



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
PARAGUAY PUBLIC HEALTH SECTOR STRENGTHENING
APPROVED ON MAY 28, 2019
TO
REPUBLIC OF PARAGUAY

Health, Nutrition & Population
Latin America and Caribbean

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ABBREVIATIONS AND ACRONYMS

COVID-19	Coronavirus disease 2019
CRI	Corporate Result Indicators
DGAF	General Directorate of Administration and Finance (<i>Dirección General de Administración y Finanzas</i>)
DIGESA	General Directorate for Environmental Health (<i>Dirección General de Salud Ambiental</i>)
ESMF	Environmental and Social Management Framework
FHCC	Family Health Care Center (<i>Unidad de Salud de la Familia</i>)
FM	Financial Management
GoP	Government of Paraguay
HIV	Human Immunodeficiency Virus
IPF	Investment Project Financing
IPP	Indigenous People Plan
IPPF	Indigenous People Planning Framework
IR	Intermediate Result
LHC	Local Health Council (<i>Consejos Locales de Salud</i>)
MSPBS	Ministry of Public Health and Social Welfare (<i>Ministerio de Salud Pública y Bienestar Social</i>)
PDO	Project Development Objective
PIU	Project Implementation Unit
PRP	Preparedness and Response Plan
PPSD	Project Procurement Strategy for Development
SIG	Geographical Information System (<i>Sistema de Información Geográfico</i>)
WHO	World Health Organization



BASIC DATA

Product Information

Project ID P167996	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 28-May-2019	Current Closing Date 31-Dec-2024

Organizations

Borrower Republic of Paraguay	Responsible Agency Ministry of Public Health and Social Welfare
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Project Development Objective (PDO)

Original PDO

The objectives of this Project are to: (i) strengthen the public primary health care micro-networks; and (ii) expand access to quality primary health care services for the population covered by the Ministry of Public Health and Social Welfare (MSPBS).

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-89630	28-May-2019	03-Jun-2019	26-May-2020	31-Dec-2024	115.00	1.70	113.30

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Introduction

1. **This Restructuring Paper seeks the approval of the Regional Vice President (RVP) for a Level II Restructuring of the Paraguay Public Health Sector Strengthening Project (P167996), Loan No. 8963-PY.** The proposed restructuring triggers Paragraph 12 of the Investment Project Financing (IPF) Policy to respond to the urgent needs for assistance due to the current health emergency caused by COVID-19 and it responds to request of the Government of Paraguay (GoP) to restructure the Project and will entail the following changes: (i) update the Project Development Objective (PDO) to include emergency response to the Coronavirus disease-19 (COVID-19) pandemic; (ii) include a new COVID-19 health emergency response component; (iii) adjust the procurement arrangements to enable rapid response to the emergency; (iv) reallocate funds among components and disbursement categories and create a new disbursement category to support activities under the new component; (v) modify the results framework; (vi) adjust the disbursement arrangements, estimates and schedule; and (vii) revise legal covenants related to the updated Environmental and Social Management Framework (ESMF), the Indigenous People Planning Framework (IPPF) and Operational Manual, and handling of personal sensitive data. There will be no change in the loan amount or in the Project closing date as a result of the restructuring.

B. Project Background and Status

2. **The International Bank for Reconstruction and Development (IBRD) loan of US\$115 million for the Project was approved by the World Bank Group Board of Executive Directors on May 28, 2019 and signed by the Republic of Paraguay on June 3, 2019.** The Project was declared effective on May 26, 2020 and is scheduled to close on December 31, 2024. The current PDOs are to: (i) strengthen the public primary health care micro-networks; and (ii) expand access to quality primary health care services for the population covered by the Ministry of Public Health and Social Welfare (MSPBS). The Project finances improvements of primary health care infrastructure and equipment; and incentives to Local Health Councils (LHCs) to promote prevention activities and control of priority health conditions, such as Maternal and Child Health, Non-Communicable Diseases and Communicable Diseases. The Project also finances: (a) information and communications technology equipment to improve the management and monitoring capacity of the MSPBS; (b) capacity building activities for MSPBS staff and staff working in the public health sector; and (c) institutional strengthening activities including: (i) the design of a mass communication and social media strategy to promote changes in population behavior; and (ii) the establishment of efficient procurement and logistics mechanisms for medicines and medical supplies. Key outcomes include: new Public Primary Health Care Micro-Networks established; Family Health Care Centers (FHCCs) operating according to the national standard; implementation of a health information system for medicine stock control; and increased access to quality health services for the population covered by the MSPBS. The Project has three components: (i) Component 1 - Investments to strengthen the service delivery capacity of Health Care Micro-Networks; (ii) Component 2 - Improvements in the access to quality health services through priority Integrated Care Sets (ICSs); and (iii) Component 3 - Project Administration and Implementation Support.

3. **Progress towards PDO and Implementation Progress has been slower than expected.** The Project experienced delays in effectiveness due to delays in Congressional approval and did not become effective until 12 months after Bank approval. In addition, a lower than expected budget allocation in 2020, slowed implementation. The budget of US\$26 million for 2021 was adequate to execute the activities according to the original plan, but the COVID-19 pandemic has impacted the capacity of the health system which has been stretched to respond to



the emergency, and unable to prepare and implement Project activities according to plan. Additionally, the pandemic has affected the implementation of Component 2 which supports improvements to FHCCs across the country. And while the PDO remains highly relevant, maybe more than ever, the progress towards the PDO, the implementation progress and other key performance ratings have suffered under the pandemic and are currently rated Moderately Satisfactory as indicated in the latest Implementation Status and Results Report (ISR), filed on June 2, 2021.

4. **As a result of delayed implementation, disbursements have been low.** As of June 23, 2021, disbursements are less than 1.5 percent of total Loan proceeds, but they are expected to increase in the short term to reflect the progress of ongoing current activities (the construction and rehabilitation of 41 FHCCs and the strengthening of the primary health care network through the procurement of general and medical equipment) and the implementation of the COVID-19 Emergency Response Project during the second semester of 2021 and the first semester of 2022.

5. **The overall Financial Management (FM) performance has been adequate.** At present, there are no overdue audits nor interim unaudited financial project reports. The supervision mission in April 2021 confirmed that the General Directorate of Administration and Finance (*Dirección General de Administración y Finanzas - DGAF*) and the Project Implementation Unit (PIU) continue to have acceptable FM arrangements in place. However, the accounting and financial information system that allows transactions to be recorded in two currencies is still not implemented, resulting in a Moderately Satisfactory rating for the FM performance. Currently, the Accounting Directorate of DGAF in coordination with the PIU uses the Government budget system (SIAF-SICO) that only records Project transactions in local currency. An action plan to address this shortcoming has been agreed with the PIU. The procurement performance is rated Satisfactory.

6. **Social safeguards performance is rated Moderately Satisfactory.** The Indigenous People Plan (IPP) under the 2020 Work Plan is still being developed. Delays are related to capacity constraints due to the emergency response to the pandemic, health staff being affected by COVID-19 and limited experience of the MSPBS team. The IPP will include: (i) outcomes of the consultation meetings with the Maka community of Central, where a new FHCC will be built; (ii) establishment of LHCs with representatives of indigenous people that will ensure their active participation in project activities; (iii) a training plan for Indigenous Health Promoters; (iv) a communication campaign in different indigenous languages on COVID-19 prevention; and (v) the identification of information and communication technologies needs to be financed by the project. The MSPBS has a grievance redress mechanism called "User Attention Services" (*Servicio de Atención al Usuario - SAU*) that will be strengthened under the Project to ensure they meet World Bank standards and grievance mechanisms are culturally appropriate for different indigenous groups.

7. **Environmental safeguards performance rating is Moderately Satisfactory.** The MSPBS team needs to improve institutional coordination, particularly providing support to the General Directorate for Environmental Health (*Dirección General de Salud Ambiental - DIGESA*) and ensure compliance with the ESMF measures that are complicated by the pandemic. Efforts are focused on improving waste management of health care facilities and overall coordination within the MSPBS. Training campaigns in the use and disposal of personal protective equipment and health care waste management are being planned and inspection of health facilities is being strengthened by the MSPBS. DIGESA staff have developed a Geo-Enabling Initiative for Monitoring and Supervision (GEMS) tool to carry out remote monitoring of health care waste management, however access to internet connectivity for many health facilities is still an issue. DIGESA has experience in the implementation and



monitoring of the waste management programs and together with the National Institute of Health, they provide training to health personnel in Biosafety and health waste management that will support these efforts.

8. **Citizen Engagement is fostered through the implementation of a broader communication strategy** that includes preventive care messages related to COVID-19 in addition to original lines of care and the monitoring of public accountability over LHCs involved in the Project. The Project will continue to enable beneficiaries and stakeholders to provide feedback through its GRM and improve results throughout the Project cycle. The Project includes an Intermediate Results Indicator that is “Percentage of municipalities implementing social accountability actions”. This indicator tracks municipalities, through their LHCs, that present to their communities the action plan and activities developed under the Project and the results achieved.

9. **The Project has a strong focus on the gender dimension of health outcomes and health care utilization** and includes gender-oriented actions addressing preventive and curative services in a customized manner for each gender group which becomes more relevant in the context of the pandemic. Gender disaggregated analysis shows that COVID-19 affects women and men differently due to differing Non-Communicable Diseases’ burden (like Diabetes and Hypertension) and health conditions (like pregnancy), which can increase the risk of serious complications. Additionally, since preliminary MSPBS data indicates that prenatal controls decreased due to the pandemic, maternal and child health care will be reinforced. An indicator related to Human Immunodeficiency Virus (HIV) testing has been adjusted to focus on pregnant women.

10. **The Project has been screened for short and long-term climate change and disaster risks and no major risks have been identified.** Under the proposed Project restructuring additional mitigation measures include the financing of equipment and hygiene materials that will protect health staff against other climate-related diseases mainly associated with unforeseen emerging zoonoses.

C. Rationale for restructuring

11. **The proposed restructuring responds to the GoP’s letters dated June 1 and 15, 2021,** requesting to redirect Project available resources (US\$51 million) to the COVID-19 emergency response in the context of the worsening of the pandemic and the collapse of the health system. Specifically, it will support the strengthening of the country’s surveillance capacity, providing medical care to at-risk patients, and maintaining essential community services. The PDO continues to be relevant for the GoP’s development agenda. Notwithstanding, current PDO indicators’ goals will be adjusted downwards to reflect the revised allocation of resources to the original activities and ensure that PDOs are achievable despite the COVID-19 pandemics environment within the Project timeframe.

12. **The rapid spread of COVID-19 has severely affected Latin America with cases confirmed in 33 countries.** In South America the situation has been especially difficult. As of June 21, 2021, the region has a COVID-19 death rate of 2,260 per one million people, higher than the recorded rate of 1,514 in North America and 1,464 in Europe. In addition, COVID-19 vaccination rates in South America are still low, with only 26.2percent of the population having received one dose, compared to 41.1 percent in North America and 38.4 percent in Europe¹. The contagion has not yet been controlled and new variants have emerged, including the ones identified in Brazil (B.1) and Andean countries (C.37), which constitutes a threat for the management of the pandemic. Some variants are more contagious and less affected by some of the current vaccines. As the southern hemisphere is entering the winter

¹ www.ourworldindata.org



season, the rapidly increasing number of cases and deaths suggest that the COVID-19 outbreak will continue to have a significant impact in the region.

13. **In 2020, the impact of the pandemic was relatively low in Paraguay due to the good management of the health situation compared to other countries in the region, unfortunately the situation has drastically changed in 2021.** As of June 14, 2021, Paraguay had 5,487 cumulative confirmed cases per 100,000 people and 1,518.86 cumulative confirmed deaths per million people. On March 13, 2020, the first case of COVID-19 was confirmed, and the daily cases remained below 1,000 until the end of August. The gradual increase in cases allowed the strengthening of the health system by equipping health facilities and the provision of adequate intensive care services for severe patients. However, infections started to rise by mid-February, 2021, reaching a peak of 3,481 confirmed daily cases on June 4, 2021. This increase was mainly due to lower compliance with preventive measures, but also the result of the economic needs of informal sector workers and the opening of borders with Brazil (which was facing a surge in cases of the Manaus variant). As a result, the health system started to collapse, with the level of intensive care beds occupancy rates reaching 100 percent nationwide and an increase in critical drug shortages for COVID-19 patients. Also, many patients affected with other illnesses began to experience severe delays in access to care.

14. **Paraguay is facing severe difficulties in accessing COVID-19 vaccines.** Initially, the government relied exclusively on the COVID-19 Vaccines Global Access (COVAX) mechanism to secure vaccines, signing an agreement to obtain 4.28 million doses. However, delays in the mechanism's ability to deliver vaccines forced Paraguay to seek alternative options, which included requests for donations from other countries and agreements with producers. Furthermore, the arrival and deployment of the vaccines has been slow due to restrictions on global production and exports. As of June 14, 2021, only 474,387 people (6 percent of the population) had been vaccinated. The limited vaccination rates and the intensity of the outbreak has had an impact on the health of health personnel, especially administrative personnel, leading to a decrease in the managerial response capacity.

15. **The number of COVID-19 cases is expected to remain high** given the slow roll-out of the vaccines and the difficulties in enforcing severe lock-down measures and mobility restrictions for long periods of time due to the economic impact of such measures. In addition, emerging evidence suggests that the demand for health services will increase in the short and medium-term due to the worsening of health conditions of patients who have postponed medical attention, high-risk population (elderly, pregnant women, etc.), and those requiring continued health care for other diseases. Thus, overall health care demand in Paraguay will remain high and likely increase further.

16. **The proposed restructuring triggers Paragraph 12 of the IPF Policy to respond to the urgent needs for assistance due to the current health emergency caused by COVID-19.** Paraguay meets the definition of a country experiencing an urgent need of assistance as a result of a natural disaster, given the declarations of a global pandemic by the World Health Organization (WHO) and a national state of emergency by the Government, as well as the urgent request for medicines, equipment and supplies for intensive care, essential medicines and medical supplies needed to provide adequate attention to the population covered by the public health system prevention of infections in hospitals, and to support scale up of diagnostic capacity. The health system is on the brink of collapse due to the increase in demand for health care attention for COVID patients but also due to the needs of other critical patients. As a result, the country is experiencing shortages of critical and essential medicines and medical supplies in a context of already low capacity of the MSPBS to procure additional medicines and medical supplies required. The application of Paragraph 12 of Section III of the IPF Policy to the new component to respond to the COVID-19 emergency will facilitate a rapid response by the World Bank to these urgent needs.



II. DESCRIPTION OF PROPOSED CHANGES

17. **The proposed Level II Restructuring will reallocate resources to support the country’s health response to the COVID-19 pandemic.** The Restructuring will include the following changes: (i) update the PDO to include emergency response to the COVID-19 pandemic; (ii) include a new COVID-19 health emergency response component; (iii) adjust the procurement arrangements to enable rapid response to the emergency; (iv) reallocate funds among components and disbursement categories and create a new disbursement category to support activities under the new component; (v) modify the results framework; (vi) adjust the disbursement arrangements, estimates and schedule; and (vii) revise legal covenants related to the updated ESMF, IPPF and Operational Manual, and handling of personal sensitive data. Detailed information on each proposed change is provided below.

18. **PDO.** The PDOs are being revised to include the response to the threat posed by COVID-19.

Original PDO	Revised PDO
To: (i) strengthen the public primary health care micro-networks ² ; and (ii) expand access to quality primary health care services for the population covered by the MSPBS	To: (i) strengthen the public primary health care micro-networks; (ii) expand access to quality primary health care services for the population covered by the MSPBS; and (iii) strengthen the national health system to respond to the emergency of the COVID-19 pandemic.

19. **New Component 4 “Emergency Response to COVID-19”.** The component will support MSPBS in the implementation of selected activities of the COVID-19 Preparedness and Response Plan (PRP)³ currently under execution, and aligned with the WHO’s PRP.. The COVID-19 PRP is aimed at slowing transmission, delaying outbreaks and providing optimized care for all patients, especially the seriously ill, as well as minimizing the impact of the epidemic on the health system and social services and, consequently, on economic activity. This component will support efforts to: (i) strengthen the disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; and (ii) prepare and strengthen the health system to provide optimal medical care to patients at risk, maintain essential community services, and minimize risks for patients and health personnel.⁴ The component will finance, inter alia: (i) laboratory equipment, supplies and reagents for the diagnosis of COVID-19, influenza-type illnesses and other respiratory and infectious diseases; (ii) appropriate protective equipment and hygiene materials for health personnel; (ii) medical supplies, medicines and equipment for public health facilities and specific equipment for intensive care units⁵; (iii) supplies and equipment for blood banks; (iv) ambulances for patient transportation; and (v) medical waste management and

² “Public Primary Health Care Micro-Networks” means *Microredes de Salud*, the Republic of Paraguay’s public primary health care micro-networks composed of Local Health Councils, district hospitals and Family Health Care Centers that operate under the conceptual framework of a primary health care strategy.

³ <https://www.mspbs.gov.py/dependencias/portal/adjunto/8f2b5d-3PLANNACIONALDERESPUESTAAVIRUSRESPIRATORIOS2020130320201.pdf>

⁴ As COVID-19 would place a substantial burden on inpatient and outpatient health care services, support would be provided for equipping selected health facilities for the delivery of critical medical services and to help them cope with the increased demand of services likely to arise due to the pandemic, while strengthening intra-hospital infection control measures including necessary improvements in blood transfusion services to ensure the availability of safe blood products. Steps would be taken to increase hospital bed availability, including deferring elective procedures, more stringent triage for admission, and earlier discharge with follow-up.

⁵ Including support for the isolation of confirmed cases or suspected cases as needed.



disposal systems. Neither of these activities implies the financing of COVID-19 vaccines, which will not be financed under the Project.

20. **Procurement Arrangements under the new Component 4.** The Project will continue to be implemented by the PIU within the MSPBS and the procurement arrangements for Component 4 will seek to be fit for purpose and reflect the most appropriate approach to meet the Project objectives in the context of the emergency. Based on the successful experience with the ongoing COVID-19 emergency operation, the Bank will provide flexibility and apply the most cost-effective procurement procedures and expedite processes, provided they are consistent with Bank Core Procurement Principles and the Bank Anticorruption Guidelines. These include the use of: (i) the most effective national procedures (e.g. national competitive bidding, exceptional procedure with prior specific procurement notice, virtual store); (ii) Direct Selection and Request of Quotations for large contracts; (iii) E-reverse auction system; (iv) procurement through UN Agencies⁶, enabled and expedited by Bank templates; (v) framework agreements; (vi) shortening minimum time for bid/proposal preparation; (vii) non-application of stand steal period when Standard Procurement Documents apply; (viii) increasing the amount of advance payment under supply contracts to up to 40 percent of the contract value, provided that the supplier provides a bank guarantee for the same amount and the Bank clears this increased value of advance payment; and (ix) list of prequalified suppliers, to whom periodic invitations are issued, for a large number of similar simple contracts of any size. If requested by the Borrower, the Bank will provide Hands-on Expanded Implementation Support (HEIS). The final definition on the use of the aforementioned tools will be included in the Project Procurement Strategy for Development (PPSD) that the Government is currently updating. The completion of the PPSD update and the Procurement Plan restructured may be deferred to the project implementation phase for Component 4. The final version of the PPSD will outline the fit-for purpose selection methods, the types of selection arrangements and the market approach options that will be used under Component 4. The procurement activities will not be subject to prior review, except for special cases agreed in the PP. The Borrower may advance with the procurement under the above procurement arrangements and may seek the Bank’s approval of advance contracting and the review of the expenditures to be incurred prior to the amendment, but which are only to be claimed once the Loan Agreement has been amended.

21. **The activities that may be carried out prior to the amendment of the loan agreement as result of the advance contracting will be covered in the ESMF and IPPF as updated.** The updated ESMF will include a methodology to be agreed between the Bank and the MSPBS to verify that expenditures eligible for financing comply with the ESMF and IPPF and to develop measures to achieve compliance as needed.

22. **Reallocation of resources.** In terms of costs, Component 1, 2, and 3 will be reduced as shown in Table 1, the reallocated resources will finance Component 4 (US\$ 51 million). The reductions in Components 1, 2, and 3 will limit the number of activities originally planned under the Project. As a result, the Project Result Framework is being adjusted to downsize Project expected results.

Table 1. Revised allocations to Component cost

Component	Current Allocation (US Dollars)	Reallocation (US Dollars)	Proposed Revised Allocation (US Dollars)
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⁶ If deemed necessary, the Borrower may procure certain goods through UN agencies (e.g., UNOPS). All processes will be subject to Bank’s Procurement post review, in collaboration with internal control agencies and/or other mechanisms as appropriate.



(1) Investments to strengthen the service delivery capacity of Health Care Micro-Networks	94,615,700	42,065,342	52,550,358
(2) Improvements in the access to quality health services through priority Integrated Care Sets	15,000,000	6,669,000	8,331,000
(3) Project Administration and Implementation Support	5,096,800	2,265,658	2,831,142
(4) Emergency Response to COVID-19	0		51,000,000
Front-end Fee	287,500		287,500
Total amount:	115,000,000	51,000,000	115,000,000

23. **Disbursement Categories.** The new disbursement category 9 is being created to finance activities under Component 4. In line with the revised components and costs, this Restructuring will reallocate US\$51 million from all disbursement categories to the new Category 9 to finance goods as explained in precedent paragraphs and as shown in Table 2 below.

Table 2. Revised allocations to disbursement categories

Category	Current Allocation (US Dollars)	Reallocation (US Dollars)	Proposed Revised Allocation (US Dollars)	Loan financed (incl. taxes)
(1) Works under Part 1 of the Project	55,732,500	24,777,792	30,954,708	100%
(2) Goods under Parts 1 and 3 of the Project	28,246,000	12,454,980	15,558,220	100%
(3) Capitation Payments under Part 2 of the Project	15,000,000	6,669,000	8,331,000	100%
(4) Non-consulting services, consulting services under Part 1 of the Project	6,770,000	3,054,170	3,815,830	100%
(5) Non-consulting services, consulting services and Operating Costs under Part 3 of the Project	4,964,000	2,265,658	2,831,142	100%
(6) Training under Parts 1 and 3 of the Project	4,000,000	1,778,400	2,221,600	100%
(7) Front-end Fee	287,500		287,500	
(8) Interest Rate Cap or Interest Rate Collar premium			0	
(9) Goods under Part 4 of the Project			51,000,000	100%
Total amount:	115,000,000	51,000,000	115,000,000	

24. **Results framework.** One PDO level indicator is being added to reflect the revised PDO, it will measure the effectiveness of the government response to the pandemic by measuring the percentage of suspected cases of COVID-19 reported and investigated per approved protocols. The Results Framework has been adjusted (see Table 3) to add two Intermediate Results (IR) indicators to evaluate the new Component 4: “Percentage of public health facilities strengthened to report, diagnose and/or provide immediate attention to COVID-19 patients by receiving medical/laboratory supplies, and/or medicines” and “Percentage of public health facilities that are structurally strengthened by receiving medical equipment”. Most of PDO and Intermediate Results’ goals are being adjusted to reflect delays in Project implementation and the revised scope of the original activities related to the



reallocation of resources due to the COVID-19. The titles of some indicators are also being adjusted (see Table 4) to eliminate the reference to the Geographical Information System (*Sistema de Información Geográfico - SIG*) that the MSPBS has decided to replace for different health information system. Finally, the target population of IR indicator “Percentage of men aged 15 or older voluntarily screened for HIV” is being replaced for pregnant women to reflect the current MSPBS strategy to refocus its attention on this vulnerable group whose care has been affected as result of the COVID-19 pandemic. Tables 3 and 4 show the revised PDO and IR indicators compared to the original ones, respectively.

Table 3. Revised PDO indicators

	Original Indicators	New Indicators	Change
1	Number of new public primary health care micro-networks established that report performance through SIG (Number)	Number of new public primary health care micro-networks established that report performance (Number)	Name and target
2	Number of FHCCs operating according to the national standard (Number)	Number of FHCCs operating according to the national standard (Number)	Target
3	Percentage of population covered by the MSPBS with access to PHC through the FHCCs (Percentage)	Percentage of population with access to PHC through the FHCCs (Percentage)	Name
4	Percentage of pregnant women with early prenatal checkups (Percentage)	Percentage of pregnant women with early prenatal checkups (Percentage)	Target
5	Percentage of patients diagnosed with hypertension (Percentage)	Percentage of patients diagnosed with hypertension (Percentage)	Target
6	Percentage of TB cases diagnosed (Percentage)	Percentage of TB cases diagnosed (Percentage)	Target
7	-	Percentage of people suspected of having COVID-19 that are reported and tested per approved protocols (Percentage)	New indicator

Table 4. Revised IR indicators

	Original Indicators	New Indicators	Revised	Change
1	Number of new FHCCs built (Number)	Number of new FHCCs built (Number)	Yes	Target
2	Number of health staff trained (Number)	Number of health staff trained (Number)	No	
3	Number of Clinical Practice Guidelines revised (Number)	Number of Clinical Practice Guidelines revised (Number)	Yes	Target
4	Percentage of population assigned to a FHCC with patient-level information in a centralized database (Percentage)	Percentage of population assigned to a FHCC with patient-level information in a centralized database (Percentage)	No	
5	Health Information System for medicine stock control developed (Yes/No)	Health Information System for medicine stock control developed (Yes/No)	No	
6	Percentage of LHCs with Results Management Agreements signed (Percentage)	Percentage of LHCs with Results Management Agreements signed (Percentage)	Yes	Target
7	Percentage of municipalities implementing social accountability actions (Percentage)	Percentage of municipalities implementing social accountability actions (Percentage)	Yes	Target
8	Percentage of LHCs that report work progress through SIG (Percentage)	Percentage of LHCs that report work progress through the MSPBS’s information system. (Percentage)	Yes	Name and Target
9	Number of Progress reports produced by the MSPBS’s Health Programs on the ICSs based on the SIG (Number)	Number of Progress reports produced by the MSPBS’s Health Programs on the ICSs	Yes	Name and Target



		based on the MSPBS's information system (Number)		
10	Screening for global health risk (Percentage)	Screening for global health risk (Percentage)	Yes	Target
11	Percentage of men aged 15 or older voluntarily screened for HIV (Percentage)	Percentage of pregnant women screened for HIV (Percentage)	Yes	Name and Target
12	People who have received essential health, nutrition, and population (HNP) services (CRI, Number)	People who have received essential health, nutrition, and population (HNP) services (CRI, Number)	No	
12.a	Number of children immunized (Number)	Number of children immunized (Number)	No	
13		Percentage of public health facilities strengthened to report, diagnose and/or provide immediate attention to COVID-19 patients by receiving medical/laboratory supplies, and/or medicines. (Percentage)	New indicator	
14		Percentage of public health facilities that are structurally strengthened by receiving medical equipment (Percentage)	New indicator	

25. **The Project's FM and disbursement arrangements will remain unchanged, with the exception of a change in the ceiling of the Project's Designated Account-A** (that will also be used to finance Component 4), from a fixed ceiling to variable ceiling (based on projected expenditures to be paid in the next 6 months). The Project will continue to be implemented by the MSPBS through the PIU established within the MSPBS. The PIU is supported by a dedicated FM Specialist, and is also further underwritten or reinforced by DGAF of MSBPS. If required, the same successful contractual arrangements used in the Paraguay COVID-19 Emergency Response Project (P173805) with the United Nations Office for Project Services (UNOPS) may be replicated. FM agreements concerning budget, accounting, flow of funds, treasury, internal controls, and audits arrangements under Component 4 will remain as defined in the original Project design. The overall Project FM risk rating has been maintained as Substantial, as there have been no changes in either the Inherent Risk factors or Control Risk factors (budgeting, accounting, internal control, funds flow, financial reporting and auditing).

26. **Disbursement estimates.** An updated disbursement projection is included in the table below. This update includes the revised timeframe to disburse funds under the emergency response Component 4, which is expected to have an accelerated pace given the need to respond in a timely manner to the challenge posed by the COVID-19.

27. **Legal covenants.** The proposed restructuring will not trigger any new safeguard policy, and the Environmental Assessment category will not change. The ESMF will be updated to include a specific chapter with a framework for Component 4 of the Project which will incorporate, inter alia: (i) specific aspects for public health laboratories that carry out early detection and confirmation of COVID-19 cases; (ii) the COVID-19 guidance for the risks generated by the care of patients with COVID-19 to workers and the community; (iii) the management of medical supplies, specific drugs for intensive care units; (iv) the management of supplies and equipment for blood banks; (v) specification for ambulances for patient transportation; and (vi) outline the ways in which the MSPBS will communicate and engage with relevant stakeholders, as well as a mechanism by which people can raise concerns, provide feedback, or make complaints in any activities related to Component 4. The IPPF will be updated



to reflect the new Component 4 and to include the Health Protocol for indigenous peoples developed in 2020 and provisions to develop communication activities for COVID-19 prevention and response in indigenous languages. Therefore, a new legal covenant was added to the Loan Agreement to require the revision and disclosure of the ESMF, IPPF and the update to the Operational Manual to include the modifications. The revised ESMF and the IPPF will be disclosed on both the Borrower and Bank websites no later 30 days after amendment to the Loan Agreement has been countersigned.

28. **Other changes.** Large volumes of personal data, personally identifiable information and sensitive data are likely to be collected and used in connection with the management of the COVID-19 outbreak under circumstances where measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in national law or data governance regulations, or be routinely collected and managed in health information systems. To guard against abuse of that data, the Project will incorporate best international practices for dealing with data in such circumstances. Such measures may include, by way of example: (i) data minimization (collecting only data that is necessary for the purpose); (ii) data accuracy (correct or erase data that are not necessary or are inaccurate); (iii) use limitations (data are only used for legitimate and related purposes); (iv) data retention (retain data only for as long as they are necessary); (v) informing data subjects of use and processing of data, and allowing them the opportunity to correct their information. In relation to this, the Operational Manual will include a section on personal data collection and processing roles and responsibilities for Project implementation and a legal covenant that requires the Borrower to submit to the Bank Project Reports 60 days after the end of each calendar semester, now states that except as otherwise required or permitted or requested by the Bank, in sharing any information, report or document related to the activities, the Bank shall ensure they do not include Personal Data.

29. **Overall project risk remains “Substantial”.** The main risks associated with this operation are related to: (i) Political and governance risk, which remain high because the social and political discomfort linked to shortages in medical supplies to attend COVID-19 patients and difficult access to COVID-19 vaccination; and (ii) Fiduciary (FM and Procurement) risks due to: (a) the PIU’s low experience implementing the project; (b) the fact that the capitation payments scheme involves complexity in terms of planning, flows of funds and verification of outputs; (c) delays in implementing the bi-currency accounting information system; (d) delays and problems in the provision of medicines, medical supplies and other goods needed to address the health needs of the population because of market failures caused by the pandemic, or inflation of costs due to increased demand; and (e) governance issues associated with emergency situations. In order to mitigate these risks, the Project will have to: (i) strengthen the PIU and include the support of experienced staff in procurement under emergency health situations; (ii) implement expedited and flexible procurement arrangements for Component 4, in accordance with emergency situations; (iii) publish procurement opportunities, as appropriate, and award information; and (iv) establish control mechanisms to manage contract execution, monitor key contractual terms and conditions, and identify potential risks. There is no risk of delayed implementation of the proposed restructuring since Congress approval is not required.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Project's Development Objectives	✓	



Results Framework	✓	
Components and Cost	✓	
Reallocation between Disbursement Categories	✓	
Disbursements Arrangements	✓	
Disbursement Estimates	✓	
Safeguard Policies Triggered	✓	
Legal Covenants	✓	
Procurement	✓	
Implementing Agency		✓
DDO Status		✓
PBCs		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Overall Risk Rating		✓
EA category		✓
Institutional Arrangements		✓
Financial Management		✓
APA Reliance		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓



IV. DETAILED CHANGE(S)

PROJECT DEVELOPMENT OBJECTIVE

Current PDO

The objectives of this Project are to: (i) strengthen the public primary health care micro-networks; and (ii) expand access to quality primary health care services for the population covered by the Ministry of Public Health and Social Welfare (MSPBS).

Proposed New PDO

The objectives of this Project are to: (i) strengthen the public primary health care micro-networks; (ii) expand access to quality primary health care services for the population covered by the MSPBS; and (iii) strengthen the national health system to respond to the emergency of the COVID-19 pandemic.

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Investments to strengthen the service delivery capacity of Public Primary Health Care Micro-Networks	94.61	Revised	Investments to strengthen the service delivery capacity of Public Primary Health Care Micro-Networks	52.55
Improvements in the access to quality health services through priority Integrated Care Sets	15.00	Revised	Improvements in the access to quality health services through priority Integrated Care Sets	8.33
Project Administration and Implementation Support	5.10	Revised	Project Administration and Implementation Support	2.83
	0.00	New	Emergency Response to COVID-19	51.00
TOTAL	114.71			114.71

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed



iLap Category Sequence No: 1	Current Expenditure Category: CW			
55,732,500.00	0.00	30,954,708.00	100.00	100.00
iLap Category Sequence No: 2	Current Expenditure Category: GO			
28,246,000.00	0.00	15,558,220.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: Capitation Payments under Part 2			
15,000,000.00	0.00	8,331,000.00	100.00	100.00
iLap Category Sequence No: 4	Current Expenditure Category: NCS, CS under Part 1			
6,770,000.00	0.00	3,815,830.00	100.00	100.00
iLap Category Sequence No: 5	Current Expenditure Category: NCS, CS, OP under Part 3			
4,964,000.00	0.00	2,831,142.00	100.00	100.00
iLap Category Sequence No: 6	Current Expenditure Category: TR			
4,000,000.00	0.00	2,221,600.00	100.00	100.00
iLap Category Sequence No: 8	Current Expenditure Category: PREMIUM FOR CAPS/COLLARS			
0.00	0.00	0.00		
iLap Category Sequence No: 9	Current Expenditure Category: Goods under Part 4			
0.00	0.00	51,000,000.00		100
Total	114,712,500.00	0.00	114,712,500.00	

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes



Year	Current	Proposed
2019	0.00	0.00
2020	28,514,500.00	0.00
2021	33,763,500.00	1,410,000.00
2022	25,523,000.00	55,850,000.00
2023	17,421,000.00	26,120,000.00
2024	5,657,000.00	26,120,000.00
2025	4,121,000.00	5,500,000.00

COMPLIANCE

Safeguard Policies

Safeguard Policies Triggered	Current	Proposed
Environmental Assessment (OP) (BP 4.01)	Yes	Yes
Performance Standards for Private Sector Activities OP/BP 4.03	No	No
Natural Habitats (OP) (BP 4.04)	No	No
Forests (OP) (BP 4.36)	No	No
Pest Management (OP 4.09)	No	No
Physical Cultural Resources (OP) (BP 4.11)	No	No
Indigenous Peoples (OP) (BP 4.10)	Yes	Yes
Involuntary Resettlement (OP) (BP 4.12)	No	No
Safety of Dams (OP) (BP 4.37)	No	No
Projects on International Waterways (OP) (BP 7.50)	No	No
Projects in Disputed Areas (OP) (BP 7.60)	No	No

LEGAL COVENANTS

Loan/Credit/TF	Description	Status	Action
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IBRD-89630	<p>The Borrower, through MSPBS, shall establish, and thereafter operate and maintain, throughout Project implementation, a unit within the MSPBS (the PIU).</p> <p>Schedule 2, Section I.A.1 of the Loan Agreement</p>	Complied with	No Change
IBRD-89630	<p>For purposes of making Capitation Payments under Part 2 of the Project the Borrower, through MSPBS, shall enter into an agreement for the participation of the LHC (the "Participation Framework Agreement" (PFA)) with the respective Participating LHC.</p> <p>Schedule 2, Section I.A.2.(b) of the Loan Agreement</p>	Not yet due	No Change
IBRD-89630	<p>The Borrower shall ensure that the Project does not include any activities involving resettlement, as defined under the Safeguards Policies.</p> <p>Schedule 2, Section I.C.3 of the Loan Agreement</p>	Not yet due	No Change
IBRD-89630	<p>Not later than thirty (30) days after the countersignature of this Amendment Letter, the Borrower, through the PIU shall update and disclose the ESMF and the IPPF to include new sections related to Part 4 of the Project in a manner satisfactory to the Bank.</p> <p>First amendment of the Loan Agreement.</p>	Not yet due	New
IBRD-89630	<p>Not later than thirty (30) days after the countersignature of this Amendment Letter, the Borrower, through the PIU shall update the Operational Manual to include the modifications under Part 4 of the Project in a manner satisfactory to the Bank.</p> <p>First amendment of the Loan Agreement.</p>	Not yet due	New



Results framework

COUNTRY: Paraguay

Paraguay Public Health Sector Strengthening

Project Development Objectives(s)

The objectives of this Project are to: (i) strengthen the public primary health care micro-networks; and (ii) expand access to quality primary health care services for the population covered by the Ministry of Public Health and Social Welfare (MSPBS).

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Strengthening the primary public health care micro-networks							
Number of new public primary health care micro-networks established that report performance (Number)		0.00	0.00	0.00	50.00	75.00	127.00
Action: This indicator has been Revised	Rationale: The description of the indicator was adjusted to reflect MSPBS's decision to replace the SIG for an improved data information system. The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.						
Number of FHCCs operating according to the national standards (Number)		0.00	0.00	0.00	41.00	146.00	187.00
Action: This indicator has been Revised	Rationale: The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.						
Expanding access for the population covered by the MSPBS							



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Percentage of population with access to PHC through the FHCCs (Percentage)		32.00	32.00	32.00	34.00	38.00	40.00
Action: This indicator has been Revised	Rationale: <i>This indicator was modified to better reflect the population using the FHCCs, which is broader than those exclusively covered by the MSPBS.</i>						
Improving quality primary health care services							
Percentage of pregnant women with early prenatal checkups (Percentage)		31.00	0.00	50.00	52.00	54.00	56.00
Action: This indicator has been Revised	Rationale: <i>The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.</i>						
Percentage of patients diagnosed with hypertension. (Percentage)		19.00	19.00	21.00	23.00	25.00	27.00
Action: This indicator has been Revised	Rationale: <i>The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.</i>						
Percentage of women diagnosed with hypertension. (Percentage)		19.00	19.00	21.00	23.00	25.00	27.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
<i>Action: This indicator has been Revised</i>							
Percentage of men diagnosed with hypertension. (Percentage)		19.00	19.00	21.00	23.00	25.00	27.00
<i>Action: This indicator has been Revised</i>							
Percentage of TB cases diagnosed (Percentage)		78.00	78.00	78.00	82.00	84.00	86.00
<i>Action: This indicator has been Revised</i>	Rationale: <i>The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.</i>						
Strengthen the national health system to respond to the emergency of the COVID-19 pandemic (Action: This Objective is New)							
Percentage of people suspected of having COVID-19 that are reported and tested per approved protocols. (Percentage)		97.50			80.00		85.00
<i>Action: This indicator is New</i>							

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Investments to strengthen the service delivery capacity of Public Primary Health Care Micro Networks							



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Paraguay Public Health Sector Strengthening (P167996)

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Number of new FHCCs built (Number)		0.00	0.00	0.00	80.00	120.00	152.00
Action: This indicator has been Revised	Rationale: <i>Intermediate targets for the indicator were adjusted to reflect delays in the first two years of project implementation.</i>						
Number of health staff trained (Number)		0.00	500.00	1,000.00	1,500.00	2,000.00	2,500.00
Number of Clinical Practice Guidelines revised (Number)		0.00	0.00	0.00	3.00	6.00	9.00
Action: This indicator has been Revised	Rationale: <i>Intermediate targets for the indicator were adjusted to reflect delays in the first two years of Project implementation.</i>						
Percentage of population assigned to a FHCC with patient-level information in a centralized database (Percentage)		0.00	0.00	0.00	25.00	50.00	70.00
Health Information System for medicine stock control developed (Yes/No)		No					Yes
Improvements in the access to quality health services through priority Integrated Care Sets							
Percentage of LHCs with Results Management Agreements signed (Percentage)		0.00	0.00	3.00	15.00	25.00	35.00
Action: This indicator has been Revised	Rationale: <i>The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.</i>						



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Percentage of FHCCs with work program agreed with LHC (Percentage)		0.00	0.00	3.00	15.00	25.00	35.00
Action: This indicator has been Revised	Rationale: <i>The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.</i>						
Percentage of municipalities implementing social accountability actions (Percentage)		0.00	0.00	3.00	15.00	25.00	35.00
Action: This indicator has been Revised	Rationale: <i>The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.</i>						
Percentage of LHCs that report work progress the MSPBS's information system. (Percentage)		0.00	0.00	3.00	15.00	25.00	35.00
Action: This indicator has been Revised	Rationale: <i>The description of the indicator was adjusted to reflect MSPBS's decision to replace the SIG for an improved data information system. The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.</i>						
Number of Progress reports produced by the MSPBS's Health Programs on the ICSs based on the MSPBS's information system. (Number)		0.00	0.00	0.00	5.00	10.00	15.00



Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
Action: This indicator has been Revised	Rationale: The description of the indicator was adjusted to reflect MSPBS's decision to replace the SIG for an improved data information system. The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.						
Screening for global health risk (Percentage)	0.00	0.00	3.00	12.00	15.00	18.00	
Action: This indicator has been Revised	Rationale: The target for the indicator was adjusted due to a reduction in the funds originally allocated for the indicators' related activities.						
Percentage of pregnant women screened for HIV. (Percentage)	70.00	70.00	74.00	76.00	78.00	80.00	
Action: This indicator has been Revised	Rationale: The objective population was adjusted to reflect an increased Project focus on pregnant women due to their greater vulnerability to the pandemic. The targets were adjusted to reflect the new objective population.						
People who have received essential health, nutrition, and population (HNP) services (CRI, Number)	0.00	3,067.00	6,097.00	10,401.00	14,812.00	19,115.00	
Number of children immunized (CRI, Number)	0.00	3,087.00	6,097.00	10,401.00	14,802.00	19,115.00	
Emergency Response to COVID-19 (Action: This Component is New)							
Percentage of public health facilities strengthened to report, diagnose and/or provide immediate attention to	0.00			80.00		90.00	



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Paraguay Public Health Sector Strengthening (P167996)

Indicator Name	PBC	Baseline	Intermediate Targets				End Target
			1	2	3	4	
COVID-19 patients by receiving medical/laboratory supplies, and/or medicines. (Percentage)							
Action: This indicator is New							
Percentage of public health facilities that are structurally strengthened by receiving medical equipment. (Percentage)		0.00			80.00		90.00
Action: This indicator is New							



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