

## NICARAGUA

<b>SECTOR:</b>	Health
<b>PROJECT NAME:</b>	Support for Hospital Modernization (1027/SF-NI)
<b>TOTAL COST:</b>	\$53.8 million
<b>FINANCING:</b>	
<b>IDB</b>	\$48.6 million
<b>LOCAL</b>	\$ 5.2 million
<b>DATE OF APPROVAL:</b>	November 24, 1998
<b>GENERAL DESCRIPTION:</b>	<p>The program will raise the health status of low-income Nicaraguans by improving the efficiency, quality and equity of the health care system. The four project components are: (a) modernization of hospital management, support systems and clinical practices, and upgrading hospital infrastructure and equipment; (b) strengthening of Health Ministry (MINSA) capacity to support hospital operations; (c) Fund for Safe Motherhood and Childhood (FONMAT); and (d) support for the Supplementary Social Fund (FSS). The first component will transform two hospitals into model facilities through improvements in: (a) financial management; (b) governance; (c) administration; (d) support systems; (e) clinical organization; and (f) quality of care. There are two subcomponents: (a) management modernization and autonomy; and (b) infrastructure and equipment upgrading. The first subcomponent will finance consultant services, training, workshops, special studies and study tours to support: (a) quality assurance; (b) autonomous governance and internal management structures, including implementation of performance agreements between MINSA and participating hospitals; (c) reorganization of services supported by third party payers; (d) human resource management and training; (e) financial management, accounting and auditing; (f) maintenance systems for plant and equipment; (g) toxic waste management systems; (h) management of pharmaceutical and medical supplies; (i) contracting out of selected support services; (j) introduction of day care and ambulatory surgery units; and (k) leadership, clinical and management training for nurses. In the second component, investments will be limited to rehabilitation of existing infrastructure and replacement of high-volume equipment. The second subcomponent supports six major areas: (a) restructuring and management strengthening, through consulting services and training; (b) technical assistance and training to establish a financial management and alternative hospital payment mechanism; (c) management information systems, and design and testing of a resource and cost management module; (d) legal and regulatory framework, supported by technical assistance, workshops, training and study tours, to develop and implement an accreditation process contract private providers, decentralize human resource management, and sell services to third-party payers; (e) a social communication strategy, with technical assistance, workshops and communication media and materials; and (f) monitoring and evaluation, with development of</p>

process and impact indicators, collection of baseline data, and an *ex post* evaluation.

The third component implements FONMAT, a pilot program providing an integrated and cost-effective package of services to low-income pregnant women and children, while introducing a results-oriented payment system that provides incentives to access hard-to-reach populations. The component will finance three sets of activities in 46 municipalities: (a) the per case cost of the package; (b) provider start-up costs, including promotional activities and minor investments in infrastructure and equipment; and (c) technical assistance and training for providers and MINSA territorial units responsible for monitoring and supervision. Private providers, including non-profit organizations, will be contracted for five of the 20 subprojects. The Supplementary Social Fund (FSS) component consists of two subcomponents: (a) performance-based incentive pay for health workers in hospitals, central ministry units and other facilities; and (b) purchase of drugs and medical supplies through a reformed acquisition and distribution system. Subcomponent one will support training, technical assistance and other costs involved in the redeployment of nurses to underserved rural areas. Subcomponent two will also provide training and technical assistance to support the establishment of the acquisition and distribution system.

**CONSULTANTS:**

Consultants will be procured to perform activities in all four components. The procurement of consulting firms to perform services for hospital management MINSA restructuring and management strengthening, and FONMAT will be done applying the mechanism of Standing Offer Arrangement (SOA), which involves the preselection of qualified firms and prenegotiation of general terms and conditions during a specified time period. Individual consultants will be selected through local competitive bidding for smaller contracts. Those involved in training activities will be selected through local competitive bidding, local shopping and force account, depending on the amount. Independent external auditors will certify the annual financial statements of the project.

**GOODS AND EQUIPMENT:**

Procurement will consist of medicines, medical equipment and supplies, vehicles, and information system equipment and supplies (hardware, software and phone lines). Procurement will take place both through international competitive bidding, local competitive bidding and local shopping. Public international bidding will be required for not less than 90 percent of the procurement of pharmaceuticals and medical supplies, and computer hardware and software for the integrated management information system.

**CIVIL WORKS:**

New construction and rehabilitation works will both be procured through international competitive bidding, local competitive bidding and local shopping, depending on the amounts involved.

**EXECUTING AGENCY:**

*Ministerio de Salud*  
Complejo Cívico Cmbte. Camilo Ortega  
Saavedra, Managua, Nicaragua  
Tel: (505-2) 897-164, 894-165  
Fax: (505-2) 97-483, 897-483

