



1. Project Data:		Date Posted : 08/17/2000	
PROJ ID: P002106		Appraisal	Actual
Project Name : Health Systems Fund Project	Project Costs (US\$M)	94.5	74.77
Country : Nigeria	Loan/Credit (US\$M)	70.0	54.0
Sector(s) : Reform and Financing	Cofinancing (US\$M)	1.3	1.3
L/C Number: L3326			
	Board Approval (FY)		91
Partners involved :	Closing Date	06/30/1999	12/31/1999
Prepared by :	Reviewed by :	Group Manager :	Group:

2. Project Objectives and Components

a. Objectives
The project aimed to improve health services by creating a wholesaling mechanism, the Health Systems Fund (HSF), to finance health system improvements in a larger number of states that would be possible through individual state projects. The overarching objectives of the project were similar to those of earlier single state health projects: (i) to improve the quality, coverage, and efficiency of state and local government health and family planning services; (ii) to promote the development of population programs; and (iii) to strengthen the institutional and financial capacity of states and local government's to plan, implement, monitor and evaluate their health, nutrition and family planning programs.

b. Components
The original project components included:
(1) Establishing a HSF as a line of credit to finance state health and family planning programs. Participating financial intermediaries (PFIs) were to identify, appraise, supervise and co-finance subprojects, comprising institutional development, health services improvement, and planning activities;
(2) Assistance to the Federal MOH, including: (a) technical assistance and equipment for the Department of Planning, Research and Statistics, (b) the establishment of a Health Management Information System (HMIS), and (c) technical assistance, training and studies; and
(3) Technical assistance and training to strengthening the capacity of state health agencies to plan, prepare and implement projects.

c. Comments on Project Cost, Financing and Dates
Estimated total project costs at appraisal were US\$94.5 million. The Bank was to finance US\$70.0 million, the state gov'ts US\$13.5 million, the PFI's US\$9.0 million, the federal gov't US\$0.7 million and the Japanese grant facility US\$1.30 million. At the mid-term review (MTR) in 11/93, the project was restructured and costs were reestimated at US\$68.8 million, financed by a reduced Bank loan of US\$54.0 million. At closing, total project costs were estimated at US\$74.77 million, of which the Bank financed US\$52.76 million, the states and Federal Gov't US\$20.71 million and the Japanese Grant of US\$1.3 million.

3. Achievement of Relevant Objectives:
At the mid-term review, the HSF component was dropped due to states' unwillingness to pay the high interest rates charged by the PFIs and the low capacity of PFIs to appraise and supervise state subprojects. The resultant project restructuring shifted responsibility for project financing and implementation to the Federal MOH and the states, and reduced the scope of targeted health activities. The population and family planning programs were dropped, and provisions were added for secondary health services and more intensive capacity building activities and supervision. Despite the initially low capacity of the Federal MOH and states in project planning, budgeting, implementation and management, the project's overarching objectives were largely met. Access to health services increased through the construction/rehabilitation and/or equipping of health facilities; IBRD-sponsored TA and Federal MOH workshops

increased the capacity of states to plan, implement and management programs at the state and local level; and the HMIS became operational in 1998. The project was less successful in building the capacity of local government agencies.

4. Significant Outcomes/Impacts:

The intensified capacity -building and supervision efforts of the Federal MOH and the Bank following project restructuring had a substantial institutional development impact at the state and federal level. Through training and increased integration into ministries, the PIUs eventually were able to overcome some of the situational factors impeding implementation. The implementation of the HMIS led to trainings at the state, local and provider level in data collection and processing, and to the development of State Health Profiles. As a result, states are more aware of disease incidence and priority health and financial needs, which have been incorporated into state proposals for the second HSF loan.

5. Significant Shortcomings (including non-compliance with safeguard policies):

The project's original objective -- to create an HSF as a wholesaling mechanism -- was unsuccessful, and the institutional problems inherent in this strategy should have been better recognized during project design. Political instability, the difficult climate of governance (characterized by frequent changes in key staff), and low capacity hampered the implementation process. In addition, the absence of a monitoring and evaluation system and inadequate supervision efforts led to delays on the part of both the Bank and borrower in recognizing the scope of problems surrounding the project's initial financial approach. Only in the final stages of the project were monitoring and evaluation issues addressed.

6. Ratings:	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Satisfactory	Satisfactory	Despite the failure of the HSF approach, the restructured project achieve most of its objectives in a difficult environment .
Institutional Dev .:	High	Substantial	Although the project significantly developed institutional capacity at the state level, it was less successful at the federal and local levels.
Sustainability :	Likely	Likely	
Bank Performance :	Satisfactory	Satisfactory	
Borrower Perf .:	Satisfactory	Satisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

This project highlights the following lessons: (i) operationally complex projects should, if possible, be field-tested, particularly in countries characterized by political instability and weak institutional capacity; (ii) when borrower capacity for implementation and management is weak, adequate and consistent institutional support, technical assistance and supervisory missions are essential to achieving satisfactory outcomes; (iii) a monitoring and evaluations system with clear indicators should be designed and implemented in the early stages of the project in order to identify structural, financial and other problems in a timely manner; (iii) successful restructuring requires working closely with the client, to maintain commitment of key stakeholders and to build implementation capacity vis-a-vis the redesigned project.

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR provided a fairly well-balanced overview of the project's accomplishments and shortcomings. Given that the creation of the Health Services Fund was originally the project's main objective, the ICR did not present a convincing argument that Board approval was not necessary for dropping the HSF approach. In addition, the ICR could have benefited from the inclusion of the borrower's comments on the ICR and a more in-depth discussion of how lessons learned from this project will be incorporated into the design of the proposed follow-up loan.