

Project Name Mexico-III Basic Health Care Project (@)

Region Latin America and the Caribbean (LCR)

Sector Health

Project ID MXPE66321

Borrower(s) Nacional Financiera, S.N.C. (NAFIN)

Guarantor United Mexican States

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Environment Category C

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Country and Sector Background: Mexico's many achievements in the health sector over the past several decades have led to significant improvements in the health status of the population, a broadening of access to basic services, and support of important public health measures. Rising prosperity has brought increases in life expectancy, reductions in infant mortality, and a fall in the death rate. In 1940, life expectancy at birth was 41 years; in 1998 it was 73 years. Infant mortality has more than halved, from 72 per 1,000 births in 1970 to 12 per 1,000 births in 1999. Mortality rates for children under five has fallen by 37 percent over the last decade and mortality from pneumonia and diarrhea has fallen by more than 65 percent. Vaccine preventable diseases have declined drastically with no cases of polio or diphtheria reported since 1993. Maternal mortality rates were reduced by 45 percent between 1980 and the late 1990's.

The health system in Mexico is made up of three major components. The largest of these are public (or publicly mandated) and one is private. The largest of the public components, in terms of expenditures, is the Social Security system (IMSS, ISSSTE, PEMEX), which finances and provides services for workers and their families in the formal sector of the economy, both private and public. These workers constitute

about 52% of the Mexican population. The second component includes those governmental organizations providing services for the uninsured population, which amounts to approximately 46% of the total population, mainly the rural and urban poor. The most important institution involved in the provision of services for this population is the Health Secretariat (SSA). The third component, the private sector, is made up of a collection of health care providers working in hospitals, pharmacies, HMOs, ambulatory clinics, and physicians' private offices. Over the past ten years the Government has made steady progress in increasing health and social security expenditures.

Project Objectives: The proposed project is follow-on to the Mexico II Basic Health Care Project (Ln. 3943-ME, PAC), and it will continue to support progress made under the project. The proposed project's development objectives are: (a) support equitable access to a cost-effective package of quality health services for the uninsured and underserved population (open population) in selected rural and marginal urban areas; (b) support institutional development at state level health secretariats, sanitary jurisdictions and health care facilities through the modernization of organizational, technical, managerial, and financing structures and processes; and (c) support the modernization of the Federal Health Secretariat (SSA) to perform an active leadership role in the sector.

In conjunction with PAC, the proposed project would contribute to the development of an integrated health system with appropriate allocation and management of resources.

Project Description: The project has three components. Component I: Expansion and Consolidation of Basic Health Care Services in Rural and Marginal Urban Areas would support two strategies: (a) public health programs that have a broad impact and generate positive externalities in the community; and (b) a predefined, cost-effective package of essential clinical care, responding to the health needs of the individual, that reduces the burden of disease in the target population. Following the successful implementation of PAC, to address the health conditions of the uninsured poor this component would promote the implantation of a health services model that includes: (i) public health outreach, covering highly cost effective interventions in preventive health, such as water quality, immunizations, deparasitation, vector control, family planning, prenatal, pregnancy and delivery care, sexually transmitted diseases, school health (5-15 years), well baby clinic (0-5 years), tuberculosis control,

strengthening of primary health care infrastructure, and training in primary health care; and (ii) public health education, promoting lifestyle changes to prevent disease, such as children's and school health programs, food hygiene, reproductive health, nutrition education, cancer, mental health, injury prevention, prevention of addictions, health promotion, control of vectors and zoonosis, and oral health.

Component II: Institutional Development and Decentralization would strengthen the managerial and operational capacity of state secretariats, sanitary jurisdictions, and facility levels to consolidate the expansion of health services coverage in rural and marginal urban areas and integrate primary and secondary levels of care, while ensuring that public resources for health care are appropriately managed. To this end, the proposed project would support: (a) development of a decision-making framework to facilitate greater autonomy in the delivery of health care services through the strengthening of the state health secretariats, sanitary jurisdictions, and health care facilities with respect to key governance decisions (e.g., strategic planning, personnel management, resource allocation, contractual relationships, materials procurement and management, alliances with other institutional providers); (b) development of governance models that would allow state authorities and local communities to share greater responsibility for the governance and management of health care network (e.g., governance bodies, roles, policies and procedures); (c) design and implementation of improved management systems, including total quality management initiatives, that would support the strengthening of cost accounting, performance improvement and measurement, and reporting systems, including key management systems, such as human resources, materials management, budgeting, information systems); and (d) development of management education programs to train staff at different levels of the system. Support would also be provided to continue to reform policy, institutional and operational reforms of the SSA at the federal level.

Component III: Policy Studies and Project Management, Monitoring and Evaluation would provide support to focus on broad policy and institutional issues related to the decentralization of the health system. Additionally, support would be provided for project administration, monitoring, supervision, continuous process evaluation, periodic impact evaluation, and final evaluation for each component of the proposed project.

Project Financing: The cost of the proposed project is still under evaluation.

Project Implementation: The strategy for project implementation would benefit from the implementation experience of the First and Second Basic Health Care Projects. It is envisioned that the responsibility for the project as a whole would rest within the SSA's Direccion General de Extension de Cobertura (DGEC/SSA) acting as the Project Coordination Unit (PCU), and participating State Health Agencies (SHAS). The PCU would be in charge of overall coordination, logistical support and supervision of the project, and technical review and approval of all subproject proposals submitted by the states. The SSA would sign implementation agreements with the participating state governments. Health jurisdictions, with the assistance of SHAs, would be the main executors of the subprojects approved for financing under the project. PCU and SHAs would assist in the oversight of project implementation, provide technical assistance, supervise and monitor subproject implementation.

Project Sustainability: Financial, technical, institutional and social sustainability would be addressed in detail during project preparation. The proposed project would build upon current financial, technical, institutional and social arrangements under ongoing PAC project. A gradual and incremental absorption of technical and financial responsibilities by the participating states would be required for ensuring proposed project's sustainability in the medium and longer terms.

Lessons from Past Operations: Project design and content would build on the experience of health projects financed by the World Bank such as the I Basic Health Care Project and the ongoing II Basic Health Care Project. Lessons learned indicate that successful implementation is closely associated with: (a) adequate targeting the delivery of a cost-effective basic health care package to the most disadvantaged population; (b) improving access to basic health care through geographical and functional extension strategies of the PAC; (c) supporting training and recruitment of community health care workers (TAPS) who are selected from the community where they serve; (d) building ownership and sustainability in the States through increased participation of the States, municipalities and communities; (e) contributing to consolidate the decentralization process implemented by the SSA; and (f) taking advantage of the implementation of the monitoring and evaluation system of the ongoing PAC project.

Government Commitment: The Government of Mexico has requested the World Bank to assist in the financing of a new operation to consolidate the results obtained under I and II Basic Health Care projects.

Poverty Category: The proposed project is included in the Program of Targeted Interventions as it addresses poverty reduction by explicitly focusing project activities to the uninsured and underserved population (open population) in priority rural and marginal urban areas.

Environmental Aspects: The project has no environmental effects and is proposed to receive an environmental rating of "C". Nevertheless, standard safety and environmental procedures already approved by the Bank for the ongoing project will be used for civil works rehabilitation, installation and operation of medical equipment and handling of medical waste, replacement and adequate discharge of outdated equipment and vehicles and rehabilitation of first level service facilities by repairing inoperative or malfunctioning basic systems for water, sanitation and electricity.

Program Objective Category: The category for this project is Poverty Reduction and Human Resource.

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Note: This is information on an involving project. Certain components may not be necessarily included in the final project.

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