Document of

The World Bank

Report No: 76226-KE

Restructuring PAPER

ON A

PROPOSED Project restructuring

of

Total war against hiv/aids Project (P081712)

ida credit: 43360-KE

ida credit: 48410-KE

BOARD APPROVAL DATE: JUNE 26, 2007

TO

the republic of Kenya

March 14, 2013

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**KENYA**

TOTAL WAR AGAINST HIV/aids Project

P081712

ida credit 43360

ida credit 48410

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**Restructuring Paper**

1. The closing date for the Kenya Total War against HIV/AIDS Project - P081712 (Credit 43360 and Credit 48410), will be extendedfrom June 30, 2013 until December 31, 2013, and reallocation of funds will be done as per the attached table of withdrawal. The proposed reallocation will redirect resources to activities needing additional funds and ensure utilization of the remaining Credit. The development objectives and targets of the project will remain the same.
2. The Project is on track to achieve its Development Objectives. To date 8,897 Community Based Organizations (CBOs), selected through transparent call for proposal process, have received grants to improve community behaviors to prevent HIV/AIDS. This surpasses the original project target of 8,400. The National AIDS Control Council (NACC) is implementing the Governance Action Plan to address weaknesses identified by the in-depth fiduciary review. Since 2011, a total of 950 CBOs have been identified for investigation. Of these, a total of 559 (59%) have been checked and cleared while 8 cases were referred to the Ethics and Anti-Corruption Commission. Procurement of essential medicines and Long Lasting Insecticidal Nets (LLINs) planned under the project has been completed. The LLINs procured through UNICEF have been distributed in the Coastal Province and the 3 highland malaria epidemic prone districts of the Rift Valley Province. The post distribution survey will provide an update on household net ownership while the on-going Kenya AIDS Indicator Survey (KAIS) will also provide independent information on the other key project indicators.
3. The project implementation has recently slowed down due to funds flow problems. Consequently, the project is unlikely to disburse funds to CSOs selected under the last round of call for proposals. An extension will allow full implementation of activities by these CSOs which have already been contracted to complete their tasks without compromising on quality. The extension will also allow the project to implement actions to address specific needs of Indigenous People based on the recently completed consultations. The project’s grant manual will be revised to address the needs of Indigenous People as the normal call for proposal is unlikely to meet the needs of this special group. Further, this will also allow the project to complete the Impact Evaluation being undertaken with technical assistance from the Bank which was delayed due to longer than originally envisaged time taken for contracting the survey firms. This impact evaluation will provide valuable lessons on innovative approaches for HIV/AIDS prevention.
4. The proposed extension is necessary to allow for implementation of awarded contracts to CSOs and completion of the final phase of the Project. A revised procurement plan has been prepared with a timeline for ensuring that ongoing activities are fully implemented by December 31, 2013. This will be the second extension of the project. The first extension of one year in December 2010 was done in the context of the restructuring and additional financing of the project.

**ANNEX 1**

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| **Category** | **Amended and Restated Original Financing (Expressed in SDR)**  | **Second Amendment and reinstated original financing (Expressed in SDR)** | **Additional Financing (Expressed in SDR)** | **Amended Additional Financing (Expressed in SDR)** | **Percentages of Expenditure to be Financed** |
| 1. Goods (except as covered by category 3)
 |  17,900,000.00 | 17,900,000.00 |  8,500,000.00 | 4,990,000.00 | 100% |
| 1. Works (except as covered by Category 3)
 |  700,000.00 | 530,000.00 | - | 17,000.00 | 100% |
| 1. Goods, Works or services financed by Subproject Grants
 |  24,600,000.00 | 24,600,000.00 | 18,600,000.00 | 22,093,000.00 | 100% |
| 1. Consultants services and audits
 |  7,400,000.00 | 7,200,000.00 |  3,500,000.00 | 2,680,000.00 | 100% |
| 1. Training and Workshops
 |  500,000.00 | 700,000.00 |  1,600,000.00 | 900,000.00 | 100% |
| 1. Incremental Operating Costs
2. NACC
3. KEMSA Operating Costs
 |  1,800,000.00 - | 1,970,000.00- |  1,200,000.001,600,000.00 | 2,640,000.001,680,000.00 | 100% |
| **TOTAL AMOUNT** |  **52,900,000.00** | **52,900,000.00** | **35,000,000.00** | **35,000,000.00** |  |