

November 2, 2018

H.E. Mr. Octavian Armasu
Minister
Ministry of Finance
Chisinau
Republic of Moldova

Excellency:

*Re: Moldova Health Transformation Operation
Program Credit No. 5469-MD and Project Credit No. 5470-MD
Amendment of the Financing Agreement*

We refer to the Financing Agreement entered into between the Republic of Moldova (the Recipient) and the International Development Association (the Association), dated July 11, 2014 for the above-captioned Credit (the Financing Agreement). Please note that capitalized terms used in this letter (the Amendment Letter) and not defined herein have the meaning ascribed to them in the Financing Agreement.

We are pleased to inform you that pursuant to your Government's request for amendment, the Association hereby agrees to amend the Financing Agreement as follows:

1. A new item 6 under Section I of Schedule 1 to the Financing Agreement is hereby added to read as follows:

“6. Hospital Optimization

Carrying out, *inter alia*, analytical work and provision of software for:

- (a) Hospital rightsizing including Health Care Waste Management (HCWM);
and
- (b) Strengthening CNAM in the area of data collection and monitoring.”

2. The Table under Section IV.A.2 of Schedule 2 to the Financing Agreement is hereby amended in its entirety as reflected in the Attachment to this Amendment Letter.

3. A new item (c) under Section IV.B.1 of Schedule 2 to the Financing Agreement is hereby added to read as follows:

“1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (c) for Category 11 referred to in the table in Part A.2 of this Section, until and unless the Recipient has furnished evidence satisfactory to the Association that the Procurement Guidelines and procedures set forth in Section III of Schedule 3 to this Agreement have been complied with.”

4. Section IV.B.2(d) of Schedule 2 to the Financing Agreement is hereby amended to read as follows:

“(d) The Closing Date is December 31, 2020.”

5. Section IV.B.2 of Schedule 3 to the Financing Agreement is hereby amended to read as follows:

“2. The Closing Date is December 31, 2020.”


Otherwise all the provisions of the Financing Agreement, except as amended through this Amendment Letter, shall remain in full force and effect

Please confirm your agreement with the foregoing amendment by signing and dating all the originals of this Amendment Letter in the spaces provided below and return one fully signed original to us. This Amendment Letter shall become effective as of the date of its countersignature, upon receipt by the Association of one fully-executed original of this Amendment Letter.

Please note that it is the Association’s policy to make publicly available this Amendment Letter and any information related thereto, after this Amendment Letter has become fully signed. The approved Restructuring Paper, dated October 23, 2018, shall be disclosed on the Association’s external website.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION



Satu Kähkönen

Country Director, Belarus, Moldova, Ukraine

Europe and Central Asia Region

AGREED:

REPUBLIC OF MOLDOVA

By:  Authorized Representative

Name: OCTAVIAN ARMAȘU

Title: MINISTER OF FINANCE

Date: 27 November 2018

Copied to: H.E. Ms. Silvia Radu, Minister, Ministry of Health and Social Protection
Dr. Boris Gîlcă, State Secretary General, Ministry of Health, Labour and Social Protection

Mr. Ion Chicu, State Secretary General, Ministry of Finance
Ms. Veronica Sireţeanu, State Secretary, Ministry of Finance
Ms. Iatiana Ivanicichina, State Secretary, Ministry of Finance
Ms. Veronica Ursu, State Secretary, Ministry of Finance
Ms. Elena Matveeva, Director, General Division for Public Debt, Ministry of Finance
Mr. Viorel Pană, Head of Directorate for Capital Investment and Administration of External Financial Assistance, Ministry of Finance

Mr. Mircea Buga, Advisor to Prime Minister on health and social issues
Mr. Dumitru Parfentiev, Director General, CNAM

Ms. Lilia Palii, Secretary General of the Government, State Chancellery
Ms. Oxana Gluşenco, Head of the International Relations Division, State Chancellery

Mr. Frank Heemskerk, Executive Director, the World Bank
Mr. Roman Kachur, Alternate Executive Director, the World Bank
Ms. Veronica Volociuc, Advisor to Executive Director, the World Bank

“Category for the Program (including Disbursement Linked Indicator as applicable)”	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
(1) DLI #1: Smoking prevalence amongst adults (age between 18-69); a) men; b) women	<p>DLR#1.1: Starting 2018, all imported and locally produced cigarettes in the market are in line with the tobacco labelling regulation</p> <p>DLR#1.2: Baseline Tobacco smoking prevalence minus 2 percent points in Year 4</p>	<p>DLR#1.1: 323,500</p> <p>DLR#1.2: 1,941,000</p> <p>DLI 1.2 allocation is 194,100 for every 0.2 percent point reduction of Smoking Prevalence from the baseline up to a maximum of 1,941,000.</p>
(2) DLI #2: Increase in the percentage of people with cardiovascular diseases (CVDs) benefitting from compensated medications for treatment of CVDs	<p>DLR#2.1: Increase in the percentage of people with CVDs benefitting from compensated medications for treatment of CVDs by 5 points from the baseline</p> <p>DLR#2.2: Increase in the percentage of people with CVDs benefitting from compensated medications for treatment of CVDs increases by 10 points from the baseline</p>	<p>DLR#2.1: 1,294,000</p> <p>DLR#2.2: 1,617,500</p> <p>DLI allocation is 291,150 for every 1 percent point increase for Hypertension Under Control indicator from the baseline, up to a maximum of 2,911,500.</p>
(3) DLI #3 Decrease in the number of annual acute care hospital admissions per 100 persons, from a baseline of 17.6	<p>DLR#3.1: 17 in Year 1</p> <p>DLR#3.2: 16.5 in Year 2</p> <p>DLR#3.3: 16 in Year 3</p> <p>DLR#3.4: 15.6 in Year 4</p>	<p>DLR#3.1: 582,000</p> <p>DLR#3.2: 485,500</p> <p>DLR#3.3: 485,500</p> <p>DLR#3.4: 388,000</p> <p>DLI allocation is 97,050 per a reduction of every 0.1 annual admission for acute care per 100 persons compared to the previous year, up to a maximum of 1,941,000.</p>
(4) DLI #4	<p>DLR#4.1: 17,000 in Year 1</p> <p>DLR#4.2: 16,500 in Year 2</p>	<p>DLR#4.1: 689,000</p> <p>DLR#4.2: 588,000</p>

“Category for the Program (including Disbursement Linked Indicator as applicable)”	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
Number of acute care hospital beds, from a baseline of 17,586	DLR#4.3: 16,000 in Year 3 DLR#4.4: 15,000 in Year 4	DLR#4.3: 588,000 DLR#4.4: 1,176,000 DLI allocation is 1,200 for every reduction of one acute hospital bed compared to the previous year, up to a maximum of 3,041,000.
(5) DLI #5 Adoption of a revised outpatient drug benefit package for anti-hypertensive drugs	DLR#5.1: Issuance of a joint order of the MoH and the CNAM adopting a revised drug benefit package in which the average reimbursement rate for generic, first line medications in the three main categories of anti-hypertensive is at least 70%	DLR#5.1: 1,294,000
(6) DLI #6 Revision and implementation of the Performance-Based Incentive Scheme in primary care	DLR#6.1: Revision and adoption of the revised Performance-Based Incentive Scheme in primary care in a manner acceptable to the Association DLR#6.2: All primary care centers contracted by the CNAM in the Recipient’s territory have signed an agreement with the CNAM to implement the revised Performance-Based Incentive Scheme in Year 2 DLR # 6.3 Revision of incentive scheme and performance indicators for family medicine DLR # 6.4 Implementation of the revised contracts with providers of primary care	DLR#6.1: 323,500 DLR#6.2: 323,500 DLR#6.3: 323,500 DLR#6.4: 323,500
(7) DLI #7 Design, piloting, adoption, and implementation of the Performance-Based Incentive Scheme in hospitals	DLR#7.1: Design of the Performance-Based Incentive Scheme in hospitals DLR#7.2: At least 3 hospitals in the Recipient’s territory have signed an agreement with the CNAM for the piloting of the Performance-Based Incentive Scheme in Year 2	DLR#7.1: 323,500 DLR#7.2: 323,500 DLR#7.3: 323,500

“Category for the Program (including Disbursement Linked Indicator as applicable)”	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
	<p>DLR#7.3: Report acceptable to the Association which shall include: (a) an evaluation of the piloting of the Performance-Based Incentive Scheme in the hospitals contracted with the CNAM in Year 2; and (b) an updated design of the Performance Based Incentive Scheme based on the evaluation carried out; in Year 2</p> <p>DLR#7.4: Adoption of the revised Performance-Based Incentive and implementation in all multi-profile hospitals contracted by the CNAM in the Recipient’ territory through the execution of an agreement between each multi-profile hospital and the CNAM, all in Year 4</p>	DLR#7.4: 323,500
(8) DLI #8 Implementation and update of DRG prices for public acute care hospital payments	<p>DLR#8.1: DRG prices account for at least 40% of total payment by the CNAM to public acute care hospitals in Year 1</p> <p>DLR#8.2: DRG prices account for at least 50% of total payment by the CNAM to public acute care hospitals in Year 2</p> <p>DLR#8.3: DRG process account for at least 60% of total payment by the CNAM to public acute care hospitals in Year 3</p> <p>DLR#8.4: Preparation of updated DRG prices costing report using country data for hospitals payments in Year 4</p>	<p>DLR#8.1: 323,500</p> <p>DLR#8.2: 323,500</p> <p>DLR# 8.3: 323,500</p> <p>DLR#8.4: 323,500</p>
(9) DLI #9 Consolidation of departmental hospitals under the MoHLSP authority	<p>DLR#9.1: Three public hospitals in Chisinau under common management</p> <p>DLR#9.2: Feasibility assessed on hospital rightsizing</p>	<p>DLR#9.1: 517,500</p> <p>DLR#9.2: 678,000</p> <p>DLR#9.3: 678,000</p>

“Category for the Program (including Disbursement Linked Indicator as applicable)”	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
	DLR#9.3: National strategy and master plan for hospital consolidation and rationalization adopted	
(10) DLI #10 Adoption of the revised National Health System Development Strategy, including hospital rationalization measures	DLR#10: Adoption of the revised National Health System Development Strategy which shall include hospital rationalization measures	DLR#10: 678,000
(11) Goods and consultant services under Section I.6 of Schedule 1 to this Agreement	Not applicable	714,500 (financed at 100%)
TOTAL AMOUNT		<u>18,600,000</u>

