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Report No: RES00486

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING

OF

# KENYA COVID-19 HEALTH EMERGENCY RESPONSE PROJECT

APPROVED ON 02-Apr-2020

TO

Republic of Kenya

Health, Nutrition & Population
Eastern And Southern Africa Region

| | |
|---|---|
| Regional Vice President: | Victoria Kwakwa |
| Regional Director: | Daniel Dulitzky |
| Country Director: | Qimiao Fan |
| Practice Manager: | Francisca Ayodeji Akala |
| Task Team Leader(s): | Jane Chuma, Toni Lee Kuguru |

## ABBREVIATIONS AND ACRONYMS

| | |
|---|---|
| AVAT | African Vaccine Acquisition Trust |
| COVID-19 | Coronavirus 2019 |
| GoK | Government of Kenya |
| IDA | International Development Association |
| MPA | Multiphase Programmatic Approach |
| PDO | Project Development Objective |

## BASIC DATA

### Product Information

| Operation ID | Operation Name |
|---|---|
| P173820 | KENYA COVID-19 HEALTH EMERGENCY RESPONSE PROJECT |
| **Product/Financing Instrument** | **Geographical Identifier** |
| Investment Project Financing (IPF) | Kenya |
| **Approval Date** | **Current Closing Date** |
| 02-Apr-2020 | 31-Mar-2025 |

**Environmental and Social Risk Classification (ESRC)**

Substantial

### Organizations

| Borrower | Responsible Agency |
|---|---|
| Republic of Kenya | Ministry of Health |

## OPERATION STATUS

### Project Development Objective (DO)

**Original Development Objective**

To prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

### Disbursement Summary (in USD million)

| Source of Funds | Net Commitment | Disbursed | Undisbursed | % Disbursed |
|---|---|---|---|---|
| IBRD | -- | -- | -- | 0 |

| | | | | |
|---|---|---|---|---|
| IDA | 201.57 | 85.08 | 123.92 | 40.71 |
| Grants | 4.61 | 4.61 | 0.00 | 100.00 |

### Policy Waivers

Does this restructuring trigger the need for any policy waiver(s)? No

## MULTIPHASE PROGRAMMATIC APPROACH (MPA)

### Multiphase Programmatic Approach (MPA) Program Development Objective

Original MPA Program Development Objective (Approved as part of Restructuring on 13-Sep-2024)

The Program Development Objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

Current MPA Program Development Objective

The Program Development Objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

Proposed MPA Program Development Objective

### Multiphase Programmatic Approach (MPA) Status (Public Disclosure)

Status and Key Decisions (Public Disclosure)

**COVID-19 MPA - ISR Write-up as of February 17, 2025**

Sustained progress continues to be made under the SPRP Program, including under the MPA. Disbursements have been affected by: (i) the processing of refunds to the project accounts, which in the past months has increased at this late stage of project implementation, and (ii) fluctuations between the SDRs and Euros against the US dollar for operations denominated in SDRs and Euros. In addition, disbursements have been affected by the pausing of disbursements in Afghanistan and Myanmar. While the parent project in Afghanistan ($100.4) million will close on June 30, 2025 (as of mid-February 2025, only $77.66 million has been disbursed). In terms of Myanmar, which closed in August 2023, there was an undisbursed balance of over $42 million, which was finally canceled in late November. Delay in the cancellation had been a result of an exchange rate loss issue which was resolved. Only Bangladesh has low disbursements - 64 percent of commitments. The credit closed on December 31, 2024, and the expected cancellation of undisbursed funds ($33.0) did not materialize as the Bank did not receive the request from the Government to cancel undisbursed funds before the closing date.

As of February 17, 2025, **disbursements under the MPA are $4,043 million or 98 percent of commitments.** This amount does not include disbursements under MPA-V operations which are reported together with AF-V operations or disbursements under PEF grants as commitments do not include PEF Grants. Disbursements in mid-January 2024 were $4,039 million.

Fifty-eight (58) operations had closed by June 30, 2024, and **ten operations closed on December 31, 2024.** As of today, there are 29 operations with closing dates in CY25 with 16 closing by June 2025 and the remaining 13 by December 2025.

**As with the Mid Term Review (MTR) issued on March 25, 2023, no individual ICR is required for COVID-19 MPA operations.** Only one Global ICR will be prepared upon completion of the SPRP COVID-19 MPA Program, which closes on December 31, 2025. The Global ICR will be informed by final ISRs packages prepared by country operations' teams. A template for the final ISR package was issued by OPCS on March 21, 2023. Final ISR packages include a Summary Project Assessment – Annex 1, Borrower's Evaluation – Annex 2, which is optional, and the final ISR. **So far, fifty three (53) have been prepared** (forty-eight last month); several others are under preparation. Out of the 53, three were three prepared during the first two weeks of February (Bhutan, Cameroon, and Philippines). Of the ten operations that closed on December 31, 2024, the ones with the lowest disbursements are **Mozambique** at 77 percent, **Niger** at 87 percent, and **Mauritania and Zambia** at 88 percent (combined parent projects and AFs). Disbursements' applications under Niger and Zambia are continuing to be processed during the disbursement grace period. The situation in Mozambique is less clear. As of February 17, 2025, sixty-eight (68) operations or 78 percent of projects approved are fully disbursed, four have reached 98-99 percent, and nine have reached 92-97 percent. All MPA projects in AFW, ECA, and MNA are fully disbursed. Disbursements for the other four regions are: (i) EAP and LAC 98 percent, (ii) SAR 96 percent, and (iii) AFE 93 percent. Kenya has the lowest disbursements in the region at 78 percent of commitments. SAR disbursements are affected by low disbursements under Afghanistan at 77 percent.

**The projects are benefitting about 4.01 billion people or 50 percent of the global population. When countries with AF-V operations are counted, the projects are benefitting about 4.26 billion or 54 percent of the global population.** This is because some countries that do not have a parent project have AF-V operations. All projects approved are disbursing. Retroactive Financing (RF) continues to represent 19 percent of total disbursements. SAR has the highest percentage of RF at 37 percent, followed by ECA at 18 percent. Direct Payment (DP) disbursements represent 22 percent. EAP has the highest level of DP disbursements at 79 percent, followed by AFW at 39 percent. Disbursements to UN agencies represent 13 percent. IDA continues to represent 40 percent while IBRD represents 60 percent of disbursements.

Streamlined procedures, delegated approvals, coupled with flexible project design and intensified efforts by counterparts and Bank teams have contributed to the progress. Implementation is being guided by Bank teams working in parallel with other health related projects, including Additional Financing operations which have supported vaccine procurement and deployment efforts.

**COVID-19 MPA AF-V - ISR Write-up as of February 17, 2025**

Good efforts continue to be made to accelerate the implementation of AF operations and the SPRP Program in general. As in the previous month, acceleration of implementation of AF-V operations has continued. **Total disbursements as of February 17, 2025, amount to US$7.21 billion or 87 percent of overall commitments ($8.24 billion**).

As reported in January, EAP has the highest percentage of disbursements at 98 percent, followed by ECA and LAC at 96 percent, MNA at 91 percent, SAR at 89 percent, AFW at 85% percent, and AFE at 77 percent. In the case of AFE, disbursements were likely to accelerate with civil works contracts being completed under the Uganda operation, whose closing date was extended to June 30, 2025. This acceleration has not materialized yet. However, disbursements under the Zambia operation have continued to be processed and more are expected in the coming weeks with goods and services delivered and installed by the closing date. AFW disbursements have increased by one percent with disbursements processed under the Niger operation with the procurement of equipment delivered and installed in the selected facilities and works completed by the closing date of December 31, 2024. More disbursements will be processed in the coming weeks during the disbursement grace period.

As of February 17, 2025, there are 114 Bank-financed operations (including MPA-V operations) to support vaccine procurement and rollout in 78 countries amounting to **$8.24 billion**. 121 operations had been approved amounting to $10.1 billion, but five operations were cancelled: (i) Costa Rica loan ($120 million), (ii) Peru loan ($500 million), (iii) Gabon loan ($12 million) - the loan agreement lapsed, (iv) Philippines AF2 loan of $300 million, and (v) Guinea credit of $25.44 million. Also, a couple of TFs were cancelled. The Afghanistan operation commitment of $113 million was reduced to $60 million. Many operations have processed partial cancellations, thereby decreasing the overall commitments in the

past months. Also, when operations close, undisbursed funds are returned to the Bank and small adjustments to commitments are made causing overall commitments to be reduced. In the past several months, partial cancellations amounting to $1,171 million have been processed under 28 operations (MPA and AF operations). Out of the $1,171 million cancelled, $771 million were from IDA and $400 million from IBRD. Partial cancellations have been mainly a result of evolving needs in countries given the stage of the pandemia and donations of vaccines, which reduced the need for IBRD/IDA funds for their purchase. **Guidance was issued on July 7, 2023, under an Email from the Global HNP Director, which provided direction for the use of undisbursed funds under COVID-19 operations.** Thanks to this guidance, the restructurings have allowed in some cases adding as an activity under Component 1 for the procurement of Routine Immunization vaccines as the program for immunization in most countries suffered as funds and human resources were redirected to finance the pandemic.

Of the 114 approved operations: (i) 65 are in Africa – 32 in AFE and 33 in AFW; (ii) 10 in East Asia and the Pacific; (iii) 11 in Europe and Central Asia; (iv) 11 in Latin America and the Caribbean; (v) 8 in Middle East and North Africa; and (vi) 9 in South Asia. The 114 operations approved, include 6 operations that involved restructuring of parent projects (Bhutan, Cameroon, North Macedonia, Philippines, and Pakistan) and in the case of Lebanon, restructuring of the Health Resilience Project. **Thirty-two (32) operations are being implemented in Fragile and Conflict-affected situations. IDA represents 45 percent and IBRD 55 percent of disbursements.**

**Eighteen (18) operations are fully disbursed** (Argentina, Cambodia, El Salvador AF1 and AF2, Honduras, Indonesia, Iraq, Jordan, Nigeria, Panama, ROC F1 and AF2, S. Sudan AF2, Sri Lanka AF-V 1, Tunisia, Ukraine AF-V 3, West Bank and Gaza, and Zimbabwe). Thirty nine (39) operations have disbursed 90%+ and twenty (20) operations have disbursed 80%+. All 114 operations approved are disbursing. Retroactive Financing (RF) continues to represent 34 percent of overall commitments**.** ECA and SAR have the highest level of RF at 68 percent, LAC at 50 percent, AFE at 29 percent, and MNA at 28 percent. Disbursements to UN agencies represent 23 percent of overall disbursements, while Direct Payment represents 18 percent of disbursements.

As with the COVID-19 MPA operations, streamlined procedures, delegated approval, wide use of Bank Facilitated Procurement (BFP), coupled with flexible project design, and intensified efforts from counterparts and Bank staff, have contributed to the rapid design, processing, and implementation of AF-V operations.

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## I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. **The objective of this Restructuring Paper is to seek approval for the proposed Level 2 restructuring of the Kenya COVID-19 Health Emergency Response Project (P173820).** This restructuring is in response to the Government of Kenya (GoK) request (Ref No: NT/PDMO/RMD 2/21/01"D" (95) dated February 20, 2025) received by the World Bank on February 25, 2025 for a partial cancellation of US$44,854,793 from the International Development Association (IDA) credit number 69600-KE.

2. **The project was approved by the World Bank Board of Executive Directors on April 2, 2020 and closes on March 31, 2025.** The total project financing is US$234.6 million equivalent which is comprised of: (a) a US$50.0 million equivalent IDA credit number 65980-KE (Original Financing); (b) a US$50.0 million equivalent IDA credit number 68230-KE approved on January 21, 2021; (c) a US$2.7 million grant from the Government of Denmark (TF0B4301) approved on January 28, 2021; (d) a US$1.9 million grant from the Pandemic Emergency Financing (PEF) Trust Fund (TF0B4663) approved on January 28, 2021 ((b), (c) and (d) being the Additional Financing); and (e) a US$130.0 million equivalent IDA credit number 69600-KE approved on June 28, 2021 (Second Additional Financing).

3. **The project development objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.** The project has eight components: (a) Component 1. Medical Supplies and Equipment; (b) Component 2. Response, Capacity Building and Training; (c) Component 3. Quarantine, Isolation and Treatment Centers; (d) Component 4. Medical Waste Disposal; (e) Component 5. Community Discussions and Information Outreach; (f) Component 6. Availability of Safe Blood and Blood Products; (g) Component 7. Project Implementation and Monitoring; and (h) Component 8. Gender Based Violence Response.

4. **The project has been restructured three times.** The first restructuring, on January 21, 2021, included additional financing (US$50.0 million equivalent), scale up the government's preparedness and response efforts, and modifications to the results framework. The second restructuring, on June 28, 2021, included additional financing (US$130.0 million equivalent), expansion of the scope of the project and modification of the results framework. The third restructuring, on June 27, 2023, aimed to optimize the use of Danida grant financing, modify the disbursement categories of the IDA credit number 68230-KE and adjust the results framework.

5. **Progress towards achievement of the PDO is rated Satisfactory and overall implementation progress is rated Moderately Satisfactory** (Implementation Status and Results Report Sequence 10 archived on August 14, 2024). The project is on track to achieve its development objective with five out of six PDO level indicators achieved/surpassed. There are no outstanding audits.

6. **As of February 27, 2025, the project has disbursed a total amount of US$93.1 million with a remaining undisbursed balance of US$119.1 million.** The Ministry of Health (MoH) plans to utilize the undisbursed balances of US$11.9 million in IDA credit number 65980-KE and US$3.9 million in IDA credit number 68230-KE before the project closes. Regarding IDA credit number 69600-KE, US$56.3 million of US$103.3 million may be utilized to pay the outstanding balance to the African Vaccine Acquisition Trust (AVAT) and the balance of US$ US$44.5 million will be available for cancellation. The substantial amount available for partial cancellation under IDA credit number 69600-KE is due to evolving changes in the pandemic resulting in low demand for COVID-19 vaccination and savings from vaccine procurement and vaccine deployment related activities.

## II. DESCRIPTION OF PROPOSED CHANGES

7. **Partial Cancellation:** Based on the current disbursement status, a total of EUR 42,761,612 (US$44,854,793 equivalent)[1] will be cancelled from IDA credit number 69600-KE. The effective date of the partial cancellation is February 25, 2025.

[1] As of February 25, 2025, 1 EUR = 1.05 USD

## III. PROPOSED CHANGES

| Operation Information | Proposed Changes | Operation Information | Proposed Changes |
|---|---|---|---|
| Disbursements Estimates | Yes | Loan Cancellations | Yes |
| Development Objective | No | Reallocations | Yes |
| Summary Description (Operation Abstract) | No | Loan Closing Date Extension | No |
| Legal Operational Policies | No | Financial Management | No |
| MFD/PCE | No | Procurement | No |
| Results | No | Institutional Arrangement | No |
| Risks | No | Implementation Schedule | No |
| Legal Covenants | No | | |
| Conditions | No | | |
| Implementation Modalities | No | | |
| Disbursements Arrangements | No | | |
| DDO | No | | |
| Clients | No | | |
| Appraisal Summary | No | | |
| Components | No | | |

## IV. DETAILED CHANGE(S)

### COSTS & FINANCING

#### Private Capital Facilitation

**Is this an MFD-Enabling Project (MFD-EP)?**

**Is this project Private Capital Enabling (PCE)?**

## LOANS

### Cancellations

| Loan/Credit/ Trust Fund | Status | Currency | Current Amount | Cancellation Amount | Value Date of Cancellation | New Amount | Reason for Cancellation |
|---|---|---|---|---|---|---|---|
| IDA-65980-001 | Disbursing | EUR | 45,500,000.00 | 0.00 | | 45,500,000.00 | |
| IDA-68230-001 | Disbursing | EUR | 41,800,000.00 | 0.00 | | 41,800,000.00 | |
| IDA-69600-001 | Disbursing | EUR | 106,700,000.00 | 42,761,612.00 | 25-Feb-2025 | 63,938,388.00 | BORROWER'S REQUEST FOR COUNTRY REASONS |
| TF-B4301-001 | Fully Disbursed | USD | 2,732,702.76 | 0.00 | | 2,732,702.76 | |
| TF-B4663-001 | Fully Disbursed | USD | 1,880,839.39 | 0.00 | | 1,880,839.39 | |

### Reallocations

**IDA-65980-001** | Currency: EUR | Cancellations (if any): 0.00 | New Allocation: 45,500,000.00

| Category No. | Expenditure Category | Current Allocation | Actuals + Committed | Proposed Allocation | Financing % (Type Total) | |
|---|---|---|---|---|---|---|
| | | | | | Current | Proposed |
| 1 | Gds,Wrks,Ncs,Cs,Oc, Trn,WDcosts; | 45,500,000.00 | 31,902,917.28 | 0.00 | 100.00 | 0.00 |
| | **Total** | **45,500,000.00** | | **0.00** | | |

**IDA-68230-001** | Currency: EUR | Cancellations (if any): 0.00 | New Allocation: 41,800,000.00

| Category No. | Expenditure Category | Current Allocation | Actuals + Committed | Proposed Allocation | Financing % (Type Total) | |
|---|---|---|---|---|---|---|
| | | | | | Current | Proposed |

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | G,W,N,C,Oc,T,WDCost excl1a,f 2a,c,f; | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 |
| 2 | G,NCS,CS,OC,TrN,WD Costs prt 1(a); | 0.00 | 0.00 | 0.00 | 22.70 | 0.00 |
| 3 | G,W,NC,CS,OC,TRN, WDCosts prt 1(f); | 0.00 | 0.00 | 0.00 | 30.00 | 0.00 |
| 4 | G,W,NC,CS,OC,TRN, WDCosts prt 2(f); | 0.00 | 0.00 | 0.00 | 69.70 | 0.00 |
| 5 | G,W,NC,CS,OC,TRN, WD Costs; | 41,800,000.00 | 17,908,290.27 | 0.00 | 100.00 | 0.00 |
| | **Total** | **41,800,000.00** | | **0.00** | | |

| **IDA-69600-001** | Currency: EUR | Cancellations (if any): 42,761,612.00 | New Allocation: 63,938,388.00 |
|---|---|---|---|

| **Category No.** | **Expenditure Category** | **Current Allocation** | **Actuals + Committed** | **Proposed Allocation** | **Financing % (Type Total)** | |
|---|---|---|---|---|---|---|
| | | | | | **Current** | **Proposed** |
| 1 | G/W/N/C/O/T/WDcosts(ex 1a&f,2a,c,f); | 106,700,000.00 | 5,838,594.27 | 63,938,388.00 | 100.00 | 0.00 |
| 2 | G,NCS,CS,OC,TrN,WD Costs prt 1(a); | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | G,W,NC,CS,OC,TRN, WDCosts prt 1(f); | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | G,W,NC,CS,OC,TRN, WDCosts prt 2(f); | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Total** | **106,700,000.00** | | **63,938,388.00** | | |

| **TF-B4301-001** | Currency: USD | Cancellations (if any): 0.00 | New Allocation: 2,732,702.76 |
|---|---|---|---|

| **Category No.** | **Expenditure Category** | **Current Allocation** | **Actuals + Committed** | **Proposed Allocation** | **Financing % (Type Total)** | |
|---|---|---|---|---|---|---|
| | | | | | **Current** | **Proposed** |
| 1 | G,W,N,C,Oc,T,WDCost excl1a,f 2a,c,f; | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2 | G,NCS,CS,OC,TrN,WD Costs prt 1(a); | 2,732,702.76 | 2,732,702.76 | 0.00 | 77.30 | 0.00 |
| 3 | G,W,NC,CS,OC,TRN, WDCosts prt 1(f); | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4 | G,W,NC,CS,OC,TRN, WDCosts prt 2(f); | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | **Total** | **2,732,702.76** | | **0.00** | | |

| TF-B4663-001 | Currency: USD | Cancellations (if any): 0.00 | New Allocation: 1,880,839.39 |
|---|---|---|---|

| Category No. | Expenditure Category | Current Allocation | Actuals + Committed | Proposed Allocation | Financing % (Type Total) | |
|---|---|---|---|---|---|---|
| | | | | | Current | Proposed |
| 1 | G/W/N/C/O/T/WDcosts(ex 1a&f,2a,c,f); | 0.00 | 0.00 | 0.00 | 100.00 | 0.00 |
| 2 | G,NCS,CS,OC,TrN,WD Costs prt 1(a); | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 3 | G,W,NC,CS,OC,TRN, WDCosts prt 1(f); | 0.00 | 0.00 | 0.00 | 70.00 | 0.00 |
| 4 | G,W,NC,CS,OC,TRN, WDCosts prt 2(f); | 0.00 | 0.00 | 0.00 | 30.30 | 0.00 |
| 5 | G,W,NC,CS,OC,TRN, WDCosts pt 1(f) and prt 2(f); | 1,880,839.39 | 1,880,839.39 | 0.00 | 100.00 | 0.00 |
| | **Total** | **1,880,839.39** | | **0.00** | | |

## DISBURSEMENTS

### Operation Dates & Projection Details

Reasons to change the full Disbursement date and/or the projection

| Implementation Start Date | Operation Closing Date |
|---|---|
| 02-Apr-2020 | 31-Mar-2025 |

Projected Date for Full Disbursement

29-Sep-2025

### Expected Disbursements (in US $) (Absolute)

| Year | Original Estimation at Preparation (Approval Package – 02 Apr 2020) | Revised Estimation | Actual |
|---|---|---|---|
| FY2020 | 0.00 | 17,505,324.06 | 23,340,432.08 |
| FY2021 | 10,000,000.00 | 43,660,462.61 | 7,179,777.52 |
| FY2022 | 0.00 | 115,000,000.00 | 36,364,637.33 |
| FY2023 | 0.00 | 50,000,000.00 | 3,750,189.16 |
| FY2024 | 0.00 | 2,431,004.31 | 2,895,826.94 |

| | | | |
|---|---|---|---|
| FY2025 | 0.00 | 2,000,000.00 | 16,157,711.14 |

**ENVIRONMENTAL & SOCIAL**

**Environmental & Social Assessment**

| | |
|---|---|
| According to the E/S Specialist are there changes proposed to the operation's design that would impact the Bank's E&S assessment?" | No |