



1. Project Data:		Date Posted : 04/03/2003	
PROJ ID: P007689		Appraisal	Actual
Project Name: Mx: Basic Health li	Project Costs (US\$M)	443.4	639
Country: Mexico	Loan/Credit (US\$M)	310	310
Sector(s): Board: HE - Health (90%), Central government administration (7%), Sub-national government administration (3%)	Cofinancing (US\$M)		
L/C Number: L3943			
	Board Approval (FY)		95
Partners involved :	Closing Date	06/30/2001	06/30/2002
Prepared by :	Reviewed by :	Group Manager :	Group:
Roy Jacobstein	Madhur Gautam	Alain A. Barbu	OEDST
2. Project Objectives and Components			
a. Objectives			
The Project Objectives were to support: (a) equitable access to a cost-effective package of quality health services for the uninsured and underserved; (b) modernization and decentralization of technical, managerial, and financing processes in all 32 states and health jurisdictions; and (c) modernization and restructuring of the SSA (the Federal Secretariat of Health), to enable it to assume an active leadership role in the health sector.			
b. Components			
The Project had three Components, each essentially coincident with an Objective: (1) Basic Health Care Services (US\$335.3 million, 75.6% of total Project costs), which would provide basic health care services to a targeted number of the uninsured, hard-to-reach Mexican population; (2) Institutional Development and Decentralization (\$61.1 million, or 13.8% of total Project costs), a national-scale effort to support decentralization of health service management; and (3) institutional and operational reforms to effect Modernization and Restructuring of the SSA (\$47.0 million, 10.6% of the total).			
c. Comments on Project Cost, Financing and Dates			
During the implementation period, the Federal Government allocated an additional \$US 115.4 million and participating States allocated \$80.1 million—thus overall Government contribution was 250% greater than planned. In addition, community contributions were estimated at \$4-5 million. At MTR in April 1999, the Project was extended for one year to give the incoming Government time to consolidate its decentralization process. Board Approval was sought and received to reallocate \$127 million of the loan to operational expenses (because more States had been added) and to allow the reallocated amounts to be disbursed on a revised declining percentage basis; these amendments doubled the amount allocated to recurrent costs. The Bank loan fully disbursed by the extended closing date. The Project's development objectives remained unchanged.			
3. Achievement of Relevant Objectives:			
The Project's development objectives were achieved in a highly satisfactory manner. Access to—and use of—basic health care services among the target group of poor, rural Mexicans expanded dramatically. The SSA was modernized and successfully restructured, and decentralization proceeded very well. The SSA divested itself of all operational responsibilities and assumed a role as one of policymaking and			

overall guidance and stewardship, while the management of resources (human, physical and financial) shifted successfully to all 32 states/federal entities. The Project received the Bank's "President's Award for Excellence" in 2000, and has served as a demonstration model for other projects.

4. Significant Outcomes/Impacts:

Access to basic health care services among the target group of poor, rural Mexicans expanded dramatically. In 1997 the refined, adjusted (and ambitious) Project goal was to improve basic health services to the poorest 10.9 million Mexicans living in remote rural locations of 19 Mexican states (the Project originally had planned to work in 11 states). By Project end, almost 9 million people had been reached, in areas of difficult geographic and cultural access, resulting in an additional 878 municipalities and 46,000 rural communities served. About 1.5 million of these beneficiaries live in concentrations of less than 100 persons, with the majority of them receiving professional health care services for the first time in their lives. Half (50.4%) of the Project beneficiaries were female. Three-fourths of the SSA budget is now passed on to the states, and an effective, pioneering communication system transmits voice and data between the SSA, the 32 federal entities, and the 231 health jurisdictions. Thanks to this Project, Mexico is now a regional leader in health communication and information systems.

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

There were no significant Project shortcomings. It would be nice to know how the innovative approach to staff retention in rural areas by providing incentive premiums has worked.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome:	Highly Satisfactory	Highly Satisfactory	
Institutional Dev.:	High	High	
Sustainability:	Highly Likely	Highly Likely	
Bank Performance:	Highly Satisfactory	Highly Satisfactory	
Borrower Perf.:	Highly Satisfactory	Highly Satisfactory	
Quality of ICR:		Exemplary	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

The Project demonstrates that consistent Government commitment to project principles (in this case, decentralization), and ownership/leadership (as reflected in political commitment by top leaders and ample resource allocation) can make the difficult task of decentralization a reality. The Project also demonstrates that such well-conceived and well-executed decentralization can translate into greater service availability and quality for the poorest and most marginalized segments of society. The Project also demonstrates the value of flexibility in design and true partnership between Borrower and Bank. Finally, the Project demonstrates the synergy between commitment and competence, and how initial successes can beget subsequent ones, i.e., "Success has a thousand parents; failure is an orphan".

8. Assessment Recommended? ☒ Yes ☐ No

Why? An audit within the next 1-2 years seems high priority for several reasons: The project was not only very successful but also innovative and may serve as a model for other health projects in the region. In addition, more detailed questions and lessons learned can be analyzed, e.g., the quality and outcome of service provision, the dynamics of staff retention, the dimensions of strong government commitment, and the likelihood of financial sustainability.

9. Comments on Quality of ICR:

The ICR is exemplary: concise, complete, very well-written, and internally consistent (except for the aforementioned financial discrepancy in Annex 2). Its analyses are sound, it focuses on the important aspects of the Project and it provides useful quantitative and qualitative data to support its points. The judgments it makes are fair and balanced. The Lessons Learned section is ample and useful.

