I. Introduction and Context

Country Context

Pakistan is the world’s 6th most populous country with 180 million population, which is likely to double in next 35 years. Besides increasing burden to cater to the basic needs of the rising population, Pakistan continues to face momentous challenges including volatile security due to militancy crisis, increasing ethnic and religious violence and an unstable political climate. The economic and political instability of 1990’s was followed by improved economic growth in early half of 2000’s with decreasing levels of poverty. However, Pakistan faced a series of challenges including political and judicial instability, worsening security, increased food and fuel prices and power and gas crisis further complicated by devastating floods in 2010 and 2011 with stagnation of economic growth and double digit inflation. The 18th Amendment to Pakistan’s Constitution is a significant development, devolving authority and functions from the federal government to the provinces in 40 areas, including health. The devolution has posed institutional and capacity challenges at the provincial level and uncertainties about federal resource flows needed to maintain key preventative and primary health services. Addressing the above challenges requires strong leadership, good governance, and effective management both at the federal and provincial level to implement fundamental reforms including institutional restructuring and system strengthening. In addition, it would need substantial investment in human development to meet the growing basic health and education needs of the large young population. Without this investment, Pakistan is unlikely to capture a potential demographic dividend and to enjoy high levels of economic growth.

Sectoral and Institutional Context

Pakistan needs to significantly improve its HNP performance; otherwise the outcomes especially for the poor will remain an obstacle to its economic potential and growth. The present rate of progress is much lower than of its South Asian neighbors, and Pakistan is not on track to achieve the health-related MDG targets. There exists significant inequity in service access and utilization with little change since 1990 for the poorest and the rural population; maternal and child health indicators have improved, but maternal mortality and fertility are still high; and only minimal progress has been made in improving nutritional outcomes of children and mothers over the last two decades. With about 60% of the total population, Punjab holds key to Pakistan’s progress towards the Millennium Development Goals (MDGs).

Punjab’s overall health outcomes are comparable to the national average but the pace of change remains slow and uneven with significant disparities among regions, rural-urban, and by economic status. Punjab has successfully reduced child mortality over the decade (reduction in infant mortality rate from 104 to 81 and under-five mortality rate from 133 to 97). The current IMR and U5MR are similar to the national average but still about twice the levels of Bangladesh and Nepal. Child nutrition, a key to lower early child morbidity and mortality, is in poor shape in Punjab with 34% of children under five are moderately or severely underweight and 11% are severely underweight. Similarly, 57% of children aged 12-23 months in Punjab are fully immunized in 2008-09 as compared the national average of 51%. Maternal and reproductive health outcome and service indicators have shown a steady progress though not yet ideal. The maternal mortality ratio of 227 per 100,000 live births is substantially lower than the national average of 276. However, only 43% of deliveries assisted by skilled health personnel. Punjab’s current total fertility rate is 3.9 per woman, which is the lowest among four provinces with the lowest unmet need for family planning at 23%. Furthermore, Punjab faces a concentrated epidemic of HIV/AIDS among high risk groups and a significant burden of endemic TB. Major cities in Punjab such as Lahore, Faisalabad, and Multan are known to have sizeable numbers of vulnerable or at risk populations for HIV/AIDS.

Punjab’s slow progress in improving HNP outcomes are due to various factors including external and internal factors. Factors external to the health sector include persisting high levels of poverty mainly in the southern part of the province, low levels of
education, inadequate availability of safe water and poor sanitation systems. Factors internal to the health sector are many and the Government of Punjab (GOPb) is struggling in delivering expected results to their people as performance remains less than desired due to weak management particularly at district level, lack of accountability mechanisms, low levels of motivation of staff to perform and work in rural and remote southern districts and low levels of public expenditures on health as compared to most developing countries.

Relationship to CAS
The Country Partnership Strategy FY10-14 aims to assist Pakistan to address major institutional, policy, and financing constraints to achieve and sustain high economic growth rates, to manage conflict, and to improve the social capital of its population. The proposed operation is linked with the fourth pillar which envisages support to improve human development and social protection. The proposed project will assist Punjab province to implement its reform program in the health sector to improve coverage, quality and access to essential health care especially for the poor and in under-developed districts and improve its systems for accountability and its enhanced stewardship functions. The proposed project will accord special attention to address nutrition challenges in recognition of the magnitude of the problem in Punjab.

II. Proposed Development Objective(s)

Proposed Development Objective(s)
The development objective of the proposed project is to enable the GOPb to strengthen health systems and improve health services, particularly for the poor. Provision of technical and financial support through the proposed project would focus on: (a) service delivery and management reforms; (b) systems development interventions including generation and use of data for increased accountability; and (c) improved governance in the health sector and restructuring of the DOH to perform its enhanced stewardships functions in light of the 18th Amendment to the Constitution.

Key Results
Success of the project in meeting its objective will be measured by the following indicators, with disaggregation by income quintile, where appropriate, in line with the strong pro-poor focus of the project:
- Percent of fully immunized children 12-23 months of age
- Percent of births attended by a skilled attendant
- Contraceptive prevalence rate (any modern method)
- Proportion of children 6-24 months who are adequately fed
- Proportion of targeted population receiving a package of nutrition services
- Health facility utilization rate (HFUR)
- Quality of Care Index, measured by a periodic health facility assessment
- Percent of community satisfied with public health care services

Additional indicators for systems development and accountability will be discussed and agreed during preparation.

III. Preliminary Description

Concept Description
The proposed project will use a programmatic approach using a results-based financing mechanism. The project design will be based on the GOPb’s strategic sectoral plan with a robust results framework and well defined qualitative and quantitative targets. The Bank anticipates providing in IDA funding USD135 million over a five year period to this program, accompanied by support from the Bank’s Health Results Innovation Trust Fund (USD 15 million) and co-financing from DFID (USD 100 million).

The project will support the GOPb’s program under four components:

Component I – Improving Health Services (US$150 million). The objective is to enhance coverage, quality and access to a package of essential health care services, especially for the poor and in underdeveloped districts of the province. The component will focus on districts mostly in the southern part of the province, where the health outcomes are lagging. The package will include the following services: neonatal, child, and maternal health, family planning, nutrition, and communicable diseases control. Primary Health care will be reorganized with expansion of 24/7 Comprehensive EMOC services in all RHCs and selected BHUs. The following approaches will be used:

a) Contracting out - management of all RHCs and BHUs in at least 15 districts with contracted management organizations responsible for health facilities including provision of preventive and primary health care to the catchment area population under a results-based contract linked to achieving district-wide annual performance targets for outputs; b) Contracting in - Strengthening the district health leadership in poor performing districts by deploying competitively selected managers through an internal or external selection process under performance based contracts; and c) District Partnership model - Strengthening current district health management model with a focus on delivering better results. In addition, the component will support improvement of quality of secondary care services in the province through analytical work. The component will also support specialized provision of preventive, treatment and care services for population subgroups vulnerable to HIV infection (IDUs, MSM and sex workers) in targeted cities.

Component II - Reforms for Enhanced Accountability (US$85 million). The objective will be to strengthen systems to enhance accountability and governance. This component will focus on the following two strategic areas:

a) Enhancing governance and accountability mechanisms including: i) Functional/capability review, organizational restructuring; ii) Regulatory and legislative reforms including operationalization of the Punjab Health Commission; and iii) strengthening social accountability through empowerment of communities/people by third part validation of results through Regular Health Facility Assessments and household survey; data dissemination for greater accountability; community-based monitoring/auditing using modern technologies; and facilitating development of public health surveillance system; the establishment of effective complaints mechanisms; and third party monitoring and auditing of performance and results.

b) Strengthening the DOH’s management systems including: i) Human resource (HR) management systems focusing on development of HR strategy, establishment of HR cell, and separation of management cadre from the general cadre; ii) Strengthening evidence based decision making with a robust (internal and external) M&E system to measure and disseminate results concurrently improving quality, through third party validation and use of data from District Health Information System; and iii) Improving procurement systems in the health sector through implementation of Public Procurement Regulatory Authority reforms.

Component 3: Improving the Capacities in Technical Areas for Equitable Health Services to All (US$15 million). This component will support strengthening of existing analytical capacities in technical areas and health care financing and operational research, training. Health care financing aspect will focus on improving quality and efficiency of the sector expenditures, focusing on reducing OOP; enhancing public expenditures on primary and preventive service provision, exploring other models to finance hospital care, increasing non-salary expenditures, and piloting alternative financing models including health insurance/social protection.

The Bank and DFID will jointly appraise GOPb’s sector program based on the overall strategic plan of the Government and select 5-6 Eligible Expenditure Programs (EEPs) out of a range of the GOPb’s budget line items that reflect the desired outcomes of the program. Determination of eligibility of disbursements will be based on: i) expenditure reports (this requires adequate financial reporting arrangements); and ii) performance reports to track accomplishment of pre-specified results, as measured by disbursement linked indicators (DLIs). (An agreed percentage of EEP will be disbursed contingent on the verification of the achievement of agreed DLIs and achievement of agreed level of expenditures (e.g., 70% of allocation) by the government. In implementing such a results-based financing mechanism, it will be essential that the DOH’s financial management system be strengthened to track, record, analyze and summarize financial transactions and to provide reliable periodic financial reports for the whole sector/ program rather than tracking the Bank funds only.

IV. Safeguard Policies that might apply

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