

Hungary: Emergency Assistance for Healthcare Expenditures

1. Project Information

| | | | |
|-----------------------------------|---|-------------------|------------------------------|
| Project ID: | P000522 | Instrument ID: | L0522A |
| Member: | Hungary | Region: | Eastern Europe |
| Sector: | CRF-Public Health | Sub-sector: | N/A |
| Instrument type: | <input checked="" type="checkbox"/> Loan:183.10 Euro million <input type="checkbox"/> Guarantee | Co-financier(s): | |
| ES category: | B | Borrowing Entity: | Ministry of Finance, Hungary |
| Implementing Entity: | Ministry of Finance, Hungary | | |
| Project Team Leader: | Zacharias Ziegelhöfer | | |
| Responsible DG: | Supee Teravaninthorn | | |
| Responsible Department: | INF2 | | |
| Project Team Members: | Georgi Georgiev Dzhartov, OSD - Environment & Social Development Specialist; Rizal Rivai, OSD - Procurement Specialist; Bernardita Saez, Project Counsel; Christopher Damandl, Alternate Counsel; Yogesh Malla, OSD - Financial Management Specialist; Yuyou Guo, Team Member; Natalia Carla Sanz, Back-up PTL; Yuyou Guo, Project admin; | | |
| Completed Site Visits by AIIB: | May, 2022 Physical mission conducted by the third-party monitor on May 24-26, 2022. | | |
| Planned Site Visits by AIIB: | Oct, 2022 Virtual mission to take stock of implementation progress. Third-party monitor will conduct physical visits, if travel is feasible. | | |
| Current Red Flags Assigned: | 1 | | |
| Current Monitoring Regime: | Regular Monitoring | | |
| Previous Red Flags Assigned: | 0 | | |
| Previous Red Flags Assigned Date: | 2021/12 | | |

2. Project Summary and Objectives

The Project will finance medical and pharmaceutical supplies, testing supplies for COVID-19 emergency response, as well as the refurbishment of national and regional hospitals in Budapest.

Component 1 - Building Case Management Capacity: procurement of oxygen therapy devices, vital sign monitors, personal protective equipment (PPE), and medications.

Component 2 - Strengthening Hospital Laboratory System: procurement of lab equipment, test kits, reagents, and other testing supplies.

Component 3 – Refurbishments of Hospital Buildings: refurbishment of 17 hospitals in Budapest, including hospitals designated for the case management of COVID-19 patients and essential hospitals required to remain open during the pandemic.

The Project Objective is to strengthen the public health emergency response infrastructure in Hungary and to

improve pandemic preparedness. The project is expected to increase the quantity of quality medical and pharmaceutical supplies and diagnostic testing equipment available for a robust COVID-19 response, and further enhance the capacity of the overall health system through hospital capacity enhancement to manage new waves of COVID-19 and future health shocks.

3. Key Dates

| | | | |
|----------------|---------------|------------------------|---------------|
| Approval: | Aug. 26, 2021 | Signing: | Sep. 10, 2021 |
| Effective: | Sep. 20, 2021 | Restructured (if any): | |
| Orig. Closing: | Jun. 30, 2023 | Rev. Closing (if any): | |

4. Disbursement Summary (EUR million)

| | | | |
|-------------------|--------|---|--------------------|
| Contract Awarded: | | Cancellation (if any): | 0.00 |
| Disbursed: | 0.00 | Most recent disbursement (amount/date): | 0.00/Jan. 20, 2022 |
| Undisbursed: | 183.10 | Disbursement Ratio (%) ¹ : | 0.00 |

5. Project Implementation Update

The loan agreement was signed on September 10, 2021, and become effective on September 20, 2021. The Environmental and Social Management Planning Framework (ESMPF) has been completed and is satisfactory to the AIIB. The ESMPF has been publicly disclosed in both English and Hungarian. The project implementation is progressing as planned. The activities under Components 1 and 2 have been completed and all project deliverables materialized by December 31, 2021. A post-review through the third-party monitor on Component 1 and 2 has been completed. The activities under Component 3 are ongoing and the third-party monitor is reviewing the eligible expenditures, and have conducted a physical mission in May 2022 to visit the six sample hospitals that were refurbished under component 3. The construction works are ongoing with no systematic shutdown or other factors hindering the renovation, as the hospitals are prioritizing areas for refurbishment while being mindful of ongoing patient care needs, and with the alleviation of the epidemics allowing for greater parts of the hospitals to be made available for renovation. A first disbursement is expected in Q3 2022.

| Components | Physical Progress | Environmental & Social Compliance | Procurement |
|--|-------------------|--|---|
| Component 1 - Building Case Management Capacity: procurement of oxygen therapy devices, vital sign monitors, personal protective equipment (PPE), and medications. | Completed. | The ES impacts of Component 1 are limited to the procurement of goods. The ESMPF covers any attendant civil works, if any. | Procurement completed. Post-review through third-party monitor completed. |
| Component 2 - | Completed. | An assessment of the management | Procurement completed. |

¹ Disbursement Ratio is defined as the volume (e.g. the dollar amount) of total disbursed amount as a percentage of the net committed volume.

| | | | |
|---|---------------------------------|--|--|
| Strengthening Hospital Laboratory System: procurement of lab equipment, test kits, reagents, and other testing supplies. | | of hospital waste, in this case waste coming from the laboratory and diagnostic services of the hospital, has been done and was found to be adequate for Hungary. EU regulations on healthcare waste/hospital waste is followed in Hungary | Post-review through third-party monitor completed. |
| Component 3 – Refurbishments of Hospital Buildings: refurbishment of 17 hospitals in Budapest, including hospitals designated for the case management of COVID-19 patients and essential hospitals required to remain open during the pandemic. | Construction works are ongoing. | The ESMPF has been developed satisfactory to the AIIB and disclosed in English and local language. The ESMPF covers procedures for potential impacts from the refurbishment of hospitals financed by the project. | Completed. |

Financial Management:

No disbursements have been made as of end-June 2022. There are no outstanding IUFRRs or audit reports in this reporting period. The project audit is due on Sep 30, 2022 and a draft audit ToR has been shared with the client. The client needs to revise the draft audit ToR and get it concurred by the Bank.

6. Status of the Grievance Redress Mechanism (GRM)

The standalone GRM is functional, no outstanding grievances have been reported.

7. Results Monitoring

The first progress report has been filed in December 2021, covering the reporting period of September 10, 2021 to December 31, 2021. The results monitoring will be updated during the next PIMR. The project progress is at an advanced stage. For Component 1 and 2, the procurements have been completed. For Component 3, procurement has been completed and the envisaged refurbishment covers a total floor area of 44,061 m² in the 17 hospitals combined. The refurbishment of 34,387 m² has already been completed and the work areas were returned to the hospitals, corresponding to 78 percent of the overall planned activities under Component 3.

Project Objective Indicators #1

Number of designated hospitals/quarantine centers fully equipped with supplies for case management (e.g. oxygen devices, vital signs monitors, PPE and medications).

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2023 | 95 | 95 | |

Project Objective Indicators #2

Utilization rate of COVID-19 diagnostic equipment, test kits, and reagents financed by the project.

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2023 | 100 | 100 | |

Project Objective Indicators #3

Number of public hospitals that complete the planned upgrading through the support of the Project.

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jan. 01, 2023 | 17 | 0 | |

Intermediate Result Indicators #1

NA

| Year | Target | Actual | Comments, if any |
|---------------|--------|--------|------------------|
| Jun. 27, 2022 | NA | NA | |

Remarks:
