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RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF  
KOSOVO HEALTH PROJECT  
APPROVED ON MAY 13, 2014  
TO  
REPUBLIC OF KOSOVO

HEALTH, NUTRITION & POPULATION  
EUROPE AND CENTRAL ASIA

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## I. BASIC DATA

### Product Information

Project ID P147402	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 13-May-2014	Current Closing Date 30-Oct-2019

### Organizations

Borrower Republic of Kosovo	Responsible Agency Ministry of Health
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### Project Development Objective (PDO)

#### Original PDO

To contribute to improving financial protection from health spending for the poor and quality of care for priority maternal and child health and non communicable disease services.

#### Current PDO

The Project Development Objective is to contribute to (i) developing the building blocks to introduce Social Health Insurance; and (ii) strengthening Primary Health Care in selected municipalities.

### Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IDA-54420	13-May-2014	15-Jan-2015	20-May-2015	30-Oct-2019	17.31	4.88	10.07

### Policy Waiver(s)

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

No



## I. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES

### Project Status

1. The Kosovo Health Project (KHP) was approved on May 13, 2014 and became effective on May 20, 2015. The project initially showed little progress and, due to unsatisfactory performance, was restructured on June 12, 2018.
2. The restructuring included: (a) the reformulation of the Project Development Objective (PDO) to reflect the streamlining of the Project design; (b) modifications of the results framework to ensure consistency with the revised PDO and components; (c) a revision of the Project components and costs to streamline the Project design; and (d) a partial cancellation of SDR 5.72 million (US\$8.33 million equivalent) and a reallocation between expenditure categories.
3. Since the restructuring, the Ministry of Health (MoH) and Health Insurance Fund (HIF) have been dedicated to accelerating the pace of implementation to achieve successful outcomes. As a result, significant progress has been made in the implementation of activities directly influencing the achievement of the PDO indicators, i.e. the establishment of the outpatient drug benefit scheme; the functionalization of the Health Insurance Fund Information System (HIFIS); and the participation of municipalities in the capitation-based performance payment (CBPP) scheme. In addition, five out of 6 intermediate results indicators have exceeded their target values for 2018. As a result, the disbursement level increased from 26 percent in October 2018 to 33 percent in June 2019.
4. Based on the above developments, ratings on the progress towards achievement of PDO and the implementation progress were upgraded to moderately satisfactory in February 2019. Since then, the KHP has continued to demonstrate satisfactory performance.
5. Procurement arrangements at the MoH continue to be rated moderately satisfactory and procurement risk remains rated as high. The most recent procurement post review was completed in February 2019.
6. The financial management arrangements at the MoH central level continue to be rated moderately satisfactory. There are no outstanding audits for the project and previous audits were found acceptable to the Association.

### Proposed change

7. The Government requested an 8-month extension of the closing date from October 30, 2019 to June 30, 2020, which is required to allow for the completion of activities that are key to the achievement of the project objectives and to the health sector modernization in the medium- to long-terms, including:
  - The HIFIS development and its installation - the contract is under implementation, but it will not be completed by October 30, 2019;
  - The continuation of CBPPs, including the rollout of the new patient registration application, further payments to municipalities, the effective use of these additional resources by municipalities, and the independent verification/audit of municipalities' performance - the contract for the rollout of the new patient registration application is under implementation, but more time is required to effectively transfer CBPPs;
  - Technical assistance on hospital management - the contract is under implementation, but it will not be completed by October 30, 2019;
  - The communication campaign on health reforms - contract signing is conditioned by the extension of the Project closing date; and



- The survey on patients' satisfaction - the procurement process is about to start subject to the extension of the Project closing date.

## II. DETAILED CHANGES

### LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IDA-54420	Effective	30-Oct-2019		30-Jun-2020	30-Oct-2020