

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	Lead Co-financier(s):	
ES category:	B	Borrowing Entity:	Ministry of Finance, Hungary
Implementing Entity:			
Project Team Leader:	Zacharias Ziegelhöfer		
Responsible DG:	Gregory Liu		
Responsible Department:	INF2		
Project Team Members:	Rizal Rivai, OSD - Procurement Specialist; Weini Li, OSD - Social Development 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. Sep, 2022 Physical mission conducted jointly by AIIB and the third-party monitor on September 26-28, 2022.		
Planned Site Visits by AIIB:	Nov, 2023 Physical mission for project closing.		
Current Red Flags Assigned:	0		
Current Monitoring Regime:	Regular Monitoring		
Previous Red Flags Assigned:	1		
Previous Red Flags Assigned Date:	2022/12		

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:	150.28	Most recent disbursement (amount/date):	32.40/Feb. 27, 2023
Undisbursed:	32.82	Disbursement Ratio (%) ¹ :	82.07

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 (URL: <http://www.kef.gov.hu/Kozerdeku/290>). The physical project implementation is completed. The activities under Components 1 and 2 have been fully 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 and found the documentation satisfactory. Due to the retro-active financing cut-off, a lower number of activities under Component 1 and 2 than anticipated were eligible for reimbursement under the loan, resulting in a low utilisation of category 1 of the loan (48.8%). The unused balance has been reallocated to category 2 upon client's request to allow for a higher utilisation of the loan. Since the last progress report, the remaining work areas have also been completed and hence, 128 of 128 work areas under Component 3 are completed as of December 31, 2022. The third-party monitor has conducted physical missions in May and September 2022 to visit the six sample hospitals that were refurbished under Component 3. The review of the activities (documentation and site visits) was completed and was found satisfactory. As for the financial progress,

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.

82.07% of the loan have been drawn down. An application for withdrawal in the amount of EUR 6.95 million has been received, which is expected to be disbursed before the end of June. Subsequently, one final application for withdrawal is expected to be received in July. It is expected that the loan will not be fully utilized due to the lower than anticipated number of activities under Component 1 and 2 within the time period eligible for retro-active financing.

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 Environment and Social(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 - Strengthening Hospital Laboratory System: procurement of lab equipment, test kits, reagents, and other testing supplies.	Completed.	An assessment of the management 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	Procurement completed. 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.	Completed.	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:

The total cumulative disbursed was about EUR 150.28 million. The Interim Unaudited Financial Reports (IUFRs) for second semester of FY22 , which was due on February 15, has been received on February 22, 2023. The project audit for FY21 which was due on Sep 30, 2022, was

received on March 31, 2023. The project audit was accepted after several rounds of review. Once the final disbursement is made, the Project Team suggests the PIU to prepare one project audit report for FY22 including the final disbursements/expenditures.

6. Status of the Grievance Redress Mechanism (GRM)

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

7. Results Monitoring (please refer to the full RMF, which can be found on the last page of this PIMR)

The physical project implementation is completed. The activities under Components 1 and 2 have been fully completed and all project deliverables materialized by December 31, 2021. The remaining work areas under Component 3 were completed by December 31, 2022.

Remarks:

Project Objective Indicators	Indicator level	Unit of Measure	Cumulative Target Values																			Frequency	Responsibility	Comments		
			Baseline		2019		2020		2021		2022		2023		2024		2025		End Target							
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target	Actual					
Number of designated hospitals/quarantine centers fully equipped with supplies for case management (e.g. oxygen devices, vital signs monitors, PPE and medications).	Project	Number	2019					0		95		95		95								95		By end of project	Dept. of International Finance, Ministry of Finance	
Utilization rate of COVID-19 diagnostic equipment, test kits, and reagents financed by the project.	Project	%	2019					0		100		100		100								100		By end of project	Dept. of International Finance, Ministry of Finance	
Number of public hospitals that complete the planned upgrading through the support of the Project.	Project	Number	2021	0						0		8		17								17		By end of project	Dept. of International Finance, Ministry of Finance	

Project Intermediate Indicators	Indicator level	Unit of Measure	Cumulative Target Values														Frequency	Responsibility	Comments								
			Baseline		2021		2022		2023		2024		2025		End Target												
			Year	Value	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual	Year	Target				Actual							