Report Number : ICRR0020346

1. Project Data

Project ID P113540	Project Name BR AIDS-SUS
Country Brazil	Practice Area(Lead) Health, Nutrition & Population

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IBRD-79010	31-Dec-2014	200,000,000.00
Bank Approval Date	**Closing Date (Actual)**	
18-May-2010	31-Dec-2015	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	67,000,000.00	0.00
Revised Commitment	36,393,830.59	0.00
Actual	36,393,830.59	0.00

Sector(s)
Public Administration - Health(56%):Health(44%)

Theme(s)
HIV/AIDS(29%):Health system performance(36%):Managing for development results(29%):Decentralization(6%)

Prepared by	Reviewed by	ICR Review Coordinator	Group
Judyth L. Twigg	Soniya Carvalho	Joy Behrens	IEGHC (Unit 2)

2. Project Objectives and Components

a. Objectives

According to the Loan Agreement (p. 6), the project's objectives were "(a) to increase access and utilization of HIV/AIDS and sexually transmitted disease (STD) prevention, care, and treatment services by Groups Most at Risk; and (b) to improve the performance of the National HIV/AIDS and STD Program through decentralized implementation, improved governance and results-based management."

The objectives remained consistent across the project's lifetime, but key outcome targets were revised at an October 2014 restructuring. This Review will therefore perform a split rating. At the time of restructuring, US$ 33.1 million, or 91% of Bank financing, had been disbursed.

b. Were the project objectives/key associated outcome targets revised during implementation?

Yes

Did the Board approve the revised objectives/key associated outcome targets?

No

c. Components

The project consisted of two components, to be implemented throughout all of Brazil's 26 states and one federal district, but prioritizing the North, Northeast, and Center-East regions and regions where indigenous groups were living.

1. Improving surveillance, prevention, and control of HIV/AIDS and STDs (appraisal: US$ 192.0 million, with World Bank financing of US$ 59 million; actual: US$ 490.41 million). This component was to support the implementation of budgeted Eligible Expenditure Programs (EEPs, estimated at US$ 190 million), which included activities to improve surveillance, network organization, transparency and accountability, prevention, diagnosis, and treatment of STD and HIV/AIDS for Groups Most at Risk, and also for carrying out policy formation and regulation, information management, research and technology innovation, strategic planning, monitoring and evaluation, results-based management, and national/international cooperation. Disbursements were to be triggered by achievement of specific results, measured by a set of disbursement-linked indicators (DLIs). The component was also to support the carrying out of results-based grants (estimated at US$ 2 million) by State and Municipal Secretariats of Health, civil society organizations, and individual providers, with a focus on Groups Most at Risk, based on existing Incentive Policy legislation that mandated the transfer of funds to decentralized levels for health surveillance, prevention, and treatment.

2. Building decentralized governance and innovation capacity (appraisal: US$ 7.83 million, with World Bank financing of US$ 7.83 million; actual: US$ 4.38 million). This component was to support technical assistance and training to improve capacity in the areas of: (i) mapping, by region, both the epidemic and prevention interventions among Groups Most at Risk; (ii) the production and testing of epidemiological data; (iii) the development of monitoring and evaluation (M&E) and results-based activities, including carrying out at least three impact evaluations; (iv) carrying out training programs for staff at all levels to strengthen technical and institutional capacity; (v) improvement of the contents and implementation of the Incentive Policy; (vi) the implementation of a plan to assist with communication of the areas supported by the project; (vii) consultancies to carry out technical audits of the project. This component was also to support technical assistance and training to support the expansion of health, HIV/AIDS, and STD services among indigenous peoples. Project coordination costs were also to be covered under this component.

At the October 2014 restructuring, the results-based grants under the first component were dropped (as changes to the Incentive Policy legislation in 2013 meant that monitoring of those indicators was no longer required by law), some planned impact evaluations were dropped or changed to analytical studies, and disbursements under the DLIs were modified so that all funds were instead disbursed for pre-approved activities.

d. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project cost: Original costs were estimated at US$ 200 million. Actual project costs were US$ 494.96 million. Significantly more than planned was spent on the first component, and less than planned on the second component, with the government expanding the EEPs to a larger number of municipalities.

Financing: The project was to be financed by an International Bank for Reconstruction and Development (IBRD) Flexible Loan in the amount of US$ 67 million under a Sector-Wide Approach (SWAp). US$ 25.15 million of the IBRD loan under the first component was cancelled at the October 2014 restructuring in response to a request from the National Treasury, based on the government's assessment that this amount was unnecessary for execution of the publicly-funded program. At the restructuring, the EEPs came to be fully financed by the government, eliminating the SWAp financial framework and removing the DLI approach (though most of those indicators were maintained as formal performance indicators for the project). US$ 36.39 million was actually disbursed, and a remaining balance of US$ 5.46 million was cancelled in April 2016.

Borrower Contribution: The Borrower made US$ 458.57 million of a planned US$ 133 million contribution as the EEPs were expanded

and fully financed by the government.

Dates: The project was approved on May 18, 2010 and became effective on December 10, 2010. The mid-term review took place in March of 2013, as planned. A restructuring in October of 2014 revised the results framework to increase the clarity of indicators and modify some outcome targets, adjusted activities and implementation arrangements under both components, cancelled US$ 25.15 million in loan proceeds, and extended the closing date by twelve months from December 31, 2014 to December 31, 2015.

3. Relevance of Objectives & Design

a. Relevance of Objectives

At the time of appraisal, Brazil was acknowledged as a global leader in its response to HIV/AIDS. Infections were concentrated in the southern part of the country and among groups most at risk, specifically men who have sex with men (MSM), female sex workers (FSWs), people using drugs (PUDs), and persons deprived of liberty (PDL), with risk also increasing for females, poorer socioeconomic groups, and those residing in the interior of the country. Despite previous efforts, significant challenges remained related to coverage of at-risk groups, the differing profile of the epidemic in various parts of the country, increased expenditures and other needs posed by longer survival of people living with HIV and AIDS (PLWHA) due to improved access to antiretroviral therapy (ART), the need to develop better monitoring and evaluation (M&E) capacity at all levels, and weak fiduciary capacity at decentralized levels.

Brazil's current national strategy for HIV/AIDS, reflected in its contribution to the 2015 UNAIDS Global AIDS Progress Report, emphasizes achievement of the 90/90/90 targets (90% of people living with HIV/AIDS know their HIV status; 90% of those people are receiving antiretroviral treatment; and 90% of those people have achieved viral suppression) by the year 2020 through a balance of treatment and prevention targeted at populations most at risk. The project's objectives, within the framework of Brazil's commitment to universal access to health care, are substantially relevant to this government HIV/AIDS strategy. The project was substantially relevant to the Bank's 2008-2011 Country Partnership Strategy (CPS) at appraisal, which envisaged less Bank involvement in single-disease projects, but which prioritized more activities in overall health systems strengthening, greater engagement at the sub-national level, and improving accountability for expenditures. It remains substantially relevant to the most recent CPS (2012-2015), which notes that the Bank is well placed to continue support for increased access to health care, including increased access and utilization of HIV/AIDS and STD prevention, treatment, and care services, particularly for groups most at risk.

Rating	Revised Rating
Substantial	Substantial

b. Relevance of Design

The lending instrument, a Specific Investment Loan using a SWAp pooled funding mechanism, followed recommendations for Bank investment in middle-income countries through support for strengthening national programs and increased agility in implementation and disbursements. Prior to the project, the government had invested heavily in the prevention and treatment of HIV/AIDS and other STDs through an established institutional framework supported by state and municipal governments and civil society organizations (CSOs). Building on this ground work, the activities envisioned for financing under each component were logically connected to achievement of the project's objectives. This was the first time a Bank-supported health project in Brazil had conditioned disbursements on implementation and achievement of targets. It may not have been reasonable, however, to assume that institutional capacity existed to manage the SWAp/results-based approach. Despite the findings of an evaluation -- conducted at preparation -- warning that compliance with the performance-based financing scheme might present a challenge, the DLIs turned out to be overly complex and ineffective given capacity challenges and the relatively small amount of loan financing as a percentage of the government's total budget for HIV/AIDS programming.

Rating	Revised Rating
Modest	Modest

4. Achievement of Objectives (Efficacy)

Objective 1

Objective
Increase access and utilization of HIV/AIDS and STD prevention services by Groups Most at Risk

Rationale
The project had a nationwide focus, initially covering all 27 federal units and 501 municipalities targeted as especially vulnerable. During implementation, based on surveillance data analysis, an additional 123 municipalities were added, bringing the total to 624. Total project disbursements were relatively small (approximately 5%) in comparison to the government's budgetary funding, reducing plausible attribution of observed results to Bank financing.

Outputs:
The Bank loan co-financed two Eligible Expenditure Programs, the budgets for which were reviewed and approved by the Bank on an annual basis. Numerous activities were implemented at the federal level (EEP1) and state/municipal level (EEP2) through transfers from the Ministry of Health through reimbursements. Project design did not require approval or verification of specific activities/outputs. Representative activities included pilot projects for HIV testing among vulnerable populations, preparation and distribution of educational materials for prevention of HIV and other STDs, training and seminars for health staff, support for provision of antiretroviral therapy, and pilots in the area of monitoring and evaluation.

In 2013, Brazil adopted a Treatment-as-Prevention policy (treating everyone infected with HIV as soon as their infection becomes known), offering, in principle, immediate and universal antiretroviral treatment to all HIV-positive persons. Measures to increase the prevalence of HIV testing accompanied this policy, including providing more test kits and increasing laboratory capacity. A "Live Better Knowing" program has encouraged the use of rapid saliva testing, and new legislation was proposed allowing the sales of kits for self-administration in retail pharmacies.

Outcomes:
As outlined in the ICR (p. 23), there was lack of targeted progress or even deterioration on most indicators related to HIV/AIDS prevention, "suggesting that at-risk groups may be taking fewer precautions to utilize preventive measures at their disposal." Access to prevention services, and the course of the epidemic, were clearly not responding to the incentives presented by the DLIs. Achievement of this objective is therefore rated Negligible under both the original and revised targets. Because surveys and studies anticipated under the project were not conducted, an assessment of the factors leading to these results is not currently possible.

The number of reported new cases of HIV increased from 39,686 in 2020 to 41,748 in 2014.

The percentage of men having sex with men (MSM) reporting condom use the last time they had sex in the last twelve months increased from 63% in 2010 to 68% in 2013, not achieving the original (78%) or revised (73%) targets. The percentage of MSM accessing services that provided condoms increased from 25.8% in 2008 to 35.6% in 2012, not reaching the target of 49%.

The percentage of female sex workers (FSWs) reporting condom use at last sex with a client in the last twelve months decreased from 90.1% in 2010 to 65% in 2013, not achieving the original (100%) or revised (90.1%) targets.

The percentage of people who use drugs (PUD) reporting condom use at last sex over the last twelve months decreased from 38% in 2010 to 24% in 2013, not achieving the original (53%) or revised (44%) targets.

The percentage of people living with HIV and AIDS (PLWHA) who had access to condoms increased from 37% in 2009 to 91% in 2015, exceeding both the original (49%) and revised (77%) targets.

The coverage of persons deprived of liberty with condoms increased from 50.5% in 2009 to 61% in 2015, not meeting the original (70%) or revised (80%) targets. The original baseline for this indicator was 58% and was updated to 50.1% at the 2014 restructuring.

Rating
Negligible

Revised Objective
The objective was not revised.

Revised Rationale
Progress, as outlined above, is rated negligible under the revised targets.

Revised Rating
Negligible

Objective 2

Objective
Increase access and utilization of HIV/AIDS and STD care and treatment services by Groups Most at Risk

Rationale
Outputs:
The project supported EEP1 and EEP2, as outlined above.

Outcomes:
The percentage of PLWHA who have received treatment over the previous six months and who are virologically suppressed increased from 84.5% in 2009 to 90% in 2015. However, the mortality rate from AIDS increased from 6.3/100,000 in 2010 to 6.8/100,000 in 2014.

The percentage of MSM reporting having been tested for HIV in the last twelve months decreased from 23.5% in 2009 to 17% in 2013, not meeting the original (38.5%) or revised (30%) targets.

The percentage of FSWs reporting having been tested for HIV in the last twelve months increased from 19.8% in 2010 to 21% in 2013, not meeting the original (34.8%) or revised (25%) targets.

The percentage of PUD reporting having been tested for HIV in the last twelve months increased from 14.4% in 2010 to 46% in 2013, exceeding both the original (29.4%) and revised (20%) targets.

The percentage of specialized care services that provide condoms increased from 32% in 2007 to 98% in 2015, exceeding the original (48%) and revised (80%) targets.

The percentage of pregnant women tested for HIV during prenatal visits increased from 62.3% in 2006 to 84% in 2015, exceeding the original target of 72% and meeting the revised target of 84%. The percentage of pregnant women tested for syphilis during prenatal visits increased from 16.9% in 2006 to 41% in 2015, exceeding the original (25%) and revised (40%) targets.

The percentage of sexually active people reporting having been tested at least once for HIV remained essentially the same, at 38% in 2008 and 37% in 2013, not meeting the original/revised target of 44%.

The percentage of HIV-positive patients with a first CD4 count below 200 cells/mm3 decreased from 29% in 2012 to 25% in 2015, not meeting the target of 22%. (A decrease in this indicator means that more patients are tested before their infection progresses.)

The percentage of AIDS cases in PLWHA over 13 years of age with a notification delay decreased from 40% in 2007 to 23.8% in 2012, not reaching the target of 20%.

Rating
Modest

Revised Objective
The objective was not revised.

Revised Rationale
Progress, as outlined above, is rated modest under the revised targets.

Revised Rating
Modest

Objective 3

Objective
Improve the performance of the National HIV/AIDS and STD Program through decentralized implementation, improved governance and results-based management

Rationale
Outputs:
Management of the results-based mechanisms envisioned for the project encountered serious challenges. Although baseline studies were completed, follow-up studies were delayed due to administrative and procurement issues.

Outcomes:
As the ICR (p. 25) points out, although most of the targets for the formal indicators related to this objective were achieved, the goals implicit in the objective -- enhanced decentralization, effective governance, and meaningful results-based financing -- were not achieved. Surveillance and program management were not adequate to target interventions at most-at-risk populations.

The percentage of municipalities receiving Incentive Policy funds increased from 88% in 2012 to 149% in 2015, exceeding the original (70%) and revised (100%) targets. The original baseline was 33% but was updated at the 2014 restructuring, as the criteria changed and increased the number of municipalities eligible to receive incentives. The policy is now the main source of finance for the HIV/AIDS response by states and municipalities, covering 70% of the Brazilian population and 90% of PLWHA.

All State Secretariats of Health (SESs) carried out training in management and governance, exceeding the original/revised target of 50%. All SESs and Municipal Secretariats of Health (SMSs) in capital cities were trained on epidemiological surveillance, meeting the original and revised target of 100%.

The percentage of SESs executing at least 70% of the Incentive Policy resources transferred each year increased from 59% in 2008 to 43.8% in 2012, not reaching the target of 83%. The Percentage of SMSs in capital cities executing at least 70% of Incentive Policy resources increased from 54% in 2008 73.7% in 2012, almost reaching the target of 76%.

Six analytical studies were contracted, exceeding the original (3) and revised (5) targets, but none were concluded by project closing. Key studies on the status of at-risk groups were not conducted, with significant consequences for project monitoring and implementation.

The percentage of Indigenous Health Districts (DSEI) with an implemented plan to control HIV/AIDS and other STDs increased from 76% in 2010 to 100% in 2015, exceeding the original (34%) and meeting the revised (100%) targets.

The percentage of individuals with HIV who were followed up by the Laboratory Tests Control System (SISCEL) increased from zero in 2011 to 61% in 2015, exceeding the target of 10%.

Strategic Agendas for the periods 2011-2015 and 2015-2019 were formulated and published on appropriate institutional websites.

The proportion of the SESs with epidemiological information on STDs, HIV, and AIDS on their institutional websites increased from 19% in 2010 to 96% in 2015, exceeding both the original (20%) and revised (78%) targets. The proportion of SMSs in capital cities with this epidemiological information on their institutional websites increased from 15% in 2010 to 73% in 2015, exceeding both the original (20%) and revised (65%) targets.

82% of project EEPs were executed, exceeding the target of 70%.

Rating
Modest

Revised Objective
The objective was not revised.

Revised Rationale
The objective was not revised.

Revised Rating
Modest

5. Efficiency

The PAD (Annex 9) found an Internal Rate of Return (IRR) over a ten-year period of 49%, with a Net Present Value (NPV) of more than US$ 682 million (assuming a 10% discount rate). Even under much more conservative assumptions (50% fewer benefits than projected), the project's estimated NPV was US$ 170 million with an IRR of 16%. Direct economic benefits were to accrue from reduced burdens on the health care system, and indirect benefits included decreased productivity losses. The ICR's updated analysis (Annex 3) finds a lower but still positive NPV (US$ 321 million), with an IRR of 17% and benefit-cost ratio of 3.84. The lower values are due to the project's delayed implementation and modest results, resulting in increases in HIV incidence and mortality between 2010 and 2014; the ICR's calculations therefore assume constant HIV prevalence through 2014 and then decreasing prevalence of 1% annually thereafter, averting 100,000 cases over ten years.

Implementation efficiency was negatively impacted by initial delays, changes in the implementing agency (see Section 9b), changes to the government's Incentive Policy legislation, challenges in working with decentralized levels of government, and issues with procurement. The initial delays stemmed from impediments posed by the National Treasury that had been pending from a previous Bank-financed project), and then difficulties reaching Terms of Reference for planned studies under the project's second component. Because of these contracting challenges, some studies were never implemented, hampering the ability to measure interventions with at-risk groups. The 2013 changes to the Incentive Policy legislation rendered some of the institutional and financing arrangements under the project obsolete, impacting the project's ability to monitor some key indicators, necessitating changes in the results framework, and eliminating some financial incentives for states and municipalities. Staff changes at the lower levels of government (due both to elections and other factors) created further challenges in working cost-effectively in a decentralized environment. The October 2014 restructuring, intended to address some of these issues, was approved only a year before closing and therefore had limited overall impact.

Efficiency Rating
Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal	✓	49.00	100.00 ☐Not Applicable
ICR Estimate	✓	17.00	100.00 ☐Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

Relevance of the project's objectives was substantial under both the original and revised targets, as the objectives were strongly relevant to country conditions, government strategy, and Bank strategy both at appraisal and at closing. Relevance of design was modest under both the original and revised targets, as design relied on several results-based modalities that were too complex for existing implementation and M&E capacity. Achievement of the objective to increase access to and utilization of HIV/AIDS/STD prevention services by groups most at risk is rated negligible under both the original and revised targets, as progress deteriorated on several indicators of behavior change and did not reach targets on others. Achievement of the objective to increase access to and utilization of HIV/AIDS/STD treatment and care services by groups most at risk is rated modest under both the original and revised targets, as progress on key relevant indicators was mixed. Achievement of the objective to improve the performance of the national program is also rated modest; although most of the targets for the formal indicators related to this objective were achieved, the goals implicit in the objective -- enhanced decentralization, effective governance, and meaningful results-based financing -- were not achieved. Efficiency is rated modest due to implementation difficulties and delays. Taken together, these ratings are indicative of major shortcomings in the project's preparation and implementation under both the original and revised targets, and therefore an overall outcome rating of Unsatisfactory.

a. Outcome Rating
Unsatisfactory

7. Rationale for Risk to Development Outcome Rating

The national AIDS program remains a high priority for the government, which continues to fund most of the activities carried out by the project. Important focus on at-risk groups continued to be enhanced. The ICR (p. 30) notes that the project laid important groundwork for institutionalizing an evidence-based culture within the Ministry of Health's HIV/AIDS department; at minimum, the specific needs for capacity-building and technical support are now well understood. Monitoring and evaluation capacity was developed, and transparency and accountability tools were strengthened. However, financial risks are significant given the constrained fiscal environment; the government recently announced intentions to restrict allocations for health, and therefore efficiencies in service delivery may be required to sustain current levels of service delivery. Political risk is also significant, given the likelihood of changes in government and the consequent risk of slowdown in execution of activities, revisions of strategy, and changes in priorities. On balance, the risk to achieved outcomes is rated Modest.

a. Risk to Development Outcome Rating
Modest

8. Assessment of Bank Performance

a. Quality-at-Entry

Project design cited numerous lessons learned from prior experience with the HIV epidemic (PAD, pp. 14-15), including the need to balance treatment and prevention services, the need for a sophisticated institutional framework to address a complex epidemic, the high risk that weak institutional capacity would impact achieved outcomes, the fundamental role to be played by civil society organizations, the importance of a multi-sectoral approach that integrates HIV/AIDS activities with those of other health actors and institutions, and the complexity of decentralization and variable capacity among state and municipal level actors. Overall project risk was considered to be low (PAD, p. 18), with the macroeconomic impact of the global financial crisis and low procurement capacity the only risks identified as Substantial (and none identified as High). This assessment underestimated several categories of risk and completely overlooked the possibility that the Incentive Policy legislation might be modified in a way that would impact project-related indicators. Project preparation did not adequately take into account the need to ensure adequate M&E capacity, which significantly impacted implementation of the various results-based financing modalities, and the overall results framework was imprecise and cumbersome. Key data on progress among vulnerable groups was to be measured through surveys conducted only twice during the project's lifetime, meaning that the project would not have consistently updated information on its impact. Weak procurement capacity at both the federal and decentralized levels was also not addressed.

Quality-at-Entry Rating
Moderately Unsatisfactory

b. Quality of supervision

The Bank employed an appropriate mix of specialists in frequent supervision and support missions covering procurement, financial, and technical matters. The mid-term review was conducted on schedule. Composition of the Bank team remained almost unchanged throughout implementation, achieving close dialogue and engagement. However, some challenges were not identified in a timely manner. The difficulties defining and contracting for planned analytic studies on at-risk groups, essential for targeted project implementation, were not raised sufficiently early to be addressed. Shortcomings in implementation of other planned activities, and resulting lack of progress in achieving outcome targets, were not detected because of gaps in both communication and necessary tools to address problems. Restructuring occurred too late to resolve outstanding issues.

Quality of Supervision Rating
Moderately Unsatisfactory

Overall Bank Performance Rating
Moderately Unsatisfactory

9. Assessment of Borrower Performance

a. Government Performance

The government provided a supportive policy environment, including prioritizing the response to HIV/AIDS and directing appropriate focus to at-risk groups. Government financial contributions were full and consistent. Some regulations, however, including rules related to budgeting, personnel contracting, and procurement, impeded project implementation. Legislative and bureaucratic difficulties prevented the Ministry of Health from adequately rewarding states, eligible municipalities, and civil society organizations financially through grants, as originally planned. In addition, changes to the Incentive Policy legislation in July 2013 resulted in states and municipalities no longer feeding the Incentive Policy Information System on a regular basis with information relevant to tracking progress on several key performance indicators. Staff turnover at lower levels of government, due in part to government changes after elections, exacerbated existing challenges of working in a decentralized environment.

Government Performance Rating
Moderately Unsatisfactory

b. Implementing Agency Performance

The Ministry of Health's department for the national response to HIV/AIDS had overall responsibility for project implementation, along with

27 State Secretariats of Health, 501 Municipal Secretariats of Health, and eligible civil society organizations. During the first part of project implementation, there was inadequate commitment to implementation of project activities within the Ministry, and the HIV/AIDS department had difficulty adapting to the project's results-based financing framework and the Bank's guidelines for contracting consultants. In 2013, the Ministry restructured its HIV/AIDS department with the goal of enhancing the focus on prevention and better integrating all levels of care. Changes to structure, methodology, staffing, and policy initially slowed progress, but in the longer term the new arrangements, together with the commitment of the new director to address bottlenecks, increased focus and efficiency. However, the challenges within the HIV/AIDS department in devising an appropriate methodology for contracting consultants and carrying out planned behavioral surveillance surveys persisted, such that these surveys were not completed prior to the end of the project period, and interventions with at-risk groups were therefore not adequately measured. The institutional capacity of the states and municipalities to implement activities and monitor progress varied greatly, and the Ministry had limited resources and mechanisms to improve performance. Despite the existence of the legislated Incentive Policy, there were not strong mechanisms in place for withholding transfer of budgeted funds to the lower levels of government. Even after restructuring, the implementing agencies experienced capacity constraints that necessitated close supervision and support, particularly in fiduciary and project management. Training and other capacity-building activities were hampered by frequent staff turnover. The lack of strong control mechanisms at decentralized levels created challenges in the availability and coherence of financial information. Procurement processes continued to experience long delays throughout the project's lifetime. As a result of delays and inability to identify eligible expenditures, disbursements post-restructuring were much lower than expected, leading to an additional cancellation of proceeds at closing.

Implementing Agency Performance Rating
Unsatisfactory

Overall Borrower Performance Rating
Unsatisfactory

10. M&E Design, Implementation, & Utilization

a. M&E Design

The project's M&E design was two-fold: to monitor progress toward achievement of objectives, and to promote a results-based orientation where disbursements were triggered by progress toward DLIs. The project's original results framework contained 12 outcome-level indicators and 26 intermediate outcome indicators, along with the parallel framework of DLIs (and some overlap between the two). A Global Indicator measured execution of planned activities. An independent agency was to evaluate compliance with the DLIs on a bi-annual basis. Financial penalties were to be applied if goals were not met, and rewards applied when targets were achieved ahead of schedule. The intent was clearly to use the project as a vehicle for improvements in HIV/AIDS surveillance and governance. However, the initial framework had shortcomings, including lack of data for establishing robust baselines, inadequate research on hard-to-reach populations, and poor enforcement mechanisms for ensuring achievement of targets.

b. M&E Implementation

Data collection capacity, through the MONITOR-AIDS system (which tracked about 100 indicators) and the SIS-*Incentivo* system developed to monitor results-based indicators, was strong. However, the lack of capacity to analyze large amounts of data at the central level, together with weak ownership and understanding of the results-based approach at the decentralized levels, created implementation challenges. In addition, some of the project's performance-based mechanisms required data that were not readily available through these existing systems. As a result, some parts of the M&E system were "non-performing" (ICR, p. 15). There were also delays in carrying out planned behavioral surveys that were necessary for measuring and understanding the at-risk populations targeted by the project. In essence, the project had no mechanism for remaining accurately updated on progress and impact among its key target populations. At the October 2014 restructuring, the number of indicators was reduced to be more manageable, to improve the monitoring of more highly prioritized interventions, and to update baselines and targets. Changes in the Incentive Policy legislation in 2013 necessitated dropping some indicators whose monitoring was no longer required by law, and with the elimination of Bank financing for the EEPs, the DLIs became obsolete. Indicators were therefore adjusted solely to measure progress toward achievement of the objectives. Even after the revisions at restructuring, several indicators were not monitored adequately.

c. M&E Utilization

Lack of consistently available data throughout project implementation prevented some corrective action and policy shifts. However, according to the ICR (p. 17), despite the significant challenges with M&E implementation, the hiring of a new director for the Ministry's HIV/AIDS department in July of 2013 produced a shift toward a culture of evidence-based policy-making and results-based work. A hot-spots strategy, for example, was adopted to direct resources toward geographic areas revealed by data analysis to be particular focal points for the epidemic. Similarly, a condom promotion policy targeted toward at-risk groups rather than toward the population at-large was based on data obtained throughout project implementation.

M&E Quality Rating

Modest

11. Other Issues

a. Safeguards

The project triggered OP/BP 4.10, Indigenous Peoples, as it focused on regions where indigenous groups live. An Indigenous People's Planning Framework was developed and disclosed, indicating that activities would be carried out to improve surveillance, prevention, and treatment of HIV/AIDS and STDs among indigenous populations living in urban areas and villages. Evaluation of these activities was postponed "because of the need to wait for the interventions to mature in order to be reassessed" (ICR, p. 18). The project team later confirmed that there was compliance with the Indigenous Peoples safeguard policy.

The project did not trigger the Environmental Assessment safeguard (and was rated environmental category "C") and did not involve resettlement. Still, the project included activities to ensure the implementation of guidelines on proper handling and disposal of medical waste.

b. Fiduciary Compliance

Financial Management: At appraisal, financial management arrangements were considered adequate at the federal level, but challenges were identified in control mechanisms at the decentralized levels, specifically low availability and coherence of financial information (ICR, p. 18). Technical and fiduciary capacity building was implemented, including upgrading and modernization of the financial management system. The process of project auditing strengthened transparency and internal controls. Capacity building efforts, however, were hindered by frequent staff turnover, and ultimately, because of delays and the inability to identify eligible expenditures that could be financed by loan proceeds, disbursements after restructuring were much lower than expected. All external audits but one (FY 2012) were on time and unqualified.

Procurement: The project was seen as an opportunity to improve procurement capacity at the federal and decentralized levels, and it included an indicator (later dropped) to measure the increase in the number of contracts procured by the Ministry of Health's Department of Logistics rather than through UN agencies. Continuous support was provided to procurement staff at all levels, including modernization of the equipment purchase system, but challenges and bottlenecks remained. There was incompatibility in processes and guidelines among the Bank, national legislation, and UNESCO (that was responsible for contracting with consultants), leading to a continuous need for realignment of processes and consequent long delays. By project closing, however, there was compliance with Bank fiduciary policies.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

---

12. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Unsatisfactory	Unsatisfactory	---
Risk to Development Outcome	Modest	Modest	---
Bank Performance	Moderately Unsatisfactory	Moderately Unsatisfactory	---
Borrower Performance	Moderately Unsatisfactory	Unsatisfactory	There were major shortcomings with regard to fiduciary and project management issues, and there was inconsistent monitoring of project outcomes over the course of implementation.
Quality of ICR		Substantial	---

Note
When insufficient information is provided by the Bank for IEG to arrive at a clear rating, IEG will downgrade the relevant ratings as warranted beginning July 1, 2006.
The "Reason for Disagreement/Comments" column could cross-reference other sections of the ICR Review, as appropriate.

13. Lessons

The ICR (pp. 35-36) includes several valuable and insightful lessons, including:

1. Inclusion of too many indicators poses an untenable burden on an implementing agency, especially in a results-based financing environment. In this case, achievement of objectives was hindered from the start by an unwieldy results framework that overtaxed the capacity of weak M&E systems and did not completely and adequately measure progress toward intended outcomes.

2. Decentralization will stall without proper attention to local institutional capacity and appropriate governance mechanisms and incentives. In this case, weak capacity of the decentralized units impacted implementation of planned activities and achievement of intended outcomes. Training should focus not only on technical capacity building, but also financial, procurement, management, and M&E modules, and where appropriate, staff turnover should be anticipated.

3. HIV/AIDS is a constantly evolving epidemic, and addressing it adequately requires appropriate investment in surveillance as well as prevention, treatment, and care. In this project, planned analytic studies to identify at-risk groups were not conducted in a timely manner, preventing flexible deployment of resources that could have led to greater achievement of objectives.

14. Assessment Recommended?

No

15. Comments on Quality of ICR

The ICR is clear and evidence-based. It acknowledges and assesses well the limitations with the project's formal results framework, and it brings multiple alternate sources of evidence to bear on its assessment of achievement of objectives. It is candid in its explanation of the

project's strengths and shortcomings, particularly with the M&E framework and implementation. It situates this project well within the context of Brazil's overall approach to HIV/AIDS and access to health care.

a. Quality of ICR Rating
Substantial