



Project Information Document (PID)

Concept Stage | Date Prepared/Updated: 25-Oct-2023 | Report No: PID112



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies) Kosovo	Operation ID P179831	Operation Name Kosovo - Health System Resilience and Preparedness Project	
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 06-Feb-2024	Estimated Approval Date 28-Mar-2024	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing (IPF)	Borrower(s) Republic of Kosovo	Implementing Agency Ministry of Health	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to strengthen the institutional capacity and governance for improving the quality of care.

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)? No

Is this project Private Capital Enabling (PCE)? No

SUMMARY

Total Operation Cost	20.00
Total Financing	20.00
of which IBRD/IDA	20.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	20.00
IDA Credit	20.00



Environmental and Social Risk Classification

Substantial

Concept Review Decision

The review did authorize the preparation to continue



B. Introduction and Context

Country Context

1. Since its independence in 2008, Kosovo has made considerable progress in building the nation, but continues to face social, economic, and political vulnerabilities.¹ The country has consolidated the functioning of its democratic institutions of government, held free and peaceful elections, and built legal frameworks to respect the rights of different ethnic and religious communities. However, the World Bank 2021 Risk and Resilience Assessment identified three main risks: (1) contested statehood, linked to regional geopolitical uncertainty; (2) economic and political disenfranchisement, particularly among youth; and (3) institutional weakness in the rule of law that hampers investment of public resources to build human and physical capital.

2. As part of its state-building efforts, Kosovo is implementing an ambitious agenda driven partly by the aspiration for membership in the European Union (EU). Kosovo's EU accession path is an important opportunity for stabilization, universal recognition, and institutional development. While EU membership remains a distant goal, the accession process provides an important anchor for democratization, rule of law, public administration, and market economy reforms, although alignment between domestic policies and those relating to European Integration remains weak.²

3. Steady progress has enabled Kosovo's transition to upper-middle-income status in 2018, yet significant challenges remain in the country's path toward reducing poverty and boosting shared prosperity. Growth in the Gross Domestic Product (GDP) averaged 4.6 percent between 2010 and 2019, which translated into an almost 50 percent increase in per capita income and a 35 percent reduction in the rate of poverty (from 32.2 to 20.9 percent).³ During the past decade, the country successfully transitioned away from a growth model based on a high dependence on foreign aid inflows to a steady expansion in consumption and investment, with a strong impetus from diaspora inflows, public investment in infrastructure, and financial deepening. Despite this, GDP per capita in 2020, expressed in Purchasing Power Parity (PPP) current international dollar, remained lower than other countries in the Western Balkans.

4. Addressing human capital challenges remains an important agenda. Kosovo ranks 27th out of the 28 countries in Europe and Central Asia participating in the Human Capital Index (HCI), just slightly ahead of North Macedonia.⁴ At 0.567, the overall HCI is 13.0 percent lower than the average of Western Balkan countries, with the major difference being in learning-adjusted years of school (14.6 percent lower). In health-related areas, the probability of survival to age five and between the ages of 15 and 60 are both around one percent lower than the Western Balkan average. The new National Development Strategy 2030 includes improved human capital development as a key goal, with specific attention to early childhood development, skills, knowledge improvement for women and young people, and improved health and financial health protection.

Sectoral and Institutional Context

5. With the exception of life expectancy, Kosovo compares unfavorably with other countries in the Western Balkans in key health and health spending indicators (Table 1). At 8.3 per 1,000 live births, neonatal mortality, which

¹ Kosovo Country Partnership Framework, April 10, 2023, Report No. 180809-XK.

² OECD (2021, November). Kosovo Monitoring Report: The Principles of Public Administration.

³ World Bank Group, *Republic of Kosovo, Systematic Country Diagnostic Update, 2022* and author's calculations.

⁴ The World Bank, Human Capital Index Dataset, accessed June 12, 2023, and author's calculations.



is largely influenced by access to and quality of services, is higher than in the neighboring Albania (7.1). The difference is particularly stark when Kosovo is compared to Montenegro, which has the lowest neonatal mortality in the region (1.2 per 1,000 live births). A similar situation is observed for under-5 mortality. Total current spending on health – both in absolute value and as a share of GDP – is the lowest in the region. This is driven by a combination of relatively modest Gross National Income (GNI) per capita and low priority on health in the general government expenditure (GGE). Although the share of out-of-pocket (OOP) spending in the total health expenditure is on par with most other countries in the Western Balkans, this share is substantially higher than a healthy level that would ensure proper financial protection for the population (below 20 percent).

Table 1. Key socio-economic, health, and health spending indicators (2019)

Country	North					
	Kosovo	Albania	BiH	Montenegro	Macedonia	Serbia
Population (million)	1.8	2.9	3.4	0.6	2.1	7.0
Population ages 65 and above (% of total population)	9.4	15.4	17.2	15.6	14.3	20.5
GNI per capita, Atlas method (current US\$)	4,640	5,230	6,160	9,140	5,890	7,040
Life expectancy at birth (years)	79.0	79.3	77.2	76.7	76.6	75.9
Neonatal mortality (per 1,000 live births)	8.3	7.1	4.3	1.2	4.5	3.6
Under 5 mortality (per 1,000 live births)	11.2	9.4	5.9	2.7	6.8	5.7
Current health expenditure per capita (current US\$)	226	275	544	732	421	641
Current health expenditure (% of GDP)	5.1	5.2	9.0	8.3	7.1	8.7
Domestic GGHE (% of GDP)	3.0	2.9	6.2	5.1	4.3	5.1
Domestic GGHE (% of GGE)	10.6	9.8	15.4	11.5	13.6	12.0
OOP expenditure (% of current health expenditure)	38.0		29.4	38.6	39.1	37.1

Source: World Development Indicators, except Kosovo (World Bank, 2023). Data on current health spending per capita for Albania are from 2018. BiH: Bosnia and Herzegovina; GGHE: General Government Health Expenditure.

6. In the context of a young nation with considerable political and institutional instability, the health sector in Kosovo lacks a strong foundation to perform its functions of protecting the population from major public health threats, improving health status, and reducing the financial burden related to health care. Health system weaknesses are manifested in public health, service delivery, and financing, with governance being a cross cutting issue in all key functions.

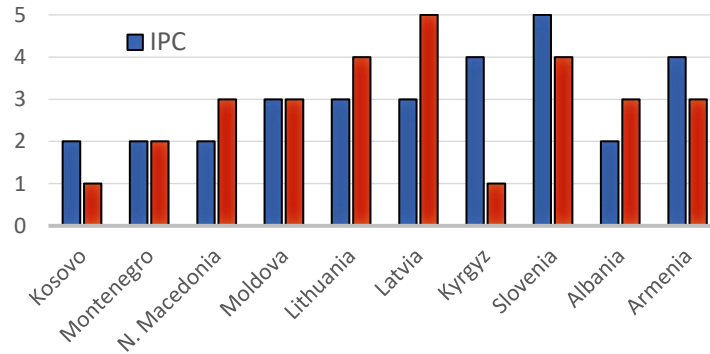
7. In the area of public health, COVID-19 highlighted major gaps in pandemic prevention, preparedness, and response (PPR). While significant resources were mobilized during the pandemic from both domestic and external sources, these were focused primarily on the immediate response and did not address the underlying weaknesses of the PPR system. An analysis of these weaknesses determined that they were largely similar to those of the health system generally, including the lack of a strong, functioning quality assurance/quality management (QA/QM) system; limited data availability and use, especially in terms of the availability of real-time data and data sharing; inadequately trained human resources; poor infrastructure; and legal/governance issues. These common weaknesses suggest that a holistic approach to addressing these issues across the health system and focusing on quality improvement would be most effective.

8. Kosovo is performing at a lower level than its peers in the areas of infection prevention and control (IPC) and antimicrobial resistance (AMR). Based on the Joint External Evaluation (JEE) methodology of the World Health Organization (WHO), Kosovo scored 1 in AMR and 2 in IPC (out of 5) (Figure 1). The main challenges regarding AMR in Kosovo are limited financial and human resources, over-the-counter sales of antibiotics, and the scarcity of clinical guidelines approved by the Ministry of Health (MoH). Moreover, 58 percent of invasive Staphylococcus aureus isolates in Kosovo were Multi-resistant Staphylococcus aureus, compared to 14.4 percent in EU countries, while at the hospital



level, the use of antibiotics in children was almost 1.6 times the EU average (57 vs 36 percent). In European hospitals, lower respiratory tract infections are treated with ceftriaxone only in 8.2 percent of cases, while in Kosovo it was used in 82.3 percent of total cases.⁵ In addition to representing unnecessary additional costs to the system, inappropriate antibiotic use also leads to higher lengths of stay at the hospital and poorer health outcomes. Beyond the lack of guidelines, the current situation also suggests that quality assurance mechanisms are not functioning as they should, and that necessary information is not being collected and shared on a timely basis, as an essential input to clinical decision-making.

Figure 1. Average JEE scores for IPC and AMR



Source: WHO JEE reports, various countries, and author’s calculations⁶

9. Service delivery in Kosovo is characterized by a well-structured system that has low capacity and low levels of utilization. Although the public health delivery system at the primary health care (PHC) level is accessible in all municipalities, the level of utilization is low. In 2019, the country registered on average three outpatient visits per capita and 9.3 hospital discharges per 100 population, compared with 5.2 and 14.6 respectively in Bosnia and Herzegovina (BiH) in the same year. Even though Kosovo compares unfavorably with its peers in both hospital beds and hospital physicians per population, only slightly more than half of the public bed capacity is in use, with the bed occupancy rate in the general hospitals hovering around 52-53 percent. There are shortfalls in operational costs and capital investments related to service delivery. Other critical aspects, such as healthcare waste management (HCWM), show critical gaps from institutional, technical and financial perspectives, further jeopardizing the safety of the patients and population at large.

10. In the area of health financing, Kosovo is behind all countries in the Balkans in the development of strategic purchasing.⁷ Kosovo adopted a Health Insurance Law (HIL) in 2014 and subsequently established a Health Insurance Fund (HIF) in 2017. However, the HIF has not yet started contracting health institutions for delivering health services, failing to hold providers accountable for certain quantity and quality standards. Providers are paid a historical line-item based budget, a large share of which is for salaries, leaving little incentive for improving quality and efficiency. An explicit basic benefit package (BBP) is yet to be defined to guarantee services to the population. While outpatient drug benefits exist, the quantity and variety of drugs are limited, and the distribution mechanism through the MoH central warehouse system stops at the main family medicine centers, rather than going to their branch facilities, making it difficult for the population to access the drugs. Some groundwork has been laid with support from the previous World Bank financed Kosovo Health Project (KHP), including the development of a HIF information system, an outpatient drug benefit package (OPDBP), and piloting of a performance-based capitation payment scheme for PHC. Although these are initial steps in the right

⁵ Raka, L., et al., *Antimicrobial Resistance and Limited Resources: A Kosova Case*, Kosovo Academy of Sciences.

⁶ While the data is not completely comparable due to changes in the JEE methodology over time, the categories were matched as closely as possible

⁷ Strategic purchasing involves deliberate actions on what to purchase (the benefit package), from whom to purchase (the providers), and how to purchase (contracting and provider payment).

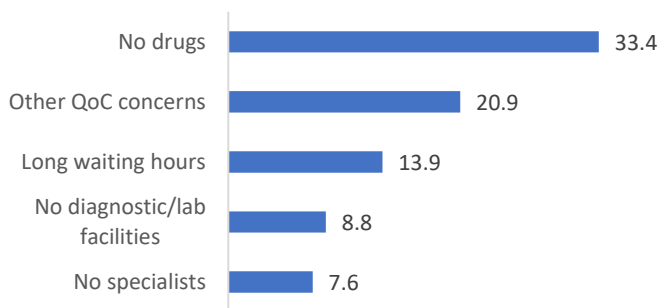


direction, they need strong political and financial commitment to be followed through and transformed into sustainable solutions for the country. They also require a substantial amount of capacity building in-country, so that all actors (purchasers, providers, and regulators) understand the importance of the interventions in terms of financing high quality care for the population.

11. Kosovo is in the early stage of developing a fully functional integrated health information system (IHIS) and producing data for decision making. The PHC level has a basic information system that started out with minimal functionality to register patients and further evolved to include other functions, such as tracking patient medical history and supporting the key PHC workflows. Different existing sub-systems do not communicate with each other, limiting the possibility for patient care coordination. Health care providers do not produce data on diagnoses and procedures connected with patient visits. The main source of health data is the annual statistics, which are at the aggregate level and are not updated in real time. Furthermore, the quality of health statistics leaves much room for improvement, because even the most basic statistic – cause of death – is not available for some 20 percent of all registered deaths.

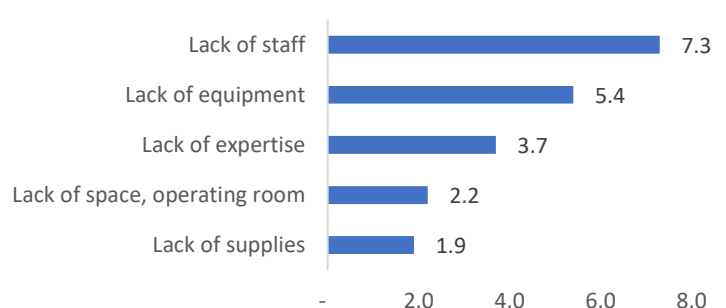
12. The above constraints in the key system building blocks (PPR/public health, service delivery, and health financing) have resulted in poor quality of healthcare services, which has been identified as an important reason for the low use of services. A major challenge to improving quality of care (QOC) is the sub-optimal status of principal inputs to quality, such as drugs, equipment and infrastructure, and competent staff. Over 33 percent of respondents in the 2017 Household Budget Survey (HBS) cited the unavailability of drugs as their reason for dissatisfaction with public health institutions. Other QOC issues, long waiting hours, lack of diagnostic facilities, and lack of specialists are among the top concerns (Figure 2). The quality of hospital services is challenged by a host of constraints, most notably lack of qualified staff and equipment. This has resulted in a long waiting list and the need to refer patients to private practice or abroad due to the public hospitals’ inability to provide certain services. In January and February 2022 alone, 7,645 patients were reported to be waiting for any type of surgical, diagnostic, or other treatment in the University Clinical Center of Kosovo (UCCK), the only tertiary hospital in the country.⁸ Compared to the total discharges from UCCK in 2019, this represents 9.5 percent. Most patients were waiting for radiology, vascular surgery, and ophthalmology services (Figure 3).

Figure 2. Reasons for dissatisfaction with visits to public health institutions (percent), 2017



Source: World Bank calculation using 2017 HBS

Figure 3. Reasons for being in the wait list (number of patients in thousand), 2022



Source: MoH Rapid Hospital Service Assessment Survey (2022)

13. In terms of process of care, significant gaps exist in the practice of evidence-based medicine and patient coordination. The use of clinical protocols and guidelines to ensure standardization and promote high quality care is limited, both due to the lack of guidelines themselves and to the lack of awareness of health professionals. So far, only 20 clinical protocols have been adopted by the MoH. There are no guidelines for breast and lung cancers, which are the

⁸ The Ministry of Health (2022) Results of the Rapid Hospital Service Assessment Survey. March 2022.



top cancers in the country.⁹ Pregnant women are not tested for infectious diseases, Thyroid-Stimulating Hormone levels, Vitamin D deficiencies, or chromosomal anomalies during their antenatal care visits, and physicians are not consistent in their adherence to protocols.¹⁰ Patient coordination between levels of care does not exist and patients typically bypass PHC to go straight to the hospitals. Moreover, necessary information systems are not yet in place to monitor the use of protocols and guidelines or to support patient care coordination between PHC and hospitals.

14. Significant progress has been made in developing legal frameworks and other foundational conditions for strengthening the health system. Kosovo is finalizing the draft Health Care Law, updated HIL, and Health Sector Strategy for 2023-2030. A law on pricing of pharmaceutical products was recently approved by the Parliament. The MoH has also approved a Communicable Disease Program and Action Plan, an Action Plan for HCWM, and has finalized an eHealth feasibility study with a proposed overall architecture of the whole IHIS. All these will inform concrete interventions to build the foundation for a strong and resilient health system designed to provide high quality care.

15. In summary, the health system in Kosovo shows low performance in health outcomes and service utilization, the root causes of which relate to problems in quality, both in terms of inputs and processes of care. This can be further explained by weak governance structures and the lack of ability to monitor performance and act upon it. While health financing reform is an aspirational goal for the country, the necessary building blocks and capacity are not yet in place to allow the strategic purchasing of high-quality services. Many of the identified issues cannot be fully addressed in the absence of a functioning and integrated health information system.

C. Proposed Development Objective(s)

16. The Project Development Objective (PDO) is to strengthen the institutional capacity and governance for improving the quality of care.

17. The PDO indicators have been selected to measure the project's contribution to strengthening the building blocks for improving the quality of health services and the ability of the system to measure quality, and include:

1. Ratings on a 5-point scale for indicators #8 (IPC in human health care) and #9 (Optimizing antimicrobial use in human health) in the Central Asia and European Surveillance of Antimicrobial Resistance (CAESAR) Network Assessment;
2. Percentage of (i) hospitals and (ii) PHC facilities implementing new clinical guidelines for selected key conditions;
3. Number of (i) hospitals and (ii) PHC facilities with fully functional IHIS with a quality-of-care dashboard.

D. Concept Description

18. The project seeks to strengthen health system's institutional capacity and governance to provide high quality services in the area of public health/PPR, services delivery, health financing, and information system, with the last one being a cross-cutting intervention critical for allowing other aspects of the system to function. The proposed interventions (including IHIS) will initially focus on public sector services and may eventually cover the private sector once sufficient progress has been made in the public sector. That said, appropriate approaches for including private sector services within IHIS are already considered in the Feasibility Study and will be further considered during project implementation. The components of the project are described below.

⁹ World Bank (2023) The State of Noncommunicable Diseases in Kosovo

¹⁰ World Bank (2020) Qualitative survey with health staff



19. Component 1: Strengthening key health system building blocks for QOC (USD 7.2 million). This component will support key areas of the action plan of the National Program on Communicable Diseases 2022, focusing on activities which will reduce AMR and HAI (through efforts to improve antibiotic use, surveillance, and IPC). This component will also focus on critical gaps relating to inputs and processes in the clinical service delivery. Investments in equipment and infrastructure will be coordinated with the upcoming loan from the Central European Bank and European Investment Bank, which will focus on equipment for secondary and tertiary hospitals. Investments in HCWM will be informed by the Action Plan for HCWM developed based on a 2022 assessment done by the GIZ. To improve process of care, the project will adopt high impact initiatives that have not been supported by other partners, including optimizing the institutional mechanism for adopting clinical protocols, digitalizing protocols and care pathways, supporting PHC quality coordinators and health inspectors. It will also support the MoH’s upcoming plan to optimize hospital services by establishing Centers of Competence in different general hospitals. Finally, this component supports the development of strategic purchasing which will help incentivize and hold providers accountable for quality performance.

20. The following activities are envisaged under Component 1:

- a) Medical equipment and associated civil works that is critical for filling in the gap in inputs to service delivery at the PHC and hospital levels and for operationalizing the Centers of Competence concept;
- b) Equipment to support AMR surveillance;
- c) Civil works in selected hospitals;
- d) Equipment, minor civil works, and standard operating procedures for improving HCWM;
- e) Adoption and operationalization of high-impact quality improvement measures, including: (i) improving institutional mechanisms for adopting clinical guidelines; (ii) adopting clinical protocols, guidelines, care pathways, and digitalization of selected care pathways at the PHC level; (iii) strengthening the quality of PHC coordinators; (iv) strengthening the operation of the health inspection; and (v) defining and operationalizing the “centers of competence” concept; and
- f) Technical assistance (TA) for the development of strategic purchasing capacity, focusing on provider payment, contracting for outpatient drugs, and definition of the basic benefit package.

21. Component 2. Developing an Integrated Health Information System (IHIS) (USD 12.0 million) This component will support the development and implementation of an IHIS, which builds on the Basic Health Information System developed under the KHP, and the Communicable Disease and Early Warning System, which is being developed under the current COVID-19 project (P173819). This activity will be informed by the “*Kosovo eHealth Feasibility Study Development*,” which has now been completed. The planned system will include PHC, hospitals, as well as laboratories and the Institute of Public Health (IPH) and will allow for the seamless transmission and sharing of health information among all authorized individuals. Such a system will require robust patient confidentiality and data privacy protocols to ensure that only those who are authorized can access patient data. Once such protocols are in place, it should be possible to better coordinate patient treatment and care, including in the areas of communicable disease prevention, control, and treatment.

22. Specific activities in Component 2 include:

- a) Development of a data dictionary, data standards, and requirements for national master indexes (patient, facilities, procedures, drugs, etc.);
- b) Development of a national health data security framework and a national electronic health record (EHR) and health information exchange (HIE) architecture;
- c) Development of a data model to describe the key data flows within and outside of the health system;
- d) Hiring a technical expert to guide the eHealth development process and supporting the establishment of a national eHealth agency;



- e) Hardware to support IHIS, including local and wide-area networking;
- f) Detailed design, development and implementation of IHIS modules, which will include: (i) BHIS (upgrade of existing system to be compatible with new IHIS architecture); (ii) hospital management information system, including laboratory and radiology systems; (iii) upgrade of pharmaceutical stock management and transfusion information systems; (iv) the development of a national electronic EHR and HIE; (v) development of a patient portal and e-Referral capability; and (vi) public health statistical and surveillance system;
- g) Development and implementation of change management and knowledge management strategies; and
- h) Extensive training of all institutions involved.

23. Component 3: Project Management, Monitoring, and Evaluation (USD 0.8 million). This component will support overall project administration, including project management, fiduciary functions (procurement, financial management), monitoring and evaluation, environmental and social compliance, and regular monitoring of and reporting on project implementation. The component will finance consulting services, including consultants to staff the Project Coordination Unit (PCU), as well as office equipment, training, audits, filing systems, and operating costs.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts

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APPROVAL

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