



REPORT NO.: RES58529

DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SUPPORTING EFFECTIVE UNIVERSAL HEALTH COVERAGE IN ARGENTINA
APPROVED ON MAY 18, 2018
TO
ARGENTINE REPUBLIC

HEALTH, NUTRITION & POPULATION

LATIN AMERICA AND CARIBBEAN

Regional Vice President:	Carlos Felipe Jaramillo
Country Director:	Marianne Fay
Regional Director:	Jaime Saavedra
Practice Manager/Manager:	Tania Dmytraczenko
Task Team Leader(s):	Vanina Camporeale, Marvin Ploetz

**I. BASIC DATA****Product Information**

Project ID P163345	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 18-May-2018	Current Closing Date 31-Dec-2023

Organizations

Borrower Argentine Republic	Responsible Agency National Ministry of Health
--------------------------------	---

Project Development Objective (PDO)

Original PDO

The Development Objective of the proposed Project would be to: (i) increase effective and equitable coverage of key health services provided to the eligible population; and (ii) increase the institutional capacity of the MSN and MSPs to implement mechanisms for an integrated delivery system.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-92220	30-Mar-2021	21-Jul-2021	26-Aug-2021	31-Dec-2023	250.00	222.22	27.78
IBRD-88530	18-May-2018	17-Dec-2018	17-Dec-2018	31-Dec-2023	300.00	253.49	46.51



Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Introduction

1. This Restructuring Paper seeks the approval of the Country Director (CD) for a Level II Restructuring of the Supporting Effective Universal Health Coverage in Argentina Project (P163345) to extend the Project's closing date by 4 months, from December 31, 2023 to April 30, 2024. If approved, this would be the third restructuring of the Project and the second extension of the Project's closing date.

B. Project background

2. The development objectives of the Supporting Effective Universal Health Coverage in Argentina Project are to: (a) increase effective and equitable coverage of key health services provided to the eligible population and (b) increase the institutional capacity of the National Ministry of Health (Ministerio de Salud de la Nación, MSN) and Provincial Ministries of Health (MSPs) to implement mechanisms for an integrated delivery system. The Project consists of three components: (C1) Support the Strengthening of Effective Public Health Coverage (US\$493.24 million), which is financing capitation payments; (C2) Strengthening the Institutional Capacity of the National and Provincial Ministries of Health (US\$110.96 million), which is financing activities and trainings aimed at improving coordination and establishing an integrated quality-based model of care within the public health subsystem; and (C3) Supporting Management, Monitoring and Evaluation (US\$53.10 million).

3. The Project was initially financed by a US\$300 million International Bank for Reconstruction and Development (IBRD) loan (Loan No. 8853-AR) that was approved by the World Bank's Board of Directors on May 18, 2018 and declared effective on December 17, 2018. On August 20, 2020, the Project was restructured to address the challenges imposed by the exogenous shocks resulting from the country's economic and financial crisis and the COVID-19 pandemic. The main changes introduced under this restructuring, which were applied retroactively from January 1, 2020, included: (a) the downward revision of end-of-Project targets under the Project's Results Framework to reflect the unfavorable implementation environment; and (b) a reduction of the domestic co-financing shares of capitation payments. An additional financing (AF) (Loan No. 9222-AR) in the amount of USD\$250 million was subsequently approved by the World Bank's Board of Directors on March 30, 2021, and declared effective on August 26, 2021. This AF helped to overcome a financing gap faced during the COVID-19 pandemic, due to the reduction of the original share of domestic co-financing for the capitation payments. In addition, the AF helped to offset the impact of the worsening of macroeconomic conditions that resulted in a cost-overrun due to the increased number of the eligible population (around 2.7 million people) that lost their formal health insurance and moved to the public health system. The AF was accompanied by a Level-2 Project restructuring that extended the original loan's closing date by 12 months, from December 31, 2022 to December 31, 2023, to reach the end-Project targets and overcome the delays resulting from the adverse implementation environment.



C. Project Status

4. Progress towards achievement of the Project's development objectives is Satisfactory. As recorded in the last Implementation Status Report (ISR) archived in August 2023, the Project is on track to achieve its Development Objectives by the loan's closing date. The second PDO indicator (PDO2. Percentage of eligible adults with hypertension that are diagnosed in the regions with the poorest health outcomes) reached 20.1 percent in December 2022 when it was measured for the last time, surpassing the end target of 18 percent. Of the remaining two PDOs: (i) Percentage of eligible population with effective health coverage reached 33.6 percent or 96.2 percent of the End-of-Project target, and (ii) Percentage of the eligible population enrolled with a health facility for continuous care reached 11.7 percent or 97.9 percent of the End-of-Project target.

5. Implementation Progress is Moderately Satisfactory. There has been partial progress in the Project's implementation, with six of the 10 end-targets for the Project's intermediate results indicators either achieved or surpassed. Progress under Component 1, linked to result-based capitation payments to improved equitable coverage to quality healthcare services, has been satisfactory. Overall health service coverage has recovered after the challenges posed by the pandemic. In contrast, activities under Component 2 related to the procurement of goods and services have experienced delays that affect their completion before the Project's closing date.

6. Disbursements. As of November 2023, the Project is 86 percent disbursed (US\$476 million disbursed out of the US\$550 million in total loan proceeds). The original loan (Loan 8853-AR) is 84 percent disbursed with procurement processes for medical equipment, IT equipment and IT consultancies already planned or underway for the remaining US\$46.51 million in undisbursed funds. Most of the contracts for these remaining procurement processes should be signed during the first quarter of 2024 and be concluded and paid by September 2024. The AF (Loan 9222-AR) is 89 percent disbursed and the remaining balance under this loan (US\$27.78 million) will finance expenditures under Component 1.

7. Project Management. The Project Management performance rating was downgraded from Satisfactory to Moderately Satisfactory in the August ISR considering the delays in the planning and execution of activities under Component 2 that pose a risk of non-completion before the Project's current closing date. A close monitoring is being done to identify bottlenecks and potential initiatives to accelerate the Component execution. Procurement performance is rated Moderately Unsatisfactory due to delays in the execution of processes. Safeguards performance is considered Satisfactory and Financial Management performance is rated Moderately Satisfactory. The 2022 audit report was submitted to the Bank on September 11, 2023 and deemed satisfactory. The Borrower has no outstanding reports and the Project remains in compliance with all legal covenants.

D. Rationale for restructuring

8. The MSN formally requested an extension of the closing date of both IBRD loans to provide sufficient time to complete critical procurement activities and to ensure their full disbursement. The main objective of these activities is to increase the population's access to health services, strengthen the interoperability of health information systems, and reinforce information security to optimize the use of data. These goods and services are need for the implementation of the Program for Results (PforR) operation (P179595) recently approved by the WB's Board of Executive Directors (June 27, 2023) and declared effective on September 20, 2023. This new PforR does not include a technical assistance component, so the full execution of the processes under Component 2 of this Project are critical for a smooth start to implementation of the PforR. The proposed extension would also allow for the full execution and documentation of 2023 capitation payments under Category 1 (Capitation payments under Subcomponent 1.1.) and



Category 2 (Capitation payments under Subcomponent 1.2.) during the first quarter of 2024, while also allowing a transition with the new PforR that will be institutionalizing the capitation payments.

II. DESCRIPTION OF PROPOSED CHANGES

9. The proposed Level II Restructuring would extend the Project’s closing for four months (from December 31, 2023 to April 30, 2024) to ensure the execution of capitation payments and the procurement of good and consulting services. This would be the second extension of Loan 8853-AR, resulting in a cumulative extension of 16 months; and the first extension of Loan 9222-AR. No other changes to the Project would be processed as part of this restructuring.

10. It is expected that a subsequent restructuring of the Project – subject to progress of procurement processes - would be processed in April 2024 to facilitate the full disbursement of loan proceeds. This restructuring may include: (a) an additional 7-month closing date extension (from April 30, 2024 to November 30, 2024) to allow for the implementation of the signed contracts and the delivery of the procured goods and services; and (b) the reallocation of any remaining funds under Loan 8853-AR across disbursement categories, namely from Category 2 which finances Consulting Services, Non-Consulting Services and Training to Category 3 (Capitation payments under Subcomponent 1.1) and Category 4 (Capitation payments under Subcomponent 1.2).

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-88530	Effective	31-Dec-2022	31-Dec-2023	30-Apr-2024	30-Aug-2024
IBRD-92220	Effective	31-Dec-2023		30-Apr-2024	30-Aug-2024