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Report No: PAD3852

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AND  
INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN  
IN THE AMOUNT OF US\$35 MILLION

AND

A PROPOSED IDA CREDIT  
IN THE AMOUNT OF US\$93.6 MILLION

TO THE

DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

FOR A

SRI LANKA COVID-19 EMERGENCY RESPONSE AND HEALTH SYSTEMS PREPAREDNESS  
PROJECT

UNDER THE

COVID-19 STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM (SPRP)

USING THE MULTIPHASE PROGRAMMATIC APPROACH (MPA)  
WITH AN IBRD AND IDA FINANCING ENVELOPE OF  
US\$1.3BILLION IDA AND \$2.7BILLION IBRD EQUIVALENT

APPROVED BY THE BOARD ON APRIL 2, 2020

Health, Nutrition & Population Global Practice  
South Asia Region

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Regional Vice President: Hartwig Schafer

Country Director: Idah Z. Pswarayi-Riddihough

Regional Director: Lynne D. Sherburne-Benz

Practice Manager: Trina S. Haque

Task Team Leader(s): Mohini Kak, Deepika Eranjanie Attygalle



ABBREVIATIONS AND ACRONYMS

ADB	Asian Development Bank
BSL	Bio-Safety Level
CBSL	Central Bank of Sri Lanka
CERC	Contingent Emergency Response Component
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
DA	Designated Account
DALYS	Disability-Adjusted Life Years
DDG	Deputy Director General
DFID	Department for International Development
DGHS	Director General of Health Services
DLI	Disbursement-Linked Indicators
DST	Deputy Secretary to Treasury
ERCC	Emergency Response Coordination Committee
ESCP	Environmental and Social Commitment Plan
ESF	Environment and Social Framework
ESMF	Social Management Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
F&C	Fraud and Corruption
FAS	Framework Agreements
FM	Financial Management
FTF	Fast Track COVID-19 Facility
GDP	Gross Domestic Product
GF	Global Fund
GOSL	Government of Sri Lanka
HCWMP	Health Care Waste Management Plan
HDPRRP	Health Disaster Preparedness, Response and Recovery plan
HEIS	Hands on Expanded Implementation Support
HMIS	Health Management Information System
IBRD	International Bank for Reconstruction and Development
ICU	Intensive Care Unit
IDA	International Development Association
IDSR	Integrated Disease Surveillance and Response
IHR	International Health Regulations
IPF	Investment Project Financing
IT	Information Technology
IUFRS	Interim Unaudited Financial Reports
JEE	Joint External Evaluation



MOH	Ministry of Health
MOP&E	Ministry of Power and Energy
MPA	Multiphase Programmatic Approach
MRI	National Medical Research Institute
NAPH	National Action Plan for Health
NCDS	Non-communicable diseases
NIID	National Institute of Infectious Disease
OIE	World Organization for Animal Health
OOP	Out of Pocket
OP	Operations Policy
PAD	Project Appraisal Document
PDO	Project Development Objective
PMU	Project Management Unit
PPE	Personal Protection Equipment
PRAMS	Procurement Risk Assessment Management System
PSC	Project Sub Committee
PSCN	Pandemic Supply Chain Network
PSEA	Prevention of Sexual Exploitation and Abuse
PSSP	Primary Health Care System Strengthening Project
RE	Renewable Energy
SARS	Severe Acute Respiratory Syndrome
SDG	Sustainable Development Goals
SEP	Stakeholder Engagement Plan
SH	Sexual Harassment
SMES	Small and Medium Enterprises
SOLAR PV	Solar Photovoltaics
SPRP	Strategic Preparedness and Response Plan
STEP	Systematic Tracking of Exchanges in Procurement
UN	United Nations
UNICEF	United Nations Children's Fund
UNOPS	United Nations Office for Project Services
WB	World Bank
WBG	World Bank Group
WHO	World Health Organization



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DATASHEET

**BASIC INFORMATION**

Country(ies)	Project Name	
Sri Lanka	Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P173867	Investment Project Financing	Substantial

**Financing & Implementation Modalities**

<input checked="" type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input checked="" type="checkbox"/> Contingent Emergency Response Component (CERC)
<input type="checkbox"/> Series of Projects (SOP)	<input type="checkbox"/> Fragile State(s)
<input type="checkbox"/> Disbursement-linked Indicators (DLIs)	<input type="checkbox"/> Small State(s)
<input type="checkbox"/> Financial Intermediaries (FI)	<input type="checkbox"/> Fragile within a non-fragile Country
<input type="checkbox"/> Project-Based Guarantee	<input type="checkbox"/> Conflict
<input type="checkbox"/> Deferred Drawdown	<input checked="" type="checkbox"/> Responding to Natural or Man-made Disaster
<input type="checkbox"/> Alternate Procurement Arrangements (APA)	

Expected Project Approval Date	Expected Project Closing Date	Expected Program Closing Date
06-Apr-2020	31-Dec-2023	

Bank/IFC Collaboration

No

**MPA Program Development Objective**

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.

**MPA Financing Data (US\$, Millions)**



MPA Program Financing Envelope	4,000.00
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**Proposed Project Development Objective(s)**

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

**Components**

Component Name	Cost (US\$, millions)
Component 1: Emergency COVID-19 Response	80.00
Component 2: Strengthening National and Sub-national Institutions for Prevention and Preparedness	35.00
Component 3: Strengthening Multi-sectoral, National institutions and Platforms for One Health	8.60
Component 4: Implementation Management and Monitoring and Evaluation	5.00
Component 5: Contingent Emergency Response Component	0.00

**Organizations**

Borrower: Democratic Socialist Republic of Sri Lanka  
 Implementing Agency: Ministry of Health, Nutrition and Indigenous Medicine

**MPA FINANCING DETAILS (US\$, Millions)**

<b>MPA Program Financing Envelope:</b>	4,000.00
<b>of which Bank Financing (IBRD):</b>	2,700.00
<b>of which Bank Financing (IDA):</b>	1,300.00
<b>of which other financing sources:</b>	0.00

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

**SUMMARY**

<b>Total Project Cost</b>	128.60
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<b>Total Financing</b>	128.60
<b>of which IBRD/IDA</b>	128.60
<b>Financing Gap</b>	0.00

**DETAILS****World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	35.00
International Development Association (IDA)	93.60
IDA Credit	93.60

**IDA Resources (in US\$, Millions)**

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
<b>Sri Lanka</b>	93.60	0.00	0.00	93.60
Transitional Support	93.60	0.00	0.00	93.60
<b>Total</b>	<b>93.60</b>	<b>0.00</b>	<b>0.00</b>	<b>93.60</b>

**Expected Disbursements (in US\$, Millions)**

WB Fiscal Year	2020	2021	2022	2023	2024
<b>Annual</b>	20.00	60.00	40.00	8.60	0.00
<b>Cumulative</b>	20.00	80.00	120.00	128.60	128.60

**INSTITUTIONAL DATA****Practice Area (Lead)**

Health, Nutrition &amp; Population

**Contributing Practice Areas****Climate Change and Disaster Screening**

This operation has not been screened for short and long-term climate change and disaster risks

## Explanation

As this is an emergency response operation being prepared using the Fast Track Facility climate change and disaster





screening will be done after board approval

### SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● Moderate
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Moderate
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● Substantial
6. Fiduciary	● Substantial
7. Environment and Social	● Substantial
8. Stakeholders	● Moderate
9. Other	
10. Overall	● Substantial
<b>Overall MPA Program Risk</b>	● High

### COMPLIANCE

#### Policy

Does the project depart from the CPF in content or in other significant respects?

Yes  No

Does the project require any waivers of Bank policies?

Yes  No



**Environmental and Social Standards Relevance Given its Context at the Time of Appraisal**

<b>E &amp; S Standards</b>	<b>Relevance</b>
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Currently Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

**NOTE:** For further information regarding the World Bank’s due diligence assessment of the Project’s potential environmental and social risks and impacts, please refer to the Project’s Appraisal Environmental and Social Review Summary (ESRS).

**Legal Covenants**

**Conditions**



## I. STRATEGIC CONTEXT

1. **This Project Appraisal Document (PAD) describes the emergency response to Sri Lanka under the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), with an overall Program financing envelope of International Development Association (IDA) US\$1.3 billion and of International Bank for Reconstruction and Development (IBRD) US\$2.7 billion**

### A. MPA Program Context

2. **An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China.** Since the beginning of March 2020, the number of cases outside China has increased thirteenfold and the number of affected countries has tripled. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of March 25, 2020, the outbreak has resulted in an estimated 414,179 cases and 18,440 deaths in 169 countries.

3. **COVID-19 is one of several emerging infectious diseases (EID) outbreaks in recent decades that have emerged from animals in contact with humans, resulting in major outbreaks with significant public health and economic impacts.** The last moderately severe influenza pandemics were in 1957 and 1968; each killed more than a million people around the world. Although countries are far more prepared now than in the past, this has not prevented the current outbreak. The world is also far more interconnected, and many more people today have behavior risk factors and pre-existing chronic health problems that make viral respiratory infections particularly dangerous.<sup>1</sup> Studies of hospitalized patients have found that about 83 percent to 98 percent of patients develop a fever, 76 percent to 82 percent develop a dry cough, and 11 percent to 44 percent develop fatigue or muscle aches.<sup>2</sup> Other symptoms, including headache, sore throat, abdominal pain, and diarrhea, have been reported, but are less common. While 3.7 percent of the people worldwide confirmed as having been infected have died, the WHO has been careful not to describe that as a mortality rate or death rate; amidst an unfolding epidemic, it can be misleading to look simply at the estimate of deaths divided by cases so far. Hence, given that the actual prevalence of COVID-19 infection remains unknown in most countries, it poses unparalleled challenges with respect to global containment and mitigation. These issues reinforce the need to strengthen the response to COVID-19 across all IDA/IBRD countries to minimize the global risk and impact posed by this disease.

4. This project is prepared under the World Bank's COVID-19 response global framework and financed for US\$35 million IBRD loan under the Fast Track COVID-19 Facility (FTCF) and US\$93.6 million under the International Development Association (IDA) transitional regime.

### B. Updated MPA Program Framework

5. Table-1 provides an updated overall MPA Program framework, including the first two countries and the proposed project for Sri Lanka.

<sup>1</sup> Fauci, AS, Lane, C, and Redfield, RR. 2020. "Covid-19 — Navigating the Uncharted." *New Eng J of Medicine*, DOI: 10.1056/NEJMe2002387

<sup>2</sup> Del Rio, C. and Malani, PN. 2020. "COVID-19—New Insights on a Rapidly Changing Epidemic." *JAMA*, doi :10.1001/jama.2020.3072



Phase #	Project ID	Sequential or Simultaneous	Phase’s Proposed DO*	IPF, DPF or PforR	Estimated IBRD Amount (\$ million)	Estimated IDA Amount (\$ million)	Estimated Other Amount (\$ million)	Estimated Approval Date	Estimated Environmental & Social Risk Rating
1.	Sri Lanka	Simultaneous	Please see relevant PAD	IPF	US\$35.00	US\$93.60	US\$93.60 million from IDA Transitional	April 2, 2020	High

6. The Program framework will be updated as more countries join SPRP. All projects under SPRP are assessed for ESF risk classification following the Bank procedures and the flexibility provided for COVID-19 operations.

### C. Learning Agenda

7. The country project under the MPA Program will support adaptive learning throughout the implementation, as well as from international organizations including the World Health Organization (WHO), United Nations Children’s Fund (UNICEF), and others. Sri Lanka will work closely with South Asia regional peers through a recently established research network for pandemics to conduct and rapidly disseminate research on COVID-19. National Research Institutes will be engaged in generating evidence that will contribute to pandemic preparedness and response both within the country and globally. Routine surveillance systems will be strengthened, not only through improved networking in public health facilities, but also through use of big data analytics by the National Epidemiology Unit to identify geographic areas and other socio-demographic characteristics and risks that will be useful in responding to any new disease threats that are detected. The Bank will support the Ministry of Health, Nutrition and Indigenous Medicine (MoH) to implement the learning agenda and disseminate results at national and international platforms to inform the response to COVID-19 and wider health systems preparedness efforts.

## II. CONTEXT AND RELEVANCE

### A. Country Context

8. **Sri Lanka has shown steady growth over the last decade although key macroeconomic challenges persist.** Sri Lanka is an upper-middle-income country with a gross domestic product (GDP) per capita of US\$4,102 (2018) and a total population of 21.7 million. Following 30 years of civil war that ended in 2009, Sri Lanka’s economy grew at an average of 5.6 percent during 2010–2018, reflecting a peace dividend and a determined policy thrust toward reconstruction and growth. However, economic growth witnessed a slowdown in the last few years.

9. **Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries.** Economic growth has translated into shared prosperity with the national poverty headcount ratio declining from 15.3 percent in 2006/07 to 4.1 percent in 2016. Extreme poverty is rare and concentrated in some geographical pockets. However, a relatively large share of the population subsists on slightly more than the poverty line. Female labor force participation at 34.9 percent was less than half of men (73.4 percent) by 2019 and needs to increase to facilitate sustained economic growth.

10. **However, low fiscal revenues combined with largely nondiscretionary expenditure in salary bill, transfers, and**

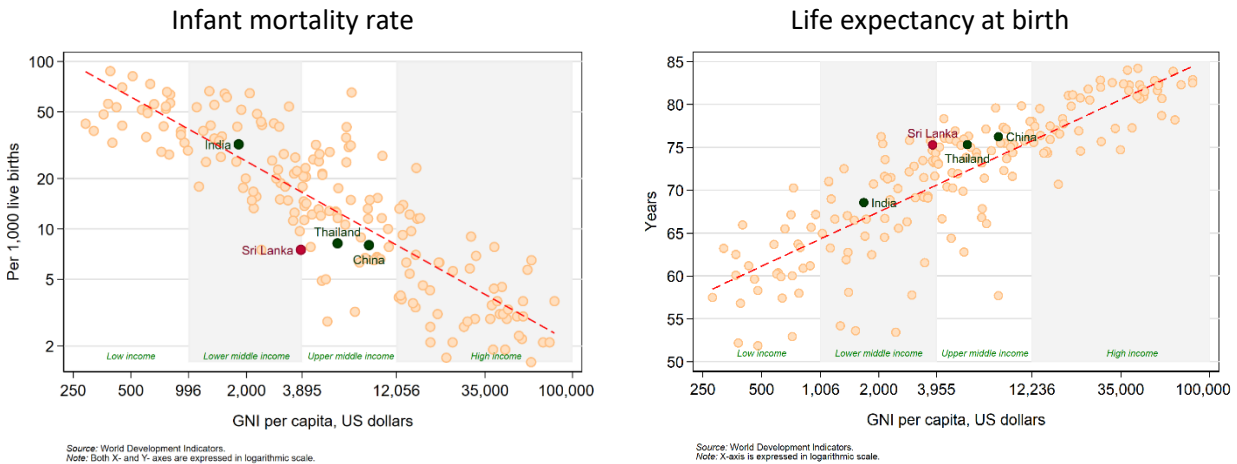


interest payments have constrained critical development spending on health, education, and social protection, which is low compared to peer countries. Macroeconomic vulnerabilities remain high due to weak fiscal buffers, high indebtedness and large refinancing needs. Reviving growth is a key priority in the new administration’s policy agenda, with the objective of raising growth to 6.5 percent in the medium-term. The outbreak of Covid19 is however expected to dampen growth significantly through reduced export earnings, private consumption and investment in the short-run.

### B. Sectoral and Institutional Context

11. For over thirty years ago, Sri Lanka’s health system has been known globally as one of the best performing in the world, having achieved “good health at low cost”. This reputation largely remains, and for good reason: it has already achieved maternal, under-five and neonatal mortality rates that are less than half the 2030 SDG targets. Figure 1 shows how it compares globally on key health indicators.

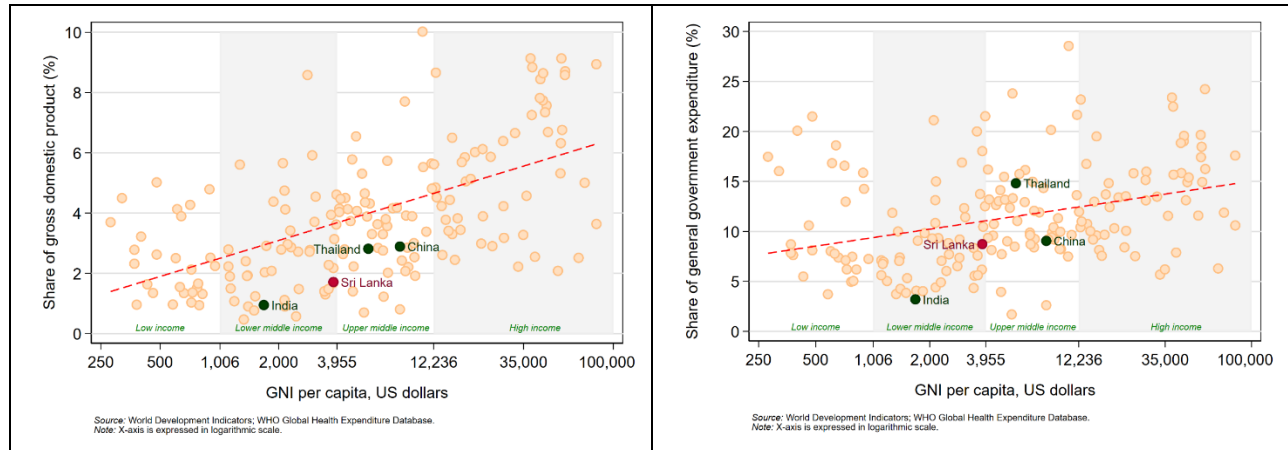
Figure 1: Sri Lanka is a top performer for many health indicators for its income level



12. These achievements have been made despite Sri Lanka allocating a lower share of its GDP to public health sector spending than countries at similar income levels. In 2017, the latest year for which data is available, general government health expenditure accounted for 1.57 percent of GDP. This is significantly lower than in other middle-income countries, including Thailand and China, and lies below the average for lower middle-income countries (Figure 2). By contrast, over 7 percent of Sri Lanka’s total budget is allocated to the health sector, which is comparable to other lower and upper middle-income countries, with China, for instance, allocation approximately 8 percent of total expenditure to health. Thus, Sri Lanka’s relatively low government health spending is mainly due to the small size of the overall government budget (partly a result of low revenues) and not due to low prioritization of the sector within the budget.



Figure 2: Government health spending in Sri Lanka in global context



13. **However, reforms to address emerging issues have been slow in the making.** The health sector has been showing signs of stress in responding to the changing health needs reflective of the ongoing demographic and epidemiological transition. Non-communicable diseases (NCDs) already account for 81 percent of total deaths and 77 percent of disability-adjusted life years (DALYs). Because of years lived with morbidity and disability, healthy life expectancy at birth in Sri Lanka in 2017 was 10 years lower than life expectancy at birth (77) (IHME, 2018). This is partly a result of NCDs. Sri Lanka is also one of the fastest aging populations given the successes in reducing premature mortality, in reducing the fertility rate and due to out-migration. The growth of the elderly population is far faster – almost double – than that of other countries in the South Asia Region. By 2030, one in five Sri Lankans are expected to be over the age of 60. A rapidly aging population is expected to accelerate the stress on the health system and is also indicative of the need for a health system that can respond to the new demographic, particularly in the context of infectious diseases such as COVID-19, with the elderly being most at risk of morbidity and mortality.

14. **The public health system has limited capacity to deal with impacts from pandemics and outbreaks, and other public health emergencies that may arise from other natural disasters.** In 2016, Sri Lanka conducted the Joint External Evaluation (JEE) of the International Health Regulations (IHR) core capacities to prevent, detect, and rapidly respond to public health threats, whether occurring naturally, or due to deliberate or accidental events. While it scored highly (4 out of 5) on national legislation and policies for implementation of required responses, surveillance and workforce development, it scored poorly on emergency preparedness and response planning and operations (1 out of 5), biosafety and biosecurity (1 out of 5) and personnel deployment and management during a public health emergency (1 out of 5), suggesting limited capacity to respond to public health emergencies. Following this, the Ministry of Health embarked on a process of developing the National Action Plan for Health (NAPH) Security - 2019-23, working closely with the World Health Organization (WHO) and other partners in the development of this plan. The recommendations of the NAPH work as a platform to foster a multisectoral and one-health approach to achieve higher level of health security in Sri Lanka. The recommendations, however, need to be operationalized.

15. **The laboratory infrastructure which is a critical element of a well-functioning disease surveillance system is weak.** An ongoing assessment of lab services in primary and secondary care hospitals under the ongoing World Bank supported Primary Health Care System Strengthening Project - P163721 (PSSP) clearly indicates issues in supply chain



with regular stock outs leading to interruption of lab services, major gaps in biosafety, especially personal and protective equipment, non-existent or very limited emergency equipment; and poor decontamination practices and sample transport equipment and systems. The assessment also points to the need to strengthen equipment management, information and data management systems and networking across public health facilities as well as making better use of the strong network of private labs in Sri Lanka to complement and support public health services.

**16. The increasing incidence of COVID-19 in Sri Lanka is placing the public health system under tremendous pressure.** The country has only one institution – the National Institute of Infectious Disease (NIID), Muleriyawa with the facility to handle isolation and treatment of suspected and confirmed cases of COVID-19. It has only 30 beds in isolation cohorts, and since the onset of the recent COVID-19 outbreak more than 1,000 patients have been referred to the NIID for confirmation, isolation and treatment. Currently a majority of confirmed patients (which was 72 as on March 22, 2020) are being treated and quarantined in this facility and as the situation evolves and numbers increase, there will be an urgent requirement of capacitating additional facilities to support treatment and care.

**17. Sri Lanka has initiated actions to prevent COVID-19 from moving to the community transmission stage and subsequently into an epidemic.** These include mandatory quarantine for anyone coming from countries affected by COVID, closing borders to prevent transmission from further travelers, contact tracing of those found positive, stopping mass gathering, imposing a curfew, issuing work from home directives, and creating awareness. The MoH has made all guidance, information and updates related to the COVID-19 response available on its website<sup>3</sup> for easy access. However, there is a need to significantly scale up the health infrastructure and systems required for containing the outbreak. Current constraints include shortage of trained health care providers, non-compliance by general public, health workers, on safety measures, shortage of Personal Protection Equipment (PPE), shortage of testing kits and labs with required capacities, and limited facilities equipped with isolation wards for quarantine and treatment. Periodic electricity supply interruptions (rolling black outs), which are experienced during periods of low rainfall in the country, are further likely to potentially disrupt the health facilities ability to respond to the COVID-19 pandemic.

**18. A coordination mechanism to respond to this rapidly evolving situation has also been set up.** The MoH has prepared a draft Health Disaster Preparedness, Response and Recovery plan in collaboration with development partners led by the WHO. This builds on the MoH's National Influenza Pandemic preparedness plan which was developed in 2012 and was being used for directing all its current actions. The new plan will help identify both immediate requirements to control the epidemic as well as long term requirements to strengthen Sri Lanka's pandemic preparedness. A national response mechanism has also been set up under the leadership of Director General of Health Services (DGHS), with relevant Deputy Director Generals, Directors and Chief Epidemiologist represented. This team meets regularly to assess the situation and makes essential decisions related to the country's COVID-19 response. A National Coordination Body chaired by His Excellency the President, with the MoH represented, has also been set up to monitor the situation and take action as needed.

**19. Recognizing that along with a health system response, a social and economic response may also be required, the GoSL has introduced some immediate supportive measures.** Given that restrictions on work and travel both within and outside the country with the closing of borders and internal curfews are likely to slow down economic activity and growth, the cabinet has authorized funds to sectors that are in urgent need of support. The sectors that will benefit from this stimulus package are tourism, apparel, foreign employment, Information Technology (IT) and

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<sup>3</sup> [http://www.health.gov.lk/moh\\_final/english/](http://www.health.gov.lk/moh_final/english/)



the Small and Medium Enterprises (SMEs). The Government is however yet to streamline its strategies to strengthen social measures to support vulnerable communities, particularly, the elderly, people with special needs, orphans, the poor, and women and children, for whom loss of income and living in a contained environment, may increase the risk of psycho-social deprivation and depression as well as translate to spikes in poverty, food and nutrition insecurity, and reduced access to healthcare far beyond COVID-19, especially if the crisis continues.

### C. Relevance to Higher Level Objectives

20. **The project is aligned with World Bank Group strategic priorities, particularly the WBG's mission to end extreme poverty and boost shared prosperity.** The Program, focused on preparedness, is also critical to achieving Universal Health Coverage. It is also aligned with the World Bank's support for national plans and global commitments to strengthen pandemic preparedness through three key actions under preparedness: improving national preparedness plans, including organizational structure of the government; promoting adherence to the International Health Regulations (IHR); and utilizing international framework for monitoring and evaluation of IHR. The economic rationale for investing in the MPA interventions is strong, given that success can reduce the economic burden suffered both by individuals and countries. The project complements both WBG and development partner investments in health systems strengthening, disease control and surveillance, attention to changing individual and institutional behavior, and citizen engagement. Further, as part of the proposed IDA19 commitments, the World Bank is committed to "support at least 25 IDA countries to implement pandemic preparedness plans through interventions (including strengthening institutional capacity, technical assistance, lending and investment)". The project contributes to the implementation of IHR (2005), Integrated Disease Surveillance and Response (IDSR), and the World Organization for Animal Health (OIE) international standards, the Global Health Security Agenda, the Paris Climate Agreement, the attainment of Universal Health Coverage and of the Sustainable Development Goals (SDG) and the promotion of a One Health approach.

21. **The WBG remains committed to providing a fast and flexible response to the COVID-19 epidemic, utilizing all WBG operational and policy instruments and working in close partnership with government and other agencies.** Grounded in One-Health, which provides for an integrated approach across sectors and disciplines, the proposed WBG response to COVID-19 will include emergency financing, policy advice, and technical assistance, building on existing instruments to support IDA/IBRD-eligible countries in addressing the health sector and broader development impacts of COVID-19. The WBG COVID-19 response will be anchored in the WHO's COVID-19 global Strategic Preparedness and Response Plan (SPRP) outlining the public health measures for all countries to prepare for and respond to COVID-9 and sustain their efforts to prevent future outbreaks of emerging infectious diseases.

22. **The project is aligned with the Sri Lanka Country Partnership Framework (CPF) FY17-20 as updated by its Performance Learning Review of the CPF FY17-21 No. 135126-LK.** Pillar 2 of the CPF is focusing on inclusion and opportunities for all, with improving primary health care systems being a key objective (objective 2.2). By strengthening the capacity of the health system to respond to health emergencies and pandemics, which places the population at risk, the project is well aligned with this objective. Given that Sri Lanka has an aging demographic with an estimated 16 percent of the population over 60 years of age and a health system unprepared to deal with a pandemic such as COVID-19, where the elderly are most at risk of mortality, the project is both timely and critical for the country.





### III. PROJECT DESCRIPTION

23. **The project's immediate priority is to stop/slow transmission, reduce case numbers and prevent community outbreaks.** It aims to do so by scaling up emergency response mechanisms, including strengthening laboratory capacities, educating and actively communicating with the public through risk communication and community engagement, continuing contact tracing where possible, especially in newly infected areas, self-quarantine of contacts and isolation of cases, testing suspect cases as per guidance, treating patients and readying hospitals for isolation facilities; training staff in inter-personal counselling and clinical management; strengthening existing surveillance systems to monitor disease activity and promoting hand hygiene and practicing social distancing. Parallel to the immediate measures, actions to support long term health systems strengthening for pandemic preparedness will be built-in to ensure sustained responsiveness of the system.

24. **A complementary phased response is also planned through Contingent Emergency Response Components (CERCs) in ongoing World Bank supported projects to support short- and medium-term socio-economic measures.** These funds will be managed by the Ministry of Finance and National Planning to respond to the socio-economic impact of COVID-19 on households, businesses and government budgets. This will support activities such as home-based teaching through tele-education and online learning to mitigate negative impacts on children's learning due to lengthy school closures, cash transfer programs to address income loss and food and nutrition insecurity among poor households, among other interventions. These activities will complement ongoing World Bank investments to strengthen non-communicable disease services through the Primary Health Care Systems Strengthening Project – P163721 (PSSP) and the Social Safety Nets Project (P156056).

25. **The project supports the Health Disaster Preparedness, Response and Recovery plan (HDPRRP) developed by the MoH in coordination with partners.** In line with the WHO Global Strategic Preparedness and Response Plan using the 9 strategic areas<sup>4</sup>, the HDPRRP is supported by all donor partners supporting the health sector in Sri Lanka. These include the World Health Organization (WHO), Global Fund (GF), UNICEF, Department for International Development (DFID), UNOPS, ADB and the World Bank. The ADB, and GF are providing financial support for the COVID-19 response, WHO is providing overall technical support and UNICEF is supporting the risk communication. Additionally, both WHO and UNICEF jointly with UNOPS are facilitating both off shore and local procurements of goods and equipment for immediate COVID-19 response. These include PPEs, laboratory equipment, testing kits, and essential medicines as well as consultancies and services based on the nature of the requirements. To ensure coordination of development partner support, three mechanisms have been set up: (i) a Task Force on Prevention of COVID-19 established at the President office under the leadership of His Excellency the President of Sri Lanka; (ii) a development partners coordination committee established by the Ministry of Health under the Director General of Health Services (DGHS); and (iii) a development partners group under the leadership of UN Residence Coordinator, with WHO chairing the core UN technical team across agencies for COVID-19 preparedness and response. All these committees meet regularly to facilitate joint planning and reviews of progress.

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<sup>4</sup> (i) country level coordination, (ii) risk communication and community engagement, (iii) surveillance, (iv) points of entry, (v) rapid response teams, (vi) national laboratory system, (vii) infection prevention and control, (viii) case management and continuity of essential services; and (ix) logistics, procurement and supply management.



## A. Project Development Objective

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

27. **PDO Statement:** The proposed project development objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national health systems for preparedness in Sri Lanka.

28. **PDO Level Indicators:** The PDO will be monitored through the following PDO level outcome indicators:

- Emergency Operations Centre for COVID-19 and pandemic responses established (MPA PDO indicator)
- Percentage of districts with a tertiary or secondary care hospital with isolation capacity (MPA PDO indicator)
- Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents (MPA PDO indicator)

## B. Project Components

29. **Component 1: Emergency COVID-19 Response (Indicative Amount: Total US\$ 80 million):** This component will focus on limiting local transmission of COVID-19 by strengthening capacities of the health system for contact tracing, case finding, confirmation, reporting, and responding to surge capacity through trained and well-equipped health workers and medical officers of health and primary health doctors and equipped facilities. It will further strengthen the country's secondary and tertiary hospitals to respond to the increasing number of COVID-19 patients by investing in upgrading their intensive care units (ICUs), setting up isolation wards and strengthening existing surveillance systems to enhance their preparedness and capacity for both immediate responses, as well as for any future infectious disease outbreaks and health emergencies. Focus will also be placed on strengthening risk communication and providing targeted support to those most at risk from the disease, particularly the elderly.

- **Strengthening Surveillance and Response Systems.** Investments will be made to enhance existing surveillance systems and case detection by (a) establishing and strengthening an Emergency Operation Center at the Disaster Response and Management unit at the National level to improve coordination and timeliness of national level activities in emergencies of pandemic nature; (b) training medical officers of health, public health inspectors and public health midwives at health care facilities in case identification, contact tracing, prevention counselling (including risk communication) and reporting through the existing surveillance information, based on standard guidelines to ensure standardized and uniform service delivery; (c) engaging the public health inspectors and public health midwives in implementing non-pharmaceutical interventions (NPIs) such as counselling on handwashing, sanitizing and cleaning surfaces, etc., to patients at primary medical care institutions and during planned home visits; and (d) providing the public health cadres, mobility support such as two-wheelers, and personal and protective equipment (PPE) to undertake field level follow up and support, in particular to those who are self-isolated or quarantined in their homes. Women health workers will be prioritized for this support; and (e) improving isolation and mechanisms at Ports of Entry and strengthen international health regulation implementation.



- **Strengthening health care facilities capacity for emergency response.** As COVID-19 patients may visit any health facility for consultation, investments will be made towards (a) procurement of essential PPEs, diagnostic and other essential equipment and drugs for all primary, secondary and tertiary care hospitals; (b) secondary and tertiary hospitals in particular will be additionally supported to develop an emergency preparedness plan and response protocols, including constituting emergency response teams in facilities to cater to both regular and infectious disease patients, a plan for re-deployment of health staff to address surges in potential ‘hotspots’ and a re-organization of patient flows to limit transmission within healthcare facilities to reduce the risk of patients and healthcare workers becoming infected within the hospital and to ensure uninterrupted service delivery; (c) training all hospital staff to prevent intra-hospital infections, particularly medical waste management and disposal systems, management of patients with infectious diseases, including dead bodies, and instituting a system to monitor the same; (d) putting in place safe and separate transportation facilities for infectious disease patients starting with testing to hospital admission; (e) setting up isolation wards in at least one secondary or tertiary hospital in each district. It is important to note that human resource from the Ministry of Defence, GoSL may be engaged by the MoH to support setting up isolation wards. This is proposed in the interest of urgency and due to the current limitations in accessing labor due to the ongoing COVID-19 related restrictions. All procurement for the isolation wards will be done by the MoH, with no financing going to the army; (f) increasing ICU beds and relevant equipment such as oxygen delivery units, etc. based on a needs assessment; (g) installation of solar photovoltaics (solar PV) and battery energy storage based renewable energy (RE) systems at critical response facilities<sup>5</sup> and select facilities that face regular electricity outages, which is critical for uninterrupted delivery of services; and (h) development of a Business Continuity Plan in healthcare institutions at the time of an emergency.
- **Community Engagement and Risk Communication.** Investments will be made towards the (a) development of communication material on COVID-19 and general preventive measures such as “dos” and “don’ts” for the general public; (b) deployment of this material through various communication channels, such as mass media (TV, radio etc.), public health workers, public education institutions, provincial councils and religious and community leaders as feasible to ensure consistent and correct messaging is reaching the public; (c) development of training modules, slide sets and videos for training of health workers, other field level social workers; (d) strengthening of the existing toll-free call-in number that has been put in place to provide information, counselling and medical advice to citizens related to COVID-19, to ensure there is easy access and support as the number of patients and concerns among the general population rises. Information on the hotline will be updated with new automated workflows that route clients seeking information to specific COVID-19 management workflows, which could include, links to psycho-social support, digital registration for messaging campaigns, and diagnosis or self-isolation follow-up; and (e) special measures will also be taken to target groups who are marginalized and may not have access to regular channels of media communication, women, the elderly living on their own, people with disabilities, people who do not speak Sinhala, or people in remote locations without access to mainstream media; including communication on gender based violence (GBV) and child protection resources available as outlined in the Project’s environment and social management plan.
- **Social and Financial Support to Households.** Efforts will be made to address some of the negative externalities expected in the event of a widespread COVID-19 outbreak, particularly among the elderly who are at greatest

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<sup>5</sup> This will include installing solar power systems at hospitals identified as COVID 19 treatment centers with isolation wards. Electricity supply interruptions in Sri Lanka can be highly disruptive for health facilities, and potentially limit their ability to respond efficiently to the COVID 19 like pandemic. Equipping the identified facilities with solar power will increase the quality of service at these centers. In addition, solar thermal heating of water may also be considered.



risk of the disease and women who are at risk of increased gender based violence due to the restricted environment currently in place.<sup>6</sup> Investments will focus on (a) provision of PPE, cleaning products, and logistical support through easy access to testing and essential medicines for elder care homes ; (b) preparation of guidelines and training to the social welfare workers and other field level staff to ensure proper isolation, treatment and transportation of suspected cases and avoid spread within homes; (c) protocols and resources for safe transportation and burial/cremation of deceased, particularly from the poor households; (d) provision of psycho-social support and community-level outreach to women and children who are experiencing domestic violence when confined to their houses and to households suffering loss of a family member, especially given normal mourning processes may not be possible; and (e) if needed, financial support to poor households through cash transfers, particularly if the outbreak is not controlled in the coming few months, resulting in food and nutrition insecurity.

**30. Component 2: Strengthening National and Sub-national Institutions for Prevention and Preparedness (Indicative Amount: Total US\$ 35 million).** This component will support strengthening the capacity of national and sub-national institutions to respond to the ongoing COVID-19 outbreak and any public health emergencies that may occur in the future. In particular, it will support:

- **Strengthening the National Institute of Infectious Diseases (NIID).** To respond to the obvious need to strengthen the apex institute for infectious disease in the country, which is struggling due to its limited capacity, support will be provided to expand isolation units within the institute. In addition, to build its capacities for future responsiveness, a new isolation center will be constructed within the premises of the NIID, as the current facilities cannot accommodate modern technological facilities including negative pressure rooms, ICUs and separate waste disposal and drainage systems. This is aligned with the National Emergency Response Plan for COVID.
- **Establishment and strengthening of subnational emergency operation centers.** Regional/district emergency operation centers, which will act as coordination units for emergency response will be established and strengthened. These will be linked to the national emergency response unit, under the Directorate of Disaster Response and Management, MoH and will coordinate sub-national emergency response strengthening the MoH's pandemic response and coordination capabilities.
- **The establishment of Bio-Safety Level (BSL) 3 Laboratory Facilities at the National Medical Research Institute (MRI).** As on date, the country does not have any BSL3 laboratory, which is important considering responsiveness to any future outbreaks. The establishment of a BSL3 laboratory at the MRI, the premier center in the country for bio-medical and applied health research, which is a national referral laboratory for diversified areas in the fields of virology, bacteriology, parasitology, etc. will therefore be supported. This will improve the capacity to run investigations for highly contagious diseases on high risk patients which results in high quality of care, while ensuring safety of the laboratory staff who are handling infectious samples at NIID.
- **Strengthening Laboratory Facilities and Information Systems.** Laboratory facilities will be strengthened by providing the necessary testing kits, PPEs, equipment for safe transport of biological samples, training and re-

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<sup>6</sup> Experiences have demonstrated that where women are primarily responsible for procuring and cooking food for the family, increasing food insecurity as a result of the crises may place them at heightened risk, for example, of intimate partner and other forms of domestic violence due to heightened tensions in the household and the poor (Guidelines for Integrating Gender-Based Violence Interventions in Humanitarian Action: Food Security and Agriculture. IASC (2015).



orientation of lab technicians on standardized sample collection, channeling and transportation for infectious diseases, and decontamination practices. Guidelines for engaging a network of private hospitals and laboratories for supporting care and testing will also be developed to support existing facilities and labs deal with surges in samples and patients.

31. Following the immediate response, focus will be placed on improving the quality, efficiency and bio-safety systems of laboratories in secondary and tertiary care hospitals, moving toward a national process of classification or accreditation of laboratories, which will contribute to strengthening health systems in the country. Investments will also be made towards strengthening both the surveillance and laboratory information systems by facilitating networking across public health facilities, as part of GoSLs vision of having an interoperable information system for the health sector, to enhance efficiency and preparedness.

32. **Component 3: Strengthening Multi-sectoral, National institutions and Platforms for One Health (Indicative Amount: Total US\$ 8.6 million):** About 75 percent of new infectious diseases begin with animal-to-human contact, including HIV/AIDS, Ebola, and SARS. Thus, for long term gains, adopting a one-health approach and strengthening emergency response systems will be important. This includes a convergent approach that covers food safety, the control of zoonoses (diseases that can spread between animals and humans) and combatting antibiotic resistance. Investments would be made in: (i) conducting a needs assessment of national protocols for detection, surveillance, and response systems for animal and human health infections; (ii) establishing a mechanism for detection of priority existing and emerging zoonoses; (iii) conducting awareness on anti-microbial resistance among human health, agricultural, and veterinary and enforcement of related legislations; and (iv) establishing a mechanism to combat diseases which have a potential to reemerge such as malaria, measles, filariasis etc. Activities under this component would be implemented in collaboration with the related Ministries and stakeholders.

33. **Component 4: Implementation Management and Monitoring and Evaluation (Indicative Amount: Total US\$ 5 million)** Support for the strengthening of public structures for the coordination and management of the project would be provided, including central and provincial arrangements for coordination of activities, financial management and procurement. This component would also support monitoring and evaluation of prevention and preparedness, building capacity for clinical and public health research, and joint-learning on pandemic preparedness across and within countries. Collection, use and processing (including transfers to third parties) of any personal data collected under this Project will be done in accordance with best global practice ensuring legitimate, appropriate and proportionate treatment of such data. This component will also support a mechanism for independent assessment or verification of progress and learning.

34. **Component 5: Contingent Emergency Response Component (CERC) (US\$0 million).** In the event of an Eligible Crisis or Emergency, the project will contribute to providing immediate and effective response to said crisis or emergency. The allocation to this component is to minimize time spent on a reallocation of funds from programmed activities. The unused amount can be reallocated to other components if the CERC component is not triggered a year prior to project closing.

## C. Project Beneficiaries

35. **The project beneficiaries will be the entire population in Sri Lanka given the nature of the disease.** Focus will however be on infected people, at-risk populations, medical and emergency personnel as well as service providers at medical and testing facilities (both public and private), and public and animal health agencies engaged in the



response. Staff of key technical departments, particularly the MoH and the Ministry of Women, Child Affairs and Social Security (MWCASS) and its field level staff, administrative and supportive staff of eldercare, people with special needs and orphanages will also benefit from the project as their capabilities increase through the strengthened institutional capacity.

## IV. IMPLEMENTATION ARRANGEMENTS

### A. Institutional and Implementation Arrangements

36. **The Ministry of Health and Indigenous Medical Services (MoH) will be the implementing agency for the project.** The MoH will be responsible for setting policy and standards and updating protocols for managing the COVID-19 response and emergency response of health services for any future infectious disease outbreaks. The Project Management Unit (PMU), MoH which was established under the World Bank assisted PSSP will be responsible for all administrative functions as an immediate measure to fast track implementation. However, as the current capacity of the PMU is insufficient to support this complex, emergency response, a separate Director/Deputy Director will be deputed from the MoH to support the administration of the project. The Director/Deputy Director will coordinate with the Medical Supplies Division for the procurement of required essential supplies, the Directorate of Environment, Occupational Health and Food Safety, MoH for the preparation and implementation of health care waste management under the project, the Health Promotion Bureau for risk communication and social safeguard measures, the Directorate of Laboratory Services for laboratory improvement, the Disaster Preparedness and Response Division for strengthening of national coordination for emergency response, the Epidemiology Unit for strengthening disease surveillance and related capacities, the Directorate of Quarantine services for strengthening the national response for quarantine services and other Directorates as per requirements of the project.

37. **To facilitate implementation in the immediate term, technical specialists from the relevant departments will be deputed to work with the PMU.** However, over a period of three months, additional staff will be recruited for financial, procurement, environment and social safeguards, monitoring and reporting functions required to implement the project. If needed, a separate unit within the MoH may also be established to administer the project. The enhanced staffing structure will be based on the high level of effort required to manage the substantial implementation risk of the project and will be reviewed and updated from time to time to ensure that the staffing is consistent with the workload and requirements. Furthermore, a Project Operational Manual, satisfactory to the Bank, which sets forth the procedures and requirements for the implementation of the Project activities will be developed to guide implementation.

38. **A Project Steering Committee (PSC) at the MoH will be established to provide oversight, monitor implementation progress and decide on critical actions to address implementation challenges.** For the first six months, the committee will meet monthly, following which, depending on the containment of COVID-19, the committee will quarterly. The committee will be chaired by the Secretary, MoH. Members will include Additional Secretaries, DGHS and other relevant DDGs, MoH, representatives from the Ministry of Finance, Department of National Planning, Department of National Budget and Department of External Resources, Department of Project Management, Ministry of Disaster Management, Ministry of Women, Child Affairs and Social Security, National Secretariat for Elders, National Secretariat for Persons with Disability, Department of Probation and Childcare, Ministry of Provincial Councils and Local government, representatives of the Nine provincial Chief Secretaries, and others as per the Management Circular 1/2016 of the GoSL.



39. **An Emergency Response Coordination Committee (ERCC) will also be established**, chaired by the Secretary to the President. The ERCC will provide overall guidance and clearances to the technical team and its implementation plans. It will meet at least quarterly to provide oversight, monitor the implementation progress and outline actions to address implementation challenges. The ERCC will be responsible for coordinating with other line ministries including the Secretary, MoH, Ministry of Provincial Councils and Local government as it is important for provincial and regional project staff to be an integral part of the project response and implementation. The ERCC will also coordinate with the Ministry of Power and Energy (MoP&E) on renewable energy systems to be installed, the MWCASS for social safety measures for the elderly, people with special needs and children on probation and orphanages, and the Ministry of Disaster Management, for coordinated emergency response. Representatives of these different Ministries will be members of the committee and additional members will be added considering their role in the implementation of project activities.

## B. Results Monitoring and Evaluation Arrangements

40. **The Results Monitoring and Evaluation will take two approaches: routine project monitoring and reporting and operations research for learning.**

41. **Routine project monitoring and reporting will be done using existing information systems of the MoH such as the HMIS and the monthly reports from epidemiology.** These will be leveraged to monitor progress of the project on different PDO and intermediate results indicators. As part of strengthening the surveillance system outlined under Component 1, the existing information systems will be strengthened by integrating all health information verticals into it through a unified platform, as per the MoH's vision of an interoperable unified health system. MoH will coordinate with the relevant health units to collect information and produce a quarterly report based on progress against agreed targets and indicators and present it to the ERCC, identifying bottlenecks and interventions for problem solving. The ERCC will review the report and use it for timely decision making.

42. **Operations research for learning will be promoted under the project.** Funds will be made available to research institutions, through competitive grants for which guidelines will be developed. All grantees will be encouraged to undertake quality and relevant research aimed at contributing to literature on pandemics and interventions for pandemic preparedness, which should be published in peer reviewed journals. Collaborations with global research institutions of repute will be encouraged to build the capacity of national research institutions and enhance the quality of research conducted.

43. **Supervision and implementation support.** An experienced in-country World Bank team of health, operational, and fiduciary specialists will provide day-to-day implementation support to the MoH with additional regular support from staff from other World Bank offices; implementation support missions will be carried on a regular basis and will include relevant partners.

## C. Sustainability

44. **The sustainability of the project would largely depend on the capacity of the implementing agency and the specific activities.** Some project activities are not intended to be sustained if the response is adequate and timely (e.g. continued COVID-19 testing.) However, emergency response capacities will be improved through improved capacity of national health institutions, tertiary and secondary hospitals, development of laboratory accreditation and information systems; and the enhanced capacity of health and social welfare workers from MWCASS.



## V. PROJECT APPRAISAL SUMMARY

### A. Technical, Economic and Financial Analysis

45. **This project was selected for COVID-19 financing due to the urgent need for a nationwide emergency response to the outbreak, and longer-term system strengthening imperatives.** In the immediate term, the focus is appropriately placed on slowing down and limiting the spread of COVID-19 to the greatest extent possible through improved disease surveillance, laboratory capacities, and hospital readiness. These are core functions for a robust public health response drawing from global experience and evidence. The project also prioritizes investments for longer-term system strengthening to improve preparedness for infectious disease outbreaks, including infrastructure readiness, surveillance and laboratory networks and information systems, private sector engagement in response, community engagement and risk communication all of which are essential for a strong pandemic response capability.

46. **Initial analysis suggests that COVID-19 will have a negative impact on Sri Lanka's economy and health sector.**

- **Disease outbreaks pose significant costs to a country's economy through various channels.** The most intuitive consequences include the rise in medical costs and the forgone incomes of patients as a result of related morbidity and mortality. However, the actual costs span across much broader dimensions of the economic activities. For instance, the direct impact of SARS epidemic on medical expenditures or demographic effects were not substantial compared to other epidemics such as in malaria. On the other hand, SARS had significant direct effects on tourism and retail service sectors in the inflicted countries. Further, the economic shock that affects a country spread rapidly to other countries through the increased trade with other countries. During SARS outbreak, Hong Kong, Mainland China and Taiwan were the most severely hit countries by the outbreak facing significant declines in GDP (-2.63 percent, -1.05 percent and -0.49 percent, respectively). However, other countries have faced similar declining trend such as in Singapore (-0.47 percent), Thailand, Philippines and Malaysia (-0.15 percent each).
- **For Sri Lanka, the economic impact of COVID-19 is assessed as substantial.** Key transmission channels include a decline in export earnings (tourism and exports of textiles, tea, and other agricultural products due to supply chain disruptions and lower global demand) and subdued domestic demand. Travel restrictions are expected to exert pressure on the tourism sector whereas services sector activities that depend on interpersonal contact will be particularly hurt as movement restrictions are imposed. SMEs are likely to be disproportionately impacted by the crisis. A prolonged outbreak could severely hamper growth and place further strain on fiscal sustainability. The impact from the COVID-19 is likely to place further strain into public finances. Macroeconomic vulnerabilities remain high due to weak fiscal buffers, high levels of indebtedness and large refinancing needs. Central government debt is estimated at 84 percent of GDP, largely denominated in foreign currency. The slowdown in growth and additional spending associated to the COVID-19 response are expected to further deteriorate debt dynamics.
- **Sri Lanka's tourism sector is one of the key sectors contributing to the GDP will face a hit.** The travel and tourism sector contributed to over 12 percent of GDP in 2018. However, the revenue from this sector plummeted after the Easter Sunday bombing that took place in April 2019. Monthly tourist arrivals had seen a 70 percent drop in May 2019 and had recovered to just 4.5 percent lower than in December 2019. Nonetheless, the COVID-19 could once again strike the travel and tourism industry in 2020. Since late





January, visa issuance to some nationals was heavily scrutinized, although travel bans to Sri Lanka were limited until later in March when a suspension was imposed on all international arrivals. Albeit with stringent public health measures to contain the spread of COVID-19, it will have a major implication on the travels and tourism industry that was on its way for recovery. This could result in decline in government revenue that will potentially put pressure on the health system that is already running low resource levels.

- **Loss of income, especially among the small and micro businesses and the informal sector, which constitute the majority of the labor force in the country is of major concern.** There are nearly one million micro businesses employing less than 10 employees, accounting for around 44 percent or 1.4 million of the labor force. These micro businesses are engaged in trading and services all impacted by travel and quarantine restrictions. Additionally, there are over 70,000 small businesses which employ between 11-50 people, accounting for half a million or 17 percent of the labor force, which may be impacted due to prolonged travel and curfew restrictions imposed to control the spread of COVID-19.
- **Over the past decade, Sri Lanka's level of government health spending has remained low at around 1.5 percent of GDP.** Economic growth of Sri Lanka has been robust over the past decade, and the health budget has been rising steadily since 2010 in nominal and real terms by about 8 percent annual between 2010 and 2015. However, the increase of health spending has been less as a share of the GDP. This is unusual for a middle-income country, where it is common for health budgets to grow more rapidly than the GDP for extended periods of time. A more recent concern is the tax cut that was introduced in late 2019, which may pose further constraints on the fiscal space for health. As a result, out of pocket (OOP) spending accounts for roughly 40 percent of total health expenditures, even though the incidence of catastrophic expenditure (i.e., >10 percent of total household spending on health) is still relatively modest at 8.5 percent and only 0.5 percent of households becomes poor due to high health spending. Nevertheless, this situation poses a question on the resilience of the health system to respond to a crisis situation.

47. **The project is expected to bring economic benefits in the short- and longer-term.** Project activities will help address the immediate and long-term economic impacts of COVID-19 by:

- **Safeguarding against the loss of human capital.** Strengthening surveillance and case identification, contact tracing, diagnostic capacity and proper isolation of cases are critical in containing the spread of the virus. Combined with adequate case management at hospitals, including expansion of ICU services, this will mitigate the impacts on morbidity, mortality and negative impacts on productivity. Special attention is given to support the vulnerable population such as the poor and elderly, especially those with underlying comorbidities.
- **Limiting the extent and duration of economic disruption.** While short-term containment and preventive measures are already disrupting economic activities, longer-term impacts (e.g., on travel and tourism) could be moderated if the curve of infection transmission pattern can be flattened and inflection point brought down. Measures to control the spread of COVID-19 in one country will also have spillover effects through mitigating risks of further outbreaks globally.
- **Broader health-system strengthening.** Many measures supported by the project will bring economic benefits through broader health system strengthening. Positive long-run social returns are expected from activities related to training of health workers and improving their service facilities at national as well as



regional level, provision of biosafety level 3 laboratory, improved capacity in health facilities, etc. International evidence shows that such investments lead to positive economic returns even in the absence of a pandemic.

## **B. Fiduciary**

### **(i) Financial Management**

48. **The proposed FM arrangements including planning, budgeting, accounting, internal controls, funds flow, financial reporting and auditing to be in line with fiduciary requirements of Operations Policy (OP) 10.00.** The MoH will be the main implementing agency and the spending agency for the project, with the Project Management Unit (PMU) established under the WB assisted PSSP responsible for overall FM coordination and monitoring of activities in the project and maintain FM arrangements at all project implementation levels including the compliance with the financial covenants of the legal agreement. Payments under this project will be centralized at the PMU.

49. **The MoH has experience in handling World Bank funded operations, including FM procedures and processes.** However, the current PMU housed at MoH has limited capacity. It has been agreed, that the PMU will be significantly strengthened through recruitment of additional FM staff in due course. As an interim arrangement, the FM specialist of the World Bank assisted PSSP with support staff seconded from MoH who has adequate qualifications and experience will manage and coordinate the overall startup and initial FM arrangements related to the Project. This arrangement will be continued until capacity at the PMU is supplemented with additional qualified staff, either internally seconded/retained or through staff recruited from outside who have been trained in the Bank's FM requirements.

50. **The MoH will receive sufficient budgetary allocations for the project from the Treasury under direct foreign financing and will implement activities agreed under the loan using this provision.** The financial reporting for the project funds will be carried out through the submission of interim unaudited financial reports (IUFs). The PMU will prepare quarterly IUFs in the prescribed format which would be submitted to the Bank within 45 days from the end of the quarter and will also form the basis for disbursement by the Bank. The Project will open a dedicated US dollar denominated Designated Account (DA) at the Central Bank of Sri Lanka (CBSL) in the name of Deputy Secretary to Treasury (DST) for disbursement purposes. The project would use the report-based disbursement method. The Bank will advance an amount to the DA to meet the estimated expenditures of three quarters, as forecasted in the IUFs. From this DA, payments will be made to suppliers, vendors, consultants and for incremental operating costs. Mandatory Direct Payment method would be applicable for this project and Direct Payment or Special Commitment disbursement methods will be used by the project, where payments need to be carried out for international open or limited and direct selection of contracts, which would be identified in the procurement plan. The funds flow arrangements will include flexibility of using UN commitments and direct disbursement to UN agencies for procurements, with payment modalities as stated in the contract. For contracts covered under Mandatory Direct Payment, there would be no minimum application size. In case of cash transfers, funds would transferred using banking channels to beneficiaries. There would be adequate reporting arrangements and controls in place to charge expenditures only under the relevant financing source. Details of arrangements would be in Operations Manual.

51. **In addition, the PMU will open a separate, dedicated, Sri Lanka Rupee (LKR) account at a state commercial bank that will be operated by the PMU to receive funds from the DA and make payments for eligible project expenditures.** This account will operate to track payments being made using WB finances. The PMU will maintain



separate books of accounts for project activities. Exchange losses arising due to transfers from DA to LKR account will not be considered as eligible expenditure and will not be absorbed by the WB loan. Where required, PMU will closely liaise with Ministry of Finance’s (MoF) Treasury Department to ensure that funds are received for processing of project payments on a fast track basis not later than three working days.

**52. Financial statements of the project will be prepared by the PMU and will be audited annually by the Auditor General of Sri Lanka.** The audited financial statements included in the auditor’s report along with the response from the project on the audit observations if any will be submitted to the Bank within six months (i.e. 30<sup>th</sup> June each year) of the end of the fiscal year. In respect of components that will be implemented with UN Agencies' support, the UN agencies will account for the funds using their institutional accounting rules and regulations. These agencies will provide quarterly Fund Utilization Reports that show funds received and related expenditure, alongside progress reports, to the Bank and the MoH. There are no overdue audit reports or ineligible expenditures for any projects implemented under MoH.

**53. In addition to the annual financial statements audit, the Project will be subjected to an internal audit.** It is envisaged that the internal audit of the proposed project will be carried out by the internal auditor of the PSSP. The internal auditor will assess whether the funds have been disbursed on a timely basis and used effectively and efficiently for the intended purposes. The internal audit will also examine the physical and qualitative aspects of the assets constructed or procured under the project. This will provide further assurance on the legitimacy and the eligibility of the payments made from the Loan proceeds. The PMU will share the internal audit reports with the Bank within 60 days of end of each quarter.

**54. Retroactive Financing:** Retroactive financing up to US\$37,440,000 million of the total Project amount will be allowed for eligible expenditures incurred by the GoSL from January 1, 2020. This is expected to include goods, works, and services, such as procurement of PPEs, etc. undertaken by the MoH towards COVID-19 response.

**55. The overall project FM risk is assessed Substantial.** The overall project FM risk that is assessed as Substantial is the residual FM risk (i.e. the risk remaining after the proposed mitigation measures) as measured during appraisal. This residual risk will be reassessed as part of the continuous implementation support on the project. The table below includes the constituent elements of the risk and their respective mitigation measures.

<b>Risks</b>	<b>Mitigation Measures</b>
Limited FM capacities at MoH in a Bank financed operation.	A PMU will be strengthened with additional qualified and experienced FM staff.
Possible political interference in awarding contracts, particularly high value contracts.	Use of UN agencies for large value contracts.
Weak oversight on contract management.	Introduce sound contract management system such as maintaining and timely update of contract registers, using a management information system for this purpose.
Incomplete record, misuse of goods and weak inventory management at the health facilities; and unaccounted advances of significant value,	Strong monitoring systems will be introduced including (i) maintaining detailed records of assets and inventory at the health facilities; regular asset verification and, (ii) keeping detailed records in the management of any advances (iii) limitation of authority and access to ware houses and enhanced



incomplete documentation, and use of funds for ineligible expenditure.	security measures (iv) reporting use of advances in a timely manner; and (v) oversight mechanisms including internal and external audit.
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**(ii) Procurement**

56. **Procurement under the MPA will be carried out in accordance with the World Bank’s Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017 and August 2018).** The Project will be subject to the World Bank’s Anticorruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016. The Project will use the Systematic tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions.

57. **The major planned procurement includes:** medical equipment, supplies and commodities, diagnostic reagents, including kits; procurement and distribution of masks; development of risk communication and behavior change messages and materials; additional ICU beds and isolation facilities; strengthening of the centralized and decentralized health system capabilities for disease surveillance; expansion of diagnostic facilities; case management and infection prevention control. Given the emergency nature of the requirements, the Borrower has agreed to develop a streamlined Project Procurement Strategy for Development during the implementation phase of the project and finalize it early during the implementation phase. An initial procurement plan for the first three months has been agreed with the Borrower and will be updated during implementation.

58. **The proposed procurement approach prioritizes fast track emergency procurement for the emergency required goods, works and services.** Key measures to fast track procurement include the following:

- Using framework agreements with international agencies like UNICEF, WHO and other UN agencies for procurement of medicines, medical supplies and equipment for emergency requirements and technical assistance, communications and capacity building.
- Recognizing the significant disruptions in the usual supply chains for medical consumables and equipment for COVID-19 response, the Bank will provide, at borrowers’ request, Bank Facilitated Procurement (BFP) to proactively assist them in accessing existing supply chains. Once the suppliers are identified, the Bank could proactively support borrowers with negotiating prices and other contract conditions. Borrowers will remain fully responsible for signing and entering into contracts and implementation, including assuring relevant logistics with suppliers such as arranging the necessary freight/shipment of the goods to their destination, receiving and inspecting the goods and paying the suppliers, with the direct payment by the Bank disbursement option available to them. The BFP would constitute additional support to borrowers over and above usual Hands on Expanded Implementation Support which will remain available. If needed, the Bank could also provide hands-on support to Borrowers in contracting to outsource logistics.
- BFP in accessing available supplies may include aggregating demand across participating countries, whenever possible, extensive market engagement to identify suppliers from the private sector and UN agencies. The Bank is coordinating closely with the WHO and other UN agencies (specifically WHO and UNICEF) that have established systems for procuring medical supplies and charge a fee which varies across agencies and type of service and can be negotiated (around 5 percent on average). In addition, the Bank may help borrowers access governments’ available stock.



- In providing BFP the Bank will remain within its operational boundaries and mandate which already include expanded hands-on implementation support to help borrowers achieve the project's development objectives.
- Procurement for goods/works and services outside this list will follow the Bank's standard procurement arrangements with the Borrower responsible for all procurement steps (or with normal Hands-on Implementation support, as applicable).
- Direct Contracting and/or Limited Competition with identified manufacturers and suppliers for other items
- Increasing the threshold as applied to the Sri Lanka for Goods and Works Shopping to US\$200,000 from the existing US\$50,000, for National Procurement of goods to US\$2,000,000 from the existing US\$1,000,000 and for national procurement of works to US\$15,000,000 from the existing US\$10,000,000.
- Conducting all emergency procurement under this project for relief phases as post review.
- During the later phases of the project, prior reviews will remain minimal to allow maximum flexibility in implementation
- Using Force Account where required and justified, for the construction of isolation centers and refurbishment of existing health facilities.
- Other measures like shorter bidding time, bid securing declarations in lieu of bid security, increased advance payments, direct payments, etc. will be applied on a case by case basis by the Bank's Accredited Procurement Specialist.

59. **All procurement under the project will be undertaken by the PMU through the Ministry of Health's Procurement Division.** The Medical Supplies Division has been at the forefront of procuring medical supplies and equipment for the COVID 19 response. They do not have any experience of implementing procurement under Bank financed projects. It has been agreed therefore to second procurement staff from PSSP. The project was rated Satisfactory for procurement in the latest PRAMS assessment. However, since the PSSP is a DLI based IPF with relatively low-level procurement, the MoH has requested for Hands on Expanded Implementation Support (HEIS) to be provided to strengthen the procurement implementation. The arrangement will be continued until capacity at the PMU can be supplemented with alternate qualified staff, who have been trained in the use of the Bank's Procurement Regulations and STEP.

60. **Retroactive Financing.** The Medical Supplies Division has been procuring emergency supplies on behalf of the MoH to deal with the COVID-19 outbreak. The Bank will review such procurements for eligibility for Retroactive Financing under the provisions of the Regulations and the Financing Agreement.

61. **Fraud and Corruption (F&C) and Audit Rights:** Contracts that were procured in advance of the signing of the Financing Agreement will be eligible for the Bank's retroactive financing if the contractor has explicitly agreed to comply with the relevant provisions of the Bank's Anti-Corruption Guidelines, including the Bank's right to inspect and audit all accounts, records, and other documents relating to the Project that are required to be maintained pursuant to the Financing Agreement. Accordingly, the waiver of paragraph 6 (requiring that the Anti-Corruption



Guidelines be applied to all procurement) and paragraphs 9(d) and 10 (requiring agreement by bidders and contractors to comply with the Anti-Corruption Guidelines) of the Anti-Corruption Guidelines, as requested by the Global MPA, will apply to the Project.

62. **The overall project procurement risk is assessed as Substantial. Major risks to procurement and proposed mitigation measures are summarized below.**

<b>Risks</b>	<b>Mitigation Measures</b>
Limited capacity to conduct emergency procurement.	Procurement staff from the PMU, Primary Health Care System Strengthening Project - P163721 (PSSP) will work with the MoH's Procurement Division until such time that additional staff are identified and trained in the use of the Bank's Regulations and STEP. In addition, the Bank will provide HEIS, in accordance with Paragraphs 3.10 and 3.11 of the Regulations
Existing contract and procurement approval levels will be a delaying factor in the procurement of critically needed equipment and supplies	High-level engagement with the Government of Sri Lanka to take advantage of Emergency Procurement Procedures under the National Procurement Guidelines, 2006, and to raise thresholds for Cabinet level approval of contracts
Capacity of the market and supply chain to meet the demand.	Using Framework agreements (FAs) with UN agencies for supply of medicines and medical supplies and early engagement with manufacturers in the region for direct contracting is proposed. The MoH, with the assistance of WHO has mapped out immediate needs and is coordinating measures for supplier preferencing like direct payments by Bank, advance payments, etc., which will be applied on need basis.
Impact of emergency on supply chains and lead times.	The IA has requested BFP which is expected to mitigate the risk. Advance procurement and using FAs of UN Agencies are expected to mitigate this to some extent, though the risks are high given no production capacity of most of the items in country and spread of the infection in other countries.
Social impacts of emergency on markets especially on labor markets and acceptability of foreign labor.	There are no known restrictions on use of foreign personnel.

**C. Legal Operational Policies**

	<b>Triggered?</b>
Projects on International Waterways OP 7.50	No



Projects in Disputed Areas OP 7.60

No

#### D. Environmental and Social

63. **The project will have positive environmental and social impacts, as it will improve COVID-19 surveillance, monitoring and containment in the country as well as health system’s preparedness for future outbreaks.** The environmental risks are considered Substantial because of the current uncertainty around project locations and site-specific interventions and the associated occupational health and safety and medical waste management issues. The main environmental risks are: (i) the occupational health and safety risks to health workers due to health care associated infections arising from patient care, laboratory testing, transportation and handling of supplies/diagnostic material etc. during treatment as well as due to civil works construction inside functional health care facilities; (ii) health care waste management and community health and safety issues related to the handling, transportation and disposal of health care waste; (iii) emissions and waste generation due to construction works. Waste that may be generated from labs, isolation units, screening posts and isolation wards to be supported by the project would include infectious waste (e.g. blood and its by-products, cultures and stocks of infectious agents, wastes from patients from isolation wards, discarded diagnostics samples containing body fluids, and other contaminated material such as cotton swabs and bandages), pathological wastes, sharps and general contaminated wastes produced by the patient, which if not properly managed could cause great harm.

64. **Sri Lanka has experience in managing highly infectious health care wastes and the project will build on existing country capacity with latest international guidelines on COVID-19 response and prevention.** Infection prevention and control procedures in health institutions, especially higher-level facilities, are fairly standardized in the country. Waste separation at source is very high and many of the secondary and tertiary health institutions have already installed treatment capacity such as sterilizers and incinerators. However, the system is not without gaps and shortcomings. As COVID-19 is highly infectious, the project will need to exercise the highest level of due diligence in planning and implementing precautionary measures. In order to mitigate the above-mentioned risks, the MoH will prepare and disclose an Environmental and Social Management Framework (ESMF) by project effectiveness which will be in line with latest WHO standards on COVID-19 prevention and response. The ESMF will include a typical Health Care Waste Management Plan (HCWMP) which will include specific guidance and protocols on developing site-specific HCWMPs taking into consideration (i) existing treatment and disposal methods within the facility; (ii) current treatment capacity; (iii) rapid measures needed to augment capacity; and/or (iv) alternative disposal methodologies. This will be supported through Components 1 and 2.

65. **Social risks under the project are also considered ‘Substantial’ with the central concern being the inability of marginalized and vulnerable social groups to access facilities and services, which could undermine the objectives of the project.** In particular, gender norms mean that women and girls are more likely to be infected by the virus as well as other such pandemics, given their predominant roles as caregivers within families and as front-line health-care workers; yet, women have less access to information around how to provide care and support. Similarly, other vulnerable groups such as the elderly, poor and people with disabilities, do not benefit equally from public awareness campaigns, etc., even whilst some of them are more at risk to contracting the virus. There are also increased risks for gender-based violence and child abuse when women and children are under quarantine and self-isolation. Handling of isolation units and health facilities, including dignified treatment of patients; attention to specific, culturally determined concerns of vulnerable groups; prevention of sexual exploitation and abuse (PSEA) and sexual harassment (SH); minimum accommodation and servicing requirements; attending to the specific needs of female health care



workers beyond personal protective equipment (e.g., menstrual hygiene, transport when changing shifts and returning home), are issues that will require close attention while managing the social risks associated with the project. Further, prevention of social tensions, especially in the vicinity of isolation units over the spread of disease and waste management; conflicts resulting from false rumors; and risks and impacts from the use of security personnel for labor services during the setting up of isolation wards, will be important considerations under the project.

**66. To mitigate these risks, adequate measures will be taken to ensure access of services to vulnerable groups.** The provision of services and supplies will be based on the urgency of the need, in line with the latest data related to the prevalence of the cases. In addition, Government will put in place adequate measures, as outlined in the ESMP, to ensure that the medical isolation of individuals does not increase their vulnerability, especially to gender based violence and sexual exploitation and abuse. The COVID-19 Outbreak and Gender: Key Advocacy Points from Asia and the Pacific, UN Women, 2020 and the COVID-19 resources to address gender-based violence risks, will be used as a guide towards the design and implementation of such measures. Additionally, provisions will also be put in place for proper safety systems, with a focus on isolation units/wards, screening posts, and laboratories to be funded by the project; encompassing above all occupational health safety and waste management procedures. WBG EHS Guidelines, such as those related to Community Health and Safety will apply to the extent relevant.

**67. The MoH will use the Stakeholder Engagement Plan (SEP) which outlines a structured approach to engagement with stakeholders that is based upon meaningful consultation and disclosure of appropriate information, considering the specific challenges associated with COVID-19 and the need for improved hygiene and social distancing.** In cases of the most vulnerable – the elderly and those with compromised immune systems due to pre-existing conditions- stakeholder engagement would minimize close contact and follow the recommended hygiene procedures as outlined in the ‘CDC Interim Infection Prevention and Control Recommendations for patients with confirmed COVID-19 or persons under investigation for COVID-19 in Healthcare Settings’ (19 March 2020).<sup>7</sup> The project also includes a component on *Community Engagement and Risk Communication*, for the preparation and dissemination of materials focusing on behavioral and sociocultural risks, preventive measures, COVID-19 management workflows, etc. using a variety of mediums such as broadcast media (TV, radio), audio-visuals, toll-free call-in number, etc. The approaches taken under this sub-component will ensure that information is meaningful, timely, and accessible to all affected stakeholders, including usage of different languages, addressing cultural sensitivities, as well as challenges deriving from illiteracy or disabilities. Due to the expected country-wide implementation of activities, the differences of areas and socioeconomic groups will equally be taken into consideration during rollout of this subcomponent. The updated Stakeholder Engagement Plan (SEP) will also elaborate on the Grievance Redress Mechanism established for the project for addressing any concerns and grievances raised by people affected by project activities in an accessible, transparent and inclusive manner.

**68. Overall environmental and social due diligence for this project will be carried out under the World Bank’s new Environment and Social Framework (ESF).** Five Environmental and Social Standards (ESS) are directly relevant to 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, and ESS10 Stakeholder Engagement and Information Disclosure. In addition, while impacts on tangible or intangible cultural heritage or natural habitats and biodiversity are not expected under the project, the ESMF will include due diligence procedures, in line with ESS8 and ESS6, respectively, that include screening for risks and impacts and applying the relevant requirements of these ESSs where subprojects are found to have significant risks and impacts on cultural heritage or natural habitats. Consistent with the principles embedded in the ESF policy, Environmental and

<sup>7</sup> <https://www.cdc.gov/coronavirus/2019-ncov/infection-control/control-recommendations.html>





Social activities shall be timed and sequenced to fit the needs and risks of the project, with a particular focus on (i) the development of waste management plans; (ii) worker safety; (iii) community safety plans; and (iv) communications and stakeholder engagement. Further, while the use of security personnel under the project will be limited to supporting the construction and setting up of isolation units, the Project will adopt the following to avoid and mitigate the associated risks: the ESMF will include guidance on carrying out assessments of security-related risks and impacts as per ESS 1; specific requirements to ensure compliance with ESS2 and ESS4 have been included in the ESCP and will be updated based on the security risk assessment; a Code of Conduct (CoC) type obligations will be agreed with the Bank prior to the commencement of their duties vis-à-vis the project; the project-level GRM required by ESS10 will be equipped to accept grievances related to security and the use of security forces.

**69. The MoH, through the existing PMU of the PSSP, will be responsible for ensuring implementation of actions outlined in the ESMP.** The PMU will be strengthened with additional staffing and resources to support this function. Until a dedicated Environment, Health and Safety Specialist and a Social Development Specialist is recruited to specifically support the emergency operation, technical specialists from the Directorate of Environment, Occupational Health and Food Safety, MoH and the Health Promotion Bureau, MoH will be deputed for the preparation and implementation of health care waste management under the project. Technical assistance via Component 4 will be extended to the PMU, MoH and other key implementing partners to strengthen capacity for successful implementation of the ESMF, ESCP and SEP of the proposed COVID-19 project. Development partners such as UNICEF who are supporting risk communication and have the expertise on issues of GBV, child protection and reaching vulnerable communities, may also be leveraged to provide technical assistance and capacity building support as needed.

**70. An Environmental and Social Commitment Plan (ESCP) and a Stakeholder Engagement Plan (SEP) have been prepared for the project by the MoH and disclosed on its website on March 27, 2020 and on the World Bank's external website on March 27, 2020.** The ESMF will be prepared 15 days post-negotiations and updated once again within 30 days from project effectiveness to ensure that the requisite due diligence measures are in place.

## VI. GRIEVANCE REDRESS SERVICES

71. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit [www.inspectionpanel.org](http://www.inspectionpanel.org).

## VII. KEY RISKS

**72. The overall risk to achieving the PDO is Substantial.**



73. **The macroeconomic risk is considered Substantial.** Macroeconomic vulnerabilities remain high due to weak fiscal buffers, high levels of indebtedness and large refinancing needs. Central government debt is estimated at 84 percent of GDP, largely denominated in foreign currency. Gross international reserves (US\$7.6 billion, end-2019) remain low relative to short-term external liabilities (US\$ 6.3 billion for the next 12 months). The slowdown in growth and additional spending associated to the COVID-19 response are expected to further deteriorate debt dynamics. Thus, while the macroeconomic situation is not expected to hamper immediate project implementation, a prolonged outbreak could severely hamper growth and place further strain on fiscal sustainability.

74. **The technical design entails Substantial risk.** One of the key challenges with the response to COVID-19 is a breakdown in the global supply chain and availability (and price) of essential medicines and commodities necessary for the immediate response, such as PPE. The global PSCN (Pandemic Supply Chain Network), of which the World Bank is a co-convenor, has identified the list of medical products critical to the response and the Bank will work with MoH to customize this list further to develop a positive list of goods to be procured with World Bank financing. All development partners are well aligned and stand ready to support the government in containing the spread of the virus, and with the government instituting strict curfew measures to ensure self-quarantine, the immediate support provided through project financing and other development partner support is expected to mitigate the risks.

75. **Institutional capacity for implementation and sustainability is considered Substantial.** The PMU of the existing PSSP project, which is responsible for the administration of the project has limited capacity to manage such complex emergency operations at the scale expected. Furthermore, while it has experience of WB fiduciary guidelines and processes, its experience with safeguards is more limited with PSSP being a low risk project. Additional staff will be recruited to enhance this capacity, and an additional Deputy Director from the MoH will be deputed to handle the project to boost coordination capacities and mitigate the current substantial risk. A PSC headed by the Secretary, MoH and DGHS will also be established to review implementation progress and provide additional support required to address any constraints in implementation and boost capacities as necessary. The development partners group for COVID-19 response will also support the MoH in implementation.

76. **Fiduciary risks are considered Substantial.** To support the emergency response, country-specific projects will utilize rapid disbursement procedures and simplified procurement processes in accordance with emergency operations norms. The key procurement risk is failed procurement due to lack of sufficient global supply of essential medical consumables and equipment needed to address the health emergency as there is significant disruption in the supply chain, especially for PPE. Other key procurement risks include Borrower import restrictions in place for goods/service providers/consultants/contractors from certain countries, as well as constraints in institutional and implementing capacity in borrowing countries, particularly where there are quarantines in place or other restrictions that impact on public administration.

77. To help mitigate this risk, the Bank will provide BFP leveraging its comparative advantage as convener with the objective of facilitating borrowers' access to available supplies at competitive prices, as described in the procurement section of this document. BFP in identifying suppliers and facilitating contracting between them and borrowers may bring a perception that the Bank is acting beyond its role as a financier with greater reputational and potentially litigation risks – these would relate to questions of transparency, equity in terms of which borrowers get access to what and when, issues with quality, timeliness of delivery, value for money, and any other issues of contractual non-performance by the suppliers identified by the Bank. To partially mitigate these risks, the Bank and the Borrower will clearly delineate the roles and responsibilities of the Bank and the Borrowers for whom the Bank facilitates access to available supplies.



78. There is substantial risk of procurement delays and cost overruns generated by the reduced availability and increased costs of essential commodities. The risk is quite substantial for the most critical medical items such as personal protection equipment including masks, gloves, gowns and others. In this context, the most promising approach for procurement would be to utilize the framework agreements with international agencies like UNICEF, WHO and other UN agencies. Bulk of the medical commodities that are urgently needed will be procured through this arrangement to minimize the lag time.

79. **Environment and social risks are considered Substantial.** The main environmental risks are related to (i) occupational health and safety risks to health workers due to health care associated infections arising from patient care, laboratory testing, transportation and handling of supplies/diagnostic material etc. during treatment as well as due to civil works construction inside functional health care facilities; (ii) health care waste management and community health and safety issues related to the handling, transportation and disposal of health care waste; and (iii) emissions and waste generation due to construction works. The social risks are primarily associated with (i) access of facilities, services and information around care and support, particularly among vulnerable groups such as the elderly, poor and people with disabilities, children in orphanages, some of whom are more at risk to contracting the virus; (ii) increased risks for gender-based violence and child abuse when women and children are under quarantine and self-isolation; and (iii) handling of care at isolation wards. The ESMP outlines key measures to mitigate these risks.

80. **Risks on Personal Data Collection:** MoH has adopted the National eHealth Guidelines and Standards in March 2016. However, large volumes of personal data, personally identifiable information and sensitive data are likely to be collected and used in connection with the management of the COVID-19 outbreak under circumstances where measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in national law or data governance regulations, or be routinely collected and managed in health information systems. In order to guard against abuse of that data, the Project will incorporate best international practices for dealing with such data in such circumstances. Such measures may include, by way of example, data minimization (collecting only data that is necessary for the purpose); data accuracy (correct or erase data that are not necessary or are inaccurate), use limitations (data are only used for legitimate and related purposes), data retention (retain data only for as long as they are necessary), informing data subjects of use and processing of data, and allowing data subjects the opportunity to correct information about them, etc. In practical terms, operations will ensure that these principles apply through assessments of existing or development of new data governance mechanisms and data standards for emergency and routine healthcare, data sharing protocols, rules or regulations, revision of relevant regulations, training, sharing of global experience, unique identifiers for health system clients, strengthening of health information systems, etc.

**Table 6: Systematic Operations Risk Rating Tool (SORT)**

<b>Risk Categories</b>	<b>Rating</b>
1. Political and Governance	Moderate
2. Macroeconomic	Substantial
3. Sector strategies and policies	Moderate
4. Technical design of project	Substantial
5. Institutional capacity for implementation and sustainability	Substantial
6. Fiduciary	Substantial
7. Environmental and social	Substantial
8. Stakeholders	Moderate
<b>Overall</b>	<b>Substantial</b>



**The World Bank**

Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project (P173867)

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## VIII. RESULTS FRAMEWORK AND MONITORING

### Results Framework

COUNTRY: Sri Lanka

Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project

#### Project Development Objective(s)

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

#### Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
<b>To prevent, detect and respond to the threat posed by COVID-19</b>			
Emergency Operations Centre for COVID-19 and pandemic responses established (Yes/No)		No	Yes
Percentage of health districts with a tertiary or secondary care hospital with isolation capacity (Percentage)		8.00	100.00
<b>To strengthen national health systems for preparedness in Sri Lanka</b>			
Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents (Number)		5.00	17.00

### Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
<b>Emergency COVID-19 Response</b>			
Number of ICU beds in tertiary and secondary hospitals against planned (Number)		560.00	750.00
Number of health staff trained in infection prevention and control per MoH approved protocols (Number)		100.00	1,000.00
Number of secondary and tertiary care hospitals with environmental protection license (EPL) and Scheduled waste license (SWL) (Number)		20.00	81.00
Guidelines to engage private health facilities in supporting pandemic response (Yes/No)		No	Yes
Number of secondary and tertiary hospitals with solar energy backup to overcome electricity outages (Number)		0.00	20.00
Number of field staff engaged in elder care, homes for the people with special needs and orphanages trained and equipped for prevention and care measures (Number)		100.00	1,000.00
<b>Strengthening National and Sub-national Institutions for Prevention and Preparedness</b>			
Number of individual isolation rooms established within the National Institute of Infectious Diseases established (Number)		0.00	27.00
Number of secondary and tertiary care hospitals with networked laboratory information system in place (Number)		0.00	50.00
Number of sub-national emergency operational centers with an established quarantine mechanism (Number)		8.00	26.00
Number of secondary and tertiary care hospitals with classified accredited labs (Number)		0.00	50.00
<b>Strengthening Multi-sectoral, National institutions and Platforms for One Health</b>			
National protocols for detection, surveillance, and response systems for animal and human health infections (Yes/No)		No	Yes
<b>Implementation Management and Monitoring and Evaluation</b>			

Indicator Name	DLI	Baseline	End Target
Number of peer-reviewed publications from Research Institutions supported to undertake research and monitor progress and capacity of the health system for pandemic preparedness (Number)		0.00	5.00

#### Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Emergency Operations Centre for COVID-19 and pandemic responses established	Emergency Operations Centre for coordination of pandemic response established and functional	Annual	National Coordinator of Emergency Operations Centre	Report from the National Coordinator	National Coordinator, MoH
Percentage of health districts with a tertiary or secondary care hospital with isolation capacity	Numerator: Number of districts with at least one tertiary or secondary care hospital with isolation capacity  Denominator: Number of districts (26 districts)	Six-monthly	Hospital directors	Reports from relevant hospital directors	DDG, MS, MoH
Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents	Number of designated laboratories with COVID-19 essential diagnostic	Six-monthly	Hospital Directors	Reports from relevant hospital directors.	DDG, Laboratory Services, MoH

	equipment, test kits, and reagents (identified as essential for COVID-19 response as per WHO guidelines)				
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### Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of ICU beds in tertiary and secondary hospitals against planned	Number of ICU beds in tertiary and secondary hospitals	Six-monthly	Hospital Directors	Reports from relevant hospital directors	DDG, MS, MoH
Number of health staff trained in infection prevention and control per MoH approved protocols	Number of health staff trained in infection prevention and control per MOH-approved protocols	Six-monthly	Epidemiology Unit, MoH	Quarterly report on the number of health staff trained on infection and control measures	DDG (PHS), MoH
Number of secondary and tertiary care hospitals with environmental protection license (EPL) and Scheduled waste license (SWL)	Number of secondary and tertiary care hospitals with EPL and SWL	Six-monthly	Directorate of Environment and Occupational Health	Quarterly report from provinces and line ministry institutions on the number of secondary and tertiary care hospitals with EPL and SWL	DDG/ E&OH, MoH
Guidelines to engage private health facilities in supporting pandemic response	(a) Guidelines to engage private health facilities in supporting pandemic response developed; (b)	Annual	MoH website	Availability of guidelines on the website including a list of private health facilities empanelled to	MoH



	are available on the Ministry's website; and (c) include a list of private health facilities empaneled to provide support			provide support	
Number of secondary and tertiary hospitals with solar energy backup to overcome electricity outages	Number of secondary and tertiary hospitals with solar energy backup	Six monthly	HMIS	Monthly report from provinces and all line ministry institutions on the number of facilities that have set up solar energy backup systems	DDG, MSI, MoH
Number of field staff engaged in elder care, homes for the people with special needs and orphanages trained and equipped for prevention and care measures	Number of field staff engaged in elder care, homes for the people with special needs and orphanages trained and equipped for prevention and care measures as per MOH-approved protocols. Field staff include public health nursing officers, elderly right promotion officer and care givers, social welfare workers. Approximate 850 homes and centres and at least 2 staff in each = 1700 workers	Six-monthly	MoH	Monthly report on the number of social welfare staff trained on COVID prevention and care measures	MoH
Number of individual isolation rooms established within the National Institute of Infectious Diseases established	An isolation unit established and functional for at least one month	Six-monthly	Director NIID, MoH	Report on use of the isolation unit, based on number of in-patients	Director NIID, MoH

				and use of the facility.	
Number of secondary and tertiary care hospitals with networked laboratory information system in place	Number of secondary and tertiary care hospitals with networked laboratory information system in place	Six-monthly	HMIS	Number of secondary and tertiary care hospitals that are networked as visible on the online laboratory information system	DDG Laboratory Services, MoH
Number of sub-national emergency operational centers with an established quarantine mechanism	Number of sub-national emergency operational centers with an established quarantine mechanism	Six-monthly	Reports from DPRU, MoH	Monthly progress report	National Coordinator, DPRU, MoH
Number of secondary and tertiary care hospitals with classified accredited labs	Number of secondary and tertiary care hospitals with accredited labs through a national accreditation system, based on national guidelines	Six-monthly	HMIS	Quarterly Report on the number of hospitals that received the certification of accreditation from the national accreditation team	DDG Laboratory Services, MoH
National protocols for detection, surveillance, and response systems for animal and human health infections	(a) One-health protocols for detection, surveillance, and response systems for animal and human health infections developed; and (b) a mechanism to implement the protocols in place (as evidenced by an assigned unit responsible for it and financing of the same)	Six-monthly	MoH	Protocols are available online; and quarterly report on the implementation of the protocol from the responsible unit.	DDG PHS I, MoH

Number of peer-reviewed publications from Research Institutions supported to undertake research and monitor progress and capacity of the health system for pandemic preparedness	Count of publications in peer-reviewed journals produced with support of the project funding	Once, at the end of the project period.	MoH	Govt. report listing peer review publications (which can be accessed online) from research supported by them.	DDG ET&R, MoH
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**ANNEX 1: Project Costs**

**COUNTRY: Sri Lanka**  
Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project

**COSTS AND FINANCING OF THE COUNTRY PROJECT**

Program Components	Project Cost	IBRD or IDA Financing	Trust Funds	Counterpart Funding
<b>Component 1: Emergency COVID-19 Response</b>	80	IBRD + IDA	-	-
<b>Component 2: Strengthening National and Sub-national Institutions for Prevention and Preparedness</b>	35	IBRD + IDA	-	-
<b>Component 3: Strengthening Multi-sectoral, National institutions and Platforms for One Health</b>	8.6	IBRD + IDA	-	-
<b>Component 4: Implementation Management and Monitoring and Evaluation</b>	5	IBRD + IDA	-	-
<b>Component 5: Contingent Emergency Response Component (CERC)</b>	0	-	-	-
<b>Total Costs</b>	128.6	35 IBRD + 93.6 IDA	-	-
Total Costs	128.6			
Front End Fees				
<b>Total Financing Required</b>	128.6			

**ANNEX 2: Implementation Arrangements and Support Plan**

**COUNTRY: Sri Lanka  
P173867**

The supervision arrangements are outlined in the Global MPA and will be followed in this project.