



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
HEALTH SECTOR REFORM  
APPROVED ON MARCH 28, 2014  
TO  
ROMANIA

HEALTH, NUTRITION & POPULATION  
EUROPE AND CENTRAL ASIA

Regional Vice President:	Anna M. Bjerde
Country Director:	Gallina Andronova Vincelette
Regional Director:	Fadia M. Saadah
Practice Manager/Manager:	Tania Dmytraczenko
Task Team Leader(s):	Dorothee Chen, Carlos Marcelo Bortman



## I. BASIC DATA

### Product Information

Project ID P145174	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 28-Mar-2014	Current Closing Date 15-Dec-2020

### Organizations

Borrower ROMANIA	Responsible Agency Ministry of Health
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### Project Development Objective (PDO)

#### Original PDO

The Project Development Objective is to improve access to, and quality and efficiency of public health services in Romania

#### Current PDO

The Project Development Objective is to contribute to improving access to, and quality of selected public health services.

### Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-83620	28-Mar-2014	17-Jun-2014	22-Jan-2015	15-Dec-2020	338.80	134.65	179.50



## Policy Waiver(s)

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

No

## I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

### Project Status

1. **Basic Data.** The Romania Health Sector Reform Project (the Project) was approved on March 28, 2014 and became effective on January 22, 2015. The project amount is EUR 250.00 million and the original (and current) closing date is December 15, 2020. This is the fourth restructuring to the project and is proposed to extend the closing date by approximately 3.5 months to allow for completion of COVID-19 contracts under Component 4 and for the ratification of the Romania Health PforR (P169927). The first restructuring was approved in June 2017 to change the results framework, components and costs, disbursement estimates, and legal covenants. The second restructuring was approved in October 2018 to change the Project's Development Objective (PDO), the results framework, the components and costs, and legal covenants. The third restructuring was approved in June 2020 to change the results framework, components and cost—to add a COVID-19 component—and disbursement estimates. In addition, an Additional Financing (AF) of EUR 150 million is being processed separately.

2. **Project Development Objective.** The PDO is to contribute to improving access to, and quality of selected public health services. While the rating for progress towards achievement of PDO had been rated Moderately Unsatisfactory (MU) since September 2015, it was upgraded to Moderately Satisfactory (MS) in May 2020 given continued improvements in implementation since 2018 that were finally reflected in PDO indicators. Progress on PDO indicators is summarized below.

- **PDO Indicator 1, Average number of modern and safe radiotherapy technology available per 1 million resident population:** Achieved. This end target value was achieved as of September 2020. This allowed the country, which had the lowest value among European Union (EU) countries, to start closing the gap with EU comparators. However, despite this achievement, and given the obsolescence of radiotherapy equipment purchased before the project, sustaining this result will require further efforts.
- **PDO Indicator 2, Mortality rates in Advanced Surveillance and Treatment Unit for Critical Cardiac Patients (USTACC):** Achieved. Although the end target value was achieved in December 2019, mortality rates have since worsened, likely as a result of higher severity of cases admitted. Preliminary anecdotal evidence suggests that admissions for less severe cases have been avoided since the beginning of the COVID-19 epidemic. However, this needs to be confirmed once annual values are available to account for seasonal variability.
- **PDO Indicator 3, Percentage of diagnosed COVID-19 cases treated per approved protocol:** On track. To-date, 63.4 percent of cases are being treated following the approved protocol, compared to the target of 80 percent. This is expected to improve during the coming months, following further improvements in healthcare services and adjustments in approved protocols.

3. **Implementation Progress (IP)** has been rated MS since 2017, despite challenges related to delays in project effectiveness, political instability, and understaffing of the Project Management Unit (PMU). This has been possible as a result of the combination of client commitment, dedicated technical support of the task team, and staffing-up of the PMU to ensure responsiveness and timely support, particularly related to critical procurements. Since 2017, progress in implementation of key project activities, including the provision of new medical equipment and training, has



increased the ability of selected health care providers to deliver more, and better, health services. In particular, before 2020, the project supported the modernization of hospital departments, including intensive care units (ICUs) and hospital emergency services, which was crucial in the Government of Romania's response to the COVID-19 epidemic, including treatment of severe cases of COVID-19 requiring ventilation. Following the third project restructuring in June 2020, the new Component 4 on Strengthening of Public Health Emergency Response to COVID-19 has been supporting further strengthening of ICUs and has contributed to boosting testing capacity.

4. Component 1 (Strengthening Health Service Delivery, \$238.7 million). Progress under this component is Moderately Satisfactory. On the one hand, service delivery has been strengthened in key hospital services, particularly in life-saving medical services. Specifically, critical equipment was procured for existing ICUs, USTACCs, burn units, radiotherapy centers, emergency medical services, and medical imaging diagnosis services. In addition, civil works have been implemented to improve radiotherapy centers and emergency medical services. On the other hand, while this component planned to support the construction of three modern burn centers (in Timisoara, Bucharest, and Targu Mures), there were delays in the technical preparation of construction activities due to changes in treatment and service standards introduced in 2015 to conform with regional standards, as well as lack of experience of the PMU with such complex activities. The technical preparation of construction activities is now at a very advanced stage—bidding documents (including all permits and authorizations) are expected to be ready and the procurement process is expected to be launched by the end of November 2020. However, actual construction is yet to be started. Progress on procurement of radiotherapy equipment was also constrained by the lack of appropriate infrastructure. Finally, progress in procurement of medical equipment for operating theatres, a telemedicine system for emergency medical services, and cervical cancer screening equipment was limited due to lack of procurement capacity in the PMU. In June 2020, it was agreed to drop most activities that could not realistically be completed by the closing date of December 15, 2020 and to reallocate associated resources (EUR 77.0 million) from Component 1 to a new Component 4 on Strengthening of Public Health Emergency Response to COVID-19. Therefore, activities yet to be launched under Component 1 now include construction of the modern burn center of Timisoara and procurement of radiotherapy equipment.

5. Component 2 (Public Health Sector Governance and Stewardship Improvement, \$13.6 million). Progress under this component is Moderately Satisfactory. Progress has been constrained by a combination of limited capacity of the PMU in the early years of the project (as described further under Component 3) and the Government's prioritization of implementation of Component 1 and, subsequently, Component 4, in light of the COVID-19 pandemic. Still, activities implemented under Component 1, including procurement of new medical equipment and the associated training, contributed to development of evidence-based standards and protocols in emergency care, intensive care, cardiology and oncology. In addition, technical assistance has been implemented to strengthen health technology assessments (HTA), particularly from 2016 to 2019. However, this technical assistance stalled in 2019 due to the Government's decision to change the institutional arrangement for this reform, which has subsequently been exacerbated by the COVID-19 pandemic. As a result of capacity limitations, focus on other components, and limited technical support, a number of activities have not yet been implemented, including surveys, studies and the formulation of evidence-based health policies, support to national health programs and strengthening of the communication strategy of the Ministry of Health (MoH). The MoH is committed to reviving/implementing activities under Component 2, which will build synergies with the Romania Health PforR (P169927).

6. Component 3 (Project Management, Monitoring and Evaluation, \$9.5 million). Progress under this component is Moderately Satisfactory. As mentioned above, the PMU has been repeatedly affected by political instability and has been continuously understaffed, particularly during the first years of project implementation. However, it has been gradually strengthened, particularly over the past few months and in the area of procurement of equipment and civil



works. For example, three health specialists have been recruited since the beginning of the COVID-19 epidemic, including as external consultants (versus PMU staff) to attract talent and keep flexibility in PMU management.

7. Component 4 (Strengthening of Public Health Emergency Response to COVID-19, \$77 million). Progress under this component is Satisfactory. As of October 23, 2020, sixteen contracts, for an amount of EUR 37.12 million, have been signed to boost the country's testing capacity and strengthen its ICUs through the provision of 600 monitors, 75 central monitoring stations, 400 ventilators, 400 intensive care beds, 1,200 syringe pumps and/or 400 infusion pumps to intensive care units within 116 hospitals; and the provision of 615,000 testing kits, 21 RT-PCR devices and/or 56 thermo-shakers for the detection of SARS-CoV-2 to 4 regional centers for public health, 42 public health directorates and 108 hospitals. Contract signing for a second batch of ICU and laboratory equipment is expected during the coming weeks and has been closely coordinated with other development partners, particularly the EU, to avoid duplication.

8. Disbursements/Commitments. As of November 11, 2020, EUR 117.54 million (47.0 percent of the total amount of EUR 250.00 million) has been disbursed. Commitments (contracts signed but not yet paid/dispensed) amount to about EUR 23.00 million. Outstanding resources (EUR 109.00 million) are allocated to the modern burn center of Timisoara and procurement of radiotherapy equipment under Component 1, technical assistance activities under Component 2, and the second batch of ICU and laboratory equipment under Component 4.

9. Financial Management (FM). FM is rated as Satisfactory and has been throughout implementation. The project is up to date in terms of reporting and auditing arrangements. The latest interim audited financial reports for the third quarter of 2020 were received on time and were acceptable to the Bank. The latest project audit covered 2019 and was submitted to the Bank as per the agreed due date. The appointed auditors rendered an unmodified (clean) opinion on the project financial statements as of December 31, 2019, with three internal control issues mentioned in the management letter and responded to by the implementing unit.

#### Proposed Changes

10. This restructuring proposes the extension of the Project's closing date by approximately 3.5 months, from December 15, 2020 to March 31, 2021 to allow for completion of COVID-19 contracts under Component 4 and for the ratification of the Romania Health PforR (P169927).

11. Once the ratification of the Romania Health PforR is completed, further extension of the Project's closing date—until end of December 2024—will be considered to allow for completion of construction of the Timisoara modern burn center. As noted above, changes in treatment and service standards have made finalization of technical design and authorizations a challenge, requiring technical support from international and local design firms and multiple revisions to bidding documents, among others. At present, bidding documents (including all permits and authorizations) are expected to be ready and the procurement process launched by the end of November 2020. However, given the scope of civil works associated with construction of the Timisoara modern burn center, four years will be needed to ensure completion of the center. Extension until December 2024 would also allow for procurement of radiotherapy equipment to sustain project results, particularly under the first PDO indicator, and for implementation of technical assistance activities under Component 2 to support the Government's Health Program and create synergies with the Romania Health PforR (P169927).

12. In addition, the proposed restructuring and extension will allow for the preparation of an AF to include funding to cover the construction of the modern burn centers in Bucharest and Targu Mures, and procurement of medical equipment for burn centers, a telemedicine system for hospital emergency departments, cervical cancer screening



equipment, and medical equipment for operating theatres, as well as implementation of additional technical assistance activities under Component 2, which would build synergies with the Romania Health PforR (P169927). The objective to submit the AF to the Board for approval by March 30, 2021.

## II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-83620	Effective	15-Dec-2020		31-Mar-2021	31-Jul-2021