



Report No: RES00393

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF

Building Resilient and Responsive Health Systems

APPROVED ON 13-Mar-2024

TO  
Republic of Kenya

Health, Nutrition & Population  
Eastern And Southern Africa Region

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## ABBREVIATIONS AND ACRONYMS

BREHS	Building Resilient and Responsive Health Systems
E&S	Environmental and Social
GoK	Government of Kenya
KEMSA	Kenya Medical Supplies Agency
MoH	Ministry of Health
MoU	Memorandum of Understanding
PDO	Project Development Objective
PMT	Project Management Team
POM	Project Operations Manual



**BASIC DATA**

**Product Information**

Operation ID P179698	Operation Name Building Resilient and Responsive Health Systems
Product/Financing Instrument Investment Project Financing (IPF)	Geographical Identifier Kenya
Approval Date 13-Mar-2024	Current Closing Date 30-Jun-2029
Environmental and Social Risk Classification (ESRC) Moderate	

**Organizations**

Borrower Republic of Kenya	Responsible Agency Ministry of Health
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**OPERATION STATUS**

**Project Development Objective (DO)**

Original Development Objective  
To improve utilization and quality of primary healthcare services and strengthen institutional capacity for service delivery.

**Disbursement Summary (in USD million)**



Source of Funds	Net Commitment	Disbursed	Undisbursed	% Disbursed
IBRD	--	--	--	0
IDA	200.00	0.00	196.54	0.00
Grants	--	--	--	0

**Policy Waivers**

Does this restructuring trigger the need for any policy waiver(s)?

No



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## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Building Resilient and Responsive Health Systems (BREHS) project which aims to “improve utilization and quality of primary healthcare services and strengthen institutional capacity for service delivery”, was approved by the World Bank Board of Executive Director on March 13, 2024. The project seeks to achieve its project development objective (PDO) by (a) strengthening institutional capacity for health service delivery towards achieving universal health coverage and (b) improving utilization of quality health services at primary care level.

2. The original Effectiveness date was August 1, 2024, and upon request from the Government of Kenya (GoK) through a letter dated July 15, 2024, was extended to October 1, 2024, to allow sufficient time to fulfill all effectiveness conditions. As of September 12, 2024, the status of the conditions of effectiveness is described below:

**(a) The following conditions of effectiveness have been met:** (i) the Recipient has established a dedicated Project Management Team (“PMT”), with adequate resources and facilitation, key staff holding such qualifications and under terms of reference acceptable to the Association, such staff include a project manager, Project components coordinators, assistant coordinators, a monitoring and evaluation specialist, at least one dedicated specialist for each of social risks and environmental risks management and any other technical and fiduciary specialists as may have been agreed with the Association and as further detailed in the Project Operations Manual (POM); (ii) the Association is satisfied that the Recipient has maintained an adequate refugee protection framework; (iii) the Recipient has prepared, consulted upon, adopted and publicly disclosed the Environmental Social and Management Framework, the Vulnerable Groups Planning Framework, the Medical Waste Management Plan, the Stakeholder Engagement Plan and the Labor Management Procedures; (iv) the Recipient has assessed the security risks of the Project and included measures to mitigate such security risks in the POM; (v) the Kenya Medical Supplies Agency (KEMSA) has assigned an environmental and social (E&S) risks management focal person to maintain coordination and support E&S implementation of the Project; and (vi) the Recipient has prepared and adopted the POM in form and substance satisfactory to the Association, in accordance with the provisions of Section I.C.1(b)ii of Schedule 2 to this Agreement.

**(b) The following condition of effectiveness have not yet been met:** (i) the Recipient and the Project Implementing Entity have executed a Subsidiary Agreement in accordance with Section I.B of Schedule 2 to this Agreement; and (ii) Receipt by the Association of a legal opinion confirming, on behalf of the Recipient that the agreements have been duly authorized by, executed and delivered on behalf of the Recipient, and is legally binding on the Recipient in accordance with their terms.

3. The Government has submitted a restructuring request dated August 23, 2024, to amend the Financing Agreement. More specifically, the Ministry of Health (MoH) and KEMSA have confirmed that no funds will be sent directly from the National Treasury to KEMSA. Rather, most project funds under sub-component 1.1 (Institutional and operational reforms to enhance efficiency and transparency of KEMSA) will be utilized at the MoH level, and as a result, a Memorandum of Understanding (MoU), rather than a Subsidiary Agreement, is the appropriate legal agreement under their domestic framework to set out the legal obligations of the Recipient and KEMSA for the Project. As a result, reference



to a subsidiary agreement, including as a condition of effectiveness, will be removed from the Financing Agreement. In its place, the Financing Agreement will require the Recipient to enter into an MoU with KEMSA, satisfactory to IDA, not later than 90 days after the Effective date and prior to the provision of any funds and/or the financing of any activities implemented by KEMSA under the Project.

## II. DESCRIPTION OF PROPOSED CHANGES

4. The level 2 restructuring proposes to amend the Financing Agreement to allow the signing of a Memorandum of Understanding between MoH and KEMSA in place of a Subsidiary Agreement.
  
5. The effectiveness condition at Section 5.01(b) of the Financing Agreement for “the Recipient and the Project Implementing Entity [to] have executed a Subsidiary Agreement in accordance with Section I.B of Schedule 2 to this Agreement” will be deleted. Section IB of Schedule 2 will be amended to require the Recipient to enter into an MoU with KEMSA, satisfactory to IDA, not later than 90 days after the Effective date and prior to the provision of any funds and/or the financing of any activities implemented by KEMSA under the Project.
  
6. Other provisions in the Financing Agreement that reference the Subsidiary Agreement shall also be amended.

### Summary of Performance of E&S Risk Compliance

The project is not yet effective. The project is so far compliant with the E and S requirements.

Describe any E&S issues and impacts associated with the change in project design. Identify and describe any potential large scale, significant and/or irreversible impacts.

Describe any potential indirect and/or long-term impacts due to anticipated future activities in the project areas.

Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

Describe measures taken by the borrower to address E&S policy issues. Provide an assessment of borrower capacity to plan and implement the measure described.

Identify key stakeholders and describe the mechanism for consultation and disclosure on E&S policies, with an emphasis of potentially affected people.



**III. PROPOSED CHANGES**

<b>Operation Information</b>	<b>Proposed Changes</b>	<b>Operation Information</b>	<b>Proposed Changes</b>
Legal Covenants	Yes	Loan Closing Date Extension	No
Conditions	Yes	Loan Cancellations	No
Development Objective	No	Reallocations	No
Summary Description (Operation Abstract)	No	Financial Management	No
Legal Operational Policies	No	Procurement	No
MFD/PCE	No	Institutional Arrangement	No
Results	No	Implementation Schedule	No
Risks	No		
Implementation Modalities	No		
Disbursements Estimates	No		
Disbursements Arrangements	No		
DDO	No		
Clients	No		
Appraisal Summary	No		
Components	No		

**IV. DETAILED CHANGE(S)**

**COSTS & FINANCING**

**Private Capital Facilitation**

**Is this an MFD-Enabling Project (MFD-EP)?**

No





Last approved as part of PAD Data Sheet (Approval) on 13-Mar-2024

**Is this project Private Capital Enabling (PCE)?** No

Last approved as part of PAD Data Sheet (Approval) on 13-Mar-2024

**LOANS**

**ENVIRONMENTAL & SOCIAL**

**Environmental & Social Assessment**

According to the E/S Specialist are there changes proposed to the operation’s design that would impact the Bank’s E&S assessment?” No

**LEGAL**

**Legal Covenants**

Loan/Credit/TF	Description	Status	Action
IDA-75170	Section I.A.2 of Schedule 2. Not later than three (3) months after the Effective Date, the Recipient shall establish and thereafter maintain throughout the implementation of the Project, a Project steering committee - to be chaired by the Principal Secretary for SDPHS and comprising, amongst others, of Principal Secretary for The National Treasury, Principal Secretary for Immigration and Citizen Services, CEO of Council of County Governors, and the Solicitor-General - with mandate, powers and resources satisfactory to the Association (“Project Steering Committee’ or “PSC”), as detailed in the Project Operations Manual. The PSC shall be responsible for providing general advisory in the implementation of the Project.	Not yet due	No Change
IDA-75170	Section I.E.2 of Schedule 2. The Recipient shall prepare and furnish to the Association not later than September 30 of each Fiscal Year during the implementation of the Project (beginning in calendar year	Not yet due	No Change



2024), a consolidated work plan and budget containing inter alia: (i) all activities proposed to be implemented under the Project during the following Fiscal Year; (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts and sources of financing therefor and disbursement schedule; and (iii) the training plan for such period.

IDA-75170	Section I.E.5 of Schedule 2. Without limitation on the provisions of this Section, the Recipient shall prepare and furnish to the Association the first proposed annual work plan required under the Project not later than one month after the Effective Date.	Not yet due	No Change
IDA-75170	Section II.2 of Schedule 2. Not later than thirty (30) months after the Effective Date, the Recipient shall, in conjunction with the Association, carry out a mid-term review of the Project (the "Mid-term Review"), covering the progress achieved in the implementation of the Project. To this end, the Recipient shall prepare - under terms of reference satisfactory to the Association - and furnish to the Association not less than three (3) months prior to the beginning of the Mid-term Review, a report integrating the results of the Project's monitoring and evaluation activities, on the progress achieved in the carrying out of the Project during the period preceding the date of such report, and setting out the measures recommended to ensure the efficient carrying out of the Project and the achievement of the objective of the Project during the period following such date. Following the Mid-term Review, the Recipient shall act promptly and diligently in order to take, or cause to be taken, measures recommended to ensure the efficient completion of the Project and	Not yet due	No Change



the achievement of the objective as well as any corrective action deemed necessary by the Association to remedy any shortcoming noted in the carrying out of the Project in furtherance of the objective of the Project.

IDA-75170

The Recipient shall enter into a Memorandum of Understanding with the Kenya Medical Supplies Authority (KEMSA), satisfactory to IDA, not later than ninety (90) days after the Effective date and prior to the provision of any funds and/or the financing of any activities implemented by KEMSA under the Project.

Not yet due

New

**Conditions**

Type	Description of Conditions	Action
Effectiveness	The Association is satisfied that the Recipient has an adequate refugee protection framework.	No Change
Effectiveness	The Recipient and the Project Implementing Entity have executed a Subsidiary Agreement in accordance with Section I.B of Schedule 2 to this Agreement.	Marked for Deletion
Effectiveness	The Co-financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.	No Change
Effectiveness	The Recipient has prepared and adopted the Project Operations Manual (“POM”) in form and substance satisfactory to the Association, in accordance with the provisions of Section I.C.1(b)ii of Schedule 2 to this Agreement.	No Change
Effectiveness	The Recipient has established a dedicated Project Management Team (“PMT”), with adequate resources and facilitation, key staff holding such qualifications and under terms of reference acceptable to the Association, such staff to include a project manager, Project components coordinators, assistant coordinators, a monitoring and evaluation specialist, at least one dedicated specialist for each of social risks and environmental risks management and any other technical and fiduciary specialists as may have been	No Change



	agreed with the Association and as further detailed in the POM.	
Effectiveness	The Recipient has prepared, consulted upon, adopted and publicly disclosed the Environmental Social and Management Framework, the Vulnerable Groups Planning Framework, the Medical Waste Management Plan, the Stakeholder Engagement Plan and the Labor Management Procedures.	No Change
Effectiveness	The Recipient has assessed the security risks of the Project and included measures to mitigate such security risks in the POM.	No Change
Effectiveness	KEMSA has assigned an environmental and social risks management (E&S) focal person to maintain coordination and support E&S implementation of the Project.	No Change
Effectiveness	This Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than effectiveness of this Agreement) have been fulfilled.	No Change