

**PROJECT INFORMATION DOCUMENT (PID)
APPRAISAL STAGE**

Report No.: AB7441

Project Name	Ni-(AF) Community Health Project
Region	LATIN AMERICA AND CARIBBEAN
Country	Nicaragua
Sector	Health (100%)
Project ID	P146880
Parent Project ID	P106870
Borrower(s)	REPUBLIC OF NICARAGUA
Implementing Agency	Ministry of Health (MOH) Complejo Nacional de Salud Costado oeste Colonia 1 de mayo Managua Managua Nicaragua Tel: 505 2289 4700 Fax: 505 2289 4700 cooperacion@minsa.gob.ni
Environment Category	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> FI <input type="checkbox"/> TBD (to be determined)
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Country and Sector Background

1. **Country Context.** Nicaragua is one of Latin America's least developed countries with a GNI per capita US\$1,510 in 2011. Poverty, although declining in recent years, remains high: more than 80 percent of Nicaragua's poor live in the rural areas; approximately 42.5 percent of the population still lives below the poverty line, and one out of every seven Nicaraguans lives in extreme poverty. Shared prosperity is proving to be a challenging development goal since most of the poor live in rural areas and many in remote communities where access to basic services is still constrained by very limited infrastructure. The country is also considered vulnerable in terms of natural disasters, extreme climate and epidemics.

2. Nicaragua is making progress towards achieving the Millennium Development Goals (MDGs). Data from the 2012 Demographic and Health Survey (*Encuesta Nicaragüense de Demografía y Salud* -- ENDESA) shows clear achievements in the reduction of mortality for children under five years of age from 35 to 21 per 1000 live births (2006-07 to 2011/12) (MDG 4). At the same time, the survey shows that progress towards achieving MDG 5 - reducing maternal deaths to 40 maternal deaths per 100,000 live births by 2015 from the 190 maternal deaths per 100,000 live births in 1990 – is slow. National data reported 62.5 maternal deaths per 100,000 live births in 2009, despite steady improvements in risk factors such as number of attended births and percent of women receiving sufficient pre-natal checkups.

3. **Sector and Project Background.** The proposed AF and the parent Project are consistent with the World Bank Group's Country Partnership Strategy (CPS) 2013-2017 (Report #69231-

NI) discussed by the Executive Directors on October 3, 2012. The model of Community and Family Health Care Services (*Modelo de Salud Familiar y Comunitario* -- MOSAF) supported through the Project has shown promising results in the last five years contributing to improved welfare. Along with universal access to basic health and nutrition services, this model builds on earlier efforts in primary health care service delivery, while placing more emphasis on promotion, prevention and on collaborating with local community organizations through a territorial network approach to deliver a package of basic health care services. Access for vulnerable populations, including indigenous groups, women, children, and the elderly is a priority. Combined with capitation financing and performance-based-incentives, the model, has shown promising results. However, more is needed to ensure efficiency and the quality of service delivery now that the coverage gap is narrowing in the first level of attention.

Objectives

4. The objectives of the Project are to: (i) improve the access to, and the quality of, preventive and promotion health and nutrition services among poor and vulnerable populations in Nicaragua; (ii) strengthen the operational capacity of the Nicaragua Ministry of Health through the rehabilitation of health centers; and (iii) ensure financial support in case of a Public Health Alert or Public Health Emergency.

Rationale for Bank Involvement

5. The proposed Additional Financing (AF) is fully aligned with the Government's priorities laid out in the National's Plan for Human Development and the Bank's Strategy supporting the investment in health. Nicaragua's National Plan for Human Development (NHDP 20012-16) overarching goal is to reduce inequality by increasing poverty- reduction spending and boosting investments in social sectors and rural infrastructure. The World Bank's CPS is focused in two key areas of engagement: (i) raising welfare by improving access to quality basic services in particular by poor rural households; and (ii) raising incomes by improving productivity and enhancing competitiveness and diversification. This AF would support the consolidation and expansion of the Family Community Health Model and improve the wellbeing of the population. It would also consolidate the gains achieved with the implementation of the parent Project with the changing of payment mechanism from historical budget distribution to payment for result in 32 municipalities. The AF would expand the scope of this mechanism to 33 additional municipalities; and lay down the grounds for the preparation of the next operation envisioned in the CPS to a national level inheritance.

Description

6. Project Components

- a) **Component 1. Expansion of Coverage of Health Services** (US\$3 million). This component aims to finance capitation payments to ensure access by Eligible Beneficiaries to health services, through: (a) the expansion of coverage of health services in the selected municipalities and in the indigenous territories of Alto Wangki y Bokay; (b) the standardization of the health services; (c) the improvement of the quality of health services; and (d) the implementation of the Community and Family Health Model (MOSAF).
- b) **Component 2. Institutional Strengthening of Ministry of Health, Rehabilitation of Health Care Networks and Contingent Financing of Public Health Emergencies** (US\$6.9 million). *Subcomponent 2.1* It will strengthen the institutional capacity of essential

public health functions of the MOH and rehabilitation of municipal and national health care facilities of the recipient through: (a) the strengthening of the supervision and management capacities of the MOH administrative central structures and selected Local Systems of Integrated Health Care (SILAIS) for the overall coordination, supervision, and implementation of the MOSAFC; (b) the acquisition of equipment and the rehabilitation of facilities in the Municipal Health Networks for the implementation and execution of the MOSAFC; (c) the replacement of medical and non-medical equipment required to re-establish the operating capacity of Nicaragua's National Health Networks; (d) the strengthening of the medical and non-medical equipment maintenance activities of the MOH; and (e) the implementation of the Indigenous Peoples' Planning Framework (IPPF) and Environmental Management Framework (EMF) to ensure that the Health Services are environmentally safe and culturally adapted to the needs, and practices of the relevant Indigenous Peoples community.

Subcomponent 2.2 It will finance goods, minor rehabilitation works, consultants' and non-consultant services, and operating costs to address the needs of the Public Health Alert or Public Health Emergency.

- c) **Component 3. Strengthening of Ministry of Health's Capacity to Administer, Supervise and Evaluate the Implementation of Health Services** (US\$0.10). This component will (a) strengthen the MOH's capacity for administering, supervising and evaluating the activities referred to in Component 1 of the Project, including the carrying out of an internal technical audit; (b) carry out of the external annual technical audit to validate the number of eligible beneficiaries receiving services and the achievement of performance goals, (c) carry out of the annual Project external financial audit, and to (d) analyze and disseminate the 2011-2012 Nicaraguan Demographic and Health Survey (*Encuesta Nicaragüense de Demografía y Salud*).

Financing

7. Project Financing	(\$m.)
Source:	
BORROWER/RECIPIENT	0
International Development Association (IDA)	10
Total	10

Implementation

8. No changes are expected for the implementation, financial management, and procurement arrangements as they will be the same as for the parent Project. The AF would be implemented by the MOH, which has established a Project Technical Committee (*Comité Técnico del Proyecto -- CTP*). The CTP is made up of individuals from each implementing line divisions of the Project and is responsible for: (i) coordinating the Project's activities, including those carried out by the SILAIS and the municipal health networks; (ii) monitoring the Project's results indicators at the macro level; (iii) coordinating with the Procurement Division and the General Division of Financial Management within the MOH; (iv) supervising the implementation of the IPPF and EMF; and (v) preparing technical progress reports. For the implementation of Component 1 (capitation payments), the MOH is responsible for ensuring the corresponding management arrangements with the participating SILAIS and the municipal health networks. The

implementation arrangements for component 2.1 would include an administration agreement between the MOH and the Medical Equipment Maintenance Center (*Centro de Mantenimiento de Equipos Médicos - CEMED*), an independent entity created to provide maintenance services to the MOH. The Operational Manual of the Project lays out the implementation arrangements for the execution of Project's activities to finance the rehabilitation, preventive and corrective maintenance of medical and non-medical equipment of the health networks targeted by the Project. In addition, the Operational Manual of the Project would be updated to reflect the inclusion of the new municipalities and their corresponding implementation arrangements.

Sustainability

9. From an institutional perspective, the Project will build on the MOH's experience with the use of capitation payments for the purchase of basic prevention and promotion health care services under the previous operation. At the same time, the MOH recognizes the importance of strengthening the management and supervision responsibilities of the SILAIS and has placed greater emphasis on the role of the SILAIS in the administration of the capitation payments and monitoring the performance of the local public health providers.

Lessons Learned from Past Operations in the Country/Sector

10. Nicaragua will need rapid assistance in the case of a public health emergency. Nicaragua's geography and location make the country particularly vulnerable to natural disasters, including earthquakes, tsunamis, volcanic eruptions, hurricanes, landslides, droughts and floods. Such disasters strain Nicaragua's health infrastructure as well as its financial resources, and often require outside assistance.

11. Capitation payments and performance agreements, along with effective monitoring and information systems, can create incentives that work. Under other World Bank projects that feature the use of capitation payments, implementation teams found that consistent monitoring and evaluation of outcomes holds service providers responsible for their performance. When performance results are dismal, where there is a lack of fiscal transparency, or where information on a provider's performance is missing, social services are likely to be inefficient.

12. Regular audits and supervision are critical for building accountability in the health sector. Concurrent audits should be a combination of field visits, where auditors review clinical files and conduct interviews with beneficiaries, and desk-reviews of reports of local monitoring and evaluations. Furthermore, social audits are a useful accountability instrument because they provide an accurate idea of how well short- or medium-term responses meet the local demands and have an impact on the targeted population.

13. With appropriate and adequate support, the country's health system can make significant progress on coverage of basic health services. The proposed AF is in line with the successful approaches of the parent project and supports the MOSAFC's package of services which emphasizes health promotion and disease prevention.

Safeguard Policies (including public consultation)

14. The ongoing Project and its AF are rated as B for the World Bank's safeguard purposes.

Given the presence of indigenous peoples in the Project area, the Project triggers the Indigenous Peoples safeguards (OP/BP 4.10). To this effect, the Indigenous Peoples Planning Framework (IPPF) prepared based on free, prior and informed consultations was completed in June 2010 and covers all the national territory. The IPPF has been updated to reflect the additional municipalities and was published on November 22, 2013.

15. OP/BP 4.01 on Environmental Assessment is also triggered because the Project supports minor rehabilitation works in national and municipal health facilities with potential improvements in health care waste management. There will be minor rehabilitation works in health care facilities or minor pre-installment works for the medical and non- medical equipment to be purchased by the Project. While the effects of these activities are localized, minor and reversible, they still, nonetheless, warrant certain care and the appropriate mitigation measures will be put in place through the updated Environmental Management Framework (EMF). For the purposes of this AF, the MOH has updated and approved the EMF in September 2013 and was published on November 22, 2013. The AF will implement the hospital waste management plans developed during the parent project.

List of Factual Technical Documents

16. Technical documents are disclosed in the World Bank's website under the project.

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