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R2022-0259/1

December 9, 2022

For meeting of
Board: Tuesday, December 20, 2022

FROM: Acting Vice President and Corporate Secretary

Ukraine - Health Enhancement and Lifesaving (HEAL) Ukraine Project

Project Appraisal Document

Attached is the Project Appraisal Document regarding a proposed loan and an authorization to approve subsequent phases within the authorized envelope of the World Bank financing to Ukraine for a Health Enhancement and Lifesaving (HEAL) Ukraine Project (R2022-0259), which will be discussed at a meeting of the Executive Directors.

Distribution:
Executive Directors and Alternates
President
Bank Group Senior Management
Vice Presidents, Bank, IFC and MIGA
Directors and Department Heads, Bank, IFC, and MIGA

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Report No: PAD5232

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT
ON A
PROPOSED LOAN

IN THE AMOUNT OF EURO 100 MILLION

AND

A PROPOSED GLOBAL FINANCING FACILITY GRANT

IN THE AMOUNT OF USD 10 MILLION

TO

UKRAINE

FOR A

HEALTH ENHANCEMENT AND LIFESAVING UKRAINE PROJECT

December 6, 2022

Health, Nutrition & Population Global Practice
Europe And Central Asia Region

CURRENCY EQUIVALENTS

(Exchange Rate Effective November 30, 2022)

Currency Unit =	Ukrainian hryvnia (UAH)
1 USD =	0.96534415 EUR

FISCAL YEAR
January 1 - December 31

Regional Vice President:	Anna M. Bjerde
Country Director:	Arup Banerji
Regional Director:	Fadia M. Saadah
Practice Manager:	Tania Dmytraczenko
Task Team Leader(s):	Olena Doroshenko, Caryn Bredenkamp

ABBREVIATIONS AND ACRONYMS

AMP	Affordable Medicines Program
BFP	Bank-Facilitated Procurement
COVID-19	An infectious disease caused by the SARS-CoV-2 virus
CPA	Centralized Procurements Agency
CPF	Country Partnership Framework
CPH	Center for Public Health
CSO	civil society organization
EU	European Union
FM	financial management
GBV	gender-based violence
GCRF	Global Crisis Response Framework
GDP	gross domestic product
GFF	Global Financing Facility for Women, Children, and Adolescents
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HEIS	Hands-on Enhanced Implementation Support
IBRD	International Bank for Reconstruction and Development
IEC	International Electrotechnical Commission
IOM	International Organization of Migration
M&E	monitoring and evaluation
MoF	Ministry of Finance
MoH	Ministry of Health
NCD	non-communicable diseases
NHSU	National Health Service of Ukraine
OOP	out-of-pocket
PBC	performance-based condition
PDO	project development objective
PHC	primary health care
PIU	project implementation unit
PMG	Program of Medical Guarantees
POM	project operational manual
PPSD	Project Procurement Strategy for Development
RDNA	Rapid Damage and Needs Assessment
SDC	Swiss Agency for Development and Cooperation
SPIH	Serving People Improving Health
STEP	Systematic Tracking of Exchanges in Procurement
TPM	third-party monitoring
UN	United Nations
US	United States
USAID	United States Agency for International Development
WBG	World Bank Group
WHO	World Health Organization

TABLE OF CONTENTS

DATASHEET

BASIC INFORMATION

Country(ies)	Project Name
Ukraine	Health Enhancement And Lifesaving (HEAL) Ukraine Project

Project ID	Financing Instrument	Environmental and Social Risk Classification	Process
P180245	Investment Project Financing	Substantial	Urgent Need or Capacity Constraints (FCC)

Financing & Implementation Modalities

[ ] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[✓] Fragile State(s)
[✓] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[✓] Conflict
[ ] Deferred Drawdown	[✓] Responding to Natural or Man-made Disaster
[ ] Alternate Procurement Arrangements (APA)	[✓] Hands-on Enhanced Implementation Support (HEIS)

Expected Approval Date	Expected Closing Date
20-Dec-2022	31-Dec-2024

Bank/IFC Collaboration

No

Proposed Development Objective(s)

The objectives of the Project are to (i) restore and improve access to essential health care, (ii) address new and urgent needs for health services, and (iii) provide financial protection in an emergency context.

Components

Component Name	Cost (US$, millions)
Component 1: Addressing new and urgent health needs for mental health and rehabilitation	100.00
Component 2: Further improving and strengthening primary health care	150.00
Component 3: Restoring and modernizing hospital care in line with reform direction	200.00
Component 4: Supporting capacity-building, digitalization and innovations	50.00

Organizations

Borrower:	Government of Ukraine
Implementing Agency:	Ministry of Health

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	500.00
Total Financing	110.00
of which IBRD/IDA	100.00
Financing Gap	390.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	100.00

Non-World Bank Group Financing

Trust Funds	10.00
Global Financing Facility	10.00

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2023	2024	2025

Annual	70.00	330.00	100.00
Cumulative	70.00	400.00	500.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	High
3. Sector Strategies and Policies	Substantial
4. Technical Design of Project or Program	Substantial
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	High
7. Environment and Social	Substantial
8. Stakeholders	Substantial
9. Other	Substantial
10. Overall	High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

No later than one (1) month after the Effective Date, the Borrower, through MoH, shall prepare, adopt and thereafter carry out the Project in accordance with the Project Operations Manual, which shall be satisfactory to the Bank and shall contain, inter alia: (a)specific provisions on detailed arrangements for the carrying out of the Project; (b) composition and responsibilities of the PIU; (c) procurement, financial management and disbursement requirements; (d) Project performance indicators; (e) Verification Protocols and verification arrangements for PBCs; (f) PMG packages of expenditures under Payments for PMG Services; (g) preventive measures for activities under emergency conditions; (h) list of strategic hospitals; (i) personal data collection and processing in accordance with applicable national law and good international practice, and (j) the Anti-Corruption Guidelines and procedures to

ensure compliance with the Anti-Corruption Guidelines.

Sections and Description

Not later than ninety (90) days after Effective Date, the Borrower, through MoH, shall prepare, disclose, consult upon and adopt and thereafter implement an Environmental and Social Management Framework (“ESMF”), including the Labor Management Plan (“LMP”), in accordance with the ESSs, ESCP and the Environmental, Health and Safety Guidelines (“EHSGs”).

Sections and Description

Not later than two weeks after the Effective Date, the Borrower, through MoH, shall: (i) prepare, disclose, consult upon, adopt and implement a Stakeholder Engagement Plan (“SEP”); and (ii) prepare, adopt, and thereafter maintain throughout the Project implementation a grievance redress mechanism.

Sections and Description

The Borrower, through MoH, shall (i) operate and maintain the Project Implementation Unit ("PIU"), responsible for day-to-day supervision of Project implementation and provision of technical support for Project implementation, with staff in numbers, qualifications and with responsibilities acceptable to the Bank; and (ii) not later than sixty (60) days after Effective Date, hire an additional environmental and social specialist.

Conditions

Type	Financing source	Description
Disbursement	Trust Funds, IBRD/IDA	No withdrawal shall be made: (a) for payments made prior to the Signature Date, except withdrawals up to an aggregate amount not to exceed EUR 40,000,000 may be made for payments made prior to this date but on or after twelve (12) months prior to the Signature Date; and (b) for payments linked to performance-based conditions unless the Borrower has (furnished to evidence satisfactory to the Bank, in accordance with the Verification Protocol set forth in the Project Operations Manual.

I. STRATEGIC CONTEXT

A. Country Context

1. **On February 24, 2022, the Russian Federation initiated a full-scale invasion of Ukraine, resulting in substantial civilian casualties, displacement of millions of people, widespread destruction of infrastructure, and disruption of service delivery**. Since February 2022, some 17,023 civilian casualties have been officially recorded: 6,655 killed and 10,368 injured, with unofficial numbers likely to be much higher.[1] Some 7.7 million people (about half of whom are children) have become refugees in the European Union (EU), with more fleeing to other countries.[2] About 6.24 million people have been displaced internally,[3] with women making up about 60 percent of the adult population of internally displaced people.[4] Nearly half of the internally displaced people between 18 and 64 years old reported no income.[5] Many more Ukrainians need life-saving humanitarian aid, especially as food and essential services are severely constrained in the areas affected by fighting. In response to the increased income insecurity, 55 percent of households report having reduced their food consumption and 46 percent report having reduced their healthcare spending.[6]

2. **The war in Ukraine has had substantial economic, social, and poverty consequences.**[7] It has significantly disrupted economic activities in a number of ways: damage to productive assets and infrastructure, logistics problems, labor force losses, decimated supply and demand chains, increased uncertainty, and elevated risks. The contraction in gross domestic product (GDP) in 2022 is projected to be around 35 percent year-on-year. The downside risks are high, related to the unpredictability of the protracted war and high potential for further large-scale damage of infrastructure and negative social and poverty impacts. Based on the global poverty line of US$6.85 per day (2017 purchasing power parity), poverty is projected to increase from 5.5 percent in 2021 to 25 percent in 2022. Headline inflation hit 24.6 percent in September 2022, with high food price inflation hurting the poor in particular. Yet, despite the war, the Government has continued to deliver key public services and the financial sector is functioning normally, stabilizing the foreign exchange market.

3. **Unsurprisingly, public revenues are under immense stress, while war-time expenditures are growing.** Before February 2022, the fiscal deficit was expected to narrow over the medium-term to just under 2.5 percent of GDP by 2024, helped by a recovery in tax revenues. However, since February 2022, the Government has made strategic decisions to reduce the tax burden on the population (both individuals and businesses) during a time of crisis, resulting in a sharp decline in tax revenues. Specifically, tax collection has been deferred for key businesses, land and municipal taxes have been suspended for the duration of the war, and the Government has shifted to a simplified tax regime for extended categories of taxpayers. In addition, overall war-related declines in economic activity (including due to out-migration) and the inability to collect taxes in conflict areas also contribute to

[1] Office of the High Commissioner for Human Rights. 2022. “Ukraine: civilian casualty update November 28, 2022.” https://www.ohchr.org/en/news/2022/10/ukraine-civilian-casualty-update-24-october-2022.
[2] United Nations High Commissioner for Refugees, October 19, 2022 (Operational Data Portal). https://data.unhcr.org/en/situations/ukraine.
[3] International Organization of Migration (IOM). 2022. Ukraine Internal Displacement Report, Round 9. September 26, 2022. https://displacement.iom.int/sites/g/files/tmzbdl1461/files/reports/IOM_Gen%20Pop%20Report_R9_IDP_FINAL%20%281%29%20%282%29.pdf.
[4] IOM. 2022. Ukraine Internal Displacement Report Round 3. 17 April 2022. https://displacement.iom.int/reports/ukraine-internal-displacement-report-general-population-survey-round-3-11-17-april-2022.
[5] IOM. 2022. Ukraine Internal Displacement Report, Round 8. August 23, 2022. https://displacement.iom.int/sites/g/files/tmzbdl1461/files/reports/IOM_Gen%20Pop%20Report_R8_ENG_updated%20logo%20%281%29.pdf.
[6] IOM. 2022. Ukraine Internal Displacement Report, Round 9. September 26, 2022. https://displacement.iom.int/sites/g/files/tmzbdl1461/files/reports/IOM_Gen%20Pop%20Report_R9_IDP_FINAL%20%281%29%20%282%29.pdf.
[7] All statistics in this and subsequent sections are estimates by World Bank Staff based on official statistics of Ukraine’s public authorities.

constrained tax revenues. In this context, the Government has made efforts to cut non-essential current expenditures and capital spending and has reached an agreement with external creditors regarding a two-year debt deferral. Nevertheless, fiscal financing needs – consisting of the deficit (excluding grants) and debt repayments - are expected to grow from US$4 billion per month in the first half of 2022 to US$4.5 billion per month in the second half of 2022 (including US$2 billion of non-military needs). In addition to non-military monthly financing needs, starting from September 2022, the Government could also face the high costs of gas purchases by Naftogaz for the heating season (US$2.2 billion) and funding of the most critical reconstruction needs (US$3.4 billion).

4. **Similarly, sharp export declines after the invasion generated immediate balance of payments pressures.** Exports have fallen precipitously as the Black Sea ports were completely closed from February until July 2022. Despite some resumption of agricultural exports under the deal brokered through the United Nations (UN), their capacity is rather limited. Beginning in May 2022, imports recovered quickly. On the capital account, pressures have emerged from the withdrawal of foreign exchange by Ukrainian refugees. Since February 2022, the National Bank of Ukraine has spent around US$12 billion on currency interventions. This has eroded international reserves, which declined from a pre-war level of US$29 billion to US$22.4 billion at the end of July 2022. In August 2022, reserves improved to US$25.4 billion thanks to donor support.

5. **The Government's proposed 2023 budget is austere, with substantial compression of social and other non-military expenditures.** The public sector wage bill (including health and education) will be cut by 10 percent, the minimum wage and subsistence minimum income (based on which social transfers are calculated) have been frozen in nominal terms, and capital expenditures have been minimized (US$700 million), leaving most recovery and reconstruction needs unfunded. Even after these cuts in social expenditure, fiscal needs are estimated at US$3-4 billion per month.

6. **To estimate the damages and losses resulting from the war, the Government of Ukraine, the World Bank Group (WBG) and the European Commission, in cooperation with development partners, conducted a Rapid Damage and Needs Assessment (RDNA).** Specifically, the RDNA assessed the impact of the war on the population, human development, service delivery, physical assets, infrastructure, productive sectors and the economy. As of June 1, 2022, direct damage had reached over US$97 billion, with housing, transport, and commerce and industry being the most affected sectors.

7. **The funding needs for recovery and reconstruction are immense, and by June 2022 were estimated at approximately US$349 billion, which is more than 1.6 times Ukraine's 2021 GDP.**[8] About one-third of this amount (US$105 billion) is estimated to be needed in the immediate- and short-term to address the most urgent needs, including social infrastructure (such as schools and hospitals), preparation for the upcoming winter through winterization and restoration of heating and energy to homes, urgent repairs, gas purchases, support to agriculture and social protection, and restoration of vital transport routes. Such investments will lay the groundwork for a safe, prioritized, and efficient recovery and reconstruction that will help Ukraine on its development path towards a more modern, low-carbon, and inclusive country that is more closely aligned with European standards.

8. **Recovery and reconstruction will also need to consider Ukraine's vulnerability to the impact of climate**

[8] World Bank, Government of Ukraine, and European Commission. 2022. Ukraine Rapid Damage and Needs Assessment, August 2022. Washington, DC: World Bank. https://openknowledge.worldbank.org/handle/10986/37988.

change. This includes vulnerability to wildfire, droughts, high temperatures, heatwaves, heavy precipitation, mudslides, and floods. Ukraine has made impressive commitments to addressing climate change and, in January 2020, published a draft concept of its Green Energy Transition of Ukraine until 2050, which aims at increasing renewable energy share in the national energy balance up to 70 percent by 2050,[9] and announcing plans to increase its mitigation target for 2030 to 58 percent from its previous target of 40 percent at the 2020 Climate Ambition Summit.[10] However, the ongoing war significantly exacerbates the climate risks in the country and weakens the capacity to manage climate-related vulnerabilities.

B. Sectoral and Institutional Context

9. **In recent years, Ukraine has made significant progress addressing a number of long-standing health systems challenges through the implementation of critical health reforms.** In 2015, the Government initiated a fundamental reform of its health system, with the goals of improving the health outcomes of the population and providing financial protection from excessive out-of-pocket (OOP) health care payments. This reform was to be implemented through modernizing and integrating the service delivery system, introducing changes to provider payment arrangements that incentivize efficiency, and improving the quality of care. It culminated in the passage of a new health financing law in 2017 (the Law on Financial Guarantees for Health Care Services), which established a health benefit package called the Program of Medical Guarantees (PMG) and created the National Health Service of Ukraine (NHSU) to serve as the strategic purchaser for this program. The early stages of the reform increased the satisfaction of people with health care services at the PHC level. According to the Health Index Surveys, 75.8 percent of respondents were satisfied or highly satisfied with their family doctor in 2018, compared to 69.3 percent in 2016.[11] The level of satisfaction with hospital services did not increase, however. While OOP payments as a share of total health expenditures decreased from 52.3 percent in 2016 to 46.4 percent in 2020, reforms are still needed to improve financial protection by further decreasing the share of OOP payments in total health expenditures.[12]

10. **COVID-19 pandemic slowed but did not stop the implementation of the major health financing reforms.** During the first two years of the COVID-19 pandemic, Ukraine invested significant resources in COVID-19 prevention, care, and vaccination. Although COVID-19 vaccination got off to a slow start when first introduced in March 2021, it subsequently accelerated. In November 2021, as many as 7.5 million people were vaccinated in just one month. By end-February 2022, about 37 percent of the total population of Ukraine, or over 15 million people, had been fully vaccinated (two doses).[13] In addition, the Government continued implementation of the health reforms, albeit at a slightly slower pace. Major reform accomplishments during the pandemic included the implementation of case-based payments for hospital care in 2020, further optimization of the hospital network, continued expansion of digitalization of health (including implementation of e-prescriptions, e-referrals, e-sick leaves, and other electronic medical records), and improvement in access to outpatient medicines through an expanded Affordable Medicines Program (AMP) in 2021.[14]

[9] Concept of "Green" Energy Transformation by 2050.
https://mepr.gov.ua/files/images/news_2020/14022020/eng_pdf_%D0%B7%D0%B5%D0%BB%D0%B5%D0%BD%D0%B0%20%D0%BA%D0%BE%D0%BD%D1%86%D0%B5%D0%BF%D1%86%D1%96%D1%8F%20(1).pdf
[10] https://www.president.gov.ua/en/news/ukrayina-posilit-svoyu-uchast-u-globalnij-borotbi-zi-zminoyu-65569
[11] Health Index. Ukraine – 2019: Results of the National Survey. http://health-index.com.ua/HI%20Report%202019%20eng.pdf.
[12] Ukrainian State Statistics Service. Data of the Satellite National Health Account, 2020 report.
https://ukrstat.gov.ua/operativ/operativ2020/oz_rik/arh_sat_rah_zd_u.htm
[13] https://ukrstat.gov.ua/druk/publicat/kat_u/2021/zb/10/dem_2020.pdf
[14] Bredenkamp, Caryn; Dale, Elina; Doroshenko, Olena; Dzhygyr, Yuriy; Habicht, Jarno; Hawkins, Loraine; Katsaga, Alexandr; Maynzyuk, Kateryna; Pak,

11. **The February 2022 invasion came just as Ukraine was beginning to recover from the COVID-19 pandemic and the ongoing war has dramatically changed the health sector landscape in Ukraine.** As outlined in the RDNA, conservative estimates of damages incurred stand at US$1.4 billion. This figure represents the monetary estimate of the cost of destroyed and damaged health infrastructure included in the inventory of damage compiled by the Ministry of Health (MoH), but the actual level of damage is likely higher, given incomplete reports about damaged facilities located in territories temporarily not under government control and about private sector facilities. As of September 1, 2022, 489 healthcare facilities, equivalent to 5.3 percent of public providers, have been destroyed or damaged. In addition, losses related to the removal of debris and demolition of the destroyed facilities, loss of income of private providers, losses from the financing of facilities that were not been fully operational during the war, and the additional losses of the population's health are estimated at additional US$6.4 billion. The needs of the health sector are estimated to be US$15.1 billion to cover the accumulated infrastructure damage and losses to the health sector, as well as scale-up of critical health services for the population of Ukraine. This amount includes the cost of building new infrastructure and the immediate recovery of facilities that are partially damaged, as well as expansion of rehabilitation and mental health services in Ukraine, which will need to be scaled up to address the impacts of the war.

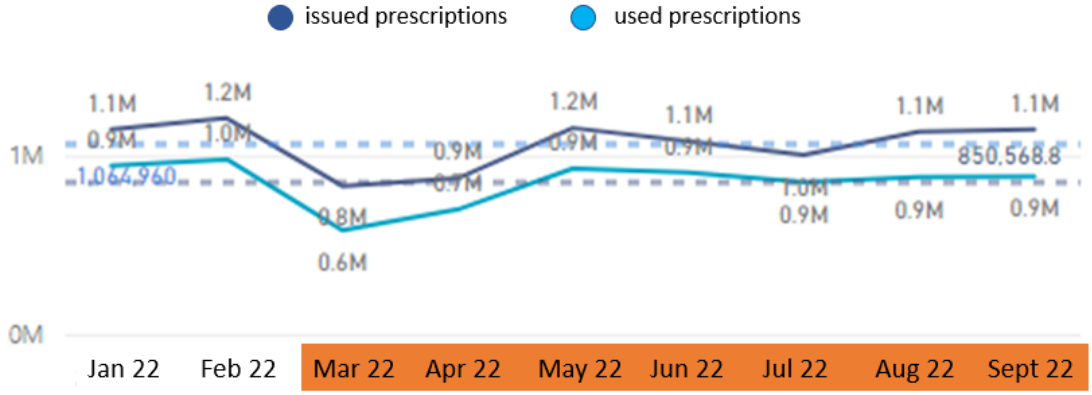
12. **Overall health service utilization fell sharply in the first months of the war, including a 90 percent decrease in referrals for diagnostic procedures and a 40 percent decrease in service utilization**. Compared to March 2021, the number of childhood vaccinations had fallen by 60 percent in March 2022. Similarly, by the end of March 2022, the number of people accessing medicines through the AMP had fallen by 53 percent. By September 2022, the utilization of many health services was nearing pre-war levels, including the number of prescriptions in the AMP (Figure 1), the number of primary care curative visits, and the number of hospital visits. However, the use of many critical services, such as preventive services and immunization, has not recovered. For example, in a September 2022 survey, while respondents reported the same or higher frequency of using primary health services as in previous years, the share of those who received electrocardiography measurement or preventive screening was twice as low as in 2019 and 2020.[15] Immunization targets related to childhood vaccination at six months are only 30 percent achieved.[16] The legacy of foregone care during the COVID-19 pandemic and the early months of war will require proactive outreach for catch-up care.

Khrystyna; Zues, Olga. 2022. Health Financing Reform in Ukraine: Progress and Future Directions. Washington, DC: World Bank. © World Bank. https://openknowledge.worldbank.org/handle/10986/37585

[15] Omnibus telephone-based survey of 2,002 respondents conducted by the Kyiv International Institute of Sociology at the request of the World Bank, with Swiss-financed Trust Fund, as part of "Sustaining Health Sector Reforms in Ukraine" (P177367).

[16] According to the data of the Center for Public Health (CPH), for six months of 2022, of all children under one year of age, only 29.7 percent received their doses of vaccination against tuberculosis; 23.1 percent received their vaccination doses against viral hepatitis B; 33.9 percent received their vaccination doses against diphtheria, tetanus, and pertussis; 36.4 percent received their doses of vaccination against Hib infection; and 33.3 percent received their polio vaccination doses.

Figure 1: Participation of eligible patients in the AMP in 2022

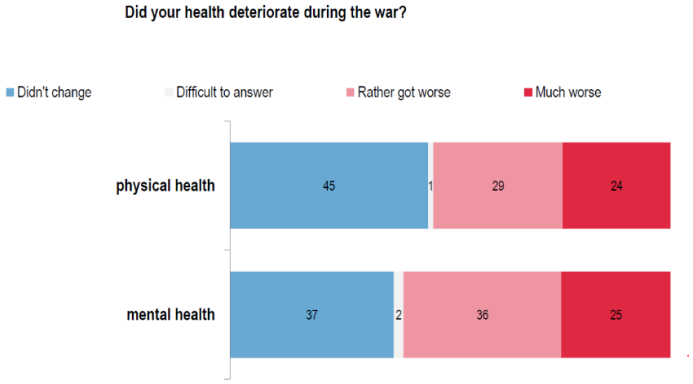


Source: Data from the NHSU

13. **The war has also had a direct negative impact on the population's mental health.** Fear and anxiety from exposure to violence and trauma, along with stressors related to displacement, family separation and the loss of livelihoods, have only risen as the war has escalated.[17] Surveys confirm that people in Ukraine have suffered a significant deterioration in their health and an increased mental health burden (Figure 2). While both men and women indicated mental health as the area of their life most impacted by the war,[18] suffering from the loss of connection from families and/or community, their stressors varied. Many men's lives have been heavily impacted by the conscription requirement. In addition to exposure to war-related violence and stress, many also suffer from the inability to contribute to the financial and physical safety their loved ones. On the other hand, many women's lives have been impacted by the need to manage the multiple and compounding stresses alone, including taking care of children and other family members, working and providing financially, and navigating communication and security needs. In addition, expectations related to more traditional gender roles, limited availability of mental health services, and a low culture of seeking such assistance likely compound women's stress, as women are more likely to take on additional emotional care responsibilities and men are less likely to seek support for mental health concerns.[19] In this context, the MoH is preparing a special initiative to scale-up mental health services, including by setting up mobile teams to reach people in different communities and further integrating mental health services at the primary health care (PHC) level. However, less than two percent of PHC physicians have received mental health training, meaning that scaling-up mental health services to meet demand will require substantial investment and time.

[17] International Medical Corps (March 20, 2022). Providing Relief to People Affected by the War in Ukraine. https://internationalmedicalcorps.org/emergency-response/war-in-ukraine/
[18] UN Women and CARE International. 2020. Rapid Gender Analysis of Ukraine. https://www.unwomen.org/sites/default/files/2022-05/Rapid-Gender-Analysis-of-Ukraine-en.pdf
[19] UN Women. 2020. Rapid Gender Assessment of the situation and needs of women in the context of COVID-19 in Ukraine. https://eca.unwomen.org/sites/default/files/Field%20Office%20ECA/Attachments/Publications/2020/06/Rapid%20Gender%20Assessment_ENG-min.pdf.

Figure 2: Changes in self-evaluated physical and mental health of Ukrainians



Source: Assessment of the damage caused by war crimes in Ukraine. RATING group, September 15-19, 2022

14. **The war is also exacerbating pre-existing issues that disproportionately affect women, including gender-based violence (GBV).** Prior to the war, 67 percent of Ukrainian women reported that they have experienced psychological, physical or sexual violence at the hands of a partner or non-partner since the age of 15.[20] Since February 2022, multiple forms of GBV have been reported in Ukraine, including reports of intimate partner violence, sexual exploitation and abuse, sexual harassment, sexual violence (including conflict-related sexual violence), and economic abuse. Recent World Bank studies show that women who are forcibly displaced are more likely to experience intimate partner violence,[21] which is of particular concern in Ukraine given that women make up the majority of both internally displaced peoples and those that have fled Ukraine. There is also a high risk of trafficking for sexual exploitation at borders where registration is patchy, control of documents is limited, and young women are more likely to be traveling alone. Violence is also taking place where GBV risk mitigation measures should be in place, such as bomb shelters, while recent reports have documented mounting evidence of sexual violence and other forms of GBV in conflict areas.[22] Due to changes in wartime priorities, women are unable to receive the protection they need or may have previously had. There are examples of domestic violence shelters being repurposed to care for displaced women and children and police no longer responding to sexual and domestic violence related calls. In addition, already stretched healthcare facilities are not systematically providing services to survivors of GBV and the majority of healthcare providers lack specific protocols on how to address and refer GBV cases. All this results in bottlenecks in services for victims and survivors. Consequently, additional training of frontline workers provides an evident opportunity to strengthen the healthcare system's GBV response and support referrals. In response, the NHSU has developed tools to help doctors better manage patients affected by sexual violence and GBV.

15. **In addition, war-related injuries have led to a significant increase in the need for rehabilitation services.** A World Health Organization (WHO) visit in July-August 2022 investigated disability, rehabilitation and assistive technologies, concluding that there are major needs related to burns, spinal cord injury and complex limb injury (including amputations), but that the availability of highly specialized rehabilitation services is severely limited.

[20] Organization for Security and Co-operation in Europe. 2019. Well-being and Safety of Women: Ukraine Results Report. https://www.osce.org/files/f/documents/1/3/440312_0.pdf.
[21] Arango, Diana Jimena, Jocelyn Thalassa Deverall Kelly, Jeni Klugman, and Elena Judith Ortiz. 2021. "Forced Displacement and Violence Against Women: A Policy Brief (English)." Washington, D.C.: World Bank Group. http://documents.worldbank.org/curated/en/593151638940044686/Forced-Displacement-and-Violence-Against-Women-A-Policy-Brief.
[22] Office of the High Commissioner for Human Rights. Report of the Independent International Commission of Inquiry on Ukraine. https://www.ohchr.org/sites/default/files/2022-10/A-77-533-AUV-EN.pdf.

Moreover, the lack of outpatient and community level rehabilitation services impedes effective delivery of a continuum of rehabilitation care following the acute treatment phase and over the long-term. The MoH, recognizing growing needs in rehabilitation care, updated PMG packages and included outpatient rehabilitation care, which will be provided by specialized care facilities, and will be further integrated at the PHC level. To support expansion of rehabilitation services, the MoH plans to organize additional training for relevant health and non-health staff. The MoH is preparing to implement a rehabilitation module in e-Health to better capture and track care provided to eligible patients. In addition, it will organize cabinets of assistive technologies[23] in health care facilities to improve adaptation of patients during and post rehabilitation period.

16. **Looking ahead to 2023, the health sector will remain under stress, as fiscal pressures have necessitated a reduction in the health budget (similar to the cuts in other non-military spending items).** Already in 2022, declining revenues meant that the continuation of essential social spending was only possible with significant external support, such as that provided by the World Bank and other partners. The proposed 2023 budget includes cuts to health spending, similar to many other sectors, by 10 percent on average in nominal terms, including a nine percent decrease in the financing of the PMG. At the same time, the real reduction in budgets will have implications for the ability to purchase sufficient inputs, such as medicines and equipment, which will further jeopardize the population's access to essential services. In addition, more significant cuts have been made to the administrative budgets of the key government institutions responsible for different health-related functions. For example, in 2023, the administrative expenses of the NHSU, the Center for Public Health (CPH), and the MoH are expected to be cut by almost 40 percent, 12 percent, and 14 percent, respectively. Such reductions may also have long-term effects on the capacity of these institutions due to the possible attrition of key staff.

17. **Since the invasion, and in close collaboration with the MoH, NHSU, and the Ministry of Finance (MoF), the World Bank has provided rapid surge support to help protect the health sector and the people it serves.** This includes new and restructured financing, as well as technical assistance. The Public Expenditures for Administrative Capacity Endurance (PEACE) in Ukraine project (P178946) is financed by a non-concessional IDA credit, an IBRD loan, and Trust Fund resources from numerous development partners, and is supporting a share of PMG expenditures in 2022 (August and September 2022 shares of PMG), as well as salaries for civil servants and teachers and various social transfers. With resources from the Serving People Improving Health (SPIH) project (P144893), Bank-Facilitated Procurement (BFP) was used to secure contracts of US$38 million for emergency medical equipment and supplies, most of which have already been delivered to over 530 hospitals. Within three weeks of the February 2022 invasion, a US$91 million Additional Financing to the Emergency COVID-19 Response and Vaccination project (P175895) was approved to reimburse COVID-19 vaccine contracts, freeing up budgetary room for other essential health needs. This project also continues to support the strengthening of the cold chain and waste management systems of providers involved in delivery of COVID-19 services and vaccination. The ongoing Sustaining Health Sector Reforms in Ukraine (P177367) advisory services and analytics support financed by a Bank-Executed Trust Fund from the Swiss Agency for Development and Cooperation (SDC) has supported assessments and pilot interventions for people from vulnerable groups, including the elderly and internally displaced, and facilitated their access to care. It has also provided technical assistance to health financing and network optimization policies of the Government, including modeling changes to the benefits package and payment mechanisms so that they can be adapted to fast-changing needs.

18. **Together with other development partners, the World Bank is working to ensure alignment behind and support of the future needs of the Government.** As mentioned above, the RDNA estimates the damages and

[23] Examples of assistive devices and technologies include wheelchairs, prostheses, hearings aids, visual aids, etc.

losses resulting from the war (as of June 1, 2022) and outlines future needs, in the health sector and beyond. It will be repeated in 2023 to inform future support. In addition, to help provide advice on strategic decisions, a discussion paper on health sector directions for recovery is under preparation jointly by the World Bank, WHO, United States Agency for International Development (USAID), and the EU. As Ukraine simultaneously continues to provide emergency relief to its population while also starting on the recovery and rebuilding process, alignment of the resources of contributing donors (with each other and within government) will be essential to ensure efficiency in their allocation, effective stewardship by the MoH, and that funding is aligned with both recovery and long-term reform directions.

C. Relevance to Higher Level Objectives

19. **The Project is strongly aligned with the Government of Ukraine's directions for recovery outlined in the Ukraine Recovery Plan,[24] as well as with the WBG approach to supporting Ukraine, as described in the Relief, Recovery, and Resilient Reconstruction approach paper.[25]** The overarching goals of the Ukraine Recovery Plan are to provide economic, social, and environmental resilience, find efficient solutions for recovery of crucial economic and social processes and natural ecosystems, and develop a modernization plan to ensure expedited sustainable economic growth and the well-being of the Ukrainian people. For the health sector, the specific goal is to upgrade the health care system to enable human capital growth. The Ukraine Recovery Plan envisages activities related to mental health, rehabilitation, PHC, digital health and data, and the health workforce. Among the priority directions indicated in the WBG approach paper are protecting the population under severe socio-economic stress (relief), reconnecting citizens to public social services (recovery), and rebuilding public social services to deepen human capital and provide dynamic protection to the most vulnerable (resilient reconstruction). The WBG approach paper highlights the importance of convening partners and mobilizing resources towards a common goal – something to which this Project aspires. With respect to the health sector, the WBG approach paper emphasizes maintaining emergency health capacity and essential medical supplies, reconnecting people to healthcare, catching-up on essential care foregone (immunization, screening), and, over the medium-term, continuing with health sector reforms.

20. **The Project is also aligned with the WBG goals to end extreme poverty and boost shared prosperity, as well as with other key cross-cutting strategies.** By restoring and improving access to essential health services (especially for people who are currently under-served) and providing increased access to new urgent areas of need (mental health and rehabilitation services), the Project will contribute to improving the short- and long-term health status of the population, thus enabling more productive employment and contributing to well-being, both at the individual and societal level. By providing financial protection from high OOP health care costs, the Project will especially benefit the poor, for whom such costs constitute a larger share of income. The Project is also aligned with the Strategy for Fragility, Conflict, and Violence (2020-2025),[26] particularly Pillar II which emphasizes "Remaining engaged during conflicts and crisis situations" to build resilience, protect essential health sector institutions, and deliver critical health services. In addition to helping to ensure the provision of essential health services, and, thus, preserving human capital gains, supporting the national health sector institutions will help to preserve Ukraine's institutional capacity for a full recovery and resilient reconstruction once the war ends. The

[24] Ukraine Recovery Conference 2022. "Recovery Plan." https://www.urc2022.com/urc2022-recovery-plan.
[25] World Bank. 2022. "Relief, Recovery, and Resilient Reconstruction: Supporting Ukraine's Immediate and Medium-Term Economic Needs." https://documents1.worldbank.org/curated/en/099608405122216371/pdf/IDU08c704e400de7a048930b8330494a329ab3ca.pdf.
[26] World Bank. 2020. World Bank Group Strategy for Fragility, Conflict, and Violence 2020–2025. http://documents.worldbank.org/curated/en/844591582815510521/World-Bank-Group-Strategy-for-Fragility-Conflict-and-Violence-2020-2025. Washington, DC: World Bank.

Project is also in line with the WBG Global Crisis Response Framework (GCRF),[27] which provides a framework for its operational response to the multiple current crises. Project activities are aligned with Pillar 2 of the GCRF, which highlights the importance of supporting countries in providing essential health services and helping provide services to promote women's and girls' safety and address the needs of survivors of GBV, as well as Pillar 4 which supports accelerating progress towards Health-For-All, mainstreaming new technologies to improve health outcomes, investing in climate-smart infrastructure, and enhancing digital development.

21. **The Project is also fully aligned with the World Bank's strategy for Health, Nutrition and Population, as well as the global health commitments to which it contributes.** By simultaneously tackling immediate relief, early-stage recovery and longer-term recovery needs, the Project will support Ukraine's efforts to achieve universal health coverage through stronger primary health systems and provide quality, affordable health services to everyone, regardless of their ability to pay. It is also aligned with the health-related targets of the Sustainable Development Goals, especially target 3.8, which is to "Achieve universal health coverage, including financial risk protection, access to quality essential health-care services and access to safe, effective, quality and affordable essential medicines and vaccines for all."

22. **While the ongoing war has fundamentally impacted the context for the current Country Partnership Framework (CPF) FY17-FY21, the Project is consistent with the CPF's long-term development directions, many of which remain relevant.** Specifically, the Project is aligned with CPF Focus Area 3 on enhancing the Efficiency and Inclusiveness of Social Service Delivery, especially the first objective of increasing the efficiency and quality of health services. The process of preparing the new CPF for the period 2022-2025 began in September 2021, but was halted following the Russian Federation's February 2022 full-scale invasion and the extended war.

II. PROJECT DESCRIPTION

23. **The US$500 million Project is designed to support activities that Ukraine will need to address the ongoing emergency situation, with a scope of support that is informed by both available and future financing over the immediate- and short-term.** The Project has been designed and appraised for the full US$500 million, including results that match this envelope. The design outlines Project activities that will be implemented with an initial funding envelope that includes a EUR 100 million IBRD loan (backed by a Guarantee from the Government of Spain) and a US$10 million grant from the Global Financing Facility for Women, Children, and Adolescents (GFF), as well as additional activities to be financed by an additional resource mobilization of US$390 million, which is expected to be filled as subsequent Bank and donor funding (through trust funds, or co-financing) materializes.[28]

24. **This "framework" approach provides a clear line of sight for the Government of Ukraine, the World Bank, and other development partners on the urgent needs in the sector**, as well as a simplified process to move from the available financing (EUR 100 million + US$10 million) to the US$500 million financing target. It also reflects the importance of acting with the agility and speed required in this exceptional emergency situation. With these considerations in mind, Project components are designed to be able to achieve sustainable results within the available financing, while also being sufficiently flexible enough to easily absorb additional financing as

[27] World Bank. 2022. Navigating Multiple Crises, Staying the Course on Long-term Development: The World Bank Group's Response to the Crises Affecting Developing Countries. Washington, DC: The World Bank Group.
http://documents.worldbank.org/curated/en/099640108012229672/IDU09002cbf10966704fa00958a0596092f2542c.

[28] Should the full $500 million in Project financing not become available, the Project will be restructured to scale-back total financing, the scope of activities, and the Results Framework, among other things, and as needed.

resources become available. Depending on the evolving needs, additional resources for Project activities could mean doing more of the same (for example, implementing the same health interventions in different geographic areas or for a longer time period) or implementing in phases (for example, development of hospital network plans, followed by hospital renovation). With the full US$500 million designed and appraised, the process of incorporating additional funds as more financing becomes available will be significantly simplified, as no changes to the original design are required. Any further change in Project scope or increase of financing beyond US$500 million will entail an Additional Financing and restructuring to scale-up the Project. Furthermore, should mobilization of anticipated resources provide more difficult than anticipated, efforts to identify additional resources will be intensified or, alternatively, the Project will be restructured to adjust indicator targets.

25. **The activities of the Project aim to mitigate the impact of the war on human capital loss, and to do so in a way that lays ground for eventual recovery.** As such, activities span immediate relief and early-stage recovery (with currently available funding), as well as medium-term recovery needs (for which resources must still be mobilized), both of which are aligned with long-standing sectoral reform directions. It finances inputs to the provision of care, including development of new models and protocols of service delivery, training, equipment, and facility renovations, including climate-sensitive building design. It supports provision of services at the level of mobile teams (who work in the community), PHC facilities, and hospitals. In order to ensure efficiency and sustainability, major investments in equipment and renovation are limited to existing facilities that have been identified as priority providers in network optimization plans.

26. T**he Project also selectively uses incentives in the form of payments from NHSU to providers of services, to focus attention on the actual delivery of essential health care services**, namely mental health, rehabilitation, preventive health examinations, childhood immunization, and affordable medicines. Mental health and rehabilitation services are updated benefit packages of the NHSU for which healthcare providers need to meet updated requirements. Preventive health examinations and childhood immunization are included as part of the benefits package provided at the PHC level and paid using capitation payment amounts that the NHSU pays for each enrolled patient. However, these services tend to be underprovided,[29] especially after the invasion. As a result, the Project will use performance-based conditions (PBCs) to ensure that financing is only provided as actual services are delivered ,[30] building on the effective use of PBCs in the SPIH project and the Emergency COVID-19 Response and Vaccination project, continued after February 2022. Finally, the Project finances improvement of the system by supporting digitalization, innovations, and institutional capacity-building.

A. Project Development Objective (PDO)

PDO Statement

27. **The objectives of the project are to (i) restore and improve access to essential health care, (ii) address new and urgent needs for health services, and (iii) provide financial protection in an emergency context**.

[29] A well-known drawback of capitation payments is that while they incentivize providers to enroll new patients, they fail to incentivize the provision of services (especially preventive services, which patients themselves may under-demand). This can be addressed by combining capitation with pay-for-performance, resulting in a "blended payment" mechanism that corrects for the disincentives of the capitation payment.
[30] The further use of PBCs will be determined as additional resources are secured.

PDO Level Indicators

28. **To track the achievement of the PDO, five key indicators will be utilized** (described below). The first two indicators measure how "new and urgent needs for health care" are addressed; the third and fourth indicators measure the restoration and improvement of access to care at primary and hospital level, and the fifth indicator measures the provision of financial protection in terms of reducing OOP payments related to medicines and medical products.

- Number of people who received mental health services following agreed criteria (disaggregated by gender)
- Number of people who completed a defined course of rehabilitation services (disaggregated by gender)
- Number of people receiving an extended health examination at the PHC level (disaggregated by gender)
- Hospital deliveries, cases of stroke, and cases of myocardial infarction treated in hospitals contracted by NHSU for relevant PMG services and supported by the Project
- Number of people receiving medicines and/or medical products subsidized through the AMP

29. **The full Results Framework is included in the Annex.** Targets supported by the Project will be counted from zero baseline for services that are not currently delivered in a way they will be delivered under the Project (e.g., mental health, rehabilitation and extended PHC services). For the target on AMP beneficiaries, baseline will be defined using NHSU data as of March 1, 2022.

B. Project Components

30. **The Project consists of four components that encompass the key actions needed to heal the injured health system and provide access to emerging areas of need.** The first component addresses the new needs for mental health and rehabilitation services arising from war-related trauma and the long-term effects of the COVID-19 pandemic. It provides funding for essential inputs, such as the development of clinical protocols, training, equipment, and deployment of facility-based services and mobile teams and uses PBCs to strengthen the results orientation of Project financing and ensure the actual delivery of mental health and rehabilitation services to people. The second component focuses on reconnecting people to essential PHC services to address the large foregone care burden that has accumulated during the war and the COVID-19 pandemic and to improve financial protection to people that require access to medicines. The use of PBCs in the second component will also orient service delivery towards concrete results in the expanding access to PHC care and reimbursable medicines. This component provides equipment to damaged and under-resourced PHC facilities and mobile teams, renovates damaged and inadequate PHC centers, including making them more climate resilient and energy efficient. The third component will support renovation and equipment of hospitals that have been damaged during the war or are otherwise inadequate to meet the needs of the catchment populations, with investments limited to those facilities that are part of the hospital network optimization plan (which will also be reviewed and revised through technical assistance provided by the Project). The fourth component focuses on strengthening of the overall health system in order to better support system recovery and restoration of access to quality care, including investment in the e-Health system, strengthening of the capacity of the central health agencies (such as the MoH, NHSU, the Central Procurement Agency (CPA), CPH, and e-Health Agency) which provide sectoral stewardship and oversight, and allowing for further innovation in the delivery of care.

Component 1: Addressing new and urgent health needs for mental health and rehabilitation

Total: US$100 million	**Initial financing: EUR 25 million IBRD**

31. **Component 1 supports the Government to meet the increased demand for mental health and rehabilitation services due to the ongoing war.** Meeting the increased demand is particularly challenging given the outdated service delivery models which rely heavily on in-patient admissions and the lack of personnel with relevant expertise. Subcomponent 1.1 will provide funding to expand financing in the PMG and support scale-up for the most urgent, short-term needs for mental health and rehabilitation services, building on existing and updated models of care. Subcomponent 1.2 will finance activities aimed at strengthening and reconfiguring the way rehabilitation and mental health services are provided to better respond to the current crisis and to build better delivery platforms for the future.

Subcomponent 1.1 Scale-up of mental health and rehabilitation services

32. **Subcomponent 1.1 supports the operational costs associated with the delivery of mental health and rehabilitation services as part of the PMG.** Services may be provided through existing and new delivery platforms, such as mobile teams, outpatient services at the primary care level, and outpatient and inpatient services provided in specialized mental health clinics and in hospitals. With the support of the Project, the Government will define the scope of services that should be provided at each of the platforms, specifications and protocols applicable to the provision of these services (e.g., frequency of visits of mobile teams, coding of the reasons of visit at the primary health center and the actual services provided, and applicable coding of services provided at the specialized care facilities). The scope of services will be defined within the PMG (e.g., as a "course of rehabilitation" at the inpatient and outpatient level or "course of mental health services") to meet the needs of different categories of the population that require such services. Assessment of mental health and rehabilitation needs of patients will be done with awareness of gender-sensitive approach. In line with the strategic purchasing approach that applies to other services packages within the PMG, providers will be reimbursed for the operational costs of mental health and rehabilitation services provided following submission of a claim to the NHSU using the NHSU health information system and in an amount equal to the agreed package reimbursement rate.

33. **To strengthen the results focus of the Project, the disbursement of funds under Subcomponent 1.1 will be conditional on defined PBCs having been met.** Eligible expenditures will include payments made by the NHSU to health facilities for services provided under the mental health and rehabilitation packages of the PMG. The number of people receiving services will be monitored using NHSU's existing health information systems and reported to the World Bank by the MoH. Details of reporting and verification mechanisms will be elaborated in the project operational manual (POM). While the use of PBCs to incentivize provision of mental health and rehabilitation services places an additional requirement on financing of the above-mentioned eligible expenditures, such incentives are particularly important in supporting Government's reform efforts to roll out these services under the expanded PMG and reinforce a results orientation in the financing these services.

- **PBC 1.1: Number of people who received mental health services following the agreed criteria, described by NHSU specifications and set forth in the POM, from the baseline of zero, starting on November 1, 2022.** It is expected that at least 500,000 people will receive mental health services, which will be provided through specified platforms of service delivery, including mobile teams, at PHC facilities, and in specialized facilities. PBC 1.1 will be linked to the disbursement of an initial EUR 5 million (upon reaching the target of providing mental health services to 100,000 people) and is scalable at a rate of EUR 50/US$50 for each person receiving services under this program, up to a total of US$25 million (cumulatively for 500,000 unique patients) once the resources are fully mobilized.

- **PBC 1.2: Number of people who have completed a defined course of rehabilitation services, described by NHSU specifications and set forth in the POM, from the baseline of zero, starting on November 1, 2022.** The Project will finance the delivery of rehabilitation services to at least 112,500 people. PBC 1.2 will be linked to the disbursement of an initial EUR 5 million (upon reaching the target of providing rehabilitation services to 12,500 people) and is scalable at a rate of EUR 400/US$400 for each person receiving services under this program, up to a total of US$45 million (cumulatively for 112,500 unique patients) once resources are fully mobilized.

Subcomponent 1.2 Preparing for scaled delivery of mental health and rehabilitation care

34. **Subcomponent 1.2 finances the training, equipment, and technical assistance needed to deliver quality mental health and rehabilitative care services of the appropriate type.** Training will be provided to medical staff at inpatient, outpatient and community levels, including those working in supervisory capacities. Such training will cover gender aspects in providing services. Equipment will be provided, as appropriate to the defined package(s) of rehabilitation services. Energy efficient equipment will be purchased. The Project will support procurement of assistive technologies equipment and organization of cabinets of assistive technologies in facilities providing rehabilitation services. Limited technical assistance to the MoH and NHSU will also be financed to support definition of the standards and protocols of care to be provided at inpatient and outpatient facilities, creation of a system of service verification using electronic medical records, assessment of the completeness and appropriateness of services to be provided, and provision of feedback to providers to further improve quality and patient pathways across different levels of the system. It will also support supervision sessions for staff engaged in the provision of mental health and rehabilitation services. As necessary, it will finance awareness-raising campaigns among people about the availability of new services. This subcomponent will also finance the development of the regulatory frameworks and implementation plans for the integration of basic mental health and rehabilitation services with PHC, and for setting up the specialized mental health and rehabilitation centers. Importantly, given the rise of GBV during the war, this subcomponent will address the problem of increasing GBV through trainings for PHC workers in topics related to domestic violence and mental health support. Specifically, healthcare workers in selected PHCs will be trained as first points of contact in the healthcare system to enhance their knowledge in identifying GBV cases, appropriately handling confidentiality, and referring survivors for further services, using WHO guidelines and provided through the NHSU Academy educational platform.[31] Special attention will be given to management of cases of GBV, including clinical management of rape and psychological first aid including safety planning. Training of healthcare workers will help strengthen both the GBV referral system and expand provision of GBV-appropriate care. The Project will measure progress through an increase in proportion of health units with at least one service provider trained to care for and refer survivors of GBV.

35. **As more resources become available, this subcomponent will help shift to an improved outpatient-based model of delivery that provides appropriate care efficiently and close to where people live**. This is consistent with the longer-term reform directions on the right-siting of care, as it prioritizes shifting away from the existing, costly, inpatient-centered mental health and rehabilitation models. When sufficient funding is mobilized, the Project will support upgrades of approximately 400 specialized outpatient facilities that can provide mental health services in local communities, preferably attached to PHC centers. At the same time, the Project

[31] GBV training will be guided by the following principles: (i) do no harm; (ii) adopt a survivor-centered lens; (iii) build on the strength and resilience of communities; (iv) adopt an intersectional approach; (v) strengthen existing systems, and (vi) be evidence-based. Training will be based on the inter-agency standing committee and WHO and UN Population Fund guidelines on addressing GBV in humanitarian settings. *https://www.unfpa.org/minimum-standards* and https://healthcluster.who.int/our-work/thematic-collaborations/gender-based-violence-in-health-emergencies

will support improvements to the existing specialized inpatient facilities that provide mental health services and for which there will continue to be needs. The Project will also support the upgrading of facilities providing rehabilitation services, in particular the adaptation and reconfiguration of at least 20 existing facilities, as well as procurement of essential equipment. For both mental health and rehabilitation services, this subcomponent will finance training for health personnel at various levels to provide services according to the new model.

Component 2: Further improving and strengthening primary health care

Total: US$150 million	**Initial financing: EUR 58 million IBRD + US$ 7 million GFF**

36. **Component 2 supports improving access and utilization of PHC services disrupted by the war.** Restoring the PHC network and upgrading its capacity to address war-related needs will require special efforts to reconnect people to care and address missed care, as well as renovating facilities that have been damaged and destroyed. Some critical PHC services will need to be substantially increased to address war-related challenges and service delivery disruptions compounded since the onset of the COVID-19 pandemic and which have been exacerbated since February 2022. In addition, with rising poverty and financial hardship, households face problems buying essential medicines, particularly in the context of high OOP payments for medicines.

Subcomponent 2.1: Restoring and improving delivery of essential PHC services

37. **Subcomponent 2.1 supports the delivery of essential health services at the PHC level**. First, this subcomponent will finance expanded health examinations of patients at the PHC level which will include screening for non-communicable diseases (NCDs) and infectious diseases (such as tuberculosis) and, for those already suffering from these conditions, monitoring of disease management. Second, it will finance incentive payments to health workers for childhood vaccination, encouraging them to seek out children who have missed or are at risk of missing this essential intervention. Third, in light of the decline in household purchasing power during the war and high OOP payments for medicines, this subcomponent will finance the expansion of the AMP under the PMG, specifically by increasing the range of items subsidized by the AMP by including additional medicines and medical products from the approved National List of Essential Medicines (equivalent to the Essential Medicines List),[32] expansion of the providers that participate in the AMP (by including additional pharmacies and using other platforms such as PHC facilities and mobile teams), and reducing the amount of patient cost-sharing (in order to increase the number of people benefiting from the program and reduce OOP payments for medicines).

38. **Like Subcomponent 1.1, this subcomponent will strengthen the Project's results focus by linking disbursement to achieving PBCs.** The use of PBCs will emphasize the importance of ensuring that the expenditures incurred result in people actually receiving the services, which is particularly critical during times of conflict and in the face of the significant unmet needs described above, such as those related to childhood immunization. The eligible expenditures will be expenditures under the PMG related to the primary health care, vaccination, and AMP. The number of people receiving services will be monitored using NHSU's existing health information systems and reported to the World Bank by the MoH. Details of reporting and verification mechanisms will be elaborated in the POM.

- **PBC 2.1: Number of people who received the extended medical examination as defined in the POM at the primary health care level, from the baseline of zero.** It is expected that 3,000,000 people will receive

[32] The National List of Essential Medicines approved by the Cabinet of Ministers of Ukraine (latest revision on July 29, 2022). Available at https://zakon.rada.gov.ua/laws/show/333-2009-%D0%BF#n15

extended health examinations at the PHC level (up to two examinations per person per year will be covered by the Project to reconnect patients to care and address accumulated forgone care). PBC 2.1 will be linked to the disbursement of an initial EUR 10 million (for the achievement of the target of providing examinations to 1,000,000 people), scalable at a rate of EUR 10/US$10 for each person receiving services under this program for up to a total of US$30 million.

- **PBC 2.2: Number of vaccinations received by children under the age of seven according to the national vaccination schedule, from the baseline of zero starting on March 1, 2022**. It is expected that 5,000,000 vaccinations will be delivered to children under the age of seven according to the approved vaccination calendar (including polio, measles, mumps, rubella, tetanus, tuberculosis, hepatitis B, and Hib infection). PBC 2.2 will be linked to the disbursement of an initial EUR 10 million (for the achievement of the target of 2,500,000 vaccinations), scalable at a rate of EUR 4/US$4 for each dose of vaccination under this program for up to a total of US$20 million.

- **PBC 2.3: Number of people who received medicines or medical products subsidized through the AMP as per the agreed criteria defined in the POM, from the baseline of 3,392,838 (from March 1, 2022).** It is expected that an additional 1,000,000 eligible patients will benefit from the AMP as a result of Project financing. PBC 2.3 will be linked to the disbursement of an initial EUR 20 million (for the achievement of the target of an additional 500,000 users of AMP). It will be scalable at a rate of EUR 40/US$40 per each additional beneficiary of the AMP for up to a total of US$40 million.

Subcomponent 2.2: Recovery of the PHC network

39. **Subcomponent 2.2 will support immediate restoration of PHC facilities and establishment of mobile teams.** It will finance the procurement of equipment and other PHC facility needs, as well as small civil works to restore the functioning of PHC facilities that have been damaged but do not require rebuilding or more general reconstruction (e.g., restoring access to water or electricity). It will also include procurement and installation of solar panels in at least 100 PHC locations to make the facilities more resilient to disruptions in the electricity supply. These facilities will be selected based on existing or anticipated major disruptions of electricity supply or those located in remote areas. With initial available funding, the Project will finance setting up, training, and deployment of mobile teams to deliver essential health services in areas mostly affected by the ongoing war (near the conflict line or experiencing major war-associated destruction) and in remote areas. It is envisioned that the MoH will sign an agreement or a Memorandum of Understanding with the Center of Medical Catastrophes or other relevant entity that is responsible for the organization of care during the ongoing war-related emergency. Such an entity will be responsible for hiring the health care providers, training providers in mobile service delivery, providing necessary equipment and materials, and ensuring that the required stock of medicines and medical products for the delivery of services on the ground in territories that otherwise are underserved. It will also cover needs of communication activities and community outreach campaigns that will be necessary to support implementation of subcomponent 2.1.

40. **With the initial available funding, this subcomponent will finance the development of a medium-term recovery and reconstruction plan for the PHC network in Ukraine.** The plan will be accompanied by the development of technical specifications of a new PHC+ facility/facilities with expanded capacity and range of

services offered.[33] When more resources become available, this subcomponent will finance the renovation of up to 80 damaged facilities that require significant renovations. Renovation activities will be based on the technical specifications for a new PHC+ model. Climate resilient and energy efficient measures will be incorporated into building technical specifications and renovations. In addition to financing works, this subcomponent will also support the procurement of energy efficient equipment to replace equipment damaged or destroyed during the war and to accommodate the new, expanded range of PHC services. Those more extensive renovations will also include procurement and installation of photovoltaic solar panels and battery storage. In turn, use of solar panels/battery storage, backed by generators or the main grid, will also serve to enhance energy efficiency and mitigate climate risk. It is envisioned that the reconstruction and procurement of equipment for PHC facilities will be done with a longer-term goal of building towards an improved PHC+ service delivery model, including integration of some mental health and rehabilitation services into the package of services offered at the PHC level, while referring more complicated cases to specialized mental health and rehabilitation providers (see Component 1).

Component 3: Restoring and modernizing hospital care in line with reform direction

Total: US$200 million	**Initial financing: EUR 10 million IBRD**

41. **This component will support the restoration and strengthening of service delivery in hospitals that are facing capacity constraints** due to war damage (for example, hospitals that were damaged after attacks) or due to increased demand for their services (for example, hospitals in areas with a high concentration of internally displaced persons). In order to ensure that hospital investments are efficient and sustainable, the hospitals supported by the Project will need to be part of the "capable network," or clustered approach of defining hospitals that constitute the future health system of Ukraine, in line with the reform directions initiated before the February 2022 invasion.[34] This component consists of investments in assessment of hospital infrastructure that will require investments, and planning for hospital renovation, and renovation of hospitals in line with the agreed plan. It will also support procurement of equipment and organization of training to augment capacity in supported hospitals.

42. **In the initial stage, this component will lay the groundwork for the implementation of reconstruction and renovation of hospitals** by financing the further development of the hospital network optimization strategy, development of necessary technical specifications, and design documentation that will define which hospitals will be renovated and how they will be renovated. This will bolster the planning that has already been initiated by the MoH. The selection of hospitals will be consistent with a network optimization strategy. Designs for renovated facilities will include consideration of modern patient pathways, climate adaptation measures, and energy efficient design. It will also cover immediate reconstruction needs in a small subset of hospitals to restore critical capacities (such as renovation of surgical blocks or intensive care units).

[33] The expanded PHC model, or PHC+, will cover the original scope of services delivered in PHC, but will also offer a range of additional services, such as outpatient specialist care and ambulatory physical therapy. In addition, PHC+ facilities will provide participants with health check-ups and access to a range of disease management programs, while also offering patients access to a broader range of competencies than the basic PHC team, which consists of general practitioners, nurses, midwives, and, in some cases, physical therapists. More details on the PHC+ model implemented in Poland are explained in the following World Bank Group report: Primary Health Care Development in Poland – PHC Plus Evaluation. https://documents1.worldbank.org/curated/en/099855003102229586/pdf/P1666780ee4d6207108ece0da38dc200957.pdf.

[34] The Government is currently redefining the hospital network, organizing hospitals in clusters, and selecting hospitals that will consolidate the provision of acute services for the territory of the cluster. The Project may support the proposed "clustered" approach and "strategic hospitals" identified under this approach, primarily focusing on supporting hospitals with the planned capacity to serve a catchment area of 300,000 people or more, and those contracted by the NHSU for the delivery of specialized services (such as stroke, acute myocardial infarction, and childbirth). The list of strategic hospitals will be defined in the POM.

43. **As more resources become available, this component will support the renovation of select hospitals using prepared plans, design documentation, and technical specifications.** It is expected that the Project will select hospitals that have the existing or planned capacity to serve a catchment area of 300,000 people or more. The selection of hospitals will follow a set of defined criteria, which will be specified in the POM, including past performance and potential to scale-up services, the safety of implementing construction works in the specific location, the appropriateness of the existing infrastructure to be upgraded, and environmental and social care aspects that will be defined in the Environmental and Social Management Framework. Renovation will also include the "greening" of hospitals by incorporating climate adaptation measures, improving energy efficiency, and providing access to alternative sources of energy. The Project will not include the construction of new hospitals, but it may include the construction of new buildings that are part of existing facilities on the land of existing facilities. The scope for the construction of new hospitals could be defined by scale-up Additional Financing that would take the total Project financing beyond the current US$500 million. In addition, the Project may selectively support the strengthening of pre-hospital emergency services by financing vehicles, relevant equipment, and additional stations of placement of ambulances to improve the reach of ambulances for critical patients.

Component 4: Supporting capacity-building, digitalization and innovations

Total: US$50 million	**Initial financing: EUR 7 million IBRD + US$ 3 million GFF**

44. **Component 4 will support sustainability of key health institutions and strengthening of ongoing digitalization projects**. It will help attract and cover the costs of additional staff to these institutions to strengthen and prepare these institutions to react to the new needs. It will also support implementation of digitalization projects that will improve efficiency, transparency, and monitoring of service delivery and make health services more user-friendly, as well as interventions that will bring innovative approaches to service delivery, such as the use of telemedicine, activities to set up standardization of the quality of services.

Subcomponent 4.1 Digital development and innovations

45. **This subcomponent will finance several core e-Health activities**, including a health worker register, a patient data portal, new e-Health modules for disability and rehabilitation, improvement of cyber security for health-related data, integration of digital health systems with other neighboring countries, and strengthening of e-Health systems of the health institutions more broadly. It will also support implementation of innovations and artificial technology in the digital systems, and activities aimed at enhancement of the competencies and skills of health staff and patients.

46. **This subcomponent will continue supporting the MoH National hot line,** which remains an effective platform for engagement with citizens, providing them with relevant information, addressing their requests and linking data received from citizens to make operational and strategic decisions on improving accessibility quality of services. To improve tracking of and response to patient feedback, the Project will support the implementation of a single digital instrument that will track requests of patients at different levels: facility, local level (hromada, rayon, oblast), and national level (MoH and NHSU).

47. **As additional funds become available, the Project will support further e-Health initiatives and innovations.** This includes the potential implementation of the enterprise resource management system to strengthen the CPA, the system of analytical prediction of the service utilization for the NHSU targeted planning of resource use and financing, the system of distance learning, hardware and software solutions to scale-up the

use of telemedicine, and other activities that will improve the accuracy of data and support a shift from paper-based to electronic-based records keeping. It will further strengthen the use of data, including patient feedback, for decision-making.

Subcomponent 4.2 Strengthening of institutions

48. **Subcomponent 4.2 will support capacity building at critical health sector institutions, including the MoH and NHSU, among others.** To support the implementation of activities in Components 1, 2 and 3, as well as the health improvement and innovations under this component, the health sector institutions (namely MoH, NHSU, CPH, e-Health Agency, and CPA) will be able to use Project resources to hire additional staff and use consultancy support to strengthen their capacity. It will support activities to set up standardization of the quality of services. This component will also support the use of third-party monitoring (TPM), implemented by civil society organizations (CSOs), for better governance and accountability of the system. They will include monitoring of the delivery of services supported by the Project, including through the engagement with patients that have received services (following ethic protocols), and monitoring of the renovation works supported by the Project and reporting on any issues that will require attention and correction. CSOs participating in the TPM activities will receive training and will be providing regular reports to the MoH, NHSU, and other relevant Government institutions. Financing of the TPM will be organized using resources of this subcomponent or through the complementary grants.

Subcomponent 4.3 Project management

49. **This component will support the hiring of key staff in the existing project implementation unit (PIU)** in technical, fiduciary, safeguards and administrative roles. It will also cover expenditures of the project audit. The scope of such technical support will be agreed between the MoH and each of the institutions and defined in their respective agreements.

Table 1: Project components and associated financing

Short description of components and main activities	*Initial funding*	*Additional mobilization need*	*Total*
1: Mental health and rehabilitation	**EUR 25**	**US$75**	**US$100**
- Scaled delivery of mental health services	EUR 5	US$20	US$25
- Scaled delivery of rehabilitation services	EUR 5	US$40	US$45
- Protocols, training, equipment, deployment of mental health and rehabilitation teams, adaptation of facilities	EUR 15	US$15	US$30
2. Primary health care	**EUR 58 and US$7***	**US$85**	**US$150**
- Scaled delivery of health examinations	EUR 10	US$20	US$30
- Scaled delivery of childhood immunization	EUR 10	US$10	US$20
- Scaled utilization of AMP	EUR 20	US$20	US$40
- Deployment of mobile teams and equipment and renovations for PHC centers	EUR 18 and US$7*	US$35	US$60
3. Hospitals	**EUR 10**	**US$190**	**US$200**
- Planning and preparation of design and specifications	EUR 10	US$190	US$200

for renovation, immediate renovation			
4. Capacity-building, digitalization and innovations - e-Health, innovations - Strengthening of institutions, quality of care - PIU	**EUR 7 and US$3*** EUR 6.5 and US$1 US$2* EUR 0.5	**US$40** US$37.5 US$1.5 US$1	**US$50** US$45 US$3.5 US$1.5
Total	***EUR 100 and US$10****	***US$390***	***US$500***

Notes: Amounts provided in millions. Financing marked with [*] indicates available co-financing by GFF grant.

50. **The initial financing available at the time of Project approval and the large resource mobilization need may affect the implementation of a subset of Project activities if resource mobilization needs are not realized.** The scope of activities that are supported by the initial financing is defined and initial results contributing to the PDO of the Project can be achieved with initial financing. The WBG, together with the Government, will agree on how remaining defined activities are prioritized when additional funding becomes available or remains partial. There is always a risk that resource mobilization falls below the US$500 million target, which would affect the implementation of a subset of the Project activities. The availability and timing of additional resources, as well as their potential impact on delays in future Project implementation, will be closely monitored during the implementation of the activities implemented with initial funding. If timely resource mobilization looks as if it may become a binding constraint to Project implementation, it will necessitate accelerated efforts to identify further resources for the Project or, alternatively, will require restructuring to scale-down the scope and expected results of the Project, while remaining within the PDO of the Project.

51. **Controls will be put in place to ensure that eligible expenditures financed under this Project are not also financed by other projects, whether from the World Bank or other partners.** Eligible expenditures under subcomponent 1.1 will include payments by the NHSU to providers of mental health services and rehabilitation services within relevant PMG packages (as defined in the POM). Eligible expenditures under subcomponent 2.1 will include payment by the NHSU to providers of primary care and eligible providers of AMP within relevant PMG packages (as defined in the POM). The World Bank will prepare a verification mechanism in cooperation with MoH, NHSU, and MoF to ensure that there are no withdrawals against eligible expenditures that have already been financed by, or requested to be financed by, any other Bank-financed project. Such a mechanism will also provide for the possibility to reconcile with any other possible financing of health expenditures by other donors.

C. Project Beneficiaries

52. **Project beneficiaries will include all residents of Ukraine who use preventive and curative health services, especially people in need of mental health services, people in need of rehabilitation services, people with or at risk of NCDs, and young children.** As the Project will invest in the strengthening of primary and hospital care facilities, all patients that will receive care at these facilities will also directly benefit from project investments. The Project will be rolled out universally – to all eligible people receiving services from health care facilities contracted by the Government. At least 3,000,000 people are expected to receive additional PHC services focused on NCDs, while 1,000,000 children are expected to receive immunization services. In addition, 500,000 people are expected to receive services related to mental health and 112,500 people are expected to complete a course of physical rehabilitation. The number of people benefiting from the AMP is expected to increase by 1,000,000 and, due to the nature of the program, will benefit especially the poorest people for whom accessing medicines would otherwise be a financial barrier (especially as unemployment and inflation rise). Project beneficiaries also include the medical and non-medical staff of healthcare facilities who will receive training through the Project, as well as

incentive payments for delivering priority services. The Project will not deliver equipment or support renovations in territories temporarily not under government control.

53. **The Project will not specifically prioritize men or women, it will track the numbers of males and females among the beneficiaries of project-supported services** (including in the Results Framework). TPM and citizen engagement by CSOs will also help to assess whether men or women in communities are being sufficiently reached by services.

D. Results Chain

54. **The Project aims at addressing the disruptions in the essential services, increased need for mental health and rehabilitation, and decreased financial protection of the Ukrainian population resulting from the February 2022 invasion by the Russian Federation.** The result chain is presented in Figure 3. Together, activities covered by the Project will enable the scale-up of mental health and rehabilitation services in the community, at PHC level and through a new outpatient delivery platform; the restoration of essential PHC infrastructure, the rollout of the expanded package of PHC services - including an intensified effort to ensure adults get preventive health examinations and vaccinate children – and expand the AMP (increasing types of medicines covered and lowering the patient share of costs); the restoration of the capacity of hospitals to provide essential hospital services (through provision of equipment and renovations); and better capacity of key health institutions. Those outputs, in turn, will result in the following outcomes: a greater number of people receiving mental health and rehabilitation services, as well as other essential health services, and better financial protection from the costs of seeking care. Ultimately, over the long-term, the impact of the Project will be to decrease morbidity and health-related mortality, reduce poverty, and improve human capital accumulation and overall well-being in Ukraine.

Figure 3: Graphic representation of the Theory of Change

Activities	Outputs	Outcomes	Contributions to the PDO	Impact
Mental health and rehabilitation: Scaled delivery of mental health services	Mental health service packages are defined and can be rolled out	People receive mental health and rehabilitation services	Utilization of essential health services is restored and improved, new mental health and rehabilitation services are rolled out, and financial protection is strengthened	Decreased morbidity and mortality; restored and strengthened accumulation of human capital; increased wellbeing
Scale delivery of rehabilitation services	Rehabilitation service packages are defined and can be rolled out			
Protocols, training, equipment, and deployment of mental health and rehabilitation teams	Plans for the strengthened mental health services are in place; facilities are reconfigured to provide mental health and rehabilitation services			
Primary health care: Scaled delivery of check-ups	Expanded PHC package of services is defined and rolled out	People receive essential PHC services; children receive vaccination according to the national schedule; people receive medicine subsidies		
Scaled delivery of childhood vaccination	Financial incentives for catch-up vaccination are in place			
Scaled provision of AMP	The number of subsidized medicines is increased, and the benefit thresholds are lowered			
Equipment and renovation of PHC Support for mobile teams	Damaged PHC facilities are restored and can provide services; mobile teams are deployed			
Hospitals Immediate hospital equipment and planning for renovation	Hospital equipment is installed; renovation and reconstruction plans are prepared	People receive essential hospital services		
Renovation of selected hospitals	Selected hospitals are renovated			
Capacity-building, digitalization and innovations e-Health, innovations	Digital and service innovations are introduced	People benefit from digital and service innovation and strengthen health system governance		
Strengthening of institutions, quality of care	Capacity of the key stakeholders including MOH, NHSU, and others is restored and strengthened			
PIU	PIU is operational			

E. Rationale for Bank Involvement and Role of Partners

55. **The rationale for World Bank involvement relates to the Government's need for financing, the public good nature of health sector investments, and the alignment of donor / partner support to Ukraine.** First is the Bank's ability to respond to the Government of Ukraine's request to provide immediate resources in order to address the immense need for financing in light of the current constrained fiscal situation, within a framework that can easily incorporate additional funding as it becomes available. The current fiscal space in Ukraine is very tight, and key expenditures of social programs are underfinanced, leaving no space for support of capital expenditures or improving access to additional services to address new needs. Second is the importance of investing in the provision of essential health services, including the positive externalities associated with immunization, preventive care, and the contribution of good population health to long-term human capital and economic development. Third is the ability of the World Bank, including through its projects, to help bring together donors and partners and help government to align the financing of different partners to support Ukraine's recovery.

56. **The "framework" design highlights a critical role for partners in providing Project financing; it will start with initial contributions from the Government of Spain (guarantee) and the GFF (grant)**. The initial EUR 100

million IBRD loan is enabled by a EUR 100 million guarantee from the Government of the Kingdom of Spain. In addition, GFF co-financing includes an initial contribution of US$10 million and a commitment to continue resource mobilization up to a total contribution of US$25 million. In future, in addition to further guarantees and direct project co-financing, the role of partners may also include loan buy-downs to soften the terms of the loan(s) and parallel co-financing. Indeed, the intention of the "framework" approach is to enable complementary and coordinated financing by partners to help to achieve the project goals, even if the financing does not flow through the Project. The MoF has asked the Council of Europe Development Bank, to which Ukraine has applied for membership, to provide parallel co-financing to this project as its first loan to Ukraine. Further direct grant co-financing of the project can be channeled via the newly established Ukraine Recovery Trust Fund, which is a Multi-Donor Trust Fund established by the World Bank to support Ukraine's recovery, or existing a Multi-Donor Trust Funds, such as the GFF or the Healthy Lives, Nutrition and Population Umbrella Trust Fund program.

57. **The role of partners also includes technical assistance.** With respect to technical assistance, the partners supporting the health sector in Ukraine coordinate their activities through a health partners group which includes the World Bank, WHO and other UN agencies, USAID, EU, SDC, and other partners. On-going technical assistance relevant to the PDO and activities include USAID support to e-Health, procurement, and rehabilitation; EU support to public health strengthening; SDC support to mental health and rehabilitation; WHO activities on hospital optimization and health financing (coordinated with World Bank), mental health, and emergency relief; activities on immunization supported by the UN Children's Fund; and humanitarian response supported by the UN Development Program.

F. Lessons Learned and Reflected in the Project Design

58. ***Using PBCs***. In Ukraine, PBCs have been successfully used in previous World Bank operations in the health sector (such as the ongoing SPIH and the Emergency COVID-19 Response and Vaccination projects), as well as other human development projects (Social Safety Nets Modernization project, P128344; Ukraine Improving Higher Education for Results Project, P171050). These projects have demonstrated the feasibility of using PBCs, as well as their usefulness in supporting the Government's institutional change agenda (e.g., with reform oriented PBCs in the SPIH project) and in focusing attention on scaling-up essential services (e.g., PBCs related to COVID-19 vaccination in the Emergency COVID-19 Response and Vaccination project).

59. ***Using World Bank projects to align and coordinate donor resources***. In the health sector, World Bank projects have frequently been used as a vehicle to coordinate and align donor funding in the health sector, through project co-financing or parallel financing. In Bangladesh, under what has been termed a "Sector-Wide Approach," a World Bank-financed operation serves as a platform for co-financing (by seven other partners) of the government's national health sector program. In Ghana, a World Bank-financed operation supports a part of the government's health sector strategy (focused on networking and financing of PHC services), with co-financing from three partners, along with parallel technical assistance by a fourth partner. The operations' Results Frameworks (and disbursement-linked indicators) reflect improvements that are to be achieved through financing by the government budget, World Bank/donor co-financing through the World Bank operation (and thus on-budget), and parallel (off-budget) technical support. In the Europe and Central Asia region, the Kyrgyz Health Program for Results loan includes co-financing of two partners, SDC and KfW, that also supports parallel technical assistance through both recipient- and World Bank-executed Trust Funds. In these and many other instances, the World Bank projects provide a vehicle to align government, World Bank and other donor financing to support a common set of health sector results.

60. ***Using Bank-Facilitated Procurement support***. Following a request from the MoH in early March 2022, BFP is currently being used in both the SPIH and Emergency COVID-19 Response and Vaccination projects. Implementation of procurements via BFP support has proven to be a very effective mechanism in which all parties (suppliers, Government, the World Bank) have clarified their roles, responsibilities, and expectations, and confidence in the use of this mechanism has grown as a result. Specifically, the BFP e-catalogues have helped to shorten timelines and address emergency needs faster. It has also been found that by supporting all stages of procurement and contract implementation in close coordination with the Government, BFP has improved Government procurement capacity. Use of the BFP mechanism has been facilitated by the simplification of Government procedures during the period of martial law. However, the logistics of getting the procured goods to conflict-affected areas takes a lot of effort from all parties and close coordination in order to be effective. Whenever possible, deliveries to Ukraine are preferred versus deliveries to other neighboring countries and additional logistics arrangements needed to secure delivery of goods to Ukraine. The experience of the ongoing operations will be taken into account in planning further logistical chains. All goods will be insured to avoid risks of damage of goods during their transportation.

61. ***TPM and citizen engagement***. Both the ongoing SPIH and Emergency COVID-19 Response and Vaccination projects are supplemented by TPM, which improves accountability and draws attention to areas and issues that require closer attention. CSOs ssuccessfully facilitate involving citizens in project activities, including information distribution and administrative support. This Project will also rely on TPM activities to improve the equity and transparency of Project implementation and will be carried out by CSOs. The Project will build on the ongoing review of the patient feedback/complaint mechanism at the central, regional/local, and facility levels (in partnership with MoH, and NHSU). Based on the results of the review, it will aim to establish a comprehensive Beneficiary Feedback mechanism (e.g., through an electronic cabinet of a patient) to track and use it to improve and better target services to beneficiaries.

III. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

62. **The Project will be implemented by the MoH through a PIU, located at the MoH, which also coordinates the ongoing World Bank-financed SPIH and Emergency COVID-19 Response and Vaccination projects.** Building on the effective implementation arrangements in place for the SPIH and Emergency COVID-19 Response and Vaccination projects, the existing PIU will be strengthened to include an additional coordinator, who will manage the scope of the Project, as well as specialists in procurement, financial management (FM), monitoring and evaluation (M&E), environmental and social safeguards, capacity-building, architecture and engineering, and PHC. Building on the existing project management capacity is critical for rapid implementation of Project activities. To address the need for complementary technical expertise to effectively implement the Project, the PIU will be supported by technical specialists in the MoH, CPA, NHSU, and e-Health Agency. Additional technical and fiduciary consultants will be contracted as needed under agreed upon terms of reference. The full roles and responsibilities of the staff and consultants in the PIU will be elaborated in the POM. The MoH will engage key additional staff to the PIU (specialist on mental health, rehabilitation, and additional engineer) no later than two months after the effective date.

B. Results Monitoring and Evaluation Arrangements

63. **The PIU will be responsible for M&E activities, assuring progress related to project activities, outcomes and results**. Through the PIU, the MoH will be responsible for: (i) collecting and consolidating all data related to their specific suite of indicators; (ii) evaluating results; (iii) providing the relevant performance information to the MoH, the World Bank, and relevant stakeholders; and (iv) reporting results to the World Bank immediately prior to each semi-annual supervision mission. Each department of the MoH, NHSU and other institutions engaged in Project activities and the PIU will perform their Project-related functions as described in the POM. Each institution will also appoint a focal point to ensure timely provision of Project implementation updates and monitoring data. The PIU will support implementation of the TPM activities that will improve accountability and discuss its results with CSOs, providers, and relevant MoH institutions.

64. **Achievement of the PBC targets will be regularly monitored by the NHSU in coordination with the MoH**. The NHSU will apply updated algorithms, acceptable to the World Bank, for the verification of the accuracy of data reported by providers. Verification of PBC results will be organized by providing access to the NHSU data on the number of services provided in relevant PMG packages, locations, and types of services provided, as well as coding of medical services. The NHSU will also provide reports on applying verification algorithms to data reported by providers that will detail measures undertaken to exclude any possible duplication or erroneous reporting of services. Additional details on reporting on the achievement of PBCs, as well as reporting eligible expenditures pertaining to the achievement of PBCs within relevant PMG packages, will be defined in the POM.

C. Sustainability

65. **The Government's broad reaching vision for national recovery, including in the health sector, demonstrates its commitment to and ownership of Project activities and underpins the overall sustainability of Project design.** In the four months following the full-scale invasion of Ukraine by the Russian Federation, the Government worked to elaborate a National Recovery Plan (July 2022), with immediate-, short-, and medium-term objectives. This plan outlines Government priorities to both recover war-related damages and to use targeted strategies to leap-frog economic growth and improve the overall quality of life in Ukraine post-war. With respect to the health sector, the Government has demonstrated a clear commitment to rebuilding critical social infrastructure damaged or destroyed in the war, as well as to continuing advancement of universal health coverage and health sector financing reform, development of an efficient health care network, and promotion of digital health, among other things.

66. **The technical and financial sustainability of the Project can be reasonably achieved given the commitment of the Government and the Project design to support activities that are or will be institutionalized moving forward.** With respect to technical capacity to implement, including achievement and verification of PBCs, the client had demonstrated capacity to implement complex projects, including supporting major sectoral policy reforms, as well as to manage the use of PBCs in existing projects (SPIH, COVID-19, etc.) and the World Bank will continue to provide any necessary capacity support to ensure that this is maintained throughout Project implementation. With respect to financial sustainability, investments in strengthening PHC will reduce total healthcare costs to society by preventing disease and averting complications that require more costly hospital and specialist care and ensure that primary curative care for common conditions is provided in PHC facilities, rather

than in more expensive specialist facilities. The lower costs of care make services more affordable to patients and to the Government.

67. **Institutional sustainability**. Despite the challenges of the war, and unlike in many other conflict settings, Ukraine was able to save and rely on its existing institutions, which continue to implement core government functions. The Project will rely on available sectoral strategies and roadmaps, including the National Recovery Plan and its health section (Annex 3), and support the overall direction of the health reforms. The Project does not create parallel structures, but instead invests in the capacity and sustainability of the existing health sector institutions. The technical assistance implemented with the support of the Project will inform decisions and policy directions. Further digitalization of health services will support the availability of data and its use to improve governance and accountability of providers, and support interventions to further improve the efficiency and quality of services.

68. **Financial sustainability**. Strengthened PHC reduces total healthcare costs to society by preventing disease and averting complications that require more costly hospital and specialist care and ensuring that primary curative care for common conditions is provided in PHC facilities, rather than in more expensive specialist facilities. The lower costs of care make services more affordable to patients and to the Government. The Project will also support the development of policies and guidelines to identify which hospital facilities should be part of Ukraine's future "capable network," based on current and predicted future patterns of utilization using the information on population catchment areas of expected disease burden. The Project's investments will be focused on these facilities. This will help to improve the overall financial sustainability of the health sector in Ukraine, and of hospitals in particular.

69. **Environmental sustainability**. The physical sustainability and climate resilience of Project investments (especially infrastructure) are important considerations. The MoH improved standards for PHC facility and hospital equipment and construction taking into consideration the need for sustainability and climate resilience, and the construction and equipment procured under this Project will at least be equal to those standards. The plan to purchase solar panels for primary healthcare facilities will mitigate the environmental impact of the electricity used during service delivery. Similarly, hospital renovation will take into consideration the need to "green" hospitals by improving energy efficiency and providing access to alternative sources of energy. The use of World Bank procurement guidelines and a record of good compliance with those guidelines in previous health projects in Ukraine gives confidence that the equipment procured under the Project will be sufficiently durable. While climate and weather pose risks to the physical sustainability of infrastructure, the Project will mitigate this through technical specifications that consider the measures to enhance climate resilience in the specific local geography of the facilities.

IV. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

Technical Appraisal

70. **Because of the war-related disruptions, the provision of basic care was discontinued for many people in Ukraine, and a major effort will be needed to reconnect patients with health care providers to ensure they catch up on the missed preventive or curative care.** One of Ukraine's recent landmark reforms was to enroll every

person with a local PHC provider. Before the war, 80 percent of the population was linked to a doctor, thus ensuring regular health screening and follow-up care. As a result of destruction and displacement, this connection has been lost for many people. Others remain connected but have not been able to go for routine visits, including for high-risk NCDs, risking increased morbidity and premature mortality. Outreach activities to reconnect patients to their existing or new health care providers will be imperative. Critically, this will also reconnect children to immunization services, enabling them to catch up on vaccinations missed during wartime, helping to prevent the plunge in childhood immunization rates that was observed following the invasion of Crimea in 2014. The healthcare system will also need to quickly strengthen mental health services to provide the psychological support people need to deal with short- and long-term impacts of the war.

71. **The PDO will be achieved through a strong technical design, which balances the immediate health needs with laying a foundation for a more medium-term recovery.** The Project design draws on the recent comprehensive RDNA prepared by the Government of Ukraine, World Bank and European Commission in August 2022. For the health sector, the RDNA emphasizes the need to rapidly reconnect people with health services, especially at the PHC level, showing that most of the infrastructural damage in the health sector was at PHC facilities. It also emphasizes the need to roll out mental health and rehabilitation services and, over the medium-term, to renovate PHC facilities and hospitals in a way that will continue the pre-war health system reform trajectory. The Project design reflects the RDNA recommendation.

72. **The Project is also consistent with international best practices, which emphasize bringing health services close to the patients and communities** through strengthening PHC and community-based services, rationalizing hospital networks, and advancing digitalization and new technologies in service provision and system administration. Governance and institutional arrangements are designed to fit the current circumstances by using government processes where possible and ensuring the least additional administrative burden. The implementation arrangements and financing modalities have been successfully used in previous World Bank projects in the health sector in Ukraine and have been performing satisfactorily in those projects.

Economic and Financial Analysis

73. **Given the nature of the Project as a response to urgent needs caused by the February 2022 Russian Federation full-scale invasion of Ukraine and the uncertainty concerning cost and benefits, a qualitative economic analysis of the proposed project has been conducted to identify the main development benefits and confirm that the expected associated costs are appropriate, based on existing evidence and estimates.** The analysis suggests the Project will have a very concrete impact in terms of preventing disruptions in essential services, scaling-up new services critically needed in the current context (mental health and rehabilitation), and overall mitigation of the impact of the war on human capital accumulation. The potential indirect impact of the war on mortality and morbidity in Ukraine through reducing access to health services can be very severe. A modelling exercise using the Lives Saved Tool in the context of the COVID-19 pandemic has shown that large disruptions in the provision of essential services for women and children in Ukraine have the potential to leave 480,900 children without oral antibiotics for pneumonia, 273,900 children without vaccinations against diphtheria, pertussis, and tetanus, 97,400 women without access to facility-based deliveries, and 1,371,100 fewer women receiving family planning services. As a result of such large disruptions in all essential services, child mortality in Ukraine could increase by 24 percent and maternal mortality by 49 percent. According to the NHSU data, the utilization of health services dropped substantially in the first months of the war and, although utilization of curative care has since rebounded, preventive care like child vaccination and preventive NCD screenings – both

of which will be supported by this Project – has not. The Lives Saved Tool modeling exercise also underscores the necessity of preventing disruptions and restoring the use of essential services to at least the pre-war level to avert substantial losses of human capital. The impact of leaving mental health needs unmet would also be substantial. The RDNA estimates a potential increase of about 10 percent in disability-adjusted life years lost due to the additional mental health burden due to the war.

74. **Global evidence shows that interventions like those financed by the Project are cost-effective with very favorable benefit-cost ratios.** The Copenhagen Consensus Center has estimated that investing one dollar in childhood vaccination generates 35 dollars in economic returns. Similarly, one dollar invested in PHC interventions has the potential to generate 24 dollars in economic benefits. A recent global analysis of investing in mental health has found an equally positive cost-benefit ratio of 1:24 for a comprehensive set of mental health interventions for adolescents.[35]

75. **The operational analysis conducted by the World Bank in collaboration with WHO and in partnership with MoH and NHSU suggests that still many hospitals in Ukraine are delivering sub-optimal volumes of services** (e.g., less than 200 deliveries per year, or less than 200 surgical interventions in a general-profile hospital or less than 50 acute stroke patients). Such hospitals may not only add to the inefficiency of the use of resources, but also provide suboptimal quality of care in view of inadequate staffing and the use of technologies. The Project will continue to be selective in identifying hospitals for investment, and that will stimulate further concentration of acute care in more strategic services and incentivize reprofiling and right-sizing of the remaining network, which is also essential in times of ongoing economic crisis and budget deficits.

B. Fiduciary

(i) Financial Management

76. **The assessment of the Project's FM arrangements was carried out and was based on the analysis of performance of the ongoing SPIH and Emergency COVID-19 Response and Vaccination projects, including when financing is conditioned on the achievement of disbursement-linked indicators and PBCs.** The FM assessment was conducted taking into consideration: (i) FM Manual for World Bank Investment Project Financing Operations that became effective on March 1, 2010, revised on February 10, 2017; (ii) World Bank's Operational Policy 8.00 on Rapid Response to Crises and Emergencies; and (iii) Guidance Note on FM in Rapid Response to Crises and Emergencies. The Project was appraised for the full US$500 million scope, although the currently available financing is lower. Given that this project follows a "framework" approach and the large size of the operation, continuous capacity of the implementing agencies will be monitored on an ongoing basis, and existing capacity matched to the changing scope of the operation (if any changes). FM performance and risk ratings will then be updated accordingly. While implementation support will be provided throughout project implementation, it is anticipated that more intense support will be needed in the first 12 months after project approval, with monitoring taking place every four months. It is envisioned that the intensive support (including missions) will be provided remotely. If the situation changes and the security situation permits, implementation support in-person will also be provided. The Bank will deploy its own technical resources and use Bank-Executed Trust Funds from the GFF and other sources if available to mobilize additional external technical expertise to support the MoH and

[35] Stelmach, R., Erica L Kocher, Angela Mary Jackson-Morris, Shekhar, and Rachel Nugent. 2022. "The global return on investment from preventing and treating adolescent mental disorders and suicide: a modelling study." BMJ Global Health 7 (6): e007759. doi:10.1136/ bmjgh-2021-007759. https://gh.bmj.com/content/bmjgh/7/6/e007759.full.pdf.

NHSU.

77. **FM arrangements were confirmed to meet the minimum requirements and will be further strengthened, as described in relevant sections below.** The risk associated with FM is assessed as High. This is partly due to increased inherent risks, such as MoH and NHSU being affected in a way that would prevent them from documenting and reporting on the eligible expenditures or achievement of PBCs, as well as the emergency nature of this Project, time pressures to process payments under extremely tight timelines. Inherent risks of corruption and misuse of funds will be mitigated through more intensive monitoring and expanded audit scope. Other factors contributing to the high-risk rating are: (1) the inability of the World Bank staff to carry out on-site supervision, which will be mitigated through more frequent and larger scope virtual team missions (every 4 months); (2) delays in submission of audits in ongoing projects will be addressed by agreeing to a time-bound action plan, with Government to finalize those audits; and (3) a risk of Government inability to comply with the expanded audit requirements for this project, which will be addressed by shifting from the Accounting Chamber of Ukraine, Ukraine SAI, to private audit firms.

78. **The Project will use FM and disbursement arrangements that are largely similar to those in place for the implementation of the SPIH and Emergency COVID-19 Response and Vaccination Projects,** including the same internal controls. Both PSIH and Emergency COVID-19 Response and Vaccination projects have shown consistently strong performance in terms of FM and disbursements. In the past year, despite the ongoing war, with the exception of delay in submission of the project annual audit (further explained below). The FM rating was confirmed as Moderately Satisfactory during the last implementation support mission conducted in September 2022, mainly due to the outstanding project audits. Other than the overdue audits, the FM and disbursement functions of MoH PIU and NHSU are mostly retained, with some adjustments related to periodic remote work, and greater reliance on electronic exchange of documents. Internal procedures of the MoH, including internal procedures and division of responsibilities, are documented in the POMs of each of the ongoing projects, and a new project-specific POM will be adopted within 30 days of Project effectiveness.

79. **The MoH, through its PIU, will continue to oversee all FM and disbursement functions in the Project's components, including processing all Project-related payments.** In turn, the NHSU, with the support of the MoH, will continue to be responsible for: (i) the implementation of activities required for the achievement of PBC targets; and (ii) project reporting to the MoH, including financial reports. The Project's expenditures connected to the achievement of PBC targets have been reviewed during the assessment, and it is expected that processes and procedures of managing these expenditures will be similar to other expenditures of NHSU that are already being financed by the SPIH and Emergency COVID-19 Response and Vaccination projects. The existing finance staff of the MoH/PIU and NHSU have built capacity during the past years, and remaining issues are being addressed through regular monitoring processes. The mechanisms will be established for cross-checks to ensure that there are no double payments made for eligible expenditures financed by the Project. Three FM staff are part of the PIU, and it is expected that such staffing arrangements should be sufficient for the launch of this Project, but additional staff may be needed. The automated accounting system of the MoH was modified to fully meet Project needs, and it will be used for this Project. The NHSU also has a robust and well-functioning IT system utilized to keep records and produce reports automatically. All accounting records for the Project will be kept on a separate set of records, separate from all other records maintained by the MoH, and separate from the SPIH and Emergency COVID-19 Response and Vaccination projects. The staffing, accounting, and reporting systems of NHSU have proven robust and will continue supporting implementation of this operation. The Project will submit quarterly Interim Financial Reports to the World Bank within 45 days from each calendar quarter. In addition, annual reports

on project eligible expenditures will be provided in addition to expenditure reports at the time of completion of each PBC. Each such submission of expenditure reports will be reviewed and verified by the World Bank team.

80. **Auditing arrangements will be strengthened for this Project.** Audits of the Project's financial statements will be carried out on an annual basis by independent private auditors acceptable to the World Bank, given that the Accounting Chamber of Ukraine is no longer able to carry out audits for ongoing Bank-funded projects. Project audit TORs will include a requirement to carry out an interim six-months review of project internal controls that would provide additional early assurance over execution, recording and reporting of project eligible expenditures. The results of such reviews will be taken into consideration as part of the annual audits of the Project financial statements, which will be conducted by the same audit firm. The audit of the original SPIH loan for 2021 (traditional IPF) is expected to be received with delay in November 2022. Audits of the SPIH AF loan, as well as the Emergency COVID-19 Response and Vaccination project (that include DLI based financing) were supposed to be carried out by the Accounting Chamber of Ukraine, Ukraine SAI. However, the operations of the Accounting Chamber of Ukraine in 2022 were partly disrupted by the war, consequently it was only able to conduct audits in selected WB operations, but not SPIH and Emergency COVID-19 Response and Vaccination projects audits. MOF has already requested the Bank to amend project Disbursement and Financial Information Letters accordingly to allow contracting private auditors, and the MoH is launching procurement of private auditor to conduct those outstanding audits. It is expected that all outstanding audit reports would be received in February-March 2023.

81. **Disbursement:** The proceeds of the IBRD loan and GFF grant will be disbursed in accordance with traditional disbursement procedures of the World Bank, such as advances, direct payments, special commitments, and reimbursement accompanied by appropriate supporting documentation—summary sheets with records and/or statement of expenditures in accordance with the procedures described in the World Bank's Disbursement Guidelines. For contracts with UN agencies, disbursements will follow standard procedures for disbursing to UN agencies, which is a UN-Type Blanket Commitment with UN Type advance/documentation disbursement method. The minimum application size for direct payment, reimbursement, and special commitment will be specified in the Project Disbursement and Financial Information Letters. Given the emergency nature of this Project, preference will be given to direct payments to contractors, to both save on the processing time and minimize fiduciary risks. The borrower will open a separate Designated Account in USD in Ukreximbank. Further, an account in UAH for payments in Ukrainian hryvnia will be opened in the State Treasury of Ukraine. For PBCs, funds will be disbursed upon completion and verification of achievement of PBC targets, as well as once eligible Project expenditures have been incurred. Funds associated with the achieved PBC will be credited to a budget account to be indicated by the Government.

(ii) Procurement

82. **Procurement will be carried out in accordance with the World Bank's Procurement Regulations** for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated November 2020. The Project will be subject to the World Bank's Anti-Corruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 01, 2016 (Guidelines on Preventing and Combatting Fraud and Corruption in Projects financed by IBRD Loans and IDA Credits and Grants).

83. **Use of Systematic Tracking of Exchanges in Procurement (STEP):** The Project will use STEP to plan, record and track procurement transactions. It is mandatory for all procurement transactions for post and prior review packages under the Project to be respectively recorded in or processed through the World Bank's procurement

planning and tracking system, STEP. This ensures that comprehensive information on procurement and implementation of all contracts for goods, works, non-consulting services, and consulting services awarded under the Project are automatically available. This tool will be used to manage the exchange of information such as procurement documents, bid evaluation reports, and no objections between the implementing agencies and the World Bank. However, in view of the countrywide lack of electrical power supply and unstable internet connection resulting from the ongoing war, the teams may agree on available secure communication channels with PIU, contact persons for such communications, safe custody of documents for audit/review and agree on procurement plan as control document for procurement activities. These communication protocols will be defined in POM, but the use of STEP will still be needed to regularize all procurement-related actions after the power supply and internet connection is restored. The World Bank team has provided training to the borrower on how to establish its account and use the STEP.

84. **The major planned procurements under this Project will include:** (a) equipment; (b) civil works; (c) information technology equipment and software; (d) consultancy services, (e) training and (f) vehicles. Both the MoH and the World Bank have recent experience in using the Hand-on Enhanced Implementation Support (HEIS) in the form of BFP. As a result, procurements for the emergency departments of hospitals in Ukraine totaling circa US$ 37 million were successfully organized via BFP under ongoing health sector projects implemented by the MoH. The MoH is considering preparing new requests to procure additional medical equipment and supplies via BFP, which may also be used as an instrument for this Project. Given the emergency context in Ukraine, other options are also available and will be considered, inter alia engagement of UN Agencies that may use emergency procedures to speed up procurement and delivery; contracting of different Procurement Agents or a specialized Central Procurement Agency of Ukraine after their capacity is assessed, which will be further reflected in the PPSD; and/or use of existing MoH and PIU capacity for selected procurement packages, etc.

85. **A simplified Project Procurement Strategy for Development (PPSD) and initial Procurement Plan sufficient for negotiations is currently being developed by the MoH with support from the World Bank and the existing PIU.** Preparation of a detailed PPSD is deferred to the implementation stage. All the selection methods and approaches defined in the Procurement Regulations can be used, but priority will be given to streamlined and simple procedures and to those which ensure expedited delivery, such as: Direct Selection, Request for Quotations with increased threshold limit for this method as appropriate, Framework Agreements—including tapping into existing ones, provided the call-offs under the Project incorporate the requirement for compliance with the World Bank's Anti-Corruption Guidelines and its prevailing sanctions policies and procedures as set forth in the WBG's Sanctions Framework. In addition, due to the emergency nature of projects in the country, the World Bank has approved several of flexibilities in procurement to expedite support of the people of Ukraine. Application of chosen flexibilities will be described in the detailed PPSD acceptable to the World Bank. Procurement will follow either an international or national approach with increased thresholds for all market approaches for all types of procurement and no prior reviews, wherever possible, to be reflected in the PPSD. Tender commissions of the implementing agency shall be limited to three to five essential people or, alternatively, an Authorized in Procurement Person may be appointed instead of establishment of a tender commission to speed up project procurement-related decisions.

86. **The use of Ukraine's national e-procurement system ProZorro or e-catalogues system are approved by the World Bank**. ProZorro may be used for procurement of goods and works using Request for Quotation, National Request for Proposal methods. The World Bank-financed international tender procedures will be piloted in ProZorro after respective changes agreed between the Bank and the Government are made to the system.

Irrespective of the use of ProZorro as a tool for procurement or World Bank standard procedures, it's recommended that all procurement-related notices be published in ProZorro to enhance competition and transparency. The national procurement law in force meets the requirements of the Procurement Regulations for national open competitive procurement, except the necessity to include the World Bank's Anti-Corruption Guidelines, including the World Bank's right to sanction and the World Bank's inspection and audit rights in the sample procurement documents. The World Bank will not finance any contracts which do not include the World Bank's fraud and corruption related clauses.

87. **The proposed procurement approach prioritizes fast-track emergency procurement for the required goods, works and services.** The use of such emergency measures will be carefully monitored and applied as and when needed. Key measures to fast-track procurement including Bid Securing Declaration may be required in lieu of a guarantee; Performance Security may not be required for small contracts; Advance payment may be increased to 40 percent while secured with the advance payment guarantee. The time for submission of bids/proposals can be shortened depending on the value and complexity of the requested scope of bid and capacity of local and international firms to prepare responsive bids in the proposed periods. Standstill period will not apply in any procurement under the Project. Overall, since the situation is very fragile and dynamic, the Bank will be flexible in advice and approval of the MoH requests which may be provided on a case-by-case basis depending on the circumstances and risks and will be described in the detailed PPSD.

88. **Retroactive Financing of up to 40 percent and Advance Procurement may be considered under the Project subject to the conditions defined in Section V, 5.1 and 5.2 of the World Bank's Procurement Regulations for Borrowers**. In accordance with the Procurement Regulations, the World Bank requires the application of, and compliance with, the World Bank's Anti-Corruption Guidelines, including without limitation the World Bank's right to sanction and the World Bank's inspection and audit rights. To ensure compliance with the above provisions of the bidding processes that have already been conducted and where the awarded/signed contracts did not include the relevant fraud and corruption provisions, the MoH has agreed to amend those contracts accordingly to be signed by both parties to the contracts. The World Bank will not finance any contracts which do not include the World Bank's fraud and corruption related clauses. The MoH will also present to the World Bank the list of contractors/suppliers and subcontractors/sub-suppliers under these contracts to ensure that the firms chosen are not and were not at time of award or contract signing on the World Bank's List of Debarred firms. Contracts awarded to firms debarred or suspended by the World Bank or those which include debarred or suspended subcontractors/sub-suppliers will not be eligible for the World Bank's financing.

89. **Procurement of secondhand goods may be considered under the Project where justified and needed to respond to emergency.** A procurement process for goods shall not mix second-hand goods with new goods; the technical requirements/specifications should describe the minimum characteristics of the items which could be offered secondhand in age and condition such as refurbished, like new, or acceptable if showing normal wear and tear. The warranty and defect liability provisions in the contract shall be written or adapted to apply to secondhand goods. Any risk mitigation measures that may be necessary in relation to the procurement and use of secondhand goods will be reflected in the PPSD.

90. **Procurement will be carried out centrally by the MoH with the support of the existing PIU and the team currently implementing the SPIH and** Emergency COVID-19 Response and Vaccination **projects**. The PIU's team has sufficient experience with the World Bank procedures (under both the 2011 World Bank's Procurement and Consultant Guidelines and the Procurement Regulations since 2016) with procurement performance for the SPIH

and Emergency COVID-19 Response and Vaccination projects consistently rated as Moderately Satisfactory. However, procurement during ongoing full-scale war in Ukraine poses new challenges for the implementing agency and PIU as the situation remains dynamic. Streamlined procedures for approval of emergency procurement to expedite decision making and approvals by the Borrower have been agreed and communicated. Procurements of works and goods for the renovation and upgrade of PHC and hospitals will be agreed with the Bank and may be organized using acceptable national platforms. As appropriate, the use of HEIS and BFP will be extended to support procurements of equipment one the official request from the Government is received. The proposed scope of this procurement will be described in PPSD and will include (i) hospital equipment like functional beds, ventilators, diagnostic equipment and (ii) PHC equipment within like ECG devices, lab analyzers and other small portable devices, etc.

91. **The World Bank's oversight of procurement will be done through implementation support and increased, and more frequent procurement post review based on a 20 percent sample**. Previous Bank-financed health projects in Ukraine have had a strong reputation for identifying and reporting potential integrity risks. The fraud and corruption risks that are common to the health sector, civil works and emergency procurements in general will be further discussed and elaborated between the World Bank and MoH and will result in a specific Action Plan of mitigation measures that will be incorporated in the detailed PPSD. The Bank's Integrity Vice Presidency may be consulted in the preparation of the Action Plan. The World Bank will intensify third-party/technology-based implementation support and post-reviews, including, whenever possible, intensified implementation support missions. The Bank's prior review will not apply. The details of the implementation support and post-review arrangements will be elaborated in the detailed PPSD when it's finalized. The MoH will also regularly report on the use of approved procurement flexibilities for Ukraine irrespective of value or review type of the package (ex-post and ex-ante).

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social

92. **The war in Ukraine has devastated health care infrastructure, interrupted the delivery of routine health services in many localities, and increased the need for a mental health support and rehabilitation.** Health facilities were explicitly targeted by Russian Federation aerial bombardment and missile attacks to destroy the network and affects the ability of the medical facilities to provide urgent medical aid. The risks associated with the Project activities include both the usual construction-related risks such as dust, noise, disturbance, construction-related pollution and waste as well as war-related enhanced occupational health and safety risks, such as potential for community and worker health and safety incidents, Explosive Remnants of War and demining concerns. The Project entails reconstruction/rehabilitation activities and one of the criteria for choice of the facility would be the safety for implementing works in a specific location. Rehabilitation and construction related risks include potential increased pollution due to improper care, handling and storage of construction material and waste; temporary impact on cross drainage; water/soils quality impacts in case of construction

pollution as well as pressures on the environment caused by the material sourcing; generation of excessive noise and dust levels from trucks and other construction machinery; soil disturbance during earth works; tree-cutting and loss of vegetation; negative impact on ecosystems (through disturbance); traffic safety issues; community and workers' health and safety incidents. Healthcare facilities operations related risks include design and functional layout for new/refurbished facilities to ensure separations, sterilization and storage procedures and practices to manage the spread of chemical, biological and medical infections. Other healthcare operations and maintenance risks include medical waste management; contaminated wastewater from medical and chemical disinfection; human exposure to infections/ diseases; occupational radiation risks of healthcare workers from radiologic and fire safety risks from chemicals, pressurized gases and their flammable substrates.

93. **It is not envisaged that any works will be conducted in the immediate vicinity of the war line and there are no plans to use military or police for security purposes under the Project**. The sites are likely to still be exposed to the risk of indiscriminate or targeted aerial bombardment that is currently being experienced across the country and there is a risk that healthcare infrastructure facilities and nearby communities may be impacted by such attacks. Preventative measures required to be in place for the project activities under emergency conditions will be described in the project's Environmental and Social Commitment Plan and POM. These include principles for information disclosure and consultation, grievance redress, monitoring and reporting by the designated environmental and social focal point using Environmental and Social Incident Response Toolkit.

94. **War has dramatically increased the demand for mental health and rehabilitation services in Ukraine.** Meeting this demand is particularly challenging given the outdated service delivery models relying on in-patient admissions and insufficient personnel with relevant expertise. Some services will require participants to attend in-person activities (e.g., immunization or mental support counseling sessions) and would require essential medical workers to staff their places of employment or conduct outreach activities potentially increasing their risk of exposure to attack. Emergency preparedness measures in response to community health and safety risks associated with the operating context, including measures to promote community awareness, will be set out in the Environmental and Social Management Framework, an Emergency Preparedness and Response Plan will be prepared as part of subproject Environmental and Social Management Plans and include measures to protect the safety and security of Project personnel and nearby communities.

95. **Stakeholder Engagement.** The MoH is an experienced implementing agency with dedicated staff and close coordination with partners and service providers. It is actively employing TPM practices. The current state of martial law and war means that there are extremely limited engagement and consultation options. It is not advisable to encourage large in-person meetings of local stakeholders due to the risk of aerial bombardment and virtual consultations will only reach a limited number of representative stakeholders. The PIU used a similar approach during the preparation of the Emergency COVID-19 Response and Vaccination project and is familiar with conducting regular stakeholder consultations virtually. Project information and guidance on options for feedback and grievance redress will be disseminated through virtual consultations with participating organizations and local administrations. Special attention by the Project, both in terms of training and service provision, will be given to services related to GBV. Information on the availability of survivor-centric sexual exploitation and abuse/sexual harassment services available in the country will be included in the POM. The PIU will build upon the existing Grievance Redress Mechanism (GRM) used for two other Bank-financed projects that will be rolled out to cover the activities of the proposed project. They will maintain it throughout Project implementation dedicating sufficient resources and staff time to GRM management.

96. **Climate risk screening has been conducted for the Project.** The Project was screened for short and long-term climate change and disasters and found to be highly exposed to climate disaster risks while the risks to project activities are anticipated to be low. Ukraine is highly vulnerable to climate hazards including droughts, extreme temperatures, heat waves, heavy precipitation, mudflows, and floods. The country's mean annual temperature is 9.28℃ throughout the country. Projections show rising temperatures as mean annual temperatures will increase to 10.32℃ between 2040 to 2059. Between 1991 and 2020, mean annual precipitation was 555.17 mm. Precipitation projections show an increase to 583.32 mm by 2059. Floods are the most common climate hazard which made up 32 percent of natural hazards that have occurred between 1980-2020. Floods in Ukraine affected 55,000 people in 2020 and 40,000 people in 2010. Extreme temperature and storms are also common, with the former affecting 88,000 people in 2012 and the latter affecting 48,000 people in 2000. These climate hardships have dire implications on human health due to disease spread and food supply limitations through impacts on agriculture and are exacerbated by the ongoing conflict.

97. **Climate change and hazards have negative impacts on human health in Ukraine.** There is a link between mortality and extreme hot and cold days.[36] Mega-heat waves recorded in the summer of 2010 and 2015 were prolonged and intense in Ukraine. Although studies of heat-related mortality have only recently started in the country, prior evidence shows that mega-heat waves had significant impacts on mortality for countries in region. However, there is evidence that mortality increases in summer when temperatures exceed 26℃ in the Southern region of Ukraine.[37] In 2022 extreme cold temperatures put children at risk of hypothermia, hunger, and death.[38] The number of deaths associated with hypothermia increases when daily minimum temperature is less than -14℃ in Southern Ukraine.[39] A winter assessment also noted a 61 percent increase in poor food consumption due to extreme cold in the country.[40] Notably, the elderly and low-income households are the most vulnerable to extreme temperature in Ukraine.[41] Further, climate change affects the distribution of vectors that cause diseases such as malaria. Climate change projections show an increased vulnerability to vector-borne diseases in Ukraine as the risk will move into new regions.[42] The conflict in Ukraine that began in February 2022 has displaced over 14 million people and damaged health facilities. The impact on the health facilities leaves individuals even more vulnerable to climate change and hazards as there is limited access to the prevention and treatment health services for the climate-health risks. Climate change exacerbates cholera outbreaks in Ukraine during conflict as high temperatures exacerbate conditions for the disease which are triggered by the conflict.[43] Further, climate

[36] Wilson, L., Stacey New, Joseph Daron, and Nicola Golding. 2021. Climate Change Impacts for Ukraine. UK: Met Office. https://www.metoffice.gov.uk/binaries/content/assets/metofficegovuk/pdf/services/government/met-office_climate-change-impacts-for-ukraine_report_08dec2021_english.pdf
[37] Karamushka, Viktor, Svitlana Boychenko, Tetyana Kuchma, and Olena Zabarna. 2022. "Trends in the Environmental Conditions, Climate Change and Human Health in the Southern Region of Ukraine" Sustainability 14 (9): 5664 https://doi.org/10.3390/su14095664
[38] Save the Children. 2022. "Millions of children exposed to illnesses like hypothermia as big freeze hits Ukraine, says Save the Children." https://www.savethechildren.net/news/millions-children-exposed-illnesses-hypothermia-big-freeze-hits-ukraine-says-save-children-0. Press release March 11, 2022.
[39] Karamushka, Viktor, et al. 2022. Sustainability 14 (9): 5664. https://doi.org/10.3390/su14095664.
[40] Reach.com. 2018. "Ukraine: Extreme Cold means Extreme Conditions for those Living on the Line of Contact." https://www.reach-initiative.org/what-we-do/news/ukraine-extreme-cold-means-extreme-conditions-for-those-living-on-the-line-of-contact/
[41] Wilson, L., et al. 2021. Climate Change Impacts for Ukraine. https://www.metoffice.gov.uk/binaries/content/assets/metofficegovuk/pdf/services/government/met-office_climate-change-impacts-for-ukraine_report_08dec2021_english.pdf
[42] Wilson, L., et al. 2021.
[43] Rosenberg, Lizzy. 2022. "War Causes Cholera Outbreak in Major Ukraine City, Leaving Residents 'Drowning in Garbage and Sewage." https://www.greenmatters.com/p/mariupol-cholera

shocks, particularly extremely cold temperatures, rains, and strong winds, have slowed resumption of power disrupted by the conflict.[44]

98. **Ukraine has shown a commitment to address climate change with the climate-related activities under the proposed Project aligning with the country's climate priorities.** In 2021, the Government updated its Nationally Determined Contribution in line with the UN Framework Convention on Climate Change to highlight Ukraine's commitment and plans on climate mitigation and adaptation to reduce the countries vulnerability to climate change. Ukraine has also published a draft concept of its Green Energy Transition of Ukraine until 2050, which aims at increasing renewable energy share in the national energy balance and has plans to increase its mitigation target for 2030 to 58 percent at the 2020 Climate Ambition Summit.[45] In 2016, the country developed a Concept of State Climate Change Policy Implementation until 2030 aimed at improving climate change policies.[46] Additionally, the National Action Plan on the Implementation of the Kyoto Protocol (2005) aims to improve the countries greenhouse emission. Finally, Ukraine has the sixth national communication (2019) and ratified the Paris agreement in 2016.

99. **The Project intends to address climate vulnerabilities and enhance climate resilience and adaptation, while mitigating greenhouse gas emissions,** through the measures elaborated below (Table 2).

Table 2: Climate Adaptation and Mitigation activities in the Project

Project Component and Financing	**Activity**	**Climate-Related Action and how it will adapt to or mitigate against climate change**
Component 1: Addressing new and urgent health needs for mental health and rehabilitation (total US$100 million with initial financing of EUR 25 million).		
Subcomponent 1.2 Preparing for scaled delivery of mental health and rehabilitation care	Purchases of energy efficient medical equipment	Medical equipment purchased through this component will meet energy efficiency standards as outlined in the International Electrotechnical Commission (IEC) 60601-1-9,"*Medical Equipment- General requirements for basic safety and essential performance - Collateral Standard: Requirements for environmentally conscious design,*"[47] as long as equipment meeting these standards is either available in country or can be externally procured and transported to the country. Energy Star efficiency standards will be used to assess the energy efficiency of any equipment not covered in the IEC Medical Equipment guidelines. Medical equipment will be procured based on facility needs and is anticipated to include X-ray and imaging equipment, angiographers, ultrasound machines, laboratory equipment, and other types of

[44] Shelly, J. Nov. 25, 2022, "Ukraine's battle to restore power slowed by sub-zero weather conditions"
, CNN. https://www.cnn.com/2022/11/24/europe/ukraine-power-russia-strikes-intl-cmd

[45] "Ukraine will intensify its participation in the global fight against climate change – President at the International Climate Ambition Summit." Office of the President of Ukraine, accessed November 11, 2022. https://www.president.gov.ua/en/news/ukrayina-posilit-svoyu-uchast-u-globalnij-borotbi-zi-zminoyu-65569

[46] "Concept of State Climate Change Policy Implementation until 2030 – Ukraine." https://climate-laws.org/geographies/ukraine/policies/concept-of-state-climate-change-policy-implementation-until-2030

[47] "Medical electrical equipment - Part 1-9: General requirements for basic safety and essential performance - Collateral Standard: Requirements for environmentally conscious design." https://webstore.iec.ch/publication/67382

		diagnostic and treatment equipment. This will help contribute to reduce greenhouse gas emissions. **(Mitigation)**
Component 2: Further improving and strengthening primary health care (total US$150 million, with initial IBRD financing of EUR 58 million and US$7 million from GFF)		
Subcomponent 2.1: Restoring and improving delivery of essential PHC services	Training on water and sanitation and infection prevention and control	Water and sanitation and infection prevention and control will be incorporated in health worker trainings to reduce the impacts of diarrheal and infectious diseases which are climate related in the context. This will help health facilities adapt to the impacts of climate change. **(Adaptation)**
Subcomponent 2.2: Recovery of the PHC network	Mobile Health Teams to reach populations during climate shocks	Mobile health teams will help reach people impacted by climate shocks who may not be able to otherwise access health services, helping the population to adapt to the impacts of climate shocks. **(Adaptation)**
	Solarization of PHC facilities	The subcomponent will finance purchase of solar power equipment for at least 100 health facilities (estimated EUR 4 million to be purchased in the first phase of implementation). Use of solar power will help contribute to reduced greenhouse gas emissions while increasing access to power at health facilities. **(Mitigation)**
	Energy efficient PHC building design and rehabilitation	The Project will finance development of technical specifications for new PHC+ facility/facilities, as well as the renovation of health facilities using these designs. Technical assistance will be engaged through the project to incorporate energy efficiency measures in PHC building design and a light energy efficiency audit will be done of select, representative health facilities to inform energy efficient design. The Project will then finance rehabilitation (small works) of health facilities in the first phase of implementation with incorporation of these identified energy efficiency measures. Further, the facility blueprints with energy efficiency measures incorporated will be used to inform health facility construction and rehabilitation in the country going forward. These measures will help contribute to reduced greenhouse gas emissions. **(Mitigation)**
	Climate adaptive PHC building design and rehabilitation	Technical assistance will be engaged through the project to incorporate climate adaptation measures in PHC building design. Measures will help health facilities adapt to Ukraine's climate shocks including extreme temperatures, storms, and flooding. Specific measures to be incorporated will be identified by the technical assistance provider. The Project will then finance rehabilitation (small works) of health facilities in the first phase of implementation with incorporation of these identified climate adaptation measures. Further, the facility blueprints with climate adaptation measures incorporated will be used to inform health facility construction and rehabilitation in the country going forward. This will help

		health facilities adapt to the impacts of climate change. **(Adaptation)**
Component 3: Restoring and modernizing hospital care in line with reform direction (US$200 million, with initial financing of EUR 10 million)		
Hospital renovation	Energy efficient equipment	Medical equipment purchased through this component will meet energy efficiency standards as outlined in IEC Medical Equipment General Standards, as long as equipment meeting these standards is either available in country or to be procured to the country. Energy Star efficiency standards will be used to assess the energy efficiency of any equipment not covered in the IEC Medical Equipment guidelines. Medical equipment will be procured based on facility needs and is anticipated to include X-ray and imaging equipment, angiographers, ultrasound machines, laboratory equipment, and other types of diagnostic and treatment equipment. This will help contribute to reduce greenhouse gas emissions. **(Mitigation)**
	Hospital energy efficient design	Technical assistance will be engaged through the project to incorporate energy efficiency measures in hospital building design and a light energy efficiency audit will be done of select, representative health facilities to inform energy efficient design. **(Mitigation)**
	Hospital climate adaptive building design	Technical assistance will be engaged through the project to incorporate climate adaptation measures in hospital building design. Measures will help health facilities adapt to Ukraine's climate shocks including extreme temperatures, storms, and flooding. Specific measures to be incorporated will be identified by the technical assistance provider. **(Adaptation)**
	Solar-powered renovations	The subcomponent will finance purchase of solar power equipment for hospitals (estimated US$10 million). Use of solar power will help contribute to reduced greenhouse gas emissions while increasing access to power at health facilities. **(Mitigation)**
	Hospital energy efficient rehabilitation	The Project will finance rehabilitation of hospitals with incorporation of identified energy efficiency measures identified through the technical advisor financed by Component 3. These measures will help contribute to reduced greenhouse gas emissions. **(Mitigation)**
	Hospital climate adaptive building rehabilitation	The Project will then finance rehabilitation of hospitals with incorporation of these identified climate adaptation measures identified through the technical advisor financed by Component 3. This will help health facilities adapt to the impacts of climate change. **(Adaptation)**
Component 4: Supporting capacity-building, digitalization and innovations (total US$50 million, including initial IBRD		

financing of EUR 7 million and US$3 million financing from GFF)		
Subcomponent 4.1 Digital development and innovations	Strengthen existing data and monitoring systems	The development and strengthening of e-health systems will help improve access to and availability of health data during climate shocks. This will help health workers to make real time decisions about patient care, facilitate accessing patient records, and facilitate government information on health workers, allowing the health system to more effectively respond to climate shocks and adapt to the impacts of climate change. **(Adaptation)**
Subcomponent 4.2 Strengthening of institutions *And* ***Subcomponent 4.3 Project management***	Management of the project's climate activities	This sub-component will manage the Project's climate activities and as such should be assessed at the same rate as the Project's other climate activities. **(Adaptation and Mitigation)**

100. **Citizen engagement.** Under Component 4, the Project will finance a comprehensive system to track beneficiary feedback and responses to that feedback. The Project will also use TPM, carried out by CSOs to increase transparency of project implementation. TPM has been successfully employed as part of the other World Bank investments in the health sector in Ukraine (SPIH and Emergency COVID-19 Response and Vaccination projects) and has demonstrated its value as citizen engagement mechanism. With the extended citizen engagement activity, CSO partners worked to support the Emergency COVID-19 Response and Vaccination project to understand barriers in accessing services and to pilot outreach COVID-19 vaccination services to Roma population. The pilot was very effective and demonstrated that with the help of CSO even harder to reach populations can be engaged to receive essential medical services. In addition, as part of Project requirements, the MoH will ensure the functioning of a GRM. Accessible grievance mechanism will be established, publicized, maintained, and operated in a transparent manner that is culturally appropriate and readily accessible to all Project-affected parties, at no cost and without retribution, including concerns and grievances filed anonymously, in a manner consistent with Environmental and Social Standards number 10. The GRM will also receive, register and address concerns and grievances related to the sexual exploitation and abuse, sexual harassment in a safe and confidential manner, including through the referral of survivors to GBV service providers.

V. GRIEVANCE REDRESS SERVICES

101. **Grievance Redress.** Communities and individuals who believe that they are adversely affected by a project supported by the World Bank may submit complaints to existing project-level grievance mechanisms or the Bank's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Accountability Mechanism (AM). The AM houses the Inspection Panel, which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures, and the Dispute Resolution Service, which provides communities and borrowers with the opportunity to address complaints through dispute resolution. Complaints may be submitted to the AM at any time after concerns have been brought directly to the attention of Bank Management and after Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's Grievance Redress Service (GRS), please visit http://www.worldbank.org/GRS. For information on how to submit complaints to the Bank's Accountability Mechanism, please visit https://accountability.worldbank.org.

VI. KEY RISKS

102. **The overall risk to achieving the PDO is High and reflects the combined risks due to the ongoing war and the resulting widespread and unpredictable security**. The ratings for all risk categories are based on the assessments of residual risks after considering proposed mitigation measures. Ratings are presented below, as well as risk mitigation strategies.

103. **Political and Governance risk is High**. The ongoing war and the declaration of state of emergency on February 24, 2022, poses a huge risk to the political and governance landscape. Though conflict has been predominantly concentrated in and around the southern and eastern parts of the country, at the time of preparing this operation, missile strikes had been reported in Kyiv, Lviv, Dnipro, Mykolayiv, and Zaporizhzhia. The potential impact on the ability of the Government to perform core functions remains highly uncertain as the war continues.

104. **Macroeconomic risk is High**. Project outcomes will depend on sufficient allocation of Government budget to the activities financed by the Project, but the war has put revenues under stress at the same time as the need for public expenditure (including military) is growing. Since the war started, tax revenues have declined due to lower economic activity, inability to collect taxes in some parts of the country, tax deferrals for key businesses, temporary suspension of land and municipal taxes, and a shift to a simplified tax regime for extended categories of taxpayers. While some room has been made through cutting of non-essential expenditure and a two-year debt deferral agreed with external creditors, fiscal financing needs will increase to US$4.5 billion per month in the second half of 2022 (including US$2 billion of non-military needs).[48] In addition, the Government could also face the costs of gas purchases by Naftogaz for the heating season (US$2.2 billion) and funding of the most critical reconstruction needs (US$3.4 billion). There are also immense needs for recovery and reconstruction, estimated to be at US$349 billion already by June 1, 2022,[49] and there will be difficult tradeoffs in deciding which sectors to prioritize for recovery and reconstruction. The Government's proposed 2023 budget is austere, with substantial compression of social and other non-military expenditures**.** The public sector wage bill (including health) will be cut by 10 percent and the minimum wage frozen.

105. **Sector strategies and policies risk are Substantial.** The war has posed unprecedented challenges for the future of Ukraine's health system development, but even in the midst of the ongoing war, Ukraine has continued to implement health financing and service delivery reforms. With World Bank support through the ongoing SPIH and Emergency COVID-19 Response and Vaccination projects, recent investments in strengthening PHC and modernizing hospital care contributed to the ability of the health system to continue provision of essential health services despite the ongoing war. In addition, the new system of health care financing that was put in place in 2017 has proven to be a sustainable model during the ongoing emergency, as the NHSU is able to adapt financing and payment arrangement to health care providers to sustain continuation of services. While the Government remains committed to the reform agenda and the Project aims to both restore and/or maintain provision of health services and incentivize continued progress on health sector reforms to ensure efficiency of health spending, risks remain due to the uncertain nature and unpredictability of the war.

[48] Unless otherwise noted, estimates are World Bank staff estimates using data of the Government of Ukraine.
[49] World Bank, Government of Ukraine, and European Commission. 2022. Ukraine Rapid Damage and Needs Assessment, August 2022. Washington, DC: World Bank. https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099445209072239810/p17884304837910630b9c6040ac12428d5c

106. **Risk associated with the technical design of the Project is Substantial.** The residual risks are related to the unpredictibility of the war, particularly given recent attacks across all regions of Ukraine. Ongoing disruptions in service delivery may result in wastage of supplied goods. The technical design of the Project is ambitious, but necessary due to the urgent and new needs in the health sector as a result the war. The risk exists that end results of the Project will not be possible to achieve without addressing the resource mobilization needs and framework nature of the Project. Mental health and rehabilitation are services are under-developed in Ukraine and, while recent policies, protocols and pilots have been implemented to improve them, scaling-up these services to the level needed to meet war-related demand and delivering them with the quality needed to improve patient outcomes will be challenging. The policy for implementing incentive payments for health screening and vaccination still need to be developed, and the budget allocated, but the leadership of the MoH is supportive of its introduction. The risk that additional incentive payments from the state budget might not be financed is mitigated by the possibility of using resources provided by grant and loan financing. Hospital renovation can be technically complex and time-consuming, but this risk is mitigated by limiting the project scope to more modest renovations (deferring major reconstruction for potential future scale-up Additional Financing beyond US$500 million) and selecting hospitals mainly from a sub-set of facilities already identified as in need of renovation by the MoH and for which technical specifications are already completed or under development prior to Project approval. The residual risks are related to the insecurity and unpredictability associated with the war, especially given the recent attacks in regions away from the frontline, which may make it unsafe for health workers to deliver services in some locations, dangerous to bring health workers to training, and possible that facilities that are equipped or renovated may be subsequently damaged or destroyed.

107. **Institutional Capacity for Implementation and Sustainability risks are Substantial.** One source of institutional capacity risk is that many of the key health institutions (such as NHSU, CPA, and CPH) are relatively new institutions, created in the early years of the health reform. However, their capacity has also grown and continues to be strengthened by donor / partner support. Technical assistance provided by this project, and also separately by donors / partners, will continue to help mitigate institutional capacity risks. Another institutional capacity risk related to leadership change which, in Ukraine, is a persistent threat at all levels. This risk will be mitigated by efforts to achieve broad ownership of the Project design within the MoH and other institutions so that the Project implementation capacity and sustainability endures leadership changes. Finally, there are also specific institutional capacity risks linked to wartime and its associated economic crisis for which it is difficult to identify risk mitigation measures. This includes the administrative cuts in the number of staff positions in key agencies, freezing of civil servants' wages in nominal terms, the risk of staff leaving for more lucrative private contracts, or leaving Ukraine due to security reasons.

108. **Fiduciary risk associated with the Project is High**. Risks specific to this Project are outlined below. Independent external audits will be extended to oversee and identify any deficiencies in the internal control systems that may arise.

- **Procurement risk is High.** The major risks to procurement are: (i) slow procurement processing and decision-making with potential implementation delays; (ii) poor contract management; (iii) increased security risks; (iv) disruptions in production and supply chains; and (v) increased risk of fraud and corruption—abuse of simplified procurement procedures, false delivery certification, inflated invoices, theft of goods, commodities, and materials procured or delivered for the Project. These risks are elevated by the global nature of the economic crisis, which creates shortages of supplies and necessary services. Risk is exacerbated by the fact that World Bank supervision in the short and medium-term may need to remain

virtual. To deal with potential procurement delays because of the war, the World Bank will support the MoH in applying procedural flexibilities such as extension of bid submission deadlines and advising on the applicability of *force majeure*. Considering available market response and needs, the World Bank team will work with the MoH to review and agree the need for feasibility assessment of the procurement approaches and outcomes. To mitigate the identified risks, the following actions are recommended in addition to those mentioned above: (i) maintain accountability for following the expedited approval processes for emergency; (ii) assign staff with responsibility to manage each contract; (iii) involve international engineering and consulting companies to assist the implementing agency with best international practices and provide technical supervision services according to legal requirements of Ukraine; (iv) ensure oversight by the World Bank teams in close coordination with the Borrower's oversight agencies; (v) hold regular ACGs awareness raising workshops for all stakeholders; (vi) intensify TPM; and (vii) use the World Bank's system of making direct payment to the contractors or suppliers or consultants on behalf of the client from the proceeds of the financing, in accordance with the terms of the Loan and Grant Agreements, can be adopted. The Project task team will continuously support the Borrower and will monitor the Project to flexibly adjust the mitigation actions to reduce additional or unforeseen risks. Despite the proposed mitigation measures, the overall procurement risk is High.

- **FM risk is High.** This is due in part to increased inherent risks such as the MoH and NHSU being affected in a way that would prevent them from documenting and reporting on eligible expenditures or achievement of PBCs, as well as emergency nature of this Project, time pressures to process payments under extremely tight timelines. Other factors contributing to the high risk rating are (i) current inability of the World Bank staff to carry out on-site supervisions – mitigated through more frequent and larger scope virtual team missions; (ii) delays in submission of audits in ongoing projects – addressed by agreeing a time0bound action plan with Government to finalized those audits; and (iii) risk of Government inability to comply with the expanded audit requirements for this operation - addressed by limiting project auditors to private audit firms and excluding Ukraine SAI. Otherwise, the Project will use FM and disbursement arrangements that are largely similar to those in place for the implementation of the SPIH and Emergency COVID-19 Response and Vaccination project projects, including the same internal controls and mechanisms and similar processes and procedures for managing expenditures related to the achievement of PBC targets. Project risks are also mitigated by the use of existing finance staff within the MoH PIU and NHSU, who have built capacity in recent years. Finally, with respect to disbursement, risks will be mitigated (and processing time reduced) by giving preference to direct payments to contractors.

109. **The Environmental and Social risks are Substantial.** The activities supported by the Project will take place within a highly volatile context and include occupational health, safety and security risks posed by the Russian Federation military invasion. There continues to be a threat of missile attacks across the entire country and the risk that healthcare infrastructure facilities and nearby communities may be impacted by such attacks. There is potential for safety incidents due to the indiscriminate or targeted aerial attacks during the delivery of the health services supported by the project and associated risks and impacts. Environmental and social risks and impacts are mostly associated with project-related civil works (for construction/rehabilitation/installation of infrastructure/equipment) and those associated with healthcare operations. Key potential impacts include possible air/soil/water pollution, vegetation clearance, noise/dust, negative impact on ecosystems, waste management issues, traffic safety issues, potential economic displacement, community and workers' health and safety risks such as lack of workers' awareness on occupational health and safety requirements such as the use of Personal Protective Equipment and safe workplace practices. Healthcare facilities operations related risks include

design and functional layout for new/refurbished facilities to ensure separations, sterilization and storage procedures and practices to manage the spread of chemical, biological and medical infections. Other healthcare operations and maintenance risks include medical waste management; contaminated wastewater from medical and chemical disinfection; human exposure to infections/ diseases; occupational radiation risks of healthcare workers from radiology and fire safety risks from chemicals, pressurized gases and their flammable substrates. Project associated works are to be conducted in areas of the country that are well away from the immediate vicinity of the war line and there are no plans to use military or police for security purposes under the project. However, the sites are likely still exposed to risk of indiscriminate or targeted aerial bombardment that is currently being experienced across the country and other military actions which add an element of extreme uncertainty and risk of fatality or serious injury that cannot be entirely mitigated by environmental and social management measures.

110. **Stakeholder risk is Substantial.** The MoH is an experienced implementing agency with dedicated staff and a numerous regional network of representatives, also actively employing TPM practices. The current state of martial law and war contexts means that there are extremely limited engagement and consultation options. It is not advisable to encourage large in-person meetings of local stakeholders due to the risk of aerial bombardment and virtual consultations will only reach a limited number of representative stakeholders. The PIU used a similar approach during the preparation of the Emergency COVID-19 Response and Vaccination Project and is familiar with conducting regular stakeholder consultation virtually. Project information and guidance on options for feedback and grievance redress will be disseminated through virtual consultations with participating organizations and local administrations. Special attention by the Project, both in terms of training and service provision, will be given to services related to GBV. Information on availability of survivor-centric sexual exploitation and abuse/sexual harassment services available in country will be included in the POM. The PIUs will build upon existing GRM used for other two Bank financed projects that will be rolled out to cover Project activities. They will maintain it throughout Project implementation dedicating sufficient resources and staff time to GRM management.

111. **Other risks (climate) are rated Substantial.** The nature of the Project provides opportunities to directly support climate action, as requested by WBG's corporate commitments on climate. Given the nature of the Project, climate resilience-enhancing measures will be prioritized in all activities that will support renovation of facilities and procurement of equipment (e.g., use of solar panels in the renovation of facilities, including climate resilience considerations in preparing design documentation, and using energy efficiency criteria in procurement of equipment). By investing in recovery of the health sector, this Project has a lot of potential to support the implementation of the ambitious climate action strategies and action plans of Ukraine. These resources will play a crucial role in integrating climate action in future reconstruction programs and will enable the continuation of Ukraine's climate action strategies and action plans after the war.

112. **Other risks (data protection)**. There is Substantial residual risk related to data collection, processing, and privacy during implementation of the project activities. The data about the services provided will be organized through electronic medical records. Risks to data collection, processing, and privacy may arise from: (a) access to personally identifiable and sensitive information by unauthorized personnel; (b) gaps in regulation on data privacy and protections; and (c) breaches to cybersecurity. There are regulations protecting personal information, including health-related data, of an individual. Electronic and paper-based data collection and reporting forms that contain personal information are stored in a manner that prevents unauthorized access to sensitive and confidential information. Cases of confidential data and information exchange between systems, and/or service

providers related to testing, treatment and monitoring of patients are defined by specific regulations. Aggregated data being reported without any personal identification. The Project will provide support for software and hardware investments that further mitigate the risk of breaches to cybersecurity.

VII. RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: Ukraine
Health Enhancement And Lifesaving (HEAL) Ukraine Project

Project Development Objectives(s)

The objectives of the Project are to (i) restore and improve access to essential health care, (ii) address new and urgent needs for health services, and (iii) provide financial protection in an emergency context.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
Address new needs for mental health and rehabilitation services			
Number of people who received mental health services following agreed criteria (disaggregated by gender) (Number)	PBC 1	0.00	500,000.00
Number of people who completed a defined course of rehabilitation services (disaggregated by gender) (Number)	PBC 2	0.00	112,500.00
Restore and improve access to essential health services			
Number of people receiving an extended health examination at the PHC level (disaggregated by gender) (Number)	PBC 3	0.00	3,000,000.00
Hospital deliveries, cases of stroke, and cases of myocardial infarction treated in hospitals contracted by NHSU for relevant PMG services and supported by the Project (Percentage)		0.00	10.00
Provide financial protection			
Number of people receiving medicines and/or medical products subsidized through the AMP (Number)	PBC 5	3,392,838.00	4,392,838.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Component 1: Addressing new and urgent health needs for mental health and rehabilitation			
Number of mobile mental health teams deployed (Number)		0.00	75.00
Number of facilities reconfigured to provide new or enhanced mental health services (financed by the Project) (Number)		0.00	400.00
Number of PHC personnel trained on case management of GBV (Number)		0.00	3,000.00
Proportion of primary health care providers with at least one staff trained to care for and refer survivors of GBV (Percentage)		0.00	50.00
Number of facilities reconfigured to provide new or enhanced rehabilitation services (financed by the Project) (Number)		0.00	40.00
Component 2: Further improving and strengthening primary health care			
Number of vaccinations received by children under the age of 7 according to the national vaccination schedule (Number)	PBC 4	0.00	5,000,000.00
New regulatory and technical standards for PHC+ facilities developed (Yes/No)		No	Yes
Number of PHC facilities renovated by the project (total) (Number)		0.00	300.00
Number of health facilities renovated by the project to incorporate solar panels or other green technologies (Number)		0.00	200.00
Component 3: Restoring and modernizing hospital care in line with reform direction			
Number of designs for renovating hospitals in line with the hospital network optimization strategy (Number)		0.00	40.00
Number of hospitals renovated by the Project (Number)		0.00	25.00
Component 4: Supporting capacity building, digitalization and innovations			

Indicator Name	PBC	Baseline	End Target
Introduction of an electronic instrument to track patient feedback and response (Yes/No)		No	Yes
Number of facilities that participate in the provision of care using telemedicine (Number)		0.00	50.00
Number of institutions who have received capacity strengthening from the Project (Number)		0.00	4.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of people who received mental health services following agreed criteria (disaggregated by gender)	Number of people receiving mental health services (dissagregated by gender)	Monthly	NHSU	Data extracted from NHSU records	NHSU
Number of people who completed a defined course of rehabilitation services (disaggregated by gender)	Number of people receiving rehabilitation services (disaggregated by gender)	Monthly	NHSU data base	Data extracted from NHSU records	NHSU
Number of people receiving an extended health examination at the PHC level (disaggregated by gender)	Number of people receiving the extended medical examination at the PHC level (disaggregated by gender)	Monthly	NHSU data base	Data extracted from NHSU records	NHSU
Hospital deliveries, cases of stroke, and cases of myocardial infarction treated in	Increase in total hospital cases (childbirth, strokes,	Every 6 months	NHSU data from hospital	Data extracted from NHSU records	NHSU

hospitals contracted by NHSU for relevant PMG services and supported by the Project	and myocardial infarction) treated in hospitals supported by the Project. The baseline will be established on January 1, 2023, for each of the hospitals supported by the Project. Hospitals supported by the Project are expected to increase and consolidate services included in relevant PMG packages by at least 10 percent,		records		
Number of people receiving medicines and/or medical products subsidized through the AMP	An additional number of people, who receive medicines and medical products through the AMP. The baseline is established retroactively as of March 1, 2022.	Monthly	NHSU data base	Data extracted from NHSU records	NHSU

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of mobile mental health teams deployed	Number of mobile mental health teams deployed	Every 6 months	MOH	Documentation provided by the MOH	MOH
Number of facilities reconfigured to provide new or enhanced mental health services (financed by the Project)	Number of facilities reconfigured to provide new or enhanced mental health	Every 6 months	MOH	Documentation provided by the MOH	MOH

	services (financed by the Project)				
Number of PHC personnel trained on case management of GBV	Number of PHC personnel trained on case management of GBV	Every 6 months	MOH	Documentation provided by the MOH	MOH
Proportion of primary health care providers with at least one staff trained to care for and refer survivors of GBV	This indicator will measure the readiness of facilities to provide care to survivors of GBV	Every 6 months	NHSU	Identification of people trained in PHC facilities contracted by NHSU. If at least on staff is trained, the facility is included.	NHSU and MOH
Number of facilities reconfigured to provide new or enhanced rehabilitation services (financed by the Project)	Number of facilities reconfigured to provide new or enhanced rehabilitation services (financed by the Project)	Every 6 months	MOH	Documentation provided by the MOH	MOH
Number of vaccinations received by children under the age of 7 according to the national vaccination schedule	Number of vaccinations received by children under the age of 7 according to the national vaccination schedule	Monthly	NHSU	NHSU database	NHSU
New regulatory and technical standards for PHC+ facilities developed	New regulatory and technical standards for PHC+ facilities developed	Every 6 months	MOH	Documentation provided by the MOH	MOH
Number of PHC facilities renovated by the project (total)	Number of PHC facilities renovated by the project (total)	Every 6 months	MOH	Data collected by MOH from localities where renovations were carried out	MOH
Number of health facilities renovated by the project to incorporate solar panels or	Number of health facilities renovated by the project to	Every 6 months	MOH	Data collected by MOH from localities where	MOH

other green technologies	incorporate solar panels or other green technologies			renovations were carried out	
Number of designs for renovating hospitals in line with the hospital network optimization strategy	Number of designs for renovating hospitals in line with the hospital network optimization strategy	Every 6 months	MOH	Documentation provided by the MOH	MOH
Number of hospitals renovated by the Project	Number of hospitals renovated by the Project	Every 6 months	MOH	Data collected by MOH from localities where renovations were carried out	MOH
Introduction of an electronic instrument to track patient feedback and response	Introduction of an electronic system to track patient feedback and response	Every 6 months	MOH	Documentation provided by the MOH	MOH
Number of facilities that participate in the provision of care using telemedicine	Number of facilities that participate in the provision of case using telemedicine	Every 6 months	MOH	Documentation provided by the MOH	MOH
Number of institutions who have received capacity strengthening from the Project	Number of institutions who have received capacity strengthening from the Project	Every 6 months	MOH	Documentation provided by the MOH	MOH

Performance-Based Conditions Matrix				
PBC 1	PBC 1.1 Number of people who received mental health services following agreed criteria (disaggregated by gender)			
Type of PBC	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	Yes	Number	25,000,000.00	5.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	0.00			
Endline	500,000.00		25,000,000.00	EUR50/US$50 for each person receiving services under this program
PBC 2	PBC 1.2 Number of people completed a defined course of rehabilitation services (disaggregated by gender)			
Type of PBC	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	Yes	Number	45,000,000.00	9.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	0.00			
Endline	112,500.00		45,000,000.00	EUR400/US$400 for each person receiving services under this program.

PBC 3	PBC 2.1: Number of people receiving an extended health examination at the PHC level (disaggregated by gender)			
Type of PBC	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	Yes	Number	30,000,000.00	6.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	0.00			
Endline	3,000,000.00		30,000,000.00	EUR10/US$10 for each person receiving services under this program.

PBC 4	PBC 2.2 Number of vaccinations received by children under the age of 7 according to the national vaccination schedule			
Type of PBC	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Outcome	Yes	Number	20,000,000.00	4.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	0.00			
Endline	5,000,000.00		20,000,000.00	EUR4/US$4 per each vaccination

PBC 5	PBC 2.3 Number of people receiving medicines and/or medical products subsidized through the AMP			
Type of PBC	**Scalability**	**Unit of Measure**	**Total Allocated Amount (USD)**	**As % of Total Financing Amount**
Output	Yes	Number	40,000,000.00	8.00
Period	**Value**		**Allocated Amount (USD)**	**Formula**
Baseline	3,392,838.00			

Endline	4,392,838.00	40,000,000.00	EUR40/US$40 per each additional beneficiary of the AMP

Verification Protocol Table: Performance-Based Conditions	
PBC 1	PBC 1.1 Number of people who received mental health services following agreed criteria (disaggregated by gender)
Description	
Data source/ Agency	NHSU
Verification Entity	NHSU, based on agreed algorithm
Procedure	**Number of people who received mental health services following the agreed criteria set forth in the POM, from the baseline of zero.** It is expected that at least 500,000 people will receive mental health services, which will be provided through specified platforms of service delivery, including mobile teams, at PHC facilities, and in specialized facilities. PBC 1.1 will be linked to the disbursement of an initial EUR 5 million (upon reaching the target of providing mental health services to 100,000 people) and is scalable at a rate of EUR 50/US$50 for each person receiving services under this program, up to a total of US$25 million (cumulatively for 500,000 unique patients) once the resources are fully mobilized.
PBC 2	PBC 1.2 Number of people completed a defined course of rehabilitation services (disaggregated by gender)
Description	
Data source/ Agency	NHSU
Verification Entity	NHSU, based on agreed algorithm
Procedure	**Number of people who have completed a defined course of rehabilitation services, described by NHSU specifications and set forth in the POM, from the baseline of zero.** The Project will finance the delivery of rehabilitation services to at least 112,500 people. PBC 1.2 will be linked to the disbursement of an initial EUR 5 million (upon reaching the target of providing

	rehabilitation services to 12,500 people) and is scalable at a rate of EUR 400/US$400 for each person receiving services under this program, up to a total of US$45 million (cumulatively for 112,500 unique patients) once resources are fully mobilized.
PBC 3	PBC 2.1: Number of people receiving an extended health examination at the PHC level (disaggregated by gender)
Description	
Data source/ Agency	NHSU
Verification Entity	NHSU, based on agreed algorithm
Procedure	**Number of people who received the extended medical examination as defined in the POM at the primary health care level, from the baseline of zero.** It is expected that 3,000,000 people will receive extended health examinations at the PHC level (up to two examinations per person per year will be covered by the Project to reconnect patients to care and address accumulated forgone care). PBC 2.1 will be linked to the disbursement of an initial EUR 10 million (for the achievement of the target of providing examinations to 1,000,000 people), scalable at a rate of EUR 10/US$10 for each person receiving services under this program for up to a total of US$30 million.
PBC 4	PBC 2.2 Number of vaccinations received by children under the age of 7 according to the national vaccination schedule
Description	
Data source/ Agency	NHSU and Center for Public Health
Verification Entity	NHSU, based on agreed algorithms
Procedure	**Number of vaccinations received by children under the age of seven according to the national vaccination schedule, from the baseline of March 1, 2022**. It is expected that 5,000,000 vaccinations will be delivered to children under the age of seven according to the approved vaccination calendar (including polio, measles, mumps, rubella, tetanus, tuberculosis, hepatitis B, and Hib infection). PBC 2.2 will be linked to the disbursement of an initial EUR 10 million (for the achievement of the target of 2,500,000 vaccinations), scalable at a rate of EUR 4/US$4 for each dose of vaccination under this program for up to a total of US$20 million.

PBC 5	PBC 2.3 Number of people receiving medicines and/or medical products subsidized through the AMP
Description	
Data source/ Agency	NHSU
Verification Entity	NHSU, based on agreed algorithm
Procedure	**Number of people who received medicines or medical products subsidized through the AMP as per the agreed criteria defined in the POM, from the baseline of March 1, 2022.** It is expected that an additional 2,000,000 eligible patients will benefit from the AMP as a result of Project financing. PBC 2.3 will be linked to the disbursement of an initial EUR 20 million (for the achievement of the target of an additional 1,000,000 users of AMP), scalable at a rate of EUR 40/US$40 per each additional beneficiary of the AMP for up to a total of US$40 million.

ANNEX 1: Implementation Arrangements and Support Plan

1. **The Bank's implementation support for the proposed Project takes into account the specific risks for the achievement of the PDO described above, the extraordinary challenges faced by the Government, and the fragility, conflict, and violence context.** In the current emergency situation, the Bank's support will focus on (i) technical assistance to help the MoH overcome operational bottlenecks, (ii) ensuring compliance across fiduciary, social, and environmental domains, (iii) utilizing TPM to improve access and accountability, (iv) selective application of innovative tools to enhance results and accountabilities, and (v) leveraging the support of development partners.

2. **Within the technical domain, the focus of the Bank's implementation support will be focused on facilitating the rapid implementation of core Project activities.** This will include technical assistance to: (i) support MoH in defining the scope of new and expanded service packages (mental health, rehabilitation, PHC, expanded AMP) and their delivery modalities; (ii) support NHSU in updating, modifying, and, if needed, developing new provider payment and incentive modalities; on FM; and on data management and IT systems; (iii) support MoH to further development the service delivery network, including prioritizing hospital and health facilities for renovation and equipment, and (iv) build capacity of all health sector agencies, including MoH, NHSU, the CPH, e-Health Agency, and CPA. Technical assistance by the Bank will be financed by the Bank's own analytical and advisory services resources, as well as Bank-Executed Trust Funds from the GFF, Swiss Development Cooperation, Swiss State Secretariat for Economic Affairs, and other sources of funding that may become available. Component 4 of the project also allows MoH to hire technical assistance using Project resources.

3. **In terms of strengthening compliance, technical assistance will be needed as described in the relevant sections of the Appraisal Summary.** With fiduciary risk rated as High, technical assistance on procurement and FM will be prioritized. The Project will use the existing PIU, appropriately staffed, with relevant qualifications. Implementation support for FM will be undertaken during, and in response to the findings of, the semi-annual FM supervision reviews. Following the Fragility, Conflict, and Violence Strategy recommendations, the Project will be able to utilize HEIS. In addition, BFP will be made available to the Government as a support modality to allow quick and efficient access to global markets. To help the Government manage environmental and social risks, the Bank will monitor compliance through the reports submitted by the PIU and take remedial and supportive action as needed.

4. **TPM will be engaged to enhance the Bank's implementation support, especially with respect to improving access to care and accountability.** Similar to the implementation of the Bank-financed SPIH and Emergency COVID-19 Response and Vaccination projects, a TPM and citizen engagement partner(s) will be hired using grant funds or Project funds. It is envisioned that this provider will be a CSO or a consortium of CSOs. The provider will conduct monitoring activities that will complement those carried out by the MOH, the NHSU, and the PIU. The specific scope of work will be developed in the early stages of implementation, in the lead-up to effectiveness. The TPM will also include elements of citizen engagement and will serve as one of the channels to collect beneficiary feedback. The Bank will work with the TPM provider and the Government to ensure that the citizen feedback is considered in a meaningful way and informs project implementation. Previous deployment of TPM in the health sector in Ukraine and elsewhere in the ECA region has demonstrated its substantial value added in improving the effectiveness of IDA/IBRD funding.

5. **Where appropriate, the Project will use innovative tools, including geo-enabled data and tools, to strengthen project monitoring and accountability.** Customized data collection tools, based on open-source platforms, can allow for capturing data on implementation progress in multiple formats (e.g. text, numbers, images, geo-codes) and combining them to generate insights into Project performance. This could include, for example, tracking the delivery of installation of equipment procured through Project funds or deployment of mobile teams providing health services in hard-to-reach locations. A Project implementation dashboard, that would allow the MoH and the PIU to produce tailored real-time reports on the progress of implementation, will be considered. It may also be possible for the CSOs engaged in TPM to contribute to these initiatives, using simple, mobile device-based data collection tools. While promising, the extent to which such activities could feasibility be implemented under the Project may be constrained by the short project implementation period, the physical challenges of the emergency context (including safety and the availability of electricity and internet), and security concerns related to the use of geo-tagged and satellite data in wartime.

6. **In addition, key development partners, including WHO and other UN family organizations, USAID, EU, and SDC, are expected to provide technical assistance, and operational support, to strengthen the implementation of select Project activities, in line with their respective mandates.** During Project implementation, partners' support to activities relevant to the Project will likely include USAID support to e-Health, medicines, and rehabilitation; EU support to public health strengthening; SDC support to mental health and rehabilitation; WHO activities on hospital optimization and health financing, mental health, and emergency relief; UNICEF activities on immunization; and UN Development Program humanitarian response.

7. **While implementation support will be provided throughout project implementation, it is anticipated that more intense support will be needed in the first 12 months after project approval.** Because of the February 2022 full-scale invasion by the Russian Federation, the World Bank team is located outside of Ukraine. Consequently, it is envisioned that the intensive support (including missions) from approval through effectiveness and the first stages of implementation will be provided remotely, with selective support by on-the-ground consultants. If the situation changes and the security situation permits, implementation support in-person will also be provided.

Table 1.1 Type of implementation support

Timeline	Focus	Skills Needed	Resource Estimate
0-12months	• Institutional capacity strengthening. • Technical assistance and support for the MoH and NHSU in the preparation of the new/expanded service packages, reimbursement methods, and data management, preparation of critical procurement packages. • HEIS and BFP support as needed • Setting up and launching the TPM • Creating digital	Project management, operational, technical (including M&E), fiduciary, environment, and social, digital solutions/ICT,	At minimum, 3 formal implementation support missions; just-in-time technical assistance, including with Bank-Executed Trust Funds funding

	implementation support tools (where appropriate) • Training MoH, NSHU, other health agencies • Capacity strengthening activities for CSOs and TPM providers		
Mid-term Review	Mid-term review and identification of mid-course adjustments	Project management, operational, technical (including M&E), fiduciary, environment, social	Mid-term review mission
12-24 months	• Technical assistance and support for MoH and NHSU for downstream activities (PHC and hospital renovation) • HEIS and BFP support as needed • Adjustments to the digital implementation support tools as needed • Adjustments of the TPM mechanism as needed following the first 12 months of implementation and the results of the Mid-term review • TPM and continued capacity strengthening for CSOs	Project management, operational, technical (incl. M&E), fiduciary, environment, and social, digital solutions/ICT	2 formal implementation support missions; just in-time technical assistance
Completion phase	ICR and final payments	Project management; fiduciary	ICR mission

Table 1.2 Team skills and time allocation

Skills Needed	Weeks	Comments
Project Management	24	Remote, with select missions
Technical Specialists	24	Remote, with select missions
FM Specialist	4	Remote
Procurement Specialist	6	Remote, with select missions
Environmental Specialist	4	Remote, with select missions
Social Specialist	4	Remote, with select missions
Administrative Support	12	Remote, with select missions
Legal	1	Remote

Note: Missions only with security clearance, including international trips.

ANNEX 2: Provisional Scalability of Project's Results

Indicator	Baseline	US$110M scope	$250M scope	US$500M scope
PDO Indicators				
Number of people who received mental health services following agreed criteria (disaggregated by gender)	0	100,000	300,000	500,000
Number of people completed a defined course of rehabilitation services (disaggregated by gender)	0	12,500	70,000	112,500
Number of people receiving an extended health examination at the PHC level (disaggregated by gender)	0	1,000,000	1,800,000	3,000,000
Hospital deliveries, cases of stroke, and cases of myocardial infarction treated in hospitals contracted by NHSU for relevant PMG services and supported by the Project	TBC	0%	+5%	+10%
Number of people receiving medicines and/or medical products subsidized through the AMP	3,392,838	3,892,838 Additional 500,000	4,142,838 Additional 250,000	4,392,838 Additional 250,000
Intermediate Indicators				
Component 1				
Number of mobile mental health teams deployed	0	40	50	75
Number of facilities reconfigured to provide new or enhanced mental health services (financed by the project)	0	60	200	400
Number of PHC personnel trained on case management of gender-based violence	0	1,000	2,000	3,000
Proportion of primary health care providers with at least one staff trained to care for and refer survivors of GBV	0	30%	40%	50%
Number of facilities reconfigured to provide new or enhanced rehabilitation services (financed by the project)	0	10	20	40
Component 2				
Number of vaccinations received by children under the age of 7 according to the national vaccination schedule	0	2,500,000	3,800,000	5,000,000
New regulatory and technical standards for PHC+ facilities developed	No	Yes	Yes	Yes
Number of PHC facilities renovated by the project (total)	0	50	150	300
Number of health facilities renovated by the project to incorporate solar panels or other green technologies	0	50	100	200
Component 3				
Number of designs for renovating hospitals in line with the hospital network optimization strategy	0	20	30	40
Number of hospitals renovated by the project	0	0	15	25
Component 4				
Introduction of an electronic system to track patient feedback and response	No	Yes	Yes	Yes
Number of facilities that participate in the provision of case using telemedicine	0	0	20	50
Number of institutions that have received capacity strengthening from the project	0	4	4	4

ANNEX 3: Health Section of the National Recovery Plan

National program #13: Upgrade Health Care system, that will help unlock human capital growth

Healthcare network and capabilities

Develop efficient healthcare network

- Implement integrated service delivery model that ensures provision of safe and quality health care services
- Develop and invest in the efficient health care facility network with increasing quality of technologies (e.g. regional facilities with focus on primary care, heart diseases, cancer hospitals)

Strengthen health workforce

- HealthCare education reform, upgrade of health workforce planning
- Improve leadership and management skills of hospitals managers

Promote health data and digital health

- Create drug registers to improve pharmaceutical supply chains and monitoring
- Facilitate telemedicine solutions to enhance preventive & primary care services
- Modernize health care facilities IT infrastructure (computers and internet coverage) to efficiently support 31M+ of already existing clients with signed e-declaration (eID)

Financing

Advance Universal Health Coverage

- Expand Program of Medical Guarantees to ensure adequate access to services and essential medicines; Finalize "pay for performance"; Secure transparent, fair tariffs for services

Subsidize voluntary health insurance for special groups of people (*with prior VHI model design and appropriate accompanying regulation to be approved)

Targeted campaigns

Develop public health programs to address risk factors for diseases and conditions that are leading causes of DALYs

- Nationwide program to address high death rate associated with cardiovascular diseases (#1 cause of DALY in Ukraine) that will include communication campaign, upgraded incentives, proactive outreach, screening programs, etc.
- Develop comprehensive national emergency preparedness and response plan at all levels, including national (multi-sectoral), regional and facility level interventions

Wartime and post-war mental health program to support needs of people affected by the war (at least 60% of Ukrainians need psychological help)

- Rehabilitation services improvement program and integration across health care delivery continuum

Indicator	Current state	2032 indicative target
Increase outpatient expenditures share to the corresponding share in Poland	24%	31%
Optimize hospitals beds per 1000 people (currently 40% more than EU average) to the corresponding UK ratio	6,4	3
Increase satisfaction rate in inpatient care services to the level of satisfaction with family doctors	52%	73%
Increase teleconsultation market penetration in Ukraine to the level of Spain	0,9%	3%
Increase share of GDP allocated to domestic general government health expenditure	3,2%	5%
Decrease share of Out-of-pocket spending on healthcare to the level of Poland	70%	20%
Decrease probability of dying between age 30 and exact age 70 from NCD to the level of Poland	25,5%	17%
Decrease depression rate (the highest worldwide) to the level of UK	6,3%	4,5%

Source: based on extensive discussions with government and industry experts within NRC Working Groups; Health Index Ukraine, Ministry of healthcare of Ukraine, Statista, WHO

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Full version of the Recovery plan available here: https://www.urc2022.com/urc2022-recovery-plan