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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

DECENTRALIZED HEALTH SYSTEM DEVELOPMENT PROJECT

MDTF-NS GRANT NO. TF054777

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TO THE

REPUBLIC OF SUDAN

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CALENDAR YEAR 2012 (JANUARY-DECEMBER, 2012)

ABBREVIATIONS AND ACRONYMS

MDTF-N	Multi-Donor Trust Fund-North Sudan
DHSDP	Decentralized Health System Development Project
PDO	Project Development Objective
VMWs	Village Midwives

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**SUDAN MULTI-DONOR TRUST FUND-NATIONAL (MDTF-NS)
DECENTRALIZED HEALTH SYSTEM DEVELOPMENT PROJECT
DHSDP – P098483
MDTF-NS GRANT NO. TF057324**

RESTRUCTURING PAPER

1. The closing date for the MDTF-NS financed Decentralized Health System Development Project (DHSDP) (P098483) will be extended from June 31, 2012 to December 31, 2012.
2. The DHSDP became effective in January 2007, with a closing date of December 31, 2009. The Project Development Objective (PDO) is to improve access to basic health services by conflict-affected and underserved populations in four target states while establishing the basis for reform, sustainable financing, and development of the decentralized health system. An Additional Financing and Restructuring Paper was submitted and approved and the respective amendment to the Grant Agreement was signed on November 16, 2009, extending the project closing date to June 31, 2011. The project was further extended to June 30, 2012 to allow for completion of the remaining activities.
3. In view of the projected undisbursed resource balance of the overall MDTF-NS portfolio amounting to US\$32.1 million as of June 30, 2012, of which US\$21.8 million or 68 percent involve activities in conflict-affected areas, the MDTF-NS Oversight Committee meeting held on May 9, 2012: (i) approved the Bank's proposal to further extend the overall MDTF-NS program by an additional one year (with a final termination date of December 30, 2013); and (ii) proposed that the portfolio be restructured with part of the undisbursed funds to be reallocated to well-performing projects. The DHSDP was selected as one of two projects eligible to receive additional funds, given its successful performance to-date and the government's expressed wish to consolidate and expand some of the project's successes. The DHSDP is expected to be allocated around US\$2 million as a result of the MDTF-NS portfolio restructuring, and the team is proposing to prepare an Additional Financing Paper to the ongoing operation as soon as the funds are made available from the MDTF-NS, in early July 2012. With the Additional Financing, the closing date would be extended once more to June 30, 2013.
4. The proposed extension of six months is necessary to prepare an Additional Financing Paper to the ongoing operation.
5. The project targets four Northern states, and data from health management information systems as well as other sources show that targets for all of the five PDO indicators have been achieved or are very likely to be achieved, namely: (i) outpatient consultations per person per year in target health facilities: the project has achieved its end of project target of 0.30, progressing from 0.26 for 2010 to 0.31 for 2011; (ii) proportion of pregnant women who have attended at least one antenatal care consultation in target areas: from a baseline of 48%, the project has progressed to 59% for 2011; (iii) proportion of (total) births attended by skilled health staff, including village midwives, in

target areas: the project has achieved its end of project target of 30%, progressing from a baseline of 19% to 42% for 2011; (iv) number of primary health care workers trained, including village midwives: the revised end of project target of 1,000 primary health care workers trained has been largely exceeded; at the end of 2011, 1,717 workers had been trained; and (v) proportion of households possessing at least one insecticide treated bednet: the end of project target for the distribution of 179,000 bednets was fully achieved during the initial project; based on an estimate of the target population in the four states of 2.67 million and an average household size of 6, the end of project target of 42% of the targeted households was achieved.

6. The project also made satisfactory progress on all five intermediate indicators: in addition to the distribution of ITNs and the construction/rehabilitation of primary health care facilities achieved under the initial project, the project has submitted the World Health Organization's final report on the National Health Accounts and completed civil works for three out of four midwifery training schools; the last one to be completed (in Kassala State) achieved a completion rate of 70% by end of May 2012. Finally, the per capita value of support to targeted health facilities and village midwives was calculated at US\$0.41 per capita for 2010 and US\$0.42 for 2011, against the end of project target of US\$0.40.

7. One of the key highlights of this project is a pilot initiative to introduce performance-based payments to village midwives (VMWs) and rural hospitals as a way to improve maternal health services in the most underserved areas of the country. The DHS DP supported training and performance-based payment to a total of 516 VMWs based on contracts. The project also supported the establishment of a maternal death review system and the investigation of reported maternal deaths, while advocating the translation of the main death investigation findings into practical measures aiming at reducing maternal mortality. Furthermore, given the increasing role of VMWs in antenatal care and assisted delivery, as well as the Bank's past involvement in this area, the government has requested the Bank to conduct an assessment of the first level referral system - from communities and primary health care facilities to rural hospitals - in the areas targeted by the project.

8. The DHS DP is currently rated *satisfactory* on achievement of PDO and implementation progress and is likely to fully achieve its objectives by the current closing date of June 30, 2012. As of June 4, 2012, approximately US\$11.6 million have been disbursed, representing 93 percent of the total funds. The balance is fully committed and there are no pending procurement processes. There are no outstanding audits or Interim Financial Reports for the Grant. Implementation progress, procurement, financial management, environmental safeguard and monitoring and evaluation are all rated *satisfactory*. All legal covenants for the Grant have been met.

9. This will be the fourth extension of the project, representing a cumulative extension of 36 months from the initial closing date of December 31, 2009.