



1. Project Data:		Date Posted : 08/21/2001	
PROJ ID: P007778		Appraisal	Actual
Project Name: Ni/health Sector Pr	Project Costs (US\$M)	20.3	20.1
Country: Nicaragua	Loan/Credit (US\$M)	15	14.3
Sector(s): Board: HE - Health (87%), Central government administration (13%)	Cofinancing (US\$M)	3	2.9
L/C Number: C2556			
	Board Approval (FY)		93
Partners involved : Norway	Closing Date	12/31/1997	12/31/1998
Prepared by :	Reviewed by :	Group Manager :	Group:
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2. Project Objectives and Components			
a. Objectives			
The project sought to enhance the health status of the Nicaraguan population by supporting the government's health sector program. Specifically the project aimed to:			
(a) improve the institutional capacity and management systems of the MOH;			
(b) increase the quality of service delivery by supporting the implementation of a redefined model of integrated Primary Health Care (PHC) responsive to local epidemiological conditions;			
(c) strengthen the financing of the sector by increasing cost recovery at the secondary level .			
b. Components			
The project had six components:			
1. Institutional Strengthening of MOH (\$2.6 m): technical assistance to help decentralized budget implementation; improve resource allocation; increase cost recovery; enhance human resource planning and training; and strengthen MIS.			
2. Primary Health Care (\$7.0 m): Introduce a new PHC model nationwide through financing essential drugs; training for health personnel; IEC activities; rehabilitation of PHC facilities; monitoring and evaluation .			
3. Pharmaceutical Supply and Distribution System (\$3.2 m): including studies and technical assistance; improved inventory management, MIS, storage rehabilitation, and private sector distribution; and promoting rational drug use.			
4. Rehabilitation and Maintenance of Hospitals (\$5.3 m): Rehabilitation subprojects and strengthening maintenance systems.			
5. Technical Assistance to INSSBI (\$1.0 m): Design and implementation of a health insurance program for Nicaraguan Social Security Institute, including purchasing services from public and private sector, and studies regarding pension reform.			
6. Project Administration (\$1.0): Consultant services and operating costs for PCU .			
c. Comments on Project Cost, Financing and Dates			
The project was closed a year later than planned, after three extensions .			
3. Achievement of Relevant Objectives:			
Project outcomes were mixed. This was the first IDA-financed health project in Nicaragua, and took place in the context of broad economic and political transitions . The project achieved most of its objectives with regard to investment activities, including civil works, training, and pharmaceutical purchases, which represented the majority of project expenditures. The project also contributed to progress in introducing a new model of primary health care, helped lay the foundations for reform in the pharmaceutical sector, and initiated reforms in social insurance . Some progress was made in decentralizing budget administration . Other elements of the reform and institutional strengthening program showed limited progress, however, due to declining government commitment to reform (particularly after a change in government), staff turnover and capacity constraints, chronic shortages of recurrent/counterpart financing, inadequate donor coordination, and stakeholder resistance to many of the anticipated reforms. A subsequent ten-year Adaptable Program Credit is seeking to sustain and consolidate activities and reforms initiated under this project .			

4. Significant Outcomes/Impacts:

The project contributed to progress in a number of areas, despite the difficult context . Rehabilitation of hospital and PHC facilities was well implemented. The PHC component supported the introduction of a new model of health care, which integrated previously vertical programs for women and children in seven target districts (SILAIS), and may have contributed to modest improvements in service coverage indicators . The pharmaceutical reform component contributed to improved logistics, and to improving the pharmaceutical sector regulatory framework . Technical assistance to the Social Security Institute enable the successful introduction of a new health insurance system and piloted a worker's compensation system .

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

The project had limited impact on the overall structure and functioning of the health system . Despite being the first IDA health project after a period of civil war and instability, project design was complex and demanding, both in terms of the number of components, and in the anticipated scope of reforms . The initial time frame (3.5 years) was unrealistic. Frequent staff turnover in the MOH significantly undermined the impact of training and capacity building investments. Many of the anticipated reforms were not implemented due to political resistance, institutional or financial constraints -- including modernization of the pharmaceutical purchase, supply, and distribution system; personnel reforms; and further decentralization of budget and personnel functions . Much of the necessary legislation for reforms has yet to be presented to Parliament . The project sponsored a number of technical studies on various aspects of reform, but relatively few of the recommendations had been implemented . The high degree of reliance on the project implementation unit reduced ownership in line agencies . Lack of progress in strengthening maintenance arrangements, and chronic shortages of recurrent financing, pose a risk to capital investments .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Moderately Unsatisfactory	ICR states that project outcome was "partially satisfactory," but rates overall outcome as unsatisfactory . The OED rating is thus consistent with that of the ICR.
Institutional Dev .:	Modest	Modest	
Sustainability :	Likely	Non-evaluable	ICR rated sustainability as "uncertain," which is no longer an option, but the country team reports they would opt for "likely" on the current scale. At the time of the ICR, a number of project achievements were at risk due to uncertain ownership and shortages of recurrent funds, but the subsequent project seeks to sustain many of the activities and reforms initiated in this project. OED opts for a rating of "non-evaluable" since available evidence is not sufficient to justify a rating of "likely."
Bank Performance :	Satisfactory	Satisfactory	Project design was ambitious, but overall Bank performance in both project preparation and supervision was satisfactory.
Borrower Perf .:	Unsatisfactory	Unsatisfactory	Borrower performance was satisfactory during preparation and initial years of implementation, but deteriorated significantly after the change in government. Borrower financial management was unsatisfactory .
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:

The project experience confirms a number of long-standing lessons, including:

- Sustained government commitment and leadership is essential to the success of major reform efforts; reform programs that rely excessively on a key few individuals are at risk if governments or personnel change .
- Project design should avoid excessive complexity in countries with weak capacity .
- Excessive reliance on independent project implementation units can undermine ownership and capacity building

in line agencies.

- When multiple donors are engaged in a sector, effective coordination is essential throughout the project cycle .
- Adaptable program credits/loans may be preferable to traditional sector investment instruments in support of long-term policy change processes .

8. Assessment Recommended? ☐ Yes ☒ No

9. Comments on Quality of ICR:

The ICR is frank and provides a comprehensive description of the project's successes and shortcomings . It is a bit long, however, and it was sometimes difficult to sort through all of the project details to get an overall picture of the project. Several of the key ratings were not explicitly stated, or were not given according to the current rating scale, and had to be subsequently clarified . The ICR process appears to have contributed to the refinement of the subsequent project, but the ICR was not completed until two years after the January 1999 ICR mission. The country team reports that this was due to delays in the closing of project accounts, necessitated by the time required to resolve discrepancies in the borrower's reporting of some project -financed activities.