



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 24-Mar-2020 | Report No: PIDA28982



BASIC INFORMATION

A. Basic Project Data

Country Paraguay	Project ID P173805	Project Name PY: COVID-19 Response	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 25-Mar-2020	Estimated Board Date 30-Mar-2020	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing	Borrower(s) Republic of Paraguay	Implementing Agency Ministry of Public Health and Social Welfare	

Proposed Development Objective(s)

To strengthen the national health system for emergency preparedness and response to COVID-19 pandemic in the Republic of Paraguay.

Components

Emergency COVID-19 Response
Implementation Management and Monitoring and Evaluation

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	20.00
Total Financing	20.00
of which IBRD/IDA	20.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	20.00
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Environmental and Social Risk Classification

Moderate



Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

1. **This Project Appraisal Document (PAD) describes the emergency response to the Republic of Paraguay under the COVID-19 Strategic Preparedness And Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), approved by the World Bank’s Board of Executive Directors on April 2, 2020 with an overall Program financing envelope of International Development Association (IDA) funds of US\$1.3 billion and of International Bank for Reconstruction and Development (IBRD) funds of US\$2.7 billion.**
2. **An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China.** Since the beginning of March 2020, the number of cases outside China has increased thirteenfold and the number of affected countries has tripled. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of March 20, 2020, the outbreak has resulted in an estimated 266,115 cases and 11,153 deaths in 164 countries¹.
3. **COVID-19 is one of several emerging infectious diseases (EID) outbreaks in recent decades that have emerged from animals in contact with humans, resulting in major outbreaks with significant public health and economic impacts.** The last moderately severe influenza pandemics were in 1957 and 1968; each killed more than a million people around the world. Although countries are now far more prepared than in the past, the world is also far more interconnected, and many more people today have behavior risk factors such as tobacco use² and pre-existing chronic health problems that make viral respiratory infections particularly dangerous.³ With COVID-19, scientists are still trying to understand the full picture of the disease symptoms and severity. Reported symptoms in patients have varied from mild to severe, and can include fever, cough and shortness of breath. In general, studies of hospitalized patients have found that about 83 percent to 98 percent of patients develop a fever, 76 percent to 82 percent develop a dry cough and 11 percent to 44 percent develop fatigue or muscle aches.⁴ Other symptoms, including headache, sore throat, abdominal pain, and diarrhea, have been reported, but are less common. While 3.7 percent of the people worldwide confirmed as having been infected have died, WHO has been careful not to describe that as a mortality rate or death rate. This is because in an unfolding epidemic it can be misleading to look simply at the estimate of deaths divided by cases so far. Hence, given that the actual

¹ Coronavirus COVID-19 Global Cases by the Center for Systems Science and Engineering (CSSE) at Johns Hopkins University (JHU)

² Marquez, PV. 2020. “Does Tobacco Smoking Increases the Risk of Coronavirus Disease (Covid-19) Severity? The Case of China.” <http://www.pvmarquez.com/Covid-19>

³ Fauci, AS, Lane, C, and Redfield, RR. 2020. “Covid-19 — Navigating the Uncharted.” *New Eng J of Medicine*, DOI: 10.1056/NEJMe2002387

⁴ Del Rio, C. and Malani, PN. 2020. “COVID-19—New Insights on a Rapidly Changing Epidemic.” *JAMA*, doi:10.1001/jama.2020.3072



prevalence of COVID-19 infection remains unknown in most countries, it poses unparalleled challenges with respect to global containment and mitigation. These issues reinforce the need to strengthen the response to COVID-19 across all IDA/IBRD countries to minimize the global risk and impact posed by this disease.

- This project is prepared under the global framework of the World Bank (WB) COVID-19 Response financed under the Fast Track COVID-19 Facility (FTCF) and key activities supported under the Project are aligned with the COVID-19 SPRP developed by the WHO.** The Pan-American Health Organization (PAHO) is providing technical support to the Paraguay Ministry of Public Health and Social Welfare (MSPBS) on the management of the pandemic.

Country Context

- The COVID-19 outbreak hits the Paraguay economy in a moment of economic recovery after growth stalled in 2019.** The economy was in a recession in the first half of 2019 due to weak performance of its main trading partners, especially Argentina, and adverse climatic conditions, but started to recover in the second half of the year. According to Bank estimates, Gross Domestic Product (GDP) growth was 0.1 percent in 2019. Given the recession in the first half of 2019, the authorities invoked the escape clause from the fiscal rule, capping the budget deficit (the Fiscal Responsibility Law allows an increase of the ceiling from 1.5 percent to up to 3 percent of GDP in times of crises). Therefore, the central government's budget recorded a deficit of 2.9 percent of the estimated GDP in 2019. With the economic slowdown, poverty reduction slowed in 2019, leaving 1.6 million people below the official poverty line. The poverty rate fell from 24.2 percent in 2018 to 23.5 percent in 2019. Progress on poverty reduction almost halted in urban areas (from 17.8 percent in 2018 to 17.5 percent in 2019) due to a decrease in labor income in commerce and manufacturing. Rural poverty dropped from 34.6 percent in 2018 to 33.4 percent, despite the stagnation of agricultural labor income, which concentrates almost half (0.6 million) of mostly informal rural workers.
- Against this backdrop, the authorities have reacted swiftly to the COVID-19 outbreak in March 2020 to mitigate the impact on the economy and people.** The Central Bank reduced the interest rate by 75 bps to 3.25 percent, and temporarily relaxed provisioning rules so as not to penalize credit restructurings and prolongations. The fiscal package includes additional health spending, extra allocation on basic social assistance programs, and a moratorium on fines for delayed tax payments until June. In addition, the Government announced new credit lines by public development banks to support businesses, established price monitoring for sanitary goods and declared its intention to eliminate import duties and reduce the value-added tax (VAT) from 10 percent (standard rate) to 5 percent. So far, the Government has not asked for a supplemental budget and plans to reallocate spending to health and social assistance within the existing envelope. If the outbreak is protracted, the fiscal envelope will likely be expanded within the next months to finance additional mitigating measures.

Sectoral and Institutional Context

- Paraguay poses a high risk for the spread of COVID-19 due to a case that was classified as locally transmitted.** The Government acted swiftly and implemented social distancing measures, population movement controls, and a strong social awareness campaign. So far, it has contained the number of cases



to 27, with two deaths. However, the number of cases and deaths could rise rapidly, as a consequence of the already existing local circulation of the virus. Furthermore, Paraguay's borders, broad and easily penetrable, with large neighboring countries with growing outbreaks, increase the risk of imported cases due to families living on both sides of the borders. Furthermore, the Argentine Province of Chaco in the north has one of the worst outbreaks in the country and directly borders Paraguay. Paraguay also has strong commercial and migratory ties with the Republic of Korea, the second most affected country by the pandemic in the Western Pacific Region.

8. **Paraguay has a mixed health system, comprising a public, private and mixed sector.** The National Health System, created by Law 1032 in 1996, is fragmented with several independent provider networks covering different population sub-groups. The public sector consists of the MSPBS; the health services of the Military, Police and Navy; the Institute of Social Welfare, and the Clinical Hospital, part of Asunción's National University. The private sector is made up of non-profit as well as for-profit institutions. Approximately 6 percent of the population relies on private health insurance, 20 percent receives health insurance through the social security system, and the remainder, 74 percent of the population is not covered by any health insurance and therefore relies entirely on services provided by the public health subsystems.⁵
9. **Health service provision has improved due to a gradual increase in public funding allocated to health (excluding social security),** which rose from 1 percent to 2.7 percent of GDP between 2002 and 2015. New resources have largely been invested in more infrastructure (hospitals and Family Health Care Centers (FHCCs)), equipment and human resources. Primary healthcare provision benefitted from the MSPBS's establishment under the primary healthcare strategy, of approximately 800 new FHCCs between 2008 and 2016, achieving coverage of around 32 percent of the population.⁶
10. **However, the deficit in Paraguay's health care infrastructure remains a critical factor for health care access as there are insufficient health facilities to meet the population's needs.** Estimates suggest that Paraguay needs around 1400 FHCCs to provide full coverage to the MSPBS population⁷ or 2450 to provide universal coverage.⁸ As part of the current government commitment to build a total of 400 new FHCCs,⁹ the Paraguay Public Health Sector Strengthening (PPHSS) Project¹⁰ supported by the WB will finance the construction of 152 new FHCCs facilities and the rehabilitation of 114 existing FHCCs and 10 district hospitals. Notwithstanding, the number of MSPBS hospital beds per 1000 people, 0.8, has remained unchanged between 2002 and 2015. Including the private health sector, Paraguay has a rate of 1.6 hospital beds per 1000 inhabitants, lower than the regional average of two beds per 1 000 inhabitants which poses a tremendous challenge in the current health situation.¹¹
11. **The risks of a failure to contain a rapid spread of COVID-19 is heightened by the current sanitary situation of Paraguay.** The country is already facing one of the worst Dengue outbreaks of the last years, with more than 140,000 reported and 14,000 confirmed cases and 46 deaths. Based on these figures, an

⁵ WB Public Expenditure Review (June 2018, Report No. AUS223)

⁶ MULTI-DIMENSIONAL REVIEW OF PARAGUAY: VOLUME 2. IN-DEPTH ANALYSIS AND RECOMMENDATIONS © OECD 2018

⁷ MULTI-DIMENSIONAL REVIEW OF PARAGUAY: VOLUME 2. IN-DEPTH ANALYSIS AND RECOMMENDATIONS © OECD 2018

⁸ Fiscalidad para la equidad, tomo 2, ISBN 97899967-882-3-9. 2018

⁹ MSPBS 2018. National Health Policy 2017-2030.

¹⁰ IBRD 8963-PY, currently waiting Congressional approval.

¹¹ MULTI-DIMENSIONAL REVIEW OF PARAGUAY: VOLUME 2. IN-DEPTH ANALYSIS AND RECOMMENDATIONS © OECD 2018



existing high bed occupancy rate in intensive care units is a risk since a rapid spread of COVID-19 would require additional intensive care beds in a country which, according to the WHO, currently has a deficit of 50 percent in terms of bed occupancy rates.¹² As the flu season, autumn and winter, and Respiratory Syncytial Virus (RSV) approaches, the already stressed health system will come under further pressure. Therefore, given the existing sanitary situation, a rapid outbreak of the COVID-19 would dramatically aggravate the health situation of the country if the capacity of the health system is not improved.

12. **Paraguay has formulated a comprehensive COVID-19 Preparedness and Response Plan (COVID-19 PRP), which is aligned with the WHO's SPRP¹³.** The COVID-19 PRP¹⁴ is aimed at slowing transmission, delaying outbreaks and providing optimized care for all patients, especially the seriously ill, as well as minimizing the impact of the epidemic on the health system and social services and, consequently, on economic activity. It has four strategic components: (1) Coordination, planning and monitoring at the country level; (2) Risk communication and community participation; (3) Epidemiological and Laboratory Surveillance and, (4) Services and logistics strategies that support the nine components the WHO proposed globally to scale up country operational readiness and response.¹⁵ The Government has requested financial and technical support to help assure an appropriate and timely implementation of key activities under this Plan and the provision of specific supplies and logistical support to contain and mitigate the epidemic. This would include support for treatment measures that minimize the morbidity and mortality due to the epidemic and a strengthening of the public health sector to allow the simultaneous care for regular patients
13. **Paraguay has a mixed epidemiology; still struggling to resolve the disease burden of communicable and maternal and child conditions, while facing an increasing burden of non-communicable diseases (NCDs).** This project will only support improvements of the country's health system's capacity to face and mitigate the effects of the COVID-19 outbreak through the provision of equipment and supplies necessary to strengthen the public sector's intensive care unit capacity, while the PPHSS Project will contribute to strengthening the Public Primary Health Care Micro-Networks to deal with both NCDs and communicable and vector-borne diseases as well as maternal and child health. The PPHSS Project will invest in primary health care facility infrastructure, capacity building for public health providers, health information systems, procurement and distribution systems for pharmaceuticals and medical supplies and incentives to Local Health Councils to promote prevention activities and control of priority health conditions. Thus, the PPHSS Project aims to shift care from hospitals to a more efficient and less costly primary health care system, alleviating pressure on the secondary and tertiary level of care that are critical to respond to the most severe COVID-19 cases. Though this Project will support the immediate impacts of the pandemic, and the PPHSS will serve to reduce related medium-term impacts and, the strengthening of the Paraguayan health system still requires additional investments (infrastructure, equipment, national surveillance and information systems, and supplies) in order to achieve an effective health system.

¹² There are 734 therapy beds in total in the country, 304 beds in the public sector (140 for pediatrics and neonatology); 212 in the private sector, 154 in IPS, 45 in Hospital de Clinicas and 17 in Tesãi Foundation of Ciudad del Este

¹³ <https://www.who.int/docs/default-source/coronaviruse/srp-04022020.pdf>

¹⁴ <https://www.msps.gov.py/dependencias/portal/adjunto/8f2b5d-3PLANNACIONALDERESPUESTAAVIRUSRESPIRATORIOS2020130320201.pdf>

¹⁵ (1) country-level coordination; (2) planning and monitoring; (3) risk communication and community engagement; (4) surveillance, rapid-response teams and case investigation; (5) control at points of entry; (6) support for national laboratories; (7) infection prevention and control; (8) case management; and (9) operations support and logistics.



14. **Cooperation with other partners.** The Paraguayan government is coordinating with other partners in order to adequately address the COVID-19 outbreak. PAHO is supporting the committee's operation and providing technical assistance for the management of the crisis and is supporting Emergency Operations Center created by the MSPBS to respond to the COVID-19 outbreak. The United Nations Development Programme (UNDP) and the United Nations Office for Project Services (UNOPS) have provided support for the Ministry via the purchase of medical equipment and supplies with financing from the hydroelectric dam Itaipú Binacional. Currently there are no operations with the Inter-American Development Bank (IADB) or the Development Bank of Latin America (CAF nor financial support by any United Nations (UN) Organization supporting the outbreak.

C. Proposed Development Objective(s)

15. The Project development objectives are aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).

PDO Statement: The Project Development Objective (PDO) is to strengthen the national health system for emergency preparedness and response to COVID-19 pandemic in the Republic of Paraguay.

PDO Level Indicators: The PDO will be monitored through the following PDO level outcome indicators

- Percentage of suspected cases of COVID-19 cases reported and investigated per approved protocols.
- Percentage of diagnosed cases treated per approved protocols.
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D. Project Description

16. **The proposed Project will consist of two components.** The first component will help strengthen the country's preparedness and response efforts in the fight against COVID-19. It will support activities aimed at: (i) identifying, isolating, and providing care to patients with COVID-19 in a timely manner to minimize disease spread, morbidity and mortality and (ii) preparing and strengthening the health system for increasing levels of demand for care.

Component 1: Emergency Response to COVID-19 (US\$19.15 million)

17. **This component would provide immediate support to Paraguay to limit COVID-19 local transmission through containment strategies.** It would support enhancement of disease detection capacities through the provision of technical expertise, laboratory equipment and systems to ensure prompt case finding and contact tracing, consistent with WHO guidelines in the Strategic Response Plan. It would enable Paraguay to mobilize surge response capacity through trained and well-equipped frontline health workers. Supported activities include: *Subcomponent 1.1 Case Detection, Confirmation, Contact Tracing, Recording, Reporting (US\$2,5 million)*. This sub-component will support (i) the strengthening of the disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (ii) combination of detection of new cases with active contact tracing; (iii)



provision of on-time data and information for guiding decision-making and response and mitigation activities; and the strengthening of health management information systems to facilitate recording and on-time virtual sharing of information. The sub-component will finance, among others: (i) medical and Information Technology (IT) equipment, supplies and IT systems; (ii) laboratory equipment, supplies and reagents for the diagnosis of COVID-19, influenza-type illnesses and other respiratory and infectious diseases. *Subcomponent 1.2. Health System Strengthening (US\$16.65 million)*. This sub-component will support efforts to provide optimal medical care to patients at risk as well as maintain essential community services and to minimize risks for patients and health personnel.¹⁶ The sub-component will finance, among others: (i) appropriate protective equipment and hygiene materials for health personnel; (ii) medical supplies, medicines and equipment for public health facilities and specific equipment for intensive care units¹⁷; (iii) supplies and equipment for blood banks; (iv) ambulances for patient transportation; and (v) medical waste management and disposal systems.

Component 2: Implementation Management and Monitoring and Evaluation (US\$0.8 million)

18. **Provide technical support to strengthen Project management and supervision, including institutional arrangements for coordination, financial management (FM), procurement, M&E and environmental and social management.** Relevant structures would be strengthened through the recruitment of additional personnel responsible for overall project administration, procurement, FM, M&E and environmental and social management. As a result, the project will finance consulting services and operational costs associated with project coordination and implementation, and financial audit activities.
19. Large volumes of personal data, personally identifiable information and sensitive data are likely to be collected and used in connection with the management of the COVID-19 outbreak under circumstances where measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in national law or data governance regulations, or be routinely collected and managed in health information systems. In order to guard against abuse of that data, the Project will incorporate best international practices for dealing with such data in such circumstances. Such measures may include, by way of example, data minimization (collecting only data that is necessary for the purpose); data accuracy (correct or erase data that are not necessary or are inaccurate), use limitations (data are only used for legitimate and related purposes), data retention (retain data only for as long as they are necessary), informing data subjects of use and processing of data, and allowing data subjects the opportunity to correct information about them, etc. In practical terms, operations will ensure that these principles apply through assessments of existing or development of new data governance mechanisms and data standards for emergency and routine healthcare, data sharing protocols, rules or regulations, revision of relevant regulations, training, sharing of global experience, unique identifiers for health system clients, strengthening of health information systems, etc.

¹⁶ As COVID-19 would place a substantial burden on inpatient and outpatient health care services, support would be provided for equipping selected health facilities for the delivery of critical medical services and to help them cope with the increased demand of services likely to arise due to the pandemic, while strengthening intra-hospital infection control measures including necessary improvements in blood transfusion services to ensure the availability of safe blood products. Steps would be taken to increase hospital bed availability, including deferring elective procedures, more stringent triage for admission, and earlier discharge with follow-up.

¹⁷ Including support for the isolation of confirmed cases or suspected cases as needed.



Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

No

Projects in Disputed Areas OP 7.60

No

Summary of Assessment of Environmental and Social Risks and Impacts

20. **The IPF will be implemented at the national level, so beneficiaries will be the population at large.** This IPF will neither finance nor support civil works and most of the Project investments are planned to take place on existing infrastructure. The activities supported by the Project therefore are not expected to have adverse physical environmental impacts. Social impacts of the Project are also expected to be positive, as activities will support prevention, detection, and response efforts in the fight against COVID-19, as well as the strengthening of national systems for public health preparedness. Training will ensure that health care professionals provide care irrespective of social or economic status.
21. **Environmental risk rating for this Project is Moderate. Risks are limited and manageable related to use and disposal of medical supplies, use of cleaning and disinfection chemicals, and waste-related issues that are already managed appropriately in the target health facilities of the project.** The project will neither finance nor support any civil works and all of the Project investments will be installed and used in selected and existing public health care facilities and laboratories. Project funds will support the purchase of (i) ambulances; (ii) medical supplies and equipment, including lab and blood bank equipment and reagents; (iii) test kits; and (iv) medicine. The MSPBS has in place mechanisms for medical waste management disposal of: a) laboratory waste, b) hospital and infectious waste, and c) environmental risk management in general, which have been found appropriate in a recent Bank operation and meet the WHO protocol for managing infectious waste. Environmental and social risk management and training will be needed to prevent, minimize and mitigate any negative impact of the management of HCW, including other hazardous waste that can be expected to increase in volume and challenge the existing management capacity, from the generation of laboratory waste, and the hospitalization of the sick.
22. **The social risk rating for this Project is Low.** The Project is expected to have only positive social impacts, as the supplies acquired through this project will be directed to the public national healthcare system, which provides care and epidemiological containment to everyone, including the most vulnerable population and historically excluded groups. Care is provided irrespective of ability to pay. The Project will not involve resettlement or land acquisitions and will not include new activities or hiring of additional staff. The funds will be used to prop up existing mechanisms of epidemiological control and health care, through already established programs and protocols. Key activities supported under the Project are aligned with the COVID-19 SPRP developed by the WHO.



23. **The Project will be implemented by the Ministry of Public Health and Social Welfare (MSPBS) through a Project Coordination Unit (PCU) established within the MSPBS with qualified staff and resources to support management of ESHS risks and impacts of the Project.** The PCU will be responsible for working with MSPBS Directorates and the Regional and Local Health Councils to implement the Project in a timely manner, conforming to agreed-upon quality standards. The PCU will work closely with the MSPBS teams that are institutionally responsible for the health programs implementing the priority ICS such as MCH, Immunizations, Sexual and Reproductive Health, Adolescent Health, Diabetes, Hypertension, HIV, STDs, TB, cervix and breast cancer and The PCU will coordinate with the General Directorate of Environmental Health (DIGESA) and the Directorate of Indigenous People Health (DINASAPI) the activities required to accomplish the WB environmental and social standards that apply to this Project. The General Directorate of Environmental Health (DIGESA) is the governing body for health care waste (HCW) management to promote adequate risk prevention and mitigation measures. In addition, the PCU will have the primary responsibility for tracking progress related to Project activities, outcomes, and results. The Korean International Cooperation Agency (KOICA) has contributed to the institutional strengthening of the sector by granting scholarships to Paraguayan officials since 2017 and in 2019 has begun to finance the Improvement Project for the comprehensive management of waste generated at the Mariano Roque Alonso District Hospital.

E. Implementation

Institutional and Implementation Arrangements

24. **The MSPBS will implement the Project through the General Directorate of Health Networks and Services (DHNS) under the guidance of the Emergency Operations Center created within the Ministry to respond to the COVID-19 outbreak.** The DHNS will work in a coordinated manner with the General Directorate of Health Surveillance (GDHS) which is responsible for outbreak monitoring. The DHNS will be responsible for technical aspects, while the General Directorate of Administration and Finance (DGAF) will provide fiduciary and administrative support and be responsible for overall coordination of different activities. The DGAF will have a dedicated fiduciary team for this Project, comprised of a Procurement Specialist and a FM Specialist, responsible for managing the procurement and financial management process.
25. **The DGAF will also coordinate with the General Directorate of Environmental Health (DIGESA) and the Directorate of Indigenous People Health (DINASAPI) the activities required to accomplish the WB environmental and social standards that apply to this Project.** The Project will be implemented using the MSPBS structure and staff. Both the DHNS and the DGAF would receive administrative support (technical, financial, procurement, M&E, environment and social) from a small number of additional personnel as needed.

CONTACT POINT

World Bank



Daniela Paula Romero
Operations Officer

Luis Orlando Perez
Sr Public Health Spec.

Borrower/Client/Recipient

Republic of Paraguay

Implementing Agencies

Ministry of Public Health and Social Welfare
Juan Carlos Portillo
Directorate of Health Networks and Services
jcport@gmail.com

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Daniela Paula Romero Luis Orlando Perez
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Approved By

Environmental and Social Standards Advisor:		
Practice Manager/Manager:		
Country Director:	Paul Procee	24-Mar-2020

