

Ex-ante Evaluation

1. Name of the Project

Country: The Democratic Socialist Republic of Sri Lanka

Project: Project for Improvement of Basic Social Services Targeting Emerging Regions

Loan Agreement: March 28, 2012

Loan Amount: 3,935 million yen

Borrower: The Government of the Democratic Socialist Republic of Sri Lanka

2. Background and Necessity of the Project

(1) Current Situation and Issues of the Health/Medical Sector in the Country

In Sri Lanka, due to the ageing population and changes of dietary habits and lifestyle, the numbers of cases of non-communicable diseases (NCDs)¹ have been exceeding communicable diseases as the leading cause of mortality since the 1980s, and, according to the health statistics of 2006/2007, all of the top five causes of mortality are attributed to NCDs. Due to unbalanced/unhealthy diet and malnutrition, the poor are especially vulnerable to NCDs. In addition, NCDs are the major cause of increased medical expenses as these diseases generally require long-term treatment. While the national health expenditure continues to grow, it is important to take measures to promote the health of the people and to reduce health expenses. Under such situation, the Government of Sri Lanka prioritizes the national policy for “establishment of a healthy society” in order to establish an effective and sustainable healthcare system by reinforcing NCDs control activities mainly consisting of prevention, health promotion and early detection and treatment.

In line with the changes of the disease structure in Sri Lanka, JICA implemented the development study of “Master Plan Study for Strengthening Health System” (2002-03) and “Development Study on Evidence-based Management for Health System” (2005-07). These development studies proposed a policy to reform the health sector incorporating enhanced NCDs management. To utilize the results of the development studies, the Ministry of Health established the ten-year plan called “Health Master Plan 2007-16, ” emphasizing the key strategies to i) Deliver comprehensive health services, which reduce the disease burden and promote health, and ii) Empower communities to participate actively in health maintenance. While the NCDs management is prioritized as the key policy in Sri Lanka, JICA is implementing the technical cooperation project of “Project on Health Promotion and Preventive Care Measures of Chronic NCDs” (2008-13). This project is targeting to disseminate of the model to prevent NCDs at the community level centering on the primary care facilities that are close to the residents. Based on the experience of this project, the Government of Sri Lanka developed national policy and guidelines on NCDs in 2009 to improve secondary prevention by early detection and treatment in addition to primary

¹ NCDs are defined by the World Health Organization(WHO) to include chronic diseases, principally cardiovascular disease, diabetes, cancer, and asthma/chronic obstructive pulmonary disease(COPD).

prevention mainly consisting of health promotion.

Concerning the medical facilities implementing the NCDs measures, the primary and secondary-level hospitals that are close to the residents are under the control of the provincial governments, but their maintenance and refurbishment are insufficient due to lack of provincial budgets for improving the facilities and repairing the equipment. The insufficiency of facilities, equipment and medical specialists at secondary-level hospitals are serious issues especially in rural and poor areas. This situation makes it difficult for the primary-level hospitals to improve their services. In order to disseminate effective NCDs measures throughout the nation, it is imperative for the secondary-level hospitals to provide examination, diagnosis, early treatment and follow-up in addition to examination and health guidance at the primary hospitals. For the appropriate prevention and treatment of NCDs, it is urgently required to improve the secondary-level hospitals and to strengthen their referral systems. In addition, as the increase of NCDs patients is boosting the demand for pharmaceutical supplies, strengthening the production of medicines for treating NCDs is a national priority issue.

(2) Development Policies of the Health Sector in the Country and the Priority of the Project

The Sri Lankan government emphasizes “establishment of a healthy society” in “Mahinda Chintana (2010-2016)”, which is the top priority of the national development plan, as well as in the “Health Master Plan” formulated by the Ministry of Health. The specific policies are 1) improvement of the primary-level and secondary-level hospitals and 2) strengthening of prevention and treatment focusing on NCDs. The project is intended to support strengthening of NCDs management by improving the hospitals with refurbishing facilities and equipment that have currently insufficient function as secondary-level hospitals and by strengthening the production capacity of essential medicines through improving facilities of State Pharmaceutical Manufacturing Corporation. Thus, it is in line with the policy of the Government of Sri Lanka.

(3) Japan and JICA's Policy and Operations in the Health Sector

Japan has announced its continued strong commitment to the health sector in the international arena, and declared its aim of strengthening the health systems during the Toyako Summit in 2008 to boost support in the health sectors internationally. In Sri Lanka, the Japanese government and JICA have contributed to improving the health systems in Sri Lanka since the 1970s by implementing 1) improvement of tertiary/teaching hospitals and 2) support for human resources development and enhancement of health/medical system, through combination of grant assistance, ODA loans and technical cooperation. Cooperation in recent years include improvement of the tertiary hospitals through “the Project for the Improvement of Central Functions of Jaffna Teaching Hospital” (2009-11) and “the Project for Improvement of Anuradhapura Teaching Hospital” (2008-13). “The Project on Health Promotion and Preventive Care Measures of Chronic NCDs” (2008-13) and “the Project for Improvement of Healthcare Services by 5S/TQM” (2009-12) have been implemented for contributing to improving human resource development and health systems.

(4) Other Donor's Activity.

Concerning support for the health sector, the World Bank has implemented "the Health Sector Development Project" (2004-2010, US\$72.6 million) and the additional project of the same (2009-2011, US\$26.7 million) to strengthen the provincial health departments, maintain facilities mainly of primary care, improve health services and strengthen the functions of the Ministry of Health. WHO is providing support for human resources development and policy development in areas such as health systems strengthening, communicable and non-communicable diseases control, maternal and child health and reproductive health. UNICEF is working on 1) improvement of maternal and child nutrition, 2) improvement of basic health services in the areas affected by conflicts, and 3) improvement of facilities and equipment concerning pediatrics.

(5) Necessity of the Project

The project is intended to improve the health systems in Sri Lanka by supporting improvement of the secondary-level hospitals and strengthening of the production capacity of medical supplies and the referral system, and thereby contribute to "strengthening of NCDs measures," which is the healthcare policy of the Government of Sri Lanka. As it is consistent also with the assistance policies of Japan and JICA, it is necessary and relevant for JICA to implement this project.

3. Outline of the Project

(1) Objective of the Project

The objective of the Project is to improve the health/medical system and strengthen the production capacity of essential drugs through improving facilities and equipment in secondary-level hospitals and State Pharmaceutical Manufacturing Corporation (SPMC), thereby contributing to the enhancement of non-communicable diseases management.

(2) Project Site/Target Districts

- Improvement of the functions of secondary-level hospitals: Eastern, Central, North Western and Sabaragamuwa Provinces
- Improvement of medical supply system by repairing SPMC: Colombo
- Strengthening of the referral system by providing ambulances: Northern, Eastern, Uva, Sabaragamuwa, North Central and North Western Provinces

(3) Project Outline

- 1) Improvement of the medical supply system and strengthening the production capacity of essential drugs by improvement of SPMC, strengthening of the referral system by providing ambulances
- 2) Improvement of the secondary-level hospitals for enhancement of the function (Improvement of facilities for strengthening measure of diagnostic, inspection, internal medicine, NCDs)

- 3) Consulting services (detailed design, support for bidding and contracting, supervision of procurement and construction)
- (4) Estimated Project Cost(Loan Amount)
¥4,760 million (including Japanese ODA loan of ¥3,935 million)
- (5) Schedule
April 2012 – April 2017 (61 months)
The project is defined as being completed when the facilities are made available for operation (May 2016).
- (6) Implementation Structure
- 1) Borrower: The Democratic Socialist Republic of Sri Lanka
 - 2) Executing agency: Ministry of Finance and Planning
 - 3) Operation and maintenance: Ministry of Health, relevant provincial governments, Ministry of Local Government and Provincial Councils
- (7) Environmental and Social Considerations, Poverty Reduction, Social Development
- 1) Environmental and social considerations
 - ① Category: C
 - ② Reason for categorization: In accordance with the “JICA Guidelines for Confirmation of Environmental and Social Considerations” (April 2010), the project is likely to have minimal adverse environmental impact.
 - 2) Promotion of poverty reduction:

The poverty rates of the target provinces are higher than the national average of 8.9% (2009-2010): Eastern Province 14.8%, North Western Province 11.3%, Sabaragamuwa Province 10.6% and Central Province 9.7%. Therefore, improvement of the healthcare services by the project directly leads to improvement of the living environment of the poor.
 - 3) Promotion of social development (gender perspective, measure for infectious diseases including HIV/AIDS, participatory development, consideration for persons with disabilities, etc.):

Maintenance of the local health/medical systems leads to improvement of medical services for women and persons with disabilities, and therefore it is expected to contribute to health improvement.
- (8) Cooperation with Other Schemes or Donors:
None in particular
- (9) Other Comments:
The project supports implementation of activities related to results, dissemination and development of the cooperation with “the Project on Health Promotion and Preventive Care Measures of Chronic NCDs.” A technical cooperation project with ODA loans is under preparation in order to contribute to strengthening the system for NCDs examinations and treatments and to enhancing the results and impact of the project.

4. Effects of the Project

(1) Quantitative Effects

1) Operation and Effect Indicators

Indicator	Baseline (2011)	Target (2018) 【 2 years after completion of the project】 , two years after completion)
Number of hospitals that can conduct total cholesterol test (C), X-ray test (X), and Abdominal ultrasonography (U) (4 target hospitals)	C: 0, X: 2 U : 1	C: 4, X: 4 U: 4
Number of hospitals with NCD clinic that are regularly operating ² (4 target hospitals)	0	4
Amount of essential drugs produced annually by SPMC (million pills)	1,800	3,200
Nationalization index of SPMC produced drugs against Medical Supply Department (MSD) annual demands (44 kinds to be produced by SPMC) (%)	43.6	70.0
Allocated-required ratio of ambulances in 7 provinces (%)	62	84

2) Internal Rate of Return: Not calculated

(2) Qualitative Effects

Strengthening of the capacity of the 4 target hospitals (awareness of the directors of hospitals, etc.)

5. External Risk Factors/Risk Control

Weather conditions (flood, etc.), unexpectedly embedded landmines or unexploded ordnance

6. Lessons Learned from Findings of Similar Projects Undertaken in the Past

From the ex-post evaluation of the “Regional and Provincial Hospital Development Project” in Vietnam and the “Project for the Improvement of National Blood Transfusion Services” in Sri Lanka that included maintenance of medical facilities, it has been learned that it is important to establish a secure maintenance and management system in order for visible effects of development.

Based on such lesson, the project is intended to provide technical cooperation with ODA and provide meticulous support for promotion of implementation in order to incorporate support for human resources development and strengthened organization at an early stage and

² It is required to have a medical department specialized in comprehensive NCD care including prevention and treatment at each medical facility. Such department is called an NCD clinic.

to establish an appropriate system for maintenance and management.

7. Plans for Future Evaluation

(1) Indicators for Future Evaluation

- 1) Number of hospitals that can conduct total cholesterol test (C), X-ray test (X), and Abdominal ultrasonography (U) (4 target hospitals)
- 2) Number of hospitals with NCD clinic that are regularly operating (4 target hospitals)
- 3) Amount of essential drugs produced annually by SPMC (million pills)
- 4) Nationalization index of SPMC produced drugs against Medical Supply Department (MSD) annual demands (44 kinds to be produced by SPMC) (%)
- 5) Allocated-required ratio of ambulances in 7 provinces (%)

(2) Timing of Next Evaluation

Two years after project completion