Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 07-Feb-2019 | Report No: PIDA170711

BASIC INFORMATION

A. Basic Program Data

Country	Project ID	Program Name	Parent Project ID (if any)
Kyrgyz Republic	P167598	Kyrgyz Health Program for Results	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EUROPE AND CENTRAL ASIA	11-Feb-2019	30-May-2019	Health, Nutrition & Population
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Program-for-Results Financing	Kyrgyz Republic	Ministry of Health	

Proposed Program Development Objective(s)

The Project Development Objective is to contribute to improving the quality of primary health care services in the Kyrgyz Republic.

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	1,470.00
Total Operation Cost	414.18
Total Program Cost	414.18
Total Financing	414.18
Financing Gap	0.00

FINANCING (USD Millions)

Total World Bank Group Financing	20.00
World Bank Lending	20.00
Total Government Contribution	377.18
Total Non-World Bank Group and Non-Client Government Financing	17.00

Trust Funds	17.00

B. Introduction and Context

Country Context

1. **The Kyrgyz Republic is one of the poorest countries in the Europe and Central Asia region, with a GNP per capita of 1,130 US$ in 2017.** Its population of 6.2 million (in 2017) is growing rapidly, at 2.0% per year.[1] Kyrgyz economy and society are considered the most open in Central Asia, but the country has witnessed political and social instability during the last decade. While a new constitution was approved by referendum to shift from presidential to a parliamentary system, frequent changes in government and rapid turnover of senior officials have slowed progress. Economic growth was averaged at a modest 4.4% per year over the period of 2008-2017. Although significant progress was made in poverty reduction, it is estimated that one in four Kyrgyz citizens lived below the national poverty line in 2017.[2] Going forward, the Kyrgyz government projected average GDP growth of 3.8% per year for the period of 2018-2021. However, growth projections assume continuing efforts to maintain macroeconomic stability, to address institutional weaknesses, and to improve infrastructure. Failure to do so would reduce growth prospects and result in added fiscal pressure.

2. **Like in many post-soviet countries, the Kyrgyz population enjoys almost universal access to basic education and health.** Some 97% of children under age 17 attend school, and only around 2% of the population in 2015 was reported not having access to health services. However, equal access to services is likely undermined by significant variation in the quality of these services across geographical and social divisions in the population. For instance, the under-5 mortality rate is more than 50% higher among the bottom 40 than among the top 60 % of the population, at 37.4 and 24.0 deaths per 1,000 live births respectively.[3] Likewise, learning outcomes in education vary widely across residence, social categories, and types of institutions. Children in poor families—regardless of gender—have lower educational attainment compared with the nonpoor, indicating the presence of a vicious cycle of poverty.

3. **Although the Kyrgyz Republic has made some progress towards the twin goals of the World Bank Group to eliminate extreme poverty and promote shared prosperity, vulnerability remains widespread with a large majority of the population being clustered near the poverty line**. The population, therefore, face high risks of falling back into poverty given the high exposure to shocks and insufficient safety nets. Moreover, economic growth relies on remittances and heavy exploitation of the country's natural resources, which do not translate into labor force growth. In fact, jobs have not been created in the formal sector, and most of the employment that took place in the informal sector, estimated to be around 50% of GDP, is unproductive and undynamic.

[1] World Development Indicators (WDI) (2016)

[2] National Statistics Committee

[3] National Statistical Committee of the Kyrgyz Republic (NSC), Ministry of Health [Kyrgyz Republic], and ICF International. 2013. *Kyrgyz Republic Demographic and Health Survey 2012.* Bishkek, Kyrgyz Republic, and Calverton, Maryland, USA: NSC, MOH, and ICF International.

4. **A recovery is underway as outlined in the government National Development Strategy 2040**. The Government has made the commitment to improve the access to and quality of social services (especially health and education) while addressing the regional disparities and inequities among the different income and cultural segments of the society. The Strategy 2040 sets forth three main goals, namely: (i) economic well-being of the people; (ii) social welfare; and (iii) security and favorable environment for the lives of citizens.

5. **In summary, the country is faced with significant challenges that could affect the realization of its priority given to the social sectors.** The challenges are associated with the struggle of the young democracy to build strong and stable public institutions as a foundation for economic and social development. This is in the background of a low revenue base due to the slow economic development and small-sized formal sector. These constraints affect policies and fiscal space for the social sectors, despite the government's commitment to human development as a key priority. Going forward, the country needs a new development model to tackle the sources of low overall productivity. At the same time, maximizing the efficiency of public policies and the quality of social services have been identified as important steps to help achieve the government goals as set forth in the National Development Strategy 2040.

Sectoral and Institutional Context

6. **Health has traditionally been a priority in the Kyrgyz Republic and the country has achieved better health outcomes compared to other countries with similar income level**. Kyrgyz population enjoys a longer life expectancy, from 66.5 years in 1996 to 70.4 years in 2014, due partly to the significant progress in child mortality reduction from 70.5 death per 1,000 live births in 1990 to 26.6 in 2012. Improvements in undernourishment have been dramatic over the past decade, and the prevalence of tuberculosis was halved between 2000 and 2012. In 2015, the country was declared as having achieved the Millennium Development Goal (MDG) No. 4 on reducing mortality among children under five.

7. **Kyrgyzstan is featured highly in the international literature as a pioneer among the Central Asian and Former Soviet Union countries in health system reforms**. The country has adopted successive health reforms, from Manas (1996-2005) to Manas-Taalimi (2006-2011), and most recently Den Sooluk (2012-2018). It has been praised as achieving "good health at lost cost".[4] Among early health reform features that made the country a pioneer in the region are:

i. An establishment as early as 20 years ago of a **Single Purchaser** of services, the Mandatory Health Insurance Fund (MHIF), which pools funds at the national level to purchase a standardized package of services across rich and poor regions;
ii. An establishment of a **basic benefit package** (the State Guaranteed Benefit Package - SGBP) that guarantees the whole population with a minimum package of health services focusing on primary health care (PHC) and health prevention, at no or minimal cost;

[4] Balabanova, D., Mills, A., Conteh, L. et al (2013) Good Health at Low Cost 25 years on: lessons for the future of health systems strengthening. The Lancet, 381 (9883): 2055-2134

iii. A reform of the **service delivery model** to promote family medicine practice at PHC and to rationalize the excess hospital capacity inherited from the Soviet Union time;
iv. An appreciable **financing priority** is given to the health sector, evidenced by a significant share of total government spending devoted to health; and
v. A strong **coordination** among donors to support a government-led health reform agenda, underpinned by a Sector-Wide Approach (SWAp) mechanism.

8. **Despite early successes, the reform agenda remains largely unfinished and universal entitlement to the SGBP does not translate to effective universal access to quality service that contributes to improving population health outcomes.** At a maternal mortality ratio of 76/100,000 live births in 2015, Kyrgyzstan is far from its MDG5 target for maternal mortality of 15.7/100,000. Although having performed better than neighboring Tajikistan and Turkmenistan in the early 1990s, in 2015 Kyrgyzstan had the highest incidence in both neonatal and maternal disorders among the Central Asian and Caucasus (CAC) countries. The burden of non-communicable diseases (NCDs) is on the rise. Disability Adjusted Life Year (DALY) loss due to chronic liver diseases nearly doubled from 705/100,000 population in 1990 to 1,268/100,000 in 2015 and stood at the highest level among CAC countries in 2015.5 Cardiovascular diseases have become the largest cause of death among the general population, accounting for 48% of all deaths in 2016.

9. **While many factors outside the health sector could be responsible for health outcomes, the situation could be explained to a large degree by gaps in health sector's performance, particularly with regards to quality of health care services.** Given the fact that access to health services is widespread, poor performance in health outcomes points to weaknesses in the clinical quality of care. This has been seen with the persistently high maternal mortality. On the same note, about half of deaths among children under-five occur within 28 days of birth, and about 80% of neonatal deaths occur within the first seven days. Considering advances in medicine, most neonates who die during the first month of birth in health facilities are likely to die from the poor quality of care provided during deliveries and the immediate postnatal period.

10. **Going forward, the government is committed to steering health reforms in the right direction.** A decision was made earlier this year to increase doctors' salaries at the PHC level, to be in effect by the end of 2018. This policy is a welcomed step and is expected to attract more family medicine doctors to rural areas. In parallel, the government is also keen on continuing the unfished agenda of rationalizing secondary hospital network. With support from the current World Bank-led operation, the Second Health and Social Protection Project (SWAp2), the MOH is procuring consulting service for developing a master plan for service delivery. Once completed, the master plan will provide recommendations on future infrastructure investments in the health sector and a framework for an integrated, patient-centered health service configuration.

11. **On this background, the government has prepared a new health sector program which sets priorities and draws the attention of the different stakeholders to key issues in the health sector.** The new program - The Program of the Kyrgyz Republic Government on Public Health Protection and Health Care System

[5] Global Burden of Diseases (2015)

Development for 2019-2030 (SPHD2030) – adopted the moto "Healthy Person - Prosperous Country" to emphasize the importance of health as an investment to achieve economic development. The program has identified priority areas including improving primary health care and public health, rationalization of hospital and ambulance services, and strengthening the different building blocks of the health system. The program serves as a guiding document for the sector and an instrument to mobilize and harmonize development partners' support, including the support from the upcoming PforR. It was approved by the Prime Minister's Order number 600 on December 20, 2018.

PforR Program Scope

12. **Overall, the program SPHD2030 has identified ten main areas.** Four areas focusing on issues related to specific care include public health, primary care, hospital, and ambulance service. The remaining six areas are cross-cutting in nature and include laboratory services, medicines and medical devices, human resources, e-health, governance, and financing. Each program area is further divided into sub-areas with priority actions and indicators for monitoring progress. Key program objectives for primary care, for instance, include capacity building, quality improvement, care coordination and strengthening primary care for prevention, early detection and case management of chronic conditions. The list of up to five activities and outputs for each objective are also identified to highlight the priority actions. Highlighted priority actions for primary care include, among others, revising of the SGBP to better target high burden NCDs, improving alignment of payments with results, coverage, and quality of care, strengthening referral systems, and improving access to medical information for health workforce.

13. **The boundary for the PforR within the government program SPHD2030 has several dimensions.** First, the PforR aims to support the first five years of implementation of the SPHD2030. Second, it will focus on PHC among the four care specific areas. Zooming in one area helps to focus the program attention and resources to the type of support where the potential for achieving the PDO is optimized. By contributing to improving quality of care at PHC, the Program will also help to assure effectiveness in public and private financing and to provide better financial protection for the majority of the population.

14. **The cross-cutting areas of the SPHD2030 are included in the PforR to the extent that they relate directly to PHC.** For example, a significant element of quality at PHC level is the competence of family medicine doctors, which is included in the Human Resources for Health (HRH) component. The PforR will seek to improve the competence of family medicine doctors but will not attempt to address a full array of issues related to HRH. Likewise, it will support the development of a system for collecting and analyzing PHC quality data but will not attempt to comprehensively address the eHealth agenda, which will require significantly more targeted efforts and investment. By the same logic, there could be some overlapping with public health and hospitals in elements that directly relate to the quality of PHC.

15. **Based on the SPHD2030's vision, the Program focuses on the following three areas identified as the key weaknesses in improving PHC quality and where the Bank's engagement is likely to make a significant impact**:

Result area 1: Integrating sustainable quality improvement mechanisms into **service delivery**
Result area 2: Strengthening **strategic purchasing** for the quality of care
Result area 3: Strengthening health sector **stewardship and governance** for quality improvement

16. **The Program is thus focusing on establishing and strengthening systems for quality care monitoring, purchasing, and governance in order to lay foundations for sustainable system-wide quality improvement**. As such, the first result area will support the establishment of 1) a system for routine collection of quality care data and continuous feedback to providers on quality gaps; and 2) a system that improves access to quality continuing professional development (CPD) materials, facilitates delivery of targeted CPD materials addressing the quality gaps, and permits monitoring of effectiveness of targeted CPD efforts. The second result area will support improvement in payment mechanisms to facilitate strategic purchasing of quality. In addition, under this result area, the government will institutionalize a process for benefits revision, and medications within the insurance drugs benefit program (the ADP) and the SGBP will be revised to improve coverage for selected maternal and child health (MCH) and NCD conditions. The third result area will aim to establish a national level structure and mechanism to ensure coordinated efforts to improve quality of care in the country. It will also support the adoption and execution of price regulation under the ADP – to address the largely unregulated pharmaceutical market in the country.

17. **Although the PforR focuses on primary care, spillover effects mean that the Program will also benefit and strengthen other health care sectors**. This is clearly evident in the third results area. Action in the first and second results areas, however, will also strengthen the wider health system. Routine reporting of quality metrics, and renewed attention to CDP, for example, will support a culture of continuous quality improvement across all health care levels. Likewise, modernizing payment systems in primary care, to reward outcomes and incentivize integration, will help instill patient-centered care, transparency, and accountability across the health system.

C. Proposed Program Development Objective(s)

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The Project Development Objective is to contribute to improving the quality of primary health care services in the Kyrgyz Republic.

18. **The PDO will be achieved through the strengthening of key quality improvement systems that have been identified as significant gaps in quality improvement interventions globally[6] and as highly relevant in the Kyrgyz context**. The quality improvement systems to be supported by the Program are mapped to the

[6] Kruk, M. E., Gage, A. D., Arsenault, C., Jordan, K., Leslie, H. H., Roder-DeWan, S., ... & English, M. (2018). High-quality health systems in the Sustainable Development Goals era: time for a revolution. The Lancet Global Health.

three result areas: (i) service delivery; (ii) strategic purchasing; and (iii) stewardship and governance. Progress toward achievement of the PDO in the first result area will be monitored by improvement in the quality of services delivered for selected tracer MCH and NCD conditions (antenatal and diabetic care). Under the second area, progress toward PDO will be measured by the availability and affordability of drugs reimbursed under the health insurance drug package for selected high burden conditions (diabetes, anemia, and hypertension). Finally, progress toward the PDO under governance result area will be measured by an establishment and functioning of a quality improvement unit within the MOH.

The list of PDO indicators is as followed:

PDO 1: Increase in the percentage of pregnant women who received hemoglobin test and microscopic urine analysis during the first trimester in a public PHC facility;

PDO 2: Increase in the percentage of diabetic patients (type I and II) who received recommended care (an HbA1C test at least once a year) in a public PHC facility;

PDO 3: Increase in drug coverage for priority conditions (diabetes, anemia, hypertension) under the Additional Drug Program, as measured by the number of prescriptions reimbursed by insurance for:

(a) Test strips for monitoring blood sugar
(b) Iron supplement
(c) Hypertension drugs; and

PDO 4: A unit fully designated to quality improvement is established within the Ministry of Health and functioning.

D. Environmental and Social Effects

19. **The Environment and Social System Assessment (ESSA) report were prepared in consultation with major stakeholders and from a review of reports on Health Care Waste Management (HCWM) and data provided by several Government departments**. Thematic areas identified under the Program boundary, which focuses on PHC, will largely bring positive environmental and social effects on the health sector. It is expected that project activities will provide significant social benefits as improvement in the quality of PHC will manifest throughout the country, including in more remote areas.

20. **Environmental and social screenings carried out have informed that occupational health and safety of the workers and patients at PHC facilities and healthcare waste management are the key issues at these facilities.** Review of the HCWM indicates that the environmental regulatory framework is well-developed and has multilevel legislation and regulations. The country also has an adequate institutional hierarchy to support the health care system, including HCWM. Major environmental and social risks in HCWM identified are occupational health and safety of the medical personnel and patients visiting PHC facilities, and contamination of soil, air and water.

21. **ESSA Consultation and disclosure:** The ESSA was prepared in consultation with major stakeholders in the country, including relevant Government departments, representatives of international donors in the health

sector, civil society, academia, and citizen. The draft report will be presented in a workshop during the appraisal in February 2019 with the participation of these groups. The draft ESSA has been translated into Russian and shared with key stakeholders for comments. Prior to organizing the workshop, the ESSA report in Russian will be uploaded on the MoH website. Its English version will also be disclosed on the Bank's website.

E. Financing

22. **The committed total financing for the Program for the five-year period 2020-2024 is estimated at US$414.18 million**. Of this amount, expenditure from the Republican Budget of the Kyrgyz Government is estimated at US$377.18 million.[7] In accordance with the IDA 18 financing terms, US$20 million has been committed from IDA, comprising of US$10 million to be provided as grant and US$10 million as credit. Co-financing from the SDC and KfW will be included in a Multi-Donor Trust Fund (MDTF) managed by the World Bank that has a Bank-Executed Trust Fund (BETF) and a Recipient-Executed Trust Fund (RETF). Based on the amount already committed for the PforR from SDC and KfW (US$9 million and Euro9 million respectively), the first phase of financing for RETF in the MDTF amounts to US$17 million. This makes the total contribution from the three donors (World Bank, SDC, KfW) US$37 million, which is the amount appraised for the PforR. The remaining amount will be contributed towards the BETF.

Program Financing

Sources	Amount (USD Million)	% of Total
Counterpart Funding	**377.18**	**91.07**
Borrower/Recipient	377.18	91.07
International Development Association (IDA)	**20.00**	**4.83**
IDA Credit	10.00	2.41
IDA Grant	10.00	2.41
Trust Funds	**17.00**	**4.10**
Program-for-Results Support MDTF	17.00	4.10
Total Program Financing	**414.18**	

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[7] This assumes an exchange rate of 69.8 Kyrgyz som for 1 US$. This rate is used by the Kyrgyz Government for 2019 budget as stated in the Explanatory Note to the Budget. See the section of Expenditure Framework Analysis for more details on government financing.

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