



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
DISEASE PREVENTION AND CONTROL PROJECT
APPROVED ON MARCH 27, 2013
TO
REPUBLIC OF ARMENIA

HEALTH, NUTRITION & POPULATION

EUROPE AND CENTRAL ASIA

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ABBREVIATIONS AND ACRONYMS

BP	Bank Procedures
HPIU	Health Project Implementation Unit
IP	Implementation Progress
MC	Medical Center
MCH	Maternal and Child Health
MOF	Ministry of Finance
MOH	Ministry of Health
NCD	Non-Communicable Disease
PHC	Primary Health Care
PDO	Project Development Objective
SDR	Special Drawing Rights
STEP	Systematic Tracking of Exchanges in Procurement



BASIC DATA

Product Information

Project ID P128442	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 27-Mar-2013	Current Closing Date 30-Jun-2021

Organizations

Borrower Republic of Armenia	Responsible Agency Ministry of Health, HSMP-PIU
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Project Development Objective (PDO)

Original PDO

The Project development objective is to improve (i) Maternal and Child Health(MCH) services and the prevention, early detection, and management of selected Non-Communicable Diseases (NCD) at the Primary Health Care (PHC) level; and (ii) the efficiency and qualityof selected hospitals in Armenia.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IDA-52220	27-Mar-2013	17-May-2013	22-Jul-2013	30-Jun-2021	35.00	27.70	4.46
TF-14138	11-Jul-2013	27-Sep-2013	27-Sep-2013	31-Dec-2019	1.80	1.80	0



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 Credit was approved on March 27, 2013, in the amount of SDR 22,800,000 (US\$35 million equivalent) and became effective on July 22, 2013. The Project Development Objective (PDO), which remains relevant, is to improve: (i) Maternal and Child Health (MCH) services and the prevention, early detection, and management of selected non-communicable diseases (NCDs) at the Primary Health Care (PHC) level; and (ii) the efficiency and quality of selected hospitals in Armenia. A first Level II restructuring was approved on April 30, 2015, to (a) change the legal covenant requiring independent counter-verification of performance for incentive payments and (b) re-allocate funding from a canceled hospital to other Project activities. A second Level II restructuring was approved on April 19, 2018, to extend the Project closing date from December 15, 2019, to June 30, 2021 because two additional Marz hospitals were included in the project scope for construction and equipment.
2. Progress toward achieving the PDO has been rated no less than moderately satisfactory since effectiveness. The four screening-related PDO indicators have exceeded their end-of-Project target values, while the 2019 target values for the PDO indicator measuring bed occupancy rates in two health facilities have been achieved. The intermediate results indicators have also mainly met or exceeded their 2019 target values. The rating for progress toward achievement of the PDO was assessed as satisfactory in the last Implementation Status Report (ISR) dated October 22, 2019.
3. Implementation progress (IP) has also been rated no less than moderately satisfactory since effectiveness and was assessed as satisfactory in the last ISR dated October 22, 2019. Under Component 1, *“Performance-based financing (PBF) scheme to improve MCH and NCD services in primary care facilities,”* the Project has financed performance-based incentives and screening test costs, surpassing all end-of-Project target values for the screening-related PDO indicators. Given the success of the intervention, the Government has committed to financing payments for screening test costs through the state budget, from January 1, 2021, allocating an estimated annual amount of US\$312,000. Under Component 2, *“Improving efficiency and quality of selected hospitals,”* over 300 clinical practice guidelines, protocols, and standards have been developed and incorporated into the curricula for training physicians. The Project has successfully financed the construction of Sevan Medical Center (MC), the reconstruction of Artashat MC, design and equipment for Vanadzor MC, and reconstruction of the Hematology center, with establishment of a unit for bone marrow transplants.
4. Project Management is rated satisfactory. The Financial Management arrangements at the Health Project Implementation Unit (HPIU), including planning and budgeting, accounting, financial reporting, external audit, and fund flows are adequate and acceptable to the World Bank. There are no overdue audit reports. Satisfactory



procurement arrangements were confirmed in the regular post-review conducted in December 2019. The HPIU has demonstrated adequate knowledge and experience in procurement under World Bank-funded projects, the application of the Systematic Tracking of Exchanges in Procurement (STEP) system, and the country e-procurement platform. Safeguards compliance remains satisfactory and site-specific environmental and social management plans for the construction of hospitals under the Project have been reviewed and deemed acceptable to the World Bank.

B. Rationale for Restructuring

5. The design documents of the last two MCs in Martuni and Vayots Dzor were delayed by a change in licensing regulations in Armenia. All existing licenses for design firms were annulled and firms had to re-apply for licenses through a lengthy process. The updated design documents for the construction of the last two MCs in Martuni and Vayots Dzor were based on a new prototype with one-floor, higher total square meters to accommodate a blood bank and dialysis unit, and with higher than the originally-estimated construction costs. As the prototype was new, they did not significantly draw on the past hospital designs. However, the new prototypes will be used for future hospital construction, reducing preparatory time.
6. The higher costs for construction of the facilities with the new prototype imply that there are only sufficient funds under the Credit to build and equip one of the two hospitals. In addition, the construction, projected to start in April 2020, will take about 27 months, which falls beyond the current closing date. Given these constraints, options for deciding on the approach were discussed with the client, and were made based on their compatibility with the following aims: (a) sustaining financing and gains of the screening program; (b) ensuring that the hospital construction contributes to reducing challenges in geographic access to care; (c) maintaining funding for operating costs of the HPIU; and (d) ensuring adequate equipment for the constructed hospital.
7. The Ministry of Finance (MOF) sent a letter to the World Bank on December 25, 2019, requesting (a) a 15-month extension (from June 30, 2021 to September 30, 2022) of the Project closing date; and (b) reallocation of Credit proceeds from Category 2 (performance-based payments) to Category 1 (goods, works, non-consultant services, operating costs, training and consultants' services for the Project, including audits) in an amount of SDR 363,000 (US\$ 502,400 equivalent) to reflect projected expenditures until the revised Closing Date. In addition to the undisbursed amount of US\$ 4.46 million under IDA-52220, there is an undisbursed amount of US\$ 2.1 million in the designated account. Government co-financing will cover outstanding costs under Category 1 of the Project.
8. In the letter, the MOF also informed the World Bank that the Armenian government would (a) support screening under Component 1 from January 1, 2021 onwards, using government budget; and (b) seek alternative sources for funding the construction of the Vayots Dzor MC.
9. With the proposed restructuring, the (a) Project objectives continue to be achievable; (b) performance of the Borrower and HPIU is satisfactory; and (c) Borrower has prepared a specific action plan acceptable to the World Bank to complete the Project within the proposed extension period.

II. DESCRIPTION OF PROPOSED CHANGES



- 10. Extension of the Closing Date. The Project closing date will be extended by 15 months, from June 30, 2021 to September 30, 2022, to allow sufficient time to complete the construction and equipping of the Martuni MC.
- 11. Reallocation of Credit Proceeds. An reallocation of the Credit proceeds from Category 2 (Performance-Based Payments) to Category 1 (Goods, works, non-consultant services, operating costs, training and consultants’ services for the Project, including audits) in the amount of SDR 363,000 (US\$502,400 equivalent) to reflect the projected cost for the construction and equipping of Martuni MC, and Project management. Therefore, the revised allocation for Category 1 and Category 2 will be SDR 19,763,000 and SDR 3,037,000, respectively.
- 12. Revision of the Results Framework. All the indicators will be revised, adding target values for 2022 to account for the extension of the closing date. Other proposed changes to the intermediate results indicators (IRs) are below:
 - a. IR #3: The end target for the IR measuring the number of health facilities constructed, renovated and/or equipped is reduced from 6 to 5, to reflect the cancellation of Vayots Dzor MC;
 - b. IR #4: The intermediate indicator measuring the treatment of pediatric hematology conditions will be dropped. The Project financed the renovation of the Hematology Center, however, the Center does not receive any direct support from the Project for service delivery or management. Therefore, the Project should not keep tracking the indicator measuring the treatment of pediatric hematology locally as it is not attributable to the Project; and
 - c. IR #6: The intermediate indicator measuring operational health facilities constructed under the Project must be adjusted to reflect the cancellation of Vayots Dzor MC by removing c) “Vayots Dzor Medical Center operational” and changing d) Martuni Medical Center operational to c). In addition, the end target should be revised to “All three Medical Centers operational”.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Loan Closing Date(s)	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementation Schedule	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Cancellations Proposed		✓
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)
Performance-based incentives to improve MCH and NCD services in primary care faci	4.70	Revised	Performance-based incentives to improve MCH and NCD services in primary care faci	4.20
Hospital Modernization	38.20	Revised	Hospital Modernization	37.74
Project Management	2.10	Revised	Project Management	3.06
TOTAL	45.00			45.00

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-52220	Effective	15-Dec-2019	30-Jun-2021, 15-Dec-2019, 30-Jun-2021	30-Sep-2022	30-Jan-2023



TF-14138	Closed	31-Dec-2018	31-Dec-2019, 31-Dec-2018, 31-Dec-2019
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REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IDA-52220-001 Currency: XDR					
iLap Category Sequence No: 1		Current Expenditure Category: G, CW, non-CS, IOC ,TR, CS, AUDIT			
	19,400,000.00	17,042,165.79	19,763,000.00	80.00	80.00
iLap Category Sequence No: 2		Current Expenditure Category: Perform.based finan.under Part 1(a)			
	3,400,000.00	837,477.88	3,037,000.00	100.00	100.00
Total	22,800,000.00	17,879,643.67	22,800,000.00		

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2013	0.00	0.00
2014	4,756,154.80	0.00
2015	1,064,491.96	0.00
2016	6,038,178.00	0.00
2017	7,618,196.00	0.00
2018	5,057,934.00	0.00
2019	6,006,212.00	0.00
2020	3,600,000.00	1,000,000.00
2021	858,833.24	1,000,000.00



The World Bank

Disease Prevention and Control Project (P128442)

2022	0.00	2,458,833.24
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Results framework

COUNTRY: Armenia

Disease Prevention and Control Project

Project Development Objectives(s)

The Project development objective is to improve (i) Maternal and Child Health(MCH) services and the prevention, early detection, and management of selected Non-Communicable Diseases (NCD) at the Primary Health Care (PHC) level; and (ii) the efficiency and quality of selected hospitals in Armenia.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Improve MCH services and the prevention, early detection & management of selected NCDs at PHC level											
Percentage of antenatal care (ANC) attendees screened for glycosuria, hypertension and proteinuria in at least three antenatal visits (Percentage)		0.00	0.00	40.00	60.00	75.00	75.00	85.00	85.00	85.00	85.00
Action: This indicator has been Revised											
Percentage of population aged 35-68 screened for hypertension at least once in the last year a) female; b) male (Text)		a)22.5 % b)17.8 %	a)25% b)20%	a) 35% b) 30%	a) 40% b) 35%	a) 45% b) 40%	a)72% b)48%	a)74% b)50%	a)76% b)55%	a)76% b)55%	a) 76% b) 55%



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Action: This indicator has been Revised											
Percentage of population aged 35-68 screened for diabetes mellitus at PHC level at least once during the last 3 years a) female; b)male (Text)		a)9.8% b)7.5%	a) 12% b) 10%	a)22.0% b)20.0%	a)32.0% b)30.0%	a)42.0% b)30.0%	a)44.0% b)32.0%	a) 46% b) 34%	a) 48% b) 36%	a) 48% b) 36%	a) 48% b) 36%
Action: This indicator has been Revised											
Percentage of women aged 30-60 screened for cervical cancer at least once during the last 3 years and received the results (Percentage)		8.50	10.00	20.00	20.00	26.00	28.00	32.00	35.00	35.00	35.00
Action: This indicator has been Revised											
To improve the efficiency and quality of selected hospitals in Armenia											
Bed occupancy rate at the a) Artashat Medical Center; b) Sevan Medical Center (Text)		a) 64% b) 51%	a) 64% b) 51%	a) 64% b) 51%	Civil works ongoing	Civil works ongoing	a) 64% b) 51%	a) 64% b) 51%	a) 68% b) 60%	a) 70% b)70%	a) 70% b) 70%



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
<i>Action: This indicator has been Revised</i>											

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Performance-based incentives to improve MCH and NCD services in Primary care facilities											
Proportion of PHC facilities undergoing enhanced verification of results by the HPIU (Percentage)		0.00	10.00	20.00	30.00	97.00	97.00	97.00	98.00		98.00
<i>Action: This indicator has been Revised</i>											
Level of awareness among adults in key NCD risk factors a) high blood pressure; b) high cholesterol level; c) high salt intake; d) obesity; e) high glucose level (disaggregated by gender) (Text)		Male a)45% b) 24% c) 55% d) 65% e) 33%; Female a)58% b)32% c)64% d)64% e)42% (2012 HSPA data)									Male a) 43% b) 26% c) 57% d) 66% e) 28%; Female a)60% b)40% c)70% d)78% e)45%
<i>Action: This indicator has been Revised</i>											



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
Improving efficiency and quality of selected hospitals											
Health facilities constructed, renovated, and/or equipped (number) (Number)		0.00	0.00	0.00	1.00	2.00	4.00	4.00	4.00	4.00	5.00
Action: This indicator has been Revised	<p>Rationale: <i>Given the insufficiency of financing under the project to support the construction of both Martuni MC and Vayots Dzor MC, the funds originally allocated to the construction of Vayots Dzor MC will be utilized to complete Martuni MC, and construction of Vayots Dzor MC will be removed from the project scope. This reduces the total number of health facilities constructed, equipped, and/or renovated to 5 (from 6).</i></p>										
% of pediatric patients newly diagnosed with onco-hematology conditions by the Hematology Center who received treatment overseas in the past year (Percentage)		50.00	43.40	32.20	31.90	30.00	27.00	26.00	25.00		25.00
Action: This indicator has been Marked for Deletion											
Number of hospital health workers receiving training in a set of new clinical		0.00	0.00	0.00	0.00	0.00	0.00	90.00	210.00	300.00	300.00



Indicator Name	DLI	Baseline	Intermediate Targets								End Target
			1	2	3	4	5	6	7	8	
practice guidelines (Number)											
Action: This indicator has been Revised											
Medical Centers operational a) Sevan MC; b) Artashat MC; c) Martuni MC (Text)		No			Functional plan developed and approved	Civil works ongoing	Civil works ongoing	Civil works ongoing	Civil works ongoing		All three Medical Centers operational
Action: This indicator has been Revised											



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