



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
HEALTH SECTOR SUPPORT PROJECT
APPROVED ON JULY 28, 2017
TO
PEOPLE'S REPUBLIC OF BANGLADESH

HEALTH, NUTRITION & POPULATION

SOUTH ASIA

Regional Vice President:	Martin Raiser
Country Director:	Abdoulaye Seck
Regional Director:	Lynne D. Sherburne-Benz
Practice Manager/Manager:	Feng Zhao
Task Team Leader(s):	Shiyong Wang, Bushra Binte Alam



ABBREVIATIONS AND ACRONYMS

AMS	Asset Management System
DLI	Disbursement-linked Indicator
DLR	Disbursement-linked Result
GFF	Global Financing Facility
HNP	Health Nutrition and Population
HPNSP	Health Population Nutrition Sector Program
HSSP	Health Sector Support Project
IDA	International Development Association
MDTF	Multi-Donor Trust Fund
MoHFW	Ministry of Health and Family Welfare
PBC	Performance-Based Condition
PDO	Project Development Objective



BASIC DATA

Product Information

Project ID P160846	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 28-Jul-2017	Current Closing Date 31-Dec-2023

Organizations

Borrower People's Republic of Bangladesh	Responsible Agency
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Project Development Objective (PDO)

Original PDO

The Project Development Objective (PDO) is to strengthen the health, nutrition and population (HNP) sector's core management systems and delivery of essential HNP services with a focus on selected geographical areas.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-63020	28-Jun-2018	20-Sep-2018	25-Oct-2018	31-Dec-2023	8.33	8.05	.05
IDA-D3610	28-Jun-2018	20-Sep-2018	25-Oct-2018	31-Dec-2023	41.67	40.59	.41
IDA-61270	28-Jul-2017	28-Aug-2017	02-Oct-2017	31-Dec-2023	500.00	435.94	62.97
TF-A6941	05-Nov-2018	05-Nov-2018	05-Nov-2018	31-Dec-2023	120.28	113.11	7.17
TF-A4355	28-Jul-2017	28-Aug-2017	02-Oct-2017	30-Sep-2023	15.00	14.12	.88



Policy Waiver(s)

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

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. This Project Paper seeks approval of the Country Director for restructuring the Bangladesh Health Sector Support Project (HSSP) to amend the legal agreements for the reasons stated below. HSSP is co-financed by IDA (Cr. 6127-BD, Cr. 6302-BD, Grant D361-BD), Global Financing Facility (GFF, TFOA4355) grant, and a Multi-Donor Trust Fund (MDTF, TFOA6941) grant.

- a. Process a no-cost extension of the project closing date by six months from December 31, 2023, to June 30, 2024, for:
 - i. IDA proceeds (6127-BD, 6302-BD, and D3610) and
 - ii. HSSP-MDTF (TFOA6941).
 - iii. The GFF grant is not being extended as the remaining balance (6% of the total commitment) will be fully disbursed by the current closing date of September 30, 2023.
- b. Revise the target for one of the disbursement-linked result (DLR 4.2 from 30 district hospitals to 14 district hospitals) for IDA Cr. 6127-BD.
- c. Reallocate GFF proceeds (TFOA4355) between existing DLRs.

2. **Project Background:** The HSSP uses the investment project financing (IPF) instrument with performance-based conditions (PBCs) (formerly Disbursement-Linked Indicators [DLIs]). The project was approved by the World Bank Board in July 2017 with an allocation of US\$500 million equivalent International Development Association (IDA) credit and US\$15 million grant from the Global Financing Facility (GFF). Five development partners (Canada, the Netherlands, Sweden, the United Kingdom, and Gavi, The Vaccine Alliance) are co-financing the project through the HSSP-MDTF, disbursing against the same set of DLIs that are being financed by IDA and GFF. In June 2018, a fourth component was added to HSSP (which does not include DLIs) to mobilize additional IDA financing of US\$50 million equivalent (US\$41.67 million IDA grant and US\$8.33 million IDA credit) to assist the government in responding to the crisis posed by an influx of displaced Rohingya population from Myanmar. The fourth component is not supported by the HSSP-MDTF and GFF proceeds. The HSSP is implemented by the Ministry of Health and Family Welfare (MoHFW) and supports its national sector program for 2017–2024. The PDO is to strengthen the health, nutrition and population (HNP) sector's core management systems and delivery of essential HNP services with a focus on selected geographical areas.

3. Progress towards achievement of the PDO and implementation progress are rated as satisfactory. The project is also rated satisfactory with respect to its performance in financial management, procurement, and safeguards. There are no pending audit reports. Out of the seven PDO indicators, five have achieved the end-of-project targets and the remaining



two are on track. Eighty-three percent of planned annual targets, or DLRs under components 1 to 3, have been reported to be achieved during the first five years since the program has started.

4. The proposed restructuring responds to a request received from the Economic Relations Division of the Ministry of Finance, dated January 26, 2023. The changes proposed in this paper have been discussed and agreed with the MoHFW during the HSSP implementation support mission between November 28 to December 08, 2022, as documented in the aide-mémoire. For the HSSP-MDTF, the administration agreements between the World Bank and the five contributing partners have been amended to reflect the revised closing date. These amendments took time to complete as the partners had to process their internal clearances.

II. DESCRIPTION OF PROPOSED CHANGES

5. **Extension of the project closing date:** As mentioned above, HSSP is co-financed by IDA (Cr. 6127-BD, Cr. 6302-BD, Grant D361-BD), Global Financing Facility (GFF, TF0A4355) grant, and MDTF (TF0A6941) grant. HSSP mobilizes resources to the government's Fourth Health, Population and Nutrition Sector Program (4th HPNSP). The closing date of the HPNSP is being extended by one-year from June 30, 2023, to June 30, 2024, to allow sufficient time for preparation of the follow-on 5th Sector Program to be completed and thereby ensuring no interruption of services in the field. Consequently, the HSSP closing date is proposed to be extended by six months up to June 30, 2024 (for IDA and HSSP-MDTF), to synchronize with the implementation timeline for the 4th Sector Program and allow sufficient time for the remaining DLRs to be achieved and verified to enable disbursement of project funds. This is the second no-cost extension of the closing date by 18 months cumulative from the original closure of December 31, 2022. The GFF grant (TF0A4355) is 94% disbursed (US\$14.1 million disbursed against the total grant of US\$15 million) and the remaining 6% (around US\$0.9 million) will be disbursed by the current closing date of September 30, 2023.

6. **Modification to the target for DLR 4.2 for IDA 6127-BD:** Progress with achievement of DLR 4.2 (asset management system is implemented in district hospitals) has been slow due to lack of clarity regarding definition of assets. During the November 2022 mission, the definition was further clarified as documented in the aide-mémoire. With only one year left of the implementation period, the target of DLR 4.2 (for IDA Cr. 6127-BD) is being revised from 30 district hospitals to 14 district hospitals (cumulative).

7. **Reallocation of GFF proceeds (TF0A4355) between existing DLRs:** as mentioned above, US\$14.1 million out of the total grant of US\$15 million, or 94%, has been disbursed. To ensure the remaining balance of US\$0.9 million is disbursed by the current closing date of September 30, 2023, the following reallocation is being proposed:

Table 1: Proposed GFF reallocation

Existing DLR	Current allocation (US\$)	Revised allocation (US\$)	Proposed change
DLR 4.2: Number of District Hospitals in which the Asset Management System is implemented	405,000	0	Reduced allocation as implementation progress is slow and the targets will not be



Existing DLR	Current allocation (US\$)	Revised allocation (US\$)	Proposed change
DLR 6.1: The Central Medical Stores Depot (CMSD) Restructuring Proposal is endorsed by the Ministry of Public Administration (MOPA) and submitted to the Ministry of Finance (MOF)	240,000	0	achieved by the current closing date. IDA credit and HSSP-MDTF grant will continue financing these DLRs in the extended period.
DLR 6.2: MOF concurs to CMSD restructuring proposal	240,000	0	
DLR 2.2: Increase in the percentage from FY2016 baseline in repair and maintenance expenditure at the levels of Upazila and below	900,000	1,785,000; unit price (US\$15,000 per 1% increase from FY2016 baseline) remains unchanged.	Increase allocation by US\$885,000 to pay for DLR 2.2 achievement of 59% in FY2019. DLR 2.2 achieved 270% increase in FY2019 but with US\$885,000, partial payment for 59% can be made.

8. **Modification of the HSSP MDTF grant agreement (TF0A6941):** the grant agreement for the HSSP MDTF will be modified to increase the total grant amount from US\$120.3 million to US\$131.1 million. This increase of US\$10.8 million is based on planned tranches received from the MDTF partners, as documented in the administration agreements, and is allocated for the same set of DLRs as financed by IDA (Cr. 6127-BD). This modification does not require project restructuring as the original HSSP project was approved by the World Bank Board with a financing gap of US\$200 million, which this MDTF is filling.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Loan Closing Date(s)	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Results Framework		✓
Components and Cost		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓



Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-61270	Effective	31-Dec-2022	31-Dec-2023	30-Jun-2024	30-Oct-2024
IDA-63020	Effective	31-Dec-2022	31-Dec-2023	30-Jun-2024	30-Oct-2024
IDA-D3610	Effective	31-Dec-2022	31-Dec-2023	30-Jun-2024	30-Oct-2024
TF-A4355	Effective	31-Dec-2021	30-Sep-2023	30-Sep-2023	30-Jan-2024
TF-A6941	Effective	31-Dec-2022	31-Dec-2023	30-Jun-2024	30-Oct-2024