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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
CAMEROON HEALTH SECTOR SUPPORT INVESTMENT PROJECT
CREDIT: 4478-CM

TO THE

REPUBLIC OF CAMEROON

MAY 11, 2011

Africa Region
Health, Nutrition and Population (AFTHE)

ABBREVIATIONS AND ACRONYMS

DA	Designated Account
FSPS	Fonds Spéciaux de Promotion de la Santé (Special Fund for Health Promotion)
IDA	International Development Association
MoH	Ministry of Health
NGO	Non-Governmental Organization
PB	Performance Based
PDO	Project Development Objective
PPA	Performance Purchasing Agencies
RBF	Result-Based Financing
UoM	Unit of Measurement

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CAMEROON

CAMEROON HEALTH SECTOR SUPPORT INVESTMENT (SWAP)

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CAMEROON HEALTH SECTOR SUPPORT INVESTMENT

RESTRUCTURING PAPER

A. SUMMARY

1. This Restructuring Paper seeks the approval of the Country Director (CD) to introduce the following changes in the Cameroon Health Sector Support Investment Project, P104525 (Credit No. 44780-CM) and any accompanying amendments to the project's legal documents. The proposed changes are as follows: (i) adjustment of institutional and implementation arrangements including financial management and disbursement arrangement; and (ii) revision of outcomes and results indicators. The project development objective (PDO) remains unchanged.

B. PROJECT STATUS

2. The PDO is to increase utilization and improve quality of health services with a particular focus on child and maternal health and communicable diseases. The project has been effective since March 2009 however the disbursement rate is barely 6%. The main obstacle to the project's effective implementation is that its component 1 "District Service Delivery" (US$20 million out of US$25 million) using Results Based Financing (RFB) cannot be implemented as planned. The institutional setting for the component is not operational and feasible. The plan was to use the "*Fonds Spéciaux de Promotion de la Santé"* (FSPS) (Special Fund for Health Promotion) as the main vehicle to purchase services provided by health centers at different levels. The mandate of FSPS was not revised by December 2009 to meet the conditions of eligibility as set in the Financing Agreement and their current status does not allow them enough autonomy (from the health services) to be credible "Performance Purchasing Agencies" (PPA). In addition, the FSPS are not technically able to develop RBF as expected. To remedy the situation, it was agreed with Government to bring in experienced institutions to help implement RBF while FSPS will be learning the "how to" of RBF with those institutions.

C. PROPOSED CHANGES

- **Institutional arrangements:**

3. International institutions / NGOs with relevant experience to develop RBF will be hired to be the Performance Purchasing Agencies (PPA) for three of the four regions where the project will be implemented. The well performing FSPS in Littoral Region will be retained to be responsible for the direct implementation of RBF. Each international NGO and Littoral FSPS will be responsible for the implementation of results based financing within its area of responsibility by:

- Entering into Performance-Based Contracts with District Health Authorities, local NGOs, and/or Health Facilities;
- Transferring the funds advanced by the MoH to the District Health Authorities, local NGOs and/or Health Facilities in accordance with the terms of the Performance-Based Contracts;
- Monitoring on a quarterly basis the implementation of the Performance-Based Contracts and collecting or coordinating data collection related to the contracted services;

4. Each NGO in North-West, South-West and East, will provide technical assistance to the FSPS active within its area of responsibility.

5. Based on best practices of Results Based Financing and adapting them to local conditions, each health service will be priced using a model that ensures that health centers are motivated to produce the optimal quantity and quality of the target indicators.

6. The NGO will submit to the Association a Performance Based Financing Manual (PBF Manual) outlining the details of implementation, organization, administration, monitoring and evaluation, environmental and social monitoring and mitigation, financial management and disbursement. Unit costs of each service to be purchased will be specified in the PBF Manual.

7. In addition, the revisions to institutional framework and project description introduce:

- (i) autonomy of each health structure delivering health services to the population to contract with each PPA in lieu of the traditional hierarchical relationship which transfers managerial and financial responsibility of the health centers to the health district;
- (ii) establishment of external controls in relation to the provision of the Health Services Package, including the carrying out of third-party verifications;
- (iii) the concept of "Eligible Health Authority" which means "a District Health Committee, NGOs, and/or Health Facility Committee".

- **Disbursement Arrangements:**

8. Category (1) "Annual District Plans" will be renamed "Performance Based Contracts." "Performance Based Contracts" will provide financing based on the outputs produced on monthly or quarterly basis that build on annual district plans. The role of the district health authorities in the performance based contracting is to certify, prior to disbursement, the quantity and quality of services provided by each health center under contract with the Performance Purchasing Agency (NGO or FSPS).

9. A new sub-category (1) (c) under 'Annual District Plans' to be renamed "Performance Based Contracting" will be created to segregate the payment of the NGO fee from the remainder of the performance based contract
The designated account arrangements will be maintained. DA-B will continue to be used for Categories (2) and (3) and DA-A will be used for category (1).

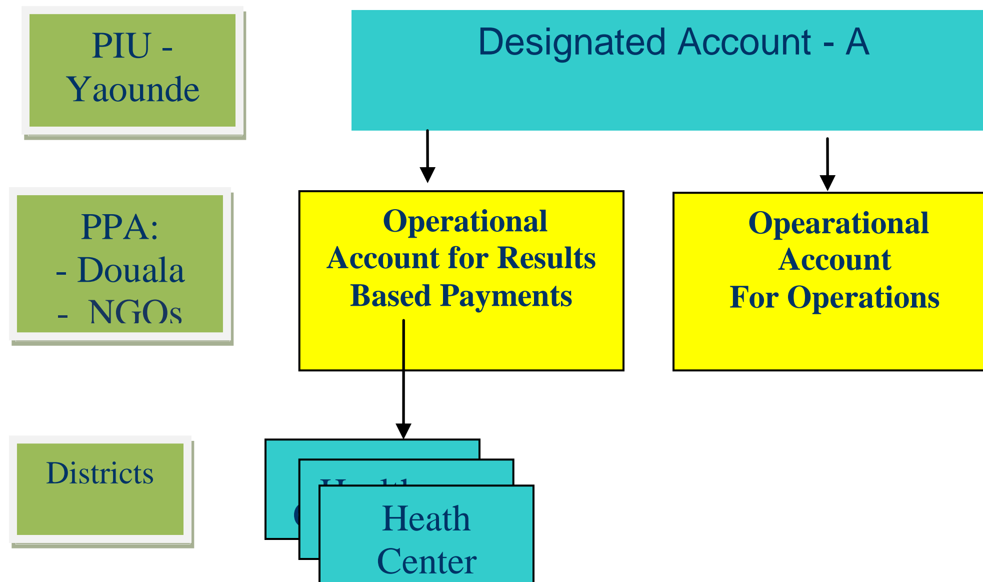
10. Each PPA will open and operate two operational accounts in commercial banks, acceptable to IDA, for operating costs and for results based payments. Funds will flow to those accounts from the central Designated Account A already opened at the project implementation unit (PIU) (see flow below).

11. As was originally designed, the project will use a report based disbursement method for the central DA-A assigned to category 1, on the basis of 6 month cash forecasts derived from the approved work plan for the initial advance and from unaudited Interim Financial Report thereafter. The advance will be documented according to the frequency of submission of the IFR.

12. The report based disbursement prepared at the central PIU level will at an aggregate level include, inter alia, the i) type of service, ii) the price, iii) the total cost, and iv) the center / district.

Transactions are substantiated by source documents to be maintained both at the central PIU level and the provincial PPA level. A standardized detailed sheet will be maintained by all centers / districts substantiating financial information transmitted for disbursement purposes, basis of payment of their performance.

Funds Flow to each PPA



13. Reallocation of Proceeds

Funds will be reallocated from sub-category (1) (a) to the new sub-category (1) (c) in order to pay for the fees of the NGOs/PPA. Annex 2 provides a detailed table of reallocation of credit proceeds.

14. External Controls:

External auditors, with qualifications, experience, and terms of reference satisfactory to the Association will be recruited for the purpose of the third-party verification of the delivery of the Health Services Package to be carried out under Part A.1 of the Project. This entails, throughout Project implementation:

- quarterly verifications of provided Health Services Packages, including community and focus group surveys;
- beneficiary spot checks;
- verification of data provided and records kept by beneficiaries in relation to Health Services Packages; and
- assessments of the quality of health services provided under such activities, in accordance with the provisions of the PBF Manual and the PBF Plan.

- **Financial Management Arrangements:**

15. The PPA contract will distinguish between fees for the PPA's services and those pertaining to health centers for payment of services rendered based on performances. The NGOs/PPAs financial management capacity will be assessed as part of the procurement due diligence, whereas the minimum financial capacity will be specified as part of contracting to ensure contracting of NGOs is based on (i) their financial capacity and (ii) their RBF technical proposal.

16. Following the update of the previous financial management assessment of Littoral PPA, the following actions recommended by the Bank are being implemented:

- The PPA has recruited an accountant dedicated to the OBD;
- An internal controller is under recruitment to strengthen the internal control environment at the FSPS, as previously recommended by the Funds external auditor;

17. Two conditions are to be met before payments for performance to health centers can be made by Littoral PPA:

- Each district and health center under contract with the PPA will open a bank account in a commercial bank, where it will receive the funds from PPA;
- A computerized accounting system will be installed at the PPA and the computerized system should be reconfigured at the PIU level to capture the specificities of the PPA.

18. Following the structuring of the project PIU will carry two actions pertaining to the overall management of OBD:

- PIU will recruit a financial and administrative manager with qualifications, experience, and terms of reference satisfactory to the Association;
- PIU will finalize the manual of procedures to reflect changes pertaining to OBD.

- **Procurement**

19. The project procurement arrangements remains unchanged, and disbursement conditions will continue to be against performance with the same legal and disbursement conditions as the existing ones but are extended to include NGOs as described in the institutional arrangements.

- **Results/indicators**

20. The Results Framework has been updated (i) to reflect the scope of the project which is limited to sixteen districts in four regions and (ii) to include indicators on key outcome and intermediate results that are relevant to Results-Based Financing. Some revision to indicators and targets has been made to include core indicators and reflect realities on the ground. The updated results framework can be found in annex 1.

ANNEX 1:
Results Framework and Monitoring

Revisions to the Results Framework		Comments/ Rationale for Change
PDO		
Current	*Proposed*	
To increase utilization and improve the quality of health services with a particular focus on child and maternal health and communicable diseases	*No change*	
PDO indicators		
Current	*Proposed change**	
1. People with access to a basic package of health, nutrition, or population services (Number) - Core Indicator		Report on number of consultations /capita/year in the targeted areas
2. Immunization DPT3 under-one (%) (Text Description) – Custom Indicator	*Revised:* Children immunized (number) CORE	Measure children under one year who received DPT3 Immunization *in targeted areas*
3. Percentage of births attended by skilled professional (Text Description) – Custom Indicator	*Revised* Percentage of births attended by skilled professional *in targeted areas* (Text Description) - Custom Indicator	Indicator adjusted to reflect the scope of intervention areas
4. Percentage of children under 5 sleeping under insecticide treated bed net the night before the survey (Text Description) – Custom Indicator	*Dropped*	Project does not provide bed nets to the population
5. Tuberculosis treatment success rate (Text Description) – Custom Indicator	***Revised and moved to Intermediate Results Indicators level:*** *Tuberculosis treatment success rate in targeted areas*	Indicator adjusted to reflect the scope of intervention areas.
5. 1.Tuberculosis case detection rate (Text Description) – Custom Indicator	*Revised and moved from intermediate results indicator level to PDO indicator level: Number of new cases of tuberculosis detected and treated in targeted areas*	Indicator revised to make it measurable and adjusted to reflect the scope of the intervention areas
6.	***New*** - Direct Project Beneficiaries (number), of which female (%)	Mandatory beneficiary core indicator added

Revisions to the Results Framework		Comments/ Rationale for Change
Intermediate Results indicators		
Current	*Proposed change**	
1. Pregnant women receiving antenatal care during a visit to a health provider (Number) - Core Indicator		Indicator adjusted to reflect the scope of intervention areas Report on number of pregnant women with at least one visit
2. Percentage of children by the first anniversary who have been monitored at least 5 times with a growth chart (Text Description) – Custom Indicator	*Changed:* *Percentage of children by the first anniversary who have received one dose of vit. A in the last six months in the targeted areas*	Indicator was changed to address a key element of child health care and was adjusted to reflect the scope of intervention areas.
3. Percentage of pregnant women with at least 3 prenatal visits to ANC clinic (Text Description) – Custom Indicator	*Dropped* *Indicator already captured by Intermediate results indicator no 2*	
4. Tuberculosis case detection rate (Text Description) – Custom Indicator	*Moved to PDO indicator level*	
5. Tuberculosis treatment success rate (Text Description) – Custom Indicator	***Was moved from PDO level to Intermediate Results Indicators level:*** *Tuberculosis treatment success rate in targeted areas*	Indicator adjusted to reflect the scope of intervention areas.
6. Percentage of facilities which experience drug stock out of more than a total of 3 days per month for all tracer (core) drugs put together (Text Description) – Custom Indicator	*Revised:* *Percentage of 15 tracer drugs available in targeted health facilities on the day of the visit*	Indicator revised to make it more meaningful and measurable
7. DPT3/Penta under-1 (number of children per year) (Text Description) – Custom Indicator	*Dropped*	Indicator reported under no 1
8. Patients treated for TB (number) (Text Description) - Custom Indicator	*Dropped*	Indicator reported under no 5-1
9. Percentage of population covered by mutuelles (Text Description) - Custom Indicator	*Dropped*	The project does not include interventions on mutuelles.
10. Percentage of districts scoring at least 2 out of 4 in the systemic performance /quality of care index (SQI) (Test Description) – Custom Indicator	*Revised:* *Percentage of health facilities achieving an average score of 75% of the quality index of services as measured in RBF in the targeted areas*	Indicator revised to make it more meaningful and measurable
11. Percentage of patients reporting satisfaction with health services - (Text Description) – Custom Indicator	*Dropped*	Indicator is not reliable

Revisions to the Results Framework		Comments/ Rationale for Change
Intermediate Results indicators		
Current	*Proposed change**	
12. Pharmaceuticals and medical equipment procured (US$) (Tex Description) - Custom indicator	*Dropped*	This was an Africa Action Plan Core indicator that has since been discontinued and thus does not need to be included.
13.	*New* - Number of health facilities reporting monthly activities using standard report form in targeted areas	
14.	*New* - Number of new acceptors of modern contraceptive methods in targeted areas	
15.	*New* - Proportion of consultations provided to people from the poorest quintile as measured by asset index in targeted areas	

*** Indicate if the indicator is Dropped, Continued, New, Revised, or if there is a change in the end of project target value**

REVISED PROJECT RESULTS FRAMEWORK

Project Development Objective (PDO): *To increase utilization and improve the quality of health services with a particular focus on child and maternal health and communicable diseases.*												
PDO Level Results Indicators[1]	**Core**	**UOM[2]**	**Baseline Original Project Start (2009)**	**Progress To Date (March 2011)[3]**	**Cumulative Target Values[4]**				**Frequency**	**Data Source/ Methodology**	**Responsibility for Data Collection**	**Comments**
					Dec 2011	**Dec 2012**	**Dec 2013**	**March 2014**				
1. People with access to a basic package of health, nutrition, or population services -	☒	Number	-	Available by December 2011 after baseline				Increase by 25% over baseline	Annually	Report from RBF statistics	MoH	number of consultations/ capita/year in targeted areas
2.Children immunized	☒	%	49% (MICS 2006)	Available by Dec. 2011 after baseline	-	-	-	Increase by 25 % over base line	Annually	Health center reports	MoH	children under 1 year who received DPT3
3. Percentage of births attended by skilled professional in targeted areas	☐	Percentage	63% (MICS-2006)	Available by Dec. 2011 after baseline	65%	67%	70%	70%	Annually	Health center reports	MoH	
4. New cases of tuberculosis detected and treated in targeted areas	☐	Number	Littoral: 613 N-West: 1094 S-West: 1089 East: 944 (entire regions)	Available by Dec. 2011 after baseline				Increase by 25% over baseline	Annually	Health center reports	MoH	
Beneficiaries[5]												
5.1. Direct Project beneficiaries,	☒	Number	0	To be determined	-	TBD	TBD	TBD	Quarterly	Ministry reports	Project Unit	ADDING UP INDICATORS 1-3ABOVE.
5.2. Of which female (beneficiaries)	☒	%	0	To be determined	-	TBD	TBD	TBD	Quarterly	Ministry reports	Project Unit	Estimate based on the fact that there is no gender bias.

[1] **Please indicate whether the indicator is a Core Sector Indicator (for additional guidance – please see http://coreindicators).**
[2] **UOM = Unit of Measurement.**
[3] **For new indicators introduced as part of the additional financing, the progress to date column is used to reflect the baseline value.**
[4] **Target values should be entered for the years data will be available, not necessarily annually. Target values should normally be cumulative. If targets refer to annual values, please indicate this in the indicator name and in the "Comments" column.**
[5] **All projects are encouraged to identify and measure the number of project beneficiaries. The adoption and reporting on this indicator is required for investment projects which have an approval date of July 1, 2009 or later (for additional guidance – please see http://coreindicators).**

Intermediate Results and Indicators												
Intermediate Results Indicators	**Core**	**Unit of Measurement**	**Baseline Original Project Start (2009)**	**Progress To Date (March 2011)**	**Target Values**				**Frequency**	**Data Source/ Methodology**	**Responsibility for Data Collection**	**Comments**
					Dec 2011	**Dec 2012**	**Dec 2013**	**March 2014**				
Intermediate Results 1 and 2: ***District health services and institutional strengthening***												
1. Pregnant women receiving at least one antenatal care in targeted areas	☐	%	Littoral: 94% N-West: 79% S-West: 80% East: 62% (MICS 2006)	Available by Sept. 2011 after MICS4				Increase to 85% in N-West, S-West and 75% in East	Quarterly	MICS and Health center reports	MoH	
2. New acceptors of modern contraceptive methods in targeted areas	☐	Number	-	Available by Sept. 2011 after MICS4				Increase by 50% over base line	Quarterly	Health center reports	MoH	
3. Children by the first anniversary who have received one dose of Vit. A in the last six months in targeted areas	☐	%	57,7% (0-59 months old children - MICS-2006	Available by Sept. 2011 after MICS4				80%	Quarterly	Health center reports	MoH	
4. Tuberculosis treatment success rate in targeted areas	☐	%	Littoral: 51% N-West: 66% S-West: 50% East: 38% (% for each region)	Available by Dec. 2011 after baseline				85%	Annually	Health center reports	MoH	
5. Tracer drugs available in targeted health facilities on the day of the visit	☐	%	-	Available by Dec. 2011 after baseline				85%	Quarterly	Supervision report from RBF	MoH	
6. Health facilities achieving an average score of 75% of the quality index of services as measured in RBF in the targeted areas	☐	%		Available by Dec. 2011 after baseline				75%	Quarterly	Supervision report from RBF	MoH	
7. Health facilities reporting monthly activities using standard report form in targeted areas.	☐	Number	0	Available by Dec. 2011 after baseline				100%	Quarterly	Supervision report from RBF	MoH	
8. Consultations provided to people from the poorest quintile as measured by asset index in targeted areas	☐	%		Available by Dec. 2011 after baseline				25%	Annually	Report from RBF impact evaluation	MoH	

ANNEX 2:
Reallocation of Proceeds

Category of Expenditure	Allocation (expressed in SDR)		%Financing	
	Current	Revised	Current	Revised
(1) (a) Goods and Services under Performance based contracting	9,200,000	6,200,000	100% of Performance-Based Payments	100% of Performance-Based Payments
(b) Operating Costs	1,200,000	1,200,000	100%	100%
(c) Approved NGO Fee	0	3,000,000	100%	100%
(2) Goods, including drugs	2,800,000	2,800,000		100%
(3) Consultant services and Training	2,100,000	2,100,000		100%
TOTAL AMOUNT	15,300,000	15,300,000		