# ICR Review

Operations Evaluation Department

Report Number : ICRR10786

| 1. Project Data: | | Date Posted : 08/28/2000 | | |
|---|---|---|---|---|
| PROJ ID : P008759 | | | Appraisal | Actual |
| Project Name : | Health Services Rehabilitation Project | Project Costs (US$M) | 207.5 | 224.53 |
| Country : | Romania | Loan/Credit (US$M) | 150 | 149.03 |
| Sector(s): | Reform and Financing | Cofinancing (US$M) | | |
| L/C Number : | L3409 | | | |
| | | Board Approval (FY) | | 91 |
| Partners involved : | | Closing Date | 06/30/1996 | 06/30/1999 |

| Prepared by : | Reviewed by : | Group Manager : | Group : | |
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| | | | | |

## 2. Project Objectives and Components

### a. Objectives

The project was designed during a time of crisis in the health system, soon after the collapse of the communist regime. The project sought to: 1) To rehabilitate and upgrade the Government of Romania's primary health care delivery system, and 2) to support the first steps of major restructuring of health care financing and management.

### b. Components

This was a very large and complex project with 9 components and 29 subcomponents, some of which were subsequently adjusted or cancelled. The 9 components were: 1) Upgrade Rural Dispensaries; 2) Improve Reproductive Health; 3) Train Health Practitioners; 4) Procure and Distribute Drugs and Consumables; 5) Improve Management of Emergencies 6) Health Promotion and People's Participation; 7) Develop a National Health Strategy; 8) Develop a Health Information System; 9) Establish a School of Health Services and Management. During the Project's course, TB Control and HIV/AIDS programs were added.

### c. Comments on Project Cost, Financing and Dates

Total project costs were estimated at $207.5M, with a Bank loan of $150M and GoR contribution of $57.5M. Latest estimates at closing were a total project cost of $224.53M, with a Bank loan of $149.03 and GoR contribution of $75.57M. The project was originally planned for 4&1/2 years but ran for 7&1/2 years.

## 3. Achievement of Relevant Objectives:

A number of achievements within various components and subcomponents were made (see Section #4), and simultaneously, a number of national health indicators improved, particularly for maternal and child health. The near absence of quantifiable or operationally defined project goals, benchmark targets and indicators, however, makes it difficult to assess the achievement of objectives and impact. Regarding the 1st objective, the PHC delivery system was upgraded, largely with purchases of equipment and vehicles. The equipment appears to have contributed to improved service quality and diagnostic capabilities, but persistent constraints in the PHC and emergency care system have reduced impact. The pharmaceutical component contributed to improved drug quality control and expanded domestic vaccine production, but the large direct procurement of drugs resulted in little sustainable impact. Health promotion component was unsuccessful, due to lack of commitment by the borrower. Regarding the 2nd objective, the project sponsored a number of studies on health reform and health financing, co-financed a pilot district decentralization program, and helped establish a health management institute. Progress on reform was negligible until 1997, but project outputs and a more consultative approach by the Bank and partners contributed to the development of a new MOH health sector reform strategy in 1999, and to changes in the national Health Insurance law.

## 4. Significant Outcomes/Impacts:

The project financed a large number of outputs. For example, under the components of the first objective, 419 rural dispensaries were equipped nationwide; 50 maternity units and the Mother and Child Protection Institute were equipped and their staffs were trained (which may have contributed to a reduction in maternal mortality); a network

of 240 local family planning units and 11 reference centers was established, and subsidized contraceptives were provided; domestic production of childhood vaccines increased use of domestic products within MOH programs, with reduced unit costs; 250 equipped emergency ambulances were procured and ambulance staffs were trained; diagnostic equipment for TB was upgraded; and a large procurement of drugs and consumables was made. Under the components of the second objective, a National Institute for Health Services Management and Policy was successfully established, with a critical mass of teaching staff trained externally. The Institute continues to function, develop new training programs, and provide local technical assistance. Studies sponsored by the project contributed to the approval of a new health insurance law in 1998. The district decentralization pilots were implemented and evaluated -- they appeared have had little impact at first, but subsequently formed the basis for a new provider payment system implemented nationwide in 1998/99.

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

Overall, the Project was far too large (approaching $¼ billion) and complex for an initial venture in the health sector, given that this was one of the first Bank projects in Romania overall. The ICR notes that "MOH staff lacked the [necessary] project management, implementation and coordination skills". Implementation was further undermined by frequent turnover of MOH Ministers, senior managers, and PMU staff, although project management stabilized in the final two years. Project design tried to accomodate both short-term rehabilitation needs while laying the groundwork for reforms. But the Project over-emphasized procurement of physical equipment, drugs and consumables, and under-emphasized the need to develop human capital, and to consider and redress dysfunctional policies and practices. Half of project resources were spent on drugs and consumables, but procurement delays and changes in the pharmaceutical market led to "very little sustainable development impact." Other specific shortcomings in Project components included: upgrading rural dispensaries did not lead to notably greater service use or physician availability; supply of subsidized contraceptives has not been sustained, contraceptives are not reimbursable by the insurance system, and CPR remains lower among the poorer and disadvantaged segments of the population; improved health from the large investment in emergency medical equipment has not been demonstrated, and the large procurement of ambulances has not significantly changed response times; the "turn-key" HIS system is still not functioning, and did not sufficiently involve decisionmakers in its design (despite $18 million expenditure). Finally, the lack of progress in health promotion was particularly disappointing, in light of Romania's disease profile.

| 6. Ratings: | ICR | OED Review | Reason for Disagreement /Comments |
|---|---|---|---|
| Outcome: | Satisfactory | Moderately Unsatisfactory | Despite progress on specific components, the majority of project expenditure resulted in limited development impact. |
| Institutional Dev .: | Modest | Modest | |
| Sustainability : | Likely | Unlikely | Some subcomponents are likely to be sustained, but much of the expenditure on drugs, equipment, clinics, etc. is at risk. |
| Bank Performance : | Satisfactory | Satisfactory | Although project design was too complex, the design team sought to address to a variety of key sector constraints during a time of crisis in the health system; supervision teams generally did a good job supporting project implementation, despite a difficult context. |
| Borrower Perf .: | Satisfactory | Unsatisfactory | Borrower performance reportedly improved in the final years of implementation, but high turnover and insufficient commitment to reforms and health promotion undermined project impact. |
| 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:**

This project took place in a unique historical setting, and was one of the first Bank projects in Romania, and one of the first HNP projects in the ECA region. Several broad lessons may be broadly applicable, however.

- Project complexity and timetables should be matched to borrower implementation capacity.
- Even in an apparent crisis situation, project designers should be cautious about financing large injections of equipment and commodities when significant institutional problems persist, and when commitment to reform is uncertain. The provision of equipment alone is insufficient to improve the primary health care system.
- Health sector reform is a long and politicized process. The Bank's strategy for promoting health reform -- including instruments and expected timetables -- should be designed in recognition of the extent of consensus among stakeholders on key reform issues. When consensus is lacking, project experience suggests that non-lending services are critical, and that high-quality analytic work needs to be accompanied by intensive dialogue with stakeholders to disseminate findings. Lending should focus on relatively small-scale, targeted investments that build institutional capacity in key agencies, or on piloting and evaluating new approaches, which can help build consensus for reform.
- Indicators of project performance, in terms of both outputs and health outcomes, need to be established from the outset, and then regularly tracked and used for project management as well as final evaluation.

**8. Assessment Recommended?** ● Yes ○ No

**Why?** Medium priority (offers possible cluster audit and/or sector review lessons for a relatively new region for Bank work in health).

**9. Comments on Quality of ICR:**

This ICR was generally well-written, and the dimensions, achievements and shortcomings of the Project are comprehensively presented. There are a number of shortcomings in the ICR, however. Given the great complexity of the Project, and the lack of overall indicators for Project objectives (both of which the ICR notes), the ICR tends to focus its report on the “trees” rather than on the “forest”. Furthermore, it provides extensive evidence of the shortcomings of the project, but still rates the project as fully satisfactory.