

PHASE I (HA-0045)

EXECUTIVE SUMMARY BORROWER AND The Government of Haiti

GUARANTOR:

EXECUTING AGENCY: The Ministry of Public Health and Population

AMOUNT AND SOURCE: Full Program:

IDB (SF): US\$45.0 million Local counterpart funding: US\$ 5.0 million Total: US\$50.0 million

Phase I:

IDB (SF): US\$22.5 million Local counterpart funding: US\$ 2.5 million Total: US\$25.0 million

Phase II:

IDB (SF): US\$22.5 million Local counterpart funding: US\$ 2.5 million Total: US\$25.0 million

FINANCIAL Amortization period: 40 years

TERMS AND Disbursement period: Phase I: 40 months; CONDITIONS: Phase II: 40 months

Interest rate: 1% during the 10-year grace period, 2% thereafter

Inspection and supervision: 1%

Credit fee: 0.50% annually on undisbursed balance

BACKGROUND: The proposed program, conceptualized as a six-year operation with a total estimated cost of US\$50.0 million (Bank financing of \$45.0 million), will be implemented in two phases. For programming purposes, each three-year phase will be supported by a separate Bank loan of US\$22.5 million. The request for approval of the second phase will be triggered by verification that 50 percent of the resources of Phase I have been committed and that satisfactory progress for the first 24-month period has been made. (See Par. 3.34 and 3.35).

OBJECTIVES: The objective of the program is to support the Government's efforts to improve the health status of

the Haitian population by enhancing the quality, efficiency and equity of health services provided by public and private institutions in the national health system. This will be done by: (i) improving the quality of and access to both public and private health services in a way that is, over the long term, financially and institutionally sustainable; (ii) increasing the efficiency of services at the national level; and (iii) developing innovative models for financing and delivery of basic health services, that are replicable at the national level. (See Annex I, the Logical Framework.) I

DESCRIPTION: The program is designed to address a set persistent problems that have limited the sector's ability to improve health conditions. Capitalizing on existing strengths and resources, including the active non-governmental sector and aid community, the program seeks to support establishment of local health networks for delivery of cost-effective health services; strengthen support for these networks at the Departmental and central levels; create a funding channel for domestic and international financiers to contract for health services; and initiate movement toward a financially sustainable system that is responsive to consumers. I

The program will provide integrated technical assistance, training, material inputs and targeted recurrent cost support for the provision of a minimum package of services. The program has five components: I

1. Development of the UCS Model (Full Program: US\$26.2 million; Phase I: US\$14.7 million; Phase II: US\$11.5 million) will support the implementation of a local health network model of health service delivery in four geographic areas (North, Northwest, Artibonite and Centre Departments) and establish a funding channel for those services. The model is referred to as Communal Health Unit (UCS). It will improve the quality and increase the access of essential health services for approximately 2.0 million Haitians, and increase the total public and private resources devoted to basic health services. Inputs will be technical assistance, clinical and management training, and support for small-scale construction, rehabilitation and basic equipment. Support will also be allocated for recurrent costs for the provision of a cost-effective package of health services, disbursed under contracts and/or performance agreements,

and for health promotion and community participation activities.

2. Institutional Strengthening of the Departmental Directorates (Full Program: US\$9.7 million; Phase I: US\$3.9 million; Phase II: US\$5.8 million) will strengthen the main functions of the Departmental Directorate of the Ministère de Santé Publique et de la Population (MSPP) that are required to support the delivery of essential services under the reorganized delivery and financing model. These functions are planning, management of human, financial and material resources, quality assurance, supervision, logistics and development of health and management information systems. Financing under this component will be used for technical assistance, training, small-scale rehabilitation of offices in the four departments, and the provision of furniture and equipment, including communication equipment.

3. Institutional Strengthening of the Central Directorates (Full Program: US\$4.5 million; Phase I: US\$2.5 million; Phase II: US\$2.0 million) will strengthen the main functions of the Central Directorates in key areas necessary for the national implementation of the new model of delivery and financing. These include policy making, planning, management of human, financial and material resources (including donor coordination), training, operational research, quality assurance, supervision, health communication, financing and regulatory systems, and development of health and management information systems. The component will support technical assistance, training, as well as targeted financing for material, furniture and equipment (including communications equipment) for central offices.

4. Viability and Permanence of the Reorganized System (Full Program: US\$4.2 million; Phase I: US\$1.3 million; Phase II: US\$2.9 million) has the objective of contributing to the financial sustainability of the health system. It will support the use, maintenance and updating of the existing analytic base and generation of new information on which to base a plan for sustainable financing of the health system. It supports the development and implementation of a consolidated financial management system, which will allow for accounting of all sources of health financing. It will also assist in the

identification and implementation of social solidarity efforts, and will finance the establishment and evaluation of pilot revenue generation activities.

5. Evaluation and Administration (Full Program: US\$5.4 million; Phase I: US\$1.4 million; Phase II: US\$4.0 million) will finance activities associated with progressive design of the program, including both process and impact evaluations.

RELATIONSHIP OF Support to the health sector, and support to the PROJECT TO BANK'S Government's efforts at decentralization, are COUNTRY AND SECTOR priorities within the Bank's strategy for Haiti. In STRATEGY: addition, this program moves forward the Bank's agenda in health reform by promoting public-private partnerships and by introducing the mechanism of performance agreements to induce greater efficiency in health service delivery.

ENVIRONMENTAL/ Training of health workers in environmental SOCIAL REVIEW: management for health facilities is foreseen under the program. The small-scale civil works are not expected to have negative environmental impact.

BENEFITS: The health benefits of the program include the prevention of an estimated 12,000 deaths over the full course of the program, assuming moderate reductions in morbidity and mortality associated with expansion and improvement of health services. (Given the structure of the program, somewhat less than half of those health benefits are likely to be realized during the first phase, and more than half during the second phase.) The majority of the beneficiaries are children and reproductive-age women. The economic benefits include greater efficiency in the allocation of the MSPP budget; and more equitable distribution of public spending.

RISKS: Several risks influence the likelihood of successful implementation and sustainability of program benefits. (i) If community participation mechanisms are inadequate, UCS Plans may not successfully identify and respond to local health needs. (ii) Without careful oversight and attention to benchmarks, urgent needs may divert resources from investments that will bring about structural change. (iii) In the face of political swings, the Government may change its policy regarding private- public partnerships in the health sector. (iv) Future economic crises may reduce availability of resources to sustain all the benefits of the program.

It is important to note that very long delays in ratification of the contract in the Parliament may undermine the project's success, as well. Though measures are being taken to maintain the considerable momentum generated by project preparation activities, long delays in project start-up may have a negative impact.

SPECIAL Prior to the first disbursement, the Borrower will CONTRACTUAL present evidence to the Bank that: (i) it has created CLAUSES: a coordination unit ("cellule de coordination") the Directorate of Planning and External Cooperation (DPCE) for the execution of the project and provided it with the staff required for the execution of the project. (Par. 3.10)

(ii) it has delegated authority to the Departmental Directorates in the departments of North, Northwest, Artibonite and Centre to contract services with "Communal Health Units". (Par. 3.22-3.23)

(iii) it has made the necessary provisions for a line-item in the MSPP budget for non-personnel recurrent costs of UCS. (Par. 3.24)

(iv) it has finalized the Operational Manual of the program, which consists of the operational regulations. (Par. 3.13)

(v) the administrative and/or legal instruments to permit the creation of the local health councils exist, to allow for management of funds at the local level. (Par. 3.24)

POVERTY TARGETING The proposed program qualifies as a poverty-targeted AND SOCIAL SECTOR investment as set forth in the Eighth Replenishment CLASSIFICATION: document (GN-1964-3). The program supports the delivery of basic health services in rural areas, and will thus disproportionately benefit the poor, and particularly reproductive-age women and children. (Par. 4.4)

EXCEPTIONS TO BANK None POLICY:

PROCUREMENT: The limit above which international public bidding for the procurement of goods will be done is US\$350,000. Small-scale rehabilitation works are anticipated. (Par. 3.16)