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Report No: PAD3824

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$ 20 MILLION

TO THE

REPUBLIC OF PARAGUAY

FOR A

PY: COVID-19 EMERGENCY RESPONSE 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
Latin America And Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective March 26, 2020)

Currency Unit = PYG

PYG\$ 6,583.71 = US\$1

US\$ 1.36 = SDR 1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ACGs	Anti-Corruption Guidelines
BFP	Bank Facilitated Procurement
CAF	Development Bank of Latin America (<i>Corporación Andina de Fomento</i>)
CERC	Contingent Emergency Response Component
COVID-19	Coronavirus disease 19
CPF	Country Partnership Framework
DA	Designated Account
DGAF	General Directorate of Administration and Finance (<i>Dirección General de Administración y Finanzas</i>)
DHNS	General Directorate of Health Networks and Services (<i>Dirección General de Redes y Servicios de Salud</i>)
DIGESA	General Directorate of Environmental Health (<i>Dirección General de Salud Ambiental</i>)
DINASAP	Directorate of Indigenous People Health (<i>Dirección Nacional de Salud de los Pueblos Indígenas</i>)
DNCP	National Directorate of Public Procurement (<i>Dirección Nacional de Contrataciones Públicas</i>)
EID	Emerging Infectious Diseases
ESF	Environmental and Social Framework
FHCC	Family Health Care Center (<i>Unidad de Salud de la Familia</i>)
FM	Financial Management
GDHS	General Directorate of Health Surveillance (<i>Dirección General de Vigilancia de la Salud</i>)
GDP	Gross Domestic Product
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HEIS	Hands-on Expanded Implementation Support
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFRs	Interim Financial Reports
IHR	International Health Regulations
IPF	Investment Project Financing
IT	Information Technology
M&E	Monitoring and Evaluation
MPA	Multiphase Programmatic Approach



MSPBS	Ministry of Public Health and Social Welfare (<i>Ministerio de Salud Pública y Bienestar Social</i>)
NCDs	non-communicable diseases
PAD	Project Appraisal Document
PAHO	Pan-American Health Organization
PDO	Project Development Objective
PPHSS	Paraguay Public Health Sector Strengthening
PPSD	project procurement strategy for development
PRP	Preparedness and Response Plan
SARS	Severe Acute Respiratory Syndrome
SPRP	Strategic Preparedness and Response Program
UN	United Nations
UNDP	United Nations Development Programme
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	
Paraguay	PY: COVID-19 Emergency Response Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P173805	Investment Project Financing	Moderate

Financing & Implementation Modalities

<input checked="" type="checkbox"/> Multiphase Programmatic Approach (MPA)	<input 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
02-Apr-2020	29-Apr-2022	31-Mar-2025

Bank/IFC Collaboration

No

MPA Program Development Objective

The Program Development Objective 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 strengthen the national health system for emergency preparedness and response to COVID-19 pandemic in the Republic of Paraguay.

Components

Component Name	Cost (US\$, millions)
Emergency COVID-19 Response	19.15
Implementation Management and Monitoring and Evaluation	0.80

Organizations

Borrower: Republic of Paraguay

Implementing Agency: Ministry of Public Health and Social Welfare

MPA FINANCING DETAILS (US\$, Millions)

Board Approved MPA Financing Envelope:	4,000.00
MPA Program Financing Envelope:	4,000.00
of which Bank Financing (IBRD):	2,700.00
of which Bank Financing (IDA):	1,300.00
of which other financing sources:	0.00

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

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



DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	20.00
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Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022	2023
Annual	8.05	10.00	1.50	0.45
Cumulative	8.05	18.05	19.55	20.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & 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

-

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	● High
2. Macroeconomic	● Substantial
3. Sector Strategies and Policies	● Low
4. Technical Design of Project or Program	● Substantial
5. Institutional Capacity for Implementation and Sustainability	● High
6. Fiduciary	● High



7. Environment and Social	● Moderate
8. Stakeholders	● Moderate
9. Other	
10. Overall	● High
Overall MPA Program Risk	● 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

Have these been approved by Bank management?

Yes No

Is approval for any policy waiver sought from the Board?

Yes No



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

E & S Standards	Relevance
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	Relevant
Cultural Heritage	Not Currently 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

Sections and Description

Section I.A.1 of Schedule 2 to the Loan Agreement. The Borrower shall: (a) ensure that the Project is carried out in accordance with the COVID-19 PRP (the Borrower’s COVID-19 preparedness and response plan for COVID-19); and (b) maintain, at all times during the implementation of the Project, adequate public health emergency coordination and management arrangements, all in a manner acceptable to the Bank.

Sections and Description

Section I.A.2(a) of Schedule 2 to the Loan Agreement. The Borrower, through MSPBS, shall operate and maintain, throughout Project implementation, a Project technical team within DHNS staffed with personnel in number and with qualifications and experience acceptable to the Bank, and with functions and responsibilities acceptable to the Bank, including responsibility for the provision of technical support for the implementation of the Project, under the guidance of the Emergency Operations Center and in coordination with GDHS.



Sections and Description

Section I.A.2(a) of Schedule 2 to the Loan Agreement. The Borrower, through MSPBS, shall operate and maintain, throughout Project implementation, a Project fiduciary team within DGAF staffed with personnel in number and with qualifications and experience acceptable to the Bank, and with functions and responsibilities acceptable to the Bank, including responsibility for Project coordination and overall administrative and fiduciary matters, including financial management, procurement, monitoring and evaluation, and social and environmental standards in coordination with DIGESA and DINASAPI.

Sections and Description

Section I.A.2(a) of Schedule 2 to the Loan Agreement. The Borrower shall, no later than one (1) month after the Effective Date, prepare and adopt a Project implementation manual and thereafter carry out the Project in accordance with said manual.

Sections and Description

Section I.C.2 of Schedule 2 to the Loan Agreement. The Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan (“ESCP”), in a manner acceptable to the Bank.

Sections and Description

Section II of Schedule 2 to the Loan Agreement. The Borrower, through MSPBS, shall furnish to the Bank each Project Report not later than forty-five days after the end of each calendar year, covering the calendar year.

Conditions

Type

Disbursement

Description

Section III.B.1 of Schedule 2 to the Loan Agreement. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$ 8,000,000 may be made for payments made prior to this date but on or after December 1, 2019 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures.



I. PROGRAM CONTEXT

- 1. This Project Appraisal Document (PAD) describes the emergency response to the Republic of Paraguay under the COVID-19 Strategic Preparedness And Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), approved by the World Bank’s Board of Executive Directors on April 2, 2020 with an overall Program financing envelope of International Development Association (IDA) funds of US\$1.3 billion and of International Bank for Reconstruction and Development (IBRD) funds of US\$2.7 billion.¹**

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 already resulted in nearly 450,307 cases and 20,664 deaths, in 199 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 now far more prepared than in the past, the world is also far more interconnected, and many more people today have behavior risk factors such as tobacco use² and pre-existing chronic health problems that make viral respiratory infections particularly dangerous.³ With COVID-19, scientists are still trying to understand the full picture of the disease symptoms and severity. Reported symptoms in patients have varied from mild to severe, and can include fever, cough and shortness of breath. In general, 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.⁴ 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, WHO has been careful not to describe that as a mortality rate or death rate. This is because in 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 global framework of the World Bank (WB) COVID-19 Response financed under the Fast Track COVID-19 Facility and key activities supported under the Project are aligned with the COVID-19 SPRP developed by the WHO.** The Pan-American Health Organization (PAHO) is providing technical support to the Paraguay Ministry of Public Health and Social Welfare (MSPBS) on the management of the pandemic.

¹ Global MPA PAD P173789. Report No. PCBASIC0219761

² Marquez, PV. 2020. "Does Tobacco Smoking Increases the Risk of Coronavirus Disease (Covid-19) Severity? The Case of China." <http://www.pvmarquez.com/Covid-19>

³ Fauci, AS, Lane, C, and Redfield, RR. 2020. "Covid-19 — Navigating the Uncharted." *New Eng J of Medicine*, DOI: 10.1056/NEJMe2002387

⁴ Del Rio, C. and Malani, PN. 2020. "COVID-19—New Insights on a Rapidly Changing Epidemic." *JAMA*, doi:10.1001/jama.2020.3072



B. Updated MPA Program Framework

- 5. Table 1 provides an updated overall MPA Program framework, including the proposed project for the Republic of Paraguay

Table 1. MPA Program Framework

Phase #	Project ID/ Country	Sequential or Simultaneous	IPF, DPF or PforR	IBRD Amount (\$ million)	IDA Amount (\$ million)	Estimated Approval Date	E&S Risk Rating
1.	P173805 / Paraguay	TBD	IPF	20.00	00.00	April 2, 2020	Moderate
Total Board Approved Financing Envelope				2,700.00	\$1,300.00		

- 6. All projects under WB SPRP are assessed for Environmental and Social Framework (ESF) risk classification following the Bank procedures and the flexibility provided for COVID-19 operations.

C. Learning Agenda

- 7. **The need for exchange of experiences across countries is essential as Paraguay and other countries grapple with a pandemic that is still relatively new, and for which financial and especially physical resources are increasingly limited given the rapid spread of the pandemic.** Like other affected countries, Paraguay will have to deal with questions such as how to deal with global supply chain constraints and global shortages for key supplies; how to implement appropriate testing policies; how to engage in appropriate communication strategies to the public; how to effectively engage in triage at hospitals and acute care facilities; and how to increase effective treatment capacity given the possibility of a surge in hospital cases, among others.
- 8. In this regard, the WB and other key partners will provide continuous support to facilitate learning on best practices coming from other countries, and on dealing with supply chain constraints.

II. CONTEXT AND RELEVANCE

A. Country Context

- 9. **The COVID-19 outbreak hits the Paraguay economy in a critical moment of economic recovery after growth stalled in 2019.** The economy was in a recession in the first half of 2019 due to weak performance of its main trading partners, especially Argentina, and adverse climatic conditions, but started to recover in the second half of the year. According to Bank estimates, Gross Domestic Product (GDP) growth was 0.1 percent in 2019. Given the recession in the first half of 2019, the authorities invoked the escape clause from the fiscal rule, capping the budget deficit (the Fiscal Responsibility Law allows an increase of the ceiling from 1.5 percent to up to 3 percent of GDP in times of crises). Therefore, the central government’s budget recorded a deficit of 2.9 percent of the estimated GDP in 2019. With the economic slowdown, poverty reduction slowed in 2019, leaving 1.6 million people below the official poverty line. The poverty rate fell from 24.2 percent in 2018 to 23.5 percent in 2019. Progress on poverty reduction almost halted in urban areas (from 17.8 percent in 2018 to 17.5 percent in 2019) due to a decrease in labor income



in commerce and manufacturing. Rural poverty dropped from 34.6 percent in 2018 to 33.4 percent, despite the stagnation of agricultural labor income, which concentrates almost half (600,000) of mostly informal rural workers.

10. Against this backdrop and the ongoing Dengue outbreak, the authorities have reacted swiftly to the COVID-19 outbreak in March 2020 to mitigate the impact on the economy and people. The Central Bank reduced the interest rate by 75 bps to 3.25 percent, and temporarily relaxed provisioning rules so as not to penalize credit restructurings and prolongations. The fiscal package includes additional health spending, extra allocation on basic social assistance programs, and a moratorium on fines for delayed tax payments until June. In addition, the Government announced new credit lines by public development banks to support businesses, established price monitoring for sanitary goods and declared its intention to eliminate import duties and reduce the value-added tax from 10 percent (standard rate) to 5 percent. So far, the Government has not asked for a supplemental budget and plans to reallocate spending to health and social assistance within the existing envelope. If the outbreak is protracted, the fiscal envelope will likely be expanded within the next months to finance additional mitigating measures.

B. Sectoral and Institutional Context

11. Paraguay poses a high risk for the spread of COVID-19 due to local transmission. The Government acted swiftly and implemented social distancing measures, population movement controls, and a strong social awareness campaign. Until March 24, it has contained the number of cases to 37, with three deaths. However, the number of cases and deaths could rise rapidly, as a consequence of the already existing local circulation of the virus. Furthermore, Paraguay's borders, broad and easily penetrable, with large neighboring countries with growing outbreaks, increase the risk of imported cases due to families living on both sides of the borders. Furthermore, the Argentine Province of Chaco in the north has one of the worst outbreaks in the country and directly borders Paraguay. Paraguay also has strong commercial and migratory ties with the Republic of Korea, the second most affected country by the pandemic in the Western Pacific Region.

12. Paraguay has a mixed health system, comprising public and private subsystems. The National Health System, created by Law 1032 in 1996, is fragmented with several independent provider networks covering different population subgroups. The public sector consists of the MSPBS; the health services of the Military, Police and Navy; the Institute of Social Welfare, and the Clinical Hospital, part of Asuncion's National University. The private sector is made up of non-profit as well as for-profit institutions. Approximately 6 percent of the population relies on private health insurance, 20 percent receives health insurance through the social security system, and the remainder, 74 percent of the population is not covered by any health insurance and therefore relies entirely on services provided by the public health subsystems.⁵

13. Health service provision has improved due to a gradual increase in public funding allocated to health (excluding social security), which rose from 1 percent to 2.7 percent of GDP between 2002 and 2015. New resources have largely been invested in more infrastructure (hospitals and Family Health Care Centers (FHCCs)), equipment and human resources. Primary healthcare provision benefitted from the MSPBS's establishment under the primary healthcare strategy, of approximately 800 new FHCCs between 2008 and 2016, achieving coverage of around 32 percent of the population.⁶

⁵ WB Public Expenditure Review (June 2018, Report No. AUS223)

⁶ MULTI-DIMENSIONAL REVIEW OF PARAGUAY: VOLUME 2. IN-DEPTH ANALYSIS AND RECOMMENDATIONS © OECD 2018



- 14. However, the deficit in Paraguay's health care infrastructure remains a critical factor for health care access as there are insufficient health facilities to meet the population's needs.** Estimates suggest that Paraguay needs around 1400 FHCCs to provide full coverage to the MSPBS population or 2450 to provide universal coverage.⁷ As part of the current government commitment to build a total of 400 new FHCCs,⁸ the Paraguay Public Health Sector Strengthening (PPHSS) Project⁹ supported by the WB will finance the construction of 152 new FHCCs facilities and the rehabilitation of 114 existing FHCCs and 10 district hospitals. Notwithstanding, the number of MSPBS hospital beds per 1000 people, 0.8, has remained unchanged between 2002 and 2015. Including the private health sector, Paraguay has a rate of 1.6 hospital beds per 1000 inhabitants, lower than the regional average of two beds per 1000 inhabitants which poses a tremendous challenge in the current health situation.
- 15. The risks of a failure to contain a rapid spread of COVID-19 is heightened by the current sanitary situation of Paraguay.** The country is already facing one of the worst Dengue outbreaks of the last years, with more than 140,000 reported and 14,000 confirmed cases and 46 deaths. Based on these figures, an existing high bed occupancy rate in intensive care units is a risk since a rapid spread of COVID-19 would require additional intensive care beds in a country which, according to the WHO, currently has a deficit of 50 percent in terms of bed occupancy rates.¹⁰ As the flu season, autumn and winter, and Respiratory Syncytial Virus approaches, the already stressed health system will come under further pressure. Therefore, given the existing sanitary situation, a rapid outbreak of the COVID-19 would dramatically aggravate the health situation of the country if the capacity of the health system is not improved.
- 16. Paraguay has formulated a comprehensive COVID-19 Preparedness and Response Plan (COVID-19 PRP), which is aligned with the WHO's SPRP¹¹ and includes the critical steps listed below (Box 1).** The COVID-19 PRP¹² is aimed at slowing transmission, delaying outbreaks and providing optimized care for all patients, especially the seriously ill, as well as minimizing the impact of the epidemic on the health system and social services and, consequently, on economic activity. It has four strategic components: (1) Coordination, planning and monitoring at the country level; (2) Risk communication and community participation; (3) Epidemiological and Laboratory Surveillance and, (4) Services and logistics strategies that support the nine components the WHO proposed globally to scale up country operational readiness and response.¹³ The Government has requested financial and technical support to help assure an appropriate and timely implementation of key activities under this Plan and the provision of specific supplies and logistical support to contain and mitigate the epidemic. This would include support for treatment measures that minimize the morbidity and mortality due to the epidemic and a strengthening of the public health sector to allow the simultaneous care for regular patients
- 17. Paraguay has a mixed epidemiology; still struggling to resolve the disease burden of communicable and maternal and child conditions, while facing an increasing burden of non-communicable diseases (NCDs).** This project will

⁷ Fiscalidad para la equidad, tomo 2, ISBN 97899967-882-3-9. 2018

⁸ MSPBS 2018. National Health Policy 2017-2030.

⁹ IBRD 8963-PY, currently waiting Congressional approval.

¹⁰ There are 734 therapy beds in total in the country, 304 beds in the public sector (140 for pediatrics and neonatology); 212 in the private sector, 154 in IPS, 45 in Hospital de Clinicas and 17 in Tesãi Foundation of Ciudad del Este

¹¹ <https://www.who.int/docs/default-source/coronaviruse/srp-04022020.pdf>

¹² <https://www.mspps.gov.py/dependencias/portal/adjunto/8f2b5d-3PLANNACIONALDERESPUESTAAVIRUSRESPIRATORIOS2020130320201.pdf>

¹³ (1) country-level coordination; (2) planning and monitoring; (3) risk communication and community engagement; (4) surveillance, rapid-response teams and case investigation; (5) control at points of entry; (6) support for national laboratories; (7) infection prevention and control; (8) case management; and (9) operations support and logistics.



only support improvements of the country's health system's capacity to face and mitigate the effects of the COVID-19 outbreak through the provision of equipment and supplies necessary to strengthen the public sector's intensive care unit capacity, while the PPHSS Project will contribute to strengthening the Public Primary Health Care Micro-Networks to deal with both NCDs and communicable and vector-borne diseases as well as maternal and child health. The PPHSS Project will invest in primary health care facility infrastructure, capacity building for public health providers, health information systems, procurement and distribution systems for pharmaceuticals and medical supplies and incentives to Local Health Councils to promote prevention activities and control of priority health conditions. Thus, the PPHSS Project aims to shift care from hospitals to a more efficient and less costly primary health care system, alleviating pressure on the secondary and tertiary level of care that are critical to respond to the most severe COVID-19 cases. Though this Project will support the immediate impacts of the pandemic, and the PPHSS will serve to reduce related medium-term impacts and, the strengthening of the Paraguayan health system still requires additional investments (infrastructure, equipment, national surveillance and information systems, and supplies) in order to achieve an effective health system.

Box 1: Critical Steps to Prepare and Respond to COVID-19

- **Find out more about how COVID-19 spreads, how deadly it is and what can be done to reduce its harms.** As many as half of people with infection have no symptoms, and at least 80% of those who do feel ill have only mild symptoms.
- **Reduce the number of people who get infected. If it turns out that a significant percentage of those infected become severely ill, this would justify drastic measures such as closing or curtailing hours of schools, limiting public gatherings and reducing social contact.** Spread can be minimized by quickly isolating those who are ill, cleaning potentially contaminated surfaces often and changing common routines, such as washing hands, covering coughs and, if a person is sick, staying home or wearing a face mask when he/she go out.
- **Protect health care workers.** Even before COVID-19, far too many health workers and patients got infections in health care facilities. Fast and drastic improvements are needed in triage, treatment, cleaning and overall infection prevention. A shortage of medical face masks is likely so there is a need to ensure health care workers have enough, as should household members caring of people who are ill.
- **Improve medical care and prevention of COVID-19.** A vaccine is at least a year away, and success is uncertain. Treatments that hold promise need to be evaluated rigorously. In a moderately severe pandemic, there would not be enough ventilators to support patients' breathing. Health facilities and health departments can be prepared for a worst-case scenario by preparing - with training, equipment, and detailed operational plans - for a surge in the number of patients who seek care and for the subset of those who need to be mechanically ventilated.
- **Protect health services.** During the 2014-2016 Ebola epidemic in West Africa, more people died because of disruptions of day-to-day health care than those who died from Ebola. Telemedicine needs to become much more accessible, and people with chronic conditions should receive three months of medications whenever possible, in case there are supply disruptions. Routine vaccinations and other preventive services need to be preserved.
- **Support social needs.** Patients and their families will need support, especially those who are isolated and less familiar with virtual or delivery services. Continuing to support individuals and groups ranging from community centers to nursing homes will require detailed plans. Communication campaigns will need to include messages to reduce stress, which can lead to increased violence against women and girls.

18. Cooperation with other partners. The Paraguayan government is coordinating with other partners in order to adequately address the COVID-19 outbreak. PAHO is supporting is supporting the Emergency Operations Center created by the MSPBS to respond to the COVID-19 outbreak and providing technical assistance for the management of the crisis. The United Nations Development Programme (UNDP) and the United Nations Office for Project Services



(UNOPS) have provided support for the Ministry via the purchase of medical equipment and supplies with financing from the hydroelectric dam Itaipú Binacional. Currently there are no operations with the Inter-American Development Bank or the Development Bank of Latin America (CAF nor financial support by any United Nations (UN) Organization supporting the outbreak.

C. Relevance to Higher Level Objectives

- 19. The project is aligned with World Bank Group (WBG) strategic priorities, particularly the WBG’s mission to end extreme poverty and boost shared prosperity.** The Global Program is focused on preparedness, which is also critical to achieving Universal Health Coverage, and is aligned with the WB’s support for national plans and global commitments to strengthen pandemic preparedness through three key actions under Preparedness: (i) 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 WB 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, and the World Organization for Animal Health international standards, the Global Health Security Agenda, the Paris Climate Agreement, the attainment of Universal Health Coverage and of the Sustainable Development Goals, and the promotion of a One-Health approach.
- 20. The WBG is committed to provide 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 EID.
- 21. The proposed Project is also aligned with the objectives of the latest Paraguay Country Partnership Framework (CPF) FY19-FY23 (Report No. 131046) discussed by the Board on January 22, 2019.** It would contribute to CPF Focus Area 3 (Building Human Capital), Objective 8 (Reform the public health system to improve the conditions of the poor and vulnerable population). The Project will contribute to preserving Paraguay’s human capital through the strengthening of the capacity of the public health sector to respond to the COVID-19 outbreak. The proposed Project’s activities are also consistent with the priorities of the WB Health, Nutrition and Population Global Practice, focusing on health system strengthening global knowledge generation for pandemic preparedness. In addition, the proposed Project is aligned with the WB’s Human Capital Project, which calls for countries to make greater investments in health and education to improve the productive capacities of their populations.



III. PROJECT DESCRIPTION

A. Project Development Objective

22. The Project development objectives are aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).
23. **PDO Statement:** The Project Development Objective (PDO) is to strengthen the national health system for emergency preparedness and response to COVID-19 pandemic in the Republic of Paraguay.
24. **PDO Level Indicators:** The PDO will be monitored through the following PDO level outcome indicators
- Percentage of suspected cases of COVID-19 cases reported and investigated per approved protocols.
 - Percentage of diagnosed cases treated per approved protocols.

B. Project Components

25. **The proposed Project will consist of two components.** The first component will help strengthen the country's preparedness and response efforts in the fight against COVID-19. It will support activities aimed at: (i) identifying, isolating, and providing care to patients with COVID-19 in a timely manner to minimize disease spread, morbidity and mortality and (ii) preparing and strengthening the health system for increasing levels of demand for care. The second component will support Project management implementation and monitoring and evaluation activities. The total Project costs are US\$ 20 million, which are detailed in Annex 1.

Component 1: Emergency Response to COVID-19 (US\$19.15 million)

26. **This component would provide immediate support to Paraguay to limit COVID-19 local transmission through containment strategies.** It would support enhancement of disease detection capacities through the provision of technical expertise, laboratory equipment and systems to ensure prompt case finding and contact tracing, consistent with WHO guidelines in the Strategic Response Plan. It would enable Paraguay to mobilize surge response capacity through trained and well-equipped frontline health workers. The component is subdivided into two subcomponents described below.
27. *Subcomponent 1.1 Case Detection, Confirmation, Contact Tracing, Recording, Reporting (US\$2,5 million).* This sub-component will support (i) the strengthening of the disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (ii) combination of detection of new cases with active contact tracing; (iii) provision of on-time data and information for guiding decision-making and response and mitigation activities; and the strengthening of health management information systems to facilitate recording and on-time virtual sharing of information. The sub-component will finance, among others: (i) medical and Information Technology (IT) equipment, supplies and IT systems; (ii) laboratory equipment, supplies and reagents for the diagnosis of COVID-19, influenza-type illnesses and other respiratory and infectious diseases.
28. *Subcomponent 1.2. Health System Strengthening (US\$16.65 million).* This sub-component will support efforts to provide optimal medical care to patients at risk as well as maintain essential community services and to minimize



risks for patients and health personnel.¹⁴ The sub-component will finance, among others: (i) appropriate protective equipment and hygiene materials for health personnel; (ii) medical supplies, medicines and equipment for public health facilities and specific equipment for intensive care units¹⁵; (iii) supplies and equipment for blood banks; (iv) ambulances for patient transportation; and (v) medical waste management and disposal systems.

Component 2: Implementation Management and Monitoring and Evaluation (US\$0.8 million)

29. Provide technical support to strengthen Project management and supervision, including institutional arrangements for coordination, financial management (FM), procurement, M&E and environmental and social management. Relevant structures would be strengthened through the recruitment of additional personnel responsible for overall project administration, procurement, FM, M&E and environmental and social management. As a result, the project will finance consulting services and operational costs associated with project coordination and implementation, and financial audit activities.

30. 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 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.

C. Project Beneficiaries

31. The expected project beneficiaries are the population at large given the nature of the disease; infected people; at-risk populations, particularly the elderly and people with chronic conditions; medical and emergency personnel; medical and testing facilities, and public health agencies engaged in the response in Paraguay.

¹⁴ As COVID-19 would place a substantial burden on inpatient and outpatient health care services, support would be provided for equipping selected health facilities for the delivery of critical medical services and to help them cope with the increased demand of services likely to arise due to the pandemic, while strengthening intra-hospital infection control measures including necessary improvements in blood transfusion services to ensure the availability of safe blood products. Steps would be taken to increase hospital bed availability, including deferring elective procedures, more stringent triage for admission, and earlier discharge with follow-up.

¹⁵ Including support for the isolation of confirmed cases or suspected cases as needed.



IV. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

- 32. The MSPBS will implement the Project through the General Directorate of Health Networks and Services (DHNS) under the guidance of the Emergency Operations Center created within the Ministry to respond to the COVID-19 outbreak.** The DHNS will work in a coordinated manner with the General Directorate of Health Surveillance (GDHS) which is responsible for outbreak monitoring. The DHNS will be responsible for technical aspects, while the General Directorate of Administration and Finance (DGAF) will provide fiduciary and administrative support and be responsible for overall coordination of different activities. The DGAF will have a dedicated fiduciary team for this Project, comprised of a Procurement Specialist and a FM Specialist, responsible for managing the procurement and financial management process.
- 33. The DGAF will also coordinate with the General Directorate of Environmental Health (DIGESA) and the Directorate of Indigenous People Health (DINASAPI) the activities required to accomplish the WB environmental and social standards that apply to this Project.** The Project will be implemented using the MSPBS structure and staff. Both the DHNS and the DGAF would receive administrative support (technical, financial, procurement, M&E, environment and social) from a small number of additional personnel as needed.

B. Results Monitoring and Evaluation Arrangements

- 34. DGAF will be responsible for monitoring and evaluation of Project activities, outcomes and results.** Among others, the DGAF will be responsible for the collection and consolidation of information required to track progress against the monitoring plan as described in the Results Framework. The Project will rely on the country's existing monitoring and evaluation systems. In particular, DGAF will use the Surveillance Subsystem of the National Health Information System for tracking the evolution of reported cases and laboratory testing.
- 35. The DGAF will prepare Project reports** that will include (among others) information on: (i) compliance with the planned Project activities under Components 1 and 2; (ii) the updated Procurement Plan; (iii) progress on the achievement of indicators (Project Development Indicators and Monitoring Indicators), as defined in the Results Framework; and (iv) progress on ESF. The DGAF will submit to the Bank Project reports twice a year.

C. Sustainability

- 36. Project activities will help strengthen country preparedness to combat future epidemics and to improve the public health networks capability to deliver better services and strengthen sustainability after Project closure.** There is a growing awareness in Paraguay of the importance of epidemic and pandemic preparedness in general and is likely to receive more support and financing in the future.



V. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

- 37. There are still significant gaps in knowledge of the scope and features of the COVID-19 pandemic.** One of the main direct economic impacts will derive from increased illness and mortality. During the Spanish Influenza pandemic between 1918-19, about 50 million people died, or 2.5 percent of the global population of 1.8 billion at the time. The loss of productivity as a result of illness which, even in normal influenza episodes is estimated to be ten times as large as all other costs combined will be quite significant. However, the impacts on the global and Paraguayan economy are likely be much higher due to reduction in consumption, disruptions in supply chains, decline in commodity prices, contraction in travel and tourism, and the sharp tightening of global financial conditions and investments. These impacts are hard to quantify ex-ante but have been evaluated after recent pandemic events. In addition, depending on how long this situation persists it may also affect children's schooling and thus further impact human capital formation.
- 38. A significant set of economic impacts results from the uncoordinated efforts of private individuals to avoid becoming infected or to survive the results of infection.** The Severe Acute Respiratory Syndrome (SARS) outbreak of 2003 provides a good example. The number of deaths due to SARS was estimated at "only" 800 deaths and resulted in economic losses of about 0.5 percent of annual GDP for the entire East Asia region. The measures that people took resulted in a severe demand shock for services sectors such as tourism, mass transportation, retail sales, and increased business costs due to workplace absenteeism, disruption of production processes and shifts to more costly procedures. Provision of prompt and transparent public information policy can reduce economic losses.
- 39. Another important set of economic impacts are those associated with governments' policy efforts to prevent the epidemic, contain it, and mitigate its harmful effects on the population.** These policy actions can be oriented to the short, medium or long-term or, and applied to the national, regional or global levels.

B. Fiduciary

(i) Financial Management and Disbursements

- 40. As mentioned before, DGAF will be responsible for overall FM and disbursement arrangements.** DGAF will be responsible for Project budgeting; accounting and financial reporting; flow of funds and disbursements arrangements, including management of the Designated Account (DA) and payments to suppliers and consultants; auditing arrangements; and will follow the same internal control processes applied to the previous Bank approved operation¹⁶ when DGAF's FM functions were assessed and found acceptable. Every effort has been made to maximize flexibility in the FM and disbursement arrangements for the proposed emergency response operation, and a summary of these is presented below:
- FM staffing: DGAF does not have recent experience in implementing Bank-financed projects, and the Bank will provide close support during Project lifetime.

- Budgeting: A reallocation of funds in 2020 annual budget was submitted to the Congress for approval to

¹⁶ Paraguay Public Health Sector Strengthening Project (P167996, Ln 89630, for US\$115 million, approved in May 2019).



respond to the COVID-19 emergency; project budget resources will be executed under this budget line.

- c) Accounting and financial reporting: The Project will use the same accounting system in place at *Servicio Nacional de Saneamiento Ambiental (SENASA)* which also reports to the MSPBS. The system was reviewed during the implementation of another Bank operation¹⁷ and found acceptable to the Bank. Interim Financial Reports (IFRs) will be prepared annually during project implementation and will be submitted to the Bank within 45 days after the end of the reported period.
- d) Internal controls: A specific procedure acceptable to the Bank will be applied to ensure that health care devices and supplies purchased by the Project are delivered to the right primary health care providers and hospitals on time.
- e) Flow of funds and disbursements arrangements: The main method for loan disbursements will be advances to the DA but direct payments and reimbursements may also be used. The proposed ceiling for advances to the DA is up to 80 percent (rather than the usual 20 percent to 25 percent) of the loan amount. The minimum value of applications for direct payments has been lowered to US\$ 50,000 to allow flexibility for the Government to make small payments from the Loan Account for laboratory and detection equipment, respirators and health supplies that have to be imported. Statements of expenditures will be used to document payments of eligible expenditures made from the advances to the DA and Reimbursements. The option of retroactive financing of up to 40 percent of the total Loan is included in the Loan Agreement and can be used for reimbursement of eligible expenditures incurred on or after December 1st, 2019, but in no case more than 12 months prior to the Loan Signature Date.
- f) Auditing arrangements: A single audit report will be required covering the entire implementation period. The Project audit shall be conducted following auditing standards and an auditor acceptable to the Bank. Project one-time audited financial statements will be submitted to the Bank not later than six months after the end of the reporting period. The Borrower will make audited financial statements published following the Bank Access to Information policy.

41. FM risk is assessed as high. The FM risks that retroactive or other expenditures are not eligible, or that medical equipment and supplies are not delivered to hospitals on time due to deficient internal control processes could have serious impacts on project implementation and outcomes. Strict control measures have been put in place and close Bank supervision should minimize these risks, but they remain high. The FM risk rating will be reviewed and updated during project preparation and implementation in light of new developments and the success of mitigation measures that are being implemented.

42. FM implementation support will include on-site and off-site supervisions. At project inception training sessions will be provided to project FM staff on Bank FM and disbursements procedures. If circumstances permit, on site missions will be carried out at least twice a year and calibrated based on assessed risks and project performance. In case of lack of physical access to project facilities once implementation begins, virtual FM implementation support monitoring will be conducted using IT tools. Off-site implementation support will comprise desk reviews of IFRs and audited financial statements.

¹⁷ PY Water & Sanitation Sector Modernization (P095235, Loan 77100, for US\$64 million, closed in January 2019)



(ii) Procurement

- 43. Procurement under MPA will be carried out in accordance with the WB's Procurement Framework.** Procurement by countries will follow 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 Projects will be subject to the World Bank's Anticorruption Guidelines (ACGs), dated October 15, 2006, revised in January 2011, and as of July 1, 2016.
- 44. The Borrower may proceed with procurement processes in advance contracting and may require the recognition of Retroactive Financing for any payments made for eligible contracts according to the conditions established in the Loan Agreement,** using procedures consistent with Section I, II and III of the Procurement Regulations. The Bank financing will only be extended to winning bidders of eligible contracts who agree to adhere to the ACGs through a Letter of Acceptance of the Bank's ACGs and Sanctions Frameworks.
- 45. The Project will use the Systematic Tracking of Exchanges in Procurement to plan, record and track procurement transactions.**
- 46. The major planned procurement packages include goods such as ambulances and beds; equipment and consumables for laboratory and blood banks; equipment/goods for influenza detection, prevention and treatment; goods and equipment for health care workers; and human resources for Project management, monitoring and evaluation.** The Borrower is developing a streamlined project procurement strategy for development (PPSD) to be used during implementation. An initial procurement plan for the first three months will be agreed with the Borrower and will be updated as needed during implementation. The completion of the PPSD will be deferred to the Project implementation phase.
- 47. The proposed procurement approach prioritizes fast track emergency procurement for the required goods and services.** Key measures to fast track procurement include the use of the most effective national procedures for the procurement of goods under emergency situations, which include direct contracting, traditional request of quotations, use of the E-reverse auction system, and/or use of Framework Agreements, including existing ones. National thresholds under emergency projects will apply for competitive projects. Open or limited Competitive Procurement with shortened times for bid preparation and submission will be used as appropriate; in these cases, the standstill period will not be applied. Non-competitive processes will be acceptable if properly justified. Competitive processes will be published through national and/or international means, as the case may be; the procurement notice and the contract award details will be always advertised in the web page of the National Directorate of Public Procurement (DNCP) website, irrespective of the market approach. If deemed necessary, the Borrower may procure certain goods through UN agencies (e.g., WHO, PAHO, UNDP, UNOPS). All processes will be subject to Bank's Procurement post review, in collaboration with internal control agencies and/or other mechanisms as appropriate.
- 48. Upon the Borrower's request, the Bank may provide Bank Facilitated Procurement (BFP) to proactively assist the Borrower in accessing existing supply chains for the agreed list of critical medical consumables and equipment needed under the project.** Once the suppliers are identified, the Bank will proactively support borrowers with negotiating prices and other contract conditions. The Borrower 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.



- 49. **BFP to access 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 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 borrower access governments’ available stock.
- 50. **In providing BFP the Bank will remain within its operational boundaries and mandate.** 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).
- 51. **Furthermore, the Bank, at request from the Borrower, may provide Hands-on Expanded Implementation Support (HEIS) to help expedite all stages of procurement of certain packages** - from help with supplier identification, to support for bidding/selection and/or negotiations to contract signing and monitoring of implementation (if applicable).
- 52. **Procurement will be led by the DGAF, which has experience in working with internationally funded Projects, but not under Bank’s operations.** The DGAF’S Director retains substantial powers delegated by the MSPBS (inter alia, launching of processes, awarding and contracting) which will allow the Unit to operate under an agile and autonomous institutional environment. These structure features are expected to help the Project to be implemented rapidly.
- 53. **The most relevant procurement risks are:** (i) lack of procurement staff familiar with Bank’s operations and in sufficient number to handle the new Project’s workload in addition to regular DGAF’s tasks; (ii) lack of availability of certain goods due to increased world-wide demand that may expose weaknesses in the supply chain and/or significant price increases; (iii) problems with the timely distribution of all the procured goods; and (iv) governance issues associated with emergency situations. In order to mitigate these risks, the Project will have to (i) hire a procurement specialist experienced in procurement under Bank’s operations and to strength the DGAF with procurement suitable staff; close implementation support from the Bank, including BFP, HEIS and training, as agreed (ii) put in place special procurement arrangements to purchase from multiple suppliers depending on their stock of goods; procure through UN agencies, leveraging their existing supply arrangements, stocks and logistic support (e.g., WHO, UNDP, PAHO, UNICEF, UNOPS); (iii) assure timely logistic by including distribution as related services in the contract and/or by agreements with other public institutions, which will have to meet ESF requirements; and iv) publish procurement opportunities, as appropriated, as well as award information, including contracts/purchase orders details; establish a formal mechanism to manage contract execution, monitor key contractual terms and conditions, and timely identify potential risks; and hiring of a technical third party audit entity to reinforce the Bank’s post procurement review if needed.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No



D. Environmental and Social

- 54. The Project will be implemented at the national level, so beneficiaries will be the population at large.** This Project will neither finance nor support civil works and most of the Project investments are planned to take place on existing infrastructure. The activities supported by the Project therefore are not expected to have adverse physical environmental impacts. The social impacts of the Project are also expected to be positive, as activities will support the strengthening of the national health system for emergency preparedness and response to COV19 pandemic.
- 55. Environmental risk rating for this Project is Moderate.** Risks are limited and manageable related to use and disposal of medical supplies, use of cleaning and disinfection chemicals, and waste-related issues that are already managed appropriately in the target health facilities of the project. The project will neither finance nor support any civil works and all of the Project investments will be installed and used in selected and existing public health care facilities and laboratories. Project funds will support the purchase of: (i) ambulances; (ii) medical supplies and equipment, including lab and blood bank equipment and reagents; (iii) test kits; and (iv) medicine. The MSPBS has in place mechanisms for medical waste management disposal of: a) laboratory waste, b) hospital and infectious waste, and c) environmental risk management in general, which have been found appropriate in the PPHSS Project (P167996) and meet the WHO protocol for managing infectious waste. Environmental and social risk management and training will be needed to prevent, minimize and mitigate any negative impact of the management of Health Care Waste, including other hazardous waste that can be expected to increase in volume and challenge the existing management capacity, from the generation of laboratory waste, and the hospitalization of the sick.
- 56. The social risk rating for this Project is Low.** The Project is expected to have only positive social impacts, as the supplies acquired through this project will be directed to the public national healthcare system, which provides care and epidemiological containment to everyone, including the most vulnerable population and historically excluded groups. Care is provided irrespective of ability to pay. The Project will not involve resettlement or land acquisitions. The funds will be used to enhance existing mechanisms of epidemiological control and health care, through already established programs and protocols. Key activities supported under the Project are aligned with the COVID-19 SPRP developed by the WHO.
- 57. The DGAF will be responsible for the management of the ESHS risks and impacts of the Project.** The DGAF will coordinate with DIGESA and DINASAPI, as required to accomplish the Environmental and Social Standards that apply to this Project. DIGESA is the governing body for health care waste management to promote adequate risk prevention and mitigation measures. In addition, the DGAF will have the primary responsibility for tracking progress related to Project activities, outcomes, and results. The Korean International Cooperation Agency has contributed to the institutional strengthening of the sector by granting scholarships to Paraguayan officials since 2017 and in 2019 has begun to finance the Improvement Project for the comprehensive management of waste generated at the Mariano Roque Alonso District Hospital.
- 58. The overall Environmental and Social risk is rated as Moderate due to the low social risk and the moderate environmental risk combined.** The ESCP and the SEP disclosure was done on the World Bank's external webpage on March 24, 2020.
- 59. Citizen Engagement.** The Government established a telephone number as the main Grievance Mechanism in the context of the COVID-19 outbreak. The number works as a source of information and assistance for early diagnosis



and quarantining advice. The DGAF, through the DHNS and the Emergency Operations Committee will monitor this feedback mechanism as the project's Grievance Redress Mechanism (GRM) to ensure that any project-specific issues are included in a project GRM log that is managed responded quickly and settled. In addition, the Project will also rely on existing User Attention Service's of the MSPBS, which is currently used by public health system users to ask for information, make claims and bring up grievances by phone, email or the web.

VI. GRIEVANCE REDRESS SERVICES

60. Communities and individuals who believe that they are adversely affected by a 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 WB's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the WB's corporate 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.

VII. KEY RISKS

- 61. The overall Project risk is assessed as High, mainly due to political, governance, institutional capacity and fiduciary risks.** The macroeconomic and technical risks are rated as Substantial. The main identified risks and their mitigating mechanisms are described in the paragraphs below.
- 62. Political & Governance.** The Project requires congressional ratification before effectiveness. Given the already ongoing Dengue outbreak, there is very high-level political support for this operation and the Government has moved swiftly in its COVID-19 response efforts. The broad political commitment from different political parties to prevent and/or minimize the potentially devastating impacts of the outbreak on the country's socio-economic and health situation would speed legislative treatment of the Project at the Congress.
- 63. Macroeconomic.** There are risks and uncertainties regarding the impacts of the COVID-19 pandemic and the current measures being implemented to contain the outbreak. There will likely be long-lasting negative impacts on financial markets, economic activity, commodity prices, supply chains, and a considerable slowdown in the global economy and important trading partners of Paraguay. This will compound other "pre-existing" economic risks in Paraguay. Paraguay is highly dependent of exports, highly concentrated in a few agricultural products, which continues to make growth and poverty vulnerable to fluctuations in agriculture commodity markets and to weather-related shocks (as showcased in 2019), affecting especially the most vulnerable population. The Government is committed to implement early containment measures and provide fiscal resources to core COVID-19 response and mitigation efforts. The project would reduce risk by supporting the COVID-19 efforts, but much will also depend on what surrounding countries and the world will do to improve economic conditions in Paraguay.
- 64. Technical design.** There is a risk that interventions will have little effect in containing the spread of COVID-19, as well of other vector borne infectious diseases, given the uncertainties regarding transmission risks and current spread of



the outbreak. The provision of equipment and supplies for the care of affected people and material resources to protect health personnel will be carefully monitored, allowing for modifications and redesign as needed, as global understanding improves regarding the pandemic, and as new technologies and COVID-19 treatment drugs and vaccines become available. In addition, there are risks in delays and problems in the provision of medical supplies and other goods needed to address the health needs of the population during the pandemic, or inflation of costs due to increased demand. This will be mitigated by building reserve stock, fix prices and increase production by local suppliers. Both the Government and the Bank are developing special procurement arrangements to buy from multiple suppliers depending on their stock of goods, and UN agencies, in coordination with other international organization, will be involved in the procurement of goods not supplied by national suppliers.

- 65. Institutional capacity.** There is a risk that the implementing agency will not have sufficient capacity to manage COVID-19 response and mitigation measures, including managing this project. There is also risks related to the lack of adequate coordination and participation of other relevant agencies. The Project includes directly support for project management during implementation and will also provide technical assistance to strengthen supervision and the resilience of the overall health system in Paraguay. Together with the other health project (P167996), this project will foster broader engagement and partnerships to support the government's response efforts. The strong political support is helping galvanize the need for a One-Government response strategy. In addition, the MSPBS has created an Emergency Operations Center to respond to the COVID-19 outbreak that is responsible for multisectoral coordination. The MSPBS has taken stewardship of the public health care network and all health system subsectors.
- 66. Fiduciary.** Given the DGAF's lack of specialized staff with experience implementing WB-financed projects could face risks with delays in the accessibility of financial resources and weaken procurement management. The project is designed to include rapid disbursement procedures and simplified public sector procurement in accordance with emergency operations norms. In addition, the Bank team will provide close implementation support aimed at strengthening the counterpart. As mentioned, the Bank will provide FM training provided online since project inception and throughout Project lifetime. The Bank team is also working with the DGAF on the designed robust internal control procedures to ensure medical supplies and equipment and other support are delivered to the right hospitals on time during a pandemic. Finally, due to health emergency, there is a risk that low priority is given to public accountability and transparency in program management. Measures are in place to ensure transparency and accountability and project's audited financial statements will be made public on the MSPBS website.



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Paraguay

PY: COVID-19 Emergency Response Project

Project Development Objective(s)

To strengthen the national health system for emergency preparedness and response to COVID-19 pandemic in the Republic of Paraguay.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
To strengthen the national health system for emergency preparedness and response to COVID-19 pandem			
Percentage of suspected cases of COVID-19 reported and investigated per approved protocols (Percentage)		0.00	70.00
Percentage of diagnosed cases treated per approved protocols (Percentage)		0.00	15.00

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Emergency Response to COVID-19			
Percentage of public hospitals reequipped to apply response plans per MSPBS Guidelines (Percentage)		0.00	70.00



Indicator Name	DLI	Baseline	End Target
Percentages of public hospitals with personal protective equipment and infection control products and supplies (Percentage)		0.00	80.00
Number of ambulances delivered and operative (Number)		0.00	28.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of suspected cases of COVID-19 reported and investigated per approved protocols	Denominator: Total cases suspected of COVID-19 cases reported in phase I Numerator: Total cases suspected of COVID-19 cases reported that are investigated per approved protocol in phase I.	Monthly	Surveillance Subsystem	Administrative	GDHS
Percentage of diagnosed cases treated per approved protocols	Denominator: Total number of diagnosed cases Numerator: Total number of diagnosed cases that are treated in hospitals within the public health system according to approved	Monthly	Surveillance Subsystem	Administrative	GDHS



	protocols Approved protocols mean: formal clinical guidelines, clinical recommendations, or protocols approved by MSPBS.				
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Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Percentage of public hospitals reequipped to apply response plans per MSPBS Guidelines	Denominator: Total number of hospitals within the public health system with intensive care services. Numerator: Total number of hospitals within the public health system with intensive care services that receive equipment financed under the Project to apply response plans per MSPBS Guidelines.	Every six month	DHNS Report	Administrative	DHNS
Percentages of public hospitals with personal protective equipment and infection control products and supplies	Denominator: Total number of hospitals that belong to the public health system	Every six month	DHNS Report	Administrative	DHNS



	Numerator: Total number of hospitals that belong to the public health system and receive personal protective equipment and infection control products and supplies financed under the Project				
Number of ambulances delivered and operative	Number of ambulances financed under the Project delivered and operative under the Emergency Prehospital System	Annual	DHNS Report	Administrative	DHNS



ANNEX 1: Project Costs

PARAGUAY COVID-19 Emergency Response Project

COSTS AND FINANCING OF THE COUNTRY PROJECT

Program Components	Project Cost	IBRD Financing
1- Emergency Response to COVID-19	19,150,000	19,150,000
2- Implementation Management and Monitoring and Evaluation	800,000	800,000
Total Project Costs	19,950,000	19,950,000
Front End Fees	50,000	50,000
Total Financing Required	20,000,000	20,000,000



ANNEX 2: Implementation Arrangements and Support Plan

PARAGUAY COVID-19 EMERGENCY RESPONSE PROJECT

1. The project will require intensive implementation support and a continuous dialogue with the client. The World Bank's implementation support strategy combines periodic supervision with timely technical support and policy advice as necessary. Implementation support will include (a) a Bank supervision mission every six months; (b) interim technical discussions and field visits by the World Bank; (c) monitoring and reporting by the teams of the MSPBS on implementation progress and achievement of results; (d) annual internal and external financial audits and FM reporting; and (e) periodic procurement post review. The Bank missions will visit randomly selected hospitals, to assess and physically verify the use and operations of equipment financed by the project. These site visits will include interaction with hospital managers, Public Procurement Officer, and so on.
2. It is expected that the early implementation phase could face challenges, which will be addressed through the following actions:
 - (a) **Implementation support strategy.** This will be largely built on dialogue and partnership with the ongoing Bank health project. The Bank task team will have continuous interaction with all stakeholders of the project. This will require consistency in the composition of the core Bank task team, technical expertise, and familiarity with country/local situations. The Bank task team will also provide hands-on support in the preparation of the Operations Manual.
 - (b) **Capacity building of the implementation agencies.** Significant training and hands-on support will be required on a technical level in terms of procurement, fiduciary and safeguards management. This will include supporting the teams in MSPBS responsible for project implementation in (i) task planning, financial planning and supervision by local teams, (ii) review of important ToRs for key consultancies, and (iii) coordination with development partners. The project will benefit from the PPHSS Project (P167996) that was recently approved and is supporting the overall health system in Paraguay.
 - (c) **M&E and learning.** The Project will rely on the country's existing monitoring and evaluation systems. In particular, DGAF will use the Surveillance Subsystem of the National Health Information System for tracking the evolution of reported cases and laboratory testing. The Bank supervision team will be reviewing the data and discuss any quality issues.
 - (d) **Fiduciary assurance support.** The Bank task team will provide hands-on guidance related to review and audit reporting procedures. Similarly, procurement activities will be spread by types of procurement, and size of contracts. This will require intensive supervision support.
 - (e) **Social and environmental safeguards.** The monitoring and mitigation of social risks will require experienced expertise on the Bank task team with a good understanding of the culture and business process in Ecuador. In addition, adequate staff time and resources will be provided to review site-specific environmental management measures during the investment planning process. Special emphasis will be placed on the (i) monitoring of the participation of marginal and vulnerable social groups, (ii) strengthening of the GRM, (iii) other feedback loops to solicit feedback and grievances from the beneficiaries.



(f) **Operation.** The Bank task team will provide day-to-day support and supervision of all operational aspects, as well as coordination with the clients and among World Bank team members.

3. **Implementation support plan.** The following implementation support plan reflects the preliminary estimates of skill requirements, timing, and resource requirements over the life of the project. Keeping in mind the need to maintain flexibility over project activities from year to year, the implementation support plan will be reviewed periodically to ensure that it continues to meet the implementation support needs of the project. Table 2.1 indicates the World Bank team’s implementation support plan and the required skill mix.

Table 2.1. Implementation Support Plan and Skill Mix

Time Needed	Focus	Skills
0–24 months	<ul style="list-style-type: none"> Setting up additional expertise on medical equipment and technical expertise at the PIU, project management systems including fiduciary, safeguards, and M&E Staff capacity building of the PIU Medical equipment planning and maintenance 	<ul style="list-style-type: none"> Core team, particularly FM, procurement, Safeguards, M&E, and so on Public health and One-health expert Medical equipment experts

4. **Skill mix.** The skill mix and task team composition for supporting project implementation is as proposed in table 2.2.

Table 2.2. Skill Mix and Team Composition

Skills Needed	No. of Staff Weeks	Number of Missions	Comments
Task team leader(s)	10	Two per year	Staff in Buenos Aires, ARG
Sr Technical Advisor	4	Two per year including field travel	Staff in Buenos Aires, ARG
Procurement specialist	3	Two per year including missions	Staff in Buenos Aires, ARG
FM specialist	3	Two per year including missions	Staff in Buenos Aires, ARG
Social specialist	3	Two per year including missions	Staff in Buenos Aires, ARG
Environmental specialist	2	Two per year including missions	Staff in Buenos Aires, ARG
Medical Equipment Expert	3	Two per year (occasional travel)	Consultant (international)
One Health Expert	3	Two per year (occasional travel)	Consultant (international)