The World Bank

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Report No: PAD1467

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT PAPER

ON A

PROPOSED ADDITIONAL MULTI-DONOR TRUST FUND GRANT

IN THE AMOUNT OF US$12.14 MILLION EQUIVALENT

TO THE

KINGDOM OF CAMBODIA

FOR A

THIRD ADDITIONAL FINANCING

FOR THE SECOND HEALTH SECTOR SUPPORT PROGRAM

Health, Nutrition, and Population Global Practice
East Asia and Pacific Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective September 3, 2015)

Currency Unit	=	AUD
AUD 1.36	=	US$1

Currency Unit	=	EUR
EUR 0.89	=	US$1

Currency Unit	=	KHR
KHR 4,105.55	=	US$1

FISCAL YEAR
January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AF	Additional Financing
AF1	First Additional Financing
AF2	Second Additional Financing
AF3	Third Additional Financing
AFD	Agence Française de Développement
AUD	Australian Dollar
AusAID	Australian Agency for International Development
BP	Bank Procedure
BTC	Belgian Technical Cooperation
DFAT	Department of Foreign Affairs and Trade
DfID	United Kingdom Department for International Development
GBP	Great Britain Pound
GRS	Grievance Redress Service
HCW	Health Care Waste
HEFs	Health Equity Funds
HSSP2	Second Health Sector Support Program
IDA	International Development Association
IP	Indigenous People
IPPF	Indigenous People Planning Framework
KfW	Kreditanstalt für Wiederaufbau
KOICA	Korean International Cooperation Agency
MBPI	Merit Based Performance Incentive
MDG	Millennium Development Goal
MDTF	Multi Donor Trust Fund
MOH	Ministry of Health
NGOs	Non-Governmental Organizations
ODs	Operational Districts

OP	Operational Policy
PAAA	Programmatic Analytical and Advisory Assistance
PDO	Program Development Objective
POC	Priority Operating Cost
RGC	Royal Government of Cambodia
SDGs	Service Delivery Grants
SDR	Special Drawing Rights
SOAs	Special Operating Agencies
UN	United Nations
UNFPA	United Nations Population Fund
UNICEF	United Nations Children's Fund
WB	World Bank

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KINGDOM OF CAMBODIA

THIRD ADDITIONAL FINANCING FOR THE SECOND HEALTH SECTOR SUPPORT PROGRAM

CONTENTS

ADDITIONAL FINANCING DATA SHEET

Cambodia

Third Additional Financing for Second Health Sector Support Program (P154911)

EAST ASIA AND PACIFIC

GHNDR

Basic Information – Parent			
Parent Project ID:	P102284	Original EA Category:	B - Partial Assessment
Current Closing Date:	31-Dec-2015		

Basic Information – Additional Financing (AF)			
Project ID:	P154911	Additional Financing Type (from AUS):	Scale Up
Regional Vice President:	Axel van Trotsenburg	Proposed EA Category:	B - Partial Assessment
Country Director:	Ulrich Zachau	Expected Effectiveness Date:	10-Nov-2015
Senior Global Practice Director:	Timothy Grant Evans	Expected Closing Date:	30-June-2016
Practice Manager/Manager:	Toomas Palu	Report No:	PAD1467
Team Leader(s):	Pema Lhazom, Laura L. Rose		

Approval Authority
Approval Authority
RVP Decision
Please explain
The original RETF was approved by RVP. The Project closing date will be extended.

Borrower				
Organization Name	Contact	Title	Telephone	Email
Ministry of Health	H.E. Prof. Eng Huot	Secretary of State	855-23-722873	enghuot@online.com.kh

Project Financing Data - Parent (Cambodia Second Health Sector Support Program-P102284) (in USD Million)
Key Dates

Project	Ln/Cr/TF	Status	Approval Date	Signing Date	Effectiveness Date	Original Closing Date	Revised Closing Date

P102284	IDA-44700	Effective	19-Jun-2008	17-Jul-2008	19-Jan-2009	30-Jun-2014	30-June-2016
P102284	TF-93574	Effective	14-Jan-2009	14-Jan-2009	14-Jan-2009	30-Jun-2014	30-June-2016

Disbursements

Project	Ln/Cr/TF	Status	Currency	Original	Revised	Cancelled	Disbursed	Undisbursed	% Disbursed
P102284	IDA-44700	Effective	USD	30.00	30.00	0.00	27.57	0.59	97.67
P102284	TF-93574	Effective	USD	112.23	112.23	0.00	110.99	1.24	98.89

Project Financing Data - Additional Financing Third Additional Financing for Second Health Sector Support Program (P154911)(in USD Million)

[ ] Loan [X] Grant [ ] IDA Grant

[ ] Credit [ ] Guarantee [ ] Other

Total Project Cost: 12.14 Total Bank Financing: 0.00

Financing Gap: 0.00

Financing Source – Additional Financing (AF)	Amount
Borrower	0.00
Cambodia - Free-standing Trust Fund Program	12.14
Total	12.14

Policy Waivers

Does the project depart from the CAS in content or in other significant respects?	No
Explanation	
Does the project require any policy waiver(s)	No
Explanation	

Team Composition

Bank Staff

Name	Role	Title	Specialization	Unit
Laura L. Rose	Team Leader (ADM Responsible)	Senior Economist	Health Financing	GHNDR
Sreng Sok	Procurement Specialist	Procurement Specialist	Procurement	GGODR
Reaksmey Keo Sok	Financial	E T Consultant	Financial	GGODR

	Management Specialist		Management	
Da Lin	Team Member	Program Assistant	Administrative support	EACSF
Manush A. Hristov	Counsel	Senior Counsel	Legal	LEGES
Nareth Ly	Team Member	Operations Officer	Social Safeguard	GHNDR
Ruxandra Maria Floroiu	Environmental Specialist	Senior Environmental Specialist	Environment	GENDR
Satoshi Ishihara	Safeguards Specialist	Senior Social Development Specialist	Safeguard	GSURR
Tomo Morimoto	Team Member	Operations Officer	Operations and Management	GHNDR

Extended Team

Name	**Title**	**Location**
His Excellency Prof. Huot Eng	Program Director	Phnom Penh

Locations

Country	**First Administrative Division**	**Location**	**Planned**	**Actual**	**Comments**
Cambodia		Battambang			
Cambodia		Srŏk Tbong Khmŭm			
Cambodia		Svay Rieng			
Cambodia		Stung Treng			
Cambodia		Ŏtâr Méanchey			
Cambodia		Ratanakiri			
Cambodia		Ratanakiri			
Cambodia		Prey Veng			
Cambodia		Preah Vihear			
Cambodia		Prasat Preăh Vihéar			
Cambodia		Phnom Penh			
Cambodia		Pailin			
Cambodia		Môndól Kiri			
Cambodia		Kratie			
Cambodia		Kep			

Cambodia		Koh Kong			
Cambodia		Kandal			
Cambodia		Kampot			
Cambodia		Kampong Thom			
Cambodia		Kampong Speu			
Cambodia		Kampong Chhnang			
Cambodia		Kampong Cham			
Cambodia		Sihanoukville			
Cambodia		Banteay Meanchey			
Cambodia		Takeo			

Institutional Data

Parent (Cambodia Second Health Sector Support Program-P102284)

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Cross Cutting Topics

[ ] Climate Change

[ ] Fragile, Conflict & Violence

[ ] Gender

[ ] Jobs

[ ] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)

Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Health	44		
Public Administration, Law, and Justice	Central government administration	24		
Public Administration, Law, and Justice	Sub-national government administration	24		
Health and other social services	Other social services	4		
Public Administration, Law, and	Compulsory health	4		

Justice	finance			
Total		100		

Themes		
Theme (Maximum 5 and total % must equal 100)		
Major theme	Theme	%
Human development	Health system performance	33
Human development	Population and reproductive health	17
Public sector governance	Administrative and civil service reform	17
Human development	Child health	17
Social dev/gender/inclusion	Participation and civic engagement	16
Total		100

Additional Financing Third Additional Financing for Second Health Sector Support Program (P154911)

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Cross Cutting Topics

[ ] Climate Change

[ ] Fragile, Conflict & Violence

[X] Gender

[ ] Jobs

[ ] Public Private Partnership

Sectors / Climate Change

Sector (Maximum 5 and total % must equal 100)				
Major Sector	Sector	%	Adaptation Co-benefits %	Mitigation Co-benefits %
Health and other social services	Health	80		
Public Administration, Law, and Justice	Sub-national government administration	20		

Total		100
Themes		
Theme (Maximum 5 and total % must equal 100)		
Human development	Health system performance	50
Social protection and risk management	Social Protection and Labor Policy & Systems	50
Total		100

I. INTRODUCTION

1. This Project Paper is to reflect the following changes: (i) extension of the Project closing date from December 31, 2015 to June 30, 2016 and extension of the closing date of the Multi-Donor Trust Fund (MDTF-TF071166) from June 30, 2016 to December 31, 2016; (ii) additional donor contributions to the MDTF to support the Third Additional Financing (AF3) for the ongoing Cambodia Second Health Sector Support Program (HSSP2-P102284) from the Governments of Australia and Germany; and (iii) to reallocate Credit funds between categories of expenditure to adjust for overdraws. The additional funds consist of AUD 8 million (US$6.26 million equivalent) and Euro 6 million (US$6.51 million equivalent), respectively. These funds will provide additional grant financing for the Program (US$12.14 million equivalent) and for Bank management and supervision (US$0.63 million). The additional grant financing will increase the total MDTF envelope for the Program to US$124.37 million equivalent.

2. The proposed AF3 would finance the following: (i) cover a financing gap for an additional 10 months from September 2015 to June 30, 2016, for the existing Service Delivery Grants (SDGs) and procurement of reproductive health commodities, hormonal implants in particular as there is a shortage in the country; and (ii) scale up the Health Equity Funds (HEFs) Grants from 61 to 88 Operational Districts (ODs). This will cover all ODs in the country.

3. The HSSP2 became effective on January 19, 2009 with a financing plan of US$110.0 million pooled funds (exclusive of Government contribution) that included: an International Development Association (IDA) Credit of Special Drawing Rights (SDR)18.50 million (US$30.0 million equivalent), GBP 34.9 million (US$50.0 million equivalent) from United Kingdom's Department for International Development (DfID), and an initial allocation for the first two years of program implementation of AUD 37.15 million (US$30.0 million equivalent) from the Australian Agency for International Development (AusAID).[1] United Nations Children's Fund (UNICEF) and United Nations Population Fund (UNFPA) made contributions directly to the Ministry of Health's (MOH) pooled fund account. *Agence Française de Développement* (AFD) and Belgium Technical Cooperation (BTC) managed their funds separately using harmonized procedures.

4. The HSSP2 underwent three restructurings: in 2010, 2012, and 2014. The 2010 restructuring was to reflect the Royal Government of Cambodia's (RGC) decision to cancel the Merit-Based Performance Incentive (MBPI) and all other salary supplement and incentive schemes. The 2012 restructuring was to reflect the full trust fund resources available under AusAID and DfID and the additional contribution from AusAID of AUD 8 million (US$8.5 million equivalent) as part of its original commitment to fund beyond the first two years based on funding availability. The MDTF Grant Agreement was amended to reflect the additional funding in October 2012 to US$86.08 million equivalent. The first Additional Financing (AF1) of US$13.45 million equivalent (exclusive of Bank management and supervision costs) was approved on October 31, 2013, which included a scheduled payment from the DfID for GBP 4.7 million (US$7.2 million equivalent) and an additional contribution from AusAID for AUD 8.5 million (US$7.8 million equivalent). The restructuring in 2014 was to extend the Project closing

[1] Development assistance from the Australian Government now comes from the Department of Foreign Affairs and Trade (DFAT).

date by 18 months (from July 1, 2014 to December 31, 2015) to allow time for completion of civil works and procurement of medical equipment. A second Additional Financing (AF2) consisting of US$12.70 million equivalent (AUD 9.5 million and US$4.5 million, excluding Bank management and supervision costs) from the Government of Australia and the Korea International Cooperation Agency (KOICA), respectively, was approved in October 2014.

5. The following table provides details of the additional grants (exclusive of Bank administration and supervision costs).

Table 1: Additional MDTF grants (exclusive of Bank management and supervision costs).

Original Grant (DfID and AusAID) Signed Amount US$ (million) 2009	**Restructuring Scheduled payments of original commitments from DfID & AusAID and additional grant from AusAID** US$ (million) 2012	**AF1 Scheduled payments of original commitments from DfID & additional grant from AusAID** US$ (million) 2013	**AF2 Additional grant from DFAT & KOICA** US$ (million) 2014	**AF3 Additional grant from DFAT and KfW** US (million) 2015	**Total Grant** US$ (million)
52.09	33.99	13.45	12.70	12.14	124.37

II. BACKGROUND AND RATIONALE FOR ADDITIONAL FINANCING IN THE AMOUNT OF US$ 12.14 MILLION EQUIVALENT

6. The AF3 will provide financing to sustain and consolidate gains in the health service coverage under the Program, particularly for the poor. The additional funds will fill the financing gap and scale up of HEFs and fund existing SDGs and procurement of reproductive health commodities, hormonal implants in particular as there is a shortage in the country from September 2015 to June 2016. In the event there is a shortfall, the RGC will fill the gap. It will also allow time for the World Bank, Australia, KOICA, Germany, other development partners and the MOH to develop the next phase of support to the health sector and align with the future investment operations of the Third Health Strategic Plan (2016-2020) which is expected to be operational by July 1, 2016. Upon effectiveness of the amendment, the AF3 will finance eligible expenditures for SGDs and HEF Grants and goods procurement incurred after August 1, 2015.

7. The Program Development Objective (PDO) is to support the implementation of the Government's Health Strategic Plan 2008-2015 in order to improve health outcomes through strengthening institutional capacity and mechanisms by which the Government and Program Partners can achieve more effective and efficient sector performance. The PDO will not change and remains relevant.

8. Progress towards achieving the PDO and implementation over the past 12 months have been rated as Satisfactory. The available data for the PDO level indicators indicates that progress against set targets is on track or has exceeded its original targets. There has been steady progress towards achieving Cambodia's health Millennium Development Goals (CMDGs),

which are the higher level outcomes to which the HSSP2 contributes. According to the Cambodia Demographic Health Survey (CDHS 2014), between 2005 and 2014:

- Infant mortality fell by 57 percent (from 66 to 28 per 1,000 live births).
- Child mortality fell by 63 percent (from 19 to 7 per 1,000 live births).
- Under 5 mortality fell by 58 percent (from 83 to 35 per 1,000 live births).
- Maternal mortality fell by 64 percent (from 473 to 170 per 100,000 live births).
- Total fertility rate fell from 3.4 to 2.7 with moderate increase in modern contraceptive prevalence rate from 27 percent to 39 percent.

9. As is the case in many countries in the region, Cambodia is lagging with respect to MDG 1 - child nutrition. Stunting showed a decline but is still high (from 43 percent in 2005 to 32 percent in 2014), wasting slightly increased (from 8 in 2005 to 9.6 percent in 2014) and underweight showed a slight decline (28 percent in 2005 to 24 percent in 2014). HSSP2 will continue to support progress towards MDG1 through the ongoing SDGs and HEFs. Under the SDGs the following indicators are monitored: (i) number of inpatient discharges with acute malnutrition for children under 5 years; (ii) coverage of vitamin A and mebendazol distribution among children aged 6-59 months and 12-59 months respectively; (iii) pregnant women and mothers receive Iron/folate during antenatal and postnatal care visits; and (iv) integrated management childhood illness (IMCI) protocols for children aged under 5 years are followed at outpatient consultations and sick children are screened extensively for proper treatment.

10. Most project level indicators are on track or have exceeded their original targets. Below are the HSSP2 2008 baseline indicators and their status as of 2014:

- Deliveries at health facilities increased from 39 to 80 percent.
- Deliveries by trained health personnel increased from 58 to 85 percent.
- DPT-HepB3 (immunization) rose from 84 to 98 percent.
- Women receiving at least two ante-natal care visits increased from 81 percent to 91 percent.
- The HEFs covered more than 90 percent of the poor in the country with a total number of beneficiaries of about 2.6 million.

11. The proposed AF3 meets the eligibility criteria under OP 10.00: (i) the Implementation Status & Results Report ratings for progress have been "Moderately Satisfactory" or "Satisfactory;" and (ii) compliance with the legal covenants, including audit and interim unaudited financial reporting requirements. In addition, the available data for the PDO level indicators indicates the progress against set targets is on track; and the proposed AF3 is not expected to change fiduciary or safeguards arrangements. The fiduciary ratings have been "Moderately Satisfactory" or "Satisfactory." The proposed AF activities are consistent with the PDO and the latest Country Assistance Strategy.

12. A Program Completion Review covering the period May 2008-December 2013 done by DfID rated the HSSP2 as an "A+" project that moderately exceeded expectations. According to the DfID assessment, factors that contributed to this progress include: (a) large health facility infrastructure improvements; (b) a coherent safety net with wide and expanding population

coverage; (c) improvements in the numbers of health staff (notably midwives); (d) improved outreach; and (e) facility and individual incentives through HEFs and SDGs to Special Operating Agencies (SOAs). Together, there have been large increases in public health service coverage and access for the poor. Sustainability is likely. The HSSP2 has succeeded in building the capacity – both human and physical – to sustain these achievements. HEFs and SDGs are the performance based payments to health facilities and individuals to continue the functioning of the system. Over time, government financial commitment to HEFs and SDGs has risen progressively from 10 percent in the first year of the project to 40 percent of the budget in 2015. These funds are held in a separate account which pools HSSP2 contributions with the government's contributions and ensures that the AF3 maintains and increases total funding to HEFs and SDGs and coverage will increase rather than shift to other priorities.

13. SDGs are internal performance-based contracts between provincial health departments and 36 SOAs. SDGs are used to finance salary top ups as well as operation costs, including outreach. AF3 will maintain financing for the 36 SOAs. While performance monitoring and accountability arrangements for the SOAs continue to improve, the possibility of SDG transitioning toward a mechanism that could better align with the HEFs will be explored with the Third Health Strategic Plan.

14. HEFs cover 61 of the 88 ODs in the country and AF3 will support expansion into all 88 ODs in the country. These will cover an estimated 3 million people or 100 percent of the poor in Cambodia. Identification of the poor uses the government's IDPoor mechanism. HEFs compensate facilities for waived user fees and are an important demand side incentive for service providers.

15. Financial support to the project activities that support strengthening human resources (Component C) and health stewardship functions (Component D) will not be included in AF3. In the case of human resources, the project objectives have been achieved. Support to human resources has exceeded its target of training secondary midwives and the percentage of health centers with a secondary midwife rose from 53 percent in 2011 to 75 percent in 2013. The existing staff at health facilities is sufficient to effectively implement SDGs and HEFs including those in the new ODs.

16. The programmatic analytical and advisory assistance (PAAA) financed from the Bank-executed part of the MDTF has supported most of the activities initially included in the HSSP2 component on strengthening health sector governance and stewardship in areas such as decentralization, healthcare financing, and financial management. Continued support for the decentralization and de-concentration reform is being provided through Australia (bi-lateral funding) and UNFPA. A new PAAA for 2015 focuses on healthcare financing, quality, and financial management. Additional support for public financial management is also provided as part of the Bank's support to public financial management reform. Success in these areas has and will continue to be dependent on broader reforms of the government in areas beyond the health sector such as civil service salary, decentralization, and commitment to the transparency of the budget and procurement.

17. The AF3 will not finance outreach or operating costs. This is in part due to the previous agreement that the Government would progressively finance recurrent costs to improve long term sustainability of the Program. The 2015 annual operational plan instructs all provinces to incorporate financing for outreach services under the national budget. Facilities can continue to use the user fees generated at health facilities (including from HEFs and SDGs) to cover these expenses. Bilateral and multilateral donors, UN agencies and NGOs will also continue to fund outreach.

18. Donor Collaboration: HSSP2 was designed and supported by seven Program Partners, including the World Bank, AusAID, DfID, BTC, AfD, UNICEF, and UNFPA, with coordination through the Joint Partnership Interface Group (JPIG). AusAID and DfID pooled funds through an MDTF managed by the World Bank, and UNICEF and UNFPA made contributions directly to the MOH pooled fund account. BTC and AfD managed their funds separately using harmonized procedures. BTC has now left Cambodia. DfID and AfD ended their participation in 2013. In addition to AusAID, the remaining donors will continue to support HSSP2: UNICEF will pool US$0.4 million on an annual basis, and UNFPA will provide approximately US$4 million per year on a discrete funding basis.

19. Total disbursements from the IDA Credit and MDTF, including Designated Account balances, as of August 10, 2015, were SDR 18.07 million and US$110.99 million (equivalent to 97.67 percent and 98.89 percent) respectively. The contracts for continuation of HEFs and SDGs will be extended and will disburse quickly once the AF3 is effective.

20. The proposed AF3 will follow the same procurement arrangements designed for the on-going HSSP2 program, but take into account the significant decrease of procurement workload given that this additional financing will only finance the HEFs, SDGs, and procurement of reproductive health commodities. Under the AF3, one national procurement consultant is sufficient to handle the remaining procurement activities until the proposed closing date of the project.

21. The procurement risks identified during the preparation of AF3 are: (a) delays in progress of SOA procurement; and (b) governance associated risks. The overall procurement risk for AF3 is substantial.

22. Legal Covenants: All legal covenants have been substantially complied with.

23. As of October 21, 2015, there were no outstanding audit reports or Interim (unaudited) Financial Reports. The audited financial statements for year 2014 were submitted on March 31, 2015 and the audit opinion is unqualified (clean).

III. PROPOSED CHANGES

Summary of Proposed Changes
Additional financing is proposed to continue on-going implementation of health equity funds, service delivery grants and procurement of reproductive health commodities, hormonal implants in

particular as there is a shortage in the country. The project will close on June 30, 2016.	
Change in Implementing Agency	Yes [ ] No [X]
Change in Project's Development Objectives	Yes [ ] No [X]
Change in Results Framework	Yes [X] No [ ]
Change in Safeguard Policies Triggered	Yes [ ] No [X]
Change of EA category	Yes [ ] No [X]
Other Changes to Safeguards	Yes [ ] No [X]
Change in Legal Covenants	Yes [ ] No [X]
Change in Loan Closing Date(s)	Yes [X] No [ ]
Cancellations Proposed	Yes [ ] No [X]
Change in Disbursement Arrangements	Yes [ ] No [X]
Reallocation between Disbursement Categories	Yes [X] No [ ]
Change in Disbursement Estimates	Yes [X] No [ ]
Change to Components and Cost	Yes [X] No [ ]
Change in Institutional Arrangements	Yes [ ] No [X]
Change in Financial Management	Yes [ ] No [X]
Change in Procurement	Yes [ ] No [X]
Change in Implementation Schedule	Yes [X] No [ ]
Other Change(s)	Yes [ ] No [X]

Development Objective/Results

Project's Development Objectives

Original PDO

To support the implementation of the Government's Health Strategic Plan 2008-2015 in order to improve health outcomes through strengthening institutional capacity and mechanisms by which the Government and Program Partners can achieve more effective and efficient sector performance.

Change in Results Framework

Explanation:

The Program's results framework was updated to reflect revised end target dates of indicators. . These indicators and targets are aligned with that of the government's own health strategic plan.

Compliance

Covenants - Additional Financing (Third Additional Financing for Second Health Sector Support Program - P154911)

Source of Funds	Finance Agreement Reference	Description of Covenants	Date Due	Recurrent	Frequency	Action
				☐		

Conditions: No conditions

Source Of Fund	Name	Type

Description of Condition

Risk	
Risk Category	**Rating (H, S, M, L)**
1. Political and Governance	Substantial
2. Macroeconomic	Substantial
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Moderate
8. Stakeholders	Moderate
9. Other	
OVERALL	Moderate

Finance

Loan Closing Date - Additional Financing (Third Additional Financing for Second Health Sector Support Program - P154911)

Source of Funds	Proposed Additional Financing Loan Closing Date
Free-standing Co-financing Trust Fund	30-June-2016

Change in Disbursement Estimates **(including all sources of Financing)**

Explanation:

The disbursement for the additional funds will be in Fiscal Year (FY) 16.

Expected Disbursements (in USD Million)(including all Sources of Financing)

Fiscal Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Annual	12.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cumulative	12.14	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Allocations - Additional Financing (Third Additional Financing for Second Health Sector Support Program - P154911)

Source of Fund	Currency	Category of Expenditure	Allocation	Disbursement %(Type Total)
			Proposed	Proposed
KHFS	USD	SDGs and HEF Grants	12,140,000.00	100.00
		Total:	12,140,000.00	

Reallocation between Disbursement Categories

Explanation:

The reallocation under IDA is to adjust for overdraws. Under the Recipient-Executed Trust Fund, additional funds are allocated to SDGs and HEF Grants. During negotiations for HSSP2, it was agreed that the government would provide counterpart financing for HEFs and for SDGs, with an increasing percentage each year. In 2015, the development partner financing share for HEFs and SDGs is 60 percent, with 40 percent counterpart funds provided from the RGC budget. Counterpart financing has been fully integrated into the MOH budget since 2014 and the government financing share for HEFs and SDGs remains at 40 percent.

Ln/Cr/TF	Currency	Current Category of Expenditure	Allocation		Disbursement %(Type Total)	
			Current	Proposed	Current	Proposed
IDA-44700	XDR	SDGs	310,000.00	508,848.00	100.00	100.00
IDA-44700		HEF Grants	460,000.00	685,208.00	100.00	100.00
IDA-44700		MBPI- related payments	41,000.00	36,539.00	100.00	100.00
IDA-44700		Goods, works, services, operating costs and training under the Project other than under Categories (1) through (3)		3,102,488.00	100.00	100.00
IDA-44700		Unallocated	0.00	0.00	0.00	0.00
IDA-44700		POC under Part C of the Project	700,000.00	54,303.00	100.00	100.00
IDA-44700		SDGs, HEF Grants,	14,689,000.	14,112,614.	100.00	100.00

		goods, works, services, operating costs and training under the Project	00	00		
IDA-44700		Designated Account	0.00	0.00	0.00	0.00
		Total:	18,500,000.00	18,500,000.00		
TF-93574	USD	SDGs	1,596,477.00	1,596,477.00	100.00	100.00
TF-93574		HEF Grants	2,508,315.00	2,508,315.00	100.00	100.00
TF-93574		MBPI- related payments	180,000.00	180,000.00	100.00	100.00
TF-93574		Goods, Works and Services, Operating Costs and training under the Project other than under Categories (1) through (3)	11,550,719.00	11,550,719.00	100.00	100.00
TF-93574		Unallocated	0.00	0.00	0.00	0.00
TF-93574		POC under Part C of the Project	340,439.00	340,438.00	100.00	100.00
TF-93574		SDGs, HEF Grants, goods, works, services, operating costs and training under the Project	96,054,775.00	96,054,775.00	100.00	100.00
TF-93574		Designated Account	0.00	0.00	0.00	0.00
TF-93574		SDGs, HEF Grants and Goods	0.00	12,140,000.00	0.00	100.00
		Total:	112,230,725.00	124,370,725.00		

Components
Change to Components and Cost
Explanation:
The changes are made to components A and B for the new additional funds. The following is a summary of the proposed extended activities under AF3.

• Component A: Strengthening Health Service Delivery. Financing of SDGs in 36 SOAs and procurement of reproductive health commodities, hormonal implants in particular as there is a shortage in the country.

• Component B: Improving Health Financing. Financing HEFs in the existing 61 ODs and scaling up in 27 additional ODs (to cover all 88 ODs in the country) covering an estimated 3 million poor people or 100 percent of the poor in Cambodia before end of the year. The existing Subsidy Schemes (SUBOS) funded by the government at the Health Centers will be streamlined into the HEF scheme.

• Component C: Strengthening Human Resources. No additional financing.

• Component D: Strengthening Health System Stewardship Functions. No additional financing.

Current Component Name	Proposed Component Name	Current Cost (US$M)	Proposed Cost (US$M)	Action
Strengthening Health Service Delivery	Strengthening Health Service Delivery	65.28	69.42	Revised
Improving Health Financing	Improving Health Financing	30.63	38.63	Revised
Strengthening Human Resources	Strengthening Human Resources	14.65	14.65	No Change
Strengthening Health System Stewardship Functions	Strengthening Health System Stewardship Functions	31.67	31.67	No Change
	Total:	142.23	154.37	

IV. APPRAISAL SUMMARY

Economic and Financial Analysis

Explanation:

The program was designed to support the government's own Second Health Strategic Plan and interventions and reforms promoted through the respective national programs broadly reflected international good practice and can reasonably expect to generate significant health outcomes. The AF will continue to support these interventions and particularly, the HEFs and SDGs, therefore economic justification for the AF3 remains strong. Under the AF3, the government will continue to provide a share of the counterpart financing for the HEFs and SDGs, and will integrate routine operational costs into the government budget. The overall fiduciary risk remains substantial.

Technical Analysis

Explanation:

The technical design and the fiduciary arrangements would remain the same as under the original Project. Experience has shown that the technical basis of the project is sound. The investment priorities would continue to focus on improving and expansion of the HEFs and the SDGs.

Social Analysis

Explanation:

The Original Program triggered Environment Assessment (OP/BP 4.01), Pest Management (OP 4.09), Indigenous Peoples (OP/BP 4.10), and Involuntary Resettlement (OP/BP 4.12). The same safeguard policies are triggered under AF3. The Social Assessment conducted and the updated Indigenous People Framework (IPPF) developed as part of the Second Additional Financing (AF2) in 2014 are still valid for AF3 because under AF3 Indigenous People (IP) are expected to face similar constraints on accessing quality health care. The Framework for Land Acquisition Policy and Procedures that was updated as part of AF2 is also still valid for AF3 because civil works that will be executed under AF3 have been identified and their land titles have been comprehensively reviewed during implementation of the Original Program. The Environmental review has been conducted and the Environmental Management Plan has been updated as part of preparation of AF3. All have been disclosed prior to Program Appraisal. The implementation of the various safeguard policies described below has been satisfactory.

HSSP2 aims to ensure improved and equitable access to essential quality health care and preventative services. Given that the Program focuses on maternal and child health, children and women of reproductive age in particular are expected to benefit from the Program.

During the implementation of HSSP2, measures were taken to address constraints of access to health care services identified by the IP. During the preparation of AF2, social assessments (including free, prior and informed consultations with IP communities) were conducted which confirmed continued support of IP communities to Program activities. During the implementation of HSSP2, measures were taken to address constraints of access to health care services identified by the indigenous peoples.

IP: The social assessment conducted during the preparation of AF2 found that IP communities still face particular challenges in accessing health services and tend to be particularly vulnerable to poor health. Many minority groups live in rough-terrain - highland and border areas that are hard to reach, and are generally poorer than average. The sheer physical geography of these settings poses special challenges, as well as costs, in terms of accessing, providing and maintaining health care services. The IPPF developed under HSSP2 has been updated under AF2. The nature, scale and scope of impact that may occur on IP under AF3 are expected to be similar to those under AF2, and IP communities will continue to benefit from the Program. During the implementation of HSSP2, steps were taken to address issues found during preparation based on the free, prior and informed consultations with affected IP communities. Such measures include: (i) building technical capacity of health facility staff at primary care level for providing quality health services to IP; (ii) providing SDGs, particularly to areas where most IP reside, to improve the management and functioning of health facilities- 24 hours opening, and improve staff attendance so that IP can access health care services at any time as needed; (iii) financing health outreach activities so that IP in remote and

difficult to access communities can receive basic preventive and curative services; (iv) establishment of HEFs to pay for health care services on behalf of the poor, including poor IP; and (v) construction of new health facilities for bringing health services closer to IP. Regular exit interviews were conducted with users, including those from ethnic minorities, as part of the implementation of HSSP2, which found that they are satisfied with the services provided and that no negative impacts occurred to them under the program. Under AF2, SDG operating costs are mandated for conducting health outreach activities in remote and difficult to access areas.

Involuntary Resettlement. A comprehensive review of land acquisition conducted during the Original Program carried out by MOH under the support of the World Bank confirmed that almost all construction sites were on state land. In a few instances, private land was acquired (either through voluntary donations or land swap, or against compensation at market prices agreeable to affected people), as per provision of the Land Acquisition Framework Policy and Procedures. According to the inventory, all plots of land acquired were less than 5 percent of the owners' properties, and no physical relocations took place.

Environmental Analysis

Explanation:

The original Project triggered OP/BP 4.01- Environment Assessment, and was classified as Category B, which would remain unchanged for the AF. The AF3 will not finance civil works. However, some civil works planned under the Original Program that have not been completed will be executed during the implementation of AF3. The AF3 will also continue to finance activities that will pose possible environmental risks related to use of pesticides such as for control of vector-borne diseases (e.g. malaria and dengue) and improper management of Health Care Waste (HCW). HEFs purchase the benefits directly from hospitals and health centers that may use those funds to procure drugs and supplies along with financing administrative costs. SOAs may also use part of their SDGs to support the administrative costs of outreach activities which include using larvicides for dengue control.

Civil Works Impacts and Management: The Original Program funds that have not been fully disbursed will be used during the implementation of AF3 to finance construction and/or rehabilitation of small health care facilities such as health centers, hospitals, the clean room of Laboratory for Drug Quality Control, and a Bunker for installation of Linear Accelerator. The experience in HSSP2 and the environmental assessment conducted as part of AF3 preparation confirmed that civil works and the corresponding environmental impacts were minimal and temporary and limited to the construction phase. The impacts included noise, air emissions and generation of construction wastes from the construction of facilities. These are, however, temporary and site specific, which have been mitigated through good construction and management practices. The impacts are monitored by the construction supervision firm, the MOH and the Bank's task team. Civil works execution under the AF3 will not affect natural habitats, forests, and physical cultural resources.

Asbestos Management: The main activities that might have had implications under the project were for asbestos generation and management of the construction of health care facilities. The environmental review suggested that asbestos in Cambodia is a problem in existing building containing fibre cement products. While clay roofing tiles are preferred in provincial and district

health care facilities, fibre-containing ceiling sheets are still commonly used. However, since 2000 the government has banned the use of asbestos-containing fibre concrete materials, and construction is closely supervised to ensure that contractors will not use cheap asbestos-containing materials. The civil works contracts also contained a provision on the use of asbestos-free building materials. All constructions use clay roofing tiles. This provision is part of the environmental management plan which is also a part of the bidding documents for the construction of facilities.

Health Care Waste: The environmental assessment conducted as part of AF3 found that the guidelines under the existing HCW Generation and Management Plan are deemed adequate for AF3 activities and compliance during HSSP2 has been good. The Guidelines incorporate best HCW management practices and are intended for practical application at health care facilities. Training on the Guidelines has been provided to health facility staff all over Cambodia by Department of Hospital Services of the MOH. However, implementation of the guidelines by health care facilities is hindered by limited budget for purchasing waste bins (for waste segregation), and in some case limited space and structure for proper storage and limited budget for maintenance incinerators. These will be mitigated through mandatory spending of operating costs generated from HEFs and SDGs on health facility waste management. Compliance with the guidelines will be continued to monitor during regular supervision.

Pest Management. Control procedures are set out in the Pest Management and Monitoring Plan. Larvicides (Abate/BTI) that are being used for dengue control are considered to pose very low risks to humans if used correctly and certified by WHO's Pesticide Evaluation Scheme (WHOPES). The products are transported in safe containers provided by the vendors and used containers are disposed of according to best practice; they are not used for storage or other purposes. Spoons are provided by manufacturers to ensure proper quantity of Abate/BTI distributed in the communities.

Risk

Explanation:

The Systematic Operations Risk-Rating Tool (SORT) risk assessment suggests that this operation entails an overall "Moderate" level of risks. The most relevant risks that can affect the achievement of the PDOs defined for this operation are institutional capacity for implementation and fiduciary risks. However, adequate capacity building measures (technical assistance, third party monitoring and training) are in place to attenuate these risks, including externally recruited supervision in particular for the civil works program, a third party monitoring of the HEFs and independent audits. The World Bank and other development partners would monitor risks along with the Ministry of Health throughout implementation in order to identify and timely address and or mitigate those risks.

V. WORLD BANK GRIEVANCE REDRESS

24. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-

compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

ANNEX: RESULTS FRAMEWORK AND MONITORING

CAMBODIA: THIRD ADDITIONAL FINANCING FOR THE SECOND HEALTH SECTOR SUPPORT PROGRAM

Project Development Objectives							
Original Project Development Objective - Parent:							
To support the implementation of the Government's Health Strategic Plan 2008-2015 in order to improve health outcomes through strengthening institutional capacity and mechanisms by which the Government and Program Partners can achieve more effective and efficient sector performance.							
Proposed Project Development Objective - Additional Financing (AF):							
No Change							
Results							
Core sector indicators are considered: Yes			Results reporting level: Project Level				
Project Development Objective Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Percentage of births delivered by trained health personnel	☐	Percentage	Value	58.00	85.00	87.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			HMIS
Revised	Percentage of births delivered by trained health personnel at health facility	☐	Percentage	Value	39.00	80.00	85.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			HMIS
Revised	Percentage (and number) of children under one year immunized with DPT-HepB3	☐	Percentage	Value	84.00	98.00	95.00
				Date	30-Dec-2010	31-Dec-2014	30-June-2016
				Comment		98% (1,956,690)	95% (2,232,534) NIP Strategic Plan 2008-2015
Revised	Percentage (and number) of	☐	Percentage	Value	89.00	77.70	80.00

	children age 6-59 months who receives two doses of Vitamin A supplement every 6 months (R1,R2)			Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment		R1=77.7% (7,031,085) R2=71% (6,977,073)	R1=R2=96%(8,607,091)
Revised	Percentage of pregnant women receiving Iron Folate supplementation	☐	Percentage	Value	80.00	84.00	85.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			
Revised	Percent of poor population covered by Health Equity Funds	☐	Percentage	Value	57.00	93.00	95.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			
Intermediate Results Indicators							
Status	Indicator Name	Core	Unit of Measure		Baseline	Actual(Current)	End Target
Revised	Proportion of Operational Districts (ODs) implementing service delivery grants (SDGs) and internal contracting meeting at least 80% of their performance targets	☐	Percentage	Value	NA	100%	100%
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			
Revised	Health personnel receiving training (number)	☒	Number	Value	0.00	166042.00	
				Date	31-Dec-2007	31-Dec-2014	30-June-2016
				Comment			No additional training funded
Revised	People with access to a basic package of health, nutrition, or reproductive health services (number)	☒	Number	Value	152213.00	6260821.00	6500000.00
				Date	31-Dec-2007	31-Dec-2014	30-June-2016
				Comment			Propose Year 1 result be used as Baseline.

Revised	Health facilities constructed, renovated, and/or equipped (number)	☒	Number	Value	0.00	282.00	300.00
				Date	31-Dec-2007	31-Dec-2014	30-June-2016
				Comment		282(Referral Hospitals:2; Health Centers: 121; Health Posts:5; Pharmacy store: 1; Additional delivery Rooms: 26; Regional Medical Training Centers: 2; National Laboratory for Drug Quality Control: 1; Renovation of NCD Clinics: 12; Emergency Obstetric Care Wards: 9; Improved Electricity at 103 HCs)	No additional facilities
Revised	Pregnant women receiving antenatal care during a visit to a health provider (number)	☒	Number	Value	291853.00	1844499.00	1900000.00
				Date	31-Dec-2009	31-Dec-2014	30-June-2016
				Comment			NDSP 2014-2018
Revised	Percentage of pregnant women attending at least 2 antenatal care consultation	☐	Percentage Sub Type Supplemental	Value	80.00	90.50	90.00

Revised	Percentage of health centers having at least one secondary midwife	☐	Percentage	Value		80.00	85.00
				Date		31-Dec-2014	30-June-2016
				Comment			
Revised	Dengue case fatality rate reported by public health facilities	☐	Percentage	Value	0.68	0.50	0.50
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			HMIS
Revised	Percent of health centers implementing Integrated Management Childhood Illnesses services	☐	Percentage	Value	69.00	98.00	90.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			
Revised	Percentage of referral hospitals implementing Health Equity Funds	☐	Percentage	Value	61.00	83.50	85.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			
Revised	Percent of Health Centers implementing Health Equity Funds	☐	Percentage	Value	13.00	59.63	65.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			
Revised	Number of cases receiving Health Equity Fund assistance	☐	Number	Value	152000.00	6260821.00	6800000.00
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			Propose Year 1 result be used as Baseline.
Revised	OPD	☐	Number Sub Type Breakdown	Value	312713.00	5364365.00	5500000.00
				Date	31-Dec-2009	31-Dec-2014	30-June-2016
				Comment			Propose Year 1 result be used as Baseline
Revised	IPD	☐	Number	Value	102205.00	709747.00	720000.00

			Sub Type	Date	31-Dec-2009	31-Dec-2014	30-June-2016
			Breakdown	Comment			Propose Year 1 result be used as Baseline
Revised	Deliveries	☐	Number	Value	15629.00	186709.00	190000.00
			Sub Type	Date	31-Dec-2009	31-Dec-2014	30-June-2016
			Breakdown	Comment			Propose Year 1 result be used as Baseline
Revised	Consultations (new cases) per person per year for children under 5 years	☐	Number	Value	1.10	1.45	1.50
				Date	31-Dec-2008	31-Dec-2014	30-June-2016
				Comment			

HCs–Health Centers; HMIS–Health Management Information; NCD–Non-Communicable Disease; NSDP– National Strategic Development Plan; R1–First Round; R2–Second Round

Note: The baseline and end targets for the indicator "Health personnel receiving training through the program" is unavailable as the MOH has not set any targets. Although the Program financed training activities in the past, AF3 will not fund these activities.