



# Validation Report

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Reference Number: PCV: BAN 2008-24  
Project Number: 29033  
Loan Number: 1538  
July 2008

## Bangladesh: Urban Primary Health Care Project

Operations Evaluation Department

Asian Development Bank

## ABBREVIATIONS

ADB	–	Asian Development Bank
EA	–	executing agency
MTR	–	midterm review mission
NGO	–	nongovernment organization
OED	–	Operations Evaluation Department
PCR	–	project completion report
PHC	–	primary health care
PIU	–	project implementation unit
PPP	–	public-private partnership
TA	–	technical assistance

## NOTES

For an explanation of rating descriptions used in ADB evaluation reports, see: ADB. 2006. *Guidelines for Preparing Performance Evaluation reports for Public Sector Operations*. Manila. Available: <http://www.adb.org/Documents/Guidelines/Evaluation/PPER-PSO/default.asp>

### Key Words

asian development bank, urban primary health care, PHC infrastructure, PHC system, project completion report, validation

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## PROJECT COMPLETION REPORT VALIDATION

A. Basic Project Data		PCR Validation Date:	June 2008	
Project/Loan Number:	29033; Loan 1538-BAN(SF)		Appraisal	Actual
Project Name:	Urban Primary Health Care	Total Project Costs (\$ million):	60.000	38.336
Country:	Bangladesh	Loan/Credit (\$ million):	40.000	24.138
Sector:	Health, Nutrition, and Social Protection	Total Cofinancing (\$ million)	4.500	5.875
		NDF:	3.500	1.637
		UNFPA:	1.000	4.238
ADB Financing (\$ million)	ADF: 40.000	Borrower Contribution (\$ million)	15.500	8.323
Cofinanciers:	NDF; UNFPA	Cofinancier Contribution:	4.480	5.875
Board Approval Date:	16 Sep 1997	Effectiveness Date:	23 Mar 1998	30 Mar 1998
Signing Date	23 Dec 1997	Closing Date:	30 Jun 2003	30 Jan 2006
Project Officers:	Name:	Location:	From (month/year)	To (month/year)
	B. Loevinsohn	HQ	April 1998	August 1999
	N. Huda	HQ	August 1999	January 2001
	W. Azmin	HQ	January 2001	June 2001
	J. Mahmood	BRM	July 2001	April 2007
Evaluator:	P. Schoeffel, Consultant	Director:	R. K. Leonard, OED1	
Team Leader:	K. Hardjanti, Principal Evaluation Specialist			

ADB = Asian Development Bank, ADF = Asian Development Fund, BAN = Bangladesh, BRM = Bangladesh Resident Mission, HQ = headquarters, NDF = Nordic Development Fund, OED = Operations Evaluation Department, PCR = project completion report, SF = special fund, UNFPA = United Nations Family Planning Assistance.

### B. Project Description (as stated in the report and recommendation of the President<sup>1</sup>)

- (i) **Rationale.** Bangladesh's urban poor suffer from the worst health status in the country. The situation will worsen without concerted action because most of the growth in the urban population is concentrated among the poor. The primary health care (PHC) system that could help improve the health of the urban poor is severely underdeveloped and cannot provide urgently needed preventive, promotional, and simple curative services. In comparison to the rural PHC infrastructure, the urban PHC system has been given little attention by the Government and has received little support from external aid agencies. An investment aimed at strengthening the delivery of urban PHC when combined with planned investments in other urban services (such as water, sewage, and sanitation) will act synergistically to improve the health and well-being of the urban poor.

<sup>1</sup> ADB. 1997. *Report and Recommendation of the President to the Board of Directors on a Proposed Loan to the People's Republic of Bangladesh for the Urban Primary Health Care Project*. Manila (Loan No. 1538-BAN, approved on 16 September 1997, for \$40 million).

- (ii) **Objectives.** The Project's objectives as stated in the report and recommendation of the President were to do the following:
  - (a) Improve the health of the urban poor and reduce preventable mortality and morbidity, especially among women and children, by increasing access to PHC services.
  - (b) Sustain improvements in PHC by building the capacity of local governments to manage, finance, plan, evaluate, and coordinate health services. The Project intended to introduce structural reforms that aim to change the role of government and alter the way it related to the private sector, including nongovernment organizations (NGOs).
- (iii) **Outputs.** The Project comprised the four following components:
  - (a) **Provision of PHC through partnership agreements.** The delivery of a package of basic services, including immunization, micronutrient support, family planning, prenatal care, basic curative care, health education, and assistance for women who are victims of violence, was to be contracted out to NGOs, private sector groups, or provider associations (partners) using competitive tenders. The partners were each to be responsible for a specified geographical area comprising around 500,000 people. Implementation of the partnership agreements was to be staggered to allow lessons identified from initial agreements to be incorporated in subsequent contracts.
  - (b) **Strengthening the urban PHC infrastructure.** One hundred ninety new PHC centers located near slums and other densely populated sites were to be constructed. These centers were to be used by the successful bidders to provide services under the partnership agreements, but will remain the property of the city corporations. Two-story buildings were to be built, with the health center on the second floor, while the first floor was to be leased out as commercial spaces. Income from leases was to help finance the PHC activities. This component was also to provide for equipment and furniture for the health centers.
  - (c) **Building the capacity of the city corporations and their partners.** The capacity of the city corporations to plan, finance, budget, monitor, and supervise urban PHC services was to be strengthened through the establishment of dedicated units to handle these functions and the introduction of systematic supervisory activities based on an integrated supervisory instrument. This component was also to provide in-country training for city corporation staff on the management of urban PHC, a small number of fellowships and study tours for key city corporation personnel, and informational seminars and updates for the personnel of partners.
  - (d) **Support for project implementation and operationally relevant research.** The Project was to support the establishment of a project implementation unit (PIU) to ensure smooth and efficient implementation of the Project and to oversee benefit monitoring and evaluation. The Project was also to support operationally relevant research to test new interventions that could be added to the PHC services package, to be conducted by experts in academic and research institutions and subjected to external peer review through a specified committee established to oversee scientific and ethical issues.

### C. Evaluation of Design and Implementation

- (i) **Relevance of design and formulation.** The Project was justified in its objectives, consistent with government and Asian Development Bank (ADB) strategies. The need for urban PHC services was highly relevant; and although the design appeared ambitious (given the problems experienced during implementation), this approach was necessary given the innovative nature of the Project. A simpler project design would have resulted in suboptimal results. The Project aimed to reorganize the operations of city corporations, establish a new and innovative urban outsourcing service, and conduct major clinical and social research.

The implementation of the Project was delayed in the beginning because of difficulties in providing legal frameworks for project activities, problems in acquiring land and premises, etc. When establishing health-related infrastructure in new buildings, greater emphasis should be placed on undertaking rigorous public consultations and surveys, considering among other factors (i) the economic profile of the majority of the population, (ii) the vicinity of slums and squatters, (iii) the distance from other health service facilities, and (iv) accessibility. This suggests the design of the PHC infrastructure was inadequate, as a large number of improvements are recommended. These are all issues that should have been addressed in the design and formulation of the Project.

- (ii) **Outputs and costs.** The project completion report (PCR) notes that out of the total ADB loan of \$40.0 million, \$24.14 million (60%) equivalent was disbursed by loan closing, with a loan savings of \$15.86 million. According to the PCR, the loan savings were due to the low recruitment cost of local NGOs rather than international NGOs; savings from drugs, vaccines, contraceptives, and medicines (which were mostly included in the partner agency budgets); and appreciation of the US dollar against the taka. The unspent loan amount (\$15.86 million) was cancelled. However, the PCR mentions the possible savings with regard to cost estimates for the 125 PHC centers, which were established on government land, thus not requiring most of the funds budgeted for land acquisition. The PCR sufficiently discussed the outputs achieved, except for the strengthening of the urban PHC infrastructure. Para. 17 of the PCR mentioned that “the plan provided for renting the ground floors to generate income for the centers proved unsuitable, and the space was instead used by the centers for service delivery.” An explanation for the lack of success in this type of plan would help in the formulation of similar future projects. In addition, the Project established 662 satellite clinics and constructed 63 public toilets, both of which were not in the original project scope. However, the impact of the additional project outputs on cost, schedule, and other measures of efficiency was not discussed in the PCR.
- (iii) **Project cost, disbursements, borrower contribution, and conformance to schedule (as relevant to project performance).** The loan agreement was signed on 23 December 1997 and became effective on 30 March 1998. Responsibility for PHC services had not been assigned to the respective city corporations by the Ministry of Health and Family Welfare, requiring the Government to issue an Order which took 18 months. Slow progress resulted because engagement of the partner agencies was delayed. However, the Project was extended for a total of 24 months and the PCR considers that all targeted activities were satisfactorily completed. The PCR asserts that analysis of the disbursement schedule shows that at appraisal it was realistic, as it was very close to actual disbursements. However, the midterm review mission (MTR) (7 June 2001) expressed concern that disbursements were about 60% behind schedule, and supervision mission reports reflect an ongoing frustration from commencement about the slow progress of implementation affecting the disbursement schedule.
- (iv) **Implementation arrangements, conditions and covenants, and related technical assistance.** The Project was formulated through a project preparatory technical assistance (TA).<sup>2</sup> However, this TA was not evaluated in the PCR. Although no separate advisory TA was provided, there was a loan component for consultant support, with 79 person-months of international and 164 person-months of national consultant services utilized under the loan. The conditions and covenants were realistic and achievable, but despite this, the planned reorganization of the city corporation health departments (surely a key objective of the Project) could not be completed during the 9-year period between loan approval and closure, because the Ministry of Establishment and Ministry of Finance did not issue the necessary approvals. However, most of the other conditions and covenants were eventually complied with.
- (v) **Performance of the Borrower and Executing Agency.** The PCR states that the performance of the Borrower, the Executing Agency (EA), and four city corporations was *satisfactory* as they

<sup>2</sup> ADB. 1995. *Technical Assistance to the People's Republic of Bangladesh for the Urban Primary Health Care Project*. Manila (TA No. 2413-BAN, approved on 3 October 1995, for \$450,000).

successfully implemented all project components. The Project experienced initial delays for 2 years, but was able to overcome these start-up problems and managed to get all public-private partnership (PPP) contracts issued and engage consulting firms on time. In addition, the Project was piloting an innovative PPP model of service delivery, which was one of the largest PPP PHC projects in South Asia. Therefore, the Operations Evaluation Department (OED) considers the performance of the EA, the PIU, and other government agencies involved as *satisfactory*.

- (vi) **Performance of the Asian Development Bank.** The PCR assessed the performance of ADB as *satisfactory*, and OED concurs with this. It appears that the momentum to complete the project outputs came from ADB, particularly the Resident Mission, rather than from the EA. The MTR appears to have rescued the Project. It is clear from the back-to-office reports and memorandums of agreement of the supervision missions that every effort was made to encourage and assist the EA and its associated agencies and project partners to comply with the loan conditions by listing time-bound activities.

#### D. Evaluation of Performance

- (i) **Relevance.** The PCR rated the Project *highly relevant* in terms of ADB strategies and government policies, and the needs of the urban poor. There were risks in the implementation of the Project's innovative approach, as warned by the Management Review Meeting which suggested a more modest approach. Nonetheless, the project design addressed the critical issue of PHC for the urban population (comprising poor slum and squatter dwellers who lacked the necessary health care services). The positive outcome and popularity of the Project among the poor urban population resulted in a second phase, which essentially followed the same design as the Project. The project design proved to be replicable. Therefore, OED concurs with the PCR's rating of *highly relevant*.
- (ii) **Effectiveness in achieving outcome.** The PCR considers that the Project was effective in achieving outcomes. Most of the outputs stated in the report and recommendation of the President were implemented. OED therefore concurs with the PCR that the Project may be considered *effective* as follows:

Component	Status	Effectiveness
Provision of PHC through 15 partnership agreements	16 partnership agreements, but at least one—and probably more—NGO partners were considered problematic by the PIU, according to mission reports, in their financial management and possibly their service provision.	Effective
Strengthening the urban PHC infrastructure	The Project mainly achieved its goal to provide urban clinics, with 180 (out of 190 expected at appraisal) primary/comprehensive reproductive health care centers established.	Effective
Building the capacity of the city corporations and their partners	The planned reorganization of the city corporation health departments could not be completed because the Ministry of Establishment and Ministry of Finance did not issue the necessary approvals.	Less effective
Support for project implementation and operationally relevant research	All operationally relevant research appears to have been completed.	Effective
<b>Overall</b>		<b>Effective</b>

- (iii) **Efficiency in achieving outcome and outputs.** Almost all outputs and outcomes were achieved at a total cost around 36% lower than anticipated at appraisal. However, disbursement was slower than expected as noted by the MTR mission (para. 3c). Thus, OED agrees with the PCR, which rates the Project as efficient in its achievement of outcomes.
- (iv) **Preliminary assessment of sustainability.** The PCR states that the Project is *likely sustainable* because there is (a) a supportive government policy for private sector involvement, (b) an emphasis in government policy on PHC for the urban population and increasing public investment, and (c) increased budgetary allocations and donor support for urban PHC. OED agrees with this assessment, with some reservations because of the substantial gap between government policy on the one hand, and government practice on the other.
- (v) **Impact (both intended and unintended).** Although it is still early to assess the impact of the Project, the PCR notes that the Project is replicable, and in high demand by the urban population. This is demonstrated by the ongoing follow-up project; In addition, the project completion survey of health impacts rated the Project as having *significant* impacts on public health. OED supports the above rating.

#### **E. Overall Assessment, Lessons, and Recommendations** (evaluator assessment)

- (i) **Overall assessment.** OED concurs with the PCR's overall rating of the Project as *successful*. This rating is based on OED's assessment of the Project as (a) *relevant*, (b) *effective*, (c) *efficient*, and (d) *likely sustainable*.
- (ii) **Lessons.** OED generally endorses the lessons enumerated in the PCR. However, two of these, i.e., (a) on the necessity of adequate provisions and safeguards in the bidding process for the selection of partner agencies, and (b) the importance of efficient cash and funds flows towards a smooth operation of partner agencies, did not seem to flow from the discussion in the main text. OED learned from back-to-office reports that the Project would have been more successful if it had initially established one pilot model city program in Dhaka, (which has the most acute problems in terms of underserved and poor population according to the project justification). Learning from the experience of the pilot program, the model could have been extended to other major cities. Another lesson could have been derived from the failure of the rental scheme, which was envisaged to fund the recurrent costs of the PHC activities.
- (iii) **Recommendations.** Most of the recommendations flowed well from the discussion in the main text. However, OED will not be able to conduct a project performance evaluation for this Project in mid-2008.

#### **F. Monitoring and Evaluation Design, Implementation, and Utilization** (evaluator assessment)

The baseline study was late. According to the appendixes in the PCR, the design, implementation, and utilization of monitoring and evaluation were *effective*.

#### **G. Other** (safeguards, including governance and anticorruption; fiduciary aspects)

OED noted from back-to-office reports that issues were raised by supervision missions concerning

possible corruption by one of the NGO partners in Rajshahi. However, the issue was not addressed in the PCR and the performance ranking of the NGO concerned by the PIU was quite high, which is also unexplained. Based on the additional information from ADB's South Asia Department, there was not enough evidence to highlight these concerns in the PCR.

H. Ratings	PCR	OED Review	Reason for Disagreement/Comments
Relevance	Highly Relevant	Highly Relevant	
Effectiveness in Achieving Outcome	Effective	Effective	
Efficiency in Achieving Outcome and Outputs	Efficient	Efficient	
Preliminary Assessment of Sustainability	Likely sustainable	Likely sustainable	
Borrower and EA	Satisfactory	Satisfactory	Although there were some delays in providing the required Order and reorganizing the city corporation health departments, overall the Government and the EA performed well. The Project piloted an innovative PPP, which was one of the largest PPP PHC projects in South Asia.
Performance of ADB	Satisfactory	Satisfactory	
Impact	Significant	Significant	
Overall Assessment	Successful	Successful	
Quality of PCR		Satisfactory	See Section I

#### I. Comments on PCR Quality

Most of the PCR's ratings are supported by reference to the selected material provided in the appendixes. The PCR is generally consistent with the guidelines in terms of the structure of reporting. However, the PCR did not evaluate the PPTA that resulted in the loan for this Project. In accordance with PAI 6.07,<sup>3</sup> "A TCR is not required for a project preparatory TA that results in a loan. A project preparatory TA resulting in a loan should be evaluated in the PCR for the loan project." Based on the above, the PCR quality is considered *satisfactory*. Had the TA been evaluated, PCR quality could have been *highly satisfactory*.

<sup>3</sup> ADB. 2006. *Project Administration Instructions*. PAI 6.07: *Project Completion Report*. Manila (Appendix 2, page 8, February).



## **REGIONAL DEPARTMENT'S RESPONSE TO THE PROJECT COMPLETION REPORT VALIDATION REPORT**

On 18 June 2008, Principal Evaluation Specialist, Operations Evaluation Department (OED), Division 1, received the following response from the Bangladesh Resident Mission, South Asia Department.

We have reviewed OED's earlier draft Project Completion Report (PCR) Validation Report circulated to us on 3 April 2008 and its final draft that was sent to us for review on 16 June 2008. We appreciate that the comments we made to OED on the earlier draft have been adequately incorporated in the final draft. Therefore, we have no formal comment to make on the final draft.