SECTOR ASSESSMENT (SUMMARY): HEALTH[1]

A. Sector Road Map

1. Sector Performance, Problems, and Opportunities

1. Sri Lanka is an island, with a population of 21.9 million. Compared with most low-income and lower middle-income countries, Sri Lanka has made impressive gains in health outcomes and in ensuring access to health services for all. The Human Development Index (2020) was 0.782 and the country was ranked 72 out of 189 countries, while the Universal Health Coverage effective coverage index was 65.5 in 2019, with significant improvements observed since 2010.[2] Sri Lanka is currently categorized as a lower middle-income country and the gross domestic product (GDP) per capita in 2020 was 3,682. Following a 26-year civil war, which ended in 2009, the GDP per capita growth was rapid, averaging approximately 6.2% during 2010–2015. However, since 2016, the growth rate has declined, from 4.5% to 2.2% in 2019, and because of the coronavirus disease (COVID-19) pandemic, the growth rate was –3.5% in 2020.[3] Sri Lanka's population is rapidly aging; in 2020, 12.3% of the population were above the age of 60 years and by 2030 it is anticipated that nearly 20% of the population will be over 60 years old.[4]

2. Health services in Sri Lanka are provided through both the public and private sectors. The public sector provides (i) 90% of inpatient care, with more than 7 million patient hospitalizations; (ii) approximately 55% of outpatient care, with more than 58 million outpatient visits in 2019, and (iii) nearly 100% of preventive care, which includes childhood immunization for 12 vaccine-preventable diseases, antenatal care, and family planning services.[5] One of the most prominent features of the system is the early recognition of the importance of preventive care and therefore the need to establish a field-based preventive care service system, provided by a dedicated preventive health staff. The country is divided geographically into 356 health areas, each managed by a medical officer of health, with defined catchment areas that coincide with local administrative units. People in the country access free preventive care services, mainly maternal and child health services including immunization, via the preventive care service system.

3. In parallel to the preventive health service network, a geographically broad network of curative services in three tiers of care (primary, secondary, and tertiary) is provided via 1,165 health facilities spread across the country, with 643 hospitals with 86,589 beds (four beds per 1,000 people) and 522 primary medical care unit (PMCU) facilities (footnote 5). These facilities provide primary outpatient care services, and 489 divisional hospitals provide primary health care (PHC) services with approximately 22,293 beds and outpatient departments (footnote 5). As many as 64,296 (74.25%) of the hospital beds are under specialist care (secondary, tertiary, or specialized care) and are available in 116 secondary and tertiary care hospitals and 38 special hospitals (e.g., mental health, prison, cancer, and dental hospitals) distributed across the country (footnote 5), but intensive care facilities are limited to around 600 beds (three intensive care unit beds per 100,000 people).[6] Unlike with preventive health services, people have autonomy in accessing any level of curative facility (primary, secondary, or tertiary care hospitals) for first-contact PHC free of charge as they are not mapped to any specific curative care facility.

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[1] The source documents for this paper are from many referenced reports and expert opinions gathered during consultations.
[2] Institute of Health Metrics Evaluation, University of Washington. *Sri Lanka Profile.*
[3] Central Bank of Sri Lanka. 2021. Monetary Policy Review: No. 01 - January 2021. Press release. 19 January.
[4] Government of Sri Lanka, Department of Census and Statistics. *Life Tables for Sri Lanka, 2011–2013.* Colombo.
[5] Government of Sri Lanka, Ministry of Health. 2019. *Sri Lanka Annual Health Statistics 2019*. Colombo.
[6] V. Pinto et al. 2019. *Critical Care in Sri Lanka*. Colombo.

4. In 2018, the per capita health expenditure cost in Sri Lanka was $157.5.[7] The total health expenditure is 3.4% of GDP and the current health expenditure is 3.0% of GDP, indicating that the total capital expenditure in the health sector is only 0.4% of GDP while the government provides 46.0% of total current expenditure (approximately 2.0% of GDP).[8] In 2016, the central Ministry of Health managed 61% of the current expenditure, provincial departments of health managed 32%, and local governments, other government institutes and President's Fund managed 7% (footnote 8). The private sector provides 54% of the current health expenditure, and 85% of this is borne by the public as out-of-pocket expenditure (nearly 50% of the total health expenditure) for purchasing health services at the point of health delivery, while 5% of the private current expenditure is paid for by private health insurance companies, 8% is borne by employers, and 2% is borne by others such as nonprofit institutions (footnote 8).

5. Since 1990s, the government has underinvested in outpatient care services (reduced from 28.5% to 21.5%) and prioritized inpatient care (24.2% to 39.0%), mainly at the secondary and tertiary care levels. The underinvestment, along with changes in health-seeking behaviors of patients, with a preference for specialist care, has led to reduced utilization and availability of services at the primary care level, which in turn has led to further bypassing of primary curative care services for secondary and tertiary care. About 75% of inpatients (4.81 million), 66% of long-term clinic patients (17.1 million), and 40% of outpatient services (42.1 million) in the government sector are managed at the secondary and tertiary levels of care (footnote 7). This is further aggravated as the health system does not have a functioning referral system for curative care, which encourages the bypassing of services in an inequitable manner and allows the publicly managed curative sector to perform at lower efficiency.

6. **Health sector challenges.** Despite improvements in health outcomes related to maternal, child health, and communicable diseases during the Millennium Development Goals period (1990–2015), many disease burdens and challenges related to health systems persist.

7. **The new burden of COVID-19**. The first COVID-19 case was reported in Sri Lanka on 27 January 2020, and the first local case was reported after 6 weeks, on 11 March 2020. The government was able to curtail the first wave well and quickly developed the national COVID-19 Preparedness and Response Plan in April 2020 and updated it in April 2021.[9] Based on this plan, the health sector increased its capacity in testing and in organizing the management of COVID-19 cases in isolated areas within larger hospitals or in designated COVID-19 treatment hospitals. But in October 2020, Sri Lanka faced a second wave (October 2020–March 2021) of outbreak with the reporting of two large clusters that emerged and rapidly spread from a factory in the Western province. The second wave resulted in a massive increase of COVID-19 cases, and since late April 2021 the third wave has been ongoing, and the number of daily cases has been increasing exponentially.

8. **Other communicable diseases.** Despite remarkable control of 12 vaccine-preventable diseases, some communicable diseases persist. There are about 14,000 tuberculosis patients, and about 11,000 tuberculosis new cases are detected each year (60 per 100,000 people), with the male tuberculosis incidence rate nearly double that of females.[10] Reemerging diseases such as dengue also persist, with an outbreak reported in 2017 (178,434 cases) and 31,162 cases

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[7] World Health Organization (WHO). 2021. *Global Health Observatory Data Repository*. Geneva (accessed on 15 July 2021).
[8] Institute for Health Policy. 2018. *Sri Lanka Health Accounts: National Health Expenditure 1990–2016*. Colombo.
[9] Government of Sri Lanka, Ministry of Health. 2021. *COVID-19 Sri Lanka Strategic Preparedness and Response Plan 2021*. Colombo.
[10] WHO. 2019. *Sri Lanka: TB Profile.* Geneva.

reported in 2020, and there were also more than 8,500 leptospirosis cases (40 per 100,000 people) in the year of 2020, affecting mainly adult rural males.[11]

9. **Noncommunicable disease and risk factor burden.** The dynamics related to disease, demographics, and economic and social transitions are increasing the proportion of the adult population affected with modifiable risk factors like tobacco use, alcohol use, physical inactivity, unhealthy diet, and the burden of noncommunicable diseases (NCDs). The highest number of disability-adjusted life years are lost because of ischemic heart diseases, diabetes, and strokes (cerebrovascular incidents). The age-standardized death rates for the four common NCDs (heart diseases, diabetes, cancers, and chronic respiratory diseases) are higher for males than females, with cardiovascular death rates at nearly 350 deaths per 100,000 age-standardized people for males compared with about 200 deaths for females. Further, 18% of NCD deaths occur between the ages of 30 and 70.[12] The hospital burden because of NCDs has also increased progressively, and deaths from heart diseases, respiratory diseases, and injuries account for 29.3%, 17.5% and 12.0% of total deaths, respectively, while infectious disease deaths account for only approximately 11.0% of total deaths.[13]

10. **Child health and nutrition issues.** Sri Lanka still faces unresolved health issues of malnutrition in mothers and children as a national problem, with minimal improvements observed during 2006–2016.[14] At the national level in 2016 in children aged under 5 years, 20.5% were underweight and 17.3% were stunted, while even in 2006 15.1% were underweight and 17.3% were stunted. In 2016, 15.7% of children had a low birth weight (less than 2.5 kilograms) compared to 16.6% in 2006 (footnote 14). The most recent demographic and health survey (2016) also indicated disparities in early childhood mortality rates across sex and sector (urban, rural, or estate). The neonatal and under-5 mortality rates are higher in male children (9 per 1,000 live births and 14 per 1,000 children surviving to 12 months of age) compared with female children (6 per 1,000 live births and 10 per 1,000 children surviving to 12 months of age) (footnote 14).

11. **Maternal health issues.** Sri Lanka was able to reduce maternal mortality drastically from 1990 to 2000 (from 74 to 51 per 100,000 live births).[15] Since 2015, the maternal mortality ratio has been further stabilized within the rage of 36 to 38 per 100,000 live births.[16] In 2015, out of the 113 maternal deaths (maternal mortality ratio of 33.7 per 100,000 live births), 64% resulted from indirect causes (a maternal death not related to a condition brought about by pregnancy, e.g., heart or respiratory disease). About 72% of the deaths were women from rural or estate areas, while 48% were in at least their third pregnancy. As much as 23% of the deaths were related to an unmet need in family planning.[17]

12. **Challenges related to the health system.** Despite significant improvements in the health status as noted above, and with the Universal Health Coverage Effective Coverage Index in 2019 at 65.6, significant gaps persist in the provision of an essential services package with high quality

[11] Government of Sri Lanka, Ministry of Health, Epidemiology Unit. 2021. *Weekly Epidemiological Report for 2020*. Colombo.
[12] WHO. 2015. *Sri Lanka NCD Country Profile 2014*. Colombo.
[13] Government of Sri Lanka, Ministry of Health, Medical Statistics Unit. 2021. *Indoor Morbidity and Mortality Data set for 2019.* Colombo.
[14] Government of Sri Lanka, Ministry of Health. 2016. *Sri Lanka Demographic and Health Survey 2016*. Colombo.
[15] Institute for Health Metrics and Evaluation. 2010. *Maternal mortality for 181 countries, 1980–2008: a systematic analysis of progress towards Millennium Development Goal 5*. Seattle.
[16] The World Bank. Maternal mortality ratio (modeled estimate, per 100,000 live births) - Sri Lanka (accessed 15 August 2021).
[17] Government of Sri Lanka, Ministry of Health, Family Health Bureau. 2016. *Maternal Death Surveillance and Response System: Dissemination of 2015 Data and Analysis of Maternal Deaths 2015.* Colombo.

of care covering disadvantaged populations with minimal out of pocket expenses.[18] This includes the many unresolved health issues and health delivery care system challenges related to high out of pocket expenses for health care and gaps in the quality and coverage of care, such as long waiting times, lack of streamlined access to care for elders, overcrowding, nonavailability of some services at secondary care level (eye care, mental health care, etc.), underutilization of PHCs, difficulty in accessing advanced imaging services, nonavailability of basic laboratory testing at the PHC level and at times at the secondary care level, poor facilities to facilitate disability access, and gaps in disability and rehabilitation support services. Moreover, with the increasing burden of the aging population, the number of patients with NCDs increases and this results in increased demands on the health system for NCD management and care and access to disability services.

2. Government's Sector Strategy

13. Given the new burden of the COVID-19 pandemic, the increasing disease burden of NCDs requiring long-term care, disparities in health outcomes in lagging regions, existence of vulnerable population pockets, and the continuing emergence and reemergence of communicable diseases, the government—in its most recent health policy (Sri Lanka National Health Policy, 2016–2025) and in the strategic plan (the National Health Strategic Master Plan, 2016–2025)—is reprioritizing the development of primary preventive and curative care with reorganized linkage to secondary care. The aim of the reform is to establish a more responsive, people-centered health care system that is evidence-based and that delivers a comprehensive package of services providing continuity of care with adequate financial risk protection for the users. The recently approved health policy on rational health care delivery (2018) strengthens the commitment for reforming the existing PHC system to meet the new strategic directions of the government. Furthermore, sustaining the control of vaccine-preventable diseases (including COVID-19) and maintaining the elimination stage of malaria is important. Efforts to mitigate risks and threats from emerging and reemerging global disease threats also require continuous investments in prevention, including in vaccination, control of communicable disease programs, and improvements in disease surveillance capacity to maintain a responsive public health security system in Sri Lanka.

B. Major Development Partners: Strategic Foci and Key Activities

14. The major development partners active in the health sector are the Asian Development Bank (ADB); the World Bank; the Global Fund to Fight against AIDS, Tuberculosis and Malaria; United Nations agencies like the World Health Organization (WHO), the United Nations Population Fund, and the United Nations Children's Fund (UNICEF); official bilateral agencies from countries such as Japan and the Republic of Korea; and bilateral country support via agreements with the People's Republic of China, the Netherlands, Germany, and Malaysia. Health sector financing from donors consists mostly of loans and to a lesser extent grants.

15. WHO is providing strategic and policy advice to the government, while also supporting the government's coordination efforts on the implementation of the government's COVID-19 Strategic Preparedness and Response Plan and the National Deployment and Vaccination Plan for COVID-19 vaccines. UNICEF is supporting the mass media risk communication campaign of the National COVID-19 Vaccination Program and supported the procurement of essential supplies funded through the World Bank and ADB.[19] UNICEF is also working closely with the government to

[18] Institute for Health Metrics and Evaluation. Global Burden of Disease Study (GBD 2019) UHC Effective Coverage Index 1990–2019 (accessed 20 July 2021).

[19] ADB. 2020. *Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases*. Manila.

provide technical support on social protection measures and in the readiness assessment in ensuring cold chain equipment is adequately available in the country. Support from the Global Fund to Fight against AIDS, Tuberculosis and Malaria goes to and controlling tuberculosis, maintaining the elimination stage of malaria, and preventing HIV. It also reallocated approximately $350,000 to provide equipment to enhance testing for COVID-19 during the pandemic. In addition, the Global Fund is expected to support the government with a grant of about $25 million for supporting the digital health architecture in Sri Lanka to integrate the recently developed COVID-19 immunization tracker. The World Bank is the leading multilateral bank in the health sector, and it provides critical financial support to strengthen the country's primary health care system, COVID-19 response, as well as the vaccination program. The Government of the People's Republic of China is also a major funder in the health sector and has donated 1.1 million doses of Sinopharm COVID-19 vaccines to Sri Lanka and is currently supporting the construction of a large outpatient department complex for the National Hospital. Details of major development partner support to Sri Lanka are summarized in the table.

Major Development Partners

Development Partner	Project Name	Duration	Amount (million)
World Bank	COVID-19 Emergency Response and Health Systems Preparedness Project	2020–2023	$128.60
	COVID-19 Emergency Response and Health Systems Preparedness Project, Additional Financing	2020–2023	$87.24
	Pandemic Emergency Financing Facility Fund	2020–2023	$1.72
	COVID-19 Emergency Response and Health Systems Preparedness Project, Additional Financing	2021–2023	$80.50
	Primary Health Care System Strengthening Project	2018–2023	$200.00
Asian Development Bank	Regional Support to Address the Outbreak of Coronavirus Disease 2019 and Potential Outbreaks of Other Communicable Diseases	2020	$1.00
	Asia Pacific Disaster Response Facility	2020	$3.00
	Health System Enhancement Project (including reallocation of proceeds for COVID-19 response)	2018–2023	$50.00
	Responsive COVID-19 Vaccines for Recovery Project under the Asia Pacific Vaccine Access Facility	2021–2024	$150.00
World Health Organization	COVID-19: Contribution to various pillars of Sri Lanka Preparedness and Response Plan	2020–2022	$4.83
	Non-COVID-19 support: Universal Health Coverage, health emergencies, healthy populations, and research	2020–2022	$2.68
United Nations Children's Fund	Cold chain strengthening	2021–2023	$1.80
	Vaccine cold chain strengthening via COVAX facility	2020–2022	$0.37
Global Fund	Addressing low prevalence of HIV, maintaining malaria-free status, and controlling tuberculosis	2019–2021	$6.50
	Debt-to-health project for Sri Lanka	2022–2025	$25.00
European Union	Assisting Communities in Creating Environmental and Nutritional Development via Adventist Development and Relief Agency UK	2017–2021	€5.80
	Reaching the Unreached Estates and Surrounding Communities for improved health and nutrition via Stichting Solidaridad	2017–2021	€6.30
Netherlands	Hospital Development and Rehabilitation Program	2019–2022	€60.00
People's Republic of China	Hospital Development for all nine provinces	2019–2023	$85.00
	Construction of a new laboratory and a hospital for chronic kidney diseases in Polonnaruwa	2017–2021	CNY14,500.00
	Construction of outpatient department of National Hospital of Sri Lanka	2017–2021	CNY10,600.00
	Supply of eight mobile screening laboratories for chronic kidney diseases in North Central province	2019–2021	$2.30
Germany	Development of the Helmut Kohl Maternity Hospital	2021	$29.00
Republic of Korea	Supply of medical equipment	2019–2022	$80.00

Development Partner	Project Name	Duration	Amount (million)
Japan	Support to purchase medical equipment	2021	¥880.00
Malaysia	Purchase PACX system in 20 secondary and tertiary hospitals	2019–2022	$32.50

COVAX = COVID-19 Vaccines Global Access, COVID-19 = coronavirus disease, PACX = Picture Archiving and Communication System.
Source: Asian Development Bank.

C. Institutional Arrangements and Processes for Development Coordination

16. The Government of Sri Lanka coordinates all assistance via the Department of External Resources of the Ministry of Finance. For the health sector, the National Planning Department of the Ministry of Finance and the Management Development and the Planning Unit of the Ministry of Health coordinate and work closely with all health sector donors to prevent duplication of effort within the sector. In parallel, development partners including ADB have also come together to set up an informal information sharing and coordination mechanism—the Development Partners Secretariat—to share information among the development partners; enhance coordination and harmonization; advance aid effectiveness principles; and enhance collaboration among the development partners, the government, civil society, and other stakeholders. The coordination meetings have been held bimonthly since 2018 and are cochaired by the World Bank and WHO.

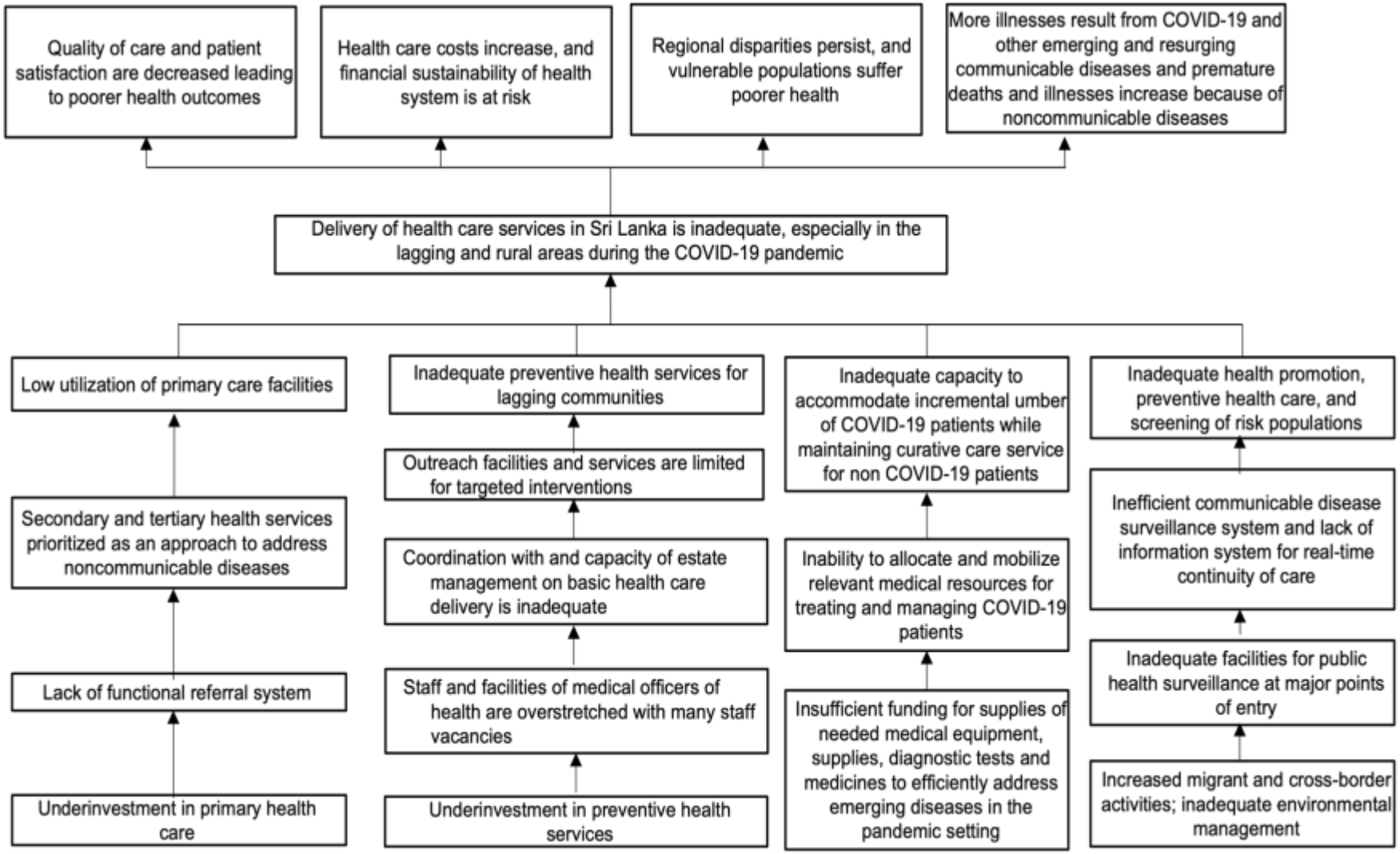
17. The proposed additional financing project provides an opportunity to further deepen ADB's relationship with the government in the health sector. It aligns with the government's priorities and agenda identified in the strategy and the National Policy Framework Vistas of Prosperity and Splendour (2019) and the Health Sector Master Plan's National Strategic Framework for Development of Health Services (2016–2025). With the implementation of the project, there is a need to work in close collaboration with all partners. It is therefore expected that development partner collaboration via the existing development partner coordination mechanisms both within the government and via the Development Partners Secretariat will also be further institutionalized.

D. ADB Experience and Assistance Program

18. In 2018, ADB reentered the health sector in Sri Lanka after a gap of 20 years when the Health System Enhancement Project was approved. The project has been implemented successfully and other ADB-financed projects in the social sectors are also rated *satisfactory* for operations in Sri Lanka. These past experiences and the ongoing project preparation process indicate strong commitment by the government at national and regional levels, and the reactivation of the donor coordination committee from 2018 demonstrates collaboration among development partners.

19. The implementation of this project will entail coordination and collaboration with the WHO in terms of technical assistance to support health system strengthening and human resource development. Since both the World Bank and ADB projects are in the area of strengthening primary health care and currently also support the COVID-19 response (albeit via two different modalities [programmatic by the World Bank and project approach by ADB]), discussions are held regularly to avoid duplication of efforts and to ensure synergy on the results and outcomes. During implementation of the two projects, a formal arrangement via regular (bimonthly) meetings will be finalized for collaboration and knowledge sharing.

Problem Tree for Health Sector



COVID-19 = coronavirus disease.
Source: Asian Development Bank