I. Introduction and Context

Country Context
Over the last 15 years, China has experienced rapid urban growth, with approximately 49.68 percent of the population (1.3 billion) living in urban areas; by 2020 it is projected that 70 percent will be residing in urban areas. This large scale and rapid urbanization has posed many challenges, including the significant disparity between urban and rural areas. In response to this shift, Government has established pilots to integrate development of rural and urban areas, and Chongqing, an important municipality in the western region promoted in 1997 to a municipality directly under national government administration, was the only provincial level selected as a pilot.

Chongqing, with a growth rate (16 percent) that exceeds China aggregate, remains a middle-ranking region. In 1997 its 40 Districts were divided into the #one hour economic circle#, and the #two wings# (the northeast and southeast geographic areas). While the Municipality population (28.4 million) is fairly evenly split between urban and rural areas, the #two wings# continue to be predominantly rural in nature. As part of the pilot on integrated urban and rural development, the Chongqing Municipal Government has adopted a Master Plan for reform in urban and rural areas. An on-going World Bank Project to support integrated urban and rural services has a multi-sectoral focus. The proposed Chongqing Urban and Rural Integration Project (CURIP) II-Health will focus on the health sector at District and County levels.

Sectoral and Institutional Context
The health status of Chongqing reflects the large gap in economic development between urban and rural areas: 2007 data shows higher infant mortality rates for the less wealthy rural areas, usage of health care was also unequal, and rural areas had lower immunization rates. A number of factors affect health status and utilization of services, and the rural areas face shortages of hospital bed space, appropriate equipment, and quantity and quality staff. These disparities contribute to the availability of quality care in non-urban areas.

Notwithstanding Government introduction of measures under its National Health Reform to achieve universal coverage, including the removal of mark-ups for drugs, some of the constraints described above still affect the health seeking behavior: there is a tendency to access care at the tertiary level, as opposed to accessing health care at facilities closer in proximity. Consequently there is a critical need to invest in rural health facilities and associated services to narrow the existing urban/rural disparities in health, and the intention of the Chongqing Municipal Government is to increase the availability of in- and out-patient services in non-urban areas. The World Bank has been discussing with the Municipality the need for adopting an integrated approach under the proposed Project, which includes addressing some of the #soft# constraints as well. Discussions have also taken place on the need to consider whether, given the current health reform and shifting health needs of the population, it would be prudent to follow a hospital-centered system on the scale envisaged.

Relationship to CAS
The proposed operation is in line with the 11th Five Year Program#s objective relating to addressing imbalances. The proposed Project aims to supply barriers to quality services at District/County level at selected sites in Chongqing (health service delivery in rural China consists of three tiers including county/district level hospitals, township health center and village clinics). The operation will support Pillar II of the Country Partnership Strategy, namely Reducing Poverty, Inequality and Social Exclusion, and it is acknowledged that Government has made good progress in meeting targets relating to balancing urban and rural development.
The proposed Project will further these efforts, and have a particular focus on more remote/less well served rural areas in the Chongqing Municipality.

II. Proposed Development Objective(s)

Proposed Development Objective(s)

The current PDO is to support urban and rural integrated development through increased access to health services, efficiency of service delivery, and quality of care at county/district level. This meets the request of the Borrower that the PDO remains in line with the first Project, CURIP I. Consequently the team is currently working with a final PDO will need to (a) respond to the Municipality request; and (b) be focused on the proposed outcomes once there is more clarity on the "soft" aspects which the Project will support.

Key Results

If the proposed Project were successful, then the rural population in the selected counties will see an improvement in their ability to access health services, the quality of services being provided by selected facilities will have improved, the ability of the selected sites to offer services previously unavailable will be increased, as will the efficiency and management of the hospitals. The capacity of the Municipality to monitor activities relating to health infrastructure, environmental and social safeguards will also be improved.

III. Preliminary Description

Concept Description

The proposed Project, in response to a request from the Municipality of Chongqing, will primarily support construction of district/county level hospitals. The World Bank has been discussing with the Municipality the need for adopting an integrated approach under the proposed Project, which includes addressing some of the "soft" constraints as well. Discussions have also taken place on the need to consider whether, given the current health reform and shifting health needs of the population, it would be prudent to follow a hospital-centered system on the scale envisaged. The task team has been working with the Municipality, including the Health Bureau, to explain the importance of investing not simply in hardware (i.e., facilities), but also in the other aspects (i.e., improved staff capacity, hospital management to free up resources, etc.) which contribute to improved care. The proposed Project, as currently envisaged, will comprise three components covering the aspects discussed with the Municipality: (a) Strengthening Health Service Management; (b) Improvement of County/District Level Health Services; and (c) Monitoring and Evaluation and Project Implementation Support. Each of these is designed to address challenges facing the delivery of health services at the county-level: (a) insufficient appropriately trained service providers, lack of information systems which provide relevant data for decision making, capacity to manage hospitals, as well as pool referral system and care coordination among different levels; (b) shortage of service supply (in- and out-patient facilities) and (c) support to monitoring and evaluation, and project implementation not financed from other sources.

IV. Safeguard Policies that might apply

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