I. Project Context

Country Context

Bangladesh has recorded substantial progress over the past two decades in economic growth and poverty reduction. Projections using the 2010 Household Income and Expenditure Survey (HIES) data (the latest available) indicate that the national poverty rate fell to around 25 percent in 2015, less than half the 58.8 percent rate in 1991-92. Based on the US$1.25 global poverty measure, the number of the poor fell from 12 million, from around 77 million to 65 million, at a rate that was 60 percent faster than that in the rest of the developing world, excluding China. By either measure, progress was exemplary.

Despite Bangladesh's remarkable development achievements, significant challenges remain in its quest to eliminate extreme poverty. Even though it has done fairly well in recent years, many others, e.g. China, Sri Lanka, and Vietnam, have done much better. Prospects for change over the medium-term will depend on the continuation of macroeconomic stability, deepening of structural reforms and continued investment in human capital. Moreover, in one of the most densely-
populated countries in the world, population growth and urbanization have given rise to problems of severe infrastructure deficiencies, environmental degradation and urban congestion. At around 15 million inhabitants, the capital, Dhaka, is now the eighth largest city in the world, projected to become the third largest by 2020.

**Sectoral and institutional Context**

The original Health Sector Development Program (HSDP) in the amount of US$358.90 million equivalent was approved on May 26, 2011 and has a Closing Date of December 31, 2016. The Project Development Objective (PDO) is to enable the Government of Bangladesh (GOB) to strengthen its health systems and improve its health services, particularly for the poor. HSDP finances a slice of Bangladesh's US$7.3 billion "2011-2016 Health Population and Nutrition Sector Development Program” (HPNSDP) which is implemented using a Sector-Wide Approach (SWAp) with pooled financing and parallel support from Development Partners (DPs).

HPNSDP is one of the largest health programs in the world. It is Bangladesh's third health Sector Program which builds on the implementation lessons of the first two Sector Programs. Having evolved over the years, the SWAp has been providing an effective platform for DPs to engage with the GOB. For the Bank, the SWAp serves as a valuable tool to: (i) conduct policy dialogue with the GOB; (ii) support the sector; and (iii) coordinate efforts with other DPs.

The Sector Program has made good progress in improving health outcomes which include (i) reductions in infant and child mortality rates; (ii) a sharp decline in maternal mortality ratio; and (iii) declining fertility rates. In terms of health services delivery, child immunization coverage has been sustained above 80% while antenatal care visits increased from 54.6% in 2010 to 63.9% in 2014. Deliveries by medically trained providers rose from 26% in 2010 to 42.1% in 2014. This increase in skilled birth attendance was predominantly due to a rise in facility-based deliveries, from 23.7% to 37.4% over the period. Being an integral part of the Sector Program, HSDP has been performing relatively well in the context of the overall progress of the health sector, as discussed above and is expected to have contributed to such progress.

Significant health challenges remain including the need to, inter alia: (i) sustain the immunization coverage and reach the "last mile" in immunization; (ii) further improve institutional deliveries; and (iii) address multi-drug resistant tuberculosis (TB). In terms of health systems strengthening, priority areas include improving, inter alia: (i) public financial management (PFM) to help Bangladesh get more value from its public spending on health; (ii) accountability for results; and (iii) health information system.

**II. Proposed Development Objectives**

A. Current Project Development Objectives – Parent

To enable the Government of Bangladesh to strengthen health systems and improve health services, particularly for the poor.

**III. Project Description**

**Component Name**
Improving Health Services

Comments (optional)
This component supports the implementation of the MOHFW's Sector Program (HPNSDP) aimed at improving priority Health, Nutrition & Population services through the achievement of the related DLIs totaling US$40 million and the financing of the Eligible Expenditure Programs (EEPs).

Component Name
Strengthening Health Systems

Comments (optional)
This component supports areas such as governance, stewardship, sector planning and management, fiduciary, health information system, health financing and quality of care. Under the AF, this component includes DLIs aimed at strengthening health systems, totaling US$110 million.

IV. Financing (in USD Million)

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For Loans/Credits/Others

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<td>Total</td>
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V. Implementation

The Additional Financing (AF) aims to fill a financing gap in the last year of HPNSDP in order to meet its development objective. The financing gap is due to: (i) higher than planned disbursements linked to accelerated achievement of results; (ii) exchange rate fluctuations; and (iii) lower levels of DP co-financing compared to their original commitments.

The AF also encompasses the following changes: (i) the AF will be disbursed on the basis of results as measured by Disbursement Linked Indicators (DLIs) and will reimburse against eligible expenditure programs (EEPs); (ii) the Results Framework will be revised; (iii) the Closing Date for the project will be extended by six months, from December 31, 2016 to June 30, 2017; (iv) components and costs will be modified; (v) financial management arrangements will be modified due to the introduction of DLIs; and (vi) procurement arrangements will be simplified as the EEPs will not include procurement.

VI. Safeguard Policies (including public consultation)

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VII. Contact point

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