ICR Review

Operations Evaluation Department

Report Number : ICRR11974

1. Project Data:		Date Posted : 01/14/2005		
PROJ ID : P008814			Appraisal	Actual
Project Name :	Health Reform Pilot Project	Project Costs (US$M)	$98.6 million	n/a
Country :	Russian Federation	Loan/Credit (US$M)	$66.0 million	$36.7
Sector(s):	Board: HE - Health (100%)	Cofinancing (US$M)	0	0
L/C Number :	L4182			
		Board Approval (FY)		98
Partners involved :	USAID, Govt.'s of Canada, Japan	Closing Date	04/30/2004	04/30/2004

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2. Project Objectives and Components

a. Objectives

The objective of the project was to achieve improvements in the quality and efficiency of health care, and in reproductive and cardiovascular health outcomes, in two pilot oblasts - sufficient to make decisions about national adoption of specific reform measures: (i) To change incentive systems through the introduction of output -driven cost-conscious provider payment mechanisms. (ii) To reorient health care by strengthening primary care services, centered on a network of family physicians, and correspondingly reducing inpatient care . (iii) To improve practices in maternal and child health, and cardiovascular health - with an emphasis on promoting healthy lifestyles and offering better quality, cost-effective and affordable prevention, diagnosis, and treatment .

b. Components

The project had four components: Two independent sub-projects, each consisting of a package of reform measures in a participating oblast; one component to strengthen national and regional training programs in Family Medicine; and one component to monitor, evaluate, disseminate and replicate project results . They are shown below with the estimated total cost at appraisal. (Data on total project costs by component are not available (see Box 9)).

I. Kaluga Oblast Health Reform (US$44.2 million) This component had three parts: (i) *Delivery System Restructuring* To increase the range, volume, quality and accessibility of services at outpatient facilities and correspondingly to reduce the share of inpatient services. (ii) *Restructuring Provider Incentives* To fundamentally change the system of payment to hospitals and polyclinics and replace them with systems that encourage provision at the least costly, medically appropriate, level. (iii) *Maternal and Child Health and Family Planning* To increase efficiency and effectiveness of organization and service delivery, and to emphasize health promotion by implementing selected reforms in antenatal care, perinatal care, family planning and reproductive health promotion, and professional education.

II. Tver Oblast Health Reform (US$38.0 million) This component had four parts: (i) *Restructuring Cardiovascular Health* Services To develop a package of interventions to reduce cardiovascular disease (CVD) with a focus on prevention; (ii) *Family Medicine* To facilitate the introduction of family physicians as principal primary caregivers; (iii) *Maternal and Child Health and Family Planning* To improve practices by introducing changes in clinical practice standards, and create the physical environment to support these changes; and (iv) *Restructuring Provider Incentives* To provide support for development and implementation of improved provider payment, quality assurance, and management information systems.

III. National Training Program in Family Medicine (US$2.8 million) To support development of training programs in family-centered care with four components: (i) Updating models of practice; (ii) Curriculum and faculty development, (iii) Quality improvement and certification; and (iv) Creating a supportive environment for the expansion of family-centered health care.

IV. Monitoring, Evaluation, and Dissemination (US$1.4 million) In order to fully realize the expected returns to investments in this project, monitoring, evaluation, and dissemination of project results would be undertaken .

c. Comments on Project Cost, Financing and Dates

Five and a half years after the loan became effective, in November 2003, the government decided to cancel the loan and return the outstanding balance (US$29.3 million). No reasons are given, and no indication of whether this was a move which allowed for appropriate preparations to be undertaken . The disbursements for investments in equipment,

supplies and vehicles in the two oblasts amounted to 60% of their allocations; disbursements for financing consultants and training programs used little of their allocations (i.e. only 10% of the funds allocated for health promotion were disbursed). There is no information provided on the financial contributions from the two oblasts. The loan closed on the originally scheduled date of April 30, 2004.

3. Achievement of Relevant Objectives:

- The project objectives in Kaluga oblast were partially achieved. The delivery systems were restructured, training courses in family medicine were provided, and 120 physicians trained as family practitioners. With respect to health care financing, the introduction of initiatives to change the way providers are paid failed; throughout the project a clear direction and political commitment to health care financing was weak. Efforts to reform maternal and child health care were effective, with targeted training and purchase of specialized medical equipment. However, some planned equipment purchases and training were not fulfilled due to the cancellation of the loan. Health outcomes were mixed: levels of anemia and hypertension during pregnancy were expected to fall but instead increased; however neonatal mortality and the number of abortions did fall; hospital admissions (as % of the population) unexpectedly rose but average length of stay was shortened.
- The project objectives in Tver oblast were also partially achieved. The target number of physicians have been trained as family practitioners and their offices equipped, but plans to expand the number further had to be dropped when the loan was canceled. To address CVD, emergency department equipment and ambulances with modern resuscitation equipment were procured. Development and dissemination of health promotion materials has been undertaken; however, funding for equipping the Health Promotion Unit was not available, and the planned international technical assistance was not provided. Efforts to improve maternal and child health benefited from training programs, and provision of specialized medical equipment and health education materials. However, there has been no restructuring of maternity services and the overall delivery mechanisms are inefficient and fragmented. Limited efforts to introduce provider payment models have been made, but lack an overall conceptual model of how health care financing issues link to the effective implementation of family medicine. Health outcomes were mixed: levels of anemia and hypertension in pregnancy increased rather than fell; However, perinatal and neonatal mortality rates did fall, and the percentage of smokers among men has been reduced.
- Reform measures were to be introduced on a national level based on the expected improvements in the quality and efficiency of health care in the two pilot oblasts. However there were no strong matching federal components, ownership of the project at the federal level was weak, only limited effective monitoring and evaluation data was generated, and overall capacity at the federal level for key policy functions was modest.

4. Significant Outcomes/Impacts:

- The project has contributed to strengthening the capacity of Kaluga and Tver oblast health departments in key areas such as primary health care based on a model of family medicine, health promotion, and management of maternal and child health and CVD.
- The development of training programs in family-centered medicine has been achieved, together with development of a legal and regulatory framework; development of curricula and standards for medical staff; and establishment of a family medicine training center at the Moscow Medical Academy.
- The attitude of oblast health department authorities toward family medicine has changed, in part reflecting the work supported by the project. For the first training program in family medicine, candidates were very few; by the fifth course, demand exceeded the space available. (Kaluga)
- A Diabetic Center was established and equipped, serving about 9,000 per year, about 40% of the population at risk. Patient visits to family practitioners have increased by 69%. Eight Clinical Diagnostic and Treatment Centers were established and equipped to support family medicine. (Tver)

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

- A critical issue for the successful implementation of this project was the cancellation of half of the project funds for which no clear explanation is given in the ICR. While investments were made in medical equipment, civil works, and vehicles, with some training, cancellation of the planned investment in international technical assistance, in study tours, in equipment for health promotion, etc, prevented the plans for restructuring and reforming the sector from being implemented.
- In both Kaluga and Tver efforts to introduce new provider payment systems were unsuccessful. Both lack a comprehensive framework for health care financing. "Throughout the project, a clear direction, vision, and political commitment to health care financing reforms was weak....." (ICR p. 12)
- In both Kaluga and Tver, while family doctors are providing the full range of services in rural areas, in urban areas the scope of their work has been constrained by local arrangements which continue to support specialized medical practices.
- Although the evaluation reports were produced as expected (at inception, mid-term and conclusion) the quality of the reports was affected by the absence of a systematic framework, and the ability to share lessons learned was therefore limited. In addition, repeated institutional and organizational changes affected the monitoring and evaluation component. The project design had envisaged a partnership arrangement with an international group in order to build capacity in monitoring and but this was not implemented. Given the lack of data on indicators from non-pilot oblasts, it is impossible to attribute changes in the indicators to the project investments.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Moderately Unsatisfactory	Of the three project objectives, two were partially achieved with improvements in the quality and efficiency of health care in the two pilot oblasts, but with significant shortcomings. The ability to make decisions at the national level on specific reforms was only modestly facilitated. Achievement of this objective was limited by the lack of appropriate monitoring and evaluation to assist the transference of the lessons learned in the two oblasts to the federal level, and by the lack of success in development of an effective provider payment model within a comprehensive framework for health care financing.
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Non-evaluable	The ICR does not provide sufficient information on which to make a judgement with respect to the sustainability of the initiatives being piloted.
Bank Performance :	Satisfactory	Satisfactory	However, the statement of objectives lacked clarity.
Borrower Perf .:	Satisfactory	Unsatisfactory	The cancellation of almost half of the loan funds, Government reluctance to use loan funds for foreign technical assistance and emphasis on the purchase of hardware, significantly undermined the efficient achievement of development objectives.
Quality of ICR :		Unsatisfactory	

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

7. Lessons of Broad Applicability:

- The continuous involvement of technical experts (from both the Bank and outside agencies such as WTO) provided critical support to the project, particularly in light of the government's hesitation to borrow for international technical assistance.
- Preventive health care interventions can be successfully implemented in a relatively short period of time, especially when basic knowledge is lacking and media interventions are combined (i.e. brochures, posters, radio, and TV spots).
- Quality of care improvements require a multi-pronged approach (including, for example, accreditation and licensing, and health care financing arrangements which provide appropriate incentives).
- Political commitment to reform can be transient, reflecting changes in leadership.

8. Assessment Recommended? ● Yes ○ No

Why? To verify the ratings.

9. Comments on Quality of ICR:

- The basis for and impact of the cancellation of half of the loan funds after six years of implementation should have been fully explained (instead of having single sentence references dispersed in various sections).
- The ICR does not provide complete and consistent final cost figures. In Annex 2, "project costs" of $35.93 million are shown with a footnote that these final estimates are "for loan funds only as cofinancing figures were not available" (the region commented that complete project cost data could not be obtained from the borrower). Annex 3 shows final disbursements from the loan to be $32.7 million, which appears inconsistent with the fact only $29.3 million was reportedly cancelled from the original loan amount of $66 million.
- The SAR describes project preparation that stretched over five years, with a highly participatory process, and describes the oblast subprojects as "essentially the oblasts' own projects". The lack of ownership described in the ICR is therefore surprising and should have been better explained. In particular the lack of political commitment of government leadership at the time of implementation clearly hampered project activities and was a trigger for some of the difficulties encountered.