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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 18-Feb-2022 | Report No: PIDA33622

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Bhutan	P178656	Additional Financing to Bhutan COVID-19 Emergency Response and Health Systems Preparedness Project	P173787
Parent Project Name	**Region**	**Estimated Appraisal Date**	**Estimated Board Date**
Bhutan: COVID-19 Emergency Response and Health Systems Preparedness Project	SOUTH ASIA	04-Mar-2022	22-Apr-2022
Practice Area (Lead)	**Financing Instrument**	**Borrower(s)**	**Implementing Agency**
Health, Nutrition & Population	Investment Project Financing	Kingdom of Bhutan	Ministry of Health, Royal Government of Bhutan

Proposed Development Objective(s) Parent

To prevent, detect and respond to the threat posed by COVID-19 and to strengthen national systems for public health preparedness in Bhutan

Components

Emergency COVID-19 Response
Community Engagement and Risk Communication
Implementation Management and Monitoring and Evaluation
Contingency Emergency Response Component

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	10.00
Total Financing	10.00
of which IBRD/IDA	10.00
Financing Gap	0.00

DETAILS

World Bank Group Financing	
International Development Association (IDA)	10.00
IDA Credit	10.00

Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

Pre-appraisal Project Information Document (PID)

B. Introduction and Context

Country Context

1. **Bhutan is the only country in the world to adopt an approach to development that does not focus on economic growth and per capita income.** Under this development paradigm, Bhutan seeks to maximize happiness as the guiding metric for development, instead of pursuing purely economic growth. This approach is grounded in four pillars: (i) sustainable and equitable socio-economic development; (ii) preservation and promotion of culture; (iii) conservation and sustainable utilization and management of the environment; and (iv) promotion of good governance. In July 2011, Bhutan's proposal for "Happiness: Towards a Holistic Approach to Development" was unanimously adopted by the 193-state members at the United Nations, officially placing the country's Gross National Happiness (GHN) development philosophy in the global development arena.

2. **Bhutan's economy is largely driven by hydropower, which contributed to rapid economic growth through investments, export earnings, and contributions to the budget.** The state-led hydropower sector currently accounts for around 30 percent of GDP, and 20 percent of export receipts and domestic revenues. Hydropower projects drive economic growth through boosting aggregate demand, both during the construction phase and when projects are commissioned. The existing hydropower projects are financed by India based on special inter-governmental agreement with all surplus hydroelectricity (i.e. 70 percent) exported to India. In addition to hydropower, tourism is also a major sector in the Bhutanese economy. Since Bhutan opened to international tourists in 1974, tourism has grown to become the highest foreign currency earning sector in Bhutan, accounting for about 20 percent of its non-hydro export income. Notwithstanding this, economic growth slowed to an estimated at 3.9 percent in 2018/19, with Real GDP growth averaging 5.5 percent in the past five years, slightly below the South Asian average. On the demand side, growth has primarily been driven by private consumption and investment while on the supply side, growth has been supported by the services sector, mainly transport and communication, retail, and hotels and restaurants.

3. **Bhutan has experienced significant poverty reduction.** The official poverty headcount declined

from 23.2 percent in 2007 to 12 percent in 2012, and then further to 8.2 percent in 2017. Extreme poverty, measured at US$1.90 per day, fell below 2 percent in 2017. Poverty reduction was likely driven by improvements in agricultural productivity and better prices of cash crops. However, poverty is highly concentrated in rural areas, and there is wide variation in poverty across districts. Bhutan performs relatively well in shared prosperity, measured as the per capita consumption growth of the bottom 40 percent, though progress has slowed down in recent years: between 2007 and 2012, the consumption growth of the bottom 40 percent grew by an annualized rate of 5.2 percent, but the consumption growth rate fell to 2.6 percent between 2012 and 2017. This stands in contrast to the acceleration of consumption growth of the average of all households from 4.2 percent during 2007-2012 to 4.8 percent during 2012-2017. Despite large improvements across broad measures of monetary and non-monetary welfare, vulnerability is high, partly because rural households are exposed to various uninsured risks.

4. **COVID-19 has impacted Bhutan's population by affecting jobs and livelihoods and slowing progress in fighting poverty.** Even though Bhutan managed to contain the number of domestic COVID-19 cases, the trade and tourism-dependence of the small landlocked economy has made it susceptible to the pandemic-induced shock. The employment impact of COVID-19 has been felt broadly across the country. Service sector workers in urban areas, including many that directly or indirectly depend on tourism, experienced job or earning losses. The pandemic's adverse impact is exacerbated by existing structural vulnerabilities of Bhutan's economy linked to its heavy reliance on hydropower: while hydropower projects drive economic growth and fiscal revenue through boosts in aggregate demand and through the export of surplus electricity to India, they have also reduced the focus on domestic non-hydro revenue generation and have generated substantial fiscal volatility. In addition, this capital-intensive growth model has not contributed to job creation.

5. **The proposed Additional Financing (AF) is aligned with the WBG CPF FY 2021-2024 for Bhutan.** Specifically, the AF contributes to Focus Area 1 – 'Human Capital' and Focus Area 2 – 'Resilience'. The proposed AF is expected to contribute to improvements in human capital accumulation through investments for capacitating Bhutan's health system to manage the COVID-19 pandemic.

Sectoral and Institutional Context

6. **As per the constitution's mandate, the Ministry of Health in Bhutan is providing free basic health services through both traditional and modern medicine in an integrated approach.** The focus is on primary care with disease prevention and health promotion. With an estimated total fertility rate of 1.9 per 1000 live births and annual population growth of 1.2 percent in 2017, this Himalayan kingdom is composed of a largely a young and economically productive population. Health outcomes are among the best in South Asia. There has been increasing trends of antenatal care coverage (82 percent with at least 4 ANC visits) and deliveries by skilled health personnel (96 percent). Immunization coverage has been sustained at about 95 percent since 2008, and malaria cases have reduced significantly from an incidence rate of 927 in 2000 to 1.4 cases per 100,000 in 2016. There have also been notable achievements in reducing the burden of Tuberculosis.

7. **Despite significant improvements in population health in recent decades, however, challenges remain**. Malnutrition remains persistently high in the country. Recent estimates indicate that more than one-fifth of all children over five in Bhutan are stunted, i.e., they have low height-for-age, representing

chronic undernutrition. National stunting rates have declined rapidly -- from 37% in 2008 to 35% in 2010 to 22% in 2015 among children aged 6-59 months -- but remain high in the eastern region of the country as well as among the poor and in rural areas. More than one-third of all poor children are stunted compared to only 5% among the rich: a staggering difference of almost 30 percentage points. Underlying high rates of malnutrition among children in Bhutan are low rates of exclusive breastfeeding (51%) and poor diets: only 17% of children are given iron-rich foods, and just 15% are provided with four or more food groups. Anemia rates among women and adolescent girls' range between 27% and 36%, indicating a lingering prominent public health problem. Other health inequalities related to geography and economic status remain, e.g., coverage of antenatal care and institutional delivery rates are much lower in the central and eastern parts of the country, and among the poor.

8. **Bhutan is highly vulnerable to health and other hazards.** Climate variability and change are linked to the emergence and re-emergence of infectious diseases including disease incidence, transmission, and outbreaks. Variations in climate, coupled with a sub-optimal disease surveillance system, porous border with India, frequent exchange of poultry products, and the fact that Bhutan is a roosting ground for a large number of black-necked cranes and other wild birds that migrate to Bhutan, from across its borders, can also establish the environmental conditions ripe for outbreaks such as avian influenza—a disease with catastrophic financial impacts that can span sectors as diverse as livestock, trade, and health care. Consequently, improving preparedness to natural disasters including health emergencies is a national priority. The National Health Policy 2012 has established the mandate that all health facilities should institute appropriate systems of care to deal with emergencies, disasters, epidemics and outbreaks. The relationship between health emergency planning, and planning in the wider emergency management sector is detailed in the Health Emergency and Disaster Contingency Plan (HEDCP, 2016), as mandated in the 2013 Disaster Management Act (DMA).

9. **Health emergency Preparedness and Response is a national priority.** Bhutan carried out a Joint External Evaluation (JEE) to assess its technical core capacities (to detect, assess, notify and respond) under the International Health Regulations (IHR 2005) in 2017. The JEE IHR assessment concluded that Bhutan's commitment to building and maintaining core capacities to address major public health events is genuine and strong and enjoys high-level political commitment and support. Notwithstanding this, the IHR/JEE highlighted the need to enhance real-time surveillance and reporting, preparedness, emergency response, medical countermeasures and personnel deployment during public health emergencies. The Bhutan Pandemic Preparedness and Response Plan (BPPRP) was recently approved, and is aligned with both the HEDCP and DMA. In addition, the Paro International Airport has developed a Public Health Emergency Preparedness Plan; this was simulated and tested in November 2019. All the hospitals including Primary Health Centers in the western region of Bhutan also have Public Health Emergency Contingency Plans, which will be activated depending on the type of emergency.

10. **Current statistics on COVID-19 and RGOB Preparedness and Response.** Bhutan has gone through four significant outbreaks of COVID-19 since March 2020. The first outbreak occurred in August 2020 (35th epi week), the second in December 2020 (52nd epi week), the third in May 2021 (21st epi week, attributable to the Delta variant), and the ongoing wave since December 2021 on account of the Omicron variant. Over 5,934 persons have tested positive since the start of the pandemic, with 2,373 active cases and 3,557 recoveries. Between January 24 - 30, 2022 alone, over 1,036 persons tested positive from among 70,469 samples tested. Data for this week indicates, test positivity is highest amongst productive, mobile age-

groups of 15-24 years, with 58.4 percent of males testing positive. The most recent outbreak is linked to community transmission in 10 districts. Bhutan has registered four COVID-19 related deaths through the pandemic.

11. **Bhutan has been an exemplar nation in the South-Asia Region in launching a strong health sector emergency response to COVID-19.** Surveillance activities were immediately strengthened in all 20 districts with addition of district-based Case Investigation and Contact Tracing (CICT) teams. District health authorities were provisioned with personal protective equipment (PPE) and necessary COVID-19 commodities, including rapid diagnostic tests. Laboratories were capacitated to undertake RT-PCR testing. As of February 5, 2022, over 213,084 persons have been tested with Reverse Transcription Polymerase Chain Reaction (RT-PCR) and Antigen-Rapid Diagnostic Test (Ag-RDT) tests deployed through accredited COVID-19 laboratories and in the community respectively. Isolation, triage and treatment centers were established in designated hospitals and public health centers.

12. **With the availability of safe and effective vaccines in early 2021, Bhutan quickly acquired COVID-19 vaccines with World Health Organization (WHO) Emergency Use Listing (EUL) from friendly nations, COVAX and through direct contracts with vaccine suppliers.** COVID-19 vaccinations were conducted in campaign mode for prioritized population of 496,044 persons >18 years of age. Within 16 days, nearly 93 percent of the eligible population was administered their first dose of vaccine. By end July, 2021, Bhutan had vaccinated 90.2 percent of eligible population fully. By October 2021, Bhutan took the decision to expand its eligibility criteria to population >12 years of age and as of December 2021, to further expand the eligibility criteria to children 5-11 years of age. As of February 05, 222, at total of 98.4 percent of population >12 years has been administered the first dose of vaccine and 94.5 percent the second dose. Bhutan has also initiated booster doses for prioritized group and boosted 61 percent of the population >18 years.

C. Proposed Development Objective(s)

Original PDO

To prevent, detect and respond to the threat posed by COVID-19 and to strengthen national systems for public health preparedness in Bhutan

Current PDO

To prevent, detect and respond to the threat posed by COVID-19 and to strengthen national systems for public health preparedness in Bhutan

Key Results

13. The overall progress of the AF to Bhutan COVID-19 Emergency Response and Health Systems Preparedness Project will be measured by the following PDO and Intermediate results indicators of the Results Framework:

PDO Result Indicators:

(a) Bhutan has activated its public health Emergency Operations Centre or a coordination mechanism for COVID-19;

(b) Percentage of suspected cases of COVID-19 cases reported and investigated based on national guidelines;
(c) Number of acute healthcare facilities with isolation capacity;
(d) Country adopted personal and community non-pharmaceutical interventions;
(e) Percentage of population vaccinated, which is included in the priority population targets defined in national plan [by gender]
   i. Percentage of males vaccinated
   ii. Percentage of females vaccinated
(f) Percentage of population boosted with a single vaccine dose, in line with WHO/SAGE guidance;
   i. Percentage of males boosted with a single vaccine dose, in line with WHO/SAGE guidance
   ii. Percentage of females boosted with a single dose

Intermediate Results Indicators:
(a) Number of health staff trained in infection prevention and control per MoH protocols;
(b) Percentage of specimens submitted for SARS-COV2 laboratory testing and confirmed within WHO stipulated standard time;
(c) Number of acute healthcare facilities with triage capacity;
(d) A National Vaccination and Deployment Plan (NVDP) with input from relevant bodies (NITAG, DRA, National Immunization Program, National Regulatory Authority, AEFI committee), in line with WHO guidance;
(e) Potential numbers of target populations estimated who will be prioritized for access to vaccines stratified by target group and geographic location;
(f) Guidelines, documented procedures and tools for planning and conducting vaccine pharmacovigilance activities established;
(g) Bhutan has contextualized its risk communication and community engagement strategies;
(h) Percentage of received grievances that are addressed (within specified time protocol);
(i) M&E system established to monitor COVID-19 preparedness and response plan;
(j) Joint supervision and monitoring visits conducted.

D. Project Description

14. **The changes proposed for the AF entail scaling up COVID-19 testing and vaccination in Bhutan through procurement of test kits and safe and effective vaccines by the IDA financed CERHSP Project.** In view of the above,
(a) the allocation to the Sub-component 1.1 for case detection, confirmation, contact tracing, recording and reporting will be enhanced by US$1.6 million to purchase COVID-19 test kits;
(b) the allocation to the Sub-component 1.2 for health systems strengthening will be enhanced by US$1.1 million;
(c) the allocation to Sub-component 1.3 for COVID-19 vaccine purchase will be enhanced by US$7.25 million; and
(d) the allocation to Component 3 will be enhanced by US$0.05 million to finance operating costs associated with implementing the project over an extended time frame till December 31, 2023.

Table 1: Project Cost and Financing

Project Components	Parent Project Cost US$ million	AF cost US$ million	Revised Project Cost (US$ million)
Component 1:	4.74	9.95	14.69
Sub-Components 1.1	0.70	1.60	2.30
Sub-Component 1.2	2.04	1.10	3.14
Sub-component 1.3	2.00	7.25	9.25
Component 2	0.01	0.00	0.01
Component 3	0.25	0.05	0.30
Component 4	0	0	0
Total Costs	5.00	10.00	15.00

15. **A level 2 restructuring will also be undertaken to effect the following changes**
    (a) Extend the closing date of the original Credit and the AF to December 31, 2023.
    (b) Revise upwards the end line target of outcome indicator "Percentage of population vaccinated, which is included in the priority population targets defined in national plan (by gender)", to include the additional population that will receive primary vaccination through this AF.
    (c) Introduce a new outcome indicator, "Percentage of population boosted with a single vaccine dose, in line with WHO/SAGE guidance (by gender)", to include the population that will receive a booster dose of vaccine through the AF.
    (d) Revise upwards the end line target of three intermediate results indicators
    (e) Revise date for all end line targets of outcome and intermediate results indicators to December 31, 2023.

16. All other aspects of the CERHSP project will remain unchanged.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	
Projects in Disputed Areas OP 7.60	

Summary of Assessment of Environmental and Social Risks and Impacts

17. **The anticipated overall environmental and social risks as in the parent project remain Substantial.** The project supports provision of screening, detection and treatment of COVID-19 cases, and COVID-19 vaccination and boosting of eligible populations with safe and effective vaccines. The main environmental and social risks associated with the project are: (i) occupational health and safety issues

related to testing and handling of supplies and the possibility that protective gears are not adequately used by the laboratory technicians and medical professionals; and (ii) environmental pollution and community health and safety issues related to the handling, transportation and disposal of healthcare waste. The environmental risks, therefore, are considered Substantial.

18. **Social risks associated with the project are also considered Substantial.** One central social risk is that marginalized and vulnerable social groups may not be able to adequately access facilities and services. To mitigate this risk the MoH, in the Environmental and Social Commitment Plan (ESCP), has included the provision of services and supplies based on need, in line with the latest data related to the prevalence of the cases. A Stakeholder Engagement Plan (SEP) that incorporates a preliminary stakeholder mapping is prepared to guide the MoH in the early interactions with a wide range of citizens (including the most vulnerable among them) regarding basic health precautions and required emergency measures to be adopted. The SEP includes details of the Grievance Redress Mechanism (GRM) for addressing any concerns and grievances raised. The risks, together with the mitigation measures are identified in detail in the Environmental and Social Management Framework (ESMF), which takes into consideration relevant guidance of the MoH and WHO. The ESMF will be disclosed in-country after approvals.

E. Implementation

Institutional and Implementation Arrangements

19. **There will be no change in the institutional or implementation arrangements for the AF.** The MOH is responsible for implementing all the components under this project through its various departments and divisions, including the Department of Public Health, Department of Medical Services, Department of Medical Supplies and Health Infrastructure and Policy and Planning Division (PPD). The MOH, through its various divisions and units, is also responsible for providing necessary COVID-19 response support including financing, logistics, constructions and training to the designated hospitals and health care facilities and laboratories and officials at various ports of entry. The AF will use existing staff and structures as much as possible for additional tasks that may be required to support the new activities.

20. **There will be no significant changes to the Fiduciary arrangements under the AF.** The Environment and Social Management Framework, the Environment and Social Commitment Plan, Stakeholder Engagement Plan of the restructured original project will be updated for the purposes of the AF to address emerging risks in COVID-19 health response, consulted, disclosed and adopted. The Environmental and Social Review Summary (ESRS) of the restructured original project is also updated to be relevant to the scope of the AF.

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APPROVAL

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