



# India: COVID-19 Active Response and Expenditure Support Program

Project Name	COVID-19 Active Response and Expenditure Support Program												
Project Number	54182-001												
Country	India												
Project Status	Active												
Project Type / Modality of Assistance	Loan Technical Assistance												
Source of Funding / Amount	<table border="1"> <tr> <td colspan="2">Loan 3915-IND: COVID-19 Active Response and Expenditure Support Program</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 500.00 million</td> </tr> <tr> <td colspan="2">Loan 3916-IND: COVID-19 Active Response and Expenditure Support Program</td> </tr> <tr> <td>Ordinary capital resources</td> <td>US\$ 1,000.00 million</td> </tr> <tr> <td colspan="2">TA 9969-IND: Building Capacity for Improved Implementation of Government's COVID-19 Response and Pro-Poor Economic Package</td> </tr> <tr> <td>Technical Assistance Special Fund</td> <td>US\$ 2.00 million</td> </tr> </table>	Loan 3915-IND: COVID-19 Active Response and Expenditure Support Program		Ordinary capital resources	US\$ 500.00 million	Loan 3916-IND: COVID-19 Active Response and Expenditure Support Program		Ordinary capital resources	US\$ 1,000.00 million	TA 9969-IND: Building Capacity for Improved Implementation of Government's COVID-19 Response and Pro-Poor Economic Package		Technical Assistance Special Fund	US\$ 2.00 million
Loan 3915-IND: COVID-19 Active Response and Expenditure Support Program													
Ordinary capital resources	US\$ 500.00 million												
Loan 3916-IND: COVID-19 Active Response and Expenditure Support Program													
Ordinary capital resources	US\$ 1,000.00 million												
TA 9969-IND: Building Capacity for Improved Implementation of Government's COVID-19 Response and Pro-Poor Economic Package													
Technical Assistance Special Fund	US\$ 2.00 million												
Strategic Agendas	Inclusive economic growth Regional integration												
Drivers of Change	Governance and capacity development Knowledge solutions												
Sector / Subsector	Health - Disease control of communicable disease - Health system development Public sector management - Social protection initiatives												
Gender Equity and Mainstreaming	Effective gender mainstreaming												
Description	<p>The proposed COVID-19 Active Response and Expenditure Support (CARES) Program, under the Countercyclical Support Facility COVID-19 Pandemic Response Option (CPRO) of the Asian Development Bank (ADB), will provide critically needed support to help the government mitigate the severe health, social, and economic impact caused by the coronavirus disease 2019 (COVID-19) pandemic. ADB's support will allow the government to undertake public expenditures that are essential for supporting vulnerable populations and curtailing spread of the disease.</p> <p>The ADB CARES Program will contribute directly to the immediate priorities in government's response to the pandemic- the need to improve access to health facilities and care, and protect the weakest economic section of the population and disadvantaged groups. It will contribute to the government's efforts in containing COVID-19 and treating infected people, for free, thus protecting the lives of the poor and vulnerable and preventing them from falling deeper into poverty because of medical expenses. The program also targets providing social assistance and protection over 3 months to more than 800 million people, including families below poverty line, farmers, health care workers, women, women's self-help groups, widows, senior citizens, people with disabilities, low wage earners, and construction workers. Beneficiaries will be reached through established channels under the Pradhan Mantri Garib Kalyan Yojana (PMGKY), or the Prime Minister's Welfare Scheme for the Poor. Food, gas, and cash for the affected and vulnerable beneficiaries will help them endure the shocks induced by the lockdown. Support in these areas will help a quicker economic recovery when the lockdown is eased. Any further fiscal stimulus will be sub-optimal if these urgent concerns are not addressed. The numbers of beneficiaries are detailed in the government's COVID-19 Response Program.</p>												

Project Rationale and Linkage to Country/Regional Strategy

COVID-19 infection is increasing rapidly in India. By 18 April 2020, India has reported 14,377 confirmed cases, 1,991 cured and discharged cases, and 480 deaths. India is currently experiencing clusters of cases where several infection cases occur in close proximity in terms of both time and geography. India faces serious shortage in medical staff and necessary facilities and equipment. Assuming the worst-case scenario of 2.2 million infected people, the existing intensive care unit capacity of 57,000 beds will need to be doubled and all of them will have to be equipped with ventilators.

Health system. While the government is committed to universal health coverage and has implemented key health sector interventions such as the National Health Mission for the poor and vulnerable, public health expenditure in India remains at about 1% of gross domestic product (GDP). India continues to face persistent communicable diseases accounting for 27.5% of all deaths. It also has a serious shortage of medical staff and necessary facilities and equipment, with 0.8 physician and 0.7 hospital bed per 1,000 people. It is estimated that a maximum 57,000 beds in intensive care units are available, less than half of which (25,000) have ventilators. Assuming the worst-case scenario of 2.2 million infected people, India would need 110,000 intensive care units equipped with ventilators. The protection of health workers is equally important in the fight against COVID-19. Personal protective equipment (PPE) and ventilators alone would cost about \$898 million according to the government's estimation of requirements. Economic impact of the lockdown. Given the extremely high risks of the pandemic, particularly for the lower income segment of the population, once community transmission starts to take place, the Prime Minister on 24 March 2020 announced a 21-day nationwide lockdown, which was later extended until 3 May 2020. While the lockdown was necessary to curtail widespread transmission and to simultaneously address existing health sector weaknesses, it has severely depressed economic activity. The IMF has slashed the FY2021 economic growth forecast for India to 1.9%, down by more than 3.9 percentage points over its January 2020 forecast. ADB estimates that the GDP growth could fall to 1.4% under longer containment. Some forecasters have already projected an outright recession in FY2021. Although all sectors are affected, hotels, restaurants and other personal services; light and heavy manufacturing, utilities and construction; and transport services are expected to show negative growth. India has only experienced negative GDP growth twice earlier - in the 1950s and 1960s when famine struck.

Disproportionate impact on the poor and vulnerable, including women. The latest official estimates show that 21.2% of the population lived below the national poverty line in FY2012. Further, about 40.2% of the population lived below the \$3.2 poverty line in 2018, indicating that a large section of the population is vulnerable to sudden and prolonged income shocks that may drive them back into extreme poverty. Depending upon the length of the crisis and the severity of economic and social impacts, poverty simulations show that the number of \$3.2/day poor could increase by up to 104 million compared with the scenario without COVID-19. Women would be more impacted by the pandemic as they have a higher probability of exposure to COVID-19, being the primary caregivers to the family and taking up high proportion of frontline health workers.

Unemployment in the formal and informal sectors. About 68.4% of the workers are engaged in non-agricultural informal sector, and 54.8% of informal workers are women. With businesses disrupted, these are the first to lose their jobs which could easily push households below the poverty line. Among the regular wage or salaried employees in the non-agriculture sector, about 71.1% do not have a written job contract and 54.2% are not eligible for paid leave. Nearly half of the employed workers are self-employed, 22.8% earn a regular wage or salary and the remaining 24.9% are casual workers. A prolonged widespread lockdown and disruption to economic activities make these people particularly vulnerable to the loss of jobs and livelihoods.

Among the wide range of the government measures to address the pandemic impact, the CARES Program will focus on addressing the immediate needs of vulnerable groups for 3 months while stepping up the health sector response. The scope of the government's COVID-19 response program is summarized below, and detailed breakdown is in the linked documents.<sup>36</sup>

A \$2 billion COVID-19 containment plan. The Prime Minister announced the COVID-19 Response and Health Systems Preparedness Project on 24 March. It includes a 150 billion (\$2 billion, or about 0.1% of GDP) package to (i) carry out emergency responses through the provision of PPE, enhanced surveillance, improved health facilities, training of health workers, testing and tracking for the containment of COVID-19; (ii) strengthen the national and state health systems to support prevention and preparedness; (iii) strengthen pandemic research; and (iv) enhance risk communication and community engagement.<sup>37</sup> This project is designed to provide necessary support in response to the emerging situation by reallocating the project budget flexibly, considering the WHO advisories and other emerging evidences. Under the project, the MOHFW is providing essential supplies such as PPE, significantly increasing the testing capacity through a network of public and private laboratories and the introduction of antibody-based blood tests to speed up the detection of cluster infection; introducing mobile application, Arogya Setu, using Bluetooth for effective infection path tracking; supporting districts to increase isolation wards at district hospitals and medical colleges; enhancing risk communication and community engagement using information technology as well as frontline health workers.

A \$23 billion pro-poor economic relief package. The Finance Minister announced the Prime Minister's Welfare Scheme for the Poor (PMGKY) on 26 March 2020, which includes a 1.7/trillion (\$23 billion or about 0.8% of GDP) package to provide immediate social security benefits to the poor, vulnerable and disadvantaged groups including women affected due to the lockdown. It consists of (i) providing free health insurance for all levels of health workers and providing funds for health-related expenditures (estimated at \$3.3 billion); (ii) measures to provide social assistance for compensating economic loss to vulnerable populations, including cash transfers to farmers, women, senior citizens, and people with disabilities, and free food and gas distribution for the poor (estimated at \$15.0 billion);<sup>38</sup> and (iii) social security measures for affected workers in both the formal and informal sectors, including the government's contribution to the employers' share of contributions to the Employees' Provident Fund for 3 months benefiting small businesses, and allowing employees to withdraw up to 75% of their Employees' Provident Fund balance or 3-month salary whichever is less (estimated at \$4.8 billion).

Impact Adverse social and economic impact by the COVID-19 pandemic reduced.

Project Outcome

Description of Outcome Access to immediate healthcare for all and economic relief for vulnerable groups during COVID-19 pandemic enhanced.

Progress Toward Outcome

Implementation Progress

Description of Project Outputs COVID-19 response and health system measures implemented  
Measures to provide social assistance for compensating economic loss to vulnerable groups enhanced  
Social security measures enhanced for affected workers in both organized and informal sectors

Status of Implementation Progress (Outputs, Activities, and Issues)

Geographical Location Nation-wide

Safeguard Categories

Environment	C
Involuntary Resettlement	C
Indigenous Peoples	C

Summary of Environmental and Social Aspects

Environmental Aspects	Following an assessment of outputs, the CARES Program is not expected to have adverse environmental and will not trigger ADB's safeguards policies. It is category C for environment. No category A or B activities are envisaged. Investment activities prohibited under ADB's Safeguard Policy Statement (2009) will be excluded.
Involuntary Resettlement	Following an assessment of outputs, the CARES Program is not expected to have adverse social safeguards impacts and will not trigger ADB's safeguards policies. It is category C for involuntary resettlement. No category A or B activities are envisaged. Investment activities prohibited under ADB's Safeguard Policy Statement (2009) will be excluded.
Indigenous Peoples	Following an assessment of outputs, the CARES Program is not expected to have adverse social safeguards impacts and will not trigger ADB's safeguards policies. It is category C for indigenous peoples. No category A or B activities are envisaged. Investment activities prohibited under ADB's Safeguard Policy Statement (2009) will be excluded.

Stakeholder Communication, Participation, and Consultation

During Project Design The program will be anchored on continued communication and dialogue, both with key vulnerable groups as well as civil society organizations. Social dialogue and information dissemination will be crucial in developing an effective and responsive solution.

During Project Implementation The program team will keep adequate contact with civil society organizations to ensure that information dissemination will reach poor communities.

Responsible ADB Officer	Karan, Navendu
Responsible ADB Department	South Asia Department
Responsible ADB Division	Public Management, Financial Sector and Trade Division, SARD
Executing Agencies	Department of Economic Affairs Ministry of Finance Room No. 40-B North Block New Delhi-110001, India Ministry of Finance (Old) Department of Economic Affairs (Old) Ministry of Finance, North Block New Delhi, India

Timetable	
Concept Clearance	-
Fact Finding	13 Apr 2020 to 13 Apr 2020
MRM	15 Apr 2020
Approval	28 Apr 2020
Last Review Mission	-
Last PDS Update	28 Apr 2020

## Loan 3915-IND

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	500.00	Cumulative Contract Awards			
ADB	500.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

## Loan 3916-IND

Financing Plan		Loan Utilization			
	Total (Amount in US\$ million)	Date	ADB	Others	Net Percentage
Project Cost	1,000.00	Cumulative Contract Awards			
ADB	1,000.00	-	0.00	0.00	%
Counterpart	0.00	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

## TA 9969-IND

Financing Plan/TA Utilization						Cumulative Disbursements		
ADB	Cofinancing	Counterpart				Total	Date	Amount
		Gov	Beneficiaries	Project Sponsor	Others			
2,000,000.00	0.00	0.00	0.00	0.00	0.00	2,000,000.00	-	0.00

Project Page <https://www.adb.org/projects/54182-001/main>

Request for Information <http://www.adb.org/forms/request-information-form?subject=54182-001>

Date Generated 29 April 2020

ADB provides the information contained in this project data sheet (PDS) solely as a resource for its users without any form of assurance. Whilst ADB tries to provide high quality content, the information are provided "as is" without warranty of any kind, either express or implied, including without limitation warranties of merchantability, fitness for a particular purpose, and non-infringement.

ADB specifically does not make any warranties or representations as to the accuracy or completeness of any such information.