



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 29-Mar-2020 | Report No: PIDA28990



**BASIC INFORMATION**

**A. Basic Project Data**

Country Nepal	Project ID P173760	Project Name Nepal: COVID-19 Emergency Response and Health Systems Preparedness Project	Parent Project ID (if any)
Region SOUTH ASIA	Estimated Appraisal Date 27-Mar-2020	Estimated Board Date 03-Apr-2020	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Health and Population	

Proposed Development Objective(s)

The project development objective is to prevent, detect and respond to the threat posed by COVID-19 and to strengthen national systems for public health preparedness in Nepal.

Components

1. Emergency COVID-19 Response
2. Community Engagement and Risk Communication
3. Implementation Management and Monitoring and Evaluation
4. Contingency Emergency Response Component

**PROJECT FINANCING DATA (US\$, Millions)**

**SUMMARY**

<b>Total Project Cost</b>	29.00
<b>Total Financing</b>	29.00
<b>of which IBRD/IDA</b>	29.00
<b>Financing Gap</b>	0.00

**DETAILS**

**World Bank Group Financing**



International Development Association (IDA)	29.00
IDA Credit	29.00

Environmental and Social Risk Classification

Substantial

Decision

## B. Introduction and Context

### Country Context

- Over the past decade, Nepal’s economy has performed reasonably well.** Real growth domestic product (GDP) growth averaged 4.9 percent (at market prices) over 2010-19. Although declining as a share in the economy, agriculture continues to play a large role, contributing over 29 percent of GDP in FY2019. The service sector has grown in importance, accounting for 46 percent of GDP in FY2019. Industry and manufacturing have grown more slowly and their relative share in the economy has averaged 14 percent of GDP over the past decade. Similarly, exports continue to struggle, while imports are fueled by remittances. Remittances have remained stable, with its share as a percentage of GDP averaging 24.5 percent, supported by an increased transfer of funds through formal channels in recent years. Inflation has been in single digits for most of the past decade, with the peg of the Nepalese rupee to the Indian rupee providing a nominal anchor. Fiscal balances remained sustainable owing to strong revenue growth and modest spending. However, the federal government is now sharing revenue and transferring grants to provincial and local governments, as part of the recent reforms linked to federalism. The poverty headcount ratio (at the international line of US\$1.90/day) is estimated at 8 percent in 2019, down from 15 percent in 2010. At a higher line (US\$3.20/day), 39 percent of the population is estimated to be poor in 2019, which is a decline of more than 10 percentage-points from 2011. Despite the declining poverty trend, vulnerability remains high. Almost 10 million people (close to 29 percent of the population) are estimated to live between US\$1.9 and US\$3.2 a day in 2019 and face a significant risk of falling into extreme poverty, should a shock occur.
- GDP growth was 7.1 percent in FY2019 backed by tourism and strong agricultural growth; but is expected to moderate in FY2020.** The service sector grew by 7.5 percent in FY2019, supported by remittance inflows and tourist arrivals which in turn contributed to expansion of retail trade, transport, hotel and restaurant activity. Agriculture grew by 5 percent, due to good monsoons together with increased commercialization, the availability of fertilizers and seeds, and irrigation facilities. This helped raise paddy production, maize, and wheat to historic highs, almost doubling agriculture’s contribution to GDP growth. In FY2019, agriculture accounted for 29 percent of overall GDP growth. However, growth is expected to be moderate in FY2020. The impact from the COVID pandemic has affected activity in the tourism sector, causing an estimated 50 percent reduction in hotel occupancy rates and transport services. Government revenue has performed well in FY2018 and FY2019 compared to previous years. In FY2020, some loss in revenue is expected as a result of the COVID pandemic, due to lower imports, remittance receipts, tourist arrivals and economic activity. Nevertheless, ambitious expenditure targets envisioned in the budget have not been met. However, there has been a recent decline in bunching from 60 percent in last quarter of FY2018 to 40



percent in last quarter of FY2019. Federalism has also exacerbated the challenges linked to weak budget execution; and spending pressures have increased due to federal transfers to provincial and local governments.

- 3. Inflation averaged 4.5 percent year on year (y/y) in FY2019, lower than the monetary policy target of 5.5 percent.** The price of non-food items grew by 5.8 percent, driven mainly by housing and utilities, while food prices rose only 3 percent due to good agricultural production. In the last two months of FY2019 (i.e., June/July 2019), inflation spiked to 6 percent (y/y). This was driven by higher food prices due to increased pesticide tests on vegetables and fruits imported from India which resulted in lower uptake of imported food and increased domestic prices. Over the first six months of FY2020, Inflation averaged 6.4 percent (y/y), driven by higher vegetable prices and increased import duties on certain agricultural and industrial goods. This has widened the inflation gap with India and contributed to a 2.1 percent (real effective) appreciation of the Nepalese Rupee. As the effects of the COVID pandemic unfold, in terms of domestic demand and supply shocks, this is expected to put more pressure on inflation.
- 4. A new government, backed by an unprecedented majority in Parliament took office on February 15, 2018.** This follows successful elections for all three tiers (federal, provincial and local) of the new state architecture defined by the 2015 constitution, marking a protracted-but-successful conclusion of a political transition that began with the signing of the Comprehensive Peace Agreement in November 2006. Provincial governments largely mirror the coalition at the center. At the sub-national level, funds, functions and functionaries hitherto managed by the central, district and village authorities are moving to the seven new provinces and 753 local governments for which new legislation, institutions and administrative procedures are being formalized as constitutionally prescribed. Meanwhile, the central level authority is being streamlined with a focus on national policies and oversight. This profound level of state restructuring is expected to result in improved outreach and service delivery in the medium term but is likely to take time before becoming fully operational.

#### Sectoral and Institutional Context

- 5. Nepal has achieved significant improvements in health, though the outcomes are still not at satisfactory levels.** Between 1996 and 2016, maternal mortality ratio decreased from 543 to 259 per 100,000 live births, while under-five child mortality decreased from 118 to 39 per 1,000. The stunting rate among children under five declined from about 50 percent in 2006 to 36 percent in 2016. According to the Bank's Human Capital Index (HCI), a child born in Nepal today will be 49 percent as productive when she grows up as she could be if she enjoyed complete education and full health. Among the HCI Indicators and compared to neighbors and peers, Nepal is farthest from the frontier in stunting and learning outcomes. There is also room for improvement particularly on maternal and neonatal mortality and risks from air pollution and road traffic accidents.
- 6. Health is one of the most decentralized sectors in Nepal's new federal structure.** The provision of basic health services is now under the mandate of the 753 autonomous municipalities; and 7 Provinces have responsibility over the delivery of basic hospital services. The Federal government is responsible for overall sector policy, public health surveillance, disaster preparedness and delivery of specialized care through national hospitals and public health institutions. As this governance reform is still in its nascent stage of implementation, clarity of functions between the different governments has not yet been established and the capacity both in the governing administration and in health service delivery units like hospitals and primary health care clinics is not yet developed. Even prior to the current governing transition, there were significant gaps in human resources for health. This appears to be exacerbated due to the civil servant adjustment process which is part of the Federal transition.



7. **Nepal is particularly vulnerable to climate change, natural disasters and disease outbreaks and has limited capacity to respond.** Nepal has a high frequency of hazards such as seasonal outbreaks of dengue, floods, landslides, avalanches, and earthquakes. Among 200 countries, Nepal ranks 11th and 30th with regards to its vulnerability to earthquake and floods respectively. Notably, the magnitude 7.8 earthquake in 2015 resulted in the loss of nearly 9000 lives as well as damages and losses to health infrastructure and disruption in essential health care services delivery for which the country is still recovering. Nepal's risk for the COVID-19 outbreak is ranked as a Tier 1 (high) risk according to the US Centers for Disease Control and Prevention due to its border with China and India, low health security capacity<sup>1</sup>, and point-of-entry capacity. Areas of vulnerability include the ability to detect an outbreak with limitations on the epidemiological workforce, weaknesses in the real time surveillance and reporting system, the capacity and accessibility of health clinics and hospitals, socioeconomic resilience and prone to public health emergencies. Nepal has not yet undertaken a Joint External Evaluation (JEE) for compliance with the World Health Association (WHO) for assessing its compliance with International Health Regulations (IHR) on public health security. This exercise, which would result in prioritized recommendations for strengthening its health security, is scheduled to be completed in 2020.
8. **The Ministry of Health and Population (MoHP) endorsed a National Pandemic Preparedness and Response Plan (NPPRP) in 2019.** The objective of the plan is to address emerging disease outbreaks of epidemic and pandemic potential. Unlike the previous plan which only covered influenza viruses, the NPPRP covers six groups of viruses, including influenza, which have potential for greater social and economic impact if they cause widespread outbreaks including epidemics and pandemics. New human pathogens have emerged such as pandemic influenza, Ebola and Zika viruses and Middle East respiratory syndrome (MERS), and the current SARS-COV2. Nepal is considered at high risk due to its location to the global "hotspots". Small rural and backyard poultry farming with mixed animal farming and seasonal migration of wild birds from affected countries and the significant number of Nepal's youth population working in various countries are two factors for easy transmission of novel virus. The NPPRP defines the roles and responsibilities of the three tiers of the government and their coordinating mechanism in the evolving federal structure during emergency response to disease outbreaks. It establishes command and control mechanisms, risk assessments, surveillance, responses to different pandemic phases, communication strategies and, during outbreaks, the rapid deployment of emergency services including treatment and prevention of the spread of diseases, while continuing to provide essential health care services. The plan abides by the prevailing laws and code of ethics relating to emergency response.
9. **As of March 25, 2020, the COVID-19 situation in Nepal shows three laboratory confirmed cases – one from January of a Nepali citizen who returned from Wuhan and two cases in the last two days. There have been no fatalities.** Nepal has administered nearly 500 laboratory diagnostic tests. The administered tests included 175 Nepali students who were evacuated from China and who were quarantined for 14 days, all testing negative. Testing is not widespread and is reserved for those who meet specific clinical and likely-contact criteria in defined testing protocols at the Shukraraj Tropical and Infectious Disease Hospital (or simply known as Teku Hospital), in Kathmandu, since there is limited testing capability. At the same time, the Early Warning and Reporting System (EWARS) from sentinel sites that are reporting into the system do not show any abnormal signs of severe respiratory or influenza-like illness.

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<sup>1</sup> According to the Global Health Security Index ([www.ghsindex.org](http://www.ghsindex.org)), Nepal ranks 111 out of 195 countries globally, and 5 out of 9 within the South Asia Region, with a score of 35.1 (out of 100 with highest scoring country receiving 83.5). The Global Health Security (GHS) Index is a comprehensive assessment and benchmarking of health security and related capabilities across the 195 countries that make up the States Parties to the International Health Regulations (IHR [2005]). The GHS Index is a project of the Nuclear Threat Initiative (NTI) and the Johns Hopkins Center for Health Security (JHU) and was developed with The Economist Intelligence Unit (EIU).



Ports of entry including the one at the international airport and 41 border points have been strengthened. International flights have been suspended until March 31, 2020. Risk communication -- supported by partners such as WHO, UNICEF, and USAID -- is in place through social media, text messages, radio and television. Social distancing measures such as cancellation of group events, temporary closure of non-essential business activities and school closures are increasing. A 24 hour-hotline service has been established for consultations by citizens.

10. **A Government of Nepal (GoN) coordination mechanism for COVID-19 has been established and scenario-based plans have been prepared.** A “High-Level Coordination Committee on COVID-19 Transmission, Containment and Control” under the Chairmanship of the Prime Minister and Minister of Defense has been established and meets regularly to address multi-sectoral coordination and issue major decisions affecting the operations of the Government, economy and social distancing measures. As the health sector is at the forefront of the response, the Ministry of Health and Population (MoHP) has a Steering Committee chaired by the Secretary and the Health Emergency Operation Center (HEOC) operates as the secretariat. A Technical Coordination Committee, chaired by the Director General of Health Services, raises key issues and provides its technical recommendations to the Steering Committee. The MoHP has drafted a specific scenario-based contingency plan for responding to the COVID-19 pandemic. The draft plan is expected to be endorsed by the Steering Committee shortly. The proposed project supports the COVID-19 response plan based on a possible scenario of up 1500 cases per month (scenario 2a under the draft plan) and would start to put in place the most critical elements of the pandemic preparedness plan. At the same time, the project is designed to adapt quickly in case of the situation escalates to a higher-level scenario.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The project development objective is to prevent, detect and respond to the threat posed by COVID-19 and to strengthen national systems for public health preparedness in Nepal.

#### Key Results

11. The key PDO-level indicators measuring the two parts of the PDO are:
  - a. Nepal has activated their 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 designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents;
  - d. Number of acute healthcare facilities with isolation capacity;
  - e. Country adopted personal and community non-pharmaceutical interventions (school closures, telework and remote meetings, reduce/cancel mass gatherings).

### D. Project Description

12. **Phased approach to building the capacity of Nepal to respond to public health emergencies.** The focus of this project is on the immediate response and preparedness needs for COVID-19. This includes investments in critical core hospital, laboratory and emergency coordination infrastructure which are needed to respond to the possible scenarios for outbreak of COVID-19 in Nepal. Development of longer term, phased support is needed that would improve public health emergency response capacity vertically – to Provincial Governments and Local Level authorities – as well as improving coordination vertically through enhanced coordination among federal level



authorities. Options for providing this support would be explored as part of the Bank’s strategic engagement with the Government of Nepal beyond this immediate Fast Track Facility.

13. To achieve the above objective, the Project will have three components which are a subset of those set out in the PSRP MPA and further scribed below.

14. **Component 1: Emergency COVID-19 Response.** This component would provide immediate support to Nepal to prevent COVID-19 by enhancing disease detection capacities through the provision of technical expertise and laboratory equipment and systems to ensure prompt case finding and contact tracing, consistent with WHO guidelines in the Strategic Response Plan. It would enable Nepal to strengthen its Health Emergency Operation Center (HEOC) and Epidemiology and Disease Control Division (EDCD) and mobilize surge response capacity through trained and well-equipped frontline health workers. Supported activities would include:

**Subcomponent 1.1: Case Detection, Confirmation, Contact Tracing, Recording, Reporting.**

**Subcomponent 1.2: Health System Strengthening.**

15. **Subcomponent 2: Community Engagement and Risk Communication.** This sub-component will support for information and communication activities to raise awareness, knowledge and understanding among general population about the risk and potential impact of the pandemic, including social distancing measures, health promotion, social mobilization, stakeholder engagement and community engagement. This sub-component will ensure the real-time exchange of information, advice and opinions, through a mix of communication and engagement strategies, such as media and social media communications, mass awareness campaigns including “social distancing” measures, health promotion, social mobilization, stakeholder engagement and community engagement. UNICEF and other partners are currently working with MoHP on risk communication, including development of various communication materials and dissemination and, if needed, this sub-component could be used for supporting these activities. This sub-component will finance contracting firms for behavior change communication efforts, training modules, training frontline workers, printing materials, experts, symposia for advocacy, on surveillance, treatment and prophylaxis. As one key output the subcomponent would support regular symposiums on surveillance, treatment and public health prevention.

16. **Component 3: Implementation Management and Monitoring and Evaluation.** This component would support the strengthening of the MoHP, its coordinating structures and agencies for the coordination and management of the COVID-19 response, coordination of project activities, financial management, procurement, stakeholder engagement in line with the Stakeholder Engagement Plan (SEP), and compliance with the Environment and Social Commitment Plan (ECSP). This component would also support also support monitoring and evaluation of prevention and preparedness, building capacity for clinical and public health research and joint-learning across and within countries.

17. **Component 4: Contingency Emergency Response Component (CERC).** In the event of an Eligible Crisis or Emergency, the project will contribute to providing immediate and effective response to said crisis or emergency.

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

18. **The project presents overall positive benefits on the environment and social context of Nepal.** The ability of the government and health institutions to carry out adequate disease surveillance, early detection and treatment of COVID 19 cases and other infectious diseases is apparent. Considering the scope of activities and national footprint of the project, and based on preliminary assessments, the overall environmental and social risks of the project is rated Substantial. Six of World Bank's Environmental and Social Standards (ESS) are directly relevant in managing environmental and social risks and impacts of the project: ESS1 Assessment and Management of Environmental and Social Risks and Impacts, ESS2 Labor and Working Conditions, ESS3 Resource Efficiency and Pollution Prevention and Management, ESS4 Community Health and Safety, ESS7 Indigenous Peoples/Sub-Sahara African Historically Underserved Traditional Local Communities, and ESS10 Stakeholder Engagement and Information Disclosure. Environmental risks and impacts are expected to be significant and include (i) occupational health and safety concerns to frontline healthcare workers and staff especially on specimen collection and handling, exposure to infectious diseases, (ii) dust and noise during rehabilitation works (iii) management of health care waste generated from quarantine and isolation centers, laboratories, and screening posts could include contaminated fluids (e.g. blood) and infected materials like reagents, syringes, lab solutions Major social risks and impacts may include (i) the potential for exacerbating existing marginalization of poor vulnerable (including persons with disability, LGBTI groups, and elderly) and lower-caste groups in terms of access to relevant information and healthcare services; (ii) medical waste (especially sharps) on landfills and open waste dumps and discharge of contaminated water that may undermine community health and safety, cause contaminated land and surface water; and (iii) the potential for social tensions that may arise from mandatory isolation and quarantine and prevention of transmission amplifying events.
19. **Environmental and Social Management framework (ESMF) will be prepared prior to project implementation, and will guide the assessment and management of the social and environmental risks and impacts, and enhance the development outcomes of the project.** Relevant standards of the WB ESSs (see Appraisal stage ESRS), EHS Guidelines, WHO guidelines and relevant national laws and regulation will be used to formulate the ESMF. A draft Stakeholder Engagement Plan (SEP) has been prepared and disclosed by MOHP. MoHP will implement the activities agreed in the Environmental and Social Commitment Plan (ESCP). In addition, the project design includes inherent measures for addressing key risks such as bio-safety, safe water and sanitation, and health promotion among communities. Component 3 will provide the significant resources to enable project implementers to monitor and supervise the overall project implementation including its social and environmental performance.

### E. Implementation

#### Institutional and Implementation Arrangements

20. **The Ministry of Finance (MoF) is the representative of the Borrower and the MoHP is the implementing agency.** Due to the emergency nature of the operation and given the Federal responsibility for disaster preparedness, the Project would be a Federal project with no on-lending or on-grant arrangements with subnational authorities. Support provided to the critical health care facilities in the provinces would be provided by the MoHP directly.
21. **The project will be implemented by MoHP through its various departments and divisions, including the Department of Health Services (DoHS), the Policy, Planning and Monitoring Division (PPMD), the Health**





**Coordination Division (HCD), the Epidemiology and Disease Control Division (EDCD), the Management Division (MD) and the HEOC.** A project specific unit would not be established. MoHP, through its various divisions and units, will be responsible for providing necessary support including financing, logistics, constructions and training to the designated hospitals at the federal and provincial levels, laboratories, and various ports of entry. This approach is aligned with the on-going Sector Wide Approach which includes strengthening and use of the MoHP structures for support to the sector.

22. **The Chief Specialist of the Health Coordination Division (HCD) will serve as the Coordinator of this project with support from the HEOC.** Project oversight and guidance will be provided through the established Ministerial Level COVID-19 Coordination Committee, supported by the Health Emergency Operations Center (HEOC). Therefore, the capacity of the HCD and the HEOC may be enhanced to support them in project coordination and monitoring as needed. The HCD and HEOC will liaise with provincial offices and other relevant ministries to implement the activities of the project. Health Cluster Coordination platform of MoHP for COVID –19 response as well as the External Development Partner (EDP) Group will serve as a platform for coordination with donors and other partners.
23. **Procurement under the project will be undertaken by the MD, DOHS on behalf of all hub hospitals at the center, provincial hospitals, and the National Public Health Laboratories.** The PPMD will be responsible to delegate and account for any budgets delegated to relevant units and divisions and hospitals for costs related to workshop, conference, training, hazard pay, etc. For more details, see the Financial Management and Procurement details in the Project Appraisal Summary.
24. **The Curative Service Division, DoHS, will be responsible for supervising environment safeguards including hospital waste and bio-safety procedures in hospitals; and the Nursing Division will supervise activities in relation to community engagement and social safeguards.** The Curative Service Division will work in consultation with the Management Division that is responsible for coordinating investments in infection control and waste management.

## CONTACT POINT

### World Bank

Manav Bhattarai  
Senior Health Specialist

Kari L. Hurt  
Senior Operations Officer

### Borrower/Client/Recipient

Ministry of Finance  
Mr. Shreekrishna Nepal  
Joint Secretary, IECCD  
sknepal40@mof.gov.np

### Implementing Agencies



Ministry of Health and Population  
Dr. Bikash Devkota  
Chief, Health Coordination Division  
dr.bdevkota@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):	Manav Bhattarai Kari L. Hurt
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**Approved By**

Environmental and Social Standards Advisor:		
Practice Manager/Manager:		
Country Director:	Faris H. Hadad-Zervos	29-Mar-2020