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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF THE
HEALTH SECTOR REFORM PROJECT - PHASE II (APL2)

LOAN NO. 4760-RO
January 28, 2005

TO

ROMANIA

February 11, 2011

ABBREVIATIONS AND ACRONYMS

CI	Cantacuzino Institute
DPL	Development Policy Loan
EIB	European Investment Bank
GMP	Good Manufacturing Practice
MOH	Ministry of Public Health
TA	Technical Assistance
WB	World Bank

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**ROMANIA
HEALTH SECTOR REFORM PROJECT – APL 2**

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HEALTH SECTOR REFORM PROJECT – (APL 2)

RESTRUCTURING PAPER

SUMMARY

The proposed changes include: (a) adding new activities to support the National Strategy for Hospital and Sanitary System Rationalization and the completion of the rehabilitation works at the Cantacuzino Institute for the influenza vaccine production facility; (b) revising and fine-tuning the results framework; and (c) extending the closing date of the Project from February 28, 2011 to December 15, 2011.

The proposed restructuring will help complete ongoing activities and implement new activities, which are critical for the attainment of the overall APL Program Development Objectives¹.

These modifications were requested by the Government through letters to the Bank dated September 23, 2010 and November 19, 2010.

PROJECT STATUS

The Health APL 2 is financed with a loan in the amount of EUR65.1 million and organized around five components: (1) Maternity and Neonatal Care (EUR17.21 million), (2) Emergency Care Services (EUR35.33 million), (3) Primary Health Care and Rural Medical Services (EUR0.25 million), (4) National Health Accounts and Planning (EUR0.41 million), and (5) Project Management (EUR2.38 million). The European Investment Bank (EIB) is co-financing the Project with a loan of EUR66.49 million, mainly covering the works for the physical rehabilitation of the maternities. According to the agreement with the EIB, the World Bank bears the fiduciary responsibilities (procurement) for both projects, while the EIB is responsible for the clearance of technical/architectural designs.

The Project was approved on November 17, 2004 and became effective on May 31, 2005. The Project was restructured in November 2008, and a first closing date extension of 12 months was granted in 2009 (from December 31, 2009 to December 31, 2010) in order to implement some technical assistance (TA) activities in support of the ongoing DPL series in Romania. EIB already extended their project closing date by 24 months, until December 31, 2011.

¹ APL Program refers to the Health Sector Reform Project financed through the Loan Agreement no. 4568 RO dated July 7, 2000 and Health Sector Reform Project - Phase II financed through the Loan Agreement no. 4760 RO dated January 28, 2005.

The Bank responded positively to the Government's requests for restructuring (dated September 23, 2010 and November 19, 2010), and proposed a two step approach:

- (i) extending the closing date until February 28, 2011, to allow for the identification of TA activities needed for the preparation and implementation of the follow-up Health Sector operation to be followed by;
- (ii) a level II restructuring of the Project for, inter alia, the extension of the Project's closing date until December 15, 2011 and the completion of the rehabilitation of vaccine production facilities (as part of the public health/immunization support program).

As of February 2011, EUR36.6 million (56% of the IBRD funds) have been disbursed; together with commitments, that amount is above 80% of the total loan funds. The overall project performance is rated **Satisfactory**. TA activities initially included in the Project for neo-natal care (quality assurance, referral system, training of medical staff) as well as the development of the National Health Accounts have been completed, and most of the medical equipment has been delivered to the beneficiary hospitals (maternities and emergency centers).

However, progress on the rehabilitation of the physical infrastructure of the 22 selected maternities has been slower than anticipated. Although the tenders for civil works were launched, and the works for several maternities commenced, the overall process has been hampered by the inadequacy of the technical designs for some of the maternities, which the EIB asked the Government to revise. The contracting of the remaining works and their implementation has been gradually re-launched as the revised architectural drawings have now been cleared by EIB counterparts.

In addition, the rehabilitation works at the Cantacuzino Institute (CI) for the bulk vaccine production area, rehabilitation of the aseptic vaccine ampoule filling and sealing area and the purchase of equipment to upgrade the vaccine ampoule filling station could not be completed by the closing date of the Avian Flu Project (Loan 4839-RO) of December 31, 2010. These activities, amounting to roughly US\$6.0 million (Euro 4.2 million), were expected to start in July 2010 and be completed by that Project's closing. However due to the production of seasonal flu vaccine as well as problems in completing the designs for the civil works (also due to a first failed attempt to contract contractors because of lack of interest), it was not possible to initiate these civil works until the vaccine production had been completed in early October 2010. As there was not sufficient time to initiate these works, it was agreed that the completion of these activities could be financed under this project. Completion of these activities is crucial if the CI is to maintain its Good Manufacturing Practice (GMP) certificate, which at this moment is temporary until early 2011.

PROPOSED CHANGES

- Results/indicators.** Although the Project Development Objective remains unchanged, a review of the results framework indicates the need for modifying project monitoring indicators to improve their measurability and their linkage to project specific investments. More specifically, (a) on PDO indicators: the indicator on prevalence of chronic diseases in target interventions in rural communities was dropped given that the establishment of multipurpose health centers was cancelled under the Project as they were no longer considered as a priority of the Ministry of Health (sub-component 3.1); and (b) on intermediate outcome indicators: the indicator on response time for emergency services was revised to take into account the new color codification by emergency level; indicators on fatality rates are also revised to introduce their respective target values at project end; two indicators related to trauma cases were dropped due to change in priority by the Ministry of Health on activities related to multi-trauma centers, which have been dropped. Data for 2010 will be available by June 2011. Annex 1 presents the revised Results Framework and Monitoring for the Project.
- Components.** New activities are introduced as follows:

Component 3: Primary Health Care. The new activity includes the rehabilitation and equipment of vaccine production and ampoule filling and sealing area at the Cantacuzino Institute (estimated at US\$6.0 million or EUR 4.51 million), which was planned under the Avian Flu Project (Loan 4839-RO).

Component 5: Project Management. The Project would finance technical assistance (estimated at US\$0.5 million or EUR 0.38 million) to assist the Ministry of Health in the implementation of the National Strategy for Hospital and Sanitary System Rationalization. More specifically, the TA would support the following four areas: 1) health service delivery and networks; 2) health system stewardship and service provision regulation; 3) health financing; and 4) monitoring, supervision and evaluation.
- Procurement.** Procurement would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" (the Procurement Guidelines) and, respectively "Guidelines: Selection and Employment of Consultants by World Bank Borrower (the Consultant Guidelines), both dated May 2004, Revised October 1, 2006 and May 1, 2010.
- Closing date.** This third extension of the Project from February 28, 2011 to December 15, 2011, is necessary to allow for the completion of ongoing activities and the implementation of the new proposed activities according to the agreed implementation schedule. The first extension of 12 months was granted in 2009, from December 31, 2009 to December 31, 2010. The second extension of 2 months was granted in December 2010, from December 31, 2010 to February 28, 2011. The audit for the year closing in 2009 was unqualified.
- Implementation schedule.** A detailed implementation schedule and a procurement plan have been developed by the MoH for the completion of ongoing activities as

well as for those new activities to be implemented until the closing date. The plan has been reviewed by the Bank team and agreed with the MoH.

ANNEX 1:
Results Framework and Monitoring
ROMANIA: HEALTH SECTOR REFORM PROJECT (APL 2)

Project Development Objective (PDO): The objectives of the overall APL Program are as follows: (a) improve efficiency and equity in the planning and regulation of the health service delivery system; (b) reduce preventable deaths among emergency medical cases; (c) improve access and quality health care in poor and remote areas; and (d) help the Romanian health sector to better focus on priority public health problems, thereby reducing preventable illness and deaths. The specific objectives of Phase 2 are as follows: (i) Provide more accessible services, of increased quality and with improved health outcomes for those requiring maternity and newborn care and emergency medical care; and (ii) Provide support for the preparation of the primary health care strategy.

Revised Project Development Objective: not applicable

Key Performance Indicators	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline (2004)	Cumulative Target Values**			Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR 2009	YR 2010	End of Project (2011)			
PDO Level Results Indicators*										
1. Maternal Mortality (MM) and Rate (MMR)	<input type="checkbox"/>	C	Number and rate/000	MM: 52 MMR: 0.24‰	MM: 31 MMR: 0.14‰	MM: MMR:	<u>20% decrease</u> MM: 41 MMR: 0.19/1000	Annual National Statistics (ANS)	National Reporting System (NRS), hospital data	PMU & hospitals
2. Neonatal Deaths and Rate	<input type="checkbox"/>	C	Number and rate/000	Deaths: 2068 Rate: 9.6‰	Deaths: 1270 Rate: 5.7‰	Deaths: Rate:	<u>25% decrease</u> Deaths: 1551 Rate: 7.2/1000	ANS	NRS, hospital data	PMU & hospitals
3. Post-Neonatal Deaths and Rate	<input type="checkbox"/>	C	Number and rate/000	Deaths: 1573 Rate: 7.3‰	Deaths: 980 Rate: 4.1‰	Deaths: Rate:	<u>25% decrease</u> Deaths: 1180 Rate: 5.5/1000	ANS	NRS	PMU

Key Performance Indicators	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline (2004)	Cumulative Target Values**			Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR 2009	YR 2010	End of Project (2011)			
4. 24-hour death rate among patients treated in the ER, then admitted to ICU.	<input type="checkbox"/>	C	%	5.78% (for 6 ICUs)	3.67% (for 6 ICUs)		20% decrease 4.62% (for 6 ICUs)	Monthly reporting and aggregate yearly	Info Sstem of Emergency Dept.	PMU, LHA, EMS, hospital ER dept.
5. Prevalence of chronic diseases in target interventions in rural communities	<input type="checkbox"/>	D								
INTERMEDIATE RESULTS										
Intermediate Result (Outcome 1): MATERNAL AND NEONATAL CARE										
Revised Intermediate Result (Outcome One):										
1.1 Maternal Mortality Rate (MMR) by level of MCH facilities.	<input type="checkbox"/>	C	rate/1000	Level 1: 0.09‰ Level 2: 0.07‰ Level 3: 0.17‰	Level 1: 0.06‰ Level 2: 0.12‰ Level 3: 0.28‰	Level 1: Level 2: Level 3:	Level 1: 10% decr Level 2: 10% decr Level 3: 3.5% decr	Annual	NCOAIISH	PMU and hospitals
1.2 Neonatal Mortality Rate by level of MCH facilities.	<input type="checkbox"/>	C	Rate/1000	Level 1: 1.14‰ Level 2: 8.40‰ Level 3: 10.6‰	Level 1: 2.13‰ Level 2: 5.36‰ Level 3: 7.50‰	Level 1: Level 2: Level 3:	Level 1: 3.7 Level 2: 7.6 Level 3: 9.6	Annual	NCOAIISH	PMU and hospitals
1.3 Patient satisfaction with maternity and neonatal services	<input type="checkbox"/>	C	%	Level 1: 109/140 Level 2: 110/140 Level 3: 109/140	Level 1: Level 2: Level 3:	Level 1: Level 2: Level 3:	Level 1: 10% improvement Level 2: 10% improvement Level 3: 3.5% improvement	Surveys: baseline; MTR; End of Project	Patient Satisfaction Survey	PMU, monitors and surveyors

Key Performance Indicators	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline (2004)	Cumulative Target Values**			Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR 2009	YR 2010	End of Project (2011)			
Intermediate Result (Outcome 2): EMERGENCY MEDICAL SERVICES										
Revised Intermediate Result (Outcome 2):										
2.1 Response time for emergency services by urgency category (color coded – Red, Yellow, Green) and urban/rural areas	<input type="checkbox"/>	R	Time unit	URBAN R & Y: Green: RURAL R & Y: Green:	URBAN R & Y: Green: RURAL R & Y: Green:	URBAN R & Y: Green: RURAL R & Y: Green:	URBAN R & Y: 15 minutes Green: 8% less than baseline RURAL R & Y: 20 min. Green: 8% less than baseline	6 months, yearly aggregate	Ambulance data (electronic case forms)	PMU
2.2 Death Rate in emergency departments (dead patients/total alive presentations)	<input type="checkbox"/>	C	%	0.079%	0.07%		0.064%	Monthly reporting and yearly aggregate (from 63 ERs equipped)	MoPH monitors	PMU
2.3 Rate of inter-clinical transfers of severe trauma patients	<input type="checkbox"/>	D								
2.4 Fatality rate for severe trauma cases	<input type="checkbox"/>	D								
2.5 Decreased fatality rate for patients treated in small ERs by 5% per year	<input type="checkbox"/>	R	%	0.04%	0.042%		5% decr	Monthly, early aggregate	Small ERs data (all 198)	Monitors, PMU
2.6 Decreased fatality rate after 24 hours from admission of patients treated in hospital ICUs by 5% per year	<input type="checkbox"/>	R	%	2.42%	1.55%		5% decr	Monthly, early aggregate	Intervention ICU data	Monitors, PMU

Key Performance Indicators	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline (2004)	Cumulative Target Values**			Frequency	Data Source/ Methodology	Responsibility for Data Collection
					YR 2009	YR 2010	End of Project (2011)			
Intermediate Result (Outcome 3): PRIMARY HEALTH CARE										
3.1 Development of a primary health care rural strategy	<input type="checkbox"/>	C	Yes / No	No	No	In progress	Yes	End of year assessment	MoPH documents	PMU, MoPH
Intermediate Result (Outcome 4): NATIONAL HEALTH ACCOUNTS AND PLANNING										
4.1 Appropriate regulations issued with respect to main areas: (i) internationally comparable Romanian matrixes; (ii) institutional responsibilities; and (iii) timeframe for data flow.	<input type="checkbox"/>	C	Number	No regulations in place	Contract for NHS ongoing	Contract for NHA completed	3 out of 3	Annual	MoPH	PMU
Intermediate Result (Outcome 5): None										
Revised Intermediate Result (Outcome5): PROJECT MANAGEMENT										
5.1 Average lag time implementing project activities beyond critical dates agreed at the MTR	<input type="checkbox"/>	C	No of months	0	Lag < 5 months	Lag < 4 months	Lag < 3 months	At least quarterly	Monitoring by PMU	PMU
5.2 Timely submission of project progress reports		C	Report	0	On time	On time	On time	Bi-annually	Monitoring by PMU	PMU

*Please indicate whether the indicator is a Core Sector Indicator (see further <http://coreindicators>)

**Target values should be entered for the years data will be available, not necessarily annually.

