



DOCUMENT OF THE WORLD BANK

RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
STRENGTHENING THE SCIENCE, TECHNOLOGY AND INNOVATION SYSTEM IN PERU
APPROVED ON JANUARY 11, 2017
TO
REPUBLIC OF PERU

FINANCE, COMPETITIVENESS AND INNOVATION

LATIN AMERICA AND CARIBBEAN

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I. BASIC DATA

Product Information

Project ID P156250	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 11-Jan-2017	Current Closing Date 31-Dec-2021

Organizations

Borrower Republic of Peru	Responsible Agency CONCYTEC
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Project Development Objective (PDO)

Original PDO

The project's development objective is to strengthen the science, technology and innovation system to improve research skills and firm-level innovation.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net		
					Commitment	Disbursed	Undisbursed
IBRD-86820	11-Jan-2017	08-Feb-2017	06-Jul-2017	31-Dec-2021	45.00	40.30	4.70

Policy Waiver(s)

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

No

II. SUMMARY OF PROJECT STATUS AND PROPOSED CHANGES



PROPOSED RESTRUCTURING

The proposed restructuring extends the closing date of the project by 10.5 months, from December 31st 2021 to October 14th 2022. No other changes are requested.

To allow for the successful completion of ongoing project activities that were delayed due to the COVID-19 pandemic, the extension of the closing date had originally been requested by the Government of Peru for a period of 12 months. Given that the final repayment date for this Loan is November 15, 2022 and it cannot be modified, the Closing Date extension to December 31, 2022 cannot be approved. To allow the Borrower to benefit from the maximum possible loan disbursement period consistent with the Bank's debt Management requirements, the Closing Date and the Disbursement Deadline Date hereby proposed are October 14, 2022. The team has discussed the new Closing Date with the counterparts and they agree with it.

PROJECT PERFORMANCE

The project implementation progress (IP) and Progress towards PDO has consistently been rated Satisfactory, including the latest ISR (Sequence # 9, dated June 22, 2021). The letter from the Government (590-2021-EF/52.04, dated June 28, 2021) requesting extension indicates a 71.9% implementation of the total project amount equivalent to US\$100 million (IBRD Loan 86820 of US\$45 million and Counterpart Financing of US\$55 million). Execution of activities financed from loan proceeds stands at 82% and disbursement is at 89.6%. The project is on track to meet most of its targeted results, with some of the results contingent on the granting of the extension.

Out of the four PDO indicators, the first one has almost achieved its end target, the second has surpassed it, while the third and the fourth are currently being estimated and analyzed since the underlying activities to which they refer were delayed because of COVID-19 pandemic.

COMPONENT-WISE DESCRIPTION OF PENDING ACTIVITIES TO BE COMPLETED WITH CLOSING DATE EXTENSION

The following activities are yet to be completed that would be enabled by the proposed extension:

Component 1 (Improving the Institutional Framework of the National STI System): A key activity concerns the ongoing Public Expenditure Review (PER) that has been designed in phases to address issues of governance, efficacy, and efficiency of the STI promotion instruments and institutions in Peru. The first phases were carried out in 2020 and 2021 (mapping and functional analysis), and Concytec has requested the third phase (efficacy analysis) to be implemented in 2022, which would be made possible by the extension of the Closing Date. The phase on efficiency will be canceled due to limited time.

Component 2 (Strategic Programs: Productivity and Innovation Fund and Competitiveness Reinforcement Initiatives for Productive Innovation): This component includes activities aimed at reinforcing Industry-Academia Linkages in a set of eight critical value chains to deepen innovation across Peruvian regions. The activities were planned in two phases: first, to develop action plans resulting from structured public private dialogue following an approach labeled as IVAIs (Spanish acronym for Initiative for Linking Academies with Industry), and second to implement each of the value chain action plans. As collaborative meetings between multiple actors were difficult to organize due to the



COVID-19 pandemic, remote arrangements needed to be set up, and the launch of this activity had been significantly delayed (March 2021). IVAs are currently at an advanced stage of implementation and creating significant insights on the opportunities to leverage STI to support value chains development, but some additional time is needed to complete the process and finalize the plans. Finally, the requested extension is necessary to allow the implementation of the action plans (or the parts of these plans that can be implemented on the short term).

Component 3 (Research and Innovation Capacity): The component is directed at human resources for innovation, and under this gender-tagged project, there are 98 PhD students being supported (41 female) and 190 research teams (46 of the teams being majority female). While the recipients of the competitive research awards under this component have started their research work, they have lost time due to the COVID-19 pandemic and need the project extension to be able to successfully conclude their research projects. Similarly, key procurement activities for research lab equipment have been delayed and require the extension to be completed.

FIDUCIARY AND SAFEGUARDS PERFORMANCE

The fiduciary performance of the project is rated as Moderately Satisfactory. The project is in compliance with relevant financial management covenants, namely there are acceptable FM arrangements in place, the project submitted quarterly interim financial reports on time, there is no overdue audit of the project, and there have not been in the past any audit reports that were deemed unsatisfactory by the Bank. Regarding safeguards, the project risk rating is moderate as well, with substantial recent improvements in the management of social and environmental safeguards.

III. DETAILED CHANGES

LOAN CLOSING DATE(S)

Ln/Cr/Tf	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
IBRD-86820	Effective	31-Dec-2021		14-Oct-2022	14-Oct-2022