



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
ECUADOR COVID-19 EMERGENCY RESPONSE AND VACCINATION PROJECT
APPROVED ON APRIL 2, 2020
TO
THE REPUBLIC OF ECUADOR

HEALTH, NUTRITION & POPULATION

LATIN AMERICA AND CARIBBEAN

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ABBREVIATIONS AND ACRONYMS

| | |
|-------|--|
| AF | Additional Financing |
| BFP | Bank Facilitated Procurement |
| COVAX | COVID-19 Vaccines Global Access |
| ENCIP | Ecuador’s National COVID-19 Immunization Plan |
| ESMF | Environmental and Social Management Framework |
| ESS | Environmental and Social Management Standards |
| GoE | Government of Ecuador |
| IBRD | International Bank for Reconstruction and Development (World Bank) |
| IPP | Indigenous Peoples Plan |
| ISR | Implementation Status and Results Report |
| MPA | Multiphase Programmatic Approach |
| MSP | Ministry of Public Health (<i>Ministerio de Salud Publica</i>) |
| PDO | Project Development Objective |
| PIU | Project Implementation Unit |
| PPE | Personal Protective Equipment |
| SEP | Stakeholder Engagement Plan |
| SPRP | Strategic Preparedness and Response Plan |
| SRAs | Stringent Regulatory Authority |
| VAC | Vaccine Approval Criteria |
| WHO | World Health Organization |



BASIC DATA

Product Information

| | |
|---|--|
| Project ID P173773 | Financing Instrument Investment Project Financing |
| Environmental and Social Risk Classification (ESRC) Moderate | |
| Approval Date 02-Apr-2020 | Current Closing Date 30-Mar-2024 |

Organizations

| | |
|---------------------------------|---|
| Borrower Republic of Ecuador | Responsible Agency Ministry of Public Health |
|---------------------------------|---|

Multiphase Programmatic Approach (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

Multiphase Programmatic Approach (MPA) Status (Public Disclosure)

Status and Key Decisions (Public Disclosure)

The Additional Financing (MPA AF-V) to the COVID-19 Strategic Preparedness and Response Program utilizing the Multiphase Programmatic Approach (“Global COVID-19 MPA”) was approved by the Board on October 13, 2020. The AF-V will significantly expand Bank support to client countries for COVID-19 vaccination, with the aim to support vaccination of 1 billion people globally. The AF-V was approved with an envelope of US\$12 billion (\$6 billion from IDA and \$6 billion from IBRD). This financing is critical to expand affordable and equitable financing for vaccine purchase and deployment. The AF-V is expected to enable vaccination for up to 750 million people, with potential surge capacity for an additional 250 million people in the poorest countries (depending on the delivered price of approved vaccines) while scaling support to strengthen immunization delivery, with design flexibility at the country level. The AF-V is a scale-up of planned vaccination activities already anticipated and supported under the Global COVID-19 MPA and a key contribution to the WBG’s overall COVID-19 response.

As of July 1, 2021, the Bank approved operations to support vaccine procurement and rollout in **53 countries** amounting to \$4.4 billion. A total of 55 AF-V operations have been approved, including 3



operations that involved restructuring of parent projects (Philippines and Pakistan) and in the case of Lebanon, restructuring of the Health Resilience Project. Of the 55 approved operations: (i) 29 are in Africa – 14 in AFE and 15 in AFW; (ii) 7 in East Asia; (iii) 6 in Europe and Central Asia; (iv) 4 in Latin America and the Caribbean; (v) 4 in Middle East and North Africa; and (vi) 5 in South Asia. Eight (8) projects are disbursing. **Total disbursements as of July 5, 2021, under these projects amount to US\$293.2 million or 7% of overall commitments.** As with the MPA operations, streamlined procedures, delegated approval, coupled with flexible project design and intensified efforts across the Bank contributed to the rapid design and processing of the operations. Twenty-six (26) loan/financing agreements have already been signed. Of these, twenty-one (21) have already become effective. Nonetheless, implementation of the AF-V operations, as with MPA operations will face challenges as some countries are still under different levels of lockdown or mobility restrictions and counterparts and Bank teams are operating from home.

Project Development Objective (PDO)

Original PDO

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

Summary Status of Financing (US\$, Millions)

| Ln/Cr/Tf | Approval | Signing | Effectiveness | Closing | Net | | |
|------------|-------------|-------------|---------------|-------------|------------|-----------|-------------|
| | | | | | Commitment | Disbursed | Undisbursed |
| IBRD-92280 | 01-Apr-2021 | 26-Apr-2021 | 20-May-2021 | 30-Mar-2024 | 150.00 | 48.12 | 101.88 |
| IBRD-90870 | 02-Apr-2020 | 05-Apr-2020 | 05-Apr-2020 | 30-Mar-2022 | 20.00 | 17.42 | 2.58 |

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No

I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

1. **The Project is financed by a US\$20 million IBRD loan, approved by the World Bank Board of Executive Directors on April 2, 2020 and declared effective on April 5, 2020, and by an Additional Financing (AF) loan in the amount of US\$150 million which was approved on April 26, 2021 and declared effective on May 20, 2021.** The Project Development Objective (PDO) is “to prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness” in Ecuador. The Project includes two components: (i) Support to the National Program to respond to the COVID-19 pandemic; and (ii) Project Management and Monitoring. The Project has mainly financed the COVID-19 emergency response communication strategy and equipment (medical and non-medical), including Personal Protective Equipment (PPE). The AF supports the costs of expanding activities of the parent project under the COVID-19 Strategic



Preparedness and Response Plan (SPRP) using the Multiphase Programmatic Approach (MPA), approved by the Board on April 2, 2020, and the vaccines AF to the SPRP approved on October 13, 2020.¹ The primary objectives of the AF are to enable timely, affordable and equitable access to COVID-19 vaccines and help ensure effective vaccine deployment in Ecuador through vaccination system strengthening, and to further strengthen preparedness and response activities under the Project.

2. **The parent Project’s overall progress toward the achievement of the PDO was rated “Satisfactory” in the most recent (January 5, 2021) Implementation Status and Results Report (ISR).** Disbursements for the parent project have reached US\$17.4 million (87% of the loan) and disbursements under the AF have reached US\$48.1 million (32% of the AF loan). The parent project processed and committed/executed as follow: (i) US\$7.3 million was executed as a direct payment for a Bank-Facilitated Procurement (BFP) contract to procure PPEs. This alternative procurement mechanism was key to support the Ministry of Public Health (*Ministerio de Salud Publica -MSP*) on facing procurement challenges due to shortages of goods and supplies in the national and international markets; (ii) US\$10.1 million was deposited to the Designated Account (DA) to finance a public health communication campaign and the procurement of medical goods and supplies. These procurement activities are expected to be completed in the third quarter of 2021. The remaining funds under the parent project (13% of the original loan) are expected to be fully utilized towards the original scope of activities in the parent Project. The funds disbursed from the AF are mainly allocated to finance a contract to Pfizer-BioNTech (6.02 million doses).

3. **Updates on the Environmental and Social Standards.** The Project Environmental and Social Management Framework (ESMF) was finalized, approved and disclosed on May 19, 2021. It reflects current project scope, including the acquisition and distribution of PPEs to Health Care Facilities (HCFs) nationwide. Revised ESMF includes measures to ensure an adequate treatment and final disposal of used PPEs, avoiding community health and safety risks and environmental pollution.. Given current project scope, the Bank and Project Implementation Unit (PIU) agreed on the need to hire a consulting firm to (i) monitor compliance with ESMF measures in randomly selected HCFs nationwide, and (ii) carry out capacity building measures as and if needed according to the results of the supervision efforts. Hiring process is ongoing and expected to finalize early next calendar year. In relation to ESS2, the project has approved Labor Management Procedures. On ESS7, due to the change in project scope, it was agreed a free-standing Indigenous Peoples Plan (IPP) would be needed. Its contents were discussed during the latest mission, and submission by the PIU was to follow shortly thereafter. A draft IPP has since been submitted and is under review by the Bank. On ESS10, the project has an approved Stakeholder Engagement Plan (SEP) but this will have to be updated to incorporate a more extensive stakeholder map, more robust stakeholder engagement actions in light of the adoption of the free-standing IPP, and improvements to the grievance redress mechanism.

4. **The current administration has updated the National Vaccination Plan, which includes a plan to vaccinate 9 million Ecuadorians in the first 100 days of government, named “Plan 9-100”.** The plan aims at distributed 18 million doses between May 31 and September 5, 2021, subject to the international availability of vaccines. In line with the primary objectives of the AF, the Government of Ecuador (GoE) has recently requested support to finance the bilateral vaccine procurement contracts already signed. The GoE has moved swiftly to secure vaccine doses to cover the targets identified in the Ecuador’s National COVID-19 Immunization Plan (ENCIP). The GoE signed contracts for about 21 million doses – COVAX Facility (7.06 million doses), AstraZeneca (5.04 million doses), Pfizer-BioNTech (6.02 million doses) and Sinovac

¹ The Bank approved a US\$12 billion WBG Fast Track COVID-19 Facility (FTCF or “the Facility”) to assist IBRD and IDA countries in addressing the global pandemic and its impacts. Of this amount, US\$6 billion came from IBRD/IDA (“the Bank”) and US\$6 billion from the International Finance Corporation (IFC). The IFC subsequently increased its contribution to US\$8 billion, bringing the FTFC total to US\$14 billion. The Additional Financing of US\$12 billion (IBRD/IDA) was approved on October 13, 2020 to support the purchase and deployment of vaccines as well as strengthening the related immunization and health care delivery system.



(3.00 million doses). The Project initially aims to finance direct purchase from Pfizer-BioNTech and AstraZeneca for an estimated amount of US\$92 million. Out of this amount, the Project paid US\$2,550,600 for 212,550 doses of COVID-19 vaccine from Pfizer and conducted an advance payment of US\$8 million also to Pfizer for the contract amendment to increase 6 million doses. On July 8th, the GoE requested to finance vaccines from Sinovac for a total amount of US\$36 million. Although the Sinovac vaccine does not meet the current definition of the Vaccine Approval Criteria (VAC) included in the Legal Agreement, it would meet the revised VAC described below under the limb for vaccines that have received World Health Organization Emergency Use Listing.²

5. **To meet immediate needs of the GoE, the Government of Ecuador has requested that the revised VAC be applied to the Project.** On April 16, 2021, the Bank’s Board of Executive Directors approved a modification to the threshold for eligibility of IBRD/IDA resources in COVID-19 vaccine acquisition and/or deployment under Bank-financed projects. According to the revised VAC, this eligibility threshold is met by vaccines that (i) have received regular or emergency licensure or authorization from at least one of the SRAs identified by WHO for vaccines procured and/or supplied under the COVAX Facility, as may be amended from time to time by WHO; or (ii) have received WHO Prequalification or WHO Emergency Use Listing. The Government of Ecuador’s request to review the VAC to be applied to the Project was received on July 21, 2021 and is provided as a supporting document to this restructuring paper.

II. DESCRIPTION OF PROPOSED CHANGES

6. **The sole change under this restructuring is the application of the revised VAC.** Under the revised VAC the Bank will accept as threshold for eligibility of IBRD/IDA resources in COVID-19 vaccine acquisition and/or deployment under all Bank-financed projects: (i) the vaccine has received regular or emergency licensure or authorization from at least one of the SRAs identified by WHO for vaccines procured and/or supplied under the COVAX Facility, as may be amended from time to time by WHO; or (ii) the vaccine has received WHO Prequalification (PQ) or WHO Emergency Use Listing (EUL)”.

² Press Release, World Health Organization, WHO validates Sinovac COVID-19 vaccine for emergency use and issues interim policy recommendations (June 1, 2021), <https://www.who.int/news/item/01-06-2021-who-validates-sinovac-covid-19-vaccine-for-emergency-use-and-issues-interim-policy-recommendations>.



III. SUMMARY OF CHANGES

| | Changed | Not Changed |
|--|---------|-------------|
| Other Change(s) | ✓ | |
| Implementing Agency | | ✓ |
| DDO Status | | ✓ |
| Project's Development Objectives | | ✓ |
| MPA Program Development Objective | | ✓ |
| MPA Expected Results and Indicators | | ✓ |
| Results Framework | | ✓ |
| Components and Cost | | ✓ |
| Loan Closing Date(s) | | ✓ |
| Cancellations Proposed | | ✓ |
| Reallocation between Disbursement Categories | | ✓ |
| Disbursements Arrangements | | ✓ |
| Disbursement Estimates | | ✓ |
| Overall Risk Rating | | ✓ |
| Legal Covenants | | ✓ |
| Institutional Arrangements | | ✓ |
| Financial Management | | ✓ |
| Procurement | | ✓ |
| Implementation Schedule | | ✓ |
| Economic and Financial Analysis | | ✓ |
| Technical Analysis | | ✓ |
| Social Analysis | | ✓ |
| Environmental Analysis | | ✓ |

IV. DETAILED CHANGE(S)



MPA PROGRAM DEVELOPMENT OBJECTIVE

Current 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

EXPECTED MPA PROGRAM RESULTS

Current Expected MPA Results and their Indicators for the MPA Program

Progress towards the achievement of the PDO would be measured by outcome indicators. Individual country-specific projects (or phases) under the MPA Program will identify relevant indicators, including among others:

- Country has activated their public health Emergency Operations Centre or a coordination mechanism for COVID-19;
- Number of designated laboratories with COVID-19 diagnostic equipment, test kits, and reagents;
- Number of acute healthcare facilities with isolation capacity;
- Number of suspected cases of COVID-19 reported and investigated per approved protocol;
- Number of diagnosed cases treated per approved protocol;
- Personal and community non-pharmaceutical interventions adopted by the country (e.g., installation of handwashing facilities, provision of supplies and behavior change campaigns, continuity of water and sanitation service provision in public facilities and households, schools closures, telework and remote meetings, reduce/cancel mass gatherings);
- Policies, regulations, guidelines, or other relevant government strategic documents incorporating a multi-sectoral health approach developed/or revised and adopted;
- Multi-sectoral operational mechanism for coordinated response to outbreaks by human, animal and wildlife sectors in place;
- Coordinated surveillance systems in place in the animal health and public health sectors for zoonotic diseases/pathogens identified as joint priorities; and
- Mechanisms for responding to infectious and potential zoonotic diseases established and functional; and
- Outbreak/pandemic emergency risk communication plan and activities developed and tested