ICR Review

Operations Evaluation Department

Report Number : ICRR11431

1. Project Data:		Date Posted : 05/08/2003		
PROJ ID : P010489			Appraisal	Actual
Project Name : Ap 1st Ref. Health S		Project Costs (US$M)	159	136.3
Country : India		Loan/Credit (US$M)	131.5	115.5
Sector(s): Board: HE - Health (98%), Sub-national government administration (2%)		Cofinancing (US$M)		
L/C Number : C2663				
		Board Approval (FY)		94
Partners involved :		Closing Date	03/31/2002	06/30/2002

Prepared by :	Reviewed by :	Group Manager :	Group :	
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2. Project Objectives and Components

a. Objectives

The Project Objectives were “to assist the Government of Andhra Pradesh (AP) to: (i) improve efficiency in the allocation and use of health resources through policy and institutional development; and (ii) improve systems performance of health care through improvements in the quality, effectiveness and coverage of health services at the secondary level to better serve the neediest sections of society.” The ultimate goal of the project was “to improve the health status of the people of AP, especially the poor and the underserved, by reducing mortality, morbidity and disability.” The project was also to “provide a first step towards the creation of a replicative state model that would subsequently be used to reorient the health systems in other states of India.

b. Components

The project had three Components: (1) **Institutional Strengthening** (US$4.1 million, 3% of actual project costs), which would improve the institutional framework for policy development, and strengthen implementation capacity, focusing on improving management and service delivery effectiveness. (2) **Improving Service Quality, Access and Effectiveness at District Hospitals** (US$55.1 million, 40% of actual project costs), which would renovate and extend 17 District Hospitals and upgrade 4 other hospitals into District Hospitals, and upgrade clinical effectiveness and quality of services at these 21 District Hospitals. (3) **Improving Quality, Access and Effectiveness at Area and Community Hospitals** (US$78 million, 57% of actual project costs), which would renovate and extend 49 area hospitals and 80 community hospitals, encourage greater utilization of services in (remote and disadvantaged) tribal areas, upgrade clinical effectiveness and quality at these 129 hospitals, and improve the referral system between different levels of care.

c. Comments on Project Cost, Financing and Dates

The Government of Andhra Pradesh exceeded its financial commitment by $US6 million, an increase of 21.5%. Internal reallocation of $10 million was made to the Gujarat Earthquake Rehabilitation Program in March 2001. By November 2002, 94% of the Credit was disbursed, with the remaining amount canceled.

3. Achievement of Relevant Objectives:

The project met or exceeded its objectives. The state health system and its component institutions at the primary and secondary level are now more effectively and efficiently managed. Infrastructure objectives were surpassed, resulting in notably increased capacity. Coverage of health services increased dramatically, with 75% of the patients served coming from below the poverty line, and 18% belonging to scheduled castes and tribes. The implementation capacity of the civil works and procurement agencies was substantially strengthened, with fully functional financial management systems and MIS established. Quality and effectiveness of services is more difficult to comment on for certain, although inferential measures of quality rose substantially. For example, patient satisfaction levels improved, budget for, and

availability of, drugs and consumables increased, and patient visits at both inpatient and outpatient levels doubled. According to the Borrower's comments, (unspecified) aspects of the project were "taken up" in four other Bank health projects in India.

4. Significant Outcomes/Impacts:

One hundred and sixty primary and secondary level hospitals—compared to the SAR target of 150—were renovated and/or upgraded. Over 4500 doctors and nurses have been trained in clinical and management skills, and over 7000 staff were trained in health care waste management practices. These increases in human and physical capacity are associated with a greater than 60% increase in hospital beds, and institutional deliveries now 60% of total deliveries (an increase of 36%). There was a doubling in the annual number of inpatient visits (600,000 to 1.2 million) and outpatient visits (9 million to 18.2 million). The number of diagnostic tests and surgeries conducted also doubled. In addition, an objective ratings system for hospitals, based on performance indicators, is functioning, and the number of hospitals rated "A" rose from 24 in late 1998 to 74 at project completion. Efficiency in allocation of resources was notably increased, as reflected in a 180-fold increase in user fees, achieved while people below the poverty line were exempted. These fees were maintained for use at the facility level.

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

In what was an otherwise well-designed and very well-implemented project, which realized many valuable and likely-to-be-sustained achievements, the absence of documented achievements in measures of quality beyond process measures and patient satisfaction is disappointing. In addition, service delivery outcomes and health outcomes should also have been tracked and reported on, e.g., increases in immunization rates, increases in contraceptive use, decreased incidence of disease, decreased morbidity and infant, child, and maternal mortality—especially since these all speak to the Project goal. Eleven percent (in terms of cost) of equipment supplied was found in 2002 to be underutilized due to lack of operations and maintenance skills.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly 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:

(1) State level projects in a country as large and populous as India (given a committed State) are effective units of focus for development assistance, and are more likely to be able to effect meaningful institutional, policy, and health system reform. (2) Rigorous Bank procedures can translate into good governance. (3) Some aspects of health system strengthening, e.g., effective referral between levels of care, MIS, work force allocation, need to be carried out across all three institutional levels (primary, secondary and tertiary), even if a project is otherwise only focusing on lower levels within the health system. (4) Contracting out of non-clinical services (and even clinical services) to the private sector can work well. (5) A user fee system can be introduced in a poor country, exempt the poor, and still collect adequate resources. (6) The retention of user fees at the facility level is critical to their efficient use, and should be designed into projects that include a user fee component. (7) Patient satisfaction surveys are valuable for feedback and improvement of service delivery, but they are not sufficient in and of themselves to document improved quality. They should be coupled with independent analyses of service output and outcome (e.g., aspects of quality, accessibility and use), using appropriate indicators that have already been put in place in the design of the project.

8. Assessment Recommended? ○ Yes ● No

9. Comments on Quality of ICR:

The ICR is well-written, covers important subjects, and is internally consistent. It provides ample quantitative data to buttress its analyses and judgments, which are sound. The Lessons Learned section is robust, thoughtful, and usefully subdivided into helpful categories ("institutional," "technical and social," and "operational"). Partner comments are quite extensive, and contain a wealth of useful supplementary

or corroborative information. However, while the ICR gives much quantitative information about outputs and some process variables, e.g., # of visits and beds added, patient satisfaction rates, cost recovery amounts, etc., there is a dearth of health outcome indicators (as noted in Section 5). This may either reflect project deficiency or ICR weakness, or both. But if it is the former, the ICR does not comment upon the absence of such outcome indicators, except to note, in its Lessons Learned section, that these indicators are important to have early in a project's implementation (if not before). Some aspects of quality are only mentioned in passing, without quantitative results, e.g., (p. 6) "Indicators for measuring clinical quality have been developed and are being used," and (p. 5) "Training centers have been established and training is conducted regularly."