



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

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ABBREVIATIONS AND ACRONYMS

EU	European Union
FM	Financial Management
ICU	Intensive Care Units
IRI	Intermediate Results Indicator
MoH	Ministry of Health
MS	Moderately Satisfactory
PDO	Project Development Objective
PforR	Program-for-Results
PMU	Project Management Unit
USTACC	Advanced Surveillance and Treatment Unit for Critical Cardiac Patients



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 31-Mar-2021

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	31-Mar-2021	338.80	145.79	167.13

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The EUR 250 million Romania Health Sector Reform Project was approved on March 28, 2014 and became effective on January 22, 2015. The Project Development Objective (PDO) is to contribute to improving access to, and quality of selected public health services and the current closing date is March 31, 2021. The project has been restructured four times. The first restructuring (June 2017) changed the results framework, components and costs, disbursement estimates, and legal covenants. The second restructuring (October 2018) simplified the PDO and revised the results framework, the components and costs, and legal covenants. The third restructuring (June 2020) reallocated EUR 70 million to the COVID-19 response through a new component (Component 4) and further revised the results framework, components and costs, and disbursement estimates. The fourth restructuring (November 2020) extended the closing date from December 15, 2020 to March 31, 2021, to allow for the completion of COVID-19 contracts and the effectiveness of the Romania Health Program-for-Results (PforR; P169927). The activities covered by the operation remain both highly relevant and a high priority for the sector and the government.

2. Despite challenges related to initial delays in project effectiveness, political instability, and understaffing of the Project Management Unit (PMU), project implementation has improved, and implementation progress has been rated Moderately Satisfactory (MS) since 2017. Implementation of key activities has improved quality of health care services. For example, 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.

3. Following these sustained improvements in implementation between 2017 and 2020, progress towards the achievement of the PDO was upgraded to MS in May 2020. 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. 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. The end target was achieved in September 2020, allowing Romania, which had the lowest value for this indicator among European Union countries, to start closing the gap.
- PDO Indicator 2, mortality rates in advanced surveillance and treatment unit for critical cardiac patients: 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. 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.

4. Component 1 (Strengthening Health Service Delivery). Progress under this component is rated MS. Service delivery has been strengthened in key hospital services, particularly in life-saving medical services. Specifically,



critical equipment was procured for existing ICUs, Advanced Surveillance and Treatment Unit for Critical Cardiac Patients (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. The original design of this component included the construction of four burn centers for the treatment of severe burns. However, this activity was significantly delayed due to costs being grossly underestimated at project design and to the complexity of developing technical specifications that meet international standards for burn centers, a factor exacerbated by the PMU's lack of relevant experience in this area. These issues have been resolved and the technical preparation of construction activities for three burn centers for the treatment of severe burns (Timisoara, Bucharest, and Targu Mures) is now at an advanced stage, based on feasibility studies that were started in June-September 2018 under terms of reference approved by the Bank. In line with both the original Project design and international standards, the feasibility studies revised cost estimates from EUR 44.42 million for four burn centers to EUR 163.9 million for three burn centers; the fourth one was dropped.¹ The Timisoara burn center is supported through this Project, while the other two will be financed by a proposed Additional Financing. Progress on procurement of radiotherapy equipment, medical equipment for burn centers, a telemedicine system for emergency medical services, and cervical cancer screening equipment was also limited because of lack of procurement capacity in the PMU. Due to the limited progress on these activities at the time of the COVID-19 pandemic, funds were reallocated in the June 2020 restructuring to a new Component 4 on Strengthening of Public Health Emergency Response to COVID-19. While procurement of radiotherapy equipment is supported through this Project, procurement of medical equipment for burn centers, a telemedicine system for emergency medical services, and cervical cancer screening equipment are expected to be supported under a proposed Additional Financing.

5. Component 2 (Public Health Sector Governance and Stewardship Improvement). Progress under this component is rated MS. Early progress was limited due to initial capacity constraints in the PMU. Nonetheless, progress has been made in the 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. However, this technical assistance stalled in 2019 due to the Government's decision to change the institutional arrangement for this reform; the COVID-19 pandemic further exacerbated the slowdown. As a result of capacity limitations, and limited technical support over the past year, a number of activities have not yet been implemented, including surveys and studies to support formulation of evidence-based health policies, development of select national health programs and strengthening of the Ministry of Health's (MOH) communication strategy. However, the MoH is committed to reviving/implementing activities to support health sector governance and stewardship reforms under Component 2, which will build synergies with the Romania PforR.

6. Component 3 (Project Management, Monitoring and Evaluation). Progress under this component is rated MS. As mentioned above, capacity limitations within the PMU have been a challenge that has been compounded by political instability, particularly during the first years of project implementation. However, the PMU has been gradually strengthened, particularly in the area of procurement.

7. Component 4 (Strengthening of Public Health Emergency Response to COVID-19). Progress under this component is rated Satisfactory. As of February 15, 2021, 20 contracts for an amount of EUR 38.14 million have

¹ Increased costs are primary due to the need to connect facilities that house burn services with intensive care units, operating theatres and hospital emergency departments, as well as incorporate architectural features that allow for the flows of patients, medical and non-medical staff and materials in a safe environment due to the fragility of severe burn victims.



been signed to boost the country's testing capacity and strengthen its ICUs through the procurement of laboratory and other medical equipment and supplies. Procurement for a second batch of ICU and laboratory equipment is ongoing. Activities and procurements continue to be closely coordinated with other development partners, particularly the EU, to avoid duplication.

8. Project Management is rated MS. Financial management (FM) is rated as Satisfactory and has been throughout implementation. The financial management arrangements of the PMU, including planning, budgeting, accounting, financial reporting, internal controls, external audit, and fund flows are adequate and acceptable to the World Bank. There are no overdue audit reports under the Project. Procurement is rated MS. Despite the initial capacity constraints, the PMU has hired a number of experienced procurement specialists, both as staff and consultants, and now has adequate knowledge and requisite experience with procurement under World Bank-funded projects, the application of the Systematic Tracking of Exchanges in Procurement system, and the country's e-procurement platform. Safeguards compliances remains MS and the site-specific environmental and social management plan for the construction of the Timisoara burn center has been publicly consulted and reviewed and deemed acceptable to the World Bank.

9. As of February 15, 2021, EUR 126.68 million (50.7 percent) of the loan amount has been disbursed. Commitments (contracts signed but not yet paid/dispensed) amount to an additional EUR 21.09 million (8.4 percent). Outstanding resources will finance the following: construction of the Timisoara burn center and procurement of radiotherapy equipment (Component 1, EUR 71 million); technical assistance (Component 2, EUR 6.5 million); Project management (Component 3, EUR 4.5 million); procurement of ICU and laboratory equipment (Component 4, EUR 20 million).

B. Rationale for Restructuring

10. The proposed 45-month extension is necessary to complete key activities that were originally planned but have been delayed, namely the construction of the Timisoara burn center; procurement of ICU, laboratory, and radiotherapy equipment; and continuation of technical assistance to the Government's Health Program. The restructuring will also allow for revisions to the results framework to ensure alignment with the original design and scope of the Project.

- Construction of the Timisoara burn center was delayed as a result of a lack of experience of the Government and a significant cost underestimate. This was subsequently rectified – feasibility studies that comport with international standards were developed and the revised estimates completed. The Environmental and Social Management Plan for the Timisoara burn center was approved by the World Bank in August 2020. Bidding documents (including permits and authorizations) will be completed by April 2021 and the procurement process will be launched immediately thereafter. Civil works are expected to be completed by August 2024. The extension will allow sufficient time for execution of works, installation of equipment, and site handover. The Government remains committed to investing in domestic capacity for treatment of severe burns, which has renewed importance in the broader context of the ongoing COVID-19 pandemic when options to transfer patients to other countries for treatment is limited.
- Procurement of radiotherapy equipment was initially delayed due to capacity limitations within the PMU. This was exacerbated by the reallocation of a significant portion of Project funds to support the Government's COVID-19 response. The PMU now has the requisite experience in relevant procurement procedures and contract management to ensure the timely completion of this activity in order sustain Project results, particularly under the first PDO indicator.
- Similarly, the remaining procurement procedures for ICU and laboratory equipment are at an advanced stage



and the PMU has the requisite experience in relevant procurement procedures and contract management to ensure the timely completion of this activity.

- Sustained technical assistance over the course of the proposed extension will support key health sector governance and stewardship reforms that aim to support the Government's Health Program, creating synergies with the Romania Health PforR. Specifically, the technical assistance will support, inter alia, communication campaigns aimed at increasing utilization of primary health care services for underserved populations (creating synergies with results area 1 of the PforR); revisions to medical protocols to expanded the scope of work at the primary health care level (results area 2 of the PforR); and development of health technology assessments (results area 3 of the PforR).

11. In addition to the proposed restructuring and extension, a proposed AF is being prepared in parallel to include funding to cover the construction of two other burn centers originally planned under the project (Bucharest and Targu Mures), as well as the implementation of other activities that were dropped in order to reallocate resources to COVID-19 response, including the procurement of medical equipment for the burn centers, a telemedicine system for hospital emergency departments, and cervical cancer screening equipment. The AF is being processed separately to ensure completion of this proposed restructuring before the current closing date of March 31, 2021 and timely signature of contracts that are at advanced stages of readiness, including for the Timisoara burn center and radiotherapy equipment. Because Romanian law requires that financing be secured for the total contract amount prior to signature, joint processing of the restructuring and the AF would delay signature of these contracts, for which there is currently a financing gap, until after effectiveness of the AF.

12. Existing implementation arrangements will remain unchanged. However, the PMU will be further strengthened by bringing in external resources. A project management firm will be hired to ensure timely implementation of civil works for the Timisoara burn center, building on the success of this approach in recent civil works in the hospital sector.

C. DESCRIPTION OF PROPOSED CHANGES

13. **Results Framework.** This restructuring proposes to change the results framework to: (a) add a PDO indicator and two Intermediate Results Indicators (IRIs) to monitor the development of three out of the four originally planned burn centers. Based on original cost underestimates, burn centers were not envisioned to make up such a large portion of project costs. As such, a standalone PDO indicator was not included in the results framework. This new indicator should have been incorporated through a project restructuring when it became apparent in 2018 that costs at project design were grossly underestimated; (b) add/revise indicators to better monitor female beneficiaries and beneficiaries' satisfaction and feedback in compliance with corporate requirements on gender and citizen engagement; (c) slightly increase the end target for the IRI on number of people trained; (d) drop the IRI on cancer registry, which is supported by another donor; and (e) add intermediate targets and align the date of the end target for all indicators to the December 31, 2024 closing date.

14. **Components and Costs.** This proposed restructuring also includes a change in Components and Cost to slightly adjust the allocation across components, and in particular reduce the allocation to Component 4 by around EUR 12 million as the country received support from other donors to strengthen the public health emergency response to COVID-19. These resources are reallocated to Component 1 to allow for procurement of radiotherapy equipment that had been cancelled by the third restructuring.



Table 1: Summary of Project Costs*

Component Name	Current Cost (EUR, millions)	Proposed Cost (EUR, millions)
1. Strengthening Health Service Delivery	163	177
2. Health Sector Governance and Stewardship Improvement	10	9
3. Project Management, and Monitoring and Evaluation	7	6
4. Strengthening Public Health Emergency Response to COVID-19	70	58
TOTAL	250	250
*NB: Project financing is in EUR. Variations in associated USD equivalents reflect exchange rate fluctuations.		

15. **Closing Date.** This closing date will be extended by 45 months, from March 31, 2021 to December 31, 2024, to allow for completion of construction of the Timisoara burn center. As noted above, the significant cost underestimate at project design and the technical complexity of designing burn center that meet international standards, combined with lack of Government experience in this area, have made progress slow. At present, bidding documents (including all permits and authorizations) are expected to be ready and the procurement process launched by April 2021. However, given the scope of civil works associated with the construction of the Timisoara burn center, an additional 45 months will be needed to ensure completion of the center. In addition, the project extension will allow for the completion of procurement of radiotherapy, ICU and laboratory equipment. Finally, the proposed extension will allow for implementation of technical assistance activities under Component 2 to support health sector governance and stewardship reforms under the Government's Health Program, creating synergies with the Romania Health PforR, which became effective on January 12, 2021.

16. **Disbursement Estimates and Implementation Schedule.** This restructuring proposes to adjust the disbursement estimates and implementation schedule to reflect the extended closing date.

II. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Cancellations Proposed		✓
Reallocation between Disbursement Categories		✓



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

IV. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Strengthening Health Service Delivery	238.70	Revised	Strengthening Health Service Delivery	239.64
Health Sector Governance and Stewardship Improvement	13.60	Revised	Health Sector Governance and Stewardship Improvement	12.04
Project Management, and Monitoring and Evaluation	9.50	Revised	Project Management, and Monitoring and Evaluation	8.82
Strengthening Public Health Emergency Response to COVID-19	77.00	Revised	Strengthening Public Health Emergency Response to COVID-19	78.30
TOTAL	338.80			338.80



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-Dec-2024	30-Apr-2025

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2014	0.00	0.00
2015	0.00	0.00
2016	852,752.75	0.00
2017	11,876,586.95	4,746,937.00
2018	57,325,739.13	28,215,346.00
2019	37,037,815.59	48,959,215.00
2020	231,707,105.58	33,713,628.00
2021	0.00	45,000,000.00
2022	0.00	55,000,000.00
2023	0.00	50,000,000.00
2024	0.00	50,000,000.00
2025	0.00	23,164,874.00



Results framework

COUNTRY: Romania
Health Sector Reform

Project Development Objectives(s)

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

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
To contribute to improving access to, and quality of selected public health services											
Average number of modern and safe radiotherapy unit available per 1 million population (Number)		1.40					2.20	2.20	2.20	2.20	2.20
<i>Action: This indicator has been Revised</i>											
Advanced Surveillance and Treatment Unit of Critical Cardiac Patients (USTACC) mortality rate (Percentage)		6.85					5.83	5.83	5.83	5.83	5.83
<i>Action: This indicator has been Revised</i>											
Percentage of diagnosed COVID-19		0.00					80.00	80.00	80.00	80.00	80.00



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
cases treated per approved protocol (Percentage)												
<i>Action: This indicator has been Revised</i>												
Number of burn centers for the treatment of severe burns operational (Number)		0.00							0.00	0.00	0.00	3.00
<i>Action: This indicator is New</i>												

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
Strengthening Health Service Delivery												
Number of regional pathology and cytology laboratories fully operational (Number)		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	6.00	6.00	6.00
<i>Action: This indicator has been Revised</i>												



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Number of mobile units for cancer screening fully functional for campaigning activities (Number)		0.00	0.00	0.00	0.00	8.00	8.00	8.00	8.00	8.00	8.00
Action: This indicator has been Revised											
Number of women using mobile cancer screening units and cancer screening centers (cumulative) (Number)		0.00						6,000.00	12,000.00	18,000.00	24,000.00
Action: This indicator is New											
Average waiting time (days) of radiotherapy treatment (LINAC) from prescription to treatment at Public Radiotherapy Centers (Text)		60-90	60-90	60-90	60-90	<60	<45	<45	<45	<45	<45
Action: This indicator has been Revised											
Number of hospitals with functional emergency		38.00	38.00	38.00	38.00	38.00	38.00	38.00	120.00	120.00	120.00



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
telemedicine system (Number)											
<i>Action: This indicator has been Revised</i>											
Number of Cardiology Care Unit (USTACC) equipped according to the national regulations (Number)		0.00	0.00	0.00	0.00	8.00	8.00	8.00	8.00	8.00	11.00
<i>Action: This indicator has been Revised</i>											
Number of contracts signed for construction works for burn centers for the treatment of severe burns (Number)		0.00	0.00	0.00	0.00	0.00	0.00	3.00	3.00	3.00	3.00
<i>Action: This indicator is New</i>											
Number of burn centers for the treatment of severe burns equipped (Number)		0.00					0.00	0.00	0.00	0.00	3.00
<i>Action: This indicator is New</i>											



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Number of health professionals trained (burn centers, radiotherapy, emergency, intensive care) (Number)		0.00	0.00	21.00	27.00	35.00	43.00	51.00	59.00	67.00	75.00
<i>Action: This indicator has been Revised</i>											
Health Sector Governance and Stewardship Improvement											
Number of health workers trained in HTA (Number)		0.00	0.00	6.00	0.00	18.00	18.00	18.00	18.00	18.00	18.00
<i>Action: This indicator has been Revised</i>											
Number of international evidence-based standards and protocols implemented on selected public health services (Number)		0.00	0.00	0.00	0.00	3.00	6.00	6.00	6.00	6.00	6.00
<i>Action: This indicator has been Revised</i>											
Share of patients satisfied or very satisfied with hospital		81.25						81.50	81.75	82.00	82.25



Indicator Name	PBC	Baseline	Intermediate Targets								End Target	
			1	2	3	4	5	6	7	8		
services delivered (Percentage)												
Action: This indicator is New												
Development of annual action plan to improve patients' satisfaction based on patients' satisfaction survey with hospital services (Yes/No)	No						No	Yes	Yes	Yes	Yes	Yes
Action: This indicator has been Revised												
Development of a cancer registry strategy and plan (Yes/No)	No	No	No	No	No	No						Yes
Action: This indicator has been Marked for Deletion												
Comprehensive communication campaign implemented (Cumulative) (Number)	0.00									1.00		2.00
Action: This indicator has been Revised												



Indicator Name	PBC	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Strengthening of Public Health Emergency Response to COVID-19											
Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents (Number)		0.00					50.00	50.00	50.00	50.00	50.00
<i>Action: This indicator has been Revised</i>											
Activation of public health Emergency Operations Centre or a coordination mechanism for COVID-19 (Yes/No)		No					Yes	Yes	Yes	Yes	Yes
<i>Action: This indicator has been Revised</i>											



The World Bank

Health Sector Reform (P145174)
