Nepal: Basic Health Programme, Phases I and II

Ex-post evaluation report

OECD sector	12220/Basic health care	
BMZ project ID	Phase I: 1993 66 063 Phase II: 1999 65 104	
Project executing agency	Ministry of Health and Population	
Consultant	EPOS Health Consultants	
Year of ex-post evaluation report	**2009**	
	Project appraisal (planned)	**Ex-post evaluation (actual)**
Start of implementation	Phase I: March 1994 Phase II: Jan. 2000	Phase I: April 1994 Phase II: Jan. 2001
Period of implementation	Phase I: 5 years Phase II: 4 years	Phase I: 5.5 years Phase II: 4.5 years
Investment costs	Phase I: EUR 20.96 mill. Phase II: EUR 22.20 mill.	Phase I: EUR 17.87 mill. Phase II: EUR 28.24 mill.
Counterpart contribution	Phase I: EUR 16.36 mill. Phase II: EUR 18.62 mill.	Phase I: EUR 13.30 mill. Phase II: EUR 24.66 mill.
Finance, of which FC funds	Phase I: EUR 4.60 mill. Phase II: EUR 3.58 mill.	Phase I: EUR 4.60 mill. Phase II: EUR 3.58 mill.
Other institutions/donors involved	Phase I: Cooperation with UNICEF	Phase II: Cooperation with GTZ
Performance rating	3	
• Relevance	2	
• Effectiveness	3	
• Efficiency	3	
• Overarching developmental impacts	2	
• Sustainability	3	

Brief Description, Overall Objective and Programme Objectives with Indicators

The programme objective in both phases of the open programme was to improve the supply of essential drugs to the Nepalese population at primary level. This was to make a contribution to improving the state of health of the population (overall objective). The programme comprised initial and subsequent nationwide supplies of medicine for primary health stations. In addition, Phase II financed the construction, rehabilitation and outfitting of health stations, primarily in the western part of the country.
The following indicators were stipulated for programme objective achievement:

- The primary facilities are used by the population (average 0.5 visits per capita and year; baseline 2001/02: 0.22).

- In 80% of the health stations inspected during programme implementation, the requisite minimum inventory is available for 4 weeks; the expiration dates of the stored drugs have not been exceeded.
- On programme completion, more than 25% of the districts have introduced operational revolving drug funds (2002: 13%).

The indicators for the overall objective (reducing maternal and child mortality, improved vaccination rates, general life expectancy, etc.)were not defined until the ex post evaluation. They also conform with those of the national Essential Health Care Strategy and with the Millennium Development Goals.

Programme Design/Major Deviations from Original Planning and Main Causes

In Phase I, about 30 essential drugs and standard medical equipment (blood-pressure measurement equipment, stethoscopes, etc.) were provided to the 2,500 village health stations set up during programme implementation. Phase II aimed to resupply 4,105 Nepalese primary health stations with essential drugs. A consultant provided extensive advice to the programme executing agency (logistics department in the Nepalese Ministry of Health) in both phases on procurement, storage and monitoring.
The programme appraisal also envisaged the introduction of revolving drug funds, i.e. including users in cofinancing the drugs. UNICEF was engaged to carry out the planned activities in Phase I, and cooperation with GTZ was planned for Phase II. Local health committees and staff at the centres were to receive advice and support in introducing the drug funds. Due to hostilities between Maoist rebels and the royalist army and the resultant access problems in some regions as well as the policy of free distribution of essential drugs as of 2006, this component could only be implemented in very restricted measure.

Key Results of Impact Analysis and Performance Rating

In line with the overall objective, the planned results of the programme were the qualitative and quantitative improvement in basic medical care for the poor population in rural areas of Nepal. The regular supply of essential drugs was expected to improve their state of health, which was also verified by the demographic and health surveys in 1996 and 2006. The improved supply of drugs seems to have made a plausible contribution to this beneficial development. Newly introduced methods and capacities for the procurement and distribution of essential drugs have made a considerable contribution to supply security in the public sector, particularly in the health centres, which had inadequate or no supply sources previously. This holds in particular for facilities in the mountain region, where the population is at a greater economic and social disadvantage than in the two other ecological zones (lowlands and hill region).
The target group comprised the rural and hence predominantly poor population of Nepal (85%). In consultation with the executing agency, the beneficiaries included all existing and new primary health care facilities in the public sector, so that the poor population was reached nationwide. The increased number of primary health care facilities and the improved supply of drugs mainly benefit children and women as users. As a result, they have also benefited from the results of an increased use of preventive services (such as vaccines and prenatal care).
We assess overall developmental efficacy as follows:
The results chain posited at programme appraisal of supporting the Nepalese Government through the provision of essential drugs to deliver full-coverage primary health care and make a contribution to improving the health of the Nepalese population appears plausible. The nationwide provision of medical drugs and consumables is also an integral component of health policy under the new government, which will continue to receive considerable resources in future. The overall objectives of the FC programme conform with MDGs 4 and 5 (reduce child mortality; improve maternal health) and hence with key goals of German development cooperation. Nepal is a priority country of German development assistance and the health sector is one of its

three priority sectors. Besides the Ministry of Health, the measures and objectives of the FC programme were also agreed on with other donors (UNICEF, USAID, World Bank and DFID). Supported by the World Bank and DFID, the Nepalese Government has since 2006 pursued a strategy of distributing essential drugs free of charge, which runs counter to the FC precept of user contributions. Thanks to the Paris Declaration and the introduction of a health SWAp, the coordination of donors in the health sector has improved considerably in recent years and the German measures in the sector are aligned with this. They are viewed as an important contribution by the donor community and the Ministry of Health. Altogether, the relevance of the programme is rated as good (Subrating 2).

The programme objective of improving the supply of essential drugs at primary level was achieved. The indicator on rate of use was met: The number of patients per centre has risen. Patient contacts nationwide now reportedly average about 0.8 visits to a primary health facility per capita and year. Medicine is regularly available at district level nationwide and in individual facilities in the lowlands and in the hill regions and meets quality standards. Bottlenecks remain in the mountain regions, however, because supply to the health stations from the district warehouses cannot be assured throughout the year. The supply of essential drugs could also be largely maintained during the peak of the Maoist conflict. The drugs selected meet the needs of primary care and the assortment is continually improved. The methods applied for procuring and distributing the medicine conform with the state of the art and constitute routine procedure in the Ministry of Health system. Caste membership and income of patients remain an obstacle to equitable supply, however. The effectiveness of the activities to introduce cost-sharing systems via revolving funds was low. Programme effectiveness is thus gauged as satisfactory (Subrating 3).

The allocative efficiency of the programme is adequate. Besides personnel, the availability of drugs can be assumed to provide an incentive for visits to the village health stations. The higher number of visitors was achieved with a comparatively small procurement budget. The costs for obtaining and distributing the medicine as far as district level seem reasonable. The best prices for the drugs were ensured by tendering procedures established in the course of programme implementation. The rates of loss due to storage problems or damage in transit kept within reasonable limits. Altogether, we regard efficiency as satisfactory (Subrating 3).

Thanks to the initial delivery of basic equipment and continuous supply with essential drugs, the Nepalese Government was able to make effective use of the new health infrastructure at municipal level. This has made a contribution to raising service quality at the facilities, which is appreciated by the population. It seems plausible to infer that the beneficial developments in maternal and child health would not have been possible without the provision of drugs. Particularly in remote areas, a significant contribution has been made to the sustainable improvement in the health of the population, especially in risk groups such as pregnant women and small children. Follow-on investments by other donors, primarily in storage and distribution logistics, have enhanced these effects. A beneficial side effect of German support has been the establishment of procedures that are emulated as good practices in public procurement beyond the health sector in Nepal today. The long-term support also created a market for Nepalese pharmaceutical companies, most of which have successfully undergone the process of WHO certification due to the strict quality requirements for FC financed supplies. The overarching developmental impacts can thus be gauged as good (Subrating 2).

Sustainability is measured by consistency (or increase) in consumption, nationwide, all-year availability and the stability of the procedures for procurement and distribution. Central aspects are the ongoing provision of funds for the replacement of drugs and the sources of finance. The political will is evident, as documented by the growing financial contribution on the part of the Nepalese Government to the programme budget in Phase II and the follow-up measures. The Nepalese counterpart contribution to drugs procurement (cofinance), for example, presently amounts to 60%. Compared with the situation prior to the programme, clear, quantitatively verified progress has

also been made in the provision of essential drugs. Procedures and capacities have been established that seem adequate in the medium and long term to maintain and improve the system for the procurement and distribution of essential drugs in the public sector. Risks are posed by the rather unsuccessful efforts so far at decentralising the health administration and the lack of a system for user contributions. There is reason to fear that the public care system will reach its financial limits very soon, with adverse consequences for the neediest sections of the population in particular. Altogether, we therefore assess sustainability as satisfactory (Subrating 3).
We rate programme performance overall as satisfactory (Rating 3).
General conclusions

- The provision of essential drugs through an efficient logistics and procurement system has made a major contribution to improving the health situation in Nepal. Further efforts are therefore needed to ensure the nationwide availability of drugs throughout the year, particularly by strengthening the logistics system.

- In view of national finances, it would not seem realistic for the Nepalese budget to bear the costs of free basic care for the whole population in the medium to long term. In view of the obvious risks of underfinancing, consideration should be given to more economical schemes, such as user cost-sharing or other financing options in sectoral dialogue between donors and government.

Notes on the methods used to evaluate project success (project rating)

Projects are evaluated on a six-point scale, the criteria being relevance, effectiveness (outcome), "overarching developmental impact" and efficiency. The ratings are also used to arrive at a final assessment of a project's overall developmental efficacy. The scale is as follows:

1	Very good rating that clearly exceeds expectations
2	Good rating fully in line with expectations and without any significant shortcomings
3	Satisfactory rating – project falls short of expectations but the positive results dominate
4	Unsatisfactory rating – significantly below expectations, with negative results dominating despite discernible positive results
5	Clearly inadequate rating – despite some positive partial results the negative results clearly dominate
6	The project has no positive results or the situation has actually deteriorated

A rating of 1 to 3 is a positive assessment and indicates a successful project while a rating of 4 to 6 is a negative assessment and indicates a project which has no sufficiently positive results.

Sustainability is evaluated according to the following four-point scale:

Sustainability level 1 (very good sustainability)

The developmental efficacy of the project (positive to date) is very likely to continue undiminished or even increase.

Sustainability level 2 (good sustainability)

The developmental efficacy of the project (positive to date) is very likely to decline only minimally but remain positive overall. (This is what can normally be expected.)

Sustainability level 3 (satisfactory sustainability)

The developmental efficacy of the project (positive to date) is very likely to decline significantly but remain positive overall. This rating is also assigned if the sustainability of a pro-

ject is considered inadequate up to the time of the ex post evaluation but is very likely to evolve positively so that the project will ultimately achieve positive developmental efficacy.

Sustainability level 4 (inadequate sustainability)

The developmental efficacy of the project is inadequate up to the time of the ex post evaluation and an improvement is very unlikely. This rating is also assigned if the sustainability that has been positively evaluated to date is very likely to deteriorate severely and no longer meet the level 3 criteria.

The overall rating on the six-point scale is compiled from a weighting of all five individual criteria as appropriate to the project in question. A rating of 1 to 3 indicates a “successful” project while a rating of 4 to 6 indicates an “unsuccessful” project. In using (with a project-specific weighting) the five key factors to form a overall rating, it should be noted that a project can generally only be considered developmentally “successful” if the achievement of the project objective (“effectiveness”), the impact on the overall objective (“overarching developmental impact”) and the sustainability are considered at least “satisfactory” (rating 3).