

Georgia Primary Health Care Development Project

Annual Report

January 1 – December 31, 2005

Prepared for the World Bank

Georgia Health and Social Projects' Implementation Centre

February 14, 2006

Abbreviations

BBP	–	Basic Benefit Package
DFID	–	Department for International Development
EC	–	European Commission
FM	–	Family Medicine
FMF	–	Family Medicine Faculty
GP	–	General Practice/Practitioner
GIS	–	Geo -Information Systems
GoG	–	Government of Georgia
HMIS	–	Health Management Information System
GHSPIC-		Georgia Health and Social Projects Implementation Center
HPU	–	Health Policy Unit
IEC	–	Information Education and Communication
MoLHSA	–	Ministry of Labor, Health and Social Affairs
PHC	–	Primary Health Care
PIP	–	Project Implementation Plan
PRSO	–	Poverty Reduction Strategy Operational
RFMTC	–	Regional Family Medicine Training Center
SMA	–	State Medical Academy
ToR	–	Terms of Reference

GEORGIA PRIMARY HEALTH CARE DEVELOPMENT PROJECT (PHCDP)

I. BACKGROUND

Project ID Number:PO040555

Credit Amount (USD): 20.3

Terms (IDA): Standard Credit

Grace period (years): 10

Years to maturity:40

Financing Plan (USD) SOURCE	LOCAL	FOREIGN	TOTAL
Borrower	4.46	0.00	4.46
IDA	9.98	10.36	20.34
Total:	14.44	10.36	24.80

Responsible Agency: Ministry of Labour, Health and Social Affairs of Georgia, Health and Social Projects' Implementation Centre

Project Implementation Period: 5 years

Effectiveness Date: 06/01/2003

Expected closing date: 06/01/2008

1. Project Objectives:

The main project objective is phased-in development of a new stable model of Primary Health Care (PHC) system. The major task is to improve the coverage and utilization of quality primary Health Care based on the model of family medicine/general practice, with an emphasis on reaching the poor and disadvantaged.

Project consists of three components: I. PHC Service delivery; II. Institutional Development, III. Project Management.

The main objectives of the PHC Development Project include: a) rationalization and rightsizing of the PHC sector b) rehabilitation of PHC facilities; c) Provision of essential PHC equipment to support those facilities, d) Development of national policies to support the initiative, e) Capacity building for PHC training and support of human resource development in general practice/family medicine (GP/FM); f) Development of an improved national health care financing systems that will provide sustainability for the PHC function, g) Establishment of a Health Management Information System (HMIS) capacity; and h) a supportive and highly targeted Information, Education and Communication (IEC) initiative that will support the requirements of all the above efforts.

Project will be implemented in two phases. During phase I the project will support development of PHC in rural and high mountain areas. Based on the accomplishments under phase I and GoG's demonstrating adequate progress on health care financing reforms and facility and health personnel rationalization, during phase II the project will support expansion of PHC in urban areas as well.

2. Georgia Health and Social Projects' Implementation Center

Ministry of Labour, Health and Social Affairs of Georgia is responsible for Project Implementation. It prepares and implements the project through **Georgia Health and Social Projects' Implementation Center**.

The center's legal status is "public law entity" established according to the presidential decree #215 as of May 28, 2001. The centre has its own statutes, stamp and independent bank account selected in agreement with the Ministry of Finance of Georgia (MoF).

The leadership of the center consists of a) supervisory council and b) executive director. The Supervisory Council is chaired by the Minister of Labor, Health and Social Affairs.

Similar to other departments being under the Ministry of Labor, Health and Social Affairs (MoLHSA), the center agrees with the MoLHSA annual plans of projects, annual budgets, work plans; submits for MoLHSA approval quarterly and annual reports as well as documents elaborated within the project frameworks; According to the statutes of the center, state control over the centre's activities is being undertaken by MoLHSA.

At the moment the center has been implementing two (Primary Health Care Development - PHCDP and Structural Reform Support SRS) projects financed by the World Bank IDA (WB) and three (Tuberculosis, HIV/AIDS and Malaria) projects financed by the Global Fund (GF). GF projects should be mentioned separately as for these projects, unlike the WB projects (where the borrower is the Government of Georgia, DCA is signed by the MoF, responsibility for the project lies with the MoLHSA and the implementer is GHSPIC), grant agreements are signed between the GF and GHSPIC. Strong requirement of the mentioned grant agreement is that the Principal Recipient (GHSPIC) has independent bank account in a high rating commercial bank. Each project implemented by the centre has its own project manager. However, financial management and procurement under the projects (both for WB and GF financed projects) is done centrally through the financial and procurement departments of the center.

II. RELATED CONTEX

Health Policy Development

With an assistance of foreign expertise rendered under projects of various international organizations MoLHSA has developed numerous technical documents regarding health sector policy and strategy review. However, fundamental principles of the sector organization and policy development are still under consideration.

It has been stressed and the World Bank mission visiting Georgia in October 2005 agreed that the development of health and health care policy framework is primordial to and that it must take precedence over any other efforts to produce a sectoral strategy, action plan or function-specific policies (e.g. policy options for health insurance). Otherwise, there is a real danger of incongruence across policies, namely with regard to PHC, health insurance, health workforce, and hospital ownership and management. It has been noted that the World Bank would be pleased to assist the MoLHSA in taking the lead in this process. Definitive term set for the GoG for the development and approval of the final version of the document is March 2006. The same month is planned to be a completion date for the health sector strategy development.

State Budget 2006

One of the main conditions/requirements of PRSO is that financing of Primary Health Care Basic Benefit Package (BBP) is increased.

According to the State Budget Law of Y2006, approved by the Parliament of Georgia on December 23, 2005, State Budget receipts and grants have been defined as 3,068,622.0 thousand GEL, planned exponent of economic growth (GNP) – 7.5% and inflation rate – 5%.

The budget portion of the Ministry of Labor, Health and Social Affairs (MoLHSA) in the State Budget is equal to 740,788,600.0GEL. There is 13.6% growth against previous year refined budget.

The portion of State Health Programs in the State Budget 2006 is 17%. Among them is Primary Health Care State Program Budget that equals to 21,640,000.0GEL. In comparison to Y2005 financing of BBP is increased by 10%. This growth will be sufficient only for support to PHC centres being currently rehabilitated and staffed with retrained medical personnel with an assistance of the Project. It has to be mentioned herewith that within the framework of the State Ambulatory Program the MoLHSA plans to initiate by June 2006 new component of the program that will support establishment of Family Medicine model through financing new BBP. As to the volume of BBP and financial and contractual mechanisms for the new program developed by EU/GVG, they are still under discussions.

New Initiative of the GoG

The government of Georgia has declared education and health sector reforms priority areas for the country development during the next 3 years. One of the essential components of the mentioned initiative is the state investments into the rehabilitation of medical infrastructure.

It has been decided that the investment program for the health sector will base on the Master Plans, being currently on the final stages of the development, undertaken within the World Bank supported Primary Health Care Development Project (PHCDP) and Hospital Restructuring Component of Structural Reform Support Project (SRS).

Given the fact that within PHCDP 125 Primary Health Care Facilities will be operational in rural areas at the end of Y2006, initially governmental initiative will focus on the development of urban models in Y2006. For this purpose several city health care centers have been selected. Georgia Health and Social Projects' Implementation Centre has been put in charge of the rehabilitation of the six of them.

Before starting procurement of rehabilitation works it was important to settle the range of organizational issues that required certain time of period. Given the shortest time for actions, it has been agreed that the World Bank will allow some flexibility within Georgia's current IDA allocations and support utilization of some amount of money for the development of architectural designs of the mentioned six facilities from PHCDP, the more so as this activity falls within the PHCDP development objective.

Reorganization of MoLHSA

MoLHSA is undergoing significant transformation characterized with appointment of and redistribution of the various portfolio (health, labour, social assistance but also policy, strategy, etc) among new deputy ministers in the midst of internal restructuring, which will result in the

closure of some technical and support units and creation of new ones. MoLHSA's new structure and respective statute have to be approved by the Prime Minister.

According to the new structure under the First Deputy Minister there will be a unit responsible for the management and coordination of policy cycle and strategic planning process. MoLHSA sees National Institute of Health and Social Affairs (NIHSA) as a major partner in the development of health and social policies. At the same time establishment of the mentioned unit is putting necessity of the revision and certain reinforcement of NIHSA's functions on agenda.

Avian Flu

The MoLHSA had prepared an initial draft National Plan for Pandemic Influenza with the support of WHO. The draft document includes detailed sections on the context and epidemiological underpinnings of an eventual influenza pandemic, the current legislative and regulatory basis for intervention, vigilance through routine surveillance, case finding and ascertainment through serological testing and virological sub-typing, prevention through immunization, symptomatic case management with anti-viral drugs, and implementation arrangements for an inter-sectoral effort.

GoG requested the WB support under the new Global Program for Avian Influenza Control for Georgians to plan for addressing the Avian Flu situation. It was agreed that the quickest way to provide immediate financial assistance would be through the ongoing Primary Health Care Development Project. The strategy would be to use a small portion of funds (app. 500,000 USD) under this operation for Avian Flu priorities, while preparing a new project.

III. PROJECT IMPLEMENTATION PROGRESS

The present report covers the period of January 1- December 31, 2005 and reflects the progress made under the project components by sub-components.

Component 1: PHC Service Delivery

Sub-component 1.1: Establishing PHC Clinics and Referral Laboratories

1.1.1. PHC Clinics.

The aim of the component is to operationalize through rehabilitation and equipping of around 180 PHC clinics in urban and rural areas of Georgia. During Phase I the Project has selected 63 clinics in rural and high mountain areas of the regions of Adjara and Imereti to become operational by the spring of Y2006. The facilities for the first phase of the project have been carefully selected based on the regional master plan; following criteria were used: a) having contract with the MoLHSA under the State PHC Program for Rural and High Mountain Areas; b) geographic accessibility (for example, PHC facilities on 15-minute drive distance from neighbouring settlements); c) no downsizing or restructuring needed.

48 of selected PHC facilities are located in Imereti (coverage: 69,586 population) and Adjara villages (coverage: 124,330 population) that fall under the influence of Georgian “Law on socio-economic and cultural development of high mountainous regions”. The other 15 facilities have been selected among Adjara lowland villages (coverage: 92,053 population) so that health care services would be available for practically whole population of lowland Adjara.

The list of selected 63 facilities has been reviewed and agreed by the local authorities of both Imereti and Adjara regions as well as the Ministry of Labour, Health and Social Affairs (MoLSHA). The list of 63 to-be-rehabilitated facilities was approved by the PHC Coordination Board on February 8, 2005.

Rehabilitation of 63 PHC facilities is in progress. Due to unfavorable weather conditions completion of works by the end of Y2005 could not be managed. The contracts for civil works have been extended to the end of March, 2006. But this will not have any negative affects on the implementation of the new initiative within the State Ambulatory Program as it has to be commenced from June 2006 and GHSPIC has sufficient time to get the above 63 facilities operational by that time.

At the same time next cohort of PHC facilities that will be refurbished under the project in Y2006 has been selected and approved by MoLHSA on December 9, 2005. It has been decided that in the second phase of the component the project activities would be expanded in Shida Kartli region and in some of the first cohort rayons of Imereti region, especially in those districts of Imereti where the project started rehabilitation of PHC facilities in Y2005. So, the list of to-be-rehabilitated buildings covered 62 PHC facilities of Shida Kartli (whole village population up to Ossetia conflict zone) and Imereti regions.

Development of the architectural design and civil works were conducted based on space and functional planning standards for PHC buildings developed with the project support. The recommended norms and standards were reviewed and approved by the PHC Coordination Board on April 8, 2005.

1.1.2. Equipment for PHC facilities

The list of equipment for PHC facilities has been developed due to GHSPIC efforts. The list has been reviewed and approved by MoLHSA. In result of relevant procurement procedures respective contracts have been signed and delivery schedule corresponds to the completion of the civil works.

1.1.3. Referral Laboratories

The project has focused on the development of a comprehensive functional plan for regional reference laboratories and the PHC laboratory network, their inter linkages and implementation of laboratory pilot in a selected region.

62 laboratories selected in Imereti and Adjara regions have been assessed by the invited local and foreign consultants. Assessment process made through a specially created performance evaluation tool has proved that the laboratories are very poorly functioning. Consequently, in order to develop properly functioning laboratory network, it has been recommended that first of all laboratories on district levels have to be strengthened and then regional level referral laboratories have to be established.

The project is planning to contribute to the development of a strong laboratory network by refurbishing, furnishing and fully equipping selected district and regional reference laboratories.

Adjara region has been chosen to serve as a pilot region for the implementation of the project. The choice was motivated by several reasons:

- Adjara is already a pilot region for PHCDP in terms of PHC strengthening;
- Adjara region contains a coastal part, mountainous area and difficulties in communication during winter time. The choice of difficult conditions for this pilot area will allow looking at all these difficulties before extending this project to the other Georgian regions;
- Adjara contains a limited number of districts (5), which is compatible with the budget allocated for the practical implementation of the laboratory master plan.

The concept presented by the consultants has been accepted by MoLHSA. Implementation of the pilot is pending decisions on hospital master plan due to be ready by May 2006 and health care service delivery model, which is still under consideration.

Sub-component 1.2: KPC Referral Pilot

The objective of this sub-component is to test how the referral mechanism will work for maternal and child health services from PHC clinics in rural and high mountain areas to the Regional Hospital level. This pilot will be carried-out in the Imereti Region, and will link PHC clinics to the Kutaisi MCH Center.

Based on the foreign expertise for the development of a functional plan for Kutaisi Perinatal Pilot (KPC). The functional plan along with the draft specifications for medical equipment and furniture have been developed and approved further on by MoLHSA. Civil works and procurement of equipment are in progress sticking to the schedule.

Following recommendation of October 2005 Supervision Mission to immediately initiate designing of MCH referral system, GHSPIC has participated in the discussion of a working group established by MoLHSA to coordinate stakeholders' activities in the area of

reproductive health and made a good initial agreement with UNICEF regarding the TOR for consultancy services for designing referral system and developing relevant guidelines. GHSPIC has received the World Bank's principal agreement on the draft TOR, however there are still some concerns and details that need to be discussed.

Sub-Component 1.3: Community Information, Education and Communication Campaign (IEC)

The objective of this sub-component is to increase community and consumer awareness and understanding of family medicine/general practice as a distinct concept, inform communities about the roles and responsibilities of PHC providers in the community, and the benefits that consumers can expect from the Basic Benefits Package (BBP) funded by the State Government.

In order to be more target oriented, precise and specific in actions it has been decided to divide this component into two parts – PR and Health Promotion.

PR Part of IEC

Through CQ procurement method GHSPIC has identified the prospective contractor for the revision of PR strategy and development of detail 2-year implementation plan. According to the signed contract the project will receive:

- Results and analysis of survey, revision of existing documentation and strategy; results of interviews with experts and reform implementers and a recourse document by March 31, 2006.
- Strategy document, communication plan, media strategy and budget by May 10, 2006.
- Media monitoring and progress reports on a quarterly base from August 31, 2006 to August 31, 2007.
- Results and analyses of final evaluation surveys by November 30, 2007.

It is anticipated that launching of PR strategy implementation will start in June 2006.

Health Promotion

There is a big concern about Health Promotion activities as implementation of this part of IEC is far behind the anticipated schedule due to handing over some activities to DFID project. It is important that health promotion activities in the project target regions are started as soon as possible. Outsourced consultancy services, mainly focused on strategy implementation activities in target regions, is planned to be initiated in the first quarter of Y2006.

Component 2: PHC Institutional Development

Sub-component 2.1: Capacity Building for the PHC training

The sub-component supports the development of Family Medicine Faculty of SMA and Regional Family Medicine Training Centres (RFMTC) for Georgia and help to develop a post-graduate residency program in general practice/family medicine.

In 2005-2006 the project contributes to the development of two RFMTCs for Western Georgia (Kutaisi and Batumi); also to the process of developing post-graduate residency programs in family medicine by rehabilitating office space, selecting and training of faculty members and developing a curriculum. Alongside with listed interventions the Project will assist the government in developing Basic Medical and Nursing education system reform strategies.

Support to RFMTCs and FMF - Rehabilitation works for Kutaisi and Batumi Regional Training Centers as well as FMF are in progressing. Procurement of various types of goods is underway.

With an assistance of the project FMF became a member of EUROACT (Association of Family Medicine Trainers of Europe). FMF has also established very fruitful business relations with WONCA EUROPE. With the state funding of Y2006 the number of residents' admissions in Family Medicine will increase twice. Recently it has been decided that SMA will merge into State Medical University, the body under the education system, but that does not put functioning of FMF under a question mark.

Ministry of Education has set Y2008 as a time for accreditation of high medical education. In support to the latter decision the project has initiated the work aimed at revising existing residency program training curricula and upgrading it to the modern standards.

In Y2006 the project has also planned such an important activity as development of policy recommendations for undergraduate basic medical education reform. The project team had reiterated discussions with the stakeholders regarding this issue that included the Ministry of Science and Education, MoLHSA, State Medical University, Medical Faculty of the State University and SMA. It had been agreed that the decision on the priority issues would have been taken by MoLHSA and the Ministry of Education. However, it should be noted that it was extremely difficult to achieve progress in discussions with the MoLHSA, which itself was under reorganization. Moreover, as it turned out, health human resource development function was not assigned to any entity within the new structure of MoLHSA. Obviously, this gap should and will be addressed before final approval of MoLHSA charter by the Prime Minister of Georgia.

Retraining of PHC personnel – Project has extended great support to MoLHSA and National Institute of Health and Social Affairs (NISHA) by providing normative and regulatory documentation necessary for initiating retraining process as well as in unifying programmes for retraining of family doctors and general practice nurses.

The retraining programmes have been accredited by the Board of Undergraduate and Continuous Medical Education. The MoLHSA has issued the decree on organizational issues of the retraining process. Selection criteria have been approved. Retraining process started from June 24, 2005.

5 Tbilisi and 1 Mtskheta training centers have completed retraining courses for 119 doctors and nurses from Imereti and Adjara mountain villages. The training had been conducted based on the unified 940-hour 6-month training courses for doctors and 816-hour 5-month courses for nurses. All the trainees have successfully passed 4-stage evaluation examinations. The trainees have been given certificates of completion by the Minister of Labor, Health and Social Affairs on a grand meeting. The event on nurses was aired by media on December 2, 2005 and on doctors on December 24, 2005. The training process itself has been given the highest estimates of the trainees.

Institutional Arrangements for Retraining – Right from the project start is has been agreed that necessary activities would be undertaken within DFID/OPM project. Unfortunately, this area is still a major concern within this component since there is no significant progress.

Sub-component 2.2: Capacity Building in the Management of the PHC Services

Master plan

The overarching mission of the National Master Plan exercise is to contribute to a health care model that effectively and reliably provides the entire population of Georgia with high quality yet cost effective medical services and is physically available and affordable. Practically, this means the National Master Plan should answer what, how, where and when currently available PHC project resources and interventions should be sequenced and allocated to best meet the PHC mission, particularly related to the facility, workforce and equipment needs. The Master Plan will also include PHC strategy outline and recommendations for its implementation.

The development of the National Master Plan is on the final stage. Final presentation with participation of GOG officials is scheduled on 16, February 2006. Should MoLHSA agree, RMC is ready to assist it in the management of PHC reform process. The latter suggestion is under consideration from MoLHSA's side.

Upon approval of the PHC strategy, the project will support development of relevant regulatory/legislative documents for its implementation.

In support of master planning exercise geo-information systems (GIS) have been used as per relevant TOR and recommendation of MoLHSA. The goal of introducing GIS in the Georgian Health sector is to better organize and present available data so as to optimize the decision-making processes for managing, providing and utilizing limited healthcare resources at local, regional and national levels.

According to the agreement, upon completion of National Master Plan, GHSPIC will be given the database of PHC infrastructure and human resources along with the software the use of which will be taught to relevant personnel of MoLHSA and GHSPIC.

Sub-component 2.3: Health Management Information System for the PHC

There is significant delay in sub-component implementation. The project has financed assessment of technical capacity of Health Management Information Systems (HMIS). That was project's contribution in the development of HMIS strategy which is undertaken by OPM. It had been agreed upon that the HMIS pilot would be ready for implementation by the end of the Y2005. Suggested strategy is still under the review. The project will support piloting of approved strategy in Target regions.

Support to the Centre for Medical Statistics and Information (CMIS) - architectural design for CMIS premises is developed. Procurement of civil works is planned for March 2006.

Sub-component 2.4: Support for the PHC and Health Care Financing Reforms

There are several main activities completed within this sub-component: rehabilitation, equipping and staffing of newly established Health Policy Unit (HPU) which is quite actively involved in solving such significant problems as Health Financing, Midterm Financing (MTF), institutionalization of Health Accounts. Important work has been done in the sphere of developing pharmaceutical policy. There is established a working group within the HPU which continuously working on the development of a monitoring and evaluation (M&E) system.

As indicated above, MoLHSA is going to review NIHSA's functions taking MoLHSA reorganization into account. Reorganization of MoLHSA is connected with the future operations of HPU.

Recommendations for Pharmaceutical Policy and Regulation

The overall objectives of the assignment were:

- a) Performance of detail analysis of the existing national drug policy and regulatory framework for medicines, and
- b) Development of comprehensive recommendations for upgrading the national drug policy with the aim to bring it closer to country needs and available resources.

Recommendations outline changes needed in the institutional requirements, functional performance, resources, tools for regulation and sources of financing of essential drugs.

Following deliverables were submitted to MoLHSA:

- Initial Market Analysis
- National Medicines Policy
- National Medicines Policy Stakeholders Comments
- Initial Monitoring and Implementation of Pharmaceutical Policy

Final report has been approved by MoLHSA. Basic recipient and an implementing body of the developed policy is Drug Agency. Due to uncertainty connected with the Drug Agency in the second half of Y2005 (there was a plan to merge food agencies with the Drug Agency) has impeded implementation process. According to the ultimate decision Drug Agency preserved its old status. So, at this stage MoLHSA's interests towards the elaborated document increased again. Recently, as per request of the First Deputy Minister, the policy document has been resubmitted to Policy and Strategic Planning Unit of MoLHSA.

Monitoring and Evaluation

The overall objective of the consultancy was to assist the Ministry of Health, Labour and Social Affairs (MoLHSA) in preparing a Unified Log-frame and the conceptual design of a Monitoring and Evaluation system for the PHC reform project, consequently allowing an ongoing Primary Health Care sector performance review. The development of this M&E framework pursues two central objectives: (i) to develop a health PHC sector approach to track and determine whether the overall Primary Health Care system activities/interventions are achieving the planned objectives. In such a case, the M&E system works as a tool for Government officials and partner agencies to track the progress of intermediate and final goals; and (ii) to determine if the means developed for the implementation of the PHC reform reach their objectives as expected, including timely and efficient implementation and adequate disbursement.

The report also presents the unified Log-frame; the M & E conceptual framework, including a draft of key performance indicators; recommendations for the collection and presentation of baseline data for the start-up and implementation of the M&E; outlines the proposed information system for the M&E system; and provides highlights of key aspects related to the implementation of a sustainable M&E system in Georgia.

Presentation of logical framework and indicators was held in MoLHSA on December 15, 2005. Special attention was paid to the institutionalization of M&E function. It has been emphasized that the function is very important and there are two alternatives for its institutionalization – MoLHSA and NIHSA. Consultations with Co-reform (within the framework of MoLHSA reorganization) regarding the issue were discussed by project staff. The issue of M&E center's staff financing through the state program was discussed with

MoLHSA senior staff (the budget Y2006 of the state monitoring program equals to 257,000GEL). Final decision is still to be derived.

Household Survey

General objective of this assignment is to assist the MoLHSA and the State Department of Statistics (SDS) of Georgia in the development, implementation and analysis of the national representative household survey that will look at self-reported health care status of the population, health care utilization rates and the burden that households bear to cover the cost of treatment. Procurement of consultancy services is underway. Expected schedule of deliverables:

Activity	Deliverable and Submission Date	Duration
Baseline Survey 2006		
Evaluate SDS sampling methodology and propose sampling methodology for the Survey	Sampling methodology march, 2006	7 days
Evaluate SDS quarterly survey tools and the tools used in Georgia in the past for similar surveys and develop draft survey tool	Draft Survey tool March, 2005	15 days
Discuss, finalize and pilot survey tool	Final survey tool May, 2006	10 days
Provide field work quality assurance methodology	QA Methodology May, 2006	3 days
Provide data analysis plan	Data analysis Plan June, 2006	10 days
Analyze the data and produce report	Survey Analysis Report September 30, 2006	20 days
Follow-up survey 2007/2008?		
Plan the survey	2008?	15 days
Analyze the data and produce report	Survey Analysis Report 6 month from survey implementation	20 days
Total		100 days

The Survey will make available baseline data for PHCDP as for the time of survey completion no reorganized PHC centers will be operational yet. At the same time it will highly contribute to the development of NHA.

With the help of technical assistance under Co-reform Project, HPU has conducted preparatory works for the institutionalization of NHA function. This effort turned to be successful. Prime Minister of Georgia has signed the decree (#11 as of 18.01.2006) on the institutionalization of NHA.

IV. TECHNICAL PAPERS DEVELOPED THROUGH THE PHCDP

- Preliminary Architectural Proposal and Development of Building Standards for PHC facilities;
- Technical Assessment of East Georgia ;
- Perinatal Referral Pilot;
- Feasibility Study and Functional Design of Kutaisi Perinatal Center

- Assessment of software and hardware systems currently deployed, planned or under development in Primary Health Care Sector;
- Recommendations for Pharmaceutical Policy and Regulation;
- PHC Master Plan ;
- Functional Plan for Laboratory Network ;
- M&E System Design and Integrated Program Log-Frame;
- Functional Plan for HPU.

V. FINANCIAL

As of December 31, 2005 project disbursements equal to 4,220,737.00USD (disbursements in Y2004 total up to 776,446.00USD, which was 22% of planed expenditures), contracted amount equals to 7,058,758.22USD (this indicator for December 31, 2004 was equal to 1,414,867USD).

The value of contracts made in Y2005 has reached 82% of total planed value (this is due to postponing of procurement of equipment to the first quarter of Y2006). Volume of disbursements was affected by the extension of civil works due to the unfavourable weather conditions and consequent changes in the schedule of procurement of equipment.

All the above has been foreseen while working on the project planes of Y2005 (indication made in Annual Report Y2004).

(see Matrix and PMR attached- annexes 1 and 2)

VI. IMPLEMENTATION PLAN FOR Y2006

Project Implementation Plan for Y2006 has repeatedly been submitted to MoLHSA and MoF. Despite the fact that the refined necessary budget is 18,516,184 GEL (10,173,727USD) with 2,907,667GEL (1,597,619 USD) of co-financing portion in it, State Budget 2006 has allocated only 1,618,400.0GEL (889,231.0USD) as co-financing for the project activities of Y2006. As per explanations of MoF, the budget will be refined in the second half of Y2006 according to the implemented/reimbursed activities.

Planned Budget for Y 2006

Category	Budget Y 2006	Budget Y2006	Budget Y 2006
	IDA+GOV	IDA	GOV
Civil Works	5,124,745.51	4,304,786.23	819,959.28
Goods	2,757,100.00	2,343,535.00	413,565.00
TA	1,522,674.00	1,203,579.00	319,095.00
Treining	709,208.00	709,208.00	0.00
Operational costs	60,000.00	15,000.00	45,000.00
Total	10,173,727.51	8,576,108.23	1,597,619.28

Contrary to the previous year, there is low risk for full implementation of Y2006 activities. Consequently, there exists a realistic expectation for project budget refinement.

Performance indicators for Y 2006

Component 1

- About 120 rural and high mountains PHC clinics are fully operational at the Mid-term review of the project (Dec., 2006); staff trained; testing of laboratory network functioning in a pilot region initiated.
- The Perinatal Center is refurbished and equipped;
- Contract with UNICEF is signed and the development of new policies and management protocols of MCH care is initiated
- Comprehensive PR strategy is developed;
- PR strategy implementing agency(ies) is(are) selected and implementation initiated;
- Consultancy firm for HP activities is contracted, HP strategy outline developed, (key messages developed, materials prepared/refined/adapted, disseminated, workshops and seminars conducted) initiated in targeted PHC facilities/communities.

Component 2

- Family Medicine Faculty is established, staffed with trained personnel and is fully operational;
- Development of Residency program in Family Medicine is in progress (60%);
- At least 2 RFMTCs are opened, staffed, fully operational and are implementing training at least for 18 PHC teams per calendar year;
- About 50 PHC teams are re-trained for the deployed back in rehabilitated family medicine centers;
- Development of Recommendations for Basic Medical Education Reform in progress (80%)
- PHC National Master Plan is approved and guides the MoLHSA to manage the PHC reform. appropriate legal support is provided
- CMIS office space is rehabilitated, equipped and fully operational ;
- Statistical forms and training materials are developed;
- Staff of the pilot sites is trained and fully utilizes the information collected to improve the service delivery in their respective catchments areas.
- Support of HPU staff provided
- NHA institutionalized;
- Existing household survey instruments revised;
- Household survey conducted.

VII. MIDTERM REVIEW

Due to the implementation problems faced by the project in the first two years of implementation, it has been agreed between GoG and WB to postpone the MTR until November 2006.