



1. Project Data:		Date Posted : 09/24/2003	
PROJ ID: P055061		Appraisal	Actual
Project Name: Mx: Health System Reform Ta	Project Costs (US\$M)	30	32.2
Country: Mexico	Loan/Credit (US\$M)	25	24.4
Sector(s): Board: HE - Health (86%), Central government administration (14%)	Cofinancing (US\$M)		
L/C Number: L4367			
	Board Approval (FY)		98
Partners involved :	Closing Date	06/30/2000	12/30/2002

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

a. Objectives

This project, which complements an adjustment operation, has the broad development objective of supporting the design and implementation of major policy changes in the health sector, mainly through reforms in the Mexico Social Security Institute (IMSS). Specifically, it is to provide the government with the necessary technical resources to i) design and implement the regulatory and institutional framework for health financing and insurance; ii) develop, implement and evaluate the organizational and management changes required to increase efficiency and quality of service provision; and iii) provide management and financial training to help implement the reforms .

b. Components

There were four components:

- a) Technical assistance for policy design and implementation (\$9m) - supporting the creation of the social security health fund (SSHF); defining a comprehensive package of benefits; designing mechanisms separating financing and provision; installing a new enrolment database : extending coverage of publicly subsidized health insurance; and protecting user rights.
- b) Institutional strengthening of IMSS (\$10m) - reforming organizational and functional structure; implementing alternative provider payment systems; designing /implementing/evaluating new models of management in select medical area units and specialty hospitals; introducing a quality assurance program and client satisfaction survey system; and designing/implementing a performance based incentive system .
- c) Management and technical training program (\$7m).
- d) Project management (\$4m) - providing project coordination and monitoring of both activities in this technical assistance project and progress in the parallel sector adjustment loan; designing an evaluation system; and executing a public awareness campaign .

c. Comments on Project Cost, Financing and Dates

Actual project costs were close to that estimated at appraisal . There is discrepancy between SAR and ICR data on estimated project closing dates of December 2000 and June 2000 respectively. Project actually closed on 12/30/2002 which meant an extension of 1 and 1/2 - 2 years to project duration .

3. Achievement of Relevant Objectives:

The project achieved its overall goals . It provided the technical skills and inputs in designing the institutional and regulatory frameworks and mechanisms for IMSS to proceed with the reforms . New financial regulations have been set in place and together with the establishment of the Social Security Health Fund (SSHF), form a major step towards achieving the long term fiscal sustainability of IMSS, the separation of purchasing from provision of services, and quality assurance oversight of all (future) provider networks. New mechanisms for health service delivery and budgetary allocation based on risk adjusted capitation schemes to enhance quality, equity and efficiency were tested and implemented in select IMSS providers. Restructuring of IMSS management and decentralization has facilitated external performance-based contracting, but restructuring of specialty hospitals and medical area units was incomplete due to a change in emphasis by the new government administration . Overall project coordination and management was less than desired - while individual reform activities were carried out as planned, they were not managed as part of a coherent reform program . Management and technical training were completed as planned .

4. Significant Outcomes/Impacts:

- Given the diverse and complex policy agenda squeezed into a short implementation timeframe, project accomplishments were quite remarkable. Many of the achievements in policy and legislation (as discussed in the ICR for the complementary adjustment project) would not have happened without the strong technical assistance of this project.
- In spite of political opposition and a change in government administration, the most critical activities, requiring considerable contracting and procurement skills and experiences, were designed as planned.
- The project has made fundamental changes to the culture of IMSS with a focus on transparency, performance and accountability. IMSS was provided with the right resources and ideas at a time of transition.
- A national user database has been developed which will facilitate the execution of a population based health system planning and financing - a third of IMSS' 45 million beneficiaries were registered at project close. The system will improve medical records and financial administration. The new government has expanded the scope of this information system to link it to payment of socioeconomic benefits, and has committed to financing the cost differential, which is estimated at ten times the original amount.

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

- The project should have provided for a strong project management unit to facilitate the reform process, keep the reforms on track and provide better coordination.
- When political opposition was growing, greater effort should have been made to defend and market the reforms. The planned public relations and communications program was never initiated.
- Third party evaluation of the progress and impact of the reforms (in order to appraise the suitability of this design for application to the rest of the health system), was not carried out.
- The belated establishment of the project coordination unit (PCU) and appointment of its coordinator, probably compromised the quality and scope of work delivered by the unit.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Satisfactory	Satisfactory	
Institutional Dev.:	High	Substantial	The project has made an invaluable contribution to improving the institutional framework of IMSS. However, shortcomings in the development and execution of key activities (M&E and communications program) compromised project ability to facilitate the reform process. A good communications program supported by a functioning M&E system demonstrating gains and improved services would have helped diffuse opposition to the reforms. IDI is rated substantial.
Sustainability:	Likely	Likely	
Bank Performance:	Satisfactory	Satisfactory	
Borrower Perf.:	Highly Satisfactory	Satisfactory	Shortcomings in the management and appointment of key staff (IMSS director general and PCU coordinator) and belated setting up of PCU contributed to delays and compromised outputs. Thus only a satisfactory rating is warranted.
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:

- Political and public opposition to some of the key reforms should be countered by aggressive and well positioned public awareness campaigns. Without these, intensified Bank supervision (recommended by both ICR and Borrower) and dialogue in support of the reforms are unlikely to get the desired results.
- Complex reform projects require specific strategies to deal with the political aspects of reform to complement the technical packages of interventions. This also allows for technical developments to be linked to the policy arena thereby facilitating implementation of these developments.
- Conditionality on changes to the health care model should not focus exclusively on the economic incentives nor on theoretical policy instruments such as "free choice". They should include broader changes such as quality management issues and extension in coverage, which are more likely to galvanize the support for the policy changes by the health workforce and general public.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

Quality of ICR is satisfactory. Lessons section is particularly strong but Annex 1 (monitoring of key performance indicators) seems rather cursory - which may be because the PAD does not specify the indicators with any precision. ICR should have reported on the findings of the MTR, and elaborated on why the communications campaign was never carried out. There was an inconsistency with the SAR on project dates.