REPORT NO.: RES37345

DOCUMENT OF THE WORLD BANK

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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Task Team Leader: Dorothee Chen
I. BASIC DATA

**Product Information**

<table>
<thead>
<tr>
<th>Project ID</th>
<th>Financing Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>P147402</td>
<td>Investment Project Financing</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Original EA Category</th>
<th>Current EA Category</th>
<th>Approval Date</th>
<th>Current Closing Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not Required (C)</td>
<td>Not Required (C)</td>
<td>13-May-2014</td>
<td>30-Oct-2019</td>
</tr>
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**Organizations**

<table>
<thead>
<tr>
<th>Borrower</th>
<th>Responsible Agency</th>
</tr>
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<tbody>
<tr>
<td>Republic of Kosovo</td>
<td>Ministry of Health</td>
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</table>

**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**

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Approval</th>
<th>Signing</th>
<th>Effectiveness</th>
<th>Closing</th>
<th>Commitment</th>
<th>Disbursed</th>
<th>Undisbursed</th>
</tr>
</thead>
</table>

**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)

<table>
<thead>
<tr>
<th>Ln/Cr/Tf</th>
<th>Status</th>
<th>Original Closing</th>
<th>Revised Closing(s)</th>
<th>Proposed Closing</th>
<th>Proposed Deadline for Withdrawal Applications</th>
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</thead>
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