Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 08-May-2020 | Report No: PIDC29143

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Serbia	P173892	Serbia Emergency COVID-19 Response Project	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
EUROPE AND CENTRAL ASIA	08-May-2020	22-May-2020	Health, Nutrition & Population
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Republic of Serbia	Ministry of Health	

Proposed Development Objective(s)

The Project Development Objective is to respond to the threat posed by COVID-19 and to strengthen the national health system for public health preparedness in Serbia.

Components

Component 1: Emergency COVID-19 Response
Component 2: Implementation Management and Monitoring and Evaluation

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	100.00
Total Financing	100.00
of which IBRD/IDA	100.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	100.00

Environmental and Social Risk Classification

Substantial

Decision

B. Introduction and Context

Country Context

1. **Serbia is a small, open economy and upper middle-income country aspiring to reach European levels of prosperity.** Serbia has a 2020 population that is slightly less than 7 million. It started its transition to a market economy in 2000 after a difficult decade of conflict, international trade sanctions, and economic mismanagement. The Government of the Republic of Serbia (GOS) implemented comprehensive reforms in the 2000s that, together with a favorable global economy, led to high growth and declining poverty until the global financial crisis hit. In the following few years, Serbia was facing a fiscal crisis, rising unemployment, declines in household income, and a stagnant economy, aggravated by a flood event that hit the country in 2014. Since then, major fiscal consolidation and other reforms have helped restore macroeconomic stability and pave the way for the recent economic recovery and helped resume increases in living standards. Serbia started negotiations for European Union (EU) accession in 2014 and maintains this policy objective of joining the EU and converging to EU levels of income.

2. **Macroeconomic sustainability has improved substantially in the past few years.** The GOS implemented an ambitious fiscal consolidation program during 2014-2017 through revenue increases and expenditure adjustments—including a public sector hiring freeze, contained wage and pension spending through nominal reductions in both pensions and public sector wages, and state-owned enterprises reforms, including reduced spending on subsidies and guarantees to state-owned enterprises. As a result, Serbia managed to turn a fiscal deficit of 6.2 percent of gross domestic product (GDP) in 2014 into surpluses of 1.1 percent in 2017 and 0.5 percent in 2018. Serbia's public and publicly guaranteed debt was reduced from 71 percent to 52 percent GDP over 2015-2019. The restoration of fiscal and financial sustainability helped reduce uncertainty for investors and consumers and create the conditions for economic recovery. It has also permitted Serbia to face the COVID-19 pandemic and its economic effects with substantial financial resources in the early phases of its response.

3. **Economic growth turned positive to around 4 percent over 2015-2018**. On the supply side, growth has been mainly driven by services and, to a lesser extent, by industry and agriculture. Serbia continues a gradual structural transformation away from agriculture toward services. The shares of agriculture in output and employment are on the decline. Services account for close to 60 percent of employment and around 62 percent of value added.[1] On the demand side, growth has been driven by investment and consumption in recent years, with strong performance of foreign direct investment. In addition, exports grew from 45.3 percent of GDP in 2015 to 50.8 percent in 2018. The current account deficit, at 5.2 percent in 2018, is low but widened to an estimated 6.7 percent in 2019, given the growth slowdown in the EU, Serbia's main export destination. Inflation remains low, at around 2 percent since 2014.[2]

[1] World Bank. 2015. Serbia Systematic Country Diagnostic. Washington, D.C.: World Bank.

[2] Western Balkans Regular Economic Report (RER) Fall 2019. The National Bank of Serbia (NBS) lowered its policy rate to 2.5

4. **Poverty reduction resumed as a result of the turnaround in growth.** Poverty, measured as income per capita below the standardized upper middle-income country line of $5.5/day in 2011 purchasing power parity, decreased from 26.7 percent in 2013 to 20.8 percent in 2017.[3] An increase of one percent in GDP was associated with around 4 percent reduction in the poverty headcount rate. Consistent with the labor market recovery, increased labor income contributed the most to the observed reduction in poverty, followed by pensions. Household income increased and poverty fell because of overall growth and stronger impact at the bottom of the income distribution.

5. **Growth has disproportionately benefited rural and low-income households**. Income of the poorest 40 percent in Serbia grew by 2.9 percent annually between 2013 and 2016, higher than the growth of 2 percent for the average.[4] Poverty declined especially in rural, thinly populated areas. Between 2013 and 2016, the poverty headcount ratio decreased by 8.2 percentage points in thinly populated areas, compared to 3.2 and 0.6 percentage points in intermediate and densely populated areas, respectively. However, thinly populated areas continue to house more than half of the poor.

6. **The COVID-19 outbreak and the mobility restriction measures aimed at containing the spread of the virus could have significant adverse impacts on health, economic activity, and poverty in Serbia**. Aside from the direct impacts on health outcomes, the anticipated declines in services, lower investments, depressed demand for Serbian exports, and mobility restrictions will hurt jobs and labor income. The large informal sector (without job security or insurance benefits and nearly one fifth of employment) is expected to bear the large costs of the crisis, at least initially. Poor and vulnerable households may be disproportionately affected since they depend more on self-employment and informal, less secure jobs, while having less savings and fewer coping mechanisms. A potential drop in remittances, particularly from Europe, could hurt non-labor income. Pockets of the population without health insurance such as the Roma in Serbia are at risk of high out-of-pocket health spending if contracting the virus.

7. **Apart from the health response, the Government has announced measures to provide immediate relief to the economy and households.** The impacts of COVID-19 on household incomes and broader welfare status are likely to be substantial, and for specific poor and vulnerable groups disproportionate. To mitigate COVID-19 negative impact on poor, unemployed individuals and pensioners the government announced the following measures: a) for Social Assistance beneficiaries whose entitlement to Social Assistance benefits expired on March 15, 2020 and later, the government decided to extend their entitlement based on previously issued decisions for a maximum of three months (i.e., during the state of emergency);[5] b) all adults (18+ years of age) will receive EUR 100 as one-off payment; c) the National Employment Service and the government issued several decisions, including for the new method of submitting applications for unemployment benefit, for registering with NES and for other requests, during the state of emergency; and applicants can submit their requests via email or by post; requirements and deadlines are flexible; d) all pensioners will receive one-off support of around EUR 35.

percent in August 2019. The NBS operates a managed float exchange rate scheme. Foreign current reserves grew to EUR 13.1bn by August 2019, 1.8bn more than in December 2018.

[3] The national measure, at-risk-of-poverty rate, shows that 24.3 percent of the population live on less than 60 percent of the national median income, higher than in EU countries.

[4] The growth incidence curve shows mostly higher income growth in the lower percentiles of the income distribution than in the upper percentiles.

[5] The government decision applies to the following benefits: i) Financial Social Assistance; ii) Caregiver Allowance and Increased Caregiver Allowance iii) Child Allowance; iv) Maternity leave benefit for the purpose of childcare and other benefits related to special childcare.

The government also issued a decision for the new method for pensions payment to facilitate access.[6] In addition to the above measures the government announced wage subsidy support that will include: i) support to large enterprises (to cover 50 percent of the minimum wage to all employees whose contract ended), and ii) three-month coverage of wages for small and medium enterprises. The government plans to address the social protection impact through its own programs and anticipates a separate economic support program working with development partners, including the World Bank.

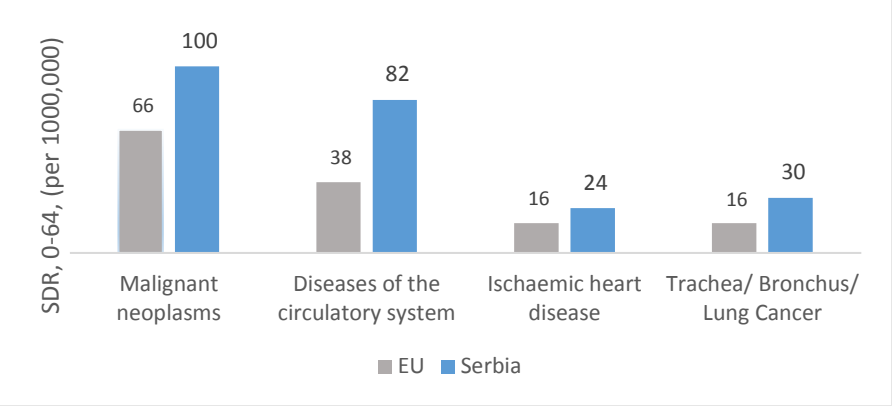
Sectoral and Institutional Context

8. **Achievements in the health sector in Serbia have been mixed.** Life expectancy of the Serbian population at birth (76.1 years) is at the level of the Western Balkans (76.3 years) and of the seven small transition economies of Europe (7STEE,[7] 76.5 years) but still lower than in the EU (EU: 81 years). However, Serbia trails further in life expectancy at age 65 (years), with 15.8 years compared to 17.3 years in 7STEE countries or 20.2 years in the EU, signaling weaknesses of the health system and behavioral issues (alcohol consumption, obesity and, especially, tobacco consumption that is of highest prevalence among comparators). In addition, while Serbia is comparable to the 7STEE in terms of infant mortality and under-5 mortality rates (5.0 vs. 4.4 and 5.7 vs. 5.3 per 1,000 live births, respectively), the maternal mortality ratio (17 per 100,000 live births) is much higher in Serbia than the 7STEE (9.6) and the EU (8.0).[8]

9. **Serbia is experiencing demographic and epidemiological changes.** The population of Serbia is shrinking by a rate of about 35,000 per year, which reduced its population from approximately 7,236,000 in 2011 to 6,982,000 in 2018.[9] Furthermore, its population is aging, with 17.4 percent of the population over 65 years of age in 2017, compared with 12.4 percent in 1997. Most of the population is now living in urban areas (56 percent),[10] with lifestyle changes[11] resulting in non-communicable diseases (NCDs) being dominant in the overall burden of disease. As of 2017, top five causes of disability-adjusted life years in Serbia in total and by gender and age group are exclusively NCDs and injuries. This also leads to premature loss of life due to NCDs. Amenable mortality due to NCDs (cancer, cardiovascular diseases, diabetes or chronic respiratory diseases) between ages 30 and 70 in Serbia is 19.1 percent, which is comparable to the regional and aspiring peers (7STEE 19.3 percent, Western Balkans 18.4 percent), but much higher than in the EU (12.6 percent) (see figure 1). Furthermore, there is a higher prevalence of chronic conditions among children and people of working age (0-64 years) in Serbia compared to the EU, indicating a higher loss of productivity due to NCDs in Serbia.

[6] The pensioners will give a special authorization to someone to collect pension on their behalf or to have the payment delivered in cash, with the cost of the delivery covered by the government.
[7] "7STEE" group are countries that have entered the EU -Bulgaria, Croatia, Estonia, Latvia, Lithuania, Slovak Republic, and Slovenia.
[8] The World Bank WDI database and WHO Health for All database
[9] Estimated population in 2018. Statistical office of the Republic of Serbia (http://www.stat.gov.rs/en-US/oblasti/stanovnistvo/procene-stanovnistva)
[10] IBRD/WB (2017). Delivering health services efficiently for Serbians. Synthesis Report. Washington DC, USA.
[11] Lack of physical exercise, sedentary lifestyle, processed food, too much salt in the diet etc.

Figure 1. Standardized Death Rates, 2015, Serbia and EU[12]



10. **The Serbian health care system is relatively costly, but a significant share of health spending is borne by the population through private out-of-pocket payments.** The total (current) health expenditure in Serbia represents 9.1 percent of GDP and it is higher than in the 7STEE (7.3 percent) and Western Balkans (8.6 percent), but lower than in EU (9.9 percent). Public health expenditure in Serbia (5.3 percent of GDP) remains comparable to the Western Balkans (5.1 percent) and 7STEE (5.0 percent), but it is far below EU (7.9 percent). On the other hand, Serbia has a very high level of out-of-pocket payments, at 3.7 percent of GDP or 40.5 percent13 of the total health expenditure, which is the highest among comparators. Such level of out-of-pocket payments is significantly higher than the WHO-recommended threshold of 15 to 20 percent, which is a level necessary to ensure financial risk protection and avoid impoverishing health expenditure (i.e., spending on health that leads households to below the poverty line or already poor households into further poverty) and/or catastrophic expenditure on health (i.e., spending on health that represents a high share of total household expenditure).

11. **Serbia's health service delivery model and its underlying financing mechanism have not adapted to cater for the changing disease burden and to deliver good value for money**. The Serbian health system is still focused more on curative than preventive care, and most preventive services included in the benefit package are for children rather than adults with NCDs. Hospitals are financed by 44 percent of the total public health expenditure,[14] however, there is evidence that hospital infrastructure and staff are not optimally used, leading to the average length of stay of 10 days (longest among comparators) and low number of inpatient care discharges.[15] In addition, the health care structure and organization involve unnecessary consultations and hospitalizations for conditions that could be provided in outpatient setting or in day-hospitals (e.g., cataract surgery). Human resources for health and pharmaceuticals also need to be managed more efficiently. The GOS has initiated the preparation of an optimization plan of the health services supply side under the SSHP. Once adopted and implemented this plan will contribute immensely to modernizing the publicly delivered service delivery system.

[12] Source: The World Bank WDI database and WHO Health for All database.
[13] The World Bank WDI database and WHO Health for All database
[14] The World Bank: Republic of Serbia. Vertical review of the Ministry of Health (2017)
[15] The World Bank WDI database and WHO Health for All database

The COVID-19 Response in Serbia

12. **Prior to the COVID-19 outbreak, Serbia had put in place a Program for responding to health emergencies.** In December 2018, the Ministry of Health (MOH) adopted the Program for Protection and Saving in Crises and Emergencies – Health Sector Response, collaborating closely and working jointly with the WHO and the Institute of Public Health of Serbia. The Program is based on the WHO's recommendation for preparedness, response, and recovery in health emergencies and has become an integral part of the overall country strategy for system-level preparedness, response and recovery and has served as the basis for all activities and measures that the Government of Serbia has taken so far in managing the emergency related to COVID-19.

13. **While Serbia's emergency preparedness for public health threats is in line with the global average, its capacity to prevent, detect, and rapidly respond faces several challenges.** The Global Health Security Index assessment[16] ranked Serbia 41 out of 195 countries. A Joint External Evaluation to assess Serbia's readiness, as measured through the International Health Regulations, was performed in October 201817 and concluded that 9 laboratories under the human health sector and 12 laboratories under the animal health sector had been accredited at biosafety levels 1 and 2. Testing for COVID-19 requires biosafety level 2 and 3 standards; therefore, re-purposing designated laboratories is an urgent task to enable the GOS to achieve one of its core strategies for mitigating and suppressing the virus.

14. **Before stringent non-pharmaceutical intervention measures had been put in place, the Government had already initiated a national coordination strategy from the highest levels and a public communication strategy.** A COVID-19 Infection Disease Crisis Response Team has been established by the Government and is co-chaired by the Prime Minister, Minister of Health, Director of the Health Insurance Fund, and the Provincial Secretary of Health. Members of this body are directors of relevant institutes and clinics, as well as representatives of other relevant bodies. A separate Crisis Response Team was formed to respond to the negative consequences of COVID-19 to the economy. The Team is chaired by the President of the Republic of Serbia and includes the Minister of Finance, President of the Serbian Chamber of Commerce and the Governor of the National Bank of Serbia.[18] In addition, a public website https://www.covid19.rs, updated twice a day, shows cumulative infections since February 27, 2020 and another website provides detailed information about the national response https://www.covid19.rs/homepage-english/. Twenty dedicated telephone lines respond to questions from the public.

15. **The first case of COVID-19 in Serbia was confirmed on March 6, 2020.** By March 22, 2020, the first known COVID-19-related death had occurred, and the number of test-confirmed cases had grown to 188, corresponding to an estimated 800 suspected cases nationwide. By May 1, 2020, there were a total of 9,009 confirmed cases and 179 deaths, and suspected cases were between 90,000 to 268,000.[19] Since the outbreak began in Serbia, the number of people testing positive daily for SARS-CoV-2 had been increasing exponentially until about April 17, 2020; after this point there has been a downward trend

[16] The Global Health Security Index is the first comprehensive assessment of global health security capabilities in 195 countries. Serbia profile *https://www.ghsindex.org/country/serbia/.*

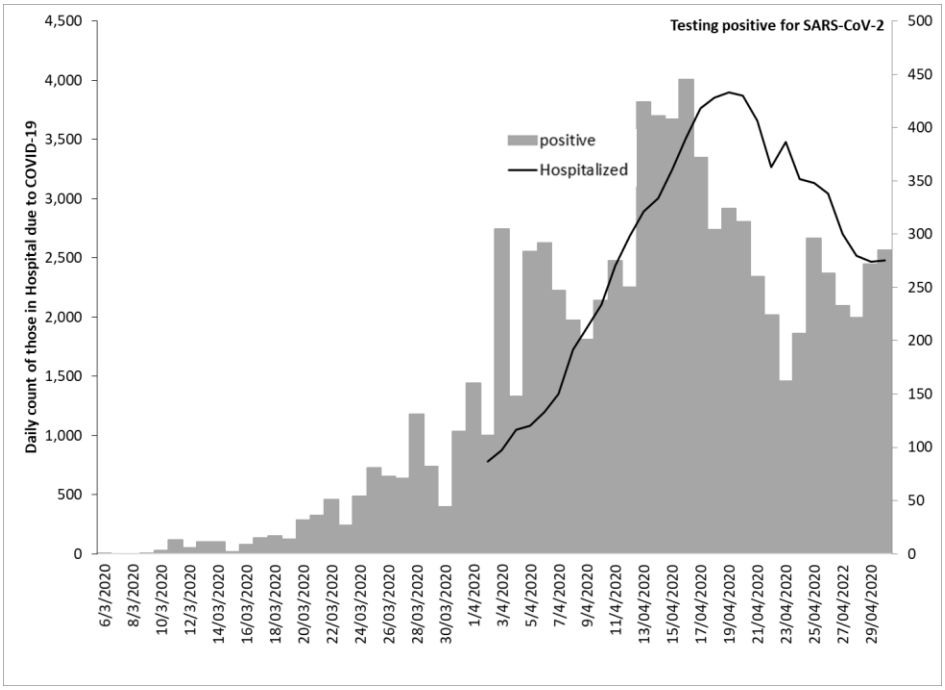
[17] Joint external evaluation of International Health Regulations core capacities of the Republic of Serbia. Geneva: World Health Organization; 2019 (WHO/WHE/CPI.2019.36). License: CC BY-NC-SA 3.0 IGO.

[18] De jure the crises response team is co-chaired by those mentioned, and de facto it is chaired by the President.

[19] https://www.the-scientist.com/news-opinion/modelers-struggle-to-predict-the-future-of-the-covid-19-pandemic-67261. Around the time of the first death there are about 800 cases in the community. Number of cases in the community are estimated between 500-1,500 per death recorded.

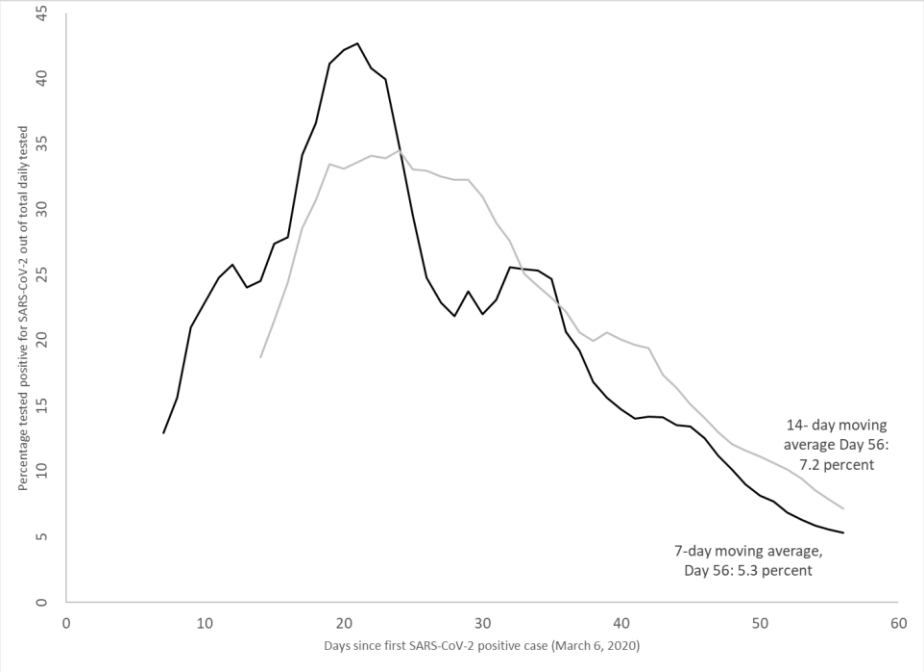
(Figure 2). Daily estimates of patients hospitalized as a result of COVID-19 also appears to be decreasing.[20] Furthermore, the percentage of people testing positive for COVID-19 is also showing a downward trend (Figure 3).

Figure 2: Positive tests (confirmed cases) and hospitalizations for COVID-19 in Serbia [21]



[20] The bump in the last few days represented on the graph is due to an outbreak in a home for elderly people in Niš.
[21] Date source : *https://covid19.rs/homepage-english/.*

Figure 3: Seven and fourteen-day moving averages: percentage of people testing positive for SARS-CoV-2[22]



16. **The Government's emergency scenario aimed at responding to a total severe 10,000 COVID-19 cases requiring admission, which corresponds to an estimated 2.3 percent of the Serbian population infected.** Based on the age-adjusted infection mortality rate for Serbia, this initial scenario assumes a Serbia-specific mortality rate of 1.12 percent, or 1,787 deaths in all.[23] Modeling NPI along the lines done by the Government of Serbia would be expected to reduce mortality under this scenario from 1,787 to 911 deaths, while peak intensive care capacity would reduce from a projected 541 to 362 beds, and critical cases hospitalized would decrease from 2,997 to 1,528 in all. Without any public health interventions, it can be assumed that within 6-8 months 50 percent to 80 percent of the Serbian population would have become infected, which, based on the age-adjusted infection mortality ratio would equal 39,021 to 62,434 deaths.[24]

17. **Non-pharmaceutical interventions were applied progressively as of March 15, 2020 and will have a strong impact on bending the epidemic curve.** These non-pharmaceutical interventions (NPIs) consisted, progressively, of: (a) closure of all pre-K, primary schools, high schools and universities (March 15, 2020); (b) forced quarantine for all those above 65 years of age (March 15, 2020); (c) a declaration of a state of emergency and a partial curfew from 8pm to 5am (March 18, 2020) then from 5pm to 5am (March 22, 2020); (d) closure of public parks, gyms, restaurants, bars, and shopping malls (March 21, 2020); (e) closure of the international airport (March 19, 2020) and closure of all national borders for passenger transport (March 20, 2020); (f) ban of operations of intra city public transport (except for a few

[22] Data source: ibid.
[23] Verity R Okell LC Dorigatti I et al. Estimates of the severity of coronavirus disease 2019: a model-based analysis. Lancet Infect Dis. 2020; (published online March 30) https://doi.org/10.1016/S1473-3099(20)30243-7.
[24] Ibid.

special lines in the morning and afternoon for those who have to go to work and cannot work from home), intercity bus and rail transport (March 15, 2020); and (g) a mandatory 15 days or 28 days of self-quarantine for those entering Serbia depending on the country of origin (March 15, 2020). The GOS traced over 318,000 nationals who returned precipitately from abroad between March 15-17, 2020 to verify whether they had adhered to the mandatory self-quarantine and found 1,653 in violation. Heavy fines for noncompliance are in place and prison sentences have recently been imposed.[25] The state of emergency was lifted on May 6, 2020 and many of the movement restrictions, including the curfew, were eliminated. Business, transport, and other social and economic activities are progressively being permitted to operate but with a regime of infection prevention measures. The authorities are tracking the impact of these recent changes.

18. **Beyond NPIs, the authorities have embarked on a COVID-19 suppression strategy based on lessons learned from the Chinese Wuhan experience.** With technical assistance from a medical team from China, the authorities created three designated 'improvised hospitals' (in Belgrade, Niš and Novi Sad) where they plan to admit those who test positive to remove them from the community (following the Wuhan model).[26] The Belgrade 'improvised hospital', which is on the fairgrounds, was opened for operations on the March 28, 2020 and has 3,000 beds. Testing capacity is being expanded rigorously both in the capital and in the periphery and will, together with the strategy of isolating all those testing positive for the SARS-CoV-2 virus in designated 'improvised hospitals', form the core of the suppression strategy in Serbia. A recent modeling of institutional isolation shows that it is superior to home-isolation as practiced in Europe or the US.[27]

19. **The GOS's overall COVID-19 strategy is in line with current thinking on how to mitigate and to suppress the SARS-CoV-2 epidemic, and the World Bank support is aimed at significantly strengthening epidemic surveillance, a key ingredient in this holistic strategy**. The GOS started early with its NPI, just days after the first SARS-CoV-2 infected person was found in Serbia and is further strengthening these NPI in different ways. The United Nations, the EU, China, and Russia[28] are all contributing to strengthening considerably the 8 pillars of the CPRP, and efforts are focused on providing medical supplies and equipment for hospitals and health centers. A key ingredient of the GOS strategy, of testing and re-testing and then isolating those who test positive on designated campuses, is drawn from the lessons learned on containing the virus in Hubei province in China. The GOS current target is to get to nationwide capacity of 7,000 tests per day, an effort that (based on the current cost of about US$25 per test) will cost around US$5 million per month. On April 20, 2020, the GOS announced that a new testing facility was opened on the premises of the Clinical Center of Serbia, with a capacity of 2,000 COVID-19 tests per day. A second facility will be opened in Nis that once opened will have a testing capacity of 1,000 tests per day, which will bring total daily testing capacity to about 7,000 tests.[29] Testing capacity is, thus, steadily expanding:

[25] UN Situation Report #6, 27 March 2020.
[26] Wang, C. et al (2020) Evolving Epidemiology and Impact of Non-pharmaceutical Interventions on the Outbreak of Coronavirus Disease 2019 in Wuhan, China– doi: https://doi.org/10.1101/2020.03.03.20030593.
[27] Dickens, B. L., et al. "Institutional, not home-based, isolation could contain the COVID-19 outbreak." The Lancet (April 29, 2020).
[28] Executive Newsletter, *Issue No. 4512 Belgrade, Monday April 6, 2020*
[29] https://www.srbija.gov.rs/vest/en/154559/capacity-of-new-laboratory-2000-coronavirus-tests-a-day.php. BGI and Zijin companies delivered the laboratory equipment, installed it and made the laboratory for SARS-CoV-2 testing operational in Belgrade and are currently working on making operational the laboratory in Nis. Their integrated laboratory solution is labelled "Huo-yan"

as of April 30, 2020, 6,703 daily tests were done, with 285 turning out positive.

20. **The proposed COVID-19 operation complements the Bank-financed SSHP under implementation, which supports long-term sector reforms.** The Bank has supported improvements in the health sector in Serbia since 2003. The ongoing SSHP (including its additional financing) has an envelope of EUR 54.1 million (US$71.1 million equivalent) and current closing date of December 31, 2021. The project is supporting a range of reforms in the Serbian health sector. In the area of health financing, the SSHP supports provider payment reforms on different levels of care, in addition to efforts in optimizing the health care facilities network. Furthermore, project activities support improvements in access to quality health care services, including drugs, by providing support to the GOS in centralizing the procurement of drugs, developing an e-prescription system, rationalizing the use of antibiotics and developing health technology assessment system. The project also contributes to quality of care improvements by supporting the development of clinical pathways, improvement in monitoring quality of care to meet international standards and the modernization of oncology centers with the aim of reducing waiting times for cancer treatment.

21. **The GOS has been working, and continues to work, closely with development partners, including the World Bank, United Nations (UN) agencies, and others to ensure a robust, evidence-based response to COVID-19**. In February, members of the WHO team for emergency preparedness and response visited international airports in Belgrade and Nis, as well as the Clinic for Infectious and Tropical Diseases and subsequently provided technical guidance on COVID-19 preparedness and response.[30] The WHO has continued its support in providing guidelines, drafting the UN country response plan, and facilitating the MOH request to the UN for equipment and supplies. In addition, together with other UN agencies under the 'One UN approach,' the GOS has developed a costed Country Preparedness and Response Plan along the eight pillars of the WHO response classification for the first three months.[31] Serbia is classified under Scenario 3 based on the likelihood that it reaches up to 6,000 confirmed COVID-19 cases.[32] Seventy percent of the US$26.7 million required for this 'scenario 3' was raised by the UN. The EU has made available a package of €94 million of support, of which €15 million for equipment and supplies (of which €7.5 million worth equipment and supplies have been delivered), with the rest of the amount designated for economic support. China has provided supplies and technical assistance as well. Norway, US, Germany, private contributions, and UN's own fundraising (WHO; UNHCR; UNICEF) also contribute to the response. The GOS has already purchased equipment and supplies worth over €160 million. The World Bank-financed Emergency COVID-19 Response Project will leverage these investments as well as investments from other development partners aimed at the COVID-19 response. Details of development partner activities are as follows:

- EU provided support to transportation of emergency assistance secured by the GOS through UNDP and supports procurement of additional emergency assistance through UNOPS. More funding and support can be provided based on the detailed needs estimated based on previous deliveries and existing gaps. The EU is willing to provide longer term assistance to the health sector, and discussions are ongoing on how to support Serbia with a focus on capacity building in the health care system, and

[30] Information and updates available at http://www.euro.who.int/en/health-topics/health-emergencies/coronavirus-covid-19/news/news/2020/2/coronavirus-disease-covid-19-european-region-focusing-on-readiness.
[31] Country Preparedness and Response Plan version 4, March 25, 2020.
[32] The Country Preparedness and Response Plan modeled three scenarios, each based on a certain number of expected persons testing SARS-CoV-2 positive, each scenario is linked to incremental response needs. Scenario 3 is the 'upper scenario' in the first three months covered by this emergency response plan.

social programs. The EU is working on these issues with the European Investment Bank (EIB), the European Bank for Reconstruction and Development (EBRD) and the Central European Bank (CEB), and in close collaboration the World Bank and the WHO.

- UNDP and UNOPS are engaged in transportation and logistics on behalf of Serbian authorities through support of the EU and Norwegian contributions. UNDP launched a "challenge the crisis" platform where private sector partners provide innovative solutions to produce locally the equipment necessary for the containment of the epidemic.
- UNICEF supports resilience building of the health system (maternal/child health, vaccination), real data management in cooperation with the Prime Minister's Office, and risk communication with the Institute of Public Health.
- WHO: during a recent meeting of the WHO Regional Director and Ministers of Health of the Region, detailed guidance was shared for managing the transition and the next phases, such as further containment of the epidemic and mitigation during subsequent outbreaks of SARS-CoV-2. Serbian counterparts have actively participated in these discussions.
- The European Center for Disease Control based in Luxemburg has a working relationship with Serbia, and offered support related to longer term measures for epidemic containment and recurrence prevention.
- The French Government, through its French Development Agency (Agence française de développement - AFD) has mobilized funds to support Serbia's crisis response and is collaborating with the World Bank to develop joint financing opportunities to assist the Government in mitigating the economic impact of the epidemic.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

The Project Development Objective is to respond to the threat posed by COVID-19 and to strengthen the national health system for public health preparedness in Serbia.

Key Results

22. The PDO will be monitored through the following PDO-level outcome indicators:

- Number of acute health care facilities with isolation capacity;
- Number of designated laboratories with COVID-19 diagnostic equipment, test kits and reagents;
- Personal and community non-pharmaceutical interventions adopted by the GOS.

23. **The project envisions the following theory of change.** The theory of change (Figure 4) includes selected response activities promoted by the GOS and supported by development partners, including the World Bank, and is intended to illustrate how the activities being financed by the World Bank contribute to the response and complement the actions of other organizations. The theory of change considers a "whole-of-Government and development partners approach" and a "one-health approach" and the World Bank-financed activities are leveraging all other activities financed and carried out by the GOS including with donor support through others. The primary activities being financed by the Serbia Emergency COVID-19 Response Project will focus on strengthening testing for SARS-CoV-2 and strengthening diagnosis and treatment for COVID-19 and complementing immediate emergency response measures taken by the GOS and development partners. The primary activities being financed by the Serbia Emergency COVID-19 Response Project will focus on boosting testing and tracing capabilities nationwide, and significantly

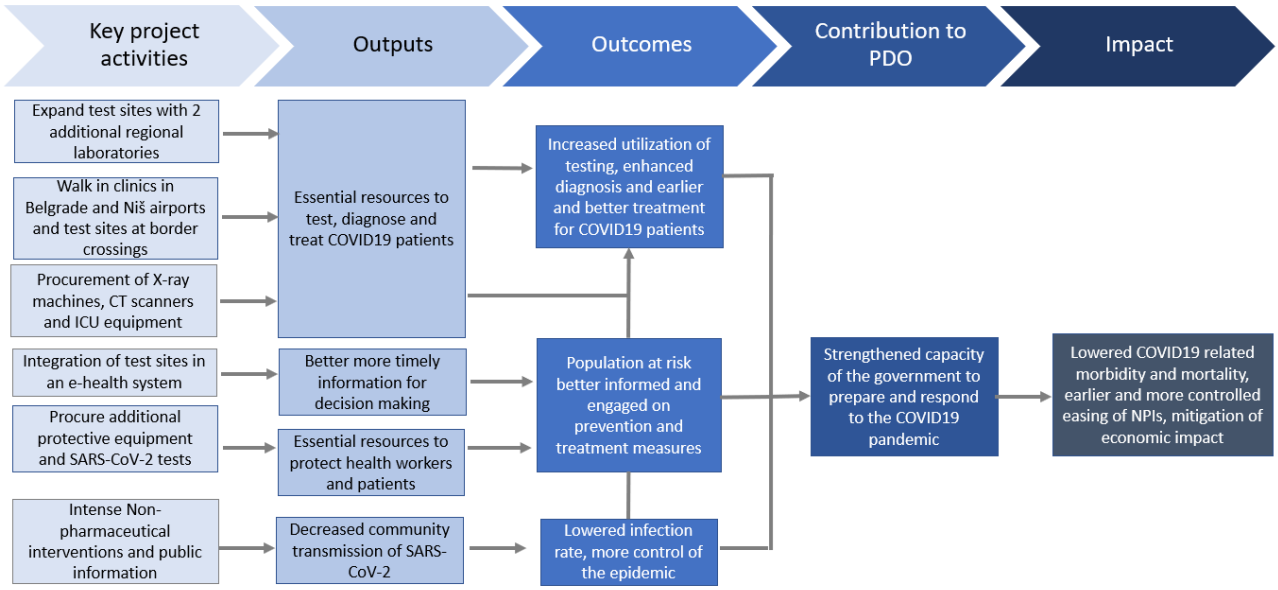
strengthening diagnostic capacity in the health system. Imaging equipment is vital to boost diagnostic capabilities of the health system and therefore leverage the expanded testing capabilities to better, more efficiently and in a more controlled manner, open the economy between subsequent COVID-19 epidemic waves. Boosting significantly ICU capacity enhances the whole country preparedness for treating more COVID-19 patients and is a complementary activity which gives additional defenses for the country to softening its NPIs more efficiently and in a more controlled and safer manner.

24. **The success of Serbia to bend the curve of its first wave of COVID-19 should not lead to complacency in strengthening its preparedness for subsequent waves.** Boosting testing capability for SARS-CoV-2 which includes 'walk-in' and 'drive-in' testing sites at two main airports and select border crossings while strengthening diagnostic capacity for COVID-19, combined with strengthening ICU capacity nationwide and strengthening its e-reporting system for COVID-19 will give the GOS the capability to adjust its NPIs based on contextualized lessons learned. It will also allow for experimenting with NPI strategies such as the one in Sweden[33] or Germany; a public policy of soft NPIs at the outset which lead to lesser societal strain and higher economic activities like in Sweden, and a public policy of softening the NPIs confidently based on strong testing capability and backed up by an extensive ICU capacity like in Germany.[34] The double burden of a relatively large section of the population older than 60 years and a relatively large burden of non-communicable disorders emphasizes the urgency and need for the Bank project. While the first epidemic wave is winding down, preparing for the next wave of COVID-19 is essential to effectively protect these vulnerable populations.

Figure 4: Results Chain for the PDO to respond to the threat posed by COVID-19 and to strengthen the national health system for public health preparedness in Serbia

[33] 'Life Has To Go On': How Sweden Has Faced the Virus Without a Lockdown. https://www.nytimes.com/2020/04/28/world/europe/sweden-coronavirus-herd-immunity.html?referringSource=articleShare

[34] Germany had 30/100,000 ICU beds from the onset prior to the COVID-19 outbreak, five times higher than in the Netherlands who had an ICU capacity of 6.4/100,000 at the onset of the epidemic (the average for EU countries was around 11.5/100,000 before the COVID-19 epidemic) and raised this to 30/100,000 which was just sufficient to deal with their first wave of COVID-19. Serbia proposes to add 1,900 ICU beds, which is an ICU capacity of 27/100,000.



D. Project Description

25. **This project will complement ongoing activities and investments to contribute to Serbia's emergency response to COVID-19**. It will achieve this by purchasing critically needed equipment, building surveillance capacity, and providing technical support, including training and communication support for NPI, and implementation support. Specifically, the project will finance activities aimed at: a) limiting local transmission of COVID-19 through containment strategies and enhancement of disease detection capacities by providing technical expertise, laboratory equipment and putting in place systems to ensure prompt case finding, contact tracing, and reporting, consistent with the WHO's guidelines in the SPRP; b) developing and operationalizing social distancing measures through laws, regulations and other preventive actions; c) strengthening health system capacity to enable Serbia to mobilize surge response capacity through training and equipping frontline health workers and building system capacity for hospital and after-hospital care; and d) further enhancing communication infrastructure to transparently disseminate information from national to state and local levels and developing and testing messages and materials to be used in the event of a pandemic or emerging infectious disease outbreak. Achieving these goals will require close collaboration between the MOH, the National HIF, funding partners and UN agencies to ensure complementarity and to leverage the respective strengths of all partners. The detailed (and partially costed) GOS plan prioritizes establishing critical support, including boosting testing capabilities and strengthening diagnostic capabilities nationwide. Within the overall GOS and development partner support and considering the fluid context of the COVID-19 epidemic in Serbia (and globally), the project is designed to have maximum flexibility to make funds flow to finance necessary activities as they arise.

26. **The PDO will be achieved through the implementation of activities that support further prevention of SARS-CoV-2 transmission combined with activities that strengthen the health system's capacity for disease management**. Both approaches are essential to the immediate response and to simultaneously strengthening the health system beyond the current crisis for the medium term. The objectives, scope and components of this project are aligned with the COVID-19 Fast Track Facility. The

Serbia Emergency COVID-19 Response Project was requested by the GOS, and the activities were selected based on an iterative approach taking into account the evolving epidemic response through a series of online meetings with the GOS (MOF, MOH and HIF), informed by parallel meetings with key UN agencies, such as WHO and UNICEF, and other partners including the EU, AFD, Norway, Germany, and the US. The project will have two components:

27. **Component 1: Emergency COVID-19 Response EUR 91.03 million (US$99 million equivalent).** This component will provide immediate support to Serbia to enable limiting local transmission of SARS-CoV-2 through containment strategies. It will support enhancement of disease detection capacities through provision of technical expertise, frontline health care equipment and materials, laboratory equipment and systems to ensure prompt case finding and contact tracing, consistent with the WHO's guidelines in the Strategic Preparedness and Response Plan.[35] Financing options will include retroactive financing of eligible expenditures related to COVID-19 that have already been incurred. It will enable Serbia to mobilize surge response capacity through trained and well-equipped frontline health workers.

28. **Key strategic need for Bank financing targets areas for effectively mitigating and containing the COVID-19 epidemic.** More extensive testing, better diagnosing and much strengthened treatment capacity will facilitate opening the economy earlier and in a more controlled fashion in the current epidemic wave and in subsequent waves. Key strategic needs for Bank financing are: (a) equipment for testing for the virus, (b) equipment for diagnosing COVID-19, and (c) considerably strengthening ICU capacity to deal with an influx of COVID-19 patients. Human resources and equipment and supplies related to PPEs are mostly provided by the GOS with some support of development partners, although also here Bank complements. Supported activities, to be implemented in close collaboration with the MOH, the National Health Insurance Fund and the UN to ensure complementarity and to leverage other partners' activities and interventions, are:

29. **Subcomponent 1.1: Case Detection, Confirmation, Contact Tracing, Recording, Reporting.** This sub-component will help (a) strengthen disease surveillance systems, national reference and public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (b) combine detection of new cases with active contact tracing; (c) support epidemiological investigation; (d) strengthen risk assessment; and (e) provide on-time data and information for guiding decision-making and response and mitigation activities. Additional support will be provided to strengthen health management information system (HMIS) to facilitate recording and on-time virtual sharing of information. Specifically the project will implement the following: (a) two additional regional COVID-19 laboratories will be established at the University Clinical Centre of Vojvodina in Novi Sad and the University Clinical Centre in Kragujevac with the capacity of 1,000 samples daily, which would increase the total SARS-CoV-2 testing capacity in Serbia to over 9,000 tests per day; (b) additional protective gear based on needs identified by the HIF; (c) integration of the COVID-19 human and veterinary labs in one electronic medical records system; (d) two 'walk-in testing points' in "Nikola Tesla" Belgrade airport and "Constantine the Great" airport in Niš, in addition to 'drive-through testing points' at ten selected border crossings.[36] The

[35] https://www.who.int/publications-detail/strategic-preparedness-and-response-plan-for-the-new-coronavirus

[36] Testing Strategy in Serbia compared to the Testing Strategy in the US. 9,000 tests per day equates to 130 tests/100,000 inhabitants/day. This compares to a plan drawn up by the Rockefeller foundation, the 'National COVID-19 Testing Action Plan' https://www.rockefellerfoundation.org/national-covid-19-testing-action-plan/, where in the first phase in the US, over a period of 2 months, the testing capacity is proposed to be brought up from 44 tests per 100,000 per day to 135 tests per 100,000 per day. Over a six-month period, this US plan proposes to increase from 130 tests per 100,000 per day to 1,300 tests per 100,000 per day.

aggregated budget categories contain both equipment and the activities to make this equipment functional. The 'non-equipment elements' are mostly hidden within the various budget categories. For instance, setting up the 'walk-in' and 'drive-through' test sites also include making these operational (training, supervision, etc.). A detailed micro costing will follow during implementation. Also, the budgets proposed are indicative, and changes might occur when there is need to shift from one budget to the other due to changing priorities or more detailed cost information becoming available.

30. **Subcomponent 1.2: Physical Distancing Measures.** An effective measure to prevent contracting a respiratory virus, such as SARS-CoV-2, is to limit, to the extent possible, contacts with the public, otherwise known as 'physical distancing'. Financing will be made available to develop guidelines on social distancing measures (e.g., in phases) to operationalize existing or new laws and regulations, support coordination among sectoral ministries and agencies, and support MOH on the protecting of health and other personnel involved in pandemic control activities. Additional preventive actions will be supported that will complement physical distancing, such as personal hygiene promotion, including promoting handwashing, and distribution and use of masks, along with increased awareness and promotion of community participation in slowing the spread of the pandemic. Specific interventions for vulnerable communities will be supported as needed, including Roma populations, residents of women's shelters and prisoners. Specifically, the project will build on what has been done so far, and what lessons are emerging as to the efficacy of NPIs in the Serbian context.

31. **Subcomponent 1.3: Health System Strengthening**. Assistance will be provided to the health care system for preparedness planning to provide optimal medical care, maintain essential community services and to minimize risks for patients and health personnel, including training health facilities staff and front-line workers on risk mitigation measures and providing them with appropriate protective equipment and hygiene materials. Strengthened clinical care capacity will be achieved through financing plans for establishment and refurbishment of specialized units in selected hospitals, treatment guidelines, and conduct of clinical training of health workers. Strategies will also be developed to increase hospital bed availability, including deferring elective procedures, stringent triage of patients in all health facilities and for admission, and earlier discharge with follow-up by home health care personnel. Specifically, the project will procure: (a) 100 emergency vehicles to transport those infected to designated isolation places; (b) 1,900 intensive care unit (ICU) beds and ICU equipment; (c) 85 mobile X-ray machines; (d) 35 computed tomography (CT)- scanners; and (e) 82 X-ray devices to be installed in community health centers.

32. **Subcomponent 1.4: Communication Preparedness.** Activities will include developing and testing messages and materials to be used in the event of a pandemic or emerging infectious disease outbreak, and further enhancing communication infrastructure to disseminate information from national to state and local levels and between the public and private sectors. Communication activities will support cost-effective and sustainable methods such as promotion of "handwashing" through various communication channels via mass media, counseling, schools, workplace, and by integrating them into specific interventions as well as ongoing outreach activities of ministries and sectors, especially ministries of health, education, agriculture, and transport. Support will be provided for information and communication activities to increase the attention and commitment of GOS, private sector and civil society to raise awareness, knowledge and understanding among the general population about the risk and potential impact of the pandemic, and to develop multi-sectoral strategies to address the pandemic. In addition, support will be provided for: (a) the development and distribution of basic communication

materials, such as question and answer sheets and fact sheets in appropriate languages, on (i) COVID-19 and (ii) general preventive measures such as “dos” and “don’ts” for the general public; (b) information and guidelines for health care providers; (c) training modules (web-based, printed, and video); (d) presentations, slide sets, videos, and documentaries; and (e) symposia on surveillance, treatment and prophylaxis. Specific examples of this is a communication campaign on the ‘walk-in’ testing sites at the two airports, and the ‘drive-through’ testing sites at designated border crossings.

33. **Support for community engagement will also ensure that:**

- Communities are engaged in assessing needs and formulating priorities, with specific strategies to ensure vulnerable groups (elderly, people with disabilities) have access to the channels to articulate their needs.
- A participatory monitoring and reporting mechanism is established to enable communities to help monitor the COVID response at the local level and provide feedback on gaps in services (information availability, access to PPE/testing/relevant care, equal treatment etc.).
- Challenges of implementation presented by social distancing and isolation are addressed through the development of consolidated, accessible and safe digital solutions that promote and support community feedback throughout the project.

34. **Component 2: Implementation Management and Monitoring and Evaluation EUR 0.92 million (US$1 million equivalent).** For project management, the existing Project Coordination Unit (PCU) of the MOH for the ongoing SSHP will be responsible for the coordination of project activities as well as fiduciary tasks of procurement and financial management. The PCU will be strengthened through recruitment of additional staff and consultants, as required. The project will cover costs associated with project management and coordination. The monitoring and evaluation (M&E) aspects will support the M&E of prevention and preparedness, building capacity for clinical and public health research and joint learning across and within countries. This component will also support training in participatory monitoring and evaluation at all administrative levels, evaluation workshops (considering social distancing measures, or virtual type), and development of an action plan for M&E and replication of successful models.

35. **The project will strive environmentally sound implementation**. Medical waste management will get special scrutiny due to the volume of medical waste that will be generated, for instance procurement of medical waste autoclaves/grinders could be an option. Procurement of new equipment will require that they be sourced from companies that produce these through ecologically sound methods. Disposal of old X-ray machines and CT scanners - displaced by new ones procured by the project – will be done through certified environmentally sound practices.

Legal Operational Policies

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

Summary of Assessment of Environmental and Social Risks and Impacts

E. Implementation

Institutional and Implementation Arrangements

36. **The project will be implemented by the MOH as the key implementing agency with support from the existing PCU of the SSHP.** The project will be implemented over a period of two years. The MOH has the overarching responsibility for the health sector and related policy oversight. It will have fiduciary responsibility for the project through its PCU and will ensure the technical implementation of all components. The Health Insurance Fund (HIF) and the national and regional Institutes of Public Health will contribute to planning, executing and monitoring activities falling in their scope of work. The PCU already established for the implementation of the SSHP includes core staff responsible for administrative and fiduciary management, as well as several technical staff who will coordinate activities under the Serbia Emergency COVID-19 Response Project. Additional technical staff will be hired to assist with project activities related to the COVID-19 outbreak as needed. All procurement under the project will be undertaken by the PCU/MOH. The existing operations manual will be updated to include project activities and procedures related to COVID-19.

37. **The project will require clear and strong implementation oversight**, regular consultation among key stakeholders as well as decision making mechanisms to prevent and address bottlenecks. In that regard, the GOS will establish an oversight mechanism to ensure the alignment of project activities with the GOS's overall response to the COVID-19 outbreak.

38. **A Project Operations Manual will be produced**, the content of which will indicate that it will cover the project implementation and monitoring arrangements, institutional roles, and the geographic scope of the project.

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