



<b>1. Project Data:</b>		<b>Date Posted :</b> 08/16/2002	
<b>PROJ ID:</b> P006030		<b>Appraisal</b>	<b>Actual</b>
<b>Project Name:</b> Ar-prov. Health Sector Development	<b>Project Costs (US\$M)</b>	144.7	124.72
<b>Country:</b> Argentina	<b>Loan/Credit (US\$M)</b>	101.4	84.84
<b>Sector(s):</b> Board: HE - Health (89%), Central government administration (11%)	<b>Cofinancing (US\$M)</b>		
<b>L/C Number:</b> L3931; LP227			
	<b>Board Approval (FY)</b>		96
<b>Partners involved :</b>	<b>Closing Date</b>	06/30/2001	12/31/2001
<b>Prepared by:</b>	<b>Reviewed by:</b>	<b>Group Manager:</b>	<b>Group:</b>
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<b>2. Project Objectives and Components</b>			
<b>a. Objectives</b>			
(1) Strengthening policy-making at both the National and Provincial levels, and assisting the Government in implementation of specific changes in the incentives environment for public hospitals; and (2) Improving efficiency in service delivery by pilot testing the transformation of 15 pilot public hospitals into Public Autonomous Hospitals (HPA) through performance incentives supported by improved hospital management techniques, implementation of a hospital MIS system, and efficiency improvements from investment in plant and equipment.			
<b>b. Components</b>			
The project had three components:			
(i) Carry out operationally-oriented studies and system designs to be implemented in the second part of the project (US\$8.7 million); (ii) Pilot implementation of 15 Public Autonomous Hospitals (HPA) in three provinces (US\$128.8 million); (iii) Nationwide dissemination of reform initiatives from (i) and (ii); and training of a critical mass of health sector professionals in health administration to take over the key roles in the new HPAs (US\$7.2 million).			
<b>c. Comments on Project Cost, Financing and Dates</b>			
The closing date was extended by six months and the objectives amended at the request of Government. The new development objectives were to use part of the loan (\$4.2 million) for assistance to reform the Government's health insurance system, but these new objectives were eventually scaled back to focus on strengthening of Ministry and Provincial insurance authorities. The remaining added activities, including design of a pilot health insurance system for the poor, were expected to be financed by a new loan, but after two years of discussions the planned LIL was cancelled.			
<b>3. Achievement of Relevant Objectives:</b>			
The project achieved only a limited number of initiatives designed to strengthen policy making at national and provincial levels and establish pilot autonomous hospitals:			
<ul style="list-style-type: none"> <li>Some of the identified policy reform studies were undertaken, including several related to health sector financing which are expected to contribute to the policy-making capacity of the central and provincial Ministries of Health, but there were significant omissions and an inventory of sector resources was only partially developed, never completed, and not structured for permanent updating.</li> <li>Some improvements were achieved in some of the pilot hospitals in terms of quality of service and efficiency, which did show increased client orientation and productivity, and more efficient use of resources, but not one pilot hospital was transformed into an Autonomous Public Hospital (HPA) and overall only about 40% of the performance indicators improved.</li> <li>A graduate studies program was carried out for 85 scholarship holders, but no information is available about the positions currently held by recipients. Provincial Hospital Administrators (152) were trained in the areas of</li> </ul>			

hospital management, public health, and health economics. However, dissemination of experience with reform initiatives at newly transformed HPA could not be carried out as there were no such facilities to study.

#### 4. Significant Outcomes/Impacts:

- Given the need for major reforms in the health sector, the project has initiated the reform discussions with significant strengthening of policy making capacity in the national and provincial Ministries of Health. Some provinces which were not included in the pilot areas have been assisted in designing reforms for the health sector in their areas.
- Studies carried out have supported the definition of a mandatory health benefits package, and the policy dialogue on financing and insurance reforms has been further developed.
- Studies under the project initiated national programs in epidemiological surveillance which eventually led to the identification of new projects including HIV/AIDS Prevention and Public Health Surveillance and Disease Control.
- New processes for hazardous waste separation and disposal have been introduced.

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

- The plan to sequence investment in reforms in hospitals in the second half of the project -- following completion of studies in the first half -- appeared sound, but apparently the team misjudged the political commitment to sectoral reform (at national, provincial and local levels). This created major delays and forced the abandonment of the sequencing concept. In addition, the weak ability of the PIUs to manage procurement, the limited capacity of the contractors undertaking the work, and evidence of mis-procurement hampered implementation.
- Prioritization of the studies on which so much of the project implementation rested was apparently not undertaken. As a result, basic work was not done, which limited the guidance available to the identified pilot hospitals and to their regional authorities.
- Not a single hospital was transformed into a Public Autonomous Hospital.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
<b>Outcome:</b>	Unsatisfactory	Unsatisfactory	
<b>Institutional Dev.:</b>	Modest	Modest	
<b>Sustainability:</b>	Unlikely	Unlikely	
<b>Bank Performance:</b>	Unsatisfactory	Unsatisfactory	
<b>Borrower Perf.:</b>	Unsatisfactory	Unsatisfactory	
<b>Quality of ICR:</b>		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:

- In a project where sequencing is core to the design, modifications need to be introduced quickly when hold-ups are apparent -- and the project should be significantly restructured or cancelled if government priorities change.
- It can be very risky to proceed with implementation of a reform project before key legislation is passed (despite "letters of intent" from provincial authorities).
- If fundamental reform is to be effective, the design team needs to establish support from the bottom up. Slow signing of the subsidiary loan agreements by the pilot provinces suggests a change in selected jurisdictions should have been made early on.

8. Assessment Recommended? ☐ Yes ☒ No

#### 9. Comments on Quality of ICR:

Overall the ICR is satisfactory. However, it would have been helpful to identify the reasons why the some studies were not undertaken, and insufficient information was provided to facilitate comparison more substantively between the performance indicators at Appraisal against the outcomes. In addition, there are two issues on which the ICR could usefully have given more information: (i) on the scope and relevance of the Health Financing Study which was underway at the time the project was prepared; and (ii) the status of the Health Insurance Reform Project which was apparently also under preparation at the same time as this project -- especially as later attempts to use the project savings to develop a LIL for the health insurance sector failed. Annex 2 lays out the eventual project costs, but does not provide information on the final loan amount.

