



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 04-May-2020 | Report No: PIDA29072

**BASIC INFORMATION****A. Basic Project Data**

Country Panama	Project ID P173881	Project Name Panama COVID-19 Emergency Response	Parent Project ID (if any)
Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 23-Apr-2020	Estimated Board Date 11-May-2020	Practice Area (Lead) Health, Nutrition & Population
Financing Instrument Investment Project Financing	Borrower(s) Republic of Panama	Implementing Agency Ministry of Health	

Proposed Development Objective(s)

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

Components

Strengthening the response to COVID-19 and national systems for public health preparedness
Project Management and Monitoring

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

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

DETAILS**World Bank Group Financing**

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

Substantial



Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

- 1. Panama's economy has demonstrated impressive growth over the years, however, the COVID-19 outbreak's effects on trade will significantly impact economic growth.** Between 2010 and 2018, Panama's annual Gross Domestic Product (GDP) growth averaged 6.5 percent, triple the average annual growth for the Latin America and the Caribbean (LAC) region.¹ However, COVID-19 has emerged during a slowdown in major economies like China and the United States, Panama's largest trading partners. Global growth of 2.4 percent in 2019 was the lowest observed since the 2008/09 financial crisis, and Panama's 3.0 percent growth in 2019 was also the lowest in the decade since the crisis. As the effects of COVID-19 are felt more deeply in Panama and around the world, the Government of Panama (GoP) will need to implement ambitious measures to mitigate the pandemic's impact on health and on economic growth.
- 2. Despite strong economic performance, reducing poverty and inequality remains a major challenge to boosting Panama's human capital.** With a GINI of 49.2, Panama is one of the most unequal countries in the region. The national poverty rate was 20.7 percent in 2017;² however, this masks major inequalities across geographic and ethnic divisions. In the Indigenous "Comarcas," for example, poverty rates surpass 80 percent, highlighting the need to create more equal opportunities for growth and human capital development. Further, despite Panama's robust economic growth, progress toward reducing inequality has been slower than in other countries in the region. Between 2007 and 2017, each percentage point increase in GDP resulted in only a 0.05 percent reduction in the GINI in Panama, compared to 0.28 percent in the LAC region.³
- 3. The challenges related to inequality are further exacerbated by Panama's exposure to multiple hazards.** Panama ranks 14⁴ among countries most exposed to multiple hazards including intense and protracted rainfall, windstorms, floods, droughts, wildfires, earthquakes and landslides. Climate change threatens to increase vulnerability to these hazards, as they become less predictable, more frequent, and more intense. The economic and livelihood impacts affect Indigenous populations in particular, given their dependence on their natural surroundings for subsistence (food, medicine, shelter) and customary practices.

¹ World Bank. 2020. World Development Indicators. <https://databank.worldbank.org>.

² International Monetary Fund (IMF). 2019. Panama: Staff Report for the 2018 Article IV Consultation. <https://www.imf.org/en/Publications/CR/Issues/2019/01/17/Panama-2018-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-46528>.

³ Astudillo et al. 2019.

⁴ Out of 75 countries studied. See Dilley, M., Chen, R. S., Deichmann, U., Lerner-Lam, A. L., and Arnold, M. 2005. Natural Disaster Hotspots: A Global Risk Analysis. Disaster Risk Management Series. No. 5 See also Disaster Risk Management Program Panama; Magrin et al., 2007. Latin America. Climate Change 2007: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Fourth Assessment Report of the IPCC



Sectoral and Institutional Context

4. Over the past few years, Panama has made important progress in improving key health outcomes, however significant barriers to human capital accumulation still need to be addressed. Between 2010 and 2018, infant mortality declined from 17 to 13.6 deaths per 1,000 live births, and maternal mortality declined from 79 to 52 deaths per 100,000 live births. These improvements notwithstanding, inequalities persist between urban and rural areas, and between the autonomous Indigenous regions and the rest of the country. For example, life expectancy is 78 years nationwide, compared to only 70 years in Indigenous regions of the country.

5. High levels of chronic diseases and the aging of the population place many Panamanians at increased risk of COVID-19 complications. The pandemic is especially dangerous for the elderly, who face higher COVID-19 mortality rates than other age groups; an estimated 8.1 percent of Panama's population is age 65 and above. Further, Panama has high levels of chronic diseases which also place individuals at increased risk; among the adult population, 19 percent has hypertension, 9 percent has diabetes mellitus, and 23 percent is obese.

6. COVID-19 is stretching Panama's health system capacity and demands a surge in resources in order to achieve containment. COVID-19 presents a major challenge to the health system not only because it is transmitted rapidly and is more deadly than other viruses, but also because severe cases require lengthy hospitalization even among patients who recover. The Ministry of Health's (*Ministerio de Salud*, MINSAL) service delivery network is comprised of 18 hospitals and 190 primary healthcare centers. Together, these account for a total of 23 beds per 10,000 population, compared to the Central American average of 11 beds per 10,000 population, the LAC average of 22 beds per 10,000 population, and the average of 41 per 10,000 in high-income countries, Panama's income classification. In 2016, there were 15.7 physicians and 14.1 nurses per 10,000 population, compared to an average of 9.9 physicians and 13.1 nurses per 10,000 population in Central America and 22 physicians and 47 nurses per 10,000 population in LAC. Panama is not fully prepared to provide health care services or mitigate the severe impacts caused by COVID-19. To mitigate these impacts, the GoP has taken prevention measures such as early social distancing, reinforcing its the health system's capacity to cope with the relatively high number of cases of COVID-19 by expanding Intensive Care Unit (ICU) capacity and operationalizing makeshift hospitals.

7. The GoP has taken proactive measures to slow down the spread of infection. On January 28, 2020, the President issued an Executive Decree to adopt all necessary measures in the National Coronavirus Plan, following World Health Organization (WHO) recommendations. A state of emergency was declared on March 13 by the President of Panama with the support of the Cabinet, followed by a series of sweeping measures to contain the spread of the virus. In addition to the emergency declaration, The National Assembly approved Law 139 of April 2, 2020 "adopting a general law on emergency measures to deal with the health crisis caused by the COVID-19 pandemic." Among the measures adopted are: distancing and social isolation; setting a sanitary fence around main cities; establishing a quarantine with a 24-hour curfew; suspending all construction projects except health-related; closing schools and non-essential businesses; and suspending of all commercial flights (except cargo and humanitarian). Moreover, the GoP has also included of a Respiratory Triage in the network of health facilities and rolled out healthcare technological solutions (e.g. remote consultations) that allows continuity in safe conditions.



8. **As of April 17, 2020, MINSA has reported more than 4,000 cases of COVID-19, including more than 100 deaths⁵**, which account for more than 70 percent of cases in the Central America region. The situation is all the more alarming considering that Panama's population size (4.7 million) is among the smallest in Central America, suggesting not just higher disease incidence but higher prevalence as well. As the number of cases in Panama rises, MINSA will need to significantly expand the capacity to test, triage, and treat cases of COVID-19.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Program Development Objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

Key Results

- Laboratories with COVID-19 diagnostic equipment, test kits, and reagents (number)
- Confirmed cases of COVID-19 reported and investigated per approved protocol in the country (percentage)
- ICU and intermediate care units equipped pursuant to National COVID-19 protocol (number)

D. Project Description

9. **Project Components.** The proposed Project will support the GoP's capacity to detect and respond to the threat posed by COVID-19. Specifically, it will support the identification and treatment of patients with COVID-19 to minimize disease spread, morbidity and mortality. The proposed Project will attempt to implement climate-change adaptation measures when possible, and to address gender issues, as necessary.

10. **Component 1: Strengthening the response to COVID-19 and national systems for public health preparedness.** This component will support prevention and containment of COVID-19 by financing critical inputs for infection control in health facilities as well as investigation of suspected cases and contacts tracing and strengthen disease detection capacities through the provision of laboratory equipment and supplies to ensure prompt testing and diagnosis. The Project will also support critical aspects of health service provision in order to mobilize surge response capacity, particularly the provision of intensive care. This component will include two sub-components, as follows:

11. **Sub-component 1.1: Support measures to prevent the spread of COVID-19** This sub-component aims at safeguarding the frontline workers' environment for the provision of care under protocols critical to the COVID-19 response; and promoting the application of health hygiene protocols in the overall population.

12. **Sub-component 1.2: Strengthen case detection capacity and support critical aspects of health service provision.** This sub-component will focus on case detection, tracing and proper care provision, ensuring that potential COVID-19 cases are identified and referred to treatment as appropriate. Rapid investigation of suspected cases and potential contacts with proper testing and follow up is a key tool to prevent further spread of the disease.

⁵ MINSA. 2020. Casos de Coronavirus COVID-19 en Panama. <http://minsa.gob.pa/coronavirus-covid19>. Accessed, April 16, 2020.



13. Component 2: Project Management and Monitoring. This component will finance the required operational costs of the Project Implementation Unit at the Health, Administrative, and Financial Management Unit (*Unidad de Gestión de Salud, Administrativa y Financiera*, UGSAF) at MINSA.

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

Environmental Risk

14. The Environmental risk rating for the Project is considered substantial given the emergency context and the likelihood that existing resources and capacity in health facilities will be stretched as the outbreak evolves. The main environmental risks include: (i) environmental and community health related risks from inadequate storage, transportation and disposal of infected medical waste; (ii) occupational health and safety issues related to the availability and supply of personal protective equipment (PPE) for healthcare workers and the logistical challenges in transporting PPE across the country in a timely manner; and (iii) community health and safety risks given close social contact and limited sanitary and hygiene services (clean water, soap, disinfectants) and isolation capabilities at health facilities across the country.

15. To mitigate these risks UGSAF will prepare an Environmental and Social Management Framework (ESMF). The ESMF will contain provisions for storing, transporting, and disposing of contaminated medical waste and outline guidance in line with international good practice and WHO standards on COVID-19 response on limiting viral contagion in healthcare facilities. The relevant parts of the WHO COVID-19 quarantine guidelines and COVID-19 biosafety guidelines will be reviewed so that all relevant occupational and community health and safety 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 Project will also support UGSAF in coordination with Pan American Health Organization (PAHO), United Nations Children's Fund (UNICEF), United States Centers for Disease Control and Prevention (CDC), and other partners in overcoming logistical constraints in the timely provision of technical expertise, supplies, equipment and systems across the country.

Social Risk

16. The social risk rating for the Project is considered substantial. The proposed Project is expected to generate important positive impacts, including strengthening the ability of the GoP, through MINSA, to respond to the COVID-19 pandemic, through the acquisition of medical supplies and equipment, improved ability to trace, detect and treat COVID-19 patients, and support communication efforts geared toward informing the public about COVID-19 and ensuring their participation in social distancing and prevention measures.



17. The main risk associated with the Project is the possibility that procured supplies and equipment is biased for the benefit of urban or health regions. Historical and existing inequalities in access to quality health services exacerbate this risk, particularly for areas of difficult access and with marginalized and vulnerable social groups, specifically the poor living in overcrowded slums, migrants and refugees, and ethnic minorities, including Indigenous Populations and Afro Descendants, living in indigenous territories or other dispersed communities. In addition, such groups could potentially be subject to discrimination or lack of cultural pertinence in the service delivery and could be excluded from communications and outreach material if this is not disseminated through the proper channels or if it is not in the language of use. The Project will coordinate with the Support for the National Indigenous Peoples Development Plan Project financed by the World Bank (IP Project - P157575), which has among its objectives to strengthen the delivery of healthcare services in indigenous territories. This Project will support these efforts and seek synergies with the IP project to prop up the country's capacity to respond to the pandemic jointly with Indigenous Peoples authorities.

E. Implementation

Institutional and Implementation Arrangements

18. MINSA will be responsible for the overall Project implementation and coordination; within MINSA, the UGSAF will be responsible for carrying out Project operations. UGSAF is a well-established unit that has operated since 2002 and managed multiple projects financed by the World Bank and other multilaterals.

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APPROVAL

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