

## A. Executive Summary

*Healthy Development: The World Bank Strategy for Health, Nutrition, and Population Results* for the next decade updates the 1997 World Bank Health, Nutrition, and Population (HNP) Strategy in light of the momentous changes of the past decade in the international architecture of development assistance for health (DAH)<sup>6</sup> and of persisting and new HNP challenges worldwide. Ten years ago, the Bank was the main financier of HNP. Today, in addition to the Bank, new multilateral organizations, initiatives, and foundations have assumed a prominent role in financing HNP, among them the Global Fund,<sup>7</sup> GAVI,<sup>8</sup> GAIN,<sup>9</sup> and the Bill and Melinda Gates Foundation. Bilateral aid has also increased substantially. Much of this new funding is earmarked for combating priority diseases such as HIV/AIDS, malaria, tuberculosis, and some vaccine-preventable diseases; less for health system strengthening at country level, for maternal and child health, for nutrition, and for population priorities.

The ultimate objective of World Bank work in HNP, reinforced by this new Strategy, is to improve the health conditions of the people in client countries, particularly the poor and the vulnerable, in the context of its overall strategy for poverty alleviation. To achieve this objective, this new Strategy states the vision and the Action Plan necessary to strengthen Bank capacity to better serve client countries by excelling in areas of Bank comparative advantages and by improving its collaboration with global partners.

The increased awareness and expanded international financing for HNP constitute a great opportunity for the Bank to help client countries and global partners improve HNP results on the ground, particularly for the poor and the vulnerable. However, the new environment also poses significant challenges for the Bank, requiring important changes in the way the Bank operates in HNP to be able to rise to the challenges. This 2007 HNP Strategy outlines the Bank vision for improving its own capacity to respond globally and with a country focus to the urgent issues posed by these challenges.

Throughout this Strategy, the case is made for sharpening Bank focus on results on the ground; for concentrating Bank contributions on its comparative advantages, particularly in health system strengthening, health financing, and economics; for supporting government leadership and international community programs to achieve these results; and for exercising selectivity in engagement with global partners. This focus is not intended to constrain what the Bank does—country circumstances must drive Bank programs. However, a selective and disciplined framework is advocated, particularly for policy advice and knowledge generation, to ensure that the Bank is appropriately staffed and ready to support country efforts and requests for assistance in a core set of key areas where the Bank can play a major role. This framework is also essential for the Bank to collaborate with global partner efforts to ensure aid effectiveness.

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<sup>6</sup> *Development Assistance for Health* (DAH) consists of all resources aimed at providing financial support to developing countries to improve the HNP conditions of their populations. DAH includes multilateral organizations such as the Bank, bilateral aid, and private philanthropic aid. Annex I presents an overview of actors and trends in DAH in the last decade.

<sup>7</sup> Global Fund to Fight AIDS, Tuberculosis and Malaria.

<sup>8</sup> Global Alliance for Vaccines and Immunization.

<sup>9</sup> Global Alliance for Improved Nutrition.

This Strategy Paper is organized in nine sections, including this summary. Additional information is presented in 15 annexes. All figures referred to in the text are presented in annex A. Annexes B, C, D, E, F, G and H include, respectively, the regional and HNP Hub Action Plans for implementing the HNP Strategy; the acknowledgments; the list of individuals interviewed; the list of participants in the country and global partner consultations leading up to this new Bank HNP Strategy; the initial regional survey for strategic orientations and the CODE Chairman Summary Note to the Background Note on the World Bank Strategy for HNP Results, discussed with CODE on June 21, 2006.

## **Background**

Health, nutrition, and population policies play a pivotal role in economic and human development and in poverty alleviation. For a century and a half, HNP improvements, achieved through the contributions of multiple sectors of the economy, have contributed to economic growth everywhere.

At the same time, improved economic growth has enabled improvements in health outcomes, creating a virtuous cycle—good health boosts economic growth, and economic growth enables further gains in health.<sup>10</sup> The dramatic increases in development assistance for health and shifts in the major players involved in the global health architecture show the widespread recognition of the tight link between investments in health and economic development.

A multisectoral approach is essential for achieving HNP results. Many advances in health status achieved during the 20th century were the result of close synergy among HNP and multiple sectors of the economy such as water and sanitation, environment, transport, employment, education, agriculture, energy, infrastructure, and public administration. For example, investments in girls' education improve household decisions on nutrition and demand for basic health care. At the same time, investing in basic nutrition during pregnancy and infancy has a substantial positive effect on early childhood development, which, in turn, significantly contributes to educational attainment, employability, and future income (Bloom 2004; Jamison 2006; World Bank 2003b, 2004, and 2006j).

## **The Bank Contribution to HNP in the Last Decade: The 1997 HNP Strategy**

The Bank has contributed substantially to HNP in client countries in the last decade (section D). Since the 1997 HNP Strategy, the Bank has decisively committed to focusing its work on health gains for the poor. The Bank has also played a crucial role in advocacy, awareness, and development of new international initiatives and organizations such as the Global Fund and GAVI.

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<sup>10</sup> Behrman and Rosenzweig 2001; Bell, Devarajan, and Gersbach 2004; Bloom, Canning, and Jamison 2004; Bloom, Canning, and Malaney 1999; Croppenstedt and Muller 2000; Fenwick and Figenschou 1972; Fogel 1994; Gallup and Sachs 2000; Glick and Sahn 1998; Jamison 2006; Shariff 2003; Smith 1999; 2005; Thirumurthy, Graff Zivin, and Goldstein 2005; Thomas 2001; Thomas, Frankenberg, Friedman, Habicht, Jones, McKelvey, et al. 2004; Thomas and Strauss 1997; Wolgemuth, Latham, Hall, Chesher, and Crompton 1982.

As one of the world's largest single international financing organization of HNP activities in the last decade, the Bank has been a significant source of funding and has made substantial contributions in policy advice for priority-disease and HNP interventions. The Bank assisted more than 100 countries with more than 500 projects and programs, with cumulative disbursements of US\$12 billion and cumulative new lending of US\$15 billion from 1997 through 2006.<sup>11</sup> Through more than 250 Analytical Sector Work reports and advisories, the Bank also provided substantial policy and technical advice.

Despite the many excellent projects and programs in various Regions, the implementation impact of the 1997 Strategy on HNP results on the ground cannot be systematically evaluated. Focus on monitoring and evaluation (M&E) was weak during the last decade, and impact data are scarcely available.

During the last decade, the Bank has also faced significant challenges. Its total active portfolio (active commitments) in HNP decreased<sup>12</sup> by 30 percent from FY01 to FY06, and the implementation quality of the HNP lending portfolio had the lowest performance among all sectors in the Bank since 2001. Although the HNP sector operations are inherently complex and high risk as compared with many other sectors, much improvement is needed in the quality at entry and strategic focus of operations to improve HNP portfolio performance. In addition, the focus of Analytical and Advisory Activities (AAA) has been insufficient, with less than 35 percent of all AAA during the decade focused on areas of Bank comparative advantages.<sup>13</sup>

### **New and Persisting HNP Challenges in the New International Environment**

The last three decades have brought important achievements in HNP in the developing world, *but formidable challenges persist*. Actual and potential pandemics and regional epidemics have continued to emerge, and some have expanded (e.g., HIV/AIDS, malaria, drug resistant TB, SARS, avian flu). A significant increase has occurred in premature deaths related to chronic diseases (diabetes, pulmonary diseases, hypertension, cancer) linked to the tobacco-addiction and obesity pandemics. The world population more than doubled in the second half of the 20th century, mostly from population growth in developing countries. High population growth poses significant challenges to country efforts to alleviate poverty and to facilitate access to basic services. Malnutrition is problematic not only in poor countries (with both undernutrition and obesity), but also in rich countries confronted with a rapidly growing prevalence of obesity.

The new opportunities brought about by the changes in DAH also present three special challenges: (a) the need to focus beyond increasing available financing for HNP, ensuring that additional funds produce tangible results on the ground to improve the living conditions of the people, especially the poor and the vulnerable; (b) the need to align and harmonize global partners' activities with country needs to prevent duplication, economic distortions—and excessive administrative costs—ensuring country-owned and country-led DAH; and (c) the

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<sup>11</sup> As measured by cumulative disbursements for all HNP sectoral classifications managed by the HNP Sector Board and other sectors.

<sup>12</sup> The active portfolio has decreased by 30 percent since FY2001, mostly due to declining IBRD lending.

<sup>13</sup> Share of AAA focused on health systems performance.

need to ensure synergy between enhanced priority-disease financing and strengthening of health systems, essential for achieving results and improving DAH effectiveness on the ground.

### **Results on the Ground**

In this Strategy, *HNP results* encompass not only HNP outcome indicators, such as the United Nations Millennium Development Goals (MDGs), stunting, or fertility rates but also health system performance, as reflected, for example, in financial protection<sup>14</sup> and utilization of essential health services by the poor. Other results targeted are: empowerment of the poor (as outlined in *World Development Report—2004*), good sector governance, sector financial sustainability and its contribution to sound fiscal policy and country competitiveness; key outputs such as the proportion children immunized, proportion of children born under safe delivery conditions, and other outputs closely linked to achieving HNP MDGs; and availability of essential drugs and personnel in rural clinics. All these results are examples of Bank HNP objectives in client-country work. For these results to be achieved, a multisectoral approach is essential. Annex J presents the Bank Results Framework for HNP, which summarizes the main outcomes and outputs for the Bank in HNP. The framework is intended as the guidance for country teams for developing country-specific Results Frameworks and detailed Results Frameworks for Bank operations and programs.

### **Strengthening Health Systems**

“Strengthening health systems” may sound abstract and less important than specific-disease control technology or increased international financing to many people concerned about achieving HNP results. But, well-organized and sustainable health systems are necessary to achieve results. On the ground, in practical terms, it means putting together the right chain of events (financing, regulatory framework for private-public collaboration, governance, insurance, logistics, provider payment and incentive mechanisms, information, well-trained personnel, basic infrastructure, and supplies) to ensure equitable access to effective HNP interventions and a continuum of care to save and improve people’s lives (box 3). Strengthening health systems is not a result in itself. Success cannot be claimed until the right chain of events on the ground prevents avoidable deaths and extreme financial hardship due to illness because, without results, health system strengthening has no meaning. However, without health system strengthening, there will be no results.

Achieving HNP results requires a well-organized and sustainable country health system, capable of responding to the HNP needs of the community. Strengthening health systems to achieve HNP results requires a multisectoral effort at the country level. There is consensus that a major, urgent effort must be made to strengthen health systems if financial commitments enabled by the new DAH architecture are to succeed in improving the health conditions of the poor and achieve the HNP-related MDGs. The international community agrees on this

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<sup>14</sup> Defined as preventing households from the impoverishing effects of illness and other health-related life cycle events.

principle after much debate in the early 2000s, centered on the false dichotomy between focus on priority diseases and focus on system strengthening.

To make sure people's health and daily lives are really being improved with the money invested, actual results on the ground have to be evaluated. Measuring results requires systems for close and effective monitoring and evaluation, which are effectively linked to policy design and management.

### **New Opportunities, Challenges, and the Bank Role in the New DAH Scenario**

The new aid architecture, persisting HNP challenges, and the urgency for strengthening health systems to achieve results represent major challenges, particularly to low-income countries and fragile states. The quality of Bank policy and technical advice will be critical for client-country response to these challenges. While still strategically very important, Bank financing, at roughly US\$1.5 billion a year, is relatively small, compared with the overall large and increasing funding for the control of specific diseases. Financing no longer drives relationships with client countries. For example, as measured by new annual financial commitments for HIV/AIDS, for malaria, and for tuberculosis, Bank financing in FY2005 represented about 5 percent,<sup>15</sup> 3 percent,<sup>16</sup> and 7 percent,<sup>17</sup> respectively, of total annual international commitments for each of these diseases.<sup>18</sup> In this scenario, it is the quality of the policy and technical dialog and the strategic focus of Bank lending that will define the true magnitude of the Bank contribution to country efforts in HNP in the next decade.

It is important to highlight that, although the share of Bank financing in total DAH has decreased, Bank lending, particularly through the *International Development Association (IDA)*, is *strategically crucial to ensure much-needed health system strengthening (for which dedicated international financing is scarce), and it is essential to set the enabling environment for effective disease-specific financing to achieve results*. This was stated again and again by client countries during preparation of this new Strategy.

This new World Bank Global Strategy for HNP Results asserts the vision of the Bank role in the new global architecture in HNP (box 1). It also attempts to give Bank regional and country teams guidance for addressing these questions with a sharp focus on HNP results, working closely with global partners. For that purpose, it defines the strategic and operational changes necessary to assist these teams more effectively and suggests opportunities for collaborative division of labor among global partners.

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<sup>15</sup> World Bank 2006d and Lewis 2005.

<sup>16</sup> World Bank 2006d and WHO 2005.

<sup>17</sup> World Bank 2006d and WHO 2006a.

<sup>18</sup> Commitments for each of the three diseases fluctuate considerably from year to year. FY05 data, the only data available at this time, should not be used to draw general conclusions about Bank financing for these diseases.

**Box 1**  
**Healthy Development**  
**The World Bank Strategy for Health, Nutrition, and Population Results**

**Strategic Vision**

With the implementation of this new HNP Strategy, the Bank aims at bolstering client-country efforts to improve health conditions for the poor and the vulnerable and to prevent them from becoming impoverished or made destitute as a result of illness. The Bank envisions that its support and advice will help client countries achieve these HNP results in a way that also contributes to their overall fiscal sustainability, economic growth, global competitiveness, and good governance. This new Strategy is embedded in the core mission of the Bank to alleviate poverty worldwide. To achieve these objectives, countries need to articulate a response from multiple sectors that influence HNP results. The Bank, with its 19 sectors working globally in 139 countries, is uniquely positioned to support client-country efforts.

**Strategic Objectives: What HNP Results?**

(Section F)

1. Improve the level and distribution of key HNP outcomes (e.g. MDGs), outputs, and system performance at country and global levels in order to improve living conditions, particularly for the poor and the vulnerable.
2. Prevent poverty due to illness (by improving financial protection).
3. Improve financial sustainability in the HNP sector and its contribution to sound macroeconomic and fiscal policy and to country competitiveness.
4. Improve governance, accountability, and transparency in the health sector.

**Strategic Directions: How should the Bank support country efforts to achieve results?**

(Section G)

1. Renew Bank focus on HNP results.
2. Increase the Bank contribution to client-country efforts to strengthen and realize well-organized and sustainable health systems for HNP results.
3. Ensure synergy between health system strengthening and priority-disease interventions, particularly in LICs.
4. Strengthen Bank capacity to advise client countries on an intersectoral approach to HNP results.
5. Increase selectivity, improve strategic engagement, and reach agreement with global partners on collaborative division of labor for the benefit of client countries.

**Long-Term Country-Driven and Country-Led Support**

Country-driven and country-owned programs are the key to good HNP results on the ground. A strong country presence, country focus, and country-driven support are at the core of the Bank business model and are some of the most important comparative advantages of the Bank. Country teams working with Country Management Units (CMUs) embody the Bank country focus and its intersectoral approach to development. Strengthening and empowering CMUs to better serve client countries in collaboration with global partners working at the country level

is therefore essential to ensure country-driven implementation of the HNP Strategy and, ultimately, sound HNP results.

Results on the ground, especially outcome improvements, rarely occur in the lifetime of a single project nor are they achieved by any single sector. It is long-term Bank policy advice, technical assistance, and its strategically focused lending program as a whole that can influence client-country HNP policy actions, inputs, and structural changes in the health system and influence HNP-relevant policies from other sectors. Therefore, proposed objectives and directions in this new HNP Strategy are geared to support the central role of CMUs in leading the Bank country support and in further improving the effectiveness of the Bank country focus in HNP.

Upon country demand, the Bank will continue to lend in all areas deemed necessary to improve health status and financial protection for people, especially the poor and the vulnerable. This includes support for controlling priority diseases in countries where they constitute a large part of the burden of disease. However, the Bank will increasingly endeavor to ensure that Bank operational and policy advice support for priority diseases will strengthen the health system to solve systemic constraints that impair the effectiveness of country, Bank, and international community financing in achieving HNP results.

### **Bank Comparative Advantages**

The Bank has special strengths (*comparative advantages*) for providing policy and technical advice to client countries and global partners in their efforts to achieve HNP results (section E). The Bank will focus and enhance its capacity to generate knowledge and provide policy and technical advice in these areas. They include: its health system strengthening capacity; its intersectoral approach to country assistance; its advice to governments on regulatory framework for private-public collaboration in the health sector; its capacity for large-scale implementation of projects and programs; its convening capacity and global nature; and its pervasive country focus and presence.

Some of these strengths are fully developed in the Bank. Others, such as policy and technical advice on regulating the private sector and improving public-private collaboration for HNP results, health system strengthening capacity, and intersectoral work for HNP results, need significant strengthening if the Bank is to scale up its efforts in this area and realize its full potential for supporting client countries and the international community effectively.

Core economic and evaluation analytical capacity is also a Bank comparative advantage. The Bank will substantially increase both its analytical work on health systems and its monitoring and evaluation capacity to ensure that the renewed commitment to HNP is actually rendering results on the ground. It is also essential that this increased capacity and commitment to M&E be effectively linked to and inform policy design and policy management in the health sector.

The Bank has comparative advantages for health system strengthening mainly in the areas of health financing, insurance, demand-side interventions, regulation, and systemic arrangements for fiduciary and financial management. The Bank will actively seek collaborative division of

labor with global partners, based on respective comparative advantages. For example, leading agencies such as WHO, UNICEF, and UNFPA have clear comparative advantages in areas such as technical aspects of disease control (e.g., determine what is the best drug to treat malaria, or to overcome micronutrient deficiencies), human resource training in health, and internal organization of service providers (e.g., how to run medical services in clinics or hospitals).

### **The Challenge of Implementation**

The Board and management are currently discussing the budget allocations for FY08 and beyond as part of the four-point engagement on the budget previously agreed. In this context, management and staff are undertaking a more detailed task-based budgeting exercise as part of the normal budget cycle. The resource requirements for implementing the HNP strategy will be a function of the pace of implementation of the strategy (pace of change), the demand from countries, and the availability of resources in an environment of zero growth in the overall Bank budget. It is expected that the cost of implementing the new HNP strategy will involve a modest increase in the base budget for the HD network over the FY07 base budget, after taking into account one-off transitional adjustments. An extraordinary allocation to the HD network above the regular base budget will be utilized to finance these transition expenses, as justified.

### **A Window of Opportunity for Scaling-Up Support to Country HNP Results**

The expanded commitment of the international community in health has opened an unprecedented window of opportunity for the Bank to further contribute to HNP results at country level and globally. Consultations in client countries and with many global and country leaders in health, including leaders of donor agencies, foundations, Ministries of Health and Finance of client countries, leaders of civil society organizations, Executive Directors of the World Bank, and management and staff from HNP and other sectors in the Bank have confirmed their expectations that Bank rise to the new challenges—and expeditiously. This Strategy presents the Bank global short- and medium-term response to meet the new challenges.

**Box 2**  
**Key Next Steps for Implementation**

The following key initial steps at country level to implement the Strategic Directions and Objectives defined in the Board paper. This box outlines key country level actions to be taken in the next 18 – 24 months.

- **Launch health system strengthening assessment** – Estimate the investment and policy reform gaps.
- **Assessment of fiscal space** – Estimate the space for closing the financing gap at country level.
- **Rapidly mainstream system strengthening into priority-disease operations**
- **Multisectoral assessment of constraints to achieving HNP results (e.g. MDGs)**
- **Policy advice on health system integration** – address the challenge of country systems fragmentation and, in close collaboration with IFC, improving policy environment for public-private collaboration.
- **Scaling up of output- and / or performance-based financing**
- **Strengthen client-country capacity in monitoring and evaluation (country based) to measure results**
- **Specific agreements with WHO and the Global Fund on collaborative division of labor at country level (next 12 months)**
- **Implementing the harmonization and alignment agenda at the country level**
- **Improve the quality of the Bank HNP portfolio**