



Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 17-Jan-2024 | Report No: PIDA293477



BASIC INFORMATION

A. Basic Program Data

Country Ethiopia	Project ID P181409	Program Name AF-Ethiopia Program for Results (Hybrid) for Strengthening Primary Health Care Services	Parent Project ID (if any) P175167
Region EASTERN AND SOUTHERN AFRICA	Estimated Appraisal Date 18-Dec-2023	Estimated Board Date 19-Mar-2024	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Program-for-Results Financing	Borrower(s) FEDERAL DEMOCRATIC REPUBLIC OF ETHIOPIA MINISTRY OF FINANCE	Implementing Agency Ministry of Health, Immigration and Citizenship Service (ICS)	

Program Development Objective(s)

To improve access to and equitable provision of high-quality PHC services, with a focus on RMNCAH+N, while strengthening health systems

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	133.30
Total Operation Cost	49.97
Total Program Cost	49.97
Total Financing	49.97
Financing Gap	0.00

FINANCING (USD Millions)

Total Non-World Bank Group and Non-Client Government Financing	49.97
Trust Funds	49.97



B. Introduction and Context

Country Context

1. **Ethiopia, despite being one of the least developed countries, has achieved sustained and robust economic growth over the last two decades**, becoming one of the fastest-growing economies globally. With an average annual economic growth rate of nearly 10 percent over the past 15 years, fueled by public infrastructure investments, per capita income has increased nine—fold, from US\$120 to US\$1,020 in 2022. Poverty rates have fallen from 30 percent in 2011 to 24 percent in 2016, but the country remains poor, ranking 175th out of 191 countries on the Human Development Index (2021) of the United Nations Development Program. However, recent multiple shocks, including challenges such as COVID-19, conflict in the northern and other parts of the country, and natural disasters, have slowed down Ethiopia's its gross domestic product (GDP) growth from double-digit to single-digit (from nearly 10 percent to 6 percent on average) in the last few years. Inflation remains high at close to 30% driven by food inflation. These challenges are placing a significant burden on Ethiopia's economy and are also hindering progress in various developmental areas including human development. One particularly alarming issue is the acute food insecurity experienced by communities in conflict-affected, drought, and other areas of the country. This insecurity is putting children at a higher risk of chronic undernourishment, which can have severe economic implications. Additionally, the cost of a nutritious diet has been rapidly rising in the country, leading to adverse consequences, particularly for adolescent girls and pregnant and lactating women.

Sectoral and Institutional Context

2. **Ethiopia has seen significant health in the last two decades.** Child stunting rates decreased from 58 percent in 2000 to 37 percent in 2019, though still high compared to the regional average for Sub-Saharan Africa, with geographic disparities between rural and urban areas. Child mortality rates have fallen significantly, during the same period, with the under-5 mortality rate decreasing from 166 to 59 per 1,000 live births, and the infant mortality rate decreasing from 97 to 47 per 1,000 live births. Maternal health has also improved, with the maternal mortality ratio more than halving from 871 to 412 maternal deaths per 100,000 live births between 2000 and 2016. Antenatal care (ANC) coverage and institutional deliveries have improved significantly, with the proportion of pregnant women who have had one or more ANC visits increasing from 28 percent in 2005 to 74 percent in 2019. The proportion of women delivering in a health facility has also seen substantial improvement, rising from a mere 5 percent in 2005 to 48 percent in 2019. However, Ethiopia still has a long way to go in achieving its target of universal health coverage (UHC), with the UHC service coverage index at 38 percent in 2019.
3. **Ethiopia faces multiple crises affecting its economy and the health sector.** The conflicts in the northern and other parts of the country have had devastating consequences on the provision of vital health services, resulting in loss of lives, displacement of communities and healthcare professionals, and leaving millions in dire need of immediate humanitarian aid. In addition, the health sector was also significantly impacted by recurrent disease outbreaks, droughts, floods, and other emergencies. These events adversely affected the health system, resulting in limited access to healthcare and service interruptions. In response to these challenges, the government has developed and regularly updates an emergency response and recovery plan. Following a midterm review of the HSTP II, MOH has adjusted it to fit the country's new development outlook plan and introduced the Health Sector Medium-Term Development and Investment Plan (HSDIP), which will guide the national health sector's strategic plan for the next



three years until 2026. HSDIP's alignment with STP II ensures continuity in strategic priorities, budgeting, targeting and implementation. The primary goal of HSDIP is to improve the health status of the population by accelerating progress towards UHC, protecting people from health emergencies, transforming woredas (districts), and enhancing the responsiveness of the health system to contribute to sustainable economic development. The plan outlines nine strategic objectives, focusing on areas of the health sector like reproductive, maternal, newborn, child, adolescent, and youth health. The plan emphasizes the prevention and control of communicable diseases such as HIV, tuberculosis, and malaria. It also aims to address Non-Communicable Diseases (NCDs) and mental health issues by integrating them into primary healthcare. As outlined in the plan, revitalizing the health extension program (HEP) based on a newly revised roadmap is central to the sector's strategy. The revised plan, consistent with the ongoing program and its objectives will not affect the program design, including its key priority and result areas, as the program result areas and its implementation period until 2026 are fully aligned with the revised plan.

PforR Program Scope

4. **Health sector development partners channel their support through the Ministry of Health's Sustainable Development Goals Pool Fund (SDGPF) as the main source of financing for maternal and child health.** The SDGPF was established in 2008 with six contributing partners including the Gavi Alliance, the Foreign Commonwealth and Development Office (FCDO), WHO, UNFPA, Irish Aid, and the Spanish Agency for International Development Cooperation. Currently, this SDGPF is financed by twelve contributing partners, including the World Bank. The SDGPF focuses on reproductive, maternal, newborn, child, and adolescent health and nutrition (RMNCAH+N) service delivery at the primary health care (PHC) level, quality and equity in health service delivery, and health system strengthening activities. It is also one of the Government's preferred modalities for scaling up development partners' assistance for the Health Sector Transformation Plan (HSTP).
5. **The PforR SPHCS operation is consistent with the health sector framework and the underlying health sector development plan and is supported by the SDGPF (a non-earmarked harmonized support to the sector using country systems).** The expenditure framework of the PforR is defined by the government program and program boundary, which are the HSTP and the SDGPF, respectively. The SDGPF is the Program boundary for the PforR operation and supports a subset of the overall Government program that provides complementary resources, consistent with the "one plan and one budget" concept. It aims to fill resource gaps to implement evidence-based high-impact RMNCAH+N services and strengthen the overall health system with a strong focus on primary health care units (PHCUs). The Government of the Netherlands (GONL) and the Government of Ireland (GOI) were among the signatory development partners of the Joint Financing Arrangement (JFA) for the SDGPF and are reallocating their contribution to the WB PforR (Hybrid) operation due to the prevailing security situation in Ethiopia. The Netherlands has committed US\$47.1 million for three years (2023–2025) and Ireland has allocated approximately US\$2.87 for 2023 to the WB standalone country multi-donor trust fund (MDTF) in support of the SDGPF.
6. **The total funding for the operation (PforR and IPF) will increase from US\$445 million to US\$494.97 million, with the PforR component increasing from US\$321 million to US\$370.97 million with the AF.** The financing for the government program from GONL and GOI will now be channeled through the World Bank's PforR operation instead of directly through the government/SDGPF. Therefore, the overall program expenditure framework (SDGPF) will remain unchanged while the PforR scope will be increased by the AF. As program implementation costs grow over time donors like Irish Aid and others interested in participating in the MDTF are expected to step in and help minimize the funding gap. The Government of Ireland has already pledged an initial amount equivalent US\$2.87 million) for this year and has indicated its commitment to provide annual contributions until 2026, subject to the program's performance and the availability of funds.



C. Program Development Objective(s)

Program Development Objective(s)

7. To improve access to and equitable provision of high-quality PHC services, with a focus on RMNCAH+N, while strengthening health systems

D. Environmental and Social Effects

8. **The overall E&S risk for the PforR AF is substantial.** There may be limited risk of social exclusion due to the inaccessibility of health facilities and construction-related small-scale displacement. Beyond the PforR activities, the current social conflict in some parts of the country could disrupt the smooth implementation of the Program in conflict-affected areas. In addition, there is a need to address E&S coordination and related capacity gaps. The parent project program action plan will continue to be implemented to address the E&S gaps identified and strengthen the E&S management system.

E. Financing

9. **The estimated total cost for the pool fund, which includes commitments/contributions from all partners, for the next five years, is US\$642.05 million.** This SDGPF is financed by 12 partners, one of which is the WB. Out of the total commitment of US\$641.2 million, IDA contributes US\$400 million, GFF contributes US\$45 million, and the Health PforR MDTF contributes US\$49.97 million. The remaining amount is contributed by the other partners.
10. **The AF Fiduciary Systems Assessment was carried out to conclude whether the Program fiduciary systems continue to provide reasonable assurance that the financing proceeds will be used for the intended purposes.** The assessment concludes that the Financial Management, Procurement, and Governance systems' capacity and performance continue to be adequate to provide reasonable assurance that the funds will be used for the intended purposes with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability. The risks associated with Financial Management identified under the parent project remain unchanged. The mitigation measures that have been put in place to mitigate the identified risks were assessed again as part of the AF FSA and include: Strengthening the collaborative planning process with Regions accompanied by an implementation plan, timely preparation and approval of the Program's comprehensive plan/budget, disclosing key documents to the public, establishing mechanisms of accountability through signing of MoUs with relevant stakeholders, and Strengthening internal audit functions as part of the Program Action Plan (PAP). These measures aim to improve the financial management of the program and mitigate any potential risks. The Bank's fiduciary team will do the necessary follow-up. The procurement system both at the Federal and Regional will be governed by the same federal and regional proclamations. The procurement system gaps, and mitigation measures identified and proposed in the parent assessment remain valid. The risk mitigation measures in the form of DLI and PAPs will continue to be effective for the AF. Exclusion of procurement of high-value contracts will also continue to remain in place.

**Program Financing (Template)**

Sources	Amount (USD Million)	% of Total
Trust Funds	49.97	100.00
Ethiopia Health Program for Results Multi-Donor Trust Fund	49.97	100.00
Total Program Financing	49.97	

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Borrower/Client/Recipient

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