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Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 21-Aug-2017 | Report No: PIDISDSC22086

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Parent Project ID (if any)	Project Name
Sri Lanka	P163721		Sri Lanka Health System Strengthening Project (P163721)
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
SOUTH ASIA	Jan 22, 2018	Jun 28, 2018	Health, Nutrition & Population
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Ministry of Finance	Ministry of Health, Nutrition and Indigenous Medicine	

Proposed Development Objective(s)

The project development objective is to improve the effectiveness of integrated health service delivery to respond to the changing demographics and disease burden in Sri Lanka.

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	200.00
Total Project Cost	**200.00**

Environmental Assessment Category	Concept Review Decision
C-Not Required	Track II-The review did authorize the preparation to continue

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Other Decision (as needed)

B. Introduction and Context

Country Context

Sri Lanka is a Lower Middle-Income country with a GDP per capita of USD 3,835 in 2016 and a total population of 21.2 million people. Following 30 years of civil war that ended in 2009, Sri Lanka's economy grew at an average 6.2 percent during 2010-2016, reflecting a peace dividend and a determined policy thrust towards reconstruction and growth; although there were some signs of a slowdown in the last three years. The economy is transitioning from a previously predominantly rural-based economy towards a more urbanized economy oriented around manufacturing and services.

The country has made significant progress in its socio-economic and human development. Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries. The economic growth has translated into shared prosperity with national poverty headcount ratio declining from 15.3 percent in 2006/07 to 6.7 percent in 2012/13. Extreme poverty is rare and concentrated in some geographical pockets; however, a relatively large share of the population subsists on little more than the extreme poverty line. The country comfortably surpassed most of the MDG targets set for 2015 and was ranked 73rd in Human Development Index in 2015.

Low revenues critically impact Sri Lanka's fiscal position. The major reasons for the low level of revenues are: the small increase in the number of tax payers (less than 7 percent of the labor force and formal establishments pay income tax), reductions in statutory rates without commensurate efforts to expand the tax base, inefficiencies in administration and numerous exemptions. Low revenues combined with largely non-discretionary expenditures in salary bill, transfers, and interest payments have constrained critical development spending including expenditure on health, education and social protection, which are low compared to peers.

Sri Lanka is in a 3-year Extended Fund Facility (EFF) program with the IMF, which is primarily focused on increasing revenues. The program calls for fiscal consolidation; transition to flexible inflation targeting; and reforms in public financial management, state enterprises and trade and competitiveness. The IMF completed the second review of the program and approved the next disbursement in July 2017.

Sectoral and Institutional Context

Sri Lanka's health system has a record of strong performance, having achieved better outcomes in maternal and child health (MCH) and communicable disease control than would have been predicted by its income level. The country recorded the lowest under five mortality rate (10/1,000 live births, 2015) and maternal mortality ratio (30/100,000 live births, 2015) in the region; and was certified by WHO on having eliminated malaria. However, malnutrition continues to need attention, particularly in the plantation sector. Sri Lanka is only beginning to address the changing disease burden and the demographic shift to an ageing population; and its implication for reforms in the structure and financing of the health system. While higher spending will be essential to provide for an aging population, there is also scope to spend current resources better.

Sri Lanka has provided universal, free access to government-led health care services for several decades at relatively low cost, but the health system has not evolved to meet the changing disease burden. There is nearly 100 percent coverage for key MCH services such as antenatal care, institutional deliveries, and childhood immunizations. However, health sector capacity to provide quality care seem sub-optimal to meet the higher demands from the fast-growing burden of non-communicable diseases (NCD) -75% in 2015 vs 48% in 1990; and the aging population (13.9% of population over 60 in 2015). This has also led to the increased use of private outpatient care, even though the public sector still provides 90 percent of inpatient care, and nearly 100 percent of preventive care.

The average lifespan of 74 years, is slightly above what Sri Lanka's income level would predict. However, progress has been slow in recent years: between 2002 and 2012 it only increased by 1.5 years, the second lowest among 12 comparator countries across Asia. There is a significant gap between male and female longevity, with women living about 8 years longer. The NCD challenge has proven especially difficult among men, who are less likely to avail of preventive services and screening for these disease conditions. Addressing NCDs is a more complex task than delivering on the maternal and child health agenda, and will require systems reforms and new approaches to service delivery.

In 2012, outpatient clinic visits were divided roughly equally across the primary, secondary, and tertiary level facilities in the health system. Ideally, 70-80 percent of all care should be delivered at the primary care level, 10-15 percent at the secondary level, and the remaining (most advanced) cases treated at the tertiary level. There is a noticeable absence of a strong primary care system for chronic care, including general practitioners. Instead, patients tend to bypass lower levels of care and go directly to see specialists at secondary and tertiary hospitals. This leads to under-utilization of small institutions and overcrowding in the bigger institutions.

Relationship to CPF

The project is aligned with the Country Partnership Framework for FY17-FY20. The CPF acknowledges that Sri Lanka is well into its demographic transition, which raises specific fiscal challenges and places new and changing demands on health and social protection systems. The proposed project is directly related to Pillar 2 (Promoting Inclusion and Opportunities for All), Objective 2.2. (Improving health and social protection systems to address the challenges of the demographic transition) of the CPF.

C. Proposed Development Objective(s)

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The project development objective is to improve the effectiveness of integrated health service delivery to respond to the changing demographics and disease burden in Sri Lanka.

Key Results (From PCN)

Results will be determined and agreed to during project preparation.

D. Concept Description

The proposed project consists of four components: (i) support the introduction of an integrated care / family medicine model; (ii) strengthen the referral chain for continuum of health care; (iii) system reforms to support integrated health care / family medicine; and (iv) a Contingent Emergency Response Component. The project will likely adopt a results-based financing approach, in which disbursements are made against results achieved through the agreed project activities.

Component 1: Support the introduction of an integrated care/family medicine model

Maternal and child health care in Sri Lanka and the achievements to date have been possible through a well-established health system which ensures that all pregnant women and children are registered and followed through. A similar strengthening of the health system through necessary reforms is required which would adequately respond to the changing burden of disease in the country. Typically, the 40-60 years' age group, and particularly men and women after the reproductive period, do not routinely access the health system unless they are sick and need treatment and care.

Appropriately managing (prevention of risk factors, and early diagnosis and treatment) the growing burden of chronic diseases and the ageing population would be best addressed by a cadre of family physicians and a system that supports the same. Therefore, this component would: pilot a family physician/health facility model to prevent and manage chronic diseases and care; explore the feasibility of MCH centers to be a family medicine model and include identification of the referral chain up to the tertiary level.

Component 2: Strengthen the referral chain for continuum of health care

To support a well-functioning family health program, the Government of Sri Lanka would need to ensure that the secondary and tertiary levels of care are accessible and affordable at all times. With the advances in technology and significantly improved transportation and communication, the country could establish “smart” referral chains that would be cost-effective and reliable but need not necessitate the physical availability of all facilities, particularly those providing tertiary care, at all places.

Component 3: System reforms to support integrated health care/family medicine

This component would focus on the following four health system strengthening areas: (i) emergency transportation and communication systems; (ii) e-MIS including ‘unique patient identifiers’ enabling a registered person to access care anywhere in the country; (iii) appropriate distribution and skill mix of human resources at different levels of health care; and (iv) updated and well-functioning supply chain management system for pharmaceuticals and medical supplies.

Component 4: Contingent emergency response component

The objective of this component is to improve Sri Lanka’s response capacity in the event of an emergency. There is a moderate to high probability that during the life of the project the country may experience a natural or man-made disaster or crisis, including a disease outbreak of public health importance or other health emergency, which has caused, or is likely to imminently cause, a major adverse economic and/or social impact. In anticipation of such an event, the contingent emergency response component (CERC) provides the country with rapid reallocation of undisbursed funds of other project components following an emergency to address immediate financing needs to mitigate, respond and recover from the potential harmful consequences arising from such emergency. The availability of immediate financing is critically important in: (a) supporting the client in the first response; (b) helping to coordinate the early recovery phase; and (c) bridging the gap to longer term recovery and reconstruction phases. Since there are no safeguards instruments prepared for the project, and this component, being contingent to an emergency response, may be used for immediate rehabilitation and reconstruction needs, the team would appropriately document what to do in case required civil works need land acquisition.

Other issues:

Sri Lanka has adopted a new access to information policy, in effect since February 4, 2017. This policy mandates all public bodies to proactively disclose information notably on its service standards, human and financial resources, decision making process, laws and regulations. The act further requires the Ministry of Health and its subsidiaries to respond to citizen's request for information within 48 hours in case of a medical emergency. This implies the set-up of effective and empowered information officers, information management systems as well as training and capacity building across the sector. Genuine access to information is also a prerequisite for meaningful citizen engagement, a national commitment under the Open Government Plan as well as a corporate commitment of the World Bank. The project will, to the extent possible, support the implementation of this new policy at the central level as well as in health

establishments covered by the project.

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SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

While the project will be national in scope, physical investments, such as infrastructure, are not currently envisioned and no other forms of goods, works or services will be procured via the project. Therefore, no environmental or social impacts are anticipated due to project interventions. The environmental assessment category will be "C" and no further assessment will be required.

B. Borrower's Institutional Capacity for Safeguard Policies

Not applicable.

C. Environmental and Social Safeguards Specialists on the Team

Bandita Sijapati, Social Safeguards Specialist
Mokshana Nerandika Wijeyeratne, Environmental Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	No	The proposed project design predominantly includes soft interventions aimed at systemic improvements to health service delivery. No physical investments, such as infrastructure are envisioned at this stage and no other forms of goods, works or services will be procured via the project. Therefore, no major environmental impacts are anticipated due to project interventions. The environmental assessment category will be "C" and no further assessment will be required.
Natural Habitats OP/BP 4.04	No	Project interventions are not expected to have any significant impacts on the natural habitats in relation to the proposed project activities.
Forests OP/BP 4.36	No	No impacts due to the proposed project are envisioned on forests.
Pest Management OP 4.09	No	Not Applicable as no project interventions are made where significant use of pesticides and other such

		substances are utilized.
Physical Cultural Resources OP/BP 4.11	No	Project interventions do not involve any physical interventions, thus there are not impacts expected any physical cultural resources.
Indigenous Peoples OP/BP 4.10	No	The project will focus on strengthening the system for integrated health service delivery and will not involve any location specific physical activities that lead to negative social impacts. There is also no conclusive evidence/information available that establishes the presence of indigenous people in the project area.
Involuntary Resettlement OP/BP 4.12	No	No constructions or physical interventions are planned under the project.
Safety of Dams OP/BP 4.37	No	No dams will be affected via project interventions.
Projects on International Waterways OP/BP 7.50	No	The proposed project activities do not have any impacts on international waterways and therefore this policy is not triggered.
Projects in Disputed Areas OP/BP 7.60	No	There are no disputed areas where project interventions in Sri Lanka and therefore this policy is not triggered.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Dec 15, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

As per the proposed project interventions, no further safeguard assessments are envisioned.

CONTACT POINT

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APPROVAL

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