



The World Bank

Serving People, Improving Health Project (P144893)

REPORT NO.: RES31959

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
SERVING PEOPLE, IMPROVING HEALTH PROJECT
APPROVED ON MARCH 4, 2015
TO
UKRAINE

March 25, 2019

HEALTH, NUTRITION & POPULATION

EUROPE AND CENTRAL ASIA

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ABBREVIATIONS AND ACRONYMS

DLI	Disbursement-linked indicators
DRG	Diagnostic-related group
EEP	Eligible Expenditures Program
IR	Intermediate results indicator
MoH	Ministry of Health
NCD	Non-communicable disease
NHSU	National Health Service of Ukraine
PDO	Project development objectives
RBF	Results-based financing
SPIH	Serving People, Improving Health



BASIC DATA

Product Information

Project ID P144893	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 04-Mar-2015	Current Closing Date 30-Sep-2020

Organizations

Borrower Government of Ukraine	Responsible Agency Ministry of Health
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Project Development Objective (PDO)

Original PDO

The proposed "Serving People, Improving Health" Project seeks to improve the quality of health services in selected Oblasts, with special focus on primary and secondary prevention of cardiovascular diseases and cancer, and to enhance efficiency of the health caresystem.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-84750	04-Mar-2015	19-Mar-2015	15-Jun-2015	30-Sep-2020	214.73	75.01	139.72

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. The Serving People, Improving Health Project (SPIH or the Project) was approved on March 4, 2015, in the amount of US\$214,730,000 and became effective on June 15, 2015. The mid-term review of the Project took place in March 2018. The Project seeks to (a) improve the quality of health care services in selected eight oblasts, with a special focus on primary and secondary prevention of cardiovascular diseases and cancer; and (b) enhance the efficiency of the health care system. The Project development objective (PDO) is expected to be achieved by aligning the health service delivery model in the selected oblasts with the changed burden of disease, and by improving governance of the Ukraine's Ministry of Health (MoH).

2. The Project was prepared before the launch of the health reform by the Government of Ukraine in November 2016, when the health reform concept was approved by the Cabinet of Ministers of Ukraine followed by the adoption of the Laws on Health Financing Guarantees and on the Development of Rural Medicine in December 2017. The reform has been developed in cooperation with the World Bank team. The new legislations provide the framework to: (a) create a national purchasing agency for the purchasing of health services (National Health Service of Ukraine, NHSU); (b) modernize primary health care by improving infrastructure, introducing eHealth and telemedicine solutions, and strengthening capacities of primary care personnel; (c) define a health benefit package; (d) implement capitation payments for primary care and diagnosis-related group (DRG) payments for hospital services; (e) address non-communicable diseases; and (f) improve access to pharmaceuticals.

3. Progress toward achieving the PDO and implementation progress have been rated not lower than moderately satisfactory since effectiveness.

4. **Progress towards achievement of the PDO.** The PDO, which remains fully relevant, is to improve the quality of health services in selected oblasts, with a special focus on primary and secondary prevention of cardiovascular diseases and cancer, and to enhance efficiency of the health care system. Monitoring and evaluation of the Project is one of the main bottlenecks. No baseline surveys have been conducted to date for some PDO and intermediate results (IR) indicators, which puts their tracking at risk. To mitigate this risk, it was agreed to (a) change the approach and have combined baseline and mid-term assessments of patients records to inform the following indicators: PDO indicator 1: Early detection of cervical and breast cancer, PDO indicator 2: High blood pressure under control as measured by the share of patients aged 40-60 achieving target level of blood pressure (measure is 140/90mmHg), IR indicator 9: Share of acute myocardial infarction with ST segment elevation diagnoses confirmed according to appropriate protocols in the previous 12 months; and (b) co-finance the alternative Health Index survey in 2017 to get a baseline for IR indicator 15 (citizen engagement): Share of beneficiaries in participating oblasts reporting improvement in the access and quality of the targeted healthcare services. For that IR indicator, the MoH has arranged additional data collection and contributed financially to the Health Index survey of 2018. For PDO indicator 1, PDO indicator 2, and IR indicator 9, the MoH has contracted a research company and finalized piloting of the research tool to obtain historical baseline where possible (from medical records) and evaluate changes.

5. Challenges remain on the overall progress towards the achievement of the end-Project target values for PDO and IR indicators. Status at mid-term of target values supporting each part of the PDO was as follows: (a) improve the quality of health services in selected oblasts: PDO indicator 1 is not achieved (delivery of equipment for the start of the cancer screening campaign and medical records survey delayed); PDO indicator 2 is not measured (a firm was only selected in July 2018 to collect the data); and (b) enhance efficiency of the health care system: PDO indicators 3 (a) is on track; PDO indicator 3 (b) is surpassed; PDO indicator 4 is on track. The challenges with the achievement of PDO indicator 1 are explained by the fact that more time is required to experience positive effects of the interventions under the Lviv oblast



sub-Project, which is the only oblast that has cancer-related interventions under the Project and, therefore, is reporting against this indicator.

6. Despite commitments and efforts of the regional teams to speed-up Project activities and disbursement, the actual supply of diagnostic materials and treatment equipment only took place in mid-2017. Therefore, the real effect of the Project implementation to the achievement of the PDO, specifically on improving the quality of health services in selected oblasts, will only be seen in the last 12 months of Project implementation (or by September 2019).

7. In terms of intermediate results indicators: of the 11 indicators, one indicator— “Number of Oblasts that in any given year have implemented at least one efficiency improvement reform”—has already achieved its 2017 target value of four Oblasts. All other indicators are either not achieved (3), on track (6), or there is no data to measure progress (1). However, a firm was selected in 2018 to collect data, and to date the methodology for data collection has been developed and approved. The field work is ongoing. Results of the survey should be available by April 2019.

8. **Implementation progress** is summarized as follows:

Component 1: Improving Service Delivery at the Local Level. All activities in the eight Project oblasts are progressing well. Political commitment to the Project from the local authorities is strong. All oblasts have made efforts in accelerating implementation, particularly in the procurement of equipment and civil works. The Bank has worked with the MoH and oblasts to explore additional mechanisms for accelerating disbursement through (a) the proposed creation of a results-based financing (RBF) component with disbursement-linked Indicators (DLIs) in support of health sector reforms; (b) the reallocation of funds between oblasts; and (c) the strengthening of procurement supervision and oversight in the case of Volyn oblast by the central Project implementation unit (PIU).

9. **Citizen engagement.** Oblasts have expressed their interest in elevating citizen engagement efforts under the Project with a view to potentially mainstream these efforts post-Project. A citizen engagement implementation plan was developed to respond to this demand. The plan includes the piloting in one Project region (and anticipated scaling-up) of community scorecards, the public dissemination of standards and performance data, and regional multi-stakeholder forums. Citizen engagement activities do not constitute a separate component. These activities are being introduced as a cross-cutting theme/practice as a pilot under the Support to Reforms and Governance in Health Sector Project in Ukraine financed by a Swiss Development Cooperation trust fund (closing on September 30, 2020). After the pilot phase, agreed activities at the regional level will be driven by regional/local teams and will then be financed under the Project’s component 1 and reflected in the procurement plans of the selected oblasts.

10. *Component 2: Strengthening Ministry of Health Governance:*

- **eHealth cluster:** The MoH has established the eHealth Center, which is the implementing agency for the cluster activities, and has quickly assembled the operational team and filled the director and eHealth coordinator positions. An international firm developed the initial eHealth strategy under phase 1, which required additional consultations and substantial adjustments requested by the MoH and other stakeholders.
- **Payment system reform:** An international firm has been contracted for the implementation of DRGs (pilot stage), and the initial assessments before the launch of the pilot (inception and reports 1 and 2) have been submitted to the MoH. The License Agreement with Australian partners for the implementation of Australian version of DRGs (AR-DRGs) is signed and in force. The MoH is pushing for the quick start of the hospital reform, which needs to be properly coordinated with the pilot, and detailed consultations with key stakeholders are ongoing.
- **Public health cluster:** The contract with the World Health Organization to support public health strengthening and to carry out the STEPS survey (WHO STEPwise approach to Surveillance (STEPS) is a tool for NCD risk factor surveillance) was signed, and the survey was launched in February 2019.



- **Communication and information support:** The MoH team is currently working on the necessary steps leading to the launch of the communication campaign to support the reforms, which is part of the MoH action plans and budget.
- **Organizational capacity building:** The MoH team is finalizing the translation of clinical protocols from a Finnish agency to improve clinical decision making of primary care doctors. This will be followed by a series of workshops for participants on the primary care reforms.

11. *Component 3: Project Implementation Support, and Monitoring and Evaluation.* The composition and the capacity of the PIU has been strengthened by the hiring of the following staff: Project implementation unit coordinator, eHealth coordinator, capacity building coordinator, public health coordinator, citizen engagement and public relations coordinator. The contractor for the survey on medical records completed the work on survey tools. The survey started in December 2018 and the results are expected to be made available by end March 2019.

12. Financial management arrangements, including planning and budgeting, accounting, financial reporting, external audit, internal controls and funds flow at the central and oblasts levels are moderately satisfactory and acceptable to the Bank. Therefore, financial management requirements under the Project (including audit compliance) as stipulated in the Loan Agreement are complied with. However, improvement with regards to contract management (timely payments of foreign contractors) still warrants attention. There are no overdue audit reports under the Project. The level and timeliness of government (including at the oblast level) co-financing is satisfactory.

13. Procurement management. There are some challenges in certain oblasts (e.g., Volyn oblast) in procurement management, which has been rated not lower than moderately satisfactory since effectiveness. Some options have been discussed during the mid-term review in March 2018 to potentially delegate procurement/contract management of civil works on behalf of Volyn oblast to an international procurement agency (i.e., United Nations Office for Project Services). For instance, there is a low level of competition of interested contractors to bid for reconstruction/construction of rural health facilities, which are scattered geographically, there are big delays in bids evaluation process, frequent complaints received, delays in contracts signing and delays in payments processing to supplier and contractors. In addition, payments to international suppliers are not made until the goods are delivered to the designated sites while the contract stipulates that 80 percent of the contract payment can be made upon shipment. Some of the procurement-related gaps are addressed through a more proactive business outreach. For example, a business forum was jointly conducted by the MoH and American Chamber of Commerce in June 2018 and a technical meeting to discuss Project implementation procurement related bottlenecks with selected members of American Chamber of Commerce in December 2018. Another part of the procurement management is strengthened with the help of a firm financed by the Swiss Development Cooperation trust fund, to independently monitor and analyze Project procurements, and raise capacity for local implementation teams through a training program.

14. In 2018, the World Bank's team conducted a review of contracts subject to post review that were signed by the MoH and participating oblasts since effectiveness. Ex-post review focused on the review of procurement processes, contract administration, indication of possible governance issues and compliance and performance risk rating and recommendations. The contracts subject to post review were generally found in compliance with the procedures agreed with the Bank. Compliance risk rating of procurement processes and performance risk rating of contract administration were rated substantial. Bank's recommendations were shared with the counterparts. More detailed findings are provided in the procurement post review supervision visit report dated June 2018, which can be found in the Project file and was shared with the MoH.

15. *Disbursement/Commitment.* The amount disbursed under the Project as of March 15, 2019 is US\$75 million (or 35 percent of total loan amount). Commitments (contracts signed but not yet disbursed) represent an additional US\$40 million.



16. *Environmental Safeguards.* The Project's rating on safeguards compliance is satisfactory and strictly relates to the rehabilitation and reconstruction of existing premises of hospitals, polyclinics, and primary care centers in sub-Projects under component 1 (Improving Service Delivery at the Local Level). Additional new constructions in Dnipropetrovsk region were assessed by an environment consultant. The implementation team has prepared and submitted the final Environment and Social Management Plans for Bank's review.

Rationale for Restructuring

17. The Project mid-term review in March 2018 focused on two key objectives: (1) to review and agree on necessary changes to improve the performance of the Project and ensure the achievement of the PDO; and (2) to better align the Project with the ongoing health reform in Ukraine. Within the scope of boosting disbursements and further supporting the health reforms, the mid-term review identified a number of areas in the Project scope that require revisions, including: (a) modifications of the results framework to adjust target values against the recalculated baseline, implementation progress, and challenges in achieving the PDO by the closing date of September 30, 2020; (b) the introduction of a new RBF component, which includes a number of DLIs against specific budget line items (the Eligible Expenditures Program – EEP) in support of the PDO and Project activities; and (c) a reallocation of the loan proceeds between existing categories and a new category of expenditures to reflect the introduction of the new RBF component. The Bank has received the request for the restructuring on October 25, 2018.

18. Since the proposed RBF component of US\$30 million will finance only transfers to the state budget after achievement of specific pre-defined DLIs and the Borrower is not going to conduct any tender procedures in order to achieve DLIs, Project procurement arrangements will not change. Three proposed DLIs include reaching the following end targets by the current Project closing date: (1) at least 30 million of Ukraine's population receive care from primary care providers that are contracted by the NHSU; (2) the type contract for hospitals, specifying the basis for results-based payment, is developed and approved by the NHSU; and (3) the pilot program for contracted provision of hospital services at the secondary level is launched and at least 20 hospitals in the select region received payments from NHSU for provision of hospital care.

19. Procurement of goods, works, non-consulting and consulting services will continue to apply to the activities in components 1, 2 and 3 of the Project following procurement rules and procedures agreed with the Bank. Updated procurement plans resulting from the revision of Project components and costs covering the remaining Project implementation period have been discussed and agreed upon with the central and local teams. The World Bank's procurement team will provide continuous support and guidance to the Ministry and oblasts.

II. DESCRIPTION OF PROPOSED CHANGES

20. A Level 2 restructuring is proposed and includes:

21. Revision of the results framework: The following changes are proposed to the PDO indicators and IR indicators to reflect implementation progress and improve measurability of specific indicators, and consistency of data sources (see also section IV on the proposed revisions of the results framework):

PDO indicators:

- PDO Indicator 1: Early detection of cervical and breast cancer as measured by the: (a) Ratio of new in situ to new invasive cervical cancer; (b) Share of new breast cancer detected at stage I. The indicator is revised to adjust target values until end-of-Project to reflect continued effort by Lviv oblast in expanding cancer screening and to address the issue of



detection of late stage cancers since the launch of a massive cancer screening campaign. PDO 1(b) is reformulated to “Share of new breast cancer detected at stages 0 and I”

IR indicators:

- IR 6: Health facilities reconstructed, renovated, and equipped. The indicator is revised to reflect the change of the total number of facilities to be constructed, reconstructed and renovated and equipped to 145 facilities. The reduction in the number of facilities (reconstruction works are reduced in Volyn and Rivne oblasts) from 260 facilities leads to a reallocation of loan proceeds of US\$12.9 million to the new RBF component.
- IR 8: Number of cancer screening procedures performed: (a) cervical cancer tests; and (b) mammograms. This indicator is revised as follows: for indicator (a), the target values are decreased and extended until end of the Project to be more realistic given the number of women in the target age-group who need to undergo screening. Supplementary data on the actual number of women screened against the total number of tests performed will be monitored for this indicator. For indicator (b), the target values are adjusted to realistic values given the number of mammography machines and trained specialists in the Lviv oblast.
- IR 12: Communication campaign designed and implemented at national level. This indicator is dropped: communication campaigns are streamlined in the MoH action plans and budget.
- IR 15: Share of beneficiaries in participating oblasts reporting improvement in the access and quality of the targeted healthcare services. This indicator is revised to adjust the target values because of delays in Project implementation and based on Project experience to date. As there was no baseline data available at Project start, the agreed first reported result is derived from the 2017 Health Index survey. The interim targets for 2018 and 2019 are set to keep to the level of at least 10 percent of beneficiaries in participating oblasts reporting improvement in the access and quality of the targeted healthcare services. The end line target is adjusted to stay at the level of at least 10 percent, which will be measured by the 2020 Health Index survey. Frequency of measurements is changed to annual from bi-annual.

22. Revision of Project components and costs: The introduction of a new RBF component with DLIs is justified to support the priorities of the health sector reforms in enhancing efficiency of the health care system through (a) strengthening the capacity of the NHSU in advancing reform in primary health care; (b) preparing the new contracting terms for financing hospital care; and (c) implementing new provider payment mechanism for hospital care. The choice of DLIs takes into account both the reform priorities and the practical aspects of measuring, monitoring, and verifying achievement of the results. This approach requires a re-allocation from existing Project components to the new RBF component of US\$30 million from: (a) Component 1 (Improving Service Delivery at the Local Level) in the amount of US\$18.5 million (largely from unspent allocations of Volyn and Rivne oblasts as well as procurement savings from other Project oblasts); (b) Component 2 (Strengthening MoH Governance) in the amount of US\$10.19 million; and (c) Component 3 (Project Implementation Support, and Monitoring and Evaluation) in the amount of US\$1.31 million. **Annex 1** (DLI matrix) presents the DLIs and the financing amounts allocated to them with an indicative timetable for the achievement of the DLIs and, consequently, the planned disbursements. The verification protocol for each DLI, also presented in Annex 1, includes the following: definition of indicator and targets; baseline data; source of data; frequency and timing of reporting; reporting responsibility, including internal checking; methodology for verification (sampling, site visits by the Bank team, etc.). **Annex 2** presents the list of budget line items eligible under the EEP, which consist of non-procurable items.

23. Reallocation of the loan proceeds. An adjustment of the initial allocation of loan proceeds against existing categories of expenditures is presented in Section IV below (Reallocation between existing disbursement categories). A new category (Payments under the Eligible Expenditure Programs) for the RBF component is added in the amount of US\$30 million.



24. Financial management assessment confirmed that the budgeting, flow of funds, accounting, and reporting procedures of MoH and NHSU over the implementation of three selected EEPs are in place and operate reasonably well. Although a full financial management assessment was undertaken during the Project preparation, an additional assessment of the existing government procedures for the implementation of the three identified budget line items under the EEPs was carried out. This assessment confirmed that the MoH and the NHSU have sufficient capacity and reliable internal control environment for the implementation of the EEPs.

25. A separate set of interim unaudited financial reports will be required for the RBF component to report with sufficient details on the annual amounts spent on each of the three budget line items of the EEPs, including planned and actual payments, and accounts payable at the end of the reporting period. The interim unaudited financial reports for the RBF component will be **required annually** while the interim reports for all other components will remain on a quarterly submission. In addition, EEP interim unaudited financial report will also be prepared and submitted along with each request for payment upon the achievement of DLIs.

26. The Project audit report will be issued by an independent auditor and will cover two parts: (1) all components other than the RBF component; and (2) all expenditures for the MoH for the year under the EEPs. Any verified discrepancies between the audited accounts and the interim unaudited financial reports as well as any ineligible expenditure identified will be reimbursed to the Bank.

27. Disbursement Arrangements. It was agreed that Project proceeds against achieved DLIs will be channeled to a specific US\$ Budget Account of the State Treasury, identified by the government, upon the verification of achievement of DLIs and documented execution of eligible expenditures under the list of budget line items of the EEP (see Annex 2). Payments will be made according to government withdrawal requests, upon receiving from the NHSU evidence satisfactory to the Bank that the DLIs were achieved. The interim unaudited financial reports for the corresponding period and related to the EEP will be joined to this submission.

28. Project operations manual. The Project operational manual will be updated to detail the changes in financial management arrangements, including reporting, annual auditing, and flow of funds for the RBF component.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Disbursements Arrangements	✓	
Financial Management	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
Loan Closing Date(s)		✓



Cancellations Proposed		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Improving Service delivery at the local level	189.53	Revised	Improving Service delivery at the local level	171.03
Strengthen Ministry of Health Governance	20.20	Revised	Strengthen Ministry of Health Governance	10.01
Project Implementation support and monitoring and evaluation	4.46	Revised	Project Implementation support and monitoring and evaluation	3.15
Commission 0.25%	0.54		Commission 0.25%	0.54
	0.00	New	Results-based Financing	30.00
TOTAL	214.73			214.73

**REALLOCATION BETWEEN DISBURSEMENT CATEGORIES**

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IBRD-84750-001 Currency: USD				
iLap Category Sequence No: 1-A	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Vinnitsa Oblast			
32,850,400.00	4,592,998.80	32,000,400.00	100.00	100.00
iLap Category Sequence No: 1-B	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Volyn Oblast			
30,000,000.00	3,238,063.41	20,000,000.00	100.00	100.00
iLap Category Sequence No: 1-C	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Dnipro. Oblast			
40,000,000.00	5,399,498.36	39,000,000.00	100.00	100.00
iLap Category Sequence No: 1-D	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Zakar. Oblast			
6,529,600.00	4,086,885.99	6,529,600.00	100.00	100.00
iLap Category Sequence No: 1-E	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Zapor. Oblast			
4,000,000.00	2,284,973.16	4,000,000.00	100.00	100.00
iLap Category Sequence No: 1-F	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Lviv Oblast			
10,150,000.00	10,053,144.04	10,150,000.00	100.00	100.00
iLap Category Sequence No: 1-G	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Poltava Oblast			
41,000,000.00	15,679,534.27	40,000,000.00	100.00	100.00
iLap Category Sequence No: 1-H	Current Expenditure Category: GD,CW,Non-CS,CS,IOC Rivne Oblast			
25,000,000.00	4,438,816.09	19,350,000.00	100.00	100.00



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iLap Category Sequence No: 2	Current Expenditure Category: GD,CW,Non-CS,CS,IOC for Part 2			
20,200,000.00	2,787,696.52	10,010,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: GD,CW,Non-CS,CS,IOC for Part 3			
4,463,012.41	683,450.05	3,153,012.41	100.00	100.00
iLap Category Sequence No: 5	Current Expenditure Category: Interest Rate Cap or Collar Premium			
0.00	0.00	0.00		
iLap Category Sequence No: 6	Current Expenditure Category: EEP under Component 4 of the Project			
0.00	0.00	30,000,000.00		100.00
Total	214,193,012.41	53,245,060.69	214,193,012.41	



Results framework

COUNTRY: Ukraine

Serving People, Improving Health Project

Project Development Objectives(s)

The proposed “Serving People, Improving Health” Project seeks to improve the quality of health services in selected Oblasts, with special focus on primary and secondary prevention of cardiovascular diseases and cancer, and to enhance efficiency of the health caresystem.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Improved quality of health services in selected Oblasts, with special focus on CVDs and cancer								
PDO Indicator 1: Early detection of cervical and breast cancer as measured: a) Ratio of new in situ to new invasive cervical cancer (Number)	0.79	0.79	0.80	0.88	0.65	0.70	0.70	
Action: This indicator has been Revised	Rationale: <i>To add and adjust target values until end-of-Project to reflect continued effort by Lviv Oblast in addressing cancer screening and to address the issue of detection of late stage cancers since the launch of a massive cancer screening campaign.</i>							
b) Share of new breast cancer detected at stages 0 and 1 (Percentage)	21.80	22.00	24.00	30.00	24.00	27.00	27.00	



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Action: This indicator has been Revised	<p>Rationale: <i>The first outcomes of the cancer screening campaign in Lviv region shows that later stage cancers were detected too, and the initial expectation that the campaign would bring more early stage cancers from the beginning of the screening was unrealistic. The value of the indicator is revised to acknowledge this shift, and sets a new end target accordingly.</i></p>							
PDO Indicator 2: High blood pressure under control as measured by the share of patients aged 40-60 achieving target level of blood pressure (measure is 140/90mmHg) (Percentage)	15.40	15.70	16.00	17.50	18.00	19.00	19.00	
PDO Indicator 3: Improved quality management (prevention, early diagnosis and treatment) of CVDs at primary and secondary care measured as: a) reduction of hypertension-related hospitalization (Number)	5.80	5.70	5.40	5.20	5.00	4.80	4.80	
b) number of patients who received stenting for acute myocardial infarction with ST segment elevation (Number)	93.60	117.20	146.20	163.90	184.60	193.70	193.70	
Enhanced efficiency of the health care system								



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
PDO Indicator 4: Average in-patient length of stay in hospitals (Days)		11.70	11.60	11.50	11.00	10.50	9.50	9.50

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
Improving Service delivery at the local level								
Health facilities constructed, renovated, and/or equipped (number) (Number)		0.00	10.00	139.00	145.00	145.00	145.00	145.00
Action: This indicator has been Revised	Rationale: <i>The total number of facilities to be constructed, reconstructed and renovated and equipped amounts to 145 facilities. The reduction in the number of facilities (reconstruction works are reduced in Volyn and Rivne Oblasts) from 260 facilities leads to a reallocation of the Loan proceeds of US\$12.9 million to the new RBF component.</i>							
7. % of primary health care facilities meeting the equipment norms for improved management of CVD (according to an explicit list) (Percentage)		31.00	33.00	36.00	40.00	45.00	55.00	55.00
8. Number of cancer screening procedures		709,184.00	710,000.00	750,000.00	830,000.00	500,000.00	500,000.00	500,000.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
performed: a) cervical cancer tests (Number)								
Action: This indicator has been Revised	Rationale: <i>The target values are decreased and extended until end of Project to match a realistic number of women in the target age-group who need to undergo screening. Supplementary data on the actual number of women screened against the total number of tests performed will be monitored for this indicator.</i>							
b) mammograms (Number)		20,893.00	22,000.00	48,000.00	80,000.00	80,000.00	80,000.00	80,000.00
Action: This indicator has been Revised	Rationale: <i>The target values are adjusted to realistic values given the number of mammography machines and trained specialists in the Lviv Oblast.</i>							
Health personnel receiving training (number) (Number)		0.00	1,929.00	9,820.00	14,749.00	20,480.00	24,937.00	24,937.00
9. Share of acute myocardial infarction with ST segment elevation diagnoses confirmed according to appropriate protocols in the previous 12 months (Percentage)		65.00	66.00	68.00	72.00	75.00	78.00	78.00
10. Share of primary care centers which have structured schools of health or similar initiatives working on educational group activities related to main		0.00	10.00	20.00	30.00	40.00	50.00	50.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
NCDs' risk factors (Percentage)								
14. Number of Oblasts that in any given year have implemented at least one productivity enhancing reform (Number)	0.00		1.00	2.00	4.00	7.00	8.00	8.00
Strengthen Ministry of Health Governance								
11. Critical e-Health standards approved by MoH (Yes/No)	No		Yes	Yes				Yes
12. Communication campaign designed and implemented at central level (Yes/No)	No							Yes
Action: This indicator has been Marked for Deletion	Rationale: Communication campaigns are streamlined in the MoH action plans and budget.							
13. Availability of hospital beds (Number)	880.00		860.00	820.00	780.00	700.00	650.00	650.00
Action: This indicator has been Revised								
Project Implementation support and monitoring and evaluation								
15. Share of beneficiaries in participating oblasts reporting improvement in the access and quality of	0.00		0.00	10.00	10.00	10.00	10.00	10.00



Indicator Name	DLI	Baseline	Intermediate Targets					End Target
			1	2	3	4	5	
the targeted healthcare services (Percentage)								
Action: This indicator has been Revised	<p>Rationale: <i>Because of delays in project implementation and based on project experience to date, the target values are adjusted. As there is no baseline data available at project start, the agreed first reported result is derived from the 2017 Health Index survey. The interim targets for 2018 and 2019 are set to keep to the level of at least 10 percent of beneficiaries in participating oblasts reporting improvement in the access and quality of the targeted healthcare services; their achievement will be measured using Health Index survey. The endline target is adjusted to stay at the level of at least 10 percent, and will be measured by the 2020 Health Index survey. Frequency of measurements is changed from every 2 years to annual.</i></p>							
Results-based Financing (Action: This Component is New)								
DLI 1. At least 30 million people have selected a primary care doctor according to the number of verified declarations and receive care from primary care providers that are contracted by the NHSU (Number)		23,418,136.00				27,000,000.00	30,000,000.00	30,000,000.00
Action: This indicator is New								
DLI 2. The new hospital payment methods, based on the case-mix approach, are approved and the new payment contracts for hospitals are developed and		No				Yes		Yes

**Annex 1: Disbursement-Linked Indicators and Verification Protocols**

	<i>Total Financing Allocated to DLI</i>	<i>As % of Total Financing Amount of the RBF component</i>	<i>DLI Baseline</i>	<i>Indicative timeline for DLI achievement</i>				
				<i>Year or Period 1</i>	<i>Year or Period 2</i>	<i>Year or Period 3</i>	<i>Year or Period 4</i>	<i>Year or Period 5</i>
DLI 1. At least 30 million people have selected a primary care doctor according to the number of verified declarations and receive care from primary care providers that are contracted by the NHSU			23,481,136 as of January 1, 2019				27 million people	30 million people
Allocated amount for DLI 1:	USD 21,000,000	70%					USD15,000,000	USD6,000,000
DLI 2. The new hospital payment methods, based on the case-mix approach, are approved and the new payment contracts for hospitals are developed and ready to be implemented by NHSU							The new provider payment mechanism is defined in the developed type contract for hospital care	
Allocated amount for DLI 2:	USD 3,000,000	10%	The financing of hospitals is not performed on contractual basis; there is no type contract for hospital care to allow contracting hospitals by NHSU				USD 3,000,000	



	<i>Total Financing Allocated to DLI</i>	<i>As % of Total Financing Amount of the RBF component</i>	<i>DLI Baseline</i>	<i>Indicative timeline for DLI achievement</i>				
				<i>Year or Period 1</i>	<i>Year or Period 2</i>	<i>Year or Period 3</i>	<i>Year or Period 4</i>	<i>Year or Period 5</i>
DLI 3. The pilot program for provision of hospital services at the secondary level is launched and at least 20 hospitals in the select region received payments from NHSU			The program has not started; Zero providers of hospital services at secondary level in Poltava oblast receive payments from NHSU					20 hospitals in Poltava region received payments from NHSU for provision of hospital care
Allocated amount for DLI 3:	USD 6,000,000	20%						USD 6,000,000
Total Financing Allocated:	USD 30,000,000						USD 18,000,000	USD 12,000,000



DLI Verification Protocols

#	DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
				Data source/agency	Verification Entity	Procedure
1	DLI 1. At least 30 million people have selected a primary care doctor according to the number of verified declarations¹ and receive care from primary care providers that are contracted by the NHSU	Since the beginning of the enrollment campaign in April 2018 and till the end of 2018, over 23 million patients have registered for primary care services with family doctors (including therapists and pediatricians). The NHSU has included both headcount from the database of patient declarations and administrative lists in contracts with provider of primary care in 2018. This provision will last till July 2019. After 1 July 2019, the NHSU will be paying providers only based on the actual number of enrolled population according to the number of the verified signed declarations with primary care physicians working in a particular facility. The target of this DLI is to increase the enrollment numbers of patients according to declarations in the	No	NHSU report and statement of accounts for the capitation payments executed for registered patients	World Bank	The Bank team reviews the evidence provided by the NHSU on achievement of the target and executed expenditures. The task team reviews financial statements and business intelligence data provided by NHSU.

¹ Declaration is a form of official document, which is signed between a primary care doctor and a patient to record registration of a patient with a specific primary care provider. Declarations are registered in a central database and verified for falsifications. Each declaration is counted in contracts between primary care provider and NHSU, and the contract amount is calculated based on the number of declarations and age of patients (applying age-adjusted capitation premiums).



#	DLI	Definition/ Description of achievement	Scalability of Disbursements (Yes/No)	Protocol to evaluate achievement of the DLI and data/result verification		
				Data source/agency	Verification Entity	Procedure
		contracts of the NHSU with primary care providers.				
2	DLI 2. The new hospital payment methods, based on the case-mix approach, are approved and the new payment contracts for hospitals are developed and ready to be implemented by NHSU	The second phase of the provider payment reform will target hospital care. The MoH and NHSU decided that the hospital care will be paid using a global budget and case-based tariffs. The NHSU will need to develop and submit for approval the type contracts for hospital care services to achieve the target.	No	NHSU prepares the type contract with hospital care providers and submits it for approval to use as basis for payments to providers of hospital services.	World Bank	The Bank team reviews the draft contract and provides its feedback. The approved version of the contract for hospital care based on case-mixed approach is approved and published on NHSU website.
3	DLI 3. The pilot program for provision of hospital services at the secondary level is launched and at least 20 hospitals in the select region received payments from NHSU	The NHSU will contract out at least 20 providers of the inpatient specialized care to achieve the target.	No	NHSU contracts with providers of the hospital care in are registered in the Treasury; report and statement of accounts for the payments executed within the registered contracts.	World bank (field trips and observations)	The Bank team reviews the evidence provided by the NHSU on achievement of the target and executed expenditures. The task team reviews financial statements and business intelligence data provided by NHSU and pays visits to select hospitals to verify achievement of the target.



Annex 2: Eligible Expenditure Program for the DLIs

Budget code	Code of the Budget classification	Related DLI	Title of the budget line	Allocation for 2019, US\$ million (actual)	Allocation for 2020, US\$ million (estimated)
2308020	0763	DLI 1. At least 30 million people have selected a primary care doctor according to the number of verified declarations and receive care from primary care providers that are contracted by the NHSU	Capitation payments to the providers of the primary health care services	546.0 (UAH 15.3 billion)	Over US\$800.0 million, potentially absorb funds from 2308030 and 2308050 budget lines
2308030	0763	DLI 2. The new hospital payment methods, based on the case-mix approach, are approved and the new payment contracts for hospitals are developed and ready to be implemented by NHSU	Pilot Project on the implementation of state guarantees of medical care of the population under the program of medical guarantees for secondary (specialized) medical care in the Poltava region	35.8 (UAH 0.97 billion)	Over US\$100.0 million, potentially merged with 2308020 budget code
2308030	0763	DLI 3. The pilot program for provision of hospital services at the secondary level is launched and at least 20 hospitals in the select region received payments from NHSU	Pilot Project on the implementation of state guarantees of medical care of the population under the program of medical guarantees for secondary (specialized) medical care in the Poltava region	35.8 (UAH 0.97 billion)	Over US\$100.0 million, potentially merged with 2308020 budget code