



1. Project Data:		Date Posted : 09/30/2003	
PROJ ID: P008414		Appraisal	Actual
Project Name: Health Project	Project Costs (US\$M)	19.68	18.76
Country: Georgia	Loan/Credit (US\$M)	14.00	15.34
Sector(s): Board: HE - Health (84%), Central government administration (10%), Health insurance (6%)	Cofinancing (US\$M)	0.40	0.84
L/C Number: C2852; CP937			
	Board Approval (FY)		96
Partners involved : JICA	Closing Date	06/30/2001	12/31/2002
Prepared by:	Reviewed by:	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The project would support the health sector reform efforts the government had initiated and aim to improve the health of the Georgian population. The specific objectives were to :			
<ul style="list-style-type: none"> • Re-orient the health system towards cost effective public health interventions, assuring better quality care for women and children and focusing activities of the Ministry of Health (MOH) on regulation; • Rehabilitate selected facilities and equipment dedicated to cost effective provision of maternal, perinatal and pediatric care; • Develop human resources to support health reform; • Support the development of an independent health fund with regional branches to finance a package of basic clinical services in a cost effective and equitable manner. 			
b. Components			
1. Health system reorientation (US\$3.62 million, actual cost): (a) modernize the public health system at central regional and local levels, including vertical health promotion and disease prevention programs, community based programs and a competitive grant scheme; (b) introduce improved reproductive, perinatal and pediatric care services; (c) realign the MOH to planning, monitoring, regulatory and quality assurance functions .			
2. Rehabilitation and maintenance of health facilities and equipment (US\$12.2 million, actual cost, excluding the supplementary credit), including rehabilitation and equipping of three facilities to serve as centers of excellence for perinatal care.			
3. Development of human resources (US\$1.01 million, actual cost), including system for continuous education of physicians and nurses.			
4. Modernization of the health financing system (US\$0.86 million, actual cost), including information management and financial accounting.			
5. Project management (US\$1.07 million, actual cost).			
c. Comments on Project Cost, Financing and Dates			
The project was not formally restructured but the allocation of funds between components was revised at mid -term to meet an increase in the scope of works under the facilities renovation component at the expense of components 1, 3 and 4. TA envisaged for component 4 was financed instead from a Dutch grant. A supplementary credit of US\$2.7 million was approved in August 2001, also to finance hospital renovation, while JICA provided additional funding equivalent to US\$5 million for hospital equipment. The rehabilitation of Kutaisi Perinatal Center was dropped from the project due to a shortfall in project funds, attributed to the devaluation of the SDR against the US dollar . With severe budget constraints, counterpart funding amounted to 52% of the overall commitment at appraisal, 27% of the commitment for the public health component, 20% for the healthy children and safe motherhood component, and 170% for project management. The project was extended for 18 months from its original closing date to allow completion of the hospital renovation.			
3. Achievement of Relevant Objectives:			
The focus of the project was shifted at mid-term -- through reallocations between components and the supplementary			

credit -- to the full renovation of a general hospital in Tbilisi. Assessment of project outcome is based on the original project objectives which were not formally revised.

The project lacked credible indicators to measure progress on objectives. It did not succeed in its objective and appraisal targets for improving the health of the Georgian population. Incidence and mortality rates from heart disease and stroke, for example, and prevalence of STDs, increased sharply (albeit from unreliable baseline data).

1. Health system reorientation. This component was underfunded and achievements were modest in relation to objectives.

(a) The Department of Public Health was supported through rehabilitation of facilities, equipment, TA, and training of selected staff. Central capacity was strengthened for collection and analysis of relevant data but plans to upgrade software for integrated health information system were cancelled due to lack of funds. Funds were also insufficient for the planned training and equipping local staff and offices. Establishment of the health promotion unit was delayed until 1999 and the number of promotion programs foreseen under the project was reduced due to lack of funds, staff and capacity. The health promotion grants program was cancelled after two rounds, due partly to concerns about the program's effectiveness and transparency, and partly to the shortfall of funding for the hospital renovation to which the funds were reallocated. Curricula and materials were developed for training regional and local public health staff but only two courses were implemented for a total of 40 professionals.

(b) The ICR states that the project did not substantially succeed in improving access to quality maternal and child care in the target areas and cites increases in maternal mortality rates between 1996 and 2000. Treatment protocols developed under the project were not as widely followed as expected. Modern peri-natal centers to care for high risk deliveries and neonates were not established as planned. Project design assumed incorrectly that public resources would be sufficient to fund the necessary related training and low cost equipment. Nevertheless, additional information provided by the Region (e-mail dated 9/30/2003) indicates that "A referral system operating in Eastern and Western Georgia has led to an improvement in the maternal mortality indicators (6.7% decrease between 1996-2001)."

(c) The MOH's pharmaceuticals department was reorganized, and a regulatory and licensing system set up for pharmaceutical production and trade, but the related education campaign was not implemented on a large enough scale and enforcement remained weak. Systems were set up for licensing health facilities and certifying physicians: 53% of facilities and 87% of physicians had been licensed by closure of the credit, while those not licensed were not allowed to practice.

2. Instead of providing rehabilitation and equipment for three facilities for perinatal care, as planned, this component, which accounted for 65% of actual expenditures under the project, was directed to partial rehabilitation of one hospital and full rehabilitation of a general hospital in Tbilisi. The rehabilitation of the hospital in Tbilisi was satisfactorily completed, after many delays, but successful operation, sustainability, and access for vulnerable groups were not assured.

3. For development of human resources in the sector, the project supported development of curricula and training materials but no funds had been budgeted for actual implementation of training courses. These were to have been funded through the government budget, which provided extremely limited resources, and the introduction of tuition fees, which proved impossible. Some of the needs were met by other donors, allowing provision of 166 short term courses for 2,360 participants. Several donors are funding continuation of training programs developed under the project.

4. With regard to the independent health fund, the project was largely successful in supporting the development and strengthening the capacity of the State Medical Insurance Company, although significant weaknesses remain.

4. Significant Outcomes/Impacts:

In difficult conditions, the project contributed substantially to reorienting the sector and strengthening institutions at the central level. In particular:

- Reorientation of the MOH's functions towards regulation of providers has been successfully carried out. Purchaser and provider functions are fully separated.
- A Public Health Department with regional and rayon centers was established; the focus of the public health system was expanded beyond the control of infectious diseases to include disease prevention and health promotion; and the basis was established for an improved health information system.
- The State Medical Insurance Company and its regional branches have been developed into an agency with reasonable technical capacity to contract for medical services. One third of its resources in 2001 were allocated to maternal and child health services.
- Capacity was also strengthened in the Center for Medical Statistics and Information, the Pharmaceutical Department, the Maternal and Child Health Unit, and the Department of Medical Technology.

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

- The scope of the project was extremely ambitious considering the resources available, the strength of national commitment to the reforms beyond the Ministry of Health, and the capacity of a new borrower for implementation. Project design was complex and fragmented; and it underestimated the resources needed for information, promotion and training activities to generate broad understanding of and support for the reforms and to change behaviors beyond central administration. Monitoring plans were weak, lacking realistic or useful indicators.
- Much needed down-sizing and rationalization of facilities was not achieved (this was an implied objective of the

shift at mid-term to renovating a major hospital).

- The project did not succeed in improving the quality of prenatal care .
- Accreditation of medical schools did not materialize .
- The overall health financing system remains fragmented and financially fragile . Access to services guaranteed in principle through the State Medical Insurance Company remains largely driven by care -seekers' ability to pay . Uncertainty continues to create ample room for informal payments, and the need to pay for services formally and informally continues to constitute a significant access barrier for the poor .
- Little impact was made on capacity at the local level and on devolution of responsibilities .

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Satisfactory	[the ICR's 4-point scale does not provide for a "moderately sat." rating]. The project achieved most of its objectives with significant shortcomings . Additional information from the Region: "A referral system operating in Eastern and Western Georgia has led to an improvement in the maternal mortality indicators (6.7% decrease between 1996-2001)."
Institutional Dev .:	Substantial	Substantial	The ID impact was substantial but was largely confined to the central level .
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	However, quality at entry was unsatisfactory .
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:

- Project scope and the complexity of design need to be matched to available resources (from the project and the national budget), the strength of national commitment to proposed reforms, and implementation capacity . Excessive fragmentation in project design adds to the implementation challenge and reduces the potential benefits from coordination and synergies between components .
- Ownership of proposed reforms by the implementing Ministry is necessary but not sufficient in itself to indicate national commitment for implementation . Time and resources needed for local information and promotion activities and training should be accounted for within the project and /or through parallel financing commitments .
- Concurrent adjustment lending operations can provide critical impetus to policy reforms that are supported through a sector investment credit .
- Technical assistance works best when it involves a long term relationship between consultants and counterparts and when TORs are supported by implementing agencies as well as policy makers .

8. Assessment Recommended? ☒ Yes ☐ No

Why? To verify ratings.

9. Comments on Quality of ICR:

This is a good intensive learning ICR -- the account of the project is clear and the evidence well presented . An explanation would have been helpful as to why the "beneficiary" assessment for the ICR (as well as the stakeholder workshop) was limited to the health sector professionals involved in implementation . There appear to be some discrepancies between appraisal costs by component in the ICR and SAR : it is not made clear if the ICR is giving the cost breakdown before or after the re-allocation at mid-term, nor whether or how the supplementary credit is included.