



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 31-Oct-2020 | Report No: PIDC30681



BASIC INFORMATION

A. Basic Project Data

Country Nicaragua	Project ID P173823	Project Name Nicaragua COVID-19 Response	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 14-Oct-2020	Estimated Board Date 08-Dec-2020	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing	Borrower(s) Republic of Nicaragua	Implementing Agency Ministry of Finance and Public Credit (Ministerio de Hacienda y Crédito Publico), United Nations Office for Project Services (UNOPS)	

Proposed Development Objective(s)

The Project objective is aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).

PDO Statement:

To support the country’s readiness to respond to the COVID-19 pandemic.

Components

Provision of essential medical and laboratory supplies and equipment

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	13.10
Total Financing	13.10
of which IBRD/IDA	13.10
Financing Gap	0.00

DETAILS



World Bank Group Financing

International Development Association (IDA)	13.10
IDA Credit	13.10

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Nicaragua’s economic performance over the last two years has placed the country in a fragile situation to respond effectively to the severe acute respiratory syndrome coronavirus 2 (COVID-19) shock.** Real GDP is projected to contract 5.9 percent in 2020 as a result of COVID-19 and lingering effects of the sociopolitical crisis (bringing the cumulative loss of real output to 13.1 percent over the past three years), depressing private consumption and investment. The spread of COVID-19 will additionally weigh on growth via decelerating remittance inflows, reduced export earnings, and self-imposed lockdowns by the private sector. The fiscal deficit is projected to widen to 5.6 percent of GDP in 2020 as authorities implement COVID-related fiscal stimulus and the revenue base shrinks. A more pervasive and prolonged pandemic or an intensification of the domestic political crisis could further lower projections.

2. **The COVID-19 pandemic will exacerbate Nicaragua’s current economic crisis and, in addition to the negative health impact, reverse previous gains in the reduction of inequality and access to basic services.** Nicaragua registered its first case of the Covid-19 infection on March 18 and the first death from the disease on March 26. As of October 14, 2020, the Government of Nicaragua reported 5,353 confirmed cases of COVID-19, including 154 deaths. The GON issued protocols to be followed by public agencies, and transport agencies, while public areas such as markets, schools, transportation terminals are subject to periodical disinfection. At the borders, disinfection, the use of masks and routine temperature checks were strictly applied and enforced by the *Oficina Sanitaria Internacional* at border check points and airports. Although the GON has not officially established a lockdown, the public and private sectors have responded to the epidemic by taking some protective measures, including adopting flexible working arrangements, canceling events, and closing stores and restaurants.

3. **COVID-19 is likely to have direct and indirect impacts on human capital in Nicaragua, with long term**



implications. Nicaragua has made significant progress in improving the health status of its population and these gains need to be preserved as drivers of sustainable economic growth and poverty reduction. The potential setbacks due to the COVID-19 crisis could, if not addressed, imply a long-term hit to productivity, income growth and social cohesion—which is why it is imperative to protect health gains. As such, the proposed Project is focused on saving lives and protecting the poor and vulnerable, seeking to also minimize the pandemic’s impact on Nicaragua’s improvements in health outcomes. The Project builds upon over 12 years of World Bank Group (WBG) cooperation with Nicaragua to help improve health service delivery and outcomes, including through an ongoing WBG-financed project in the portfolio.

4. **Overall, the pandemic is affecting the economic, physical, and emotional well-being of individuals and their families.** The spread of the pandemic has been accompanied by the loss of jobs, with a significant decline in labor intensive sectors, such as those in the construction, commerce and restaurant industries. COVID-19 is also expected to have devastating impacts on vulnerable populations in the short- and long-terms. Approximately one-quarter of Nicaragua’s population still lived below the national poverty line in 2016, with the majority concentrated in rural areas and in remote communities with constrained access to basic services. The unemployment rate was 6.8 percent in 2019 and both unemployment and informal employment were high particularly among youth old. Recent progress in the reduction of the inequalities in terms of income, employment opportunities, and access to quality basic social services are being affected by the pandemic. Vulnerable populations, including women, children and the elderly, will be challenged in the basic foundations of societal well-being affecting human capital and the progress previously made on the improvement of key human development indicators.

5. **The pandemic may magnify Nicaragua’s vulnerability to natural disasters and the impact of climate change.** Nicaragua is highly vulnerable to natural disasters, including hurricanes and storm surges in coastal areas, as well as extreme precipitation and earthquakes. These and other climate change impacts, including increasing temperatures (predicted to increase between 0.6 and 2.7 degrees Celsius by the 2060s) and changing patterns and severity of precipitation, are also expected to result in an increase in both communicable and non-communicable diseases (NCDs), making the affected population increasingly vulnerable. A large proportion of the population is elderly, and, hence, particularly vulnerable towards extreme heat and the most vulnerable to COVID-19. Lastly, observed and anticipated climate change impacts and climate-induced natural disasters, also pose challenges to the health system’s infrastructure, limiting their effective response in cases of public health emergencies.

Sectoral and Institutional Context

6. **Due to the impact of COVID-19, Nicaragua is at a high risk of reversing notable advances in maternal and child health outcomes and in the provision of integrated healthcare services at the primary level of care which are critical for addressing that include the rising NCDs.** The country’s Sustainable Development Goal indicators show important improvements between 2000 and 2017: infant mortality dropped from 31.5 to 14.8 per 1,000 live births and the under-5 mortality rate from 38.7 to 17.2 per 1,000 live births. Over the past 20 years, maternal mortality has also declined, in part due to the implementation of maternal houses throughout the country. These have provided immediate health care for pregnant women at risk. Importantly, these previous gains in maternal and child health, as well as in the provision of integrated care at the primary level, have been negatively affected by the arrival of COVID-19 in Nicaragua as budget resources are diverted from primary health care to the fight against COVID-19.



7. **The pandemic has further increased the population’s physical and mental illnesses, requiring additional health care services.** COVID-19 has crowded out the provision of health care, affecting mostly the population older than 30 years of age; mortality has been higher in the population over 60 years of age (63 percent). The prevalence of stress, anxiety, and depression among the general population during the COVID-19 pandemic was estimated to be 29.6, 31.9, and 33.7 percent, respectively, in a systematic review and meta-analysis Study. Children and adolescents are more likely to experience high rates of depression and anxiety during and periods of isolation and after isolation ends. The loss of relatives and friends, the economic pressures on many households due to the pandemic, as well as the stress caused by the new social dynamic of the pandemic are likely to increase anxiety and depression among students. Girls and young women often bear a double or triple burden, as they take care of the elderly and other children, are primarily responsible for housework and suffer greater domestic and sexual violence as crises increase tensions in households, triggering aggression and structural violence against them (United Nations, 2020).

8. **Mitigation of COVID-19 requires increasing the health system’s capacity both to prevent the spread of new infections and to treat the most severe cases.** Health system capacity is determined by the number of doctors, nurses, hospital beds, prevention and early identification of cases, properly equipped and well-functioning Intensive Care Units, availability of essential medicines, testing capacity, among others. Between 2005 and 2019, the Ministry of Health (*Ministerio de Salud*, MINSa) increased its network of services from 1,092 to 1,742 health units, averaging 8.1 beds per 10,000 inhabitants, compared to the LAC average of 21.8 beds per 10,000 inhabitants. In 2018, there was an estimated 9.8 physicians and 15.3 nurses and midwives per 10,000 inhabitants, compared to the LAC average of 22.8 physicians and 50.6 nurses and midwives per 10,000 inhabitants¹. In addition, there are 178 maternity homes with 2,371 beds and 6,619 basic homes for the work carried out in the communities. In Nicaragua, a total of 19 hospitals have been officially designated nationwide for the care of COVID-19 cases upon detection. Hospitals’ capacity to respond could vary during an epidemic, depending, for example, on the number of infected or quarantined health care workers. Based on global experiences, the availability and appropriate use of personnel protective equipment for health care services is essential to safeguard their health and ensure sustainability of the health care provision.

9. **In response to the pandemic, the MINSa activated its strategy “Containment Protocol of COVID-19.”** The first official measures were taken on January 21, 2020. MINSa started by strengthening epidemiological surveillance at points of entry for passengers arriving from COVID-19-affected countries. On January 30, the GON established the National Inter-institutional and Inter-sectoral Commission² to ensure timely detection of COVID-19 cases, seeking to prevent its spread in the country. Each member institution within the commission has clearly defined functions and, must notify MINSa of entries from countries at risk and take prompt action in a coordinated way in case of an emergency. On March 12, Nicaragua, along with the seven countries of the Central American Integration System held a virtual meeting to launch the Regional Contingency Plan “Central America United against the Coronavirus.” Under this plan, the Emergency Fund supported by the Central American Bank for Economic Integration allocated US\$1 million for each Central American Integration System member country for immediate use in case of an emergency. On July 13, MINSa issued revised guidelines to strengthen epidemiological controls at all entry points into the country.

¹ World Bank data indicators: <https://data.worldbank.org/indicator/SH.MED.NUMW.P3?locations=ZJ-NI>

² *Aeronáutica Civil, Empresa Portuaria Nacional, Ministerio de Gobernación, Dirección General de Aduanas, Ministerio del Ambiente y de Recursos Naturales, and the Instituto de Protección y Sanidad Agropecuaria.*



10. **Despite these efforts, additional resources are needed to support supply-side deficiencies in Nicaragua’s public health system.** The long duration of the outbreak, and necessary mitigation measures to contain its consequences on the population require investments to strengthen the MINSA’s public health functions and its capacity to prevent severe illness and death. Additional resources are needed to support the MINSA’s preparedness and response actions required to increase capacity in case detection, infection prevention and control, including essential laboratory supplies, protection of health care personal at all levels of care provision, development of public communication materials, and multi-sectoral risk communication and community engagement strategy and planning.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project objective is aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).

PDO Statement:

To support the country’s readiness to respond to the COVID-19 pandemic.

Key Results

Selected health facilities with essential medical and laboratory supplies and equipment procured and delivered by the Project.

D. Project Description

11. To ensure fast implementation, a simplified design includes one component, as described below.

12. **Component 1: Provision of essential medical and laboratory supplies and equipment(US\$13.1 million).** This component will support the readiness of the public provision of health services to provide care to mild and severe cases of COVID-19 and the protection of HCWs. The Project will finance critical goods for the 19 hospitals selected as the main responders to the emergency. Additional hospitals, second level or primary level health facilities could be included depending on the need to add facilities for treatment and isolation wards, with special focus on the most vulnerable.

13. **A positive list of essential, life-saving medical and laboratory supplies and equipment for COVID- 19 response will be used to select items to be procured**, including: protective equipment, non-COVID-19 drugs vaccines (such as flu or pneumococcal, if necessary), vital signs monitoring equipment, oxygen cylinder pressure manometer, flow meter, pulse oximeters, video laryngoscopes, humidifiers and nebulizers, among others.³ Additionally, procuring medical equipment that are energy efficient and reduce energy consumption will help mitigate climate change and decrease the economic burden of health facilities providing care during COVID-19. Furthermore, in addition to strengthening surveillance to COVID-19, strengthening laboratory capacity by

³ List will be added as annex in the Contract Agreement.



procuring supplies also improves adaptation to possible climate-related vector-borne diseases thereby increasing the resilience of Nicaragua’s health system and its vulnerable population to climate change.

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

14. The Environmental and Social Risk Classification is Substantial under the World Bank Environmental and Social Framework.

15. **The Environmental risk rating for the Project is considered as Substantial.** Given that no civil works are envisioned and the Project will focus on procurement of supplies, the main environmental risks expected include: (i) environmental and community health related risks from inadequate storage, transportation, treatment and disposal of infected medical waste, (ii) occupational health and safety issues related to the availability, and appropriate use of personal protective equipment (PPE) for healthcare workers as well as maintenance activities for equipment and facilities in environments with risk of contagion, carried out by non-medical personnel; and (iii) pollution and human health and safety risks stemming from cleaning and disinfection products, chlorine and other hazardous byproducts, etc. Considering the existing capacity and systems for environmental management that the Government carries out on daily basis at its public hospitals. as well as the potential impact of COVID-19 at those hospitals, the environmental risk is considered substantial. To mitigate this risk, an Environmental and Social Management Framework (ESMF) will be developed and will include and reference the specific guidelines developed by the World Health Organization (WHO) for COVID-19 response including on biosafety and medical worker safety, within 60 days of project effectiveness.

16. **The social risk rating for the Project is also considered as Substantial.** The proposed Project is expected to generate important positive impacts, including strengthening the ability of the Government of Nicaragua to respond to the COVID-19 pandemic, through the acquisition of medical supplies and equipment. However, the World Bank classifies the Social risk of the Project as Substantial after considering that there is a potential for social discontent around project results, because the public demand may surpass the Project’s response capacity, and in a context where there are growing concerns about the capacity of the Government to manage the crisis and due mainly to factors related to transparency, inclusive participation of those who have opposing views to the Government, and accountability. Potential social risks of the Project also include: (i) the possibility that procured supplies and equipment is biased for the benefit of urban or particular health regions given historical and existing inequalities in access to quality health services, particularly for areas of difficult access and marginalized and vulnerable social groups, such as the poor living in overcrowded slums, migrants and refugees, and ethnic minorities, including Indigenous Peoples and Afro-descendants living in indigenous territories or other dispersed communities; (ii) risks to communities related to the use of military force and/or security force to assist in project activities such as distribution of procured items; and (iii) risks related to ensuring inclusive participation and the effectiveness of the Grievance and Redress Mechanism (GRM) in an emergency response context. Measures to mitigate these risks and impacts will be identified and included



in the Project's ESMF and Stakeholder Engagement Plan (SEP).

E. Implementation

Institutional and Implementation Arrangements

17. **The Government of Nicaragua, the Recipient, will be responsible for overall project implementation. United Nations Office for Project Services (UNOPS) will act as the implementation agent for the Government by assuming responsibility for the procurement of goods and services, financial management, and implementation of the Environmental and Social (E&S) standards.** With more than 30 years of specialized experience, UNOPS is a central procurement resource in the United Nations system with a solid track record. It annually buys around US\$800 million of high-quality, best-value goods, works and services for development projects. UNOPS will be responsible for: (i) procuring medical and laboratory equipment, supplies and medicines; (ii) delivering the procured goods on site to the health facilities ensuring the functionality of the procured medical and laboratory equipment; and (iii) ensuring the compliance with E&S standards during project implementation.

18. **A Project Management Unit (PMU) within the Directorate for the Coordination of Programs and Projects in the Ministry of Finance and Public Credit (*Ministerio de Hacienda y Crédito Público, MHCP*) will provide implementation oversight.** The PMU will have full technical, administrative and financial management oversight of project activities and will be responsible for the follow up and verifications of onsite deliveries of goods. The PMU is currently implementing an Inter-American Development Bank-financed COVID-19 project. The MHCP will finance the operating expenses of the PMU and will hire and/or appoint any additional necessary technical staff needed in the PMU to carry out the oversight activities. The MHCP, through the PMU, will be responsible for overseeing that UNOPS meets its obligations.

19. **The MINSA Technical Committee (TC) will offer technical advice to the PMU.** It is comprised of the Directors from the National Directorate of Health Services, National Directorate of Health Surveillance, National Directorate of Technological Development, the National Reference and Diagnostic Center, the National Directorate of Medical Supplies, the Directorate of External Cooperation, the General Directorate of Public Health Surveillance (DGVS), and the Institute of Natural Medicine and Contemporary Therapy (IMNTC). The TC will work with the PMU and UNOPS to identify the medical and laboratory goods to be procured and support the coordination of the delivery at the prioritized health facilities and laboratories, and the implementation of the environmental and social standards in compliance with WBG requirements.

CONTACT POINT

World Bank

Amparo Elena Gordillo-Tobar
Senior Economist, Health

Borrower/Client/Recipient



Republic of Nicaragua
Marlon A. Navarrete Mena
Public Credit Director
Marlon.Navarrete@mhcp.gob.ni

Implementing Agencies

Ministry of Finance and Public Credit (Ministerio de Hacienda y Crédito Publico)
José Adrián Chavarría Montenegro
Vice Minister
Jose.Chavarria@mchp.gob.ni

United Nations Office for Project Services (UNOPS)
Fabrizio Feliciani
Regional Director
fabriziof@unops.org

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):	Amparo Elena Gordillo-Tobar
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Approved By

Practice Manager/Manager:		
Country Director:	Andrea C. Guedes	31-Oct-2020