INTEGRATED SAFEGUARDS DATA SHEET
APPRaisal STAGE

Report No.: ISDSA1233

Date ISDS Prepared/Updated: 29-Jan-2013
Date ISDS Approved/Disclosed: 04-Feb-2013

I. BASIC INFORMATION

1. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Sri Lanka</th>
<th>Project ID:</th>
<th>P118806</th>
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<tbody>
<tr>
<td>Project Name:</td>
<td>Sri Lanka - Second Health Sector Development Project (P118806)</td>
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<tr>
<td>Task Team Leader:</td>
<td>Cornelis P. Kostermans</td>
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<tr>
<td>Estimated Appraisal Date:</td>
<td>22-Jan-2013</td>
<td>Estimated Board Date:</td>
<td>26-Mar-2013</td>
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<tr>
<td>Managing Unit:</td>
<td>SASHN</td>
<td>Lending Instrument:</td>
<td>Sector Investment and Maintenance Loan</td>
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<tr>
<td>Sector:</td>
<td>Public administration- Health (50%), Health (50%)</td>
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<tr>
<td>Theme:</td>
<td>Health system performance (25%), Nutrition and food security (25%), Injuries and non-communicable diseases (25%), Other human development (25%)</td>
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2. Project Objectives

Improve the public sector health system so as to respond to the challenges facing it, especially regarding nutrition and NCDs.

3. Project Description

Component I: Support to Priority areas under the National Health Development Plan (GOSL US$ 5,165 million, of which IDA contribution will be US$ 190 million for 5 years)
Component I will contribute to NHDP. The IDA funds will be commingled with GOSL funds, while the Bank’s technical engagement and monitoring will focus on specific thematic areas: (i) nutrition, (ii) prevention and control of non-communicable diseases, (iii) maternal and child health and communicable diseases and (iv) health system improvement measures.
Thematic area 1: Addressing Malnutrition: Implementation of “1000 days” interventions with a focus on the under-served areas will be further strengthened. The nutrition interventions will be specifically targeted at (i) pregnant and lactating women and to children up to two years of age. NHDP also ensures improved targeting of these interventions to underserved areas, such as the estate communities and the urban poor. The use of community groups/mobilizers will be piloted and encouraged for the implementation community-based nutrition activities. The program will also improve the capacity of various health service providers through various forms of training, mentoring and supervision to deliver nutrition interventions at facility and community level. Enhancing the capacity and empowering community organizations to plan, implement and monitor relevant nutrition interventions will also be supported.

IDA credit funds release will be linked to the achievement of the following disbursement linked indicator (DLI) for the thematic area – addressing nutrition:
• Percentage of MCH clinics (under MOH) with fully functioning nutrition-related equipment and essential supplies as per agreed list.

Thematic area 2: Improving the prevention and control of Non-Communicable Diseases: The program will further improve the implementation of the framework convention for tobacco control (FCTC), the tobacco control act and support the introduction of legislation for the control of indoor air pollution, pesticides and excessive alcohol, salt, sugar and trans fat usage. Furthermore, mechanisms for increasing safety awareness and supporting the establishment of safe communities will be encouraged. These activities will be supported with the development of communication strategies for prevention and control of chronic and acute NCDs.

Acute NCDs will be managed more effectively with the availability of fully functioning 24-hour emergency treatment units (ETUs) at all levels of hospitals, according to accident and emergency policy, standards and guidelines that will be finalized in the first year of the project’s implementation. In addition, under this component the GOSL will explore options for providing pre-hospital services which are essential to improve outcomes of acute health situations. The program will establish at least one healthy life style center at the primary care hospitals to prevent/delay the onset and reduce the burden of chronic NCDs (especially heart diseases, Diabetes Mellitus) and early detection of selected cancers (breast, cervix and oral cavity).

In addition, GOSL/IDA resources will be utilized to expand screening services and strengthen the hospitals services to improve the quality of care for NCDs. Mobile health services for screening at workplaces will be put in place. The program will further strengthen the screening of out-patients attending all primary and secondary care level hospitals. In addition, quality improvement of the services provided at hospital or clinics for the management of the increasing number of diagnosed NCD patients will be strengthened. Within hospitals, following a needs assessment, expansion of services including strengthening the laboratory and other investigative services, ICU services, clinic facilities, and other ancillary services will be supported with the development of master plans for larger facilities along with the development of referral networks. As NCD drugs are required for improving prevention and control of NCDs at all levels of care, Drug quality assurance, logistics and distribution systems related to NCD drugs will be improved.

The program will establish at least one comprehensive rehabilitation unit in the most advanced health facility in every province to strengthen the tertiary care services in Sri Lanka. These units will be linked with a two-way referral arrangement for follow up care along with appropriate facility
strengthening of the lower level facility for providing long term care. Furthermore, appropriate human resource development for these centers will be supported.

IDA funds release will be linked to the achievement of the following DLI for the thematic area – addressing NCDs.
- % of MOH areas with at least one healthy lifestyle center;
- % of centrally managed health facilities with ETUs for that level of facility according to standards;
- % of provincially managed health facilities with ETUs for that level of facility according to standards.

Thematic area 3: Addressing maternal and child health and communicable diseases: The NHDP plans to strengthen services provided for MCH and communicable diseases and further improve hospital-based services for mother and child care and also strengthen the priority communicable diseases. Some of these interventions include prevention and control of TB, Dengue, Rabies, Leptospirosis, and HIV/AIDS.

Thematic area 4: Health systems improvement: Program resources will be utilized to scale up relevant and useful on-going pilot e-initiatives based on the draft e-health policy and strategic plan for e-health in Sri Lanka. In addition, resources will be utilized in converting the Indoor Morbidity and Mortality Return (IMMR) which reports all in-patient information using a modified International Classification of Diseases 10 (ICD 10) coding system to an e-IMMR using the complete ICD 10 coding in secondary and tertiary hospitals managed by central and provincial health teams. The program will help establish Quality Management Units (QMUs) in each of the centrally or provincially managed hospitals. The role of the QMU is to help institutionalize use of clinical care guidelines and standards including arrangements for sample death audits, morbidity and mortality analysis, premature death analysis. Further strengthening of the drug quality assurance is envisioned for laboratories to expand testing facilities for assessing quality of drugs. Strengthened drug logistics and storage systems are planned for buffer stocks of selected drugs and supplies at all.

HCWM practices with regard to the following will be addressed: (i) development of annual HCWM plans of larger hospitals and consolidated district HCWM plans; (ii) prioritizing a few of the larger hospitals in the country for further improving their health care waste management practices; (iii) capacity building of the Environment and Occupational Health unit (EOH) at the CMOH to take forward the overall planning and management of HCWM in the country; and (iv) formalization of the draft national HCWM policy, by obtaining the required approvals of it.

Basic in-service and continuing medical education programs for all levels of staff will be established. Expenditure management and internal controls in the sector will be supported by institutionalizing Financial Management (FM) and procurement training. Comprehensive capacity building program for health sector staff for management at the central, provincial and sub-provincial levels will be developed and implemented.

IDA funds release will be linked to the achievement of the following DLIs for the thematic area - system improvement.
- % of fully functioning quality management Units (QMUs) in central MOH managed secondary and tertiary level hospitals (Base hospital and upwards);
- % of fully functioning quality management Units (QMUs) in provincially managed secondary and tertiary level hospitals (Base hospital and upwards);
- % of central MOH managed health facilities sending indoor morbidity data through e-
IMMR;
• % of provincially managed health facilities sending indoor morbidity data through e-IMMR;
• % of the 6 monthly cash forecast (for non-salary recurring and capital expenditures)
released.

Component II: Innovation, Results Monitoring and Capacity-Building Fund (US$ 10 million)

This component supports the implementation of innovations within the NHDP, operational research
and opportunities for capacity building. Technical assistance (including a support team for project
implementation and monitoring) will be financed from this component, as well as training,
workshops, the demographic and health survey, baseline and end-line surveys and other evaluative
studies, including the annual DLI report by MOFP, baseline and gap analysis on HCWM and annual
environmental audit.

IDA funds will be available to all teams involved in the implementation of NHDP and which include
CMOH, PMOH, MLGPC, MOFP and Finance Commission (FC). The proposals / activities financed
under this component will be reviewed and approved by a committee established to monitor this
fund. The committee will be appointed by the Secretary Health in consultation with the World Bank.
Criteria for selection and approval of proposals will be cleared by the World Bank before approving
proposals /activities under normal sector investment procedures. Operations Arrangements, including
the criteria, the terms and conditions and procedures applicable to such activities will be ready before
Negotiations and will be observed during implementation of this component.

4. Project location and salient physical characteristics relevant to the safeguard
analysis (if known)


5. Environmental and Social Safeguards Specialists

Mohamed Ghani Razaak (SASDS)
Darshani De Silva (SASDI)
Mokshana Nerandika Wijeyeratne (SASDI)

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<tbody>
<tr>
<td>Environmental Assessment OP/ BP 4.01</td>
<td>Yes</td>
<td>The Project has integrated Health Care Waste Management (HCWM) into the design. Within</td>
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<td></td>
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<td>this context a HCWM Framework has been developed that provides the direction to</td>
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<td>implement key activities on HCWM incorporating lessons learned from the last project</td>
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<td>and making provisions to scale it up nationally.</td>
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<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
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<tr>
<td>Forests OP/BP 4.36</td>
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<tr>
<td>Pest Management OP 4.09</td>
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II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the Restructured project. Identify and describe any potential large scale, significant and/or irreversible impacts:

   Environmental impacts: SHSDP is categorized as Environment Category B and triggers the safeguard policy on Environmental Assessment (OP/BP 4.01). Environmental safeguards requirements focus primarily on Health Care Waste Management (HCWM) and in a small scale on infrastructure development.

   The waste generated by health care facilities, in the absence of safe management and disposal practices, poses great risks to people and the environment through exposure of the infectious and hazardous substances contained in it. In the last decade or so, the country took many positive steps towards regularizing and standardizing HCWM nationally, with significant support from the two previous World Bank funded projects. The SHSDP proposes that this support is continued focusing on implementing the remaining implementation gaps of the HCWM National Action Plan, as well as updating it further to reflect emerging areas that requires attention in the future.

   In 2001, the Central Ministry of Health (CMOH) developed a National Policy of HCWM through extensive consultations with the objective of making every medical institution responsible for safe disposal of all health care waste generated in the respective institution. The national policy was followed by a situation analysis of HCWM practices in the sector which led to the preparation of National Guidelines and subsequently a National Action Plan in 2001. Unfortunately, the policy still remains a draft document pending Cabinet approval. In addition, specific HCWM regulations were introduced under the National Environmental Act (NEA) mandating every health care facility in the country to obtain an Environmental Protection License (EPL) from the Central Environmental Authority. The draft policy, guidelines and the regulations broadly provide the implementation framework for HCWM in the country. The most important requirement at this time is to implement the provisions of the HCWM policies, in line with the country’s own environmental regulations.
Whilst these efforts have undoubtedly resulted in the recognition of HCWM as an area of critical importance and contributed towards its better management, HCWM remains to be a significant environmental issue in the health sector. Using various study results of recent past, the current level of hazardous HCW production in the state sector hospitals would be around 25 tons per day. However, this is a very rough estimate (on the upper side) which does not take into account the various factors that would influence the total quantity of hazardous waste generated such as the size and functions of different HCFs (smaller facilities generate small quantities of hazardous wastes), occupancy rates, the increased quality of segregation in the larger facilities and the consequent reduction of infectious waste, etc.

The country has a National Hospital with close to 4,000 beds, 21 Teaching Hospitals, 21 General Hospitals and 66 Base hospitals belonging to the category of major medical institutions that generate larger volumes of hazardous HCW and of these, only three teaching hospitals are currently in possession of an EPL. While policies, guidelines and action plans that were prepared in 2001 aimed at a nationwide HCWM program, given the ground realities the CMFH took a phased implementation approach focusing first on 10 hospitals within the Colombo Municipal Council (CMC) area (which accounted for nearly 25% of the production of HCW in the country) and implementing a centralized steam sterilization system to treat the infectious waste before disposing of it. Apart from implementing the HCWM plan for the CMC area (which was commissioned in 2010), implementation HCWM policies and plans has been weak. Urgently needed actions have been identified as scaling up HCW planning and management to other centrally as well as provincially managed medical institutions, preparation of HCWM plans for each medical facility, setting up of monitoring procedures, capacity enhancement of medical institutions as envisaged under the national policy and action plan. Instead of a systematic and structured approach, HCWM activities have been ad-hoc, resulting in limited impact and poor status of compliance with the national regulations.

Social impacts: As per design, there is only minor physical infrastructure development that may be carried out as part of the Component II, which will be carried out in the existing health care facilities. Thus SHSDP does not trigger any of the Bank’s social safeguard policies (OP 4.12 - Involuntary resettlement and OP 4.10-Indigenous people). The expected social development outcome of SHSDP is rather comprehensive and aimed at a number of positive social impacts across the population and regions. The positive social impacts of SHSDP will be enhanced by its focus on promoting social inclusion and contributing to poverty reduction goals of the country. Regional inequalities associated with health and nutrition outcomes will be addressed by developing the quality of health services in the conflict affected and disadvantaged areas and vulnerable groups.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

Since this is a sector development project, financial and technical assistance will be provided to existing health care facilities to manage HCW, therefore, any long term environmental and social impacts due to future activities will be beneficial in the environmental and public health. The SHSDP will ensure that the HCW management system is improved in keeping with MOH’s program of implementing the national policy and guidelines on HCW.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.
The environmental issues that arise as a result of the proposed project are with regard to the need for proper management of health care waste. The health care waste management policy, guidelines and action plan prepared in 2001 examined alternative options for waste treatment. Based on the option analysis, the Government will continue to identify treatment options most suitable for Sri Lanka, which will be environmentally acceptable as well as affordable and that has the greatest possibility of effective implementation. The Central Environmental Authority (CEA) will be continually monitoring the adherence to the regulations and guidelines during the implementation of the HCW management options.

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.

Considering the demand driven nature of the investments of the project, a specific environmental assessment for the project cannot be conducted. Within this context, the central Ministry of health (CMOH) has prepared an Environmental Management Framework for HCWMand infrastructure development, which is in line with the National HCWM Policy, Guidelines for Health Care Waste Management and the National Action Plan. The draft HCWM framework has been reviewed by the Bank and posted on the MOH web-site for public review.

The framework focuses primarily on (a) evaluation of the HCWM strategy, plan implementation under the bank funded HSDP, and key lessons learnt that can be incorporated into future HCWM activities; (b) status with regard to enforcement of national regulations, types of infrastructure, treatment technologies and practices are currently employed by the major healthcare facilities in the country; (c) best practices and lessons learned on healthcare waste management that can be adopted locally and (d) road map for scaling up HCWM nationally. There is also a section on environment, health and safety practices to be followed if any small scale infrastructure development takes place.

As part of SHSDP preparation the CMOH has carried out a rapid evaluation of current HCWM practices targeting 40 larger hospitals. This in addition to other internal documentation has been the basis to provide the baseline condition of HCWM system in the country. Building on past experience and lessons learnt from the IDA-financed HSDP and HIV project, and considering emerging issues and challenges, SHSDP will contribute towards the safe management of health care waste by focusing on key priority areas in line with the strategies proposed in the NHDP of 2012. SHSDP would assist the CMOH in the (a) the consolidation of the HCWM system for public hospitals in the CMC area by addressing operational issues (b) scaling up HCWM planning to all centrally managed hospitals where comprehensive HCWM plans will be set up and annually revised; (c) scaling up HCWM planning to all Provinces where the PDHS will gather and synthesize all the HCWM plans of each district under its jurisdiction to set up the Provincial Health Care Waste Management Plan and monitor and report on their implementation; (d) prioritizing selected larger Hospitals in the country for further improving of their healthcare waste management practices through the allocation of necessary financial and human resources and to obtain Environmental Protection Licenses; (e) capacity building of the Environment and Occupational Health Division (EOHD) at the CMOH to take forward the overall planning and management of HCWM in the country and other environment, health and safety issues; and (f) adoption of the draft National HCWM policy, by obtaining Cabinet approval of it.

Status of implementation of the targets agreed for the above priority areas of the Framework will be monitored through an annual environmental audit conducted by the CMOH, as part of environmental safeguards compliance and sustainability of project investments.
The Central Environmental Authority (CEA) has the responsibility under the National Environmental Act to monitor and regulate any institution discharging waste into the environment. Therefore, CEA will be responsible in enforcement of HCWM Plans through the relevant regulations under the NEA. The CEA’s enforcement capacity was strengthened under the IDA financed Environmental Action 1 Project, which supported the decentralization of the CEA into the regions so as to increase their effectiveness in enforcement of environmental regulations. Further support to build capacity of CEA is envisaged through the proposed support that will be provided to the authority based on the findings of the recent study on the Environmental Impact Assessment System of Sri Lanka.

5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.

SHSDP has been prepared through extensive consultations and participation of all types of stakeholders, the government, and private health care providers, NGOs and health insurance agencies, the public and civic organization representatives, professional associations and other donors to ensure greater ownership to SHSDP and also to ensure that its design is consistent with the needs of the population and with the ground realities of what is feasible in Sri Lanka. The various workshops held by the CMOH for its health care facilities have communicated the importance of HCWM and the proposed actions by the CMOH to address the HCW issues.

The CMOH has prepared the Environmental Management Framework for HCWM and infrastructure development, revised to take account of the Bank’s comments, and disclosed publicly on its web-site on November 20, 2012. It has been also disclosed in Infoshop on January 21, 2013.

B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
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<tr>
<td>Was the document disclosed prior to appraisal?</td>
</tr>
<tr>
<td>Date of receipt by the Bank</td>
</tr>
<tr>
<td>Date of submission to InfoShop</td>
</tr>
<tr>
<td>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</td>
</tr>
<tr>
<td>&quot;In country&quot; Disclosure</td>
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<tr>
<td>Sri Lanka</td>
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Comments:

If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

C. Compliance Monitoring Indicators at the Corporate Level

<table>
<thead>
<tr>
<th>OP/BP/GP 4.01 - Environment Assessment</th>
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<tr>
<td>Are the cost and the accountabilities for the EMP incorporated in the credit/loan?</td>
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The World Bank Policy on Disclosure of Information
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?  
Yes [x]  No [ ]  NA [ ]

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?  
Yes [x]  No [ ]  NA [ ]

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?  
Yes [x]  No [ ]  NA [ ]

Have costs related to safeguard policy measures been included in the project cost?  
Yes [x]  No [ ]  NA [ ]

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?  
Yes [x]  No [ ]  NA [ ]

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?  
Yes [x]  No [ ]  NA [ ]

III. APPROVALS

<table>
<thead>
<tr>
<th>Task Team Leader:</th>
<th>Cornelis P. Kostermans</th>
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Regional Safeguards Coordinator:  
Name: Sanjay Srivastava (RSA)  
Date: 04-Feb-2013

Sector Manager:  
Name: Julie McLaughlin (SM)  
Date: 29-Jan-2013