PROJECT INFORMATION DOCUMENT (PID)
CONCEPT STAGE

Report No.: AB1509

Project Name	Second Health System Development Project
Region	MIDDLE EAST AND NORTH AFRICA
Sector	Health (50%); Information technology (20%);Central government administration (15%);Non-compulsory health finance (10%);Solid waste management (5%)
Project ID	P064988
Borrower(s)	P.L.O. ON BEHALF OF P.A.
Implementing Agency	
	Palestine Liberation Organization West Bank and Gaza
	Ministry of Health Gaza West Bank and Gaza
Environment Category	[ ] A [] B [ ] C [ ] FI [X] TBD (to be determined)
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1. Key development issues and rationale for Bank involvement

1. The Palestinian Authority (PA) has expressed strong interest in the preparation of a second Health System Development Project (HSDP II), which was halted by the *intifada* that began in September 2000. The project envisions an investment credit in the amount of US$13.9 million, of which approximately US$3.9 million would be in the form of a grant from the European Community (EC). By focusing on improving quality and efficiency of publicly funded health services, the project aims to support incremental steps to address some of the key policy issues currently facing the PA as well as extending and scaling up the achievements of the first Health System Development Project (HSDP I), which is scheduled to close on April 30, 2005. The HSDP I project development objectives are to: Enhance the management capacity of the Ministry of Health and improve access to high-quality and affordable primary care services especially in rural and underserved areas. The HSDP I project has been successful in improving (i) access to high quality primary care services in a number of rural/underserved areas, (ii) quality of care for selected chronic diseases, and (iii) efficiency, through the establishment of a clinic information system.

2. The effects of four years of *intifada* are numerous and far reaching. The Palestinian economy is in disarray and the majority of the population now lives under the poverty level. In the health sector, thousands have died, been injured or disabled, and the population, particularly

the youngest age-groups, exhibits high levels of trauma. Palestine has a high burden from non-communicable diseases, while at the same time is vulnerable to some communicable diseases. Aid from international donors has prevented the system from a collapse, but infrastructure has been depleted, maintenance and training delayed, and many essential public health services (e.g., prenatal care, immunizations,) have been reduced. In light of the long-term consequences, there is an urgent need to address the key issues in the health sector and avoid further deterioration of the system, and re-align its policies, priorities, and investments with the new fiscal situation on the ground.

Key Issue 1: The current Health Care System is not well positioned to address the health needs of the population. Like many middle-income countries, Palestine is going through an epidemiological transition with its associated increase in chronic diseases while still facing challenges related to infectious and maternal/child-related morbidity and mortality. The system is poorly equipped to deal with the rising burden of chronic disease and accidents, which account for a large and growing share of mortality (and morbidity). Primary, secondary, and tertiary prevention are inadequate or completely lacking (screening for and treatment of cancer, diabetes and hypertension are particularly inadequate). Finally, the ability of health care providers to detect and treat population, including victims of *intifada* and those with the repeated psychological traumas is vastly inadequate.

Key Issue 2: The Health Care System is inefficient, fragmented, and uncoordinated. For historical reasons, many providers (MOH, UNRWA, NGOs, private providers) operate side by side, providing overlapping and uncoordinated services due to the absence of any sector-wide planning mechanism.

Key Issue 3: The Health Care System is financially unsustainable, providing inequitable access, and inadequate financial risk protection. Uncoordinated investments in expensive, high-tech equipment and new infrastructure, without consideration of the impact on future operating costs (as well as existing supply), have contributed to cost increases that cannot be met by existing revenue sources. In addition, expenditures for specialized care outside the public system have greatly increased. A large number of poor families has been left without coverage at a time when a 40 percent drop in GDP per capita has left over 50 percent of the population living below the poverty level.

Key Issue 4: The public has little faith in the public Health Care System when facing serious health problems. Like many other public health care systems, the Palestinian public service delivery is characterized by low quality, overcrowding, unresponsive providers, periodic shortages of drugs and supplies, non-functioning equipment, and a lack of capacity to provide key services. Infrastructure is inadequate and/or outdated, and there is a shortage, or absence, of qualified specialists in a number of areas and specialties. Therefore, public uses costly private services when facing serious health problems.

3. The challenges facing the Palestinian health sector are clearly complex and difficult, and hence unlikely to be resolved in the near future. However, the key donors and international organizations, including the World Bank, have been working closely with the MOH during the past two years to review the health sector. This process has yielded a consensus regarding many of the existing challenges and has succeeded in persuading other key ministries (Finance,

Planning, Office of the President) of the urgent need for health sector reform. While the World Bank provides a relatively small share of funding in the health sector, it is seen as the leading provider of technical advice due to its technical expertise, unique knowledge base, and perceived objectivity. This project would provide essential support to the PA's reform initiative to improve the performance of the health sector.

4. The proposed project would support selected MOH's priorities, particularly those related to improving quality of care, reducing fragmentation and inefficiency, and addressing key health needs. The project is in line with the World Bank's strategy for the West Bank and Gaza (WBG), and the recommendations from the PA's draft Framework for Medium Term Social Development Plan. The project is also consistent with the priorities expressed in the PA's Medium Term Development Framework.

2. Proposed objective(s)

5. The proposed development objectives for the project are to (a) improve quality of publicly funded health care services; and (b) improve efficiency in the health system through improved planning, management and coordination among the various service providers, including private and NGO providers.

6. The primary target group is the non-refugee poor, who constitute 51 percent of the (non-refugee) population in the WBG. This population has limited financial means to access private and NGO providers that charge fees, yet often seek care in these sectors because they perceive the quality of public services to be inferior. Improving the quality of publicly-provided and publicly funded health care services will not only improve the health of poor (and non-poor) patients, but also increase their satisfaction with, and trust in, the system. Secondly, by improving MOH capacity to plan, coordinate, and manage resources more effectively among all the different health care providers will improve efficiency in the health system, achieve better health outcomes, serve more people, and free scarce resources for other critical needs. In this connection, better coordination and collaboration with MOH will enable private and NGO-providers to plan and optimize their investments, and thereby contribute to the long-term viability of the Palestinian health system.

7. Achievement of the development objectives will be measured in terms (a) improvements in the quality of health infrastructure, clinical outcomes and clinical processes; (b) process improvements measured as the number of health facilities with functional clinical information system to analyze and improve their operations and outcomes, and institutionalization of quality improvement processes; and (c) efficiency improvements such as cost savings from improved supply chain management, percentage of patients receiving interventions compliant with clinical guidelines and therapeutic protocols. Progress will also be monitored through the establishment of a functional planning and policy body within MoH, the production of regular sector-wide planning documents, and improved contracts and contract management in the MOH. Output indicators will include the number of staff trained and using new detection and treatment guidelines for selected diseases and conditions.

3. Preliminary description

8. The proposed project envisions two components that are designed to address essential aspects of the key development issues outlined above. In the primary care sector, the project will scale up successful or promising activities from HSDP I, in particular, the quality improvement activities and the Clinic Information System. In addition, where possible, the project will extend these efforts to selected areas of secondary and tertiary care to promote continuum of care. The project will also build on or benefit from on-going projects supported by other donors, particularly those of the European Union (EU), the World Health Organization (WHO), and the French, Swiss, and Austrian Technical Cooperation. Finally, the proposed project design takes into consideration the currently available finance sources (from the World Bank and others) as well as the precarious fiscal situation facing the PA. The two components are:

Component 1: Improving the quality of public health and priority medical services. This component will focus on (i) upgrading and modernization of selected substandard health infrastructure; (ii) institutionalizing the development, updating and implementation of clinical guidelines; and (iii) establishing selected health care services (at both the in-patient and outpatient level) to address existing gaps in the detection and treatment of selected priority diseases. This will also involve further development and expansion of the Clinical Information System, piloted under HSDP I.

Component 2: Capacity building of the Ministry of Health. This component will support strengthening MOH's capacity to carry out its *stewardship* functions, including planning, management, and monitoring and evaluation functions. This will consist of two major activities: the first will support development of national policies for selected priority services, including those for mental health and physical rehabilitation, and rationalization of health services that will require coordination between PA and other (NGO, private sector) providers.. Specifically, the project will support the development of planning and policy body within MoH that would foster broad stakeholder representation, and with the task to help the development of the overall sector policies and priorities. The soon-to-be established Task Force on Health Sector Reform is intended to serve as a pilot for this planning body in order to evaluate its work prior to "institutionalizing" it. Secondly, this component will support efforts to improve MoH's management capacity, including its procurement, contract management and supply-chain management functions, and will pilot MOH efforts to create incentives for efficiency through improved management information systems, accountability and resource allocation process. It will also support project management and implementation functions, including monitoring and impact evaluation of the project.

4. Safeguard policies that might apply

New construction of medical stores and rehabilitation of health facilities under the project may necessitate the preparation and implementation of Environmental Management Plan and Health Waste Management Plan at the affected sites.

5. Tentative financing

Source:		($m.)
BORROWER		0
SPECIAL FINANCING		10
EC		3.9
	Total	13.9

6. Contact point

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