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Restructuring PAPER

ON A

PROPOSED Project restructuring

of

SECOND PHASE APL OF THE HEALTH REFORM PROGRAM PROJECT

 (P095563)

FEBRUARY 17, 2009

TO THE

REPUBLIC OF PERU

JUNE 21, 2011

ABBREVIATIONS AND ACRONYMS

|  |  |
| --- | --- |
|  |  |
| APLGoP | Adaptable Program LoanGovernment of Peru |
| MINSA | Ministry of Health |
| PDO | Project Development Objectives |

|  |  |  |
| --- | --- | --- |
| Regional Vice President: |  | Pamela Cox |
| Acting Country Director: |  | Laura Frigueti |
| Sector Manager: |  | Omar Arias |
| Task Team Leader: |  | Fernando Lavadenz / Nelson Gutiérrez |

**SECOND PHASE APL HEALTH REFORM PROGRAM PROJECT**

**PARSALUD II (P095563)**

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**SECOND PHASE APL HEALTH REFORM PROGRAM PROJECT**

**PARSALUD II (P095563)**

# SUMMARY

The purpose of the proposed restructuring is to reallocate the percentage of financing by the Bank’s loan three of the four components of the Project in response to the request made by the Government of Peru (GoP) in February 2011. As a result of budget constraint, linked to the use of loan funds among 2010, the Government of Peru paid with counterpart resources various technical assistance activities. Thus, the loan funds initially linked to these activities need to be reallocated. This restructuring will allow for a better allocation of resources and support timely project disbursements.

# PROJECT STATUS

This Project is framed within the long-term objective of the Health Reform Program (APL, in all its phases) to reduce maternal and infant mortality rates in the nine poorest regions of the country (Amazonas, Huanuco, Huancavelica, Ayacucho, Apurimac, Cusco, Cajamarca, Ucayali and Puno).

The Project Development Objectives (PDO) are to: (i) improve family care practices for women (during pregnancy, delivery and lactation), and children under the age of three; (ii) strengthen health service networks with capacity to solve obstetric, neonatal and infant emergencies and to provide comprehensive health services to women (during pregnancy, delivery and lactation) and children under the age of three; and (iii) support MINSA's governance functions of regulation, quality, efficiency and equity for improving the new health delivery model of maternal and child health care in a decentralized environment.

The project has reached its targets to date, and the Government is working on improving its disbursement performance, which has been moderately unsatisfactory due to delays to allocate loan funds to the Project linked to the above-mentioned budget reform. The project has delivered several key products, which will contribute to the political transition of the new Government in July 2011.

# PROPOSED CHANGES

The proposed reallocation of loan proceeds among disbursement category is outlined in Table 1, and includes revised percentages of financing by component. This table shows that there are no changes in total expenditures by component and categories of expenditures, and only the percentage of financing of the first three components changes. Table 2 shows the original and proposed loan funds allocation. The rationale for the reallocation of percentages of financing in these components has been explained above.

# TABLE 1- Revised Cost Table with Bank

|  |  |  |
| --- | --- | --- |
| **Expenditure Category** | **Allocation** | **% of Financing** |
| Current | Current | Revised |
|  |  |  |  |  |
| Component 1 | **6,0** | **50,0** | **25,0** |
|  | Goods | 1,5  |  |  |
|  | Consultants' Services | 2,3  |  |  |
|  | Training/Workshops/Dissemination | 2,2  |  |  |
|  |  |  |  |  |
| Component 2 | **142,3** | **6,0** | **8,0** |
|  | Goods | 31,8  |  |  |
|  | Works | 85,7  |  |  |
|  | Consultants' Services | 19,0  |  |  |
|  | Training/Workshops/Dissemination | 5,7  |  |  |
|  |  |  |  |  |
| Component 3 | **5,2** | **50,0** | **25,0** |
|  | Consultants' Services | 5,1  |  |  |
|  | Training/Workshops/Dissemination | 0,1  |  |  |
|  |  |  |  |  |
| Component 4 | **9,0** | **2,0** | **2,0** |
|  | Consultants' Services | 0,5  |  |  |
|  | Operating Costs | 8,5  |  |  |
|   |   |  |  |  |
| **TOTAL** | **162,4** | **9,2** | **9,2** |

# TABLE 2- Revised Allocation of the Loan

|  |  |
| --- | --- |
| **Category** | **Amount of the Loan Allocated****(expressed in USD)** |
| Current | Revised |
| (1) Goods, works, consultant’s services and Training under Part 1 of the Project | 2,987,788 | 1,493,894 |
| (2) Goods, works, consultant’s services and Training under Part 2 of the Project | 9,163,781 | 11,955,029 |
| (3) Goods, works, consultant’s services and Training under Part 3 of the Project | 2,594,708 | 1,297,354 |
| (4) Goods, consultant’s services including audit and Operating Costs | 253,723 | 253,723 |
| **TOTAL AMOUNT** | 15,000,000 | 15,000,000 |