



Program Information Document (PID)

Concept Stage | Date Prepared/Updated: 12-Jun-2019 | Report No:

**BASIC INFORMATION****A. Basic Program Data**

Country Colombia	Project ID P169866	Parent Project ID (if any)	Program Name Support the financial sustainability of the Colombian health system
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 15-Oct-2019	Estimated Board Date 26-Mar-2020	Does this operation have an IPF component? No
Financing Instrument Program-for-Results Financing	Borrower(s) Republic of Colombia	Implementing Agency Ministry of Health and Social Protection	Practice Area (Lead) Health, Nutrition & Population

Proposed Program Development Objective(s)

To support the medium and long-term financial sustainability of the health sector through improvements in quality and efficiency in the delivery of healthcare services.

COST & FINANCING**SUMMARY (USD Millions)**

Government program Cost	18,118.00
Total Operation Cost	200.00
Total Program Cost	199.50
Other Cost	0.50
Total Financing	200.00
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	200.00
World Bank Lending	200.00



B. Introduction and Context

Country Context

Colombia's economic perspectives, while stable and solid in their fundamental variables, are strained by several factors that affect economic growth, such as the decline of oil prices, rising unemployment and a tight fiscal outlook. Recent tax reforms have not been sufficient to compensate adequately for the growth in public spending, leading to large fiscal deficits. Moreover, Colombia is currently affected by an unprecedented migration movement triggered by the economic, political and social crisis experienced by Venezuela. The migration crisis places a significant burden on Colombia's public finances and social services infrastructure. The country has shown important reductions in poverty, but still large gaps in terms of access to services and quality of care remain. Given its tropical geographic location, biodiversity and topography, Colombia is also particularly vulnerable to climate change.

Sectoral (or multi-sectoral) and Institutional Context of the Program

The Colombian General System of Social Security in Health (*Sistema General de Seguridad Social en Salud, SGSSS*) provides almost universal insurance coverage and a significant level of financial protection to its beneficiaries and is regarded as one of the country's major social achievements of the last decades. Some of Colombia's main health outcomes show important progress in recent years, for example chronic malnutrition, adolescent pregnancy and vaccination coverage have shown significant improvements. In addition, the country has greatly expanded its vaccination program and has now one of the most comprehensive immunization programs in the region.

Despite the efforts made towards the expansion of insurance and service provision coverage, significant challenges remain. Colombia is experiencing a rapid increase in the prevalence of non-communicable diseases (NCDs), which have become the main causes of death and disability, as the country is entering the so-called epidemiological transition. Several challenges related to insufficient quality of care and the fragmentation of health care services at local level affect access, health outcomes and overall the financial sustainability of the sector. Additionally, the system's financial and economic outlooks have been strained by conjunctural elements such as the migration process and the demands imposed by the peace agreements. On the other hand, inefficiency and poor quality of care have affected public hospitals, which are vital to the provision of health care in remote areas of the country where geographic, financial and administrative barriers still impact access to such services. Another important driver of Colombia's health spending is pharmaceuticals and the introduction of new technologies, such as medical devices, that directly impact the way in which health services are delivered and organized. Additionally, the use of judicial claims has skyrocketed since 2000, particularly those related to health issues, with important consequences for the financial sustainability of the sector.

Finally, the country also shows gaps in availability and distribution of human resources for health, which is an important binding constraint for health sector reform.

Relationship to CAS/CPF

The proposed Project is aligned with the WB Group Country Partnership Framework (CPF) for the Republic of Colombia FY16 – FY21 (Report No. 101552-CO), and the Colombia Performance and Learning Review (PLR) dated April 23, 2019 (Report No. 135458). The PLR is expected to be approved by the World Bank Board of Directors on May 21, 2019 and will



focus the WB support on three broad areas of intervention: territorial development; social inclusion; and supporting fiscal sustainability and productivity. In particular, the proposed Project would contribute to the CPF pillar 2 “enhance social inclusion and mobility through improved service delivery” by supporting the improvement in the quality of healthcare services and efficiency of the health sector (Pilar 2 – Objective 3).¹

Rationale for Bank Engagement and Choice of Financing Instrument

The Ministry of Health and Social Protection (MSPS) has explicitly expressed interest in the use of a results-based operation and the Ministry of Finance expressed its strong interest in using the development and implementation of this operation as a learning opportunity for Colombia with the goal of using it in other sectors in the future. Both goals are shared by the National Planning Department (*Departamento Nacional de Planeación*, DNP). Because the instrument has not been used in Colombia, the team has had meetings with all three ministries to discuss the instrument’s requirements, including procurement, financial management, as well as social and environmental safeguards issues.

The Program-for-Results (PforR) instrument is appropriate for the proposed operation since it will support a broader Government program. In addition, it should be noted that: (a) Colombia has sound institutions and procedures; (b) by linking disbursements to achievement of results that are tangible, transparent, and verifiable, the PforR can be an effective instrument to shift focus towards the achievement of results, rather than concentrating on issues related to the financing of inputs; (c) the use of the PforR instrument will ensure that priority is given to key goals of the Government, shielding them from political uncertainties; (d) the PforR instrument will also allow for improvements, as necessary, in the implementation of governments’ own technical, fiduciary and safeguard systems; and (e) because the Government’s program will also be supported by an operation financed by the Inter-American Development Bank (IDB), the PforR instrument will ensure complementarity between the two projects and thus maximize the value added of external financing including technical assistance.

C. Program Development Objective(s) (PDO) and PDO Level Results Indicators

Program Development Objective(s)

To support the medium and long-term financial sustainability of the health sector through improvements in quality and efficiency in the delivery of healthcare services.

PDO Level Results Indicators

The proposed Project would have three PDO indicators:

- (i) For quality – Percentage of women with breast cancer detected in early stages (up to IIA) at the time of diagnosis;
- (ii) For efficiency – Performance index for public hospitals (composite performance index made of 17 indicators and endorsed by the MSPS); and
- (iii) For financial sustainability – Cost savings from the introduction of pharmaceutical policies and interventions such as centralized purchases and price controls as a percentage of total pharmaceutical expenditure.

¹ World Bank. 2016. Colombia - Country partnership framework for the period FY16-21 (English). Washington, D.C.: World Bank Group. <http://documents.worldbank.org/curated/en/940691468184792587/Colombia-Country-partnership-framework-for-the-period-FY16-21>.



D. Program Description

PforR Program Boundary

The proposed operation intends to support the Government health program through the PforR financing instrument. The PforR instrument is appropriate for the proposed operation since it will support a broader Government program, which comprises the funding of the health insurance system. The Government concluded the proposal for the 4-year National Development Plan (PND), which is currently being discussed by the Congress, titled “Pact for Colombia, pact for equity”. The proposed Plan is structured around 25 pacts, among structural pacts, cross-cutting pacts and productivity and equity pacts, including a specific pact for women. Each of the 25 pacts has several components or areas/lines of intervention with explicit targets and indicator. These targets are aligned with the Sustainable Development Goals. The DNP is responsible for monitoring the PND targets and for the verification of their achievements.

The proposed PforR will support the health sector Program in the 2018-2022 National Development Plan in three result areas: (i) improve the quality of health services; (ii) improve efficiency in the delivery of healthcare services; and (iii) increase the financial sustainability of the SGSSS. The three result areas are inter-related, as quality and equity are key variables of the financial sustainability of the system. In this sense, improving the quality in the provision of health services is a necessary condition for achieving financial sustainability.

Potential Disbursement-Linked Indicators (DLIs) are listed below:

- New PHC-focused model of care rolled out in priority health territories with incentives for early detection of breast and cervical cancer
- Healthcare professionals trained in continuous quality improvement and improvement collaboratives in place w/ focus on early detection of cancer
- First trench of Health Insurance Companies accredited
- National observatory of public hospitals created and key quality and efficiency performance indicators available publicly
- Pay for performance mechanisms piloted in priority public hospitals
- Interoperability standards developed and implemented so that relevant clinical information is shared in real time between healthcare providers
- UPC redesigned to incorporate better risk equalization and incentives for efficiency and quality
- Pre-judicial agreements model developed and rolled out in priority health territories
- Better regulatory and procurement mechanisms for medicines and medical devices developed and in use

E. Initial Environmental and Social Screening

Environmental

The proposed Project will support activities aimed at improving the quality, efficiency and financial sustainability of Colombia’s health system. The support will not be provided directly to the institutions that deliver services and hospitals. This initiative does not involve any physical relocation, on-the-ground physical infrastructure creation or reform, nor any impact to natural habitats or biodiversity.

**Social**

Project support will not be delivered directly to the institutions that provide services and hospitals. No type of direct impact on the communities is foreseen, nor is any infrastructure construction contemplated.

In consultation with the Borrower, immediately after the PCN approval, ESSA will be launched, and a draft report will be consulted and disclosed prior to appraisal.

The environmental and Social risks are rated Moderate at the Concept stage and will be reassess at the Decision Stage.

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