



# EVALUATION BRIEF

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## HNP Lending

The Bank has made important contributions to strengthening the health, nutrition, and population (HNP) sector in developing countries. But the rapid growth of the Bank's HNP portfolio, combined with inadequate staff and funding, has made it difficult for projects to adequately address the sector's complex problems. Projects suffer from lack of monitoring and evaluation, lack of targeting of the poor, weak institutional capacity, and lack of prioritization, particularly in countries with the greatest need. The Bank should seek to enhance the quality of projects by establishing priorities, increasing M&E, improving staff training, and focusing on institutional issues, especially during supervision.

- HNP portfolio performance has improved to 79 percent satisfactory for projects exiting in FY97/98, compared with an overall average of 64 percent satisfactory since FY75. Yet a third of HNP projects are currently "at risk."
- Institutional development is the "Achilles heel" of the HNP portfolio. Only 25 percent of HNP projects exiting in FY97/98 achieved substantial institutional development impact.
- Because of the low priority given to monitoring and evaluation by the Bank and borrowers, it is not possible to document the impact of the Bank's \$14 billion investment in HNP.
- The overall OED recommendation is to do better—not more—in HNP. After a decade of rapid portfolio growth, the sector needs to focus on quality and strategic selectivity.

### Background

The Bank began lending for population in the 1970s and to health in 1980; it has since committed over \$14 billion to support HNP activities in 92 countries. Lending growth accelerated in the 1990s, and the Bank's emphasis evolved from expanding HNP service delivery capacity to encouraging systemic reform and sustainable health financing. The Bank is now the major source of external

finance for the sector in the developing world, and its advice and research influence HNP policies at many levels.

OED has now completed the first comprehensive assessment of the effectiveness of World Bank support to HNP.

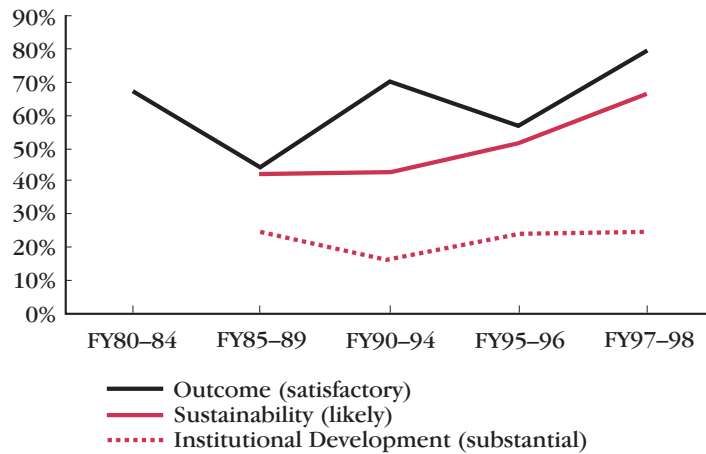
### HNP Portfolio Performance

Of the 107 HNP projects completed between FY75 and FY98, OED rated 64 percent satisfactory. But efforts to im-

### SECTOR

Based on OED Report No. 19266, *Development Effectiveness in Health, Nutrition, and Population: Lessons from World Bank Experience*, scheduled for review by CODE on May 28, 1999.

## Outcome, Sustainability Are Improving but Institutional Performance Is Weak



prove performance may be showing results—79 percent of projects completed in FY97/98 satisfactorily achieved their development objectives. Although only half of all completed HNP projects were rated as likely to be sustainable, this percentage rose to two-thirds in FY97/98.

Yet high rates of completion of physical objectives disguise difficulties the Bank has encountered in achieving policy and institutional change in HNP. OED rated institutional development as substantial in only 25 percent of completed HNP projects in FY97/98, well below the Bank average of 38 percent.

### Key Findings

The Bank has made important contributions to strengthening HNP policies and services worldwide. It has helped expand geographical access to basic health services, and used its lending and non-lending services to promote dialogue and policy change. Clients appreciate the Bank's broad strategic perspective, and the Bank has taken a growing role in HNP donor coordination. Yet several broad concerns emerge regarding the Bank's performance.

The Bank has been more successful in expanding health service delivery systems than in improving service quality and efficiency, or promoting institutional change. It is often better at specifying *what* practices need to change than *how* to change them or *why* change is difficult.

HNP projects have done a poor job of monitoring and evaluating project impacts. Methodological challenges can make it difficult to conclusively link project interventions with changes in HNP outcomes or system performance. Yet because project funding and budgets are seldom linked to performance, borrowers and Bank staff often give low priority to M&E.

HNP projects tend to be more complex in countries with weak institutional capacity—partly from an under-

standable desire to address many problems at once. But projects with too many components and inadequate prioritization have been a particular problem in HNP.

The Bank has not placed sufficient emphasis on addressing determinants of health that lie outside the medical care system, including behavioral change and cross-sectoral interventions. Such interventions are often difficult to implement, however, and must be carefully chosen. The links between Bank macroeconomic and HNP sector dialogue have improved in recent years, but need to be further strengthened.

HNP projects generally target regions, services, or diseases associated with the poor, assuming the poor will benefit. The Bank needs to place stronger emphasis on poverty targeting and assessing the poverty impact of HNP investments and policy advice.

The Bank is increasingly engaged in areas—such as public regulation of private insurers—where it has little experience, and no clear “right” models exist. Intensive experimentation, learning, and sharing of experiences within the Bank and with clients and partners must receive higher priority.

The rapid growth in the size and ambition of the HNP portfolio has coincided with only modest growth in the number of staff, stagnation in supervision resources, and declining funding for analytic and advisory work.

### Recommendations

The overarching recommendation of the review is that the Bank should seek to do better—not more. The rapid growth of the portfolio, together with the complex challenges posed by health system reform, require consolidation, with a focus on selectivity and quality. OED recommends:

- *Increase strategic selectivity:* Bank management and the HNP Sector Board should undertake a review of current staffing, lending, and administrative resources in light of the 1997 sector strategy and OED recommendations. The goal should be to establish priorities, assess resource adequacy, and reduce conflicting mandates on HNP staff.
- *Enhance quality assurance:* The HNP Sector Board and regional technical managers should strengthen

### Interaction with Management

OED consulted with the HNP Sector Board throughout the study, including an intensive review of the draft synthesis report and policy ledger. Management has broadly endorsed the findings of the review, and the HNP Board has prepared an action plan to respond to the recommendations.

their role in monitoring portfolio quality, including establishing mechanisms to provide timely support to task teams during project design and supervision.

- *Strengthen results orientation:* The HNP sector should develop standards and best practice examples for M&E, and increase staff training. But strengthening incentives for achieving HNP results and *using* information is critical. Increased experimentation

with and learning from performance-based budgeting mechanisms in Bank projects would be an important step.

- *Strengthen institutional assessments.* An aggressive program to develop appropriate standards, instruments, and staff training for HNP institutional analysis is necessary, together with increased attention to institutional issues during supervision.