



# Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 24-Mar-2020 | Report No: PIDC28973



**BASIC INFORMATION**

**A. Basic Project Data**

Country Ecuador	Project ID P173773	Project Name Ecuador Covid-19 Response	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 24-Mar-2020	Estimated Board Date 31-Mar-2020	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy and Finance	Implementing Agency Ministry of Public Health	

Proposed Development Objective(s)

To prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

Components

Component 1: Support the National Program to respond to the Covid-19 pandemic  
Component 2: Project Management and Monitoring

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

**SUMMARY**

<b>Total Project Cost</b>	20.00
<b>Total Financing</b>	20.00
<b>of which IBRD/IDA</b>	20.00
<b>Financing Gap</b>	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

Other Decision (as needed)

## B. Introduction and Context

### Country Context

1. **Ecuador's poor economic performance puts the country in a fragile position to grapple with the spread of COVID-19.** Ecuador's dollarized economy has seen a marked slowdown since oil prices plummeted in mid-2014. Gross Domestic Product (GDP) growth in Ecuador has historically been mainly fueled by oil prices and reached an average of 0.6 percent between 2015 and 2018, despite significant improvements achieved by 2014 in terms of service delivery and human development indicators. After reaching 2.4 percent in 2017, economic growth fell to zero percent in 2019. Official unemployment is on the rise, reaching 3.7 percent in December 2018 and up to 4.6 percent in March 2019. More than 21,000 public-sector workers lost their jobs over the past year (2018-2019) due to a reduction of the public wage bill and 241,000 private sector workers lost employment in the same period. The economic stagnation pushed informal employment up to 46.7 percent in December 2019, the highest reported level since 2007. The continuous deterioration of labor market conditions in both urban and rural areas increased poverty from 23.2 percent in 2018 to 25 percent in 2019, with more than 300,000 Ecuadorians falling below the poverty line for the second year in a row. In 2019, the Gini coefficient increased for the third year since 2016 reaching 0.47. At the same time, an unprecedented influx of people from Venezuela arrived, converting Ecuador into the third main recipient of migrants with an additional challenge of providing basic services, such as health and education, to the most vulnerable groups. With an ambitious reform agenda supported by the IMF and other international financial organizations, growth in Ecuador was projected to reach 2.1 percent by 2022 due to the end of the consolidation process and a surge of private investment and exports linked to growth-related reforms. Today, the IMF expects 2020 world growth to be below the 2.9 percent rate for 2019. However, projections may change significantly if the impacts of the COVID-19 outbreak are not minimized promptly. Despite the implementation of required COVID-19 isolation measures for transmission control, poverty and vulnerability are expected to increase.

### Sectoral and Institutional Context

2. **Over the past few years, Ecuador has made important progress in improving key health outcomes, however significant issues detrimental to human capital accumulation still need to be resolved.** While chronic malnutrition (height for age) in children under age 5 declined (from 25.3 percent in 2012 to 23 percent in 2018), there has not been any progress in reducing malnutrition for children under age 2 which went from 24 percent in 2012 to 27.2 percent in 2018.<sup>1</sup> Beyond improvements on the maternal mortality

<sup>1</sup> National Institute of Census and Statistics, Ecuador, "ENSANUT. Encuesta Nacional de Salud y Nutrición" 2012 and 2018.



ratio - 44.6 per 100,000 live births in 2015 compared to 41.1 per 100,000 live births in 2018, substantial differences persist across regions: 127.6 per 100,000 live births in Chimborazo province versus 6.4 per 100,000 live births in Azuay province. Neonatal mortality increased from 5.5 per 1,000 live births in 2015 to 6 per 1000 in 2018. The main cause of neonatal death is associated with respiratory distress (25 percent) followed by other congenital malformations (11 percent) and bacterial sepsis (10 percent). Reported diarrheal disease in children under age 5 fell from 16.9 percent to 10.75 percent between 2014 and 2018 and respiratory illness also dropped from 46.3 percent to 34.2 percent.<sup>2</sup> Infant mortality rates for children under 1 year old have continuously decreased until 2014, reaching its minimum value of 8.5 per 1,000 live births. Since 2015, this trend experienced a slightly gradual increase up to 10.1 in 2018.<sup>3</sup> According to 2018 data, 51 percent of children aged 1-5 years were physically mistreated and 47 were percent psychologically mistreated (ENSANUT, 2018). This could directly and indirectly affect children's mental health and result in negative brain developments and translate into long lasting negative consequences. Finally, in line with Ecuador's demographic transition, Non-Communicable Diseases (NCDs) now represent the leading burden of disease, accounting for 65 percent of the loss of Disability Adjusted Life Years (DALYs).<sup>4</sup> Cardiovascular diseases, cancer, diabetes, mental illness, substance abuse and musculoskeletal issues now account for more DALYs lost than neonatal disorders, diarrhea and lower respiratory infections and nutritional deficiencies combined.

- 3. COVID-19 threatens to undo Ecuador's progress on health outcomes and distracts attention from remaining health sector challenges.** The first case of COVID-19 in Ecuador was registered on February 29<sup>th</sup>. The patient, an Ecuadorian citizen arrived in Guayaquil from Spain on February 29<sup>th</sup> without symptoms and started experiencing fever and muscle pain later. By March 1<sup>st</sup>, five new cases were registered and as of March 23<sup>rd</sup>, there were a total of 981 confirmed cases (of which 18 resulted in death) and 708 suspected cases.<sup>5</sup> COVID-19 cases were confirmed in 16 out of 24 provinces in Ecuador. Guayas (769 cases, of which 526 in Guayaquil), Pichincha (65) and Azuay (23) were the top three provinces in number of cases. The Government has been quick to respond to the outbreak, and a public health emergency was declared on March 11<sup>th</sup> with a national emergency declared on March 13<sup>th</sup>. On March 16<sup>th</sup>, President Lenin Moreno announced emergency rule, curfews and transport restrictions beginning March 17<sup>th</sup>. In terms of health service delivery, 22 Ministry of Public Health (MSP) hospitals and 9 Ecuadorian Social Security Institute (IESS) hospitals have been designated as primary entry points for COVID-19 cases. These exceptional measures and a swift response are crucial to contain the spread of COVID-19.

### C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

<sup>2</sup> National Institute of Census and Statistics, Ecuador, "ENSANUT 2018. *Encuesta Nacional de Salud y Nutrición*" 2019. and "Encuesta de Condiciones de Vida (ECV) 2013-2014," <http://www.ecuadorencifras.gob.ec/encuesta-de-condiciones-de-vida-ecv/>. [Accessed: 17 March, 2020] and [www.ecuadorencifras.gob.ec/nacimientos-bases-de-datos/](http://www.ecuadorencifras.gob.ec/nacimientos-bases-de-datos/)

<sup>3</sup> Ibidem

<sup>4</sup> Institute for Health Metrics and Evaluation, "GBD Compare," 2017. [Online]. Available: <http://www.healthdata.org/data-visualization/gbd-compare>. [Accessed: 12 February 2020].

<sup>5</sup> Ministry of Public Health, "Actualización de casos de coronavirus en Ecuador," 2020. [Online]. Available: <https://www.salud.gob.ec/actualizacion-de-casos-de-coronavirus-en-ecuador/>. [Accessed: 23 March 2020]



4. **PDO Statement:** To prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
5. **PDO level Indicators:** The PDO will be monitored through the following PDO level outcome indicators:
  - Number of health workers reached with tailored information
  - Percentage of prioritized ICU units that are fully equipped and operational
  - Percentage of diagnosed cases treated per approved protocol in the prioritized hospitals, disaggregated by gender

#### D. Project Description

6. **The WBG financed Project will be comprised of two components to support the Government's strategic plan to prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.** In addition, climate change adaptation and mitigation measures will be incorporated throughout the sub-components, as applicable, and gender issues will be addressed as necessary. The specific activities financed by the Project fit into the overall Government strategy to: (i) rapidly address the COVID-19 emergency by identifying, isolating and providing care for patients with COVID-19 to minimize disease spread, morbidity and mortality; (ii) implement effective communication campaigns for mass awareness and education of the population and guidelines for health care workers to tackle the COVID-19 emergency; and (iii) strengthen the short- and long-run capacity of the public health system to provide intensive care.
7. **Component 1: Support the National Program to respond to the COVID-19 pandemic [US\$19 million].** This component will include two subcomponents and will finance the national communication strategy, and medical and non-medical equipment, medical devices, and consultant and non-consultant services.
8. **Sub-component 1.1: Support the national communication strategy to control the spread of COVID-19.** This subcomponent will contribute to the financing of a sustained, national communication plan to (i) develop and disseminate guidelines for health workers; and (ii) to raise population awareness to slow down the spread of the disease, and thus mitigating the rapid increase in demand for critical health services. Financing includes consultant and non-consultant services for three main activities: (i) developing materials and messages for the general public to increase understanding about the risks and impacts of the pandemic including those aimed at increasing awareness to climate-sensitive diseases and the ways of preventing them; (ii) preparing and delivering guidelines for health care workers for self-care and mental health practices; and (iii) producing and disseminating material to support households in mandatory isolation. The target population includes the poor and the elderly population, both of which are also more vulnerable to climate shocks such as extreme weather events. Additionally, this strategy will be adapted to secure a sustained effort to control the transmission and ensure that prevention and control measures are accepted and adopted by the population in the medium and longer term as well. With financing support mobilized from the active portfolio, this strategy will be revised with technical assistance from WHO and UN agencies, to ensure it is culturally relevant and appropriate, and differentiated by group characteristics (i.e. age, working conditions, vulnerability, among others).



- 9. **Subcomponent 1.2: Strengthen critical aspects of health delivery to cope with increased demand of services posed by COVID-19 pandemic.** This sub-component will finance the strengthening of the public health services, by equipping essential medical services, mainly ICUs, to increase the capacity of the public health system for the response to the COVID-19. This subcomponent will increase the availability of isolation rooms, ambulatory areas for screening, and address the immediate health system needs of medical supplies and medical devices to treat severe cases affected by COVID-19 emergency, promoting the use of climate smart technologies when possible. Considerations will be given to the procurement and mobilization of energy efficient equipment. Improvement in most ICUs will also consider a longer-term approach to strengthen the capacity of hospitals to provide intensive care treatments, which is essential for confronting the COVID-19 emergency.
- 10. **Component 2: Project Management and Monitoring [US\$1 million].** This component would finance: (i) staff and operational costs of the Project Implementation Unit (PIU) at the Ministry of Public Health (MSP); (ii) monitoring or project implementation and reporting; and (iii) Technical Assistance activities 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

- 11. **The overall environmental and social risks of this Project are deemed as Moderate.** The Ministry of Public Health will develop an Environmental and Social Management Framework (ESMF) for Project activities, using the plans and manuals they have in place and applying international best practices in diagnostic testing for COVID-19, handling the medical supplies involved, and disposing of generated wastes. Until the ESMF has been approved, the Project will apply the WHO standards on COVID-19 response. The relevant parts of the WHO COVID-19 biosafety guidelines will be reviewed while updating the ESMF so that all relevant risks and mitigation measures will be covered. In addition to the ESMF, the client will implement the activities listed in the Environmental and Social Commitment Plan (ESCP). The ESCP was disclosed on the Bank’s external website on March 24, 2020.
- 12. **Environmental risks include:** (i) the removal and disposal of sharp and pointed items, discarding medical supplies related to isolation measures (gloves, masks, hospital gowns, goggles, leftover medicines, etc.) in both health centers and home quarantine; (ii) contamination to the environment and health and safety risks due to the use of cleaning and disinfection products, chlorine and other hazardous byproducts; (iii) risks from handling and use of oxygen tanks; and (iv) transport and disposal of viral contaminated materials once used. Proper management handling and transportation procedures should be in place in



line with WHO Interim Guidance (February 12, 2020) on “Laboratory Biosafety Guidance related to the novel coronavirus (2019-nCoV)” and other WHO protocols.

13. **In Ecuador, the Ministries of Public Health and Environment signed an Inter-institutional Agreement on the management regulation of waste generated in health facilities.** Within this framework, the two institutions issued regulation for the internal management of waste within health facilities through plans and manuals. Also, the Municipal Governments are in charge of the collection of hospital waste and the final disposal in the sanitary landfills in the respective area of each municipality, for which they need to acquire an environmental license. These internal manuals also contain occupational health and safety standards for the workers in order to avoid infections through improper handling of waste.
  
14. **The social risks are deemed moderate.** The Project will not involve resettlement or land acquisition. While the Project will benefit Ecuadorian society overall, the social risks associated include: (i) difficulties in access to services by marginalized and vulnerable social groups (i.e. the poor, disproportionately represented Afro-Ecuadorians and indigenous peoples, Venezuelan migrants, the elderly, and the disabled); (ii) discrimination towards ethnic minority groups (e.g. indigenous people, Afro-Ecuadorians), and xenophobia towards Venezuelan migrants, thus experiencing invisible barriers to access; (iii) misinformation (fake news) in social media networks that may contribute to propagate contagion; and (iv) increase in Sexual Exploitation and Abuse (SEA), Sexual Harassment (SA) and violence against children in households as a result of social distancing/stay home/quarantine measures in place and worsened economic hardship. These risks will be mitigated through a: (i) robust and coordinated National Plan for Communication and Education that targets various audiences to address issues of access, discrimination, and ethnicity; (ii) continuous education and awareness raising campaigns; (iii) development of materials (radio, infographics, TV broadcasts); (iv) a Grievance Redress Mechanism (GRM); and (iv) SEA/SH and violence against children risks will be assessed and addressed in implementation, including screening and putting in the corresponding measures to prevent and mitigate the these risks. A draft Stakeholder Engagement Plan (SEP) that incorporates a preliminary stakeholder mapping has been prepared to guide MSP on their early interactions with a wide range of citizens (including the most vulnerable) regarding basic health precautions and any coming emergency measures. This SEP will be revised within one month of Project approval, as noted in the ESCP. This draft SEP was disclosed on the Bank’s external website on March 24, 2020. The SEP will include a fully elaborated GRM for addressing any concerns or complaints. In addition to the ESMF, the client will implement the activities set out in the ESCP, and the SEP within the proposed timeline.

## E. Implementation

### Institutional and Implementation Arrangements

15. **The national COVID-19 preparedness and response in Ecuador is co-led by the MSP and the MEF.** The proposed institutional arrangement envisages the staffing of a PIU seated at the MSP and under the Vice-Ministry for Integrated Health Care. The Project Coordinator will be responsible for the regular coordination with the Bank’s Task Team, the overall implementation of the proposed Project and the effective coordination with directorates at the MSP and MEF, public entities and key financing partners. The PIU will be lead by the Project Coordinator and would comprise: (i) Procurement Officer; (iii) Financial



Management and Disbursement officer; and (iii) Environmental & Social (E&S) specialist. PIU staff will be trained and equipped to manage Project activities. However, during the early phase of Project implementation, members of currently Bank-supported PIU (i.e. from the Ministry of Education and the MEF) will provide hands-on support to the COVID-19 PIU, ensuring a rapid launch of Project activities (i.e. procurement and financial management specialists).

- 16. The Republic of Ecuador, represented by MEF, will guarantee the obligation of the Borrower in respect to the Loan Agreement while the MSP will be the implementing agency.** Although the MSP has a limited experience implementing WBG policies and procedures the Project for Physical Infrastructure, Equipment, Maintenance, Research and Financing for Health (*Proyecto de Infraestructura Física, Equipamiento, Mantenimiento, Estudios y Fiscalización en Salud, PIFEMEFS*), under the Viceministry of Integrated Health Care, has successfully implemented projects financed by the IADB, the IMF and bilateral agencies. Thus, the proposed COVID-19 PIU will be linked to the PIFEMEFS, enabling a regular and effective coordination with financing partners and providing adequate support to the Viceministry of Integrated Health Care on the COVID-19 response and strengthening of the public health system. This arrangement will ease the coordination and prioritization of activities based on changing needs.

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**APPROVAL**

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