from within and outside the formerly socialist economies of Eastern Europe, based in part on lessons from Bank-supported initiatives; and (iv) enabling coherence among the range of sectoral adjustments being undertaken by the Government with Bank support.

4. Description
The Proposed Loan will be a two-phase Adaptable Program Loan (APL) of US$60 million, with a first phase lasting three years. Total Project costs are estimated at US$112 million. Major Project components will be as follows:
1. Planning and Regulation of Healthcare Delivery System: This component will support planning for rationalization of physical and human assets, and development of policy, regulatory, institutional and financing frameworks to foster efficient resources allocation in the health care delivery system. It will also include Health Information Strategy (HIS) rationalization.
2. District Hospitals: Essential Upgrade & Integration Initiatives: This component will support limited civil works and equipping of operating theaters and intensive care units in 20-25 district hospitals in phase one, with additional investment in service development in four pilot districts in phase one; it will also support management information systems development and associated training, and pilot mechanisms for better integration between primary and secondary health care.
3. Primary Health Care Development: This component will support staff development for health professionals working in primary care, and upgrading of public sector primary care facilities in five pilot judets in phase one, with priority given to improvement of access to care in rural areas.
4. Emergency Medical Services: This component will provide medical and communications equipment, ambulances and training to support establishment of integrated emergency medical services in some districts, and upgrade of existing emergency medical services in other districts. Priority is given to areas with highest road traffic accident frequency.
5. Public Health & Disease Control: This component will support a process through which the health status gap between Romania and Western Europe can be reduced. Activities will include technical assistance, training, equipment and infrastructure support. The Project will support national-level interventions, including legislation and regulations, as well as community-based interventions focusing on reducing exposure to the risks of diseases, public health education, prevention and promotion, and advocacy.
6. Project Management: This component will support project management and implementation over a five-year project period. This implementation structure will form the foundation for implementation of the overall reform program over subsequent years.

5. Financing

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<tr>
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<th>Total (US$m)</th>
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<tbody>
<tr>
<td>Government</td>
<td>60.0</td>
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<tr>
<td>IBRD</td>
<td>60.0</td>
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<tr>
<td><strong>Total Project Cost</strong></td>
<td><strong>112.0</strong></td>
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6. Implementation

Project implementation will be coordinated and centrally-managed by a PCU located in the MOH. The PCU will be responsible for overall coordination, project monitoring and reporting, procurement, disbursement. Each of the main sub-components will have a designated agency responsible for day-to-day implementation under the supervision of the PCU, as follows:

The Department of Development and Planning of Resources for Health Services of the MOH, with support from the Institute of Health Services Management (IHSM), will be responsible for components which focus on health services policy and planning (component 1 in Phase I of the Project), with oversight from an advisory committee representing the MOH and NHIH. Secondary and PHC development to be implemented in the five pilot judets will be managed locally by a full-time project manager based in the District Public Health Authority, supported by a part-time accountant, and part-time health services specialist. The Medical Assistance Department of the MOH will be implementing the emergency medical services component, with oversight from an advisory committee representing the MOH, Fire Department, the Department of Local Public Authorities, and Hospital Managers. The Public Health Department of the MOH will be implementing the public health Strategy Development and Capacity Building sub-component, under the oversight of an advisory committee representing the MOH, Public Health Institute and Institute of Health Services Management. Priority intervention programs involving policy, regulation and health promotion activities (tobacco control and STD/HIV prevention in Phase I of the Project) will be implemented by the Center for Health Promotion (in the Institute of Health Services Management). The TB control sub-component will be implemented by the Institute for Tuberculosis and Pneumophystiology, which has experience with implementation of the first Romania health project. The Mental Health sub-component will be implemented by the Department of Public Health in the MOH in collaboration with the Obregia Psychiatric Hospital, under the oversight of an advisory committee also representing the Romanian Psychiatric Association, Romanian Mental Health League, and WHO.

7. Sustainability

The following factors are critical for sustainability of project benefits: (i) stable or growing public health revenue; (ii) stability in health sector strategy and sector management; (iii) Government’s willingness and capacity to infuse health system with increased incentives for efficiency, quality and affordable access; (iv) Government and population’s willingness and ability to increase health expenditure in the areas of greatest need: primary care, essential hospital services and public health; and (v) private sector’s willingness and capacity to manage health services as or more efficiently than the public sector, and to comply with
contracts with HIH regarding quality, access and patient copayments.

8. Lessons learned from past operations in the country/sector
The ECA Region’s experience to date provides a number of lessons to be taken into account in designing and implementing health projects in countries undergoing political, economic and social transition. The lessons include the following: (a) under the best of circumstances, health sector reform remains a long and politicized process; (b) the most technically sound strategies cannot be implemented in the absence of strong, capable institutions and political will; and (c) the impact of the political economy and the sensitivity surrounding even seemingly simple health sector reforms are significant and must be directly addressed from the outset through comprehensive public information and communication strategies targeted at the full range of stakeholders. Experience has also shown that, despite the best efforts of staff and clients, expectations have continued to be placed too high: projects have tended to be too complex, and implementation requirements and timeframes have often been too rigid. The first health project, the Health Rehabilitation Project (Loan 3409-RO), closed on June 30, 1999 after delays in disbursements and four extensions of closing date. The main lessons drawn from implementation of the Health Rehabilitation Project concern project complexity, the need for flexibility during implementation, and the need for continued investment in developing local capacity for sector policy, planning and management. It is unrealistic to specify ex ante health system development activities in great detail. Although the goals of improved health status, sustainable financing and efficiency remain constant, the policy environment changes and the Bank must be flexible in the activities to be financed as well as the mode of implementation. The current Project is designed to ensure more successful implementation of changes in the way health services are financed, organized, and delivered through: (i) investing substantially during Project preparation in policy dialogue to support the GOR’s development of a strategy for health sector reform, and to build a coalition of support for the strategy which is likely to be robust through changes of administration; (ii) further strengthening the local capacity on the ground, and on a smaller scale, through selected experiments and pilots, prior to full-scale roll-out; and (iii) ensuring public information is an integral part of the process, thereby building a broad-based consensus which embraces the full range of stakeholders in the reform process, including policymakers at all levels of government, health providers, and the general population. Project complexity will be reduced through limiting each phase in the program to a restricted number of interventions, and timetables for implementation will be determined on the basis of identified triggers which must be met before proceeding to the next phase. The Project focuses predominantly on tangible provider development activities and institutional development, accompanied by a modest and flexible program of policy and regulatory reform. Closer Project monitoring will also be better assured under such a design.

9. Program of Targeted Intervention (PTI) Y

10. Environment Aspects (including any public consultation)
Issues: The only potential issue involves the rehabilitation of public health facilities. Plans for the rehabilitation of public health facilities will include aspects that will ensure the
environment is not negatively affected by the civil works supported under
the Project. No adverse environmental effects anticipated. The Project
will follow accepted Bank procedures. All hospital and health center
activities will incorporate appropriate and safe disposal of wastes.

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Note: This is information on an evolving project. Certain components may
not be necessarily included in the final project.

This PID processed by the InfoShop week ending April 7, 2000.
Annex

Because this is a Category B project, it may be required that the borrower prepare a separate EA report. If a separate EA report is required, once it is prepared and submitted to the Bank, in accordance with OP 4.01, Environmental Assessment, it will be filed as an annex to the Public Information Document (PID).

If no separate EA report is required, the PID will not contain an EA annex; the findings and recommendations of the EA will be reflected in the body of the PID.