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RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
SECOND FAMILY HEALTH EXTENSION ADAPTABLE LENDING PROJECT
LOAN NUMBER 7545-BR
APPROVED APRIL 25, 2008

TO THE

FEDERATIVE REPUBLIC OF BRAZIL

March 7, 2013

HUMAN DEVELOPMENT SECTOR MANAGEMENT UNIT
BRAZIL COUNTRY MANAGEMENT UNIT
LATIN AMERICA AND THE CARIBBEAN REGION

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ABBREVIATIONS AND ACRONYMS

AMAQ	Self-appraisal for Quality and Access Improvement in Primary Care (<i>Autoavaliação para Melhoria do Acesso e da Qualidade de Atenção Básica</i>)
AMQ	Appraisal for Quality Improvement of the Family Health Strategy (<i>Avaliação para a Melhoria da Qualidade da Estratégia Saúde da Família</i>)
DPT	Diphtheria, Pertussis, Tetanus
e-SUS-AB	e-Unified Health System – Primary Health Care (<i>e – Sistema Único de Saúde - Atenção Básica</i>)
Hib	Haemophilus Influenzae B
MoH	Ministry of Health
PMAQ	National Program for Access and Quality Improvement (<i>Programa Nacional de Melhoria do Acesso e da Qualidade</i>)
PROESF 1	Family Health Extension Project, APL Phase 1
PROESF 2	Family Health Extension Project, APL Phase 2
PSF	Family Health Program (<i>Programa Saúde da Família</i>)
QUALISUS	Brazil Health Network Forming and Quality Improvement Project
SES	State Secretariats of Health (<i>Secretarias Estaduais de Saúde</i>)
SIAB	Primary Care Information System (<i>Sistema de Informação de Atenção Básica</i>)
SIM	Mortality Information System (<i>Sistema de Informações sobre Mortalidade</i>)
SINASC	Information System for Live Births (<i>Sistema de Informações sobre Nascidos Vivos</i>)
SIS-AB	Health Information System for Primary Care (<i>Sistema de Informação em Saúde da Atenção Básica</i>)
SUS	Unified Health System (<i>Sistema Único de Saúde</i>)
UBS	Primary Care Unit (<i>Unidade Básica de Saúde</i>)
TB	Tuberculosis

Regional Vice President: Country Director: Sector Manager: Task Team Leader:	Hasan A. Tuluy Deborah L. Wetzel Joana Godinho Tania Dmytraczenko
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Restructuring	Status: Draft
Restructuring Type:	
Last modified on date : 03/07/2013	

1. Basic Information	
Project ID & Name	P095626: BR (APL2)Family Health Extension 2nd APL
Country	Brazil
Task Team Leader	Tania Dmytraczenko
Sector Manager/Director	Joana Godinho
Country Director	Deborah L. Wetzel
Original Board Approval Date	04/25/2008
Original Closing Date:	03/30/2013
Current Closing Date	03/30/2013
Proposed Closing Date [if applicable]	12/31/2014
EA Category	B-Partial Assessment
Revised EA Category	B-Partial Assessment-Partial Assessment
EA Completion Date	12/15/2006
Revised EA Completion Date	

2. Revised Financing Plan (US\$m)		
Source	Original	Revised
BORR	83.25	83.25
IBRD	83.45	83.45
Total	166.70	166.70

3. Borrower		
Organization	Department	Location
Federative Republic of Brazil		Brazil

4. Implementing Agency		
Organization	Department	Location
MINISTRY OF HEALTH		Brazil

5. Disbursement Estimates (US\$m)		
Actual amount disbursed as of 03/07/2013		38.44
Fiscal Year	Annual	Cumulative
2013	8.00	46.44
2014	28.00	74.44
2015	9.01	83.45
	Total	83.45

6. Policy Exceptions and Safeguard Policies	
Does the restructured project require any exceptions to Bank policies?	N
Does the restructured projects trigger any new safeguard policies? If yes, please select from the checklist below and update ISDS accordingly before submitting the package.	N

7a. Project Development Objectives/Outcomes
Original/Current Project Development Objectives/Outcomes
The objectives of the second phase APL are: (i) increase access to family health-based primary care in large, urban municipalities; (ii) raise the technical quality of and patient satisfaction with primary care; and (iii) improve the efficiency and effectiveness of family health service providers as well as the broader delivery system.

7b. Revised Project Development Objectives/Outcomes [if applicable]

BRAZIL
SECOND FAMILY HEALTH EXTENSION PROJECT

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Second Family Health Extension Project - PROESF

RESTRUCTURING PAPER

A. SUMMARY

1. The major changes to the project and rationale are the following:
 - a) The Results Framework - including indicators, baseline, and targets – has been revised with updated available statistics to increase clarity and reduce repetition by improving the accuracy of indicator definitions and data.
 - b) Proceeds have been reallocated to transfer resources not utilized by the states, the Federal District and municipalities by March 30, 2013 to the federal component (Component 3).
 - c) The closing date has been extended by 21 months from March 30, 2013 to December 31, 2014 to allow the Government sufficient time for implementation and goal achievement of three new priority activities under Component 3 of the Project.

B. PROJECT STATUS

2. The Second Family Health Extension Project was approved by the Board on April 25, 2008 and declared effective on October 15, 2009. As of March 7, 2013 US\$38.4 million (46 percent) have been disbursed. The Project represents the second Phase of the seven-year US\$ 550 million Family Health Extension APL Program (PROESF), which was approved by the Bank's Board in 2002 and is planned to be implemented in three phases. Phase I was successfully completed on June 30, 2007.

3. Consonant with the Program goals, the Project's Development Objectives (PDOs) are to: (i) increase access to family health-based primary care in large, urban municipalities; (ii) raise the technical quality of and patient satisfaction with primary care; and (iii) improve the efficiency and effectiveness of family health service providers as well as the broader delivery system. The Project has three components: Component 1 – Expansion and consolidation of family health care in municipalities; Component 2 – Strengthening state capacity for supervision, monitoring and technical support of family health services and Component 3 – Strengthening federal oversight of the family health program.

4. The Project progress towards achieving its development objectives is rated "Satisfactory", and the overall implementation progress is rated "Moderately Satisfactory". The population coverage of the Government's Family Health Program (PSF) in participating municipalities increased from 36.4 percent in 2009 to 39.5 percent in 2011 and the average coverage rate in those municipalities is higher than among non-participating municipalities of similar size. Population coverage increased by 5 percent per annum on average. One of the two PDOs – decrease of infant mortality per 1,000 births in participating municipalities – has already been achieved. Most of the intermediate results indicators are on track or have been achieved, including the establishment of a results-based management system at the federal level linking project

finances to states and municipalities, establishing performance agreements, and almost 100 percent of states and municipalities participating in quality assessment programs. Intermediate results already achieved by the Project include an increase in PSF teams applying quality evaluation instruments from 7 percent in 2006 to 75 percent in 2011, and an increase in the proportion of patients with hypertension registered by PSF teams from 23 percent (2006) to 51 percent (2012).

5. While performance as measured by progress on Project indicators is good, the slow execution of Project funds is a reason for concern. Project resources were especially underutilized under Component 2 and Component 3. The reason for this is related to an increase in the Government budget for the Department of Primary Care (DAB) of almost 40 percent under the current administration, as well as to an increase in funding at the state and municipal levels. At the same time, the political environment fostered a refocusing on primary health care, which in turn led to the development of new programmatic priorities for primary care, including family health.

C. PROPOSED CHANGES

Monitoring and Results Framework

6. The following changes have been made and the revised Monitoring and Results Framework is included as Annex 1:

PDO Indicator Two (indicator revised; baseline and target revised). The indicator measuring per capita contacts with primary care providers has been specified to include not only doctors but also nurses in the definition of primary care providers. This definition is in accordance with the one adopted by the Ministry of Health (MoH). The baseline was corrected accordingly, using the best available data from the primary health care information system (SIAB). The target for phase 2 (current phase) has been defined as an increase of 5 percent compared to the baseline.

- **Revised indicator:** “Increase of per capita contacts with primary care providers (doctors and nurses) in participating municipalities”

- *Baseline in PAD:* 1.4 percent in 2003
- *Target in PAD:* N/AP¹

- *Baseline revised:* 1.7 percent in 2003
- *Target revised:* 1.8 percent in 2014

A. Component One:

Indicator Two (indicator revised). This indicator measures the percentage of registered people with high blood pressure among the estimated hypertensive population aged 15 and older in participating municipalities of the year considered. The indicator was

¹ According to Table 3.1 on page 50 of the PAD, the target for phase 2 was not applicable (N/AP).

formally calculated as a ratio of these two groups and will now be calculated as a proportion, to better align with the Government's monitoring system.

- **Revised indicator:** "Proportion of patients with hypertension registered by PSF teams, among estimated population with hypertension (15 years of age and older)"

Indicator Three (indicator unchanged; baseline and target revised). This indicator measures the vaccination coverage of DPT + Hib (tetraivalent) in children less than one year of age in the participating municipalities. The Brazilian vaccination program was upgraded to a penta-, and hexavalent scheme. The indicator is hence calculated based on the sum of completed tetra-, penta-, and hexavalent schemes in children below one year of age.

- **Original indicator from the PAD:** "Percentage of infants < 1 with full vaccination regimen (DPT-H, polio, measles, tuberculosis)"
 - *Baseline in PAD:* 71 percent in 2006
 - *Target in PAD:* 85 percent in 2013
 - *Baseline revised:* 100.8 percent in 2008
 - *Target revised :* ≥95 percent in 2014

Indicator Four (indicator revised; baseline revised). This indicator measures the percentage distribution of women with live births, with 7 or more prenatal consultations in participating municipalities. The baseline was updated based on actual data for 2006 from the SINASC information system.

- **Revised indicator:** "Percentage of women with live births, attended by PSF teams, that had 7 or more pre-natal consultations"
 - *Baseline in PAD:* 53 in 2006
 - *Baseline revised:* 60 percent in 2006

Indicator Eight (indicator revised) This indicator measuring the proportion of municipalities applying quality evaluation instruments in the areas of PSF management and coordination (AMQ parts 1&2) needed to be updated to reflect the evolution and scale up of quality improvement instruments in Brazil. Besides AMQ 1&2, the system now features two follow-on systems: AMAQ and PMAQ.

- **Revised Indicator:** "Proportion of municipalities that conduct self-assessment to improve access and quality of primary care"

The following Component 1 indicators have been dropped:

Former PDI (dropped). The indicator measuring the rate of hospital admissions of children <5 for ARI in participating municipalities has been dropped. It was agreed that this indicator is not adequately measuring the attainment of development goals. Both

positive and negative changes to the indicator point at potential improvements in primary health care, as envisioned by the Project.

Former PDI (dropped). For the same reason as above, the indicator measuring hospital admissions for stroke in participating municipalities has been dropped.

B. Component Two:

Indicator Nine (indicator revised; target revised). This indicator measuring the percentage of states establishing performance agreements with eligible municipalities with population smaller than 100,000 was revised to reduce unnecessary complexity.

- **Revised indicator:** “Proportion of states that establish performance agreements with at least 25% of municipalities <100,000 population”
 - *Target in PAD:* 25 percent municipalities; 40 percent states in 2013
 - *Target revised:* 40 percent of states in 2014

Indicator Eleven (indicator revised; target revised). This indicator measures the percentage of municipalities with population smaller than 100,000 in eligible states participating in the quality assessment program (AMQ), which includes self-assessment and development of plans to address quality gaps. It was revised to reduce unnecessary complexity and to transform it into a numeric indicator, eliminating ambiguity on how it is being tracked over time. Further, AMQ has been replaced by follow-on systems, AMAQ and PMAQ, which were implemented on a large scale. Hence, this indicator has already been attained.

- **Revised indicator:** “Proportion of states with 10% of municipalities <100,000 inhabitants that implemented self-assessment”
 - *Target in PAD:* 10 percent municipalities; 50 percent states in 2013
 - *Target revised:* 50 percent of states in 2014

C. Component Three:

Indicator Fifteen (indicator revised; baseline and target revised). This indicator which measures the proportion of primary health care teams that implement a results-based management system has been updated to reflect the current development in results-based management at the federal level, including the evolution of the AMQ system into the new PMAQ system. The target was revised accordingly to better reflect continued progress on this indicator.

- **Revised indicator:** “Proportion of family health teams participating in the Program of Improving Access and Quality (PMAQ-AB)”
 - *Baseline in PAD:* 0 percent in 2006.
 - *Target in PAD:* model developed & tested in 2013

- *Baseline revised:* 50 percent in 2011
- *Target revised:* 60 percent in 2014

Indicator Sixteen (new). This indicator will monitor the upgrading of information systems and integrated data systems to support performance monitoring of primary health care and the family health program.

- **New indicator:** “Proportion of participating municipalities that implemented the Health Information System for Primary Care (SIS-AB)”
- *Baseline:* 0 percent in 2011
- *Target:* 70 percent in 2014

Indicator Seventeen (new). This indicator will monitor the upgrading of primary care units to units with Tele-health access points. These access points play a key role in raising the technical quality of primary care and have a direct role in promoting continued professional learning for family health professional across the Tele-health network.

- **New indicator:** “Proportion of primary care units (UBS) in participating municipalities that have a Tele-health access point”
- *Baseline:* 0 percent in 2011
- *Target:* 20 percent in 2014

The following Component 3 indicators have been dropped:

Former PDI (dropped). This indicator measuring the completion of at least three out of six major research projects on PSF has become obsolete due to the fact that the Government is funding research projects with its own resources.

Former PDI (dropped). For the same reason as above, the indicator monitoring the preparation of an impact evaluation is dropped. The Government is funding the impact evaluation of its major quality improvement initiative, PMAQ, with its own resources. Furthermore, major research studies focusing on the Brazilian PSF have been carried out and published by renowned research institutions.² Therefore, the demand and need for similar studies and evaluations funded with Project resources has diminished.

Former PDI (dropped). This indicator, which measures the development of a proficiency test of PSF professionals, has become obsolete due to the introduction of the

² Macinko J, Guanais FC, de Souza M . Evaluation of the impact of the Family Health Program on infant mortality in Brazil, 1990-2002. J Epidemiol Community Health 2006; 60: 13-19.

Macinko J, de Oliveira V, Turci M et al. The influence of primary care and hospital supply on ambulatory care – sensitive hospitalization among adults in Brazil, 1999-2007. American Journal of Public Health 2011. Vol 101, No.10.

Rocha R, Soares R. Evaluating the impact of community-based health interventions: Evidence from Brazil’s Family Health Program. Health Econ. 19: 126-158 (2010).

PMAQ system, involving an external evaluation of PSF professionals. It is, therefore, dropped.

Reallocation of Loan Proceeds

7. Resources not utilized by the states, the Federal District and municipalities by March 30, 2013 will be transferred to the federal Component (Component 3). Municipalities and states underutilized available Project funds under Component 1 and 2 in part due to greater availability of own resources and are, therefore, not expected to need Project funds in the future. Component 3 resources were used to co-finance the International Seminar of Primary Care, which took place in July of 2012; however, several studies planned under Component 3 were completed with the Government's own resources. The Government proposes that remaining Project resources be used for the deployment of e-SUS-AB, financed under Component 3. This new programmatic priority set by the Government is in accordance with the original PDO.

8. Proceeds will be reallocated as follows:

Table 1: Reallocation of Loan Proceeds

Category of Expenditure	Allocation		% of Financing
	Current	Revised	
1. Goods and non-consultant services; Consultant services and Training (except for Municipal Subprojects and State Subprojects)	11,100,000.00	41,256,196.82	100%
2. Municipal Subproject Transfers and Prior Review Consultants disbursed by the MOH's Fund under each Municipal Subproject Agreement	55,000,000.00	29,000,000.00	100%
3. State Subproject Transfers and Prior Review Consultants disbursed by the MOH's Fund under each State Subproject Agreement	12,450,000.00	9,485,178.18	100%
4. Incremental Operational Costs	3,500,000.00	3,500,000.00	100%
5. Front-end fee	208,625.00	208,625.00	Amount payable pursuant to Section 2.03 of the Loan Agreement in accordance with Section 2.07 (b) of the General Conditions
6. Premia for Interest Rate Caps and Interest Rate Collars	0.00	0.00	
7. Unallocated	1,191,375.00	0.00	
Total	83,450,000.00	83,450,000.00	

Extension of the Closing Date

9. The closing date has been extended to December 31, 2014. This extension is necessary to give the Government time to (i) achieve the PDO; (ii) consolidate the activities under Component 3 after restructuring; (iii) successfully implement the new activities introduced into the scope of the Project with the goal of improving health information systems and continued professional learning across the family health network; and to (iv) attain the data and information under the revised Monitoring and Results Framework to ensure complete monitoring of targets by the extended closing date.

10. Most of the activities currently supported under Component 1 and 2 of the Project will be completed by the original closing date on March 30, 2013. By then one PDO and eight PDIs will already have been achieved. The 21 months extension will allow implementation of the activities under Loan Agreement Schedule 1. Section 1.(e) and Section 5.(c)/ Component 3, namely:

- a. Deploy the new electronic primary health care information system, designated as e-SUS-AB (e – Sistema Único de Saúde - Atenção Básica), in primary care units in nine regions of the QUALISUS Project (P088716).
- b. Boost the functionality of the care networks for people with chronic diseases by outfitting primary care units with Tele-health access and in-service training.
- c. Establish areas of cooperation and synergy between the QUALISUS and PROESF projects to optimize the implementation, exchange of experiences and to align Bank projects under the MoH.

11. The restructuring does not trigger any new safeguard policies nor affect the environmental safeguard rating of the Project.

**ANNEX 1:
Results Framework and Monitoring**

PDO Level Results Indicators*	Core	D=Dropped C=Continue N= New R=Revised	Unit of Measure	Baseline	Cumulative Target Values**	Frequency	Data Source/ Methodology	Responsibility for Data Collection
					Phase 2			
Indicator One: Decrease of infant mortality per 1000 live births in participating municipalities.		C	%	17.8 (2003)	16.9	Annual	Sistema de Informações sobre Mortalidade (SIM) e Sistema de Informações sobre Nascidos Vivos (SINASC)	MoH
Indicator Two: Increase of per capita contact with primary care providers (doctors and nurses) in participating municipalities	<input type="checkbox"/>	R	%	1.7 (2003)	1.8	Annual	Sistema de Informação de Atenção Básica (SIAB) or Sistema de Informação em Saúde da Atenção Básica (SIS-AB)	MoH
INTERMEDIATE RESULTS								
Intermediate Result (Component One): Expansion and Consolidation of Family Health Care in Municipalities								
Intermediate Result Indicator One: Percentage of PSF population coverage in participating municipalities	<input type="checkbox"/>	C	%	33 (2006)	37	Annual	Departamento de Atenção Básica/ Ministério da Saúde and population estimate IBGE/TCU	MoH
Intermediate Result Indicator Two: Proportion of patients with hypertension registered by PSF teams, among estimated population with hypertension (15 years of age and older).	<input type="checkbox"/>	R	%	23 (2006)	35	Annual	SIAB and Pesquisa Nacional por Amostra de Domicílios (PNAD-2008) or SIS-AB and PNAD-2008	MoH

Intermediate Result Indicator Three: Percentage of infants < 1 with full vaccination regimen (DPT-H, polio, measles, tuberculosis) in participating municipalities (as a group)	<input checked="" type="checkbox"/>	R	%	100.8 (2006)	≥95	Annual	Sistema de Informação do Programa Nacional de Imunização - Avaliação do Programa de Avaliações (SI-PNO/API) and SINASC	MoH
Intermediate Result Indicator Four: Percentage of women with live births attended by PSF teams that have 7 or more pre-natal consultations in participating municipalities (as a group).	<input checked="" type="checkbox"/>	R	%	60 (2006)	70	Annual	SINASC	MoH
Intermediate Result Indicator Five: Percentage of total medical consultations referred from PSF to hospital specialty services in participating municipalities (as a group).		C	%	< 10 (2006)	<10	Annual		MoH
Intermediate Result Indicator Six: Percentage of all PSF teams applied quality evaluation instrument and are ranked according to standard in participating municipalities (as a group).		C	%	7 (2006)	15	Annual	Banco de dados do Programa de Melhoria do Acesso e da Qualidade (PMAQ-AB) and Projeto Avaliação para a Melhoria da Qualidade (AMQ) do Departamento de Atenção Básica/ Ministério da Saúde	MoH
Intermediate Result Indicator Seven: Percentage of PSF teams in a sample of municipalities using evidence-based clinical guidelines for hypertension and diabetes (based on sample survey) in participating municipalities (as		C	%	N/A	15	Annual	PMAQ-AB	MoH

a group).								
Intermediate Result Indicator Eight: Proportion of municipalities that conducted self-assessment to improve access to and quality of primary care in participating municipalities (as a group).		R	%	0 (2006)	10	Annual	PMAQ-AB	MoH
Dropped Intermediate Result Indicator: Rate of hospital admissions of children <5 for ARI in participating municipalities (as a group).		D	#	24/1000	22/1000			
Dropped Intermediate Result Indicator: Rate of hospital admissions for stroke in participating municipalities (as a group).		D	#	27/1000	26/1000			
Intermediate Result (Component Two): Strengthening State Capacity for Supervision, Monitoring and Technical Support of Family Health Services								
Intermediate Result Indicator Nine: Proportion of states that establish performance agreements with at least 25% of municipalities <100,000 population, for participating states (as a group).	<input type="checkbox"/>	R	%	0 (2006)	40	Annual	Sistema de Gerenciamento de Projetos - SGP 2	MoH
Intermediate Result Indicator Ten: Proportion of states with monitoring and evaluation plans implemented and evaluated in participating states (as a group).	<input type="checkbox"/>	C	%	0 (2006)	50	Annual	SGP 2	MoH
Intermediate Result Indicator Eleven: Proportion of states with 10% of municipalities <100 000 inhabitants that implemented self-assessment.		R	%	0 (2006)	50	Annual	PMAQ-AB	MoH

Intermediate Result (Component Three): Strengthening Federal Oversight of the Family Health Program								
Intermediate Result Indicator Twelve: Establishment, at federal level, of a results-based management system that links project financing to states and municipalities.		C	Text	N/A	System developed and tested	Annual	Departamento de Atenção Básica/ Ministério da Saúde	MoH
Intermediate Result Indicator Thirteen: Cost accounting system (at federal level)		C	Text	N/A	Study concluded & system developed	Annual	Departamento de Atenção Básica/ Ministério da Saúde	MoH
Intermediate Result Indicator Fourteen: Inter-municipal cooperation plan implemented in each state to strengthen PSF, specifying activities in three areas: management, coordination, Service Provision.	<input type="checkbox"/>	C	Text	N/A	Plan implemented (20 states).	Annual	Departamento de Atenção Básica/ Ministério da Saúde	MoH
Intermediate Result Indicator Fifteen: Proportion of family health teams participating in the Program for Improving Access and Quality (PMAQ-AB).	<input type="checkbox"/>	R	%	0 (2006)	60	Annual	PMAQ-AB	MoH
Intermediate Result Indicator Sixteen: Proportion of participating municipalities that implemented the Health Information System for Primary Care (SIS-AB).		N	%	0	70	Annual	SIS-AB	MoH
Intermediate Result Indicator Seventeen: Proportion of primary care units (UBS) in participating municipalities that have a Tele-health access point.		N	%	0	20	Annual	Sistema de Monitoramento do Telessaúde	MoH
Dropped Intermediate Result Indicator: Proficiency test of PSF professionals.		D	Text	N/A	Test developed			

Dropped Intermediate Result Indicator: Impact evaluation		D	Text	Baseline collected	Plans, methods & ToRs			
Dropped Intermediate Result Indicator: Six major research projects on PSF (at least one on chronic diseases, one on patient satisfaction, and one on PSF impact on hospital admissions).		D	Text	N/A	3 studies concluded			

(see further <http://coreindicators>)

****Target values should be entered for the years data will be available, not necessarily annually**