



Technical Assistance Report

Project Number: 50241-001
Transaction Technical Assistance (TRTA)
November 2017

Republic of Kazakhstan: Preparing the Integrated Health Care Development Project

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Asian Development Bank

CURRENCY EQUIVALENTS

(as of 24 November 2017)

Currency unit	–	tenge (KZT)
KZT1.00	=	\$0.0030
\$1.00	=	KZT330.05

ABBREVIATIONS

ADB	–	Asian Development Bank
MOH	–	Ministry of Health
PHC	–	primary health care
PPP	–	public–private partnership
RRP	–	Report and Recommendation of the President
TRTA	–	transaction technical assistance

NOTE

In this report, “\$” refers to US dollars.

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TRANSACTION TECHNICAL ASSISTANCE AT A GLANCE

1. Basic Data		Project Number: 50241-001	
Project Name	Integrated Health Care Development	Department /Division	CWRD/CWSS
Nature of Activity	Project Preparation	Executing Agency	Ministry of Healthcare (formerly Ministry of Healthcare and Social Development of the Republic of Kazakhstan)
Modality	Regular		
Country	Kazakhstan		
2. Sector	Subsector(s)	ADB Financing (\$ million)	
✓ Health	Health sector development and reform		0.50
		Total	0.50
3. Strategic Agenda	Subcomponents	Climate Change Information	
Inclusive economic growth (IEG)	Pillar 2: Access to economic opportunities, including jobs, made more inclusive	Climate Change impact on the Project	Low
4. Drivers of Change	Components	Gender Equity and Mainstreaming	
Governance and capacity development (GCD)	Client relations, network, and partnership development to partnership driver of change Institutional development Public financial governance	Gender equity (GEN)	✓
Knowledge solutions (KNS)	Application and use of new knowledge solutions in key operational areas Knowledge sharing activities Pilot-testing innovation and learning		
Partnerships (PAR)	Commercial cofinancing Private Sector		
Private sector development (PSD)	Promotion of private sector investment		
5. Poverty and SDG Targeting		Location Impact	
Geographic Targeting	No	Regional	High
Household Targeting	No		
SDG Targeting	Yes		
SDG Goals	SDG3, SDG5, SDG10		
6. Risk Categorization			
7. Safeguard Categorization Safeguard Policy Statement does not apply			
8. Financing			
Modality and Sources		Amount (\$ million)	
ADB		0.50	
Transaction technical assistance: Technical Assistance Special Fund		0.50	
Cofinancing		0.00	
None		0.00	
Counterpart		0.00	
None		0.00	
Total		0.50	

I. THE PROPOSED PROJECT

1. At independence, in 1991, the health system in the Republic of Kazakhstan (Kazakhstan) faced significant challenges and emphasized inpatient hospital care. Hospital infrastructure was over supplied and not effectively operated and maintained. Health service delivery needed rationalizing and financial, and human resources needed to be more equitably distributed. Complex legacy policies and institutional arrangements between the national and regional authorities added to the challenges.¹ The reforms, which started in 1995, have led to significant changes in health service provision but the results were varied.² The hospital sector was reduced and more emphasis was placed on primary health care (PHC). Some health indices improved (e.g., reduced maternal and infant mortality), but they have not improved at the same rate as the country's economic growth and there is a pressing need to improve health infrastructure (footnote 2).

2. The proposed Integrated Health Care Development Project (the Project) will focus on improving health care infrastructure and services by effectively leveraging public resources to crowd-in private sector participation. These solutions will result in the following outcome: integrated and modernized health service network established. The project will be aligned with the following impact: improved quality and efficiency of public health care.³ It will have three outputs: (i) PHC health facilities constructed and/or refurbished; (ii) integrated demonstration project developed; and (iii) institutional capacity to develop and implement financially viable projects strengthened. The project will be implemented from 2019 to 2025 and included in the Kazakhstan country operations business plan 2018–2020 as a firm 2018 project.

II. THE TECHNICAL ASSISTANCE

A. Justification

3. The transaction technical assistance (TRTA) will help government to prepare the project and develop the capacity to implement the proposed project. The project is included in the Country Operations Business Plan for Kazakhstan and was requested by The Ministry of National Economy in a letter 10 November 2017.⁴

B. Outputs and Activities

4. The TRTA has two outputs:

- **Output 1: Detailed project design and costing prepared.** This output will: (i) prepare the design parameters and detailed costings for of the PHCs (low revenue generating facilities); (ii) prepare detailed project costings, including civil works, consultancy, capacity building and project implementation; (iii) prepare project design and monitoring framework, including specific performance indicators and project activities; (iv) review and update health facility standards and architectural designs for the proposed project facilities; (v) develop the project procurement plan; and (vi) prepare the bidding and related documents required for the project.

¹ A. Katsaga *et al.* 2012. Kazakhstan: Health system review. *Health Systems in Transition*. 14 (4): pp. 1–154.

² Government of Kazakhstan. *The National Programme for Health Care Reform and Development 2005–2010* and the *State Health Care Development Programme for 2011–2015 Salamatty*. Astana.

³ The preliminary design and monitoring framework is in Appendix 1.

⁴ ADB 2017. *Country Operations Business Plan 2017-2019*, Manila

Output 2. Project due diligence undertaken. This output will support project due diligence, including: (i) revision of the health sector assessment (completed December 2016), (ii) economic and financial analysis; (iii) environmental assessment; (iii) gender, poverty and social analysis; (v) environmental and social safeguard due diligence; (iv) financial management assessment of the executing and implementing agencies; (v) procurement capacity assessment of the executing and implementing agencies; (vi) risk assessment and management plan; and (vii) undertake the feasibility assessment of developing and implementing the proposed integrated demonstration project as PPP (combining low revenue generating and higher revenue generating facilities), including developing the necessary finance model/s with revenues and cross subsidy, and incentive structures for hospital and PHC service delivery.

C. Cost and Financing

5. The TA is estimated to cost \$550,000, of which \$500,000 will be financed on a grant basis by Asian Development Bank's (ADB) Technical Assistance Special Fund (TASF- others). The key expenditure items are listed in Appendix 1.

6. The government will provide in-kind assistance of \$50,000 in the form of taxes, office accommodation, and counterpart staff. The cost estimates and financing plan are listed in Appendix 1. The government was informed that approval of the TRTA does not commit ADB to finance any ensuing project.

D. Implementation Arrangements

7. ADB will administer the TRTA. The Ministry of Health (MOH) will be the executing agency. ADB will coordinate project preparation with MOH Project Implementation Unit and the joint working group of the MOH and Ministry of National Economy. The TRTA will be implemented from December 2017 to December 2019 to ensure effective project preparation and startup. Implementation will be coordinated with other development partners. Disbursements will be made in accordance with ADB's Technical Assistance Disbursement Handbook (May 2010, as amended from time to time). Implementation arrangements are in Table 1.

Table 1: Implementation Arrangements

Aspects	Arrangements		
Indicative implementation period	December 2017–December 2019		
Executing agency	Ministry of Health		
Implementing agencies	MOH Project Management and Implementation Unit and the joint working group of the MOH and Ministry of National Economy		
Consultants	To be selected and engaged by the ADB		
	Individual consultant selection	31 person-months	\$475,891
Procurement	To be procured by consultants		
	Shopping	2 contracts	\$5500
Advance contracting and retroactive financing	None		
Disbursement	Technical assistance resources will be disbursed following ADB's <i>Technical Assistance Disbursement Handbook</i> (2010, as amended from time to time).		
Asset turnover or disposal arrangement upon TA completion	Equipment procured such as printer, computer, router will be transferred to the EA after project completion		

Source: Asian Development Bank.

8. **Consulting services.** ADB will recruit individual consultants (output-based/lumpsum contracts) to implement the TRTA. The consultant requirements are estimated at 12.0 person-months of international inputs and 19.0 person-months of national inputs. They include experts on health facilities, finance, technical, environment, economics, safeguards, and procurement. The TRTA may also recruit an organization (a firm or an academic institution or a government agency) to conduct surveys and analysis related to health facilities if necessary. Consultants will be engaged in accordance with Guidelines on the Use of Consultants (2013, as amended from time to time), and the associated project administration instructions/technical assistance staff instructions. The consultants will procure equipment (computer, printer and office supplies) using ADB Procurement Policy (2017, as amended from time to time)

9. The summary of consultant requirements for the TRTA is in Table 2.

Table 2: Summary of Consulting Services Requirement

Positions	Person-Months Required
International	
Health facility/PPP specialist and team leader	4.0
Financial management specialist	3.0
Economist	1.0
Procurement specialist	4.0
Total	12.0
National	
Health facilities specialist and deputy team leader	4.0
Finance and costing specialist	4.0
Procurement specialist	5.0
Environmental safeguards specialist	2.0
Gender and social safeguards specialist	2.0
Resettlement specialist	2.0
Total	19.0

Source: Asian Development Bank.

III. COST ESTIMATES AND FINANCING PLAN
(\$'000)

Item	Total Cost
Asian Development Bank^a	
1. Consultants	
a. Remuneration and per diem	
i. International consultants (12 person-months)	293.8
ii. National consultants (19 person-months)	117.3
b. International and local travel	54.8
c. Reports and communications	10.0
2. Equipment ^b	5.5
3. Miscellaneous administration and support costs ^c	10.0
4. Contingencies	8.6
Total	500.0

Note: The transaction technical assistance is estimated to cost \$550,000 of which \$500,000 will be funded from the TA Special Fund (TASF-others). The government will provide in-kind contributions, including taxes, counterpart staff and office space. The government contribution is estimated to account for 10% of the TRTA cost.

^a Financed by the Asian Development Bank's Technical Assistance Special Fund (TASF-others).

^b Equipment (such as printer, computer, router) purchased under the transaction technical assistance will be turned over to the executing agency at the end of the technical assistance.

^c Includes consultants' office operations and administration/technical staff.

Source: Asian Development Bank.

IV. LIST OF LINKED DOCUMENTS

<https://lnadbg4.adb.org/sec0066p.nsf/vwLkupMC/50241-001-TAReport?OpenDocument>

1. Terms of Reference for Consultants

TERMS OF REFERENCE FOR CONSULTANTS

International Consultants

1. **Health facility/PPP specialist and team leader** (4 person-months). The health facility/PPP specialist should have at least a Master's degree in architecture, engineering or equivalent, with a minimum of 10 years' international experience in design, including health care waste infrastructure and system design for health facilities. They will have strong expertise, extensive experience, and in-depth knowledge of the international experience with PPPs and health facility development. They should have excellent knowledge of health facility design principles, specifications, as well as relevant building, safety and seismic requirements. Key tasks include: (i) assessing the current building codes for medical and preventive institutions in the Republic of Kazakhstan for compliance with international standards; (ii) prepare a draft for new construction norms and rules for treatment and prevention institution; (iii) oversee the development of a project design; (iv) prepare architectural designs for the construction, renovation and expansion of facilities; (iv) prepare, in combination with the project procurement specialists, bid documents, bills of quantities and cost estimates for the construction of the facilities in line with approved specifications; and (v) and develop an implementation plan for construction, renovation and upgrading of health facilities.

2. **Financial Management Specialist** (3 person-months). The financial management specialist should have a recognized professional accountancy qualification (CA/CPA), and at least 15 years' relevant experience with demonstrated PPP experience in health sector. The specialist should have extensive experience conducting financial management assessments for international financial institutions, including ADB and costing health facility development. The specialist's tasks include: (i) preparation of cost estimates and financing plan including undertaking a financial management assessment of the executing agency, including through an assessment of previous financial management assessments; (ii) project financial viability analysis and incremental recurrent cost analysis and financing capacity in cases where there is insufficient cost recovery; (iii) assessing the capacity of the executing agency for planning and budgeting, management and financial accounting, reporting, auditing, internal controls, and information systems; (iv) designing the funds flow, accounting, auditing, and financial reporting arrangements, including any necessity or capacity for using the advance procedure or the Statement of Expenditure procedure; (v) Entity financial analysis and sustainability assessment of executing and implementing agencies.; (vi) analyze the fiscal framework and financial procedures and recommend strategies to ensure sustainability and accountability of the proposed project; and (vii) assessing and reaching agreement on financial reporting, auditing and public disclosure arrangements for the project, and, as appropriate, identifying and agreeing arrangements for receiving financial statements from the executing and implementing agencies. The specialist will also provide inputs to all documents required for loan processing.

3. **Economist** (1 person-month). The economist should have at least an advanced degree in economics, finance or related discipline, and at least 10 years' experience in conducting economic analysis on health sector projects and demonstrated experience in health sector PPP. Experience in Asia and on ADB projects would be an asset. The specialist should have advanced knowledge of Excel. The specialist will (i) assess economic issues related to the project; (ii) undertake the economic analysis for the project; and (iii) in collaboration with the financial management specialist, preparing the financial analysis for the project including proposing strategies to ensure its financial sustainability. The economist will also provide inputs to all documents required for loan processing.

4. **Procurement specialist** (4 person-months). The procurement specialist should have at least a Bachelor's degree in logistics, engineering, business administration or related field, with at least 10 years' experience in the health sector including demonstrated experience in health sector PPP. The specialist should have experience in undertaking procurement capacity assessments, developing procurement plans and preparing bidding documents for international financial institutions, and preferably for ADB. The specialist's tasks will include, but are not limited to, the following: (i) prepare the procurement plan and procurement capacity assessment of the executing and implementing agencies, in accordance with ADB Procurement Policy (2017, as amended from time to time) and the associated Project Administration Instructions / Technical Assistance Staff Instructions; (ii) help the executing agency prepare a plan of procurement activities covering the project implementation period; (iii) undertake a capacity assessment of the executing and implementing agencies; (iv) identify procurement constraints and challenges and mechanisms for addressing these; (v) collect data, including market prices, required to determine the cost of constructing health facilities, to assist in preparing project cost tables; (vi) develop a realistic schedule and cost estimate for the design, supervision, inspection, and maintenance of proposed procurement activities; (vii) prepare master bidding documents for all procurement (in combination with the health facilities specialist for civil works); (viii) organize procurement capacity development workshops for the executing and implementing agencies of the ensuing project; and (ix) provide project startup assistance, including assisting executing and implementing agencies to modify and update the project procurement and implementation plans, and project costings; assist the preparation of terms of reference and bidding documents, and assisting in other project start-up, monitoring and related tasks, as required. The specialist will also provide inputs to all documents required for loan processing.

National Consultants

5. **Health facilities specialist and deputy team leader** (4 person-months). The health facilities design specialist should have at least a Bachelor's degree in architecture, engineering or equivalent, with a minimum of 10 years' experience in designing health facilities. The specialist should have excellent knowledge of health facility design specifications and relevant building, safety and seismic codes. The specialist's tasks include: (i) serve as a technical expert in relation to the project for health facilities design and construction; (ii) review or updating/preparing architectural designs for the construction, renovation and expansion of the health facilities; and (iii) prepare, in combination with the project procurement specialists, bid documents, bills of quantities and cost estimates for the construction of school buildings and facilities in line with approved specifications. The specialist will also support the team leader and assist in coordinating the project preparation and startup work. The specialist will also provide inputs to all documents required for loan processing.

6. **Finance management specialist** (4 person-months). The financial management specialist should have a qualification in accounting, management or finance, a recognized professional accountancy qualification, and at least 10 years' relevant experience. The specialist should have extensive experience conducting financial management assessments including for financial institutions, such as ADB and costing infrastructure development. The specialist's tasks include assisting the international finance and costing specialist to: (i) undertake a financial management assessment of the executing agency, including through an assessment of previous financial management assessments; (ii) assess the capacity of the executing agency for planning and budgeting, management and financial accounting, reporting, auditing, internal controls, and information systems (iii) review proposed disbursement and funds-flow arrangements; (iv) prepare, in coordination with other specialists, cost estimates for the proposed project (with detailed cost tables for all components and activities) and a financing plan; (v) analyze the fiscal

framework and financial procedures and recommend strategies to ensure sustainability and accountability of the proposed project; and (vi) assess and reach agreement on financial reporting, auditing and public disclosure arrangements for the project, and, as appropriate, identifying and agreeing arrangements for receiving financial statements from the executing and implementing agencies. The specialist will also provide inputs to all documents required for loan processing.

7. **Procurement specialist** (4 person-months). The procurement specialist should have at least a Bachelor's degree in logistics, engineering, business administration or related field, with at least 10 years' experience in the health sector in Kazakhstan. The specialist should have experience in undertaking procurement capacity assessments, developing procurement plans and preparing bidding documents for international financial institutions. The specialist's tasks will be to assist the international procurement specialist to (i) prepare the procurement plan and procurement capacity assessment of the executing agency, in accordance with ADB Procurement Policy (2017, as amended from time to time) and the associated Project Administration Instructions / Technical Assistance Staff Instructions; (ii) help the executing agency prepare a plan of procurement activities covering the whole of the project implementation period; (iii) undertake a capacity assessment of the executing and implementing agencies; (iv) identify procurement constraints and challenges and the mechanisms for addressing these; (v) collect data, including market prices, required to determine the cost of constructing health facilities, to assist in preparing project cost tables; (vi) prepare master bidding documents for all procurement (in combination with the health facilities specialist for civil works); (vii) advise on any procurement issues that may arise; (viii) provide training and other required support to address procurement capacity gaps in the executing and implementing agencies; and (ix) provide project startup assistance for the executing and implementing agencies; modifying and updating the project procurement plan, project implementation plan, and project costings; assisting in the preparation of terms of reference and bidding documents; and assisting in other project start-up, monitoring and related tasks, as required. The specialist will also provide inputs to all documents required for loan processing.

8. **Environmental safeguards specialist** (2 person-months). The environmental safeguards specialist should have at least a Master's degree in environmental engineering or environmental management and extensive experience in conducting environmental assessments. Key tasks include: (i) examine the environmental implications of civil works planned under the project; (ii) carry out a diagnostic assessment of applicable and relevant laws, regulations, rules, and procedures for managing and mitigating the environmental impact of the project including health care waste; and (iii) prepare an initial environmental examination report. The assessment will include an evaluation of the project's arrangements for (i) early screening and mitigation of environmental impacts, (ii) information disclosure mechanisms and consultations with stakeholders, and (iii) grievance redress procedures. The specialist will also provide inputs to all documents required for loan processing.

9. **Gender and social safeguards specialist** (2 person-months). The gender and social safeguards specialist should have at least a Master's degree in gender studies, social sciences, sociology or related discipline and at least 10 years' experience in gender and social analysis and operations, including for ADB or other international financial institutions. The specialist should have expertise in conducting gender, poverty and social analysis and assessments in Kazakhstan, and expertise in the use of participatory methodologies to collect and analyze information, as well as a good understanding of ADB policies and requirements. Key tasks include: (i) prepare poverty, social and gender analyses, including disaggregated analysis of the gender and social impacts and benefits of the project; (ii) identify priority interventions and procedures to promote participation by, and benefits, to the poor, girls and women, and other disadvantaged groups

under the project; (iii) prepare the gender action plan and the summary poverty reduction and social strategy; (iv) conduct consultations to help in identifying possible sites for school placement under the project; and (v) ensure all project outputs, including civil works, are gender inclusive. The specialist will also provide inputs to all documents required for loan processing.

10. **Resettlement specialist** (2 person-months). The resettlement specialist should have at least a Master's degree in social sciences, sociology or related discipline and at least 10 years' experience in social safeguards assessments, for ADB or other international financial institutions. The specialist should have expertise in conducting resettlement analysis in Kazakhstan and in the use of participatory methodologies to collect and analyze information, as well as a good understanding of ADB policies and requirements. Key tasks include: (i) screening possible health facility sites to minimize or eliminate the need for involuntary resettlement as defined in ADB's Involuntary Resettlement Policy and OMF1 on involuntary resettlement; and (ii) developing a resettlement plan in accordance with ADB's Involuntary Resettlement Policy and OMF1 if any of the sites for rehabilitation or expansion will result in involuntary resettlement. The specialist will also provide inputs to all documents required for loan processing.