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Report No: 53660-PH

RESTRUCTURING PAPER

ON A

PROPOSED PROJECT RESTRUCTURING
OF
SECOND WOMEN'S HEALTH & SAFE MOTHERHOOD PROJECT
June 23, 2010

IN THE INITIAL AMOUNT OF
US$ 16 MILLION

AND

A RESTRUCTURED AMOUNT OF
US$ 16 MILLION

TO THE

REPUBLIC OF THE PHILIPPINES

## ABBREVIATIONS AND ACRONYMS

(a) "BCC" means behavioral change communication

(b) "BEmOC" means Basic Emergency Obstetric Care

(c) "BEmONC" means Basic Emergency Obstetric and Newborn Care

(d) "CEmOC" means Comprehensive Emergency Obstetric Care

(e) "CEmONC" means Comprehensive Emergency Obstetric and Newborn Care

(f) "DOH" means the Borrower's Department of Health and any successor thereto

(g) "HRTD" means human resources development and training

(h) "Health Sector Reform Agenda" means the Borrower's comprehensive framework for system-wide reforms in the financing and provision of health care, published by the Department of Health in Dec 1999. It is also called the Fourmula One for Health or F1.

(i) "LGU" means a local government unit which is a political subdivision of the Republic of the Philippines at the provincial, city, municipal, or Barangay level, and "LGUs" mean, collectively, the plural thereof.

(j) "MNCHN" means maternal, newborn, child health and nutrition.

(k) "PBG" means Performance-based Grant or a grant made by the Borrower through DOH to a selected LGU or health services provider or user out of the proceeds of the Loan to finance, in part, the carrying out project activities

(l) "PhilHealth" means the Philippine Health Insurance Corporation, a tax-exempt government corporation attached to the DOH, established pursuant to the Borrower's National Health Insurance Act of 1995.

(m) "PIP" means the Project Implementation Plan

(n) "RRA" means rapid results approach. A planning tool setting 100 day performance targets.

(o) "STI" means sexually transmitted infections.

(p) "WHSM Service Package" means the Women's Health and Safe Motherhood Service Package which consists of an integrated package of health care services designed to address the reproductive health needs of women, including maternal care, family planning and control of sexually transmitted infection/HIV control services, the standards and specifications of which are set forth in the PIP.

(q) "WHT" means the Women's Health Team led by a rural health midwife, consisting of barangay health workers and traditional birth attendants operating in the local community, which team identifies pregnant women, provides them with prenatal care, assists them in preparing and implementing birth plans, assists them at childbirth, provides basic family planning and sexually transmitted infection services and referrals and replenishes family planning or sexually transmitted infections drugs and supplies under the supervision of the RHU doctor.

**PHILIPPINES**
SECOND WOMEN'S HEALTH & SAFE MOTHERHOOD

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| Vice President: | James Adams |
| Country Director: | Bert Hofman |
| Sector Manager / Director: | Juan Pablo Uribe/ Emmanuel Jimenez |
| Task Team Leader: | Eduardo P. Banzon |

**DATA SHEET FOR**

**PROJECT PAPER**

Effectiveness date: 12/28/2005
Board approval: 4/21/2005

| | |
|---|---|
| Date: June 23, 2010<br>Country: Philippines<br>Project Name: Second Women's Health and Safe Motherhood Project (WHSMP2)<br>Project ID: P079628 | Task Team Leader: Eduardo Banzon<br>Sector Manager: Juan Pablo Uribe<br>Sector Director: Emmanuel Jimenez<br>Country Director: Bert Hofman<br>Environmental category: B |

Borrower: Government of the Philippines
Responsible agency: Department of Health (DOH)

Revised estimated disbursements (Bank FY/US$m)

| FY | 2006 | 2007 | 2002 | 2009 | 2010 | 2011 | 2012 | 2013 |
|---|---|---|---|---|---|---|---|---|
| Annual | 0.4 | 0.1 | 0.2 | 0.7 | 2.1 | 3.5 | 4.5 | 4.5 |
| Cumulative | 0.4 | 0.5 | 0.7 | 1.4 | 3.5 | 7.0 | 11.5 | 16.0 |

Current closing date: June 30, 2012
Revised closing date June 30, 2013:

| | |
|---|---|
| Indicate if the restructuring is:<br><br>Board approved ___<br>RVP approved ___ | |
| Does the restructured project require any exceptions to Bank policies? | __ Yes (X) No |
| Have these been approved by Bank management? | __ Yes (X) No |
| Is approval for any policy exception sought from the Board? | __ Yes (X) No |

Revised project development objective/outcomes ***[If applicable]***

Not Applicable

Does the restructured project trigger any new safeguard policies? **NO.**
If so, **click here** to indicate which one(s)

Revised Financing Plan (US$m.)

| Source | Local | Foreign | Total |
|---|---|---|---|
| Borrower | 22.00 | | 22.00 |
| IBRD/IDA | | 16.00 | 16.00 |
| Others | | | |
| Total | | | 38.00 |

# ANNEX 1: Proposed Changes

a. What are the proposed changes, as applicable, in the project's development objectives, outcomes, design, and/or scope?

1. This project paper seeks the approval of the Country Director for restructuring the WHSMP2 to align it better with the government's new strategy to rapidly reduce maternal and neonatal mortality and support the DOH's scale-up of performance-based approaches in general and for women's health in particular.

2. The project development objective of the WHSMP2 is to assist the government of the Philippines in improving women's health by: (i) demonstrating in selected sites a sustainable model of delivering cost-effective reproductive health services to disadvantaged women; and (ii) establishing support systems to facilitate country-wide replication of lessons learned within the framework of its Health Sector Reform Agenda. The development objective will be retained.

3. WHSMP2 project has two components. The first component is the local delivery of the integrated WHSM Service Package which will support local governments in building up health facilities and health personnel who will deliver integrated Women's Health and Safe Motherhood services, with focus on maternal care and family planning. With regards to the building up of health facilities, the project worked with another Bank project, the Local Government Finance and Development project (LOGOFIND), which funded the civil works and equipment upgrades in the first two project sites of Sorsogon and Surigao del Sur. The project was then expected to finance the civil works and equipment upgrades of the batch 2 project sites (i.e. the provinces of Albay, Masbate and Catanduanes). Additional project sites can still be added as agreed by the Borrower and the Bank.

4. The first component also financed the establishment and operation of reliable and sustainable support systems for the delivery of the WHSM services, including systems for drug and contraceptive security, safe blood supply, behavioral change interventions through performance-based grants and behavioral change communication; and sustainable financing particularly through expansion of health insurance or PhilHealth financing. In addition to providing incentives for behavioral change, the performance-based grants were also used in expanding PhilHealth financing and ensuring drug and contraceptive security.

5. The second component is building up the national capacity to sustain WHSM services by developing capacity in the DOH to create an operating environment conducive to LGUs managing and sustaining local delivery of the WHSM services and facilitate replication throughout the country. This component

includes crafting of policies and guidelines, building up training capacity, and setting up monitoring and evaluation systems.

6. There was a delay in project effectiveness as it only became effective in December 28, 2005 after the loan signing in June 30, 2005 due to the difficulties in getting municipal LGUs to comply with effectiveness conditions. Project implementation was then hampered in 2006 by inadequate budget cover as the national budget was re-enacted in 2006 and no specific budget cover had been provided for the project in the previous year or 2005 national budget. By 2007, the project began to move faster but was then inadvertently delayed by events triggered by the project itself when the DOH began to replicate nationally key project elements including investing in health facilities and personnel to provide EmOC services, the behavioral change communication interventions, the build-up of training capacity, and ensuring safe blood supply program. DOH also adopted the performance-based grant concept, although it implemented a different approach through its "MNCHN performance-based grants".

7. Although the formal order was only signed in September 9, 2008 (Administrative Order 29 series of 2008), the adoption of the project components as national policies lead to the DOH decision to closely align the project to this evolving new national strategy. As a result, instead of contracting consultancy firms to implement work on these areas (i.e. behavioral change communication, HRTD and blood supply), as originally planned, the government decided to manage and implement these interventions by itself which lead to further delays in project implementation and poor disbursements.

8. By the mid-term review in October 2008, it was noted that the adoption of Administrative Order 29 series of 2008 has resulted in the mobilization by the DOH and other international donors of budget and grant financing for civil works and equipment upgrades. This includes grant financing from the Spanish Aid Agency for the Bicol region where the 3 new project sites and the original project site of Sorsogon are located. With access to either DOH national financing or the international donor grants, the batch 2 provinces expressed unwillingness to borrow from the sub-project financing component as there is more than adequate funding for their respective civil works and equipment upgrades. Currently, all three batch 2 provinces and Sorsogon had been provided with both DOH budget support and Spanish Aid Agency grants for the civil works and equipment upgrades.

9. During the said mid-term review, both the Bank and DOH agreed to the re-structuring of the project that will re-align the project more closely with the government's strategy including project financing of scaled up implementation of behavioral change communication strategies and training capacity upgrading. The re-structured project will now drop the sub-project financing component given that the civil works and equipment upgrades will be funded from other sources. It will continue to implement local level service delivery interventions with the focus on performance-based grants that will ensure contraceptive security, expand PhilHealth financing, and further incentivize facility deliveries.

10. However, the performance-based grants (PBGs) will be improved based on ongoing project experience. The PBG for facility deliveries will be expanded so that it can incentivize all players involved in increasing facility deliveries including the local government units and the health facility management. The PBG for PhilHealth SP enrolment will take into account increased enrolment estimates. The PBG for contraceptive security will be revamped to be more explicit and less cumbersome. The current design of this PBG of a peso for peso contraceptive swap has been found not feasible resulting to very low utilizations and minimal impact on contraceptive security. The revamped design is more realistic and is expected to effectively incentivize contraceptive security. The improved PBGs are expected to enrich the understanding and knowledge of the DOH in designing and managing performance grants as it slowly shifts to performance-based budgets and payments as the primary mechanisms for its fiscal transfers to both LGUs and government hospitals and PhilHealth insurance payments to health care providers.

11. Unfortunately, the government took over a year to process its re-structuring proposal partly brought about by key technical staff needing to work on both implementing AO 29 while crafting the restructured design. The government finally submitted the request for restructuring this calendar year.

12. As earlier stated, the PDO will be retained but a number of the PDO indicators will be fine-tuned to better align with the Government's strategy to reduce maternal and newborn mortality. The fine-tuning will also build from the lessons gained from the last three years of monitoring the implementation of the project. The improved indicators are consistent with the PDO.

13. The restructured design will retain the current project design of one component supporting the improvement of local delivery of women's health and safe motherhood (WHSM) services in a select number of provinces (part A), and a second component building up national capacity to support the local delivery of WHSM services all over the country (part B).

14. With the proposed elimination of sub-project financing for LGU-level civil works and equipment, project financing for the first component (Part A) will focus on the organization and the training of health personnel, and the operationalization of support systems for the delivery of WHSM services through performance grants. These support systems are the behavioral change towards facility deliveries, contraceptive security, and expanded PhilHealth financing. All 1.5 million USD originally allocated for the sub-project financing and 200,000 USD from the unallocated portion of the loan will re-allocated to the performance-based grants. It will now be allocated 5 million USD from the current allocation of 3.3 million USD. The increased allocation will finance expansion of the PBGs for facility deliveries, increased estimates for the PBGs for LGU enrolment into the PhilHealth-Sponsored Program, and the revised and improved PBGs that will ensure contraceptive security.

15. Consistent with the alignment of the project to the national strategy, the project will adopt in the implementation of the PBGs as much as it feasible and allowable, the reportorial and other guidelines used by the DOH in governing their own MNCHN grants as written in its Department Order no. 311- series of 2009.

16. Similarly, the project will adopt the more comprehensive approach of AO 29 of incorporating newborn care and will now use the basic/comprehensive emergency obstetric and newborn care (B/CEmONC) instead of the current basic/comprehensive emergency obstetric care (B/CEmOC).

17. The project will continue to finance the pilots of WHSM services that are expected to appropriately respond to overseas Filipino workers, sex workers and adolescents.

18. The re-alignment of the project to support the national policy will have the re-structured second component (Part B) funding the national scale up of behavioral change communication interventions which will include media advertisements and the national dissemination of mother-baby books. It will also finance the upgrading of government training hospitals that will be the main providers of training services for health personnel. It will fund the training of health workers from all over the country on the delivery of BEmONC, CEmONC and other WHSM services. It will support investments on blood supply equipment nationally although the project will prioritize support for the 5 project provinces. It will continue to finance the development of policies and guidelines while ensuring that the monitoring and evaluation systems for both the project and the national strategy are strengthened.

19. With all the above changes, the revised project description will be as follows:

> *<u>Part A</u> <u>Local Delivery of the Integrated WHSM Service Package</u>*
>
> *1. (a) Develop and enhance the capacity of LGU Beneficiaries to establish and operate a network of providers of the WHSM Service Package, including teams for women's health ("WH Team"), basic emergency obstetric and newborn care ("BEmONC Team"), comprehensive emergency obstetric and newborn care ("CEmONC Team"), sexually transmitted infection team ("STI Team"), adolescent and youth health team ("AYH Team"), and itinerant team ("Itinerant Team") through the provision of: (i) goods and works for DOH-owned facilities; and (ii) consultant services, training and workshops.*
>
> *(b) In selected pilot sites, assist LGUs in the development and implementation of cost-effective and sustainable approaches to reach three high risk groups: freelance sex workers, returning overseas workers, and young adults.*

*2. Establish and operate reliable and sustainable support systems for the delivery of the WHSM Service Package, through:*

*2.1 Pilot testing Performance-based Grants to selected LGUs, health services providers, and users that would ensure:*

*(a) Behavioral change towards facility deliveries supported by the enactment of supporting local ordinances and dissemination of mother-baby book and other goods and supplies.*

*(b) Drug and contraceptive security, that would include the (i) the establishment of efficient province- and city-wide logistics planning, management and procurement systems; (ii) the segmentation of local markets for appropriate targeting of subsidized financing and free distribution of contraceptives; and (iii) the complementary establishment or expansion of social marketing initiatives for contraceptives.*

*(c)) Sustainable financing of local WHSM services and related commodities through increased LGU financing and increased revenues from PhilHealth benefit payments.*

*2.2 Safe blood supply, through the provision of goods and services for the setting up of a network of blood service facilities at different levels of the health care system to meet anticipated needs for safe blood for obstetric and other emergencies.*

## *Part B: National Capacity to Sustain WHSM Services*

*1. Develop, adopt and implement operational and regulatory guidelines for the provision and use of WHSM Services.*

*2. Behavior change communication interventions through the provision of goods and services for advocacy, communications and information dissemination.*

*3. (a) Develop a network of training providers that are accredited to provide courses on: (i.) appropriate delivery of the integrated WHSM Service Package; and (ii.) team work and collaboration for the various types of WHSM teams; and (b) support the training of various WHSM teams in this network.*

*4. (a) Develop a system to monitor and evaluate the implementation of the WHSM Service Package and publicly disseminate the monitoring and evaluation results; (b) carry out Project baseline and impact evaluation studies; and (c) support policy and operations research on WHSM.*

*5. Establish and maintain project management capacity at the national and at the local level.*

20. The current loan agreement has six performance indicators. It is now proposed that we fine-tune the project indicators as written in the loan agreement.

| Indicator Number | Performance Indicators |
|---|---|
| 1 | % of births delivered by skilled attendant (health professional) either in facility or at home |
| 2 | % of births delivered in a health facility |
| 3 | % of deliveries by the poor in BEmOCs and CEmOCs financed through PhilHealth Sponsored Program |
| 4 | % of deliveries by the poor in BEmOCs and CEmOCs financed through DOH-LGU Performance-based Grant |
| 5 | Increase in the contraceptive prevalence rate |
| 6 | % of RHUs that have not experienced stock-outs of pills, injectables and IUDs for the past 6 months |

21. Indicator number 1 *(% of births delivered by skilled attendant or health professional at either in facility or at home*) is incompatible with the recently adopted national strategy of rapidly expanding access to facility deliveries. Given that the DOH and the provinces will no longer focus in attaining this indicator, it is proposed that this indicator be dropped.

22. Indicator number 4 (*% of deliveries in BEmOCs and CEmOCs financed through DOH-LGU performance-based grants)* is being proposed to be dropped so that the project can focus on getting the facility deliveries financed by PhilHealth for this acknowledges that sustained financing will be coming primarily from health insurance.

23. The current description of two of the indicators (indicators number 3 and 6) makes it difficult to measure these indicators. Indicator number 3 (*% of poor whose facility delivery was financed by the Sponsored Program National Health Insurance Program (PhilHealth-SP)* is difficult to measure since there is still no universally accepted listing of poor per LGU in the Philippines. In the absence of such listing, this indicator has not been tracked since the start of the project. It is therefore proposed that indicator number 3 be slightly modified into measuring the % of all deliveries in BEmONCs financed by PhilHeath-SP. This indicator will focus on tracking the ideal results of health insurance-financed deliveries at the first-level facility of BEnONC. It also measures the sustainability of the project interventions

24. Indicator number 6 ("*% of rural health units (RHUs) that have not experience stock-outs of pills, injectables and IUDs for the past 6 months*") is also difficult to measures. Health centers/RHUs do not routinely reports stock-outs and the DOH does not routinely report this number. Since the project started, there was only one year where data was actually collected but this was done with the use of provincial health staff going town to town to get the data of which data quality is admittedly questionable. Since the intention of this indicator is to measure contraceptive security, it is now proposed that the project shift to a less ambitious project indicator of "*% of LGUs that have passed an ordinance on contraceptive self reliance*". Although an input indicator, this is a measurable number that can provide a picture of the commitment by LGUs to contraceptive security.

25. In order to improve the monitoring of project performance, slight changes in indicators 2 and 5 *(i.e percentage of facility deliveries, % of PhilHealth-financed deliveries, and contraceptive prevalence rate)* is recommended by monitoring and tracking these indicators per project LGU basis.

26. With the dropping of indicators 1 and 4, the following indicators are now proposed to be included as part of the results framework. Two of these indicators are from the PAD while the third one is an adaption of the Core Indicators that the Bank is now tracking globally across all projects.

27. The PAD indicators being proposed for inclusion in the restructured loan agreement are (a.) *% of the BEmOCs have PHILHEALTH accreditation for its maternity care package* and *(b.) Number of LGUs attaining 75% of their targets for LGU enrolment of poor households into the PhilHealth sponsored program.* However, the indicator on accreditation will be slightly revised to indicate BEmONCs and that it will be measured on a project province basis. The indicator on LGU enrolment into PhilHealth will be improved into a sustainability indicator as follows: *"% of project LGUs sustaining their enrolment for the PhilHealth Sponsored Program coverage to at least 75% of the city and municipal targets/"*

28. The Core Indicator being adopted is the indicator "*number of health personnel trained"*. This will be slightly revised to *"the number of BEmONC teams trained"* since the project focuses on training and building up health teams rather than individual health personnel.

29. The fine-tuned **seven** project indicators are now proposed as compared to the current indicators are as follows:

| Current Performance Indicators | Restructured Performance Indicators |
|---|---|
| % of births delivered by skilled attendant (health professional) either in facility or at home | Dropped |
| % of births delivered in a health facility | % of births delivered in a health facility in each project LGU |

| | |
|---|---|
| % of deliveries by the poor in BEmOCs and CEmOCs financed through PhilHealth Sponsored Program | % of deliveries by the poor in BEmONCs in each project LGU financed through PhilHealth Sponsored Program |
| % of deliveries by the poor in BEmOCs and CEmOCs financed through DOH-LGU Performance-based Grant | Dropped |
| Increase in the contraceptive prevalence rate | Increase in contraceptive prevalence rate in each project LGU |
| % of RHUs that have not experienced stock-outs of pills, injectables and IUDs for the past 6 months | % of project LGUs that have passed an ordinance on contraceptive self reliance |
| [redacted] | % of BEmONCs in each project LGU that are PhilHealth accredited for its maternal care package |
| [redacted] | Number of BEmONC teams in project LGUs trained |
| [redacted] | % of project LGUs sustaining their enrolment for the PhilHealth Sponsored Program coverage to at least 75% of the city and municipal targets |

What are the other complementary changes, as applicable:

Institutional arrangements ___Yes _X_No
If, yes, please explain:

Financing mechanism/Conduit _X_Yes ___No
If, yes, please explain:

There is no longer a need for sub-project financing to fund the upgrade of local government-owned health facilities as the next three project provinces can now access grant funds from the Spanish Aid Agency and national government budgetary support to fund the upgrading. Besides the removal of the sub-project financing to the project provinces, no other changes are planned.

Outputs X_Yes ___No
If, yes, please explain:

The project will no longer fund civil works for the upgrading of health facilities. All originally planned outputs (i.e. trained health workers, blood supply systems in place, etc.) are retained.

Project Costs and financing plan (include summary tables) _X_Yes ___No
If, yes, please explain:

The total project costs will be the same with the IBRD component of US$16 million and the borrower's share of US$22 million retained. However, there will be a re-allocation of the funds across components brought about by the dropping of the sub-project financing component and the need to finance the scale up of the other components. There will be an increase of 1.7 million USD in the performance grants (PBGs) primarily brought about by increased estimates of poor households that needs to be enrolled into the National Health Insurance Program or PhilHealth, the expansion of the PBGs for facility deliveries, and the revision and enhancement of the PBGs for contraceptive security. The current PBGs and the revised and improved PBGs are attached (Annex 4).

In addition to the increase for funding PBGs, there will be a 20% increase (4.8 million USD from the current allocation of 4 million USD) for the allocation for goods to account for the added inputs to the HRTD and BCC. Training and workshops will decrease by 12% (1.5 million USD from the current allocation of 1.7 million USD) as the costs of training have decreased with the decision of government to manage the HR trainings and organize a consortium of government hospitals to be the lead training institutions. The original and revised allocation is attached (Annex 5).

Financial management ___Yes _X_No
If, yes, please explain:

No changes in financial management are expected. Nonetheless, even if there are no expected changes, financial management assessments were conducted of the batch 2 provinces of Albay, Masbate and Catanduanes. The FM assessment deemed the FM management of these provinces acceptable for project implementation.

The FM assessment is attached as Annex 6.

Disbursement arrangements _X_Yes ___No
If, yes, please explain:

With the removal of sub-project financing, there is no more need to maintain a special account with the Department of Finance for Part A of the project. The Department of Health special account for Parts A and B will be retained.

Procurement ___Yes _X_No
If, yes, please explain:

Closing date _X_Yes ___No
If, yes, please explain:

The closing date will be extended for one year from the current closing date of June 30, 2012 to the proposed June 30, 2013. This extension is expected to allow the project to fully implement the delayed project components. This also provides support for the ongoing implementation of the national strategy or Administrative Order 29 series of 2008.

Implementation schedule _X_ Yes ___No
If, yes, please explain:

The delayed implementation of the project and the extension of the closing date for one year will push back the implementation of all project components particularly the local level implementation in the next batch of project provinces. The PBGs in the first two provinces are now expected to end by the first quarter of CY 2012 while the PBGs in the next three project provinces will commence by the third quarter of CY 2010 and are expected to end by the first quarter of CY 2013.

The support provided to the scaling up of the national-level implementation of the BCC, blood supply, and HRTD components will continue until the end of the projects. The pilots on adolescent health and sexual health workers will commence by the last quarter of 2010 and are expected to continue up to CY 2013. The mid-term evaluation survey which was expected to have been done in CY 2009 is now expected to be contracted and done in CY 2011. The end of project evaluation survey will be initiated and completed by the CY 2013. The end of project evaluation will include an impact evaluation of the project interventions.

# ANNEX 2: Appraisal Summary Update

Do the proposed changes result in significant change of impact (from original Appraisal Summary of the PAD) in the following:

Economic and financial analysis ___Yes _X_No
If, yes, please explain:

Technical ___Yes _X_No
If, yes, please explain:

Social ___Yes _X_No
If, yes, please explain:

Environment ___Yes _X_No
If, yes, please explain:

Exceptions to Bank Policy ___Yes _X_No
If, yes, please explain:

# ANNEX 3: Updated Critical Risk Framework

**New Risks Identified During Implementation/Restructuring That Might Jeopardize Achievement of the Restructured Project DOs or Outcome Targets:**

| Risks | Risk Rating | Risk Mitigation Measures |
|---|---|---|
| No new risk identified | | |

# ANNEX 4: Current and Proposed Revised Performance Grants

| | Performance indicator | Current PBGs | **Proposed Revised and Improved PBGs** |
|---|---|---|---|
| PBG 1 | Facility deliveries | Php 1,000 to WHTs for every facility delivery | Php 1,000 to WHTs and Php 1,000 to the health facility for every facility |
| | | | An additional PBGs for the passage of LGUs of ordinances that: (a.) organization of WHTs; (b.) incentives for facility deliveries; (c.) user fee collection and revenue retention and distribution rules<br><br>• For provinces- 300,000 pesos (in WHSM goods and supplies) per province<br><br>• For municipality/city -100,000 pesos (in WHSM goods and supplies) per municipality and city |
| PBG 2 | Contraceptive security | Peso for peso PBG for contraceptives procured by the LGUs. | PBGs shall now be given for the passage by the city or municipality of an ordinance on contraceptive self-reliance and initial budget appropriation.<br><br>The PBGs shall in the form of:<br><br>• Php 200,000 worth of family planning goods and supplies per municipality or city<br><br>• Php 80,000 worth of family planning franchise per municipality or city |
| PBG 3 | Universal health insurance coverage | 50% of LGU counterpart to the premium for PhilHealth SP enrolment of indigent families | SAME |

# ANNEX 5: Revised Allocation to Categories

| Category | Original Loan Allocation (USD) | Increase/ (Decrease) | % of Increase/ (Decrease) | Proposed Loan Allocation | % of Expenditures To be Financed |
|---|---|---|---|---|---|
| (1) Goods | 4,000,000.00 | 800,000.00 | 20% | 4,800,000.00 | 100% |
| (2) Works | 1,300,000.00 | (50,000.00) | (4%) | 1,250,000.00 | 100% |
| (3) Consultants' services | 2,700,000.00 | (30,000.00) | (1%) | 2,670,000.00 | 100% |
| (4) Training and workshops | 1,700,000.00 | (200,000.00) | (12%) | 1,500,000.00 | 100% |
| (5) Performance-based Grants | 3,300,000.00 | 1,700,000.00 | 51% | 5,000,000.00 | 100% of amounts disbursed |
| (6) Subproject Financing under Part A.1(a)(i) of the Project | 1,500,000.00 | (1,500,000.00) | (100%) | 0.00 | |
| (7) Front-end Fee | 80,000.00 | | | 80,000.00 | |
| (8) Premia for Interest Rate Caps and Interest Rate Collars | 0.00 | 0.00 | (0.00) | 0.00 | |
| (9) Unallocated | 1,420,000.00 | (720,000.00) | (52%) | 700,000.00 | |
| Total | 16,000,000.00 | (0.00) | (0.00) | 16,000,000.00 | |

# ANNEX 6: Financial Management Assessment

**Additional Provinces to be Included as Project Sites**

1. A financial management assessment of the three provinces (Albay, Catanduanes and Masbate) being added as additional project sites were conducted to determine their financial management capacity to implement the activities under component A of the project. The Component A supports building up of the capacity of a select number of provinces to deliver integrated womens' health and safe motherhood services by financing goods and works for local government unit (LGU)-owned and Department of Health-owned health facilities in these provinces; performance based grants; consultant services; and training and workshops.

2. The assessment showed that the financial management systems of the three provinces will meet the financial management requirements as stipulated in OP/BP10.02 subject to implementation of agreed actions and mitigating measures designed under the original project. The assessed financial management risk for these provinces before the mitigating measures is considered substantial**.** The factors that put the FM at substantial risk in these provinces are: (i) the disclaimer audit report by the Commission on Audit for provinces of Masbate and Catanduanes; (ii) the qualified audit opinion for province of Albay; and (ii) the lack of experience of the three provinces in Bank's disbursement procedures.

3. The weaknesses noted in the provinces, among others, are as follows: Masbate – (i) the province failed to conduct physical inventory of its Property, Plant and Equipment valued at PhP520.84 million, and (ii) there were unreconciled differences in the cash in bank account between ledger and bank statement totaling PhP11.65 million; Catanduanes – (i) the province did not conduct physical count of its inventories and property, plant and equipment and was unable to provide proof of land ownership, (ii) inadequate documentation on some receivable accounts and non-preparation of updated bank reconciliation statements; and Albay – the province failed to complete the conduct of physical inventory of all its supplies and property and submitted only a partial report of property, plant and equipment, thus, actual existence, and validity of the recorded cost of inventories and property valued in the books at PhP746.15 million and Php52.89 million, respectively, could not be ascertained.

4. The FM risk for the three provinces could be reduced to an acceptable level after the mitigating measures designed under the original project enumerated below are implemented and have shown effective impact. The financial management arrangement and mitigating measures shall include the following, among others:
   a. Maintenance of an adequate financial management system with appropriate books of accounts and in accordance with generally accepted accounting principles;
   b. Maintenance of separate project bank account for the loan proceeds;

c. Annual audits of the project financial reports of the beneficiary provincial Local Government Units (LGUs) by their respective Commission on Audit (COA);
d. Training of the financial management staff of the provincial LGUs;
e. Submission by provincial LGUs to DOH of an operation and maintenance plan for the duration of the project and establishment of a special fund for the operations and maintenance of the facilities and equipment; and
f. DOH will continue to handle the overall financial management arrangement for the Project.

5. DOH is currently implementing three Bank-assisted projects, which include this Project, the National Sector Support for Health Reform Project (NSSHRP), and the EC Grant, and in the past had implemented other Bank-assisted projects. The FM implementation support reviews conducted by the Bank in April and May 2009 concluded that the implementation of the FM arrangements under NSSHRP and WHSMP2 were Moderately Satisfactory and Moderately Unsatisfactory, respectively. The significant issue that affects the adequate implementation of the FM arrangements under the existing Bank-assisted projects is the inadequate FM staff at DOH Central Office (CO). DOH has had delays in submitting the required financial reports and although it had been addressing these delays, it must ensure that delays will not happen in the future. This would require more intense supervision by the DOH project management over all the Bank-assisted projects. The Commission on Audit (COA) rendered a qualified opinion on the 2008 project financial statement for WHSMP and clean opinions on NSSHRP and EC Trust Fund. As of February 1, 2010, DOH has no outstanding audit reports.

6. FM Action Plan – Following are the actions that DOH should undertake to bring the FM of the project to Satisfactory level:

| Action | Responsible | Due Date |
|---|---|---|
| 1. Ensure prompt submission of the quarterly Financial Monitoring Reports. First quarter 2010 FMR should be submitted on or before May 14, 2010. | Bureau of International Health Cooperation (BIHC) | May 14, 2010 |
| 2. Submit lacking reports on the 2009 4$^{th}$ Quarter FMR. | BIHC | March 31, 2010 |
| 3. Ensure prompt submission of the 2009 audited project financial statements | Financial Management Services (FMS) | June 30, 2010 |
| 4. Submit the unaudited financial statements to the Commission on Audit for them to commence the audit of the 2009 project financial statements. | FMS | March 31, 2010 |

## ANNEX 7: ISRs ratings

| ISRs | Progress toward achievement of PDO | Overall Implementation Progress (IP) |
|---|---|---|
| January 1, 2010 | MS | MS |
| August 11, 2009 | MS | MU |
| February 13, 2009 | MS | MU |
| December 14, 2008 | MS | MU |
| July 3, 2008 | MS | MU |
| February 13, 2008 | MS | MU |
| November 4, 2007 | S | MS |
| March 21, 2007 | S | MS |
| May 21, 2006 | S | MS |
| February 14, 2006 | S | S |
| June 9, 2005 | S | S |

# ANNEX 8.1: Current and Proposed Results Framework

| PDO | | Project Outcome Indicators | | Use of Project Outcome Information | |
|---|---|---|---|---|---|
| **Current** | **Proposed** | **Current** | **Proposed** | **Current (as written in the PAD)** | **Proposed** |
| The objective of the Project is to assist the Borrower in improving women's health by: (i) demonstrating in selected sites a sustainable model of delivering cost-effective reproductive health services to disadvantaged women; and (ii) establishing support systems to facilitate country-wide replication of lessons learned within the framework of its Health Sector Reform Agenda | Same | ***Key Indicator***: 80% births delivered by skilled attendant (health professional), either in a facility or at home *(Baseline: 59.8% delivered by a health professional; 2003 NDHS*) can we update with 2008 NDHS<br><br>***Key Indicator***: 75% of births delivered in a health facility *(Baseline: 37.9% delivered in health facility; 2003 NDHS*)<br><br>***Key Indicator***: 75% of deliveries by the poor in BEMOCs and CEMOCs financed through PHILHEALTH SP<br><br>***Key Indicator***: 25% of deliveries by the poor in BEMOCs and CEMOCs financed through DOH-LGU Performance grant | Dropped<br><br>**80% births delivered in a health facility in each project LGU**<br><br>**40% of deliveries in BEmONCs in each project LGU is financed by PhilHealth -Sponsored Program**<br><br>Dropped | Provincial PMO:<br><br>Yr 1-2 to identify compliance level of LGUs with regard to delivery protocols<br><br>Yr 2-3 to identify effectiveness of advocacy and financial incentives<br><br>Yr 5 – sustainability | Same |

| PDO | | Project Outcome Indicators | | Use of Project Outcome Information | |
|---|---|---|---|---|---|
| **Current** | **Proposed** | **Current** | **Proposed** | **Current (as written in the PAD)** | **Proposed** |
| | | ***Key Indicator***: Increase contraceptive prevalence rate by 10 percentage points *(Baseline: CPR at 46.5 % and modern contraceptive at 26%; 1998 NDHS)* | **Increase in CPR in each project LGU by 10 percentage points** | Yr 1-2 : identify gaps with regard to quality and use of FP service delivery<br><br>Yr 3-5: identify level of effectiveness of advocacy work and market segmentation | Same |
| | | 100% of the BEMOCs have PHILHEALTH accreditation for maternity package | **100% of BEmONCs in each project LGU are PhilHealth accredited for its maternal care package** | Yr 1-5: identify facilities with potential revenue source from PHILHEALTH | Same |
| | | ***Key Indicator***: 100% of RHUs have not experienced stock-outs of pills, injectables and IUDs for the past 6 months<br>(Note: Stock-outs defined as absence of supply) | **100% of project LGUs have passed an ordinance on contraceptive self-reliance** | Yr 3-5: assess increasing support of LGUs | Yr 1-2: assess level of LGU commitment to provide key contraceptives particularly oral and injectable contraceptives<br><br>Yr 3-5: assess increasing support of LGUs |
| | | Increase LGU enrollment for the PHILHEALTH Sponsored Program coverage and sustain to at least 75% of the target poor household at the municipal and city level | **% of project LGUs sustaining their enrolment for the PhilHealth Sponsored Program coverage to at least 75% of** | Yr 2: determine project implementation level at the municipal/LGU level (minimum condition: trained | Same |

| PDO | | Project Outcome Indicators | | Use of Project Outcome Information | |
|---|---|---|---|---|---|
| **Current** | **Proposed** | **Current** | **Proposed** | **Current (as written in the PAD)** | **Proposed** |
| | | | **the city and municipal targets** | providers and upgraded facilities are in place) l<br>Yr 3-5: as above; sustainability | |
| | | 80% of WHT, BEMOC and CEMOC teams have completed training on the integrated WHSM-SP | **100% of BEMOC teams in project LGUs trained** | Yr.1:training provider hired and pilot-tested integrated training package<br>Yr.2: track development and implementation of accreditation process<br>Yr.3-4 : identify training provider mapping for batch 2 project sites | Yr.1:DOH-led training consortium established and training packages and curriculum developed<br>Yr.2-5: track implementation of DOH consortium of training program |

# ANNEX 8.2: Restructured Results Framework and Monitoring

| Project Outcome Indicators | Target Values | | | | | | | | Use of Project Outcome Information |
|---|---|---|---|---|---|---|---|---|---|
| | **Yr 1 (2006)** | **Yr. 2 (2007)** | **Yr. 3 (2008)** | **Yr. 4 (2009)** | **Yr. 5 (2010)** | **Yr. 6 (2011)** | **Yr. 7 (2012)** | **Yr. 8 (2013)** | |
| **80% births delivered in a health facility in each project LGU** | | 40% | 50% | 60% | 65% | 70% | 75% | 80% | Provincial PMO:<br><br>Yr 1-2 to identify compliance level of LGUs with regard to delivery protocols<br><br>Yr 2-3 to identify effectiveness of advocacy and financial incentives<br><br>Yr 5 – sustainability |
| **40% of deliveries in BEmONCs in each project LGU is financed by PhilHealth -Sponsored Program** | | | 5% | 5% | 10% | 15% | 25% | 40% | |
| **Increase in CPR in each project LGU by 10 percentage points** | | | | | | Increase by 10% for Sorsogon and Surigao | | Increase by 10% for Albay, Masbate and Catanduanes | Yr 1-2 : identify gaps with regard to quality and use of FP service delivery<br><br>Yr 3-5: identify level of effectiveness of advocacy work and market segmentation |
| **100% of BEmONCs in each project LGU are PhilHealth accredited for its maternal care package** | | 10% | 20% | 30% | 40% | 60% | 80% | 100% | Yr 1-5: identify facilities with potential revenue source from PHILHEALTH |

| Project Outcome Indicators | Target Values | | | | | | | | Use of Project Outcome Information |
|---|---|---|---|---|---|---|---|---|---|
| | **Yr 1 (2006)** | **Yr. 2 (2007)** | **Yr. 3 (2008)** | **Yr. 4 (2009)** | **Yr. 5 (2010)** | **Yr. 6 (2011)** | **Yr. 7 (2012)** | **Yr. 8 (2013)** | |
| **100% of project LGUs have passed an ordinance on contraceptive self-reliance** | | | | | 20% | 40% | 70% | 100% | Yr 1-2: assess level of LGU commitment to provide key contraceptives particularly oral and injectable contraceptives<br><br>Yr 3-5: assess increasing support of LGUs |
| **% of project LGUs sustaining their enrolment for the PhilHealth Sponsored Program coverage to at least 75% of the city and municipal targets** | Sorsogon and Surigao | | 50% | 50% | 75% | 75% | 75% | 75% | Yr 2: determine project implementation level at the municipal/LGU level (minimum condition: trained providers and upgraded facilities are in place) l<br>Yr 3-5: as above; sustainability |
| | Albay, Masbate and Catanduanes | | | | 50% | 50% | 75% | 75% | |
| **100% of BEmONC teams in project LGUs trained** | | | | 50% | 60% | 70% | 85% | 100% | Yr.1:DOH-led training consortium established and training packages and curriculum developed<br>Yr.2-5: track implementation of DOH consortium of training program |