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Report No: PAD3806

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED LOAN

IN THE AMOUNT OF US\$20 MILLION

TO

THE REPUBLIC OF ECUADOR

FOR

ECUADOR COVID-19 EMERGENCY RESPONSE PROJECT

UNDER THE

COVID-19 STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM (SPRP)

USING THE MULTIPHASE PROGRAMMATIC APPROACH (MPA)

WITH A FINANCING ENVELOPE OF

US\$2.7BILLION IBRD AND \$1.3BILLION FROM IDA CRISIS RESPONSE WINDOW

APPROVED BY THE BOARD ON APRIL 2, 2020

Health, Nutrition & Population Global Practice
Latin America and the Caribbean Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective February 28, 2020)

Currency Unit = US Dollar

US\$ = US\$1

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ACG	Anti-Corruption Guidelines
CAF	Development Bank of Latin America (<i>Corporación Andina de Fomento</i>)
CDC	United States Center for Disease Control and Prevention
CGE	Controller General of the State (<i>Contraloría General del Estado</i>)
COVID-19	Coronavirus Disease
CPF	Country Partnership Framework
DA	Designated Account
DALYs	Disability Adjusted Life Years
DFA	Financial and Administrative Direction (<i>Dirección Administrativa Financiera</i>)
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESRS	Environmental and Social Review Summary
ESCP	Environmental and Social Commitment Plan
E&S	Environmental and Social
FM	Financial Management
FTF	Fast-Track Facility
GDP	Gross Domestic Product
GRS	Grievance Redress Service
GoE	Government of Ecuador
IADB	Inter-American Development Bank
IBRD	International Bank for Reconstruction and Development
ICU	Intensive Care Unit
IDA	International Development Association
IDSR	Integrated Disease Surveillance and Response
IESS	Ecuadorian Social Security Institute (<i>Instituto Ecuatoriano de Seguridad Social</i>)
IFR	Interim Financial Reports
IHR	International Health Regulations
IMF	International Monetary Fund
ISM	Implementation Support Mission
MAIS-FCI	Comprehensive Family, Community and Intercultural Health Care Model (<i>Modelo de Atención Integral de Salud Familiar, Comunitaria e Intercultural</i>)
MEF	Ministry of Economy and Finance (<i>Ministerio de Economía y Finanzas</i>)
MSP	Ministry of Public Health (<i>Ministerio de Salud Pública</i>)
M&E	Monitoring and Evaluation
MPA	Multiphase Programmatic Approach
OP	Operational Policies
PAHO	Pan American Health Organization
PDO	Project Development Objective
PIFEMEFS	Project for Physical Infrastructure, Equipment, Maintenance, Research and Financing for Health (<i>Proyecto de Infraestructura Física, Equipamiento, Mantenimiento, Estudios y Fiscalización en Salud</i>)
PIU	Project Implementation Unit
SEA	Sexual Exploitation and Abuse



SEP	Stakeholder Engagement Plan
SERCOP	National Procurement Service Agency (<i>Servicio Nacional de Contratación Pública</i>)
SH	Sexual Harassment
SPRS	Strategic Preparedness and Response Program
TBD	To be Determined
UN	United Nations
US	United States
WB	World Bank
WBG	World Bank Group
WHO	World Health Organization



TABLE OF CONTENTS

DATASHEET	1
I. PROGRAM CONTEXT	7
A. MPA Program Context	7
B. Updated MPA Program Framework.....	8
C. Learning Agenda	9
II. CONTEXT AND RELEVANCE	9
A. Country context	9
B. Sectoral and Institutional Context	10
C. Relevance to Higher Level Objectives	15
III. PROJECT DESCRIPTION.....	17
A. Development Objectives.....	17
B. Project Components	18
C. Project Beneficiaries	19
IV. IMPLEMENTATION ARRANGEMENTS	19
A. Institutional and Implementation Arrangements.....	19
B. Results Monitoring and Evaluation Arrangements.....	20
C. Sustainability	20
V. PROJECT APPRAISAL SUMMARY	21
A. Technical, Economic and Financial Analysis.....	21
B. Fiduciary.....	22
C. Legal Operational Policies.....	25
D. Environmental and Social	25
VI. GRIEVANCE REDRESS SERVICES	26
VII. KEY RISKS	27
VIII. RESULTS FRAMEWORK AND MONITORING	30
ANNEX 1: Project Costs	36
ANNEX 2: Implementation Arrangements and Support Plan.....	37



DATASHEET

BASIC INFORMATION		
Country(ies)	Project Name	
Ecuador	Ecuador COVID-19 Emergency Response Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P173773	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	30-Mar-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 prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.

Components

Component Name	Cost (US\$, millions)
Component 1: Support the National Program to respond to the Covid-19 pandemic	19.00
Component 2: Project Management and Monitoring	1.00

Organizations

Borrower: Ministry of Economy and Finance

Implementing Agency: Ministry of Public Health

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
Annual	12.00	7.00	1.00
Cumulative	12.00	19.00	20.00

INSTITUTIONAL DATA

Practice Area (Lead)

Health, Nutrition & Population

Contributing Practice Areas

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

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



9. Other

10. Overall

● Substantial

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

The Borrower, through MSP, shall: (a) ensure that the Project is carried out in accordance with the Emergency Preparedness and Response Plan (EPRP); 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 (Section I.A.1 of Schedule 2 to the Loan Agreement).

Sections and Description

The Borrower, through MSP, shall create and maintain throughout Project implementation, a Project implementation unit (“PIU”) staffed with personnel in number and with qualifications and experience acceptable to the Bank (Section I.A.2 of Schedule 2 to the Loan Agreement).



Sections and Description

The Borrower, through MSP, shall, no later than one (1) month after the Effective Date, prepare and adopt a Project implementation manual (“Project Implementation Manual”) containing detailed guidelines and procedures for the implementation of the Project (Section I.B. of Schedule 2 to the Loan Agreement).

Conditions

Type

Disbursement

Description

Notwithstanding the provisions of Section III Part A of Schedule 2 to the Loan Agreement, no withdrawal shall be made for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed eight million Dollars (\$8,000,000) may be made for payments made prior to this date but on or after March 12, 2020 (but in no case more than one year prior to the Signature Date), for Eligible Expenditures (Section III B of Schedule 2 to the Loan Agreement)



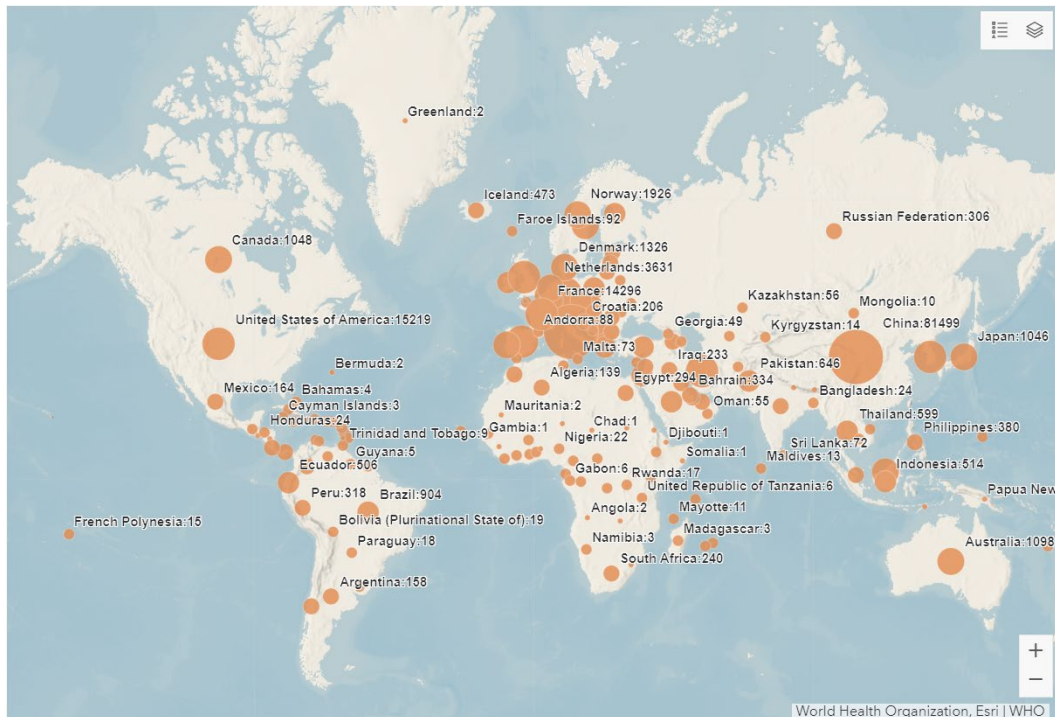
I. PROGRAM CONTEXT

1. This Project Appraisal Document (PAD) describes the emergency response to Ecuador 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) US\$1.3 billion and of International Bank for Reconstruction and Development (IBRD) US\$2.7 billion.¹

A. MPA Program Context

2. **Since December 2019, an outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world, 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 (Figure 1). On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of March 23, 2020, the outbreak has resulted in an estimated 294,110 cases and 12,944 deaths across 187 countries.

Figure 1: Novel Coronavirus (COVID-19) Situation, as of March 23, 2020



Source: World Health Organization, Esri | WHO, Available at:
<https://experience.arcgis.com/experience/685d0ace521648f8a5beeeeee1b9125cd>

¹ Report No. PCBASIC0219761.



3. **COVID-19 is one of several Emerging Infectious Diseases (EID) outbreaks in recent decades that have occurred 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 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. To date, 3.7 percent of currently positive confirmed cases worldwide have resulted in death. WHO has been careful not to use this statistic as the COVID-19 mortality rate due to the rapid nature in which this pandemic is unfolding. Hence, given that the actual prevalence of COVID-19 infection remains unknown in most countries, this situation poses unparalleled challenges to global containment and mitigation efforts. 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 COVID-19 Response financed under the World Bank Fast Track COVID-19 Facility (FTF).**

B. Updated MPA Program Framework

5. **Table 1 provides an updated MPA Program framework for the proposed project for Ecuador.**

Table 1: MPA Program Framework

Phase #	Project ID	Sequential or Simultaneous	Proposed PDO*	IPF, DPF or PforR	Estimated IBRD Amount (\$million)	Estimated IDA Amount (\$million)	Estimated Other Amount (\$million)	Estimated Approval Date	Estimated Environmental & Social Risk Rating
3	P173773 Ecuador COVID-19 Response	Simultaneous	To prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness	IPF	20.00	00.00	00.00	April 2, 2020	Moderate

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



6. **The Program framework will be updated as more countries join SPRP.** All projects under 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 proposed Ecuador project under the MPA Program will support adaptive learning throughout project implementation, as well as from such organizations as the WHO, Pan American Health Organization (PAHO), Inter-American Development Bank (IADB), International Monetary Fund (IMF), United States Center for Disease Control and Prevention (CDC), and others.** Given the limited experience with this pandemic, the exchange of information across countries, facilitated by international partners such as the World Bank, will be instrumental for Ecuador in terms of managing their response to COVID-19. Learning needs to include methods on supply chain approaches during times of emergencies and disrupted global supply chains, including assessments for timely distribution of medicines and other medical supplies. Another area of learning is how to control the spread of the disease by engaging in the right communication strategies to the public, and how to implement appropriate policies for testing, triage and isolation of patients. The World Bank and other partners will provide continuous support to facilitate learning on good practices learned through their experience with other countries.

II. CONTEXT AND RELEVANCE

A. Country context

8. **Ecuador's poor economic performance puts the country in a fragile position to grapple with the spread of COVID-19.** Ecuador's dollarized economy has seen a marked slowdown since oil prices plummeted in mid-2014. Gross Domestic Product (GDP) growth in Ecuador has historically been mainly fueled by oil prices and reached an average of 0.6 percent between 2015 and 2018, despite significant improvements achieved by 2014 in terms of service delivery and human development indicators. After reaching 2.4 percent in 2017, economic growth fell to zero percent in 2019. Official unemployment is on the rise, reaching 3.7 percent in December 2018 and up to 4.6 percent in March 2019. More than 21,000 public-sector workers lost their jobs over the past year (2018-2019) due to a reduction of the public wage bill and 241,000 private sector workers lost employment in the same period. The economic stagnation pushed informal employment up to 46.7 percent in December 2019, the highest reported level since 2007. The continuous deterioration of labor market conditions in both urban and rural areas increased poverty from 23.2 percent in 2018 to 25 percent in 2019, with more than 300,000 Ecuadorians falling below the poverty line for the second year in a row. In 2019, the Gini coefficient increased for the third year since 2016 reaching 0.47. At the same time, an unprecedented influx of people from Venezuela arrived, converting Ecuador into the third main recipient of migrants with an additional challenge of providing basic services, such as health and education, to the most vulnerable groups. With an ambitious reform agenda supported by the IMF and other international financial organizations, growth in Ecuador was projected to reach 2.1 percent by 2022 due to the end of the consolidation process and a surge of private investment and exports linked to growth-related reforms. Today, the IMF expects 2020 world growth to be below the 2.9 percent rate for 2019. However, projections may change significantly if the impacts of the COVID-



19 outbreak are not minimized promptly. Despite the implementation of required COVID-19 isolation measures for transmission control, poverty and vulnerability are expected to increase.

B. Sectoral and Institutional Context

9. **Over the past few years, Ecuador has made important progress in improving key health outcomes, however significant issues detrimental to human capital accumulation still need to be resolved.** While chronic malnutrition (height for age) in children under age 5 declined (from 25.3 percent in 2012 to 23 percent in 2018), there has not been any progress in reducing malnutrition for children under age 2 which went from 24 percent in 2012 to 27.2 percent in 2018.⁵ Beyond improvements on the maternal mortality ratio - 44.6 per 100,000 live births in 2015 compared to 41.1 per 100,000 live births in 2018, substantial differences persist across regions: 127.6 per 100,000 live births in Chimborazo province versus 6.4 per 100,000 live births in Azuay province. Neonatal mortality increased from 5.5 per 1,000 live births in 2015 to 6 per 1000 in 2018. The main cause of neonatal death is associated with respiratory distress (25 percent) followed by other congenital malformations (11 percent) and bacterial sepsis (10 percent). Reported diarrheal disease in children under age 5 fell from 16.9 percent to 10.75 percent between 2014 and 2018 and respiratory illness also dropped from 46.3 percent to 34.2 percent.⁶ Infant mortality rates for children under 1 year old have continuously decreased until 2014, reaching its minimum value of 8.5 per 1,000 live births. Since 2015, this trend experienced a slightly gradual increase up to 10.1 in 2018.⁷ According to 2018 data, 51 percent of children aged 1-5 years were physically mistreated and 47 were percent psychologically mistreated (ENSANUT, 2018). This could directly and indirectly affect children's mental health and result in negative brain developments and translate into long lasting negative consequences. Finally, in line with Ecuador's demographic transition, Non-Communicable Diseases (NCDs) now represent the leading burden of disease, accounting for 65 percent of the loss of Disability Adjusted Life Years (DALYs).⁸ Cardiovascular diseases, cancer, diabetes, mental illness, substance abuse and musculoskeletal issues now account for more DALYs lost than neonatal disorders, diarrhea and lower respiratory infections and nutritional deficiencies combined.
10. **COVID-19 threatens to undo Ecuador's progress on health outcomes and distracts attention from remaining health sector challenges.** The first case of COVID-19 in Ecuador was registered on February 29th. The patient, an Ecuadorian citizen arrived in Guayaquil from Spain on February 29th without symptoms and started experiencing fever and muscle pain later. By March 1st, five new cases were registered and as of March 25th, there were a total of 1173 confirmed cases (of which 28 resulted in death) and 1562 suspected cases.⁹ COVID-19 cases were confirmed in 18 out of 24 provinces in Ecuador. Guayas (859 cases), Pichincha (99), Manabí (38) and Azuay (31) were the top provinces in number of cases. The Government has been quick to respond to the outbreak, and a public health emergency was declared on March 11th with a national emergency declared on March 13th. On March 16th, President Lenin Moreno announced emergency rule, curfews and transport restrictions beginning March 17th. In terms of health service delivery, 22 Ministry of Public Health (MSP)

⁵ National Institute of Census and Statistics, Ecuador, "ENSANUT. *Encuesta Nacional de Salud y Nutrición*" 2012 and 2018.

⁶ National Institute of Census and Statistics, Ecuador, "ENSANUT 2018. *Encuesta Nacional de Salud y Nutrición*" 2019. and "*Encuesta de Condiciones de Vida (ECV) 2013-2014*," <http://www.ecuadorencifras.gob.ec/encuesta-de-condiciones-de-vida-ecv/>. [Accessed: 17 March, 2020] and www.ecuadorencifras.gob.ec/nacimientos-bases-de-datos/

⁷ Ibidem

⁸ Institute for Health Metrics and Evaluation, "GBD Compare," 2017. [Online]. Available: <http://www.healthdata.org/data-visualization/gbd-compare>. [Accessed: 12 February 2020].

⁹ Ministry of Public Health, "Actualización de casos de coronavirus en Ecuador," 2020. [Online]. Available: <https://www.salud.gob.ec/actualizacion-de-casos-de-coronavirus-en-ecuador/>. [Accessed: 25 March 2020]



hospitals and 9 Ecuadorian Social Security Institute (IESS) hospitals have been designated as primary entry points for COVID-19 cases. These exceptional measures and a swift response are crucial to contain the spread of COVID-19.

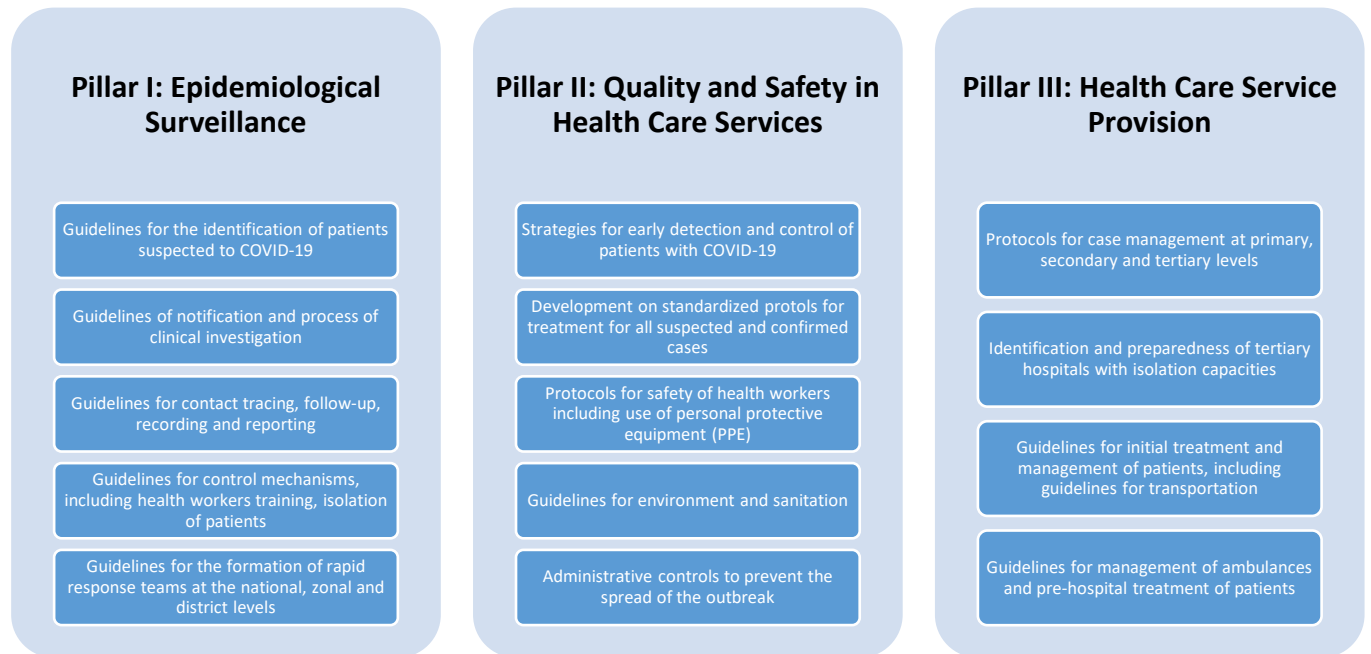
11. **The challenges of Ecuador’s health system in general and ability to implement above referred measures as a response to COVID-19 are exacerbated by climate change.** In particular, the country is vulnerable to several natural and climate induced hazards, including floods, landslides and droughts, and these are expected to be exacerbated by climate change. After floods, landslides are the most frequent natural hazards in Ecuador. These and other climate change impacts, in particular rising temperatures and changes in precipitation patterns and severity, also result in an increase in communicable and non-communicable disease transmission, such as the ongoing outbreak of dengue making the affected population increasingly vulnerable. A large proportion of these are the elderly, who are particularly vulnerable towards extreme heat, while at the same time being most vulnerable to COVID-19. Lastly, observed and anticipated climate change impacts, such as climate-induced natural disasters, also pose challenges to the infrastructure of the health system, thereby limiting the effective response in cases of public health emergencies.

12. **To tackle the COVID-19 outbreak the Government has outlined an integrated approach based on three pillars¹⁰** (Figure 2). The first pillar focuses on “Epidemiological Surveillance” and sets out the guidelines for the identification, reporting and the process of clinical investigations for suspected and confirmed cases of COVID-19. It also provides guidelines for contact tracing (anyone in less than 2 meters of a suspected case) and training and preparedness of health workers. The second pillar, “Quality and Safety in Health Care Services” establishes strategies and mechanisms to ensure quality and adequacy of care for patients and safety for both patients and health workers. It provides strategies for early detection and control of patients with COVID-19 and outlines standardized protocols for management of all suspected and confirmed cases. In addition, it also provides guidelines for health workers safety including the use and standards of Personal Protective Equipment (PPE) and measures of environmental health and sanitation. Finally, Pillar III, “Health Care Service Provision” establishes protocols for case management in the primary, secondary and tertiary levels, and the management, treatment and transport of patients prior to hospitalization. A list of prioritized hospitals with isolation capacities for the management of patients requiring hospitalization are also identified.

¹⁰ Ministry of Public Health, 2020. “Lineamientos Operativos de Respuesta Frente a Coronavirus COVID-19”



Figure 2: Operating Guidelines for Ministry of Public Health for the Management of COVID-19



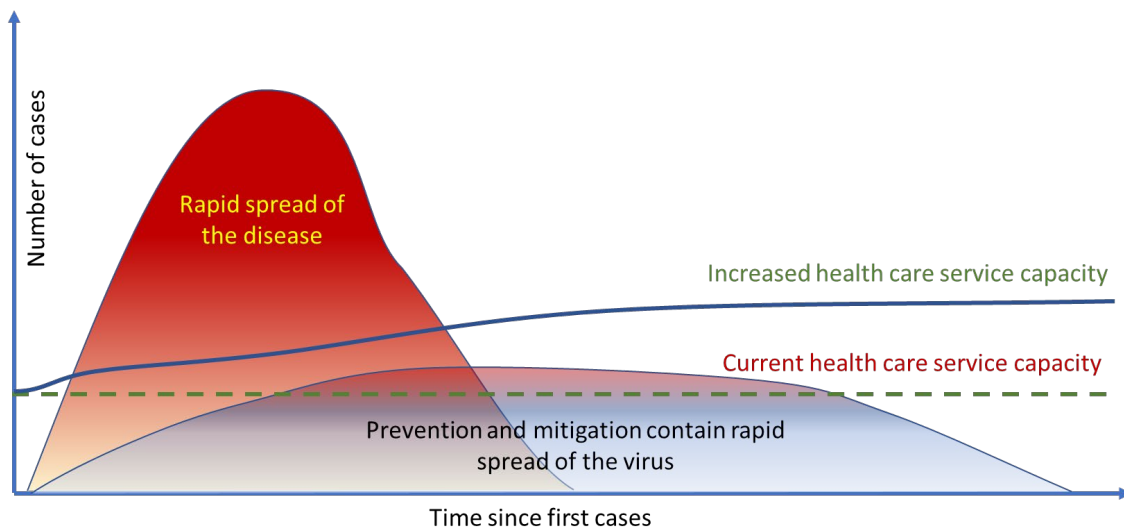
13. **However, to ensure an effective emergency response to COVID-19 without compromising other health care needs, critical issues should be addressed in Ecuadorian public health system.** First, there is a limited capacity at the primary care level to control the further spread of the virus. As part of the budget restrictions, MSP has undergone massive downsizing in personnel in the last year, including administrative personnel working in areas such as communication and community health workers. These workers are key actors for COVID-19 prevention and response. The latter group of workers are also fundamental for the timely identification of at risk and vulnerable populations, such as patients with chronic diseases and the elderly. Second, in many public hospitals, Intensive Care Units (ICUs) are not adequately equipped, and health services are frequently outsourced to private facilities. This is a significant impediment to a successful COVID-19 response given that the disease patterns require that infected people in critical conditions are hospitalized and maintained in isolation rooms managed by exclusively dedicated health professionals. Third, a significant proportion of health workers are temporary and/or are in non-binding contracts that generate risks for the sustainability of the current health care model. For example, the percentage of medical doctors working under temporary contracts increased from 39 percent in 2015 to 52 percent in 2019.¹¹ Fourth, MSP also has a shortage of ambulances, especially those that are equipped appropriately to respond to the COVID-19 emergency. To transport suspected and confirmed cases, dedicated ambulances are needed. Finally, the annual public budget allocated to medicines is based on historical budgeting and did not contemplate the new and sudden demand for basic and high cost medicines required for the COVID-19 response. Similarly, other medicines, medical supplies and equipment that are crucial to control and respond to the novel COVID-19 are not included in this budget.

¹¹ Vermeersch, C. y Giovagnoli, P.I. (2020). *Eficiencia del gasto público en salud en Ecuador: situación actual y opciones de política*. Washington, D.C. Grupo Banco Mundial.



14. **Against the backdrop of these critical issues confronting the health sector, the Government laid out a strategic plan to strengthen preparedness and effectively respond to the COVID-19 emergency.** This plan has been discussed with the Ministry of Economy and Finance (MEF) and has highly benefited from the technical assistance of WHO-PAHO, WB, IADB and the Development Bank of Latin America (CAF). A comprehensive needs assessment has been carried out by authorities with the assistance of PAHO to identify critical areas that need to be strengthened to confront the COVID-19 emergency while ensuring the delivery of health care services over the medium term. The estimation of these needs was based on two principles: (i) equip the public health system to respond to the immediate need generated by the COVID-19 emergency; and (ii) strengthen the long-term capacity of the public health system to respond to future emergencies. The first principle further based on prevention, rapid isolation, transmission control and treatment of patients to delay the spread of the outbreak. Figure 3 shows the evolution of the outbreak over time. Under lack of measures for social distancing and weak public health systems (i.e. inadequate capacities to prevent and mitigate), the total number of patients at any point of time evolves rapidly and peaks at a much higher level and earlier. In the case of COVID-19, these patterns can exert an extraordinary amount of strain on the existing health infrastructure since patients in critical condition require isolation in hospitals' ICUs and health systems may not have enough ICUs available. In any epidemic, the objective is to flatten the curve, as shown in the blue shaded area of Figure 3. That is, to prevent and contain the rapid spread of the virus so that at any point of time during the epidemic, the total number of patients requiring both isolation and intensive care is lower. This delay in the progression of the epidemic will not only reduce the demand of critical care beds from going beyond the existing surge capacity but also allow for investments to increase the capacity of the health system to mitigate and treat the most severe cases.

Figure 3: Two very different Curve of Disease Spread Patterns



15. **The proposed Project is part of the Government’s strategic plan to “flatten the curve” developed by the MSP in partnership with the MEF and development partners.** Recognizing the potentially devastating effects of the prolonged outbreak, the MSP, in tandem with MEF, invoked a joint working group comprising CAF, IADB, PAHO and the World Bank Group (WBG) to help it manage and mitigate the crisis. Under the common goal of containing and minimizing the effects of the crisis, MSP and PAHO worked on a prioritization exercise to identify specific investments needed to strengthen the health sector’s capacity to respond to COVID-19. Following this



exercise, the group jointly discussed and agreed upon the best potential uses of financing afforded by the three multilateral banks, leveraging the comparative advantages and flexibilities permitted in the suite of tools available at each institution. The results of this prioritization exercise are in Table 2 below. Although the WBG financing through the FTF is mainly geared towards strengthening of ICUs in prioritized hospitals, the overall program agreed between MEF, MSP and other multilaterals is comprehensive. Second, considering having well-functioning ICU units is a priority to respond to the COVID-19 outbreak, WBG FTF financing was purposefully designated to strengthening of ICUs units given the fast disbursement mechanisms associated with these funds. The Project is expected to increase ICU capacity in Ecuador by one third to deal with COVID-19. Additionally, the WBG Health, Nutrition and Population team in close coordination with the Ecuador Country Office, have already identified additional activities and supplies required for a sustained response that can be rapidly financed through the undisbursed resources from the active portfolio.

Table 2: Needs Estimation and Role of Multilateral Institutions

Particulars	Estimated budget (USD)	Responsible Agency/ Source of Financing	WBG Financing amount (USD)
Area 1: Ongoing needs assessment and technical support			
Continuous technical support to the Ministry of Public Health to estimate disease progression, estimation of needs, development of communication strategies, decision support, etc.	TBD	PAHO	
Area 2: Development and implementation of National Communication Strategy			
Public health communication strategy, community campaigns and its deployment to control the spread of the outbreak, communication to health workers, etc.	\$1,000,000	CAF and WBG	\$250,000
Area 3: Training and deployment of human resources			
Training of primary level health personnel and community health workers for diagnosis and treatment of patients presenting with symptoms, in-home visits, follow-up of patients and suspected cases, etc.	TBD	MSP's own resources	
Training of tertiary level staff for treatment and management of patients in critical conditions, training on own safety protocols	TBD	MSP's own resources	
Area 4: Ensure availability of general use medicines and medical supplies			
General use medicines	\$10,912,773	CAF	
Disinfectant Solutions	\$4,503,160	CAF	
Medicines and medical supplies for ICUs Batch 1	\$3,959,879	IADB	
Medicines and medical supplies for ICUs Batch 2	\$3,347,786	CAF	
Medical supplies including personal protective equipment Batch 1	\$2,256,653	IADB	
Medical supplies including personal protective equipment Batch 2	\$30,571,636	IADB	
Area 5: Laboratory and diagnostic services			
Reactives and supplies	\$252,000	CAF	
Area 6: Ambulance and transportation services			
Equipment and supplies	\$412,646	CAF	
Area 7: Strengthening ICUs in hospitals			



Particulars	Estimated budget (USD)	Responsible Agency/ Source of Financing	WBG Financing amount (USD)
Climatic control units for ICUs in three prioritized hospitals	\$6,330,290	WBG	\$750,000
Equipment Batch 1	\$20,000,000	WBG	\$18,000,000
Equipment Batch 2	\$17,203,469	IADB	
Laminar flow ventilation	\$980,000	IADB	
Isolation equipment	\$600,000	IADB	
Total	\$102,330,290		\$19,000,000

16. **WBG Project financing of the Government’s strategic plan is entirely geared towards emergency response to COVID-19.** As Table 2 above shows, FTF resources will be directed towards two main activities: (i) the immediate development and dissemination of the national public health communication strategy and community campaigns to control the spread of the outbreak; and (ii) equipping essential medical services such as ICUs, isolation rooms with medical supplies and medical devices to treat severe cases affected by COVID-19 emergency. Regarding the latter, there is a severe lack of ICU rooms in Ecuador, which are necessary not only for isolating and treating afflicted patients but also to ensure that those patients do not pass on COVID-19 to others. As reported by the Government of Ecuador in March 2020, the estimated requirement of ICU beds in MSP facilities nationwide is over 1,500, of which 643 are already available. However, of the 643, only 253 are currently fully equipped to be used for treatment of patients with COVID-19. Of the 643 ICU beds, the proposed Project will finance equipment for 205 beds so that these are adequately equipped for ICU use. In addition, the proposed Project will also finance 91 new ICU beds to ensure adequate geographical coverage to address COVID-19.

C. Relevance to Higher Level Objectives

17. **The Project is aligned with World Bank Group strategic priorities, particularly the WBG’s mission to end extreme poverty and boost shared prosperity.** The Program is focused on public health emergency preparedness which is critical to achieving Universal Health Coverage. It is also aligned with the World Bank’s support for national plans and global commitments to strengthen pandemic preparedness through three key actions: (i) improving national preparedness plans including organizational structure of the government; (ii) promoting adherence to the International Health Regulations (IHR)¹²; and (iii) utilizing relevant areas and indicators for monitoring and evaluation of IHR. The economic rationale for investing in the MPA interventions is strong, given that success can reduce the economic burden suffered both by individuals and countries. The Project complements both WBG and development partner investments in health systems strengthening, disease control and surveillance, attention to changing individual and institutional behavior, and citizen engagement. Further, as part of the proposed IDA19 commitments, the World Bank is committed to “support at least 25 IDA countries to implement pandemic preparedness plans through interventions (including

¹² In 2005, in response to an increase in global mobility, emergence and reemergence of diseases, nearly 200 countries across the world signed on to implement the International Health Regulations (2005) (IHR). The objective of this legally binding instrument is “to prevent, protect against, control and provide a public health response to the international spread of disease in ways that are commensurate with and restricted to public health risks, and which avoid unnecessary interference with international traffic and trade.”



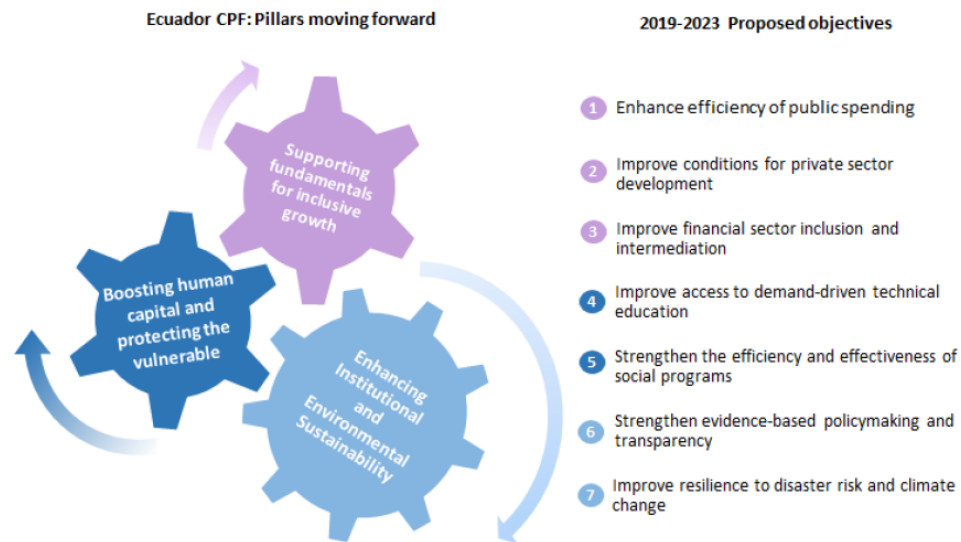
strengthening institutional capacity, technical assistance, lending and investment).” The Project contributes to the implementation of IHR (2005), Integrated Disease Surveillance and Response (IDSR), and the World Organization for Animal Health (OIE) international standards, the Global Health Security Agenda, the Paris Climate Agreement, and of the Sustainable Development Goals (SDG), and the promotion of a One Health approach. Additionally, the Project is in line with the World Bank climate change commitments, and by incorporating climate change considerations throughout the Project design, and particularly as they relate to the provision of health care facilities and training, the Project will reduce observed vulnerabilities of Ecuador’s population and enable the health system to adapt to climate induced changes. The project will also be sure to address risks related to gender-based violence (GBV) and preventing sexual exploitation and abuse (SEA) during project design and implementation.

18. **The WBG remains committed to providing a fast and flexible response to the COVID-19 epidemic, utilizing all WBG operational and policy instruments and working in close partnership with government and other agencies.** Grounded in One-Health, which provides for an integrated approach across sectors and disciplines, the proposed WBG response to COVID-19 will include emergency financing, policy advice, and technical assistance, building on existing instruments to support IDA/IBRD-eligible countries in addressing the health sector and broader development impacts of COVID-19. The WBG COVID-19 response will be anchored in the WHO’s COVID-19 global SPRP outlining the public health measures for all countries to prepare for and respond to COVID-9 and sustain their efforts to prevent future outbreaks of emerging infectious diseases.
19. **The proposed Project is well aligned with the World Bank’s Country Partnership Framework (CPF) for Ecuador FY19-FY23¹³ discussed by the Board of Executive Directors on June 11, 2019.** The second pillar of the CPF is “Boosting Human Capital and Protection of the Vulnerable”, especially in a context of fiscal adjustment (see Figure 4 below). The third pillar emphasizes enhancing institutional and environmental sustainability with an emphasis on improving resilience to disaster risks and climate change. The proposed Project also contributes to Objective 1 “Enhance efficiency of public spending”, as it will help to ensure public investments address urgent needs to ensure service delivery thus increasing fiscal and economic efficiency; Objective 5 “Strengthening the efficiency and effectiveness of social programs,” and Objective 6 “evidence-based policymaking and transparency.” Thus, although the proposed Project was not directly included in the CPF, the emergency has elevated the priority of protection of health and human capital, especially for the poor and vulnerable populations, which is fully aligned with the CPF’s objectives. The proposed project is also fully aligned with the National Development Plan, “*Toda Una Vida 2017-2021*” and the National Health Strategy, “*Modelo de Atencion de Salud con Enfoque Familiar, Comunitario e Intercultural (MAIS-FCI)*”. The first objective of the national development plan is the expansion of education and health services to guarantee quality of life with equality of opportunity for all citizens. The objective of the MAIS-FCI is to integrate and consolidate the renewed primary health care strategy in all three levels of care (primary, secondary and tertiary) to reorient health services towards health promotion and prevention of diseases.

¹³ Report No. 135374-EC



Figure 4: Pillars and Objectives of Ecuador CPF (FY19-FY23)



20. **The proposed operation builds on the successful reengagement between the Government of Ecuador (GoE) and the WBG, through WBG’s Knowledge Program.** The Project’s design builds on lessons learned in the implementation of the WBG portfolio and the regular coordination with international organizations in the country. In this context, the GoE requested to access the WBG’s Fast Track COVID-19 Response Program to benefit from flexible procedures and rapid disbursements and catalyze a transmission control of COVID-19 across the country. Finally, the proposed Project activities build on recent analysis and incorporate recommendations from a WBG report on efficiency of spending in the health sector and opportunities to improve the budget allocation and expenditure in the health sector.¹⁴

III. PROJECT DESCRIPTION

A. Development Objectives

21. The Project objectives are aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).
22. **PDO Statement:** To prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.
23. **PDO level Indicators:** The PDO will be monitored through the following PDO level outcome indicators:
 - Number of health workers reached with tailored information
 - Percentage of prioritized ICU units that are fully equipped and operational

¹⁴ Vermeersch, C. and Giovagnoli, P.I. (2020). *Eficiencia del gasto público en salud en Ecuador: situación actual y opciones de política*. Washington, D.C. Grupo Banco Mundial.



- Percentage of diagnosed cases that need hospitalization per approved protocol treated in the prioritized hospitals, disaggregated by gender

B. Project Components

24. **The WBG financed Project will be comprised of two components to support the Government's strategic plan to prevent and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.** In addition, climate change adaptation and mitigation measures will be incorporated throughout the sub-components, as applicable, and gender issues will be addressed as necessary. The specific activities financed by the Project fit into the overall Government strategy to: (i) rapidly address the COVID-19 emergency by identifying, isolating and providing care for patients with COVID-19 to minimize disease spread, morbidity and mortality; (ii) implement effective communication campaigns for mass awareness and education of the population and guidelines for health care workers to tackle the COVID-19 emergency; and (iii) strengthen the short- and long-run capacity of the public health system to provide intensive care.
25. **Component 1: Support the National Program to respond to the COVID-19 pandemic [US\$19 million].** This component will include two subcomponents and will finance the national communication strategy, and medical and non-medical equipment, medical devices, and consultant and non-consultant services.
26. **Sub-component 1.1: Support the national communication strategy to control the spread of COVID-19.** This subcomponent will contribute to the financing of a sustained, national communication plan to (a) develop and disseminate guidelines for health workers and (b) to raise population awareness to slow down the spread of the disease, and thus mitigating the rapid increase in demand for critical health services. Financing includes consultant and non-consultant services for three main activities: (i) developing materials and messages for the general public to increase understanding about the risks and impacts of the pandemic including those aimed at increasing awareness to climate-sensitive diseases and the ways of preventing them; (ii) preparing and delivering guidelines for health care workers for self-care and mental health practices; and (iii) producing and disseminating material to support households in mandatory isolation. The target population includes the poor and the elderly population, both of which are also more vulnerable to climate shocks such as extreme weather events. Additionally, this strategy will be adapted to secure a sustained effort to control the transmission and ensure that prevention and control measures are accepted and adopted by the population in the medium and longer term as well. With financing support mobilized from the active portfolio, this strategy will be revised with technical assistance from WHO and UN agencies, to ensure it is culturally relevant and appropriate, and differentiated by group characteristics (i.e. age, working conditions, vulnerability, among others).
27. **Subcomponent 1.2: Strengthen critical aspects of health delivery to cope with increased demand of services posed by COVID-19 pandemic.** This sub-component will finance the strengthening of the public health services, by equipping essential medical services, mainly ICUs, to increase the capacity of the public health system for the response to the COVID-19. This subcomponent will increase the availability of isolation rooms, ambulatory areas for screening, and address the immediate health system needs of medical supplies and medical devices to treat severe cases affected by COVID-19 emergency, promoting the use of climate smart technologies when possible. Considerations will be given to the procurement and mobilization of energy efficient equipment. Improvement in most ICUs will also consider a longer-term approach to strengthen the capacity of hospitals to provide intensive care treatments, which is essential for confronting the COVID-19 emergency.



28. **Component 2: Project Management and Monitoring [US\$1 million].** This component would finance: (i) staff and operational costs of the Project Implementation Unit (PIU) at the Ministry of Public Health (MSP); (ii) monitoring or project implementation and reporting; and (iii) Technical Assistance activities as needed.

C. Project Beneficiaries

29. **The overall Government plan is expected to benefit the entire 16.6 million population of Ecuador by focusing on prevention, control and slowdown of the spread of the outbreak and by providing critical health care services needed by the infected populations.** In addition, the overall plan also strengthens the public health care network for future health emergencies and care provision, and this is expected to benefit the poor and vulnerable populations who rely solely on MSP services for their health care needs. Specific at-risk population groups, particularly the elderly and people with chronic conditions are more likely to benefit. The specific Project contributes to the overall program by filling critical gaps in the health sector to respond to the COVID-19 emergency by (i) contributing in the design and implementation of the national communication strategy targeted to the whole population and health workers in particular; and (ii) strengthening ICU services for critical care that will be required by the population afflicted by COVID-19.

IV. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

30. **The national COVID-19 preparedness and response in Ecuador is co-led by the MSP and the MEF.** The proposed institutional arrangement envisages the staffing of a PIU seated at the MSP and under the Vice-Ministry for Integrated Health Care. The Project Coordinator will be responsible for the regular coordination with the Bank's Task Team, the overall implementation of the proposed Project and the effective coordination with directorates at the MSP and MEF, public entities and key financing partners. The PIU will be led by the Project Coordinator and would comprise: (i) Procurement Officer; (ii) Financial Management and Disbursement officer; and (iii) Environmental & Social (E&S) specialist. PIU staff will be trained and equipped to manage Project activities. However, during the early phase of Project implementation, members of currently Bank-supported PIU (i.e. from the Ministry of Education and the MEF) will provide hands-on support to the COVID-19 PIU, ensuring a rapid launch of Project activities (i.e. procurement and financial management specialists).
31. **The Borrower will be the Republic of Ecuador, represented by MEF, while the MSP will be the implementing agency.** Although the MSP has a limited experience implementing WBG policies and procedures the Project for Physical Infrastructure, Equipment, Maintenance, Research and Financing for Health (*Proyecto de Infraestructura Física, Equipamiento, Mantenimiento, Estudios y Fiscalización en Salud*, PIFEMEFS), under the Viceministry of Integrated Health Care, has successfully implemented projects financed by the IADB, the IMF and bilateral agencies. Thus, the proposed COVID-19 PIU will be linked to the PIFEMEFS, enabling a regular and effective coordination with financing partners and providing adequate support to the Viceministry of Integrated Health Care on the COVID-19 response and strengthening of the public health system. This arrangement will ease the coordination and prioritization of activities based on changing needs.
32. Large volumes of personal data, personally identifiable information and sensitive data are likely to be collected and used in connection with the management of the COVID-19 outbreak under circumstances where measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in



national law or data governance regulations, or be routinely collected and managed in health information systems. In order to guard against abuse of that data, the Project will incorporate best international practices for dealing with such data in such circumstances. Such measures may include, by way of example, data minimization (collecting only data that is necessary for the purpose); data accuracy (correct or erase data that are not necessary or are inaccurate), use limitations (data are only used for legitimate and related purposes), data retention (retain data only for as long as they are necessary), informing data subjects of use and processing of data, and allowing data subjects the opportunity to correct information about them, etc. In practical terms, operations will ensure that these principles apply through assessments of existing or development of new data governance mechanisms and data standards for emergency and routine healthcare, data sharing protocols, rules or regulations, revision of relevant regulations, training, sharing of global experience, unique identifiers for health system clients, strengthening of health information systems, etc.

B. Results Monitoring and Evaluation Arrangements

33. **Monitoring activities will be the responsibility of the PIU which will be in charge of tracking progress related to Project activities, outcomes and results.** As and when necessary, the PIU will coordinate with different directorates of MSP, including the National Directorate of Sanitary Equipment, the National Directorate for Hospitals, and the National Sub-secretariat for Health Promotion and Quality: (i) to compile, and collect as necessary, data related to the PDO and intermediate indicators; and (ii) to report results to the WBG immediately prior to each semiannual supervision mission. The Project will rely on the country's existing monitoring system available at the MSP, MEF or *Planifica Ecuador*. The MSP will perform its functions in accordance with the methodology prescribed in its respective project implementation manual.
34. **The PIU will prepare Project reports and share data and 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 as defined in the Results Framework; and (iv) progress on ESF. These reports will be submitted to the Bank, by the PIU on a semi-annual basis.

C. Sustainability

35. **In addition to preparing the public health system to respond to the COVID-19 emergency, many of the activities envisaged under the Project also contribute to strengthening the health system capacity for dealing with public health emergencies.** This capacity improvement will lead to greater preparedness to combat any future disease outbreaks and is also pertinent to the health sector's day-to-day functioning even under normal circumstances. There is already consensus in Ecuador about the need for strengthening the resolute capacity of MSP hospitals, by adequately equipping hospitals, and the investments undertaken by the Project are expected to be sustained even after the Project closes. There is also growing awareness in Ecuador of the preparedness against disasters (natural including earthquakes, and man-made conditions) as evidenced in the CPF, and this is an agenda that is expected to receive continued and growing support and financing in the future.



V. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

36. **Technical analysis.** The Government’s COVID-19 strategic plan, which is mainly financed with resources from the WBG, IADB and CAF under the technical leadership of WHO-PAHO, is aligned with the technical recommendations of the WHO’s COVID-19 Plan (developed in February 2020) and the World Bank’s COVID-19 SPRP, developed in March 2020. As determined by WHO, there are five important stages for successfully addressing epidemics: first is the anticipation of new and re-emerging diseases to facilitate faster detection and response; followed by their early detection of emergency in the second stage.¹⁵ The third stage is the containment of the disease at its early stages of transmission; followed by the control and mitigation of the epidemic during its amplification (the fourth stage); and fifth is the elimination of the outbreak risk or eradication. The first two stages have passed for COVID-19; but for countries like Ecuador where the epidemic is still in its early stages, it is critical to focus intensively on the third stage of containment, as well as the fourth stage of control and mitigation. The GoE’s Prevention and Response Plan focuses on critical activities that are relevant for these third and fourth stages of epidemic control.
37. **The coordination between the Government and all multilaterals in the financing of the COVID-19 strategic plan from the very beginning, affords several benefits.** First, it ensures that efforts and resources complement each other, rather than being duplicated. This approach also provides assurance that WBG resources under the COVID-19 FTF do not crowd out resources available from other multilaterals. Second, the strong coordination between multilaterals comes with technical assistance from each institution and endorsement of the COVID-19 strategic plan. Third, the coordination helped direct resources to priority areas given the flexibility afforded by the suite of instruments available at each institution. For example, WBG FTF resources are being deployed for rapid strengthening of the public health system to provide critical care needed to patients afflicted with COVID-19, while IADB’s conventional loans are directed towards maintaining the availability of general use medicines. Finally, the technical coordination by WHO-PAHO ensures that resources are being deployed efficiently in accordance with the technical expertise provided and the global evidence gained since the outbreak.
38. **Economic and Financial Analysis.** Although there are very significant gaps in knowledge of the scope and features of the COVID-19 pandemic, it is apparent that one main set of economic effects will derive from increased sickness and death among humans and the impact this will have on the potential output of the global economy. In the Spanish Influenza pandemic (1918-1919) 50 million people died – about 2.5 percent of the then global population of 1.8 billion. The most direct impact would be through the impact of increased illness and mortality on the size and productivity of the world labor force. 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.
39. **Another significant set of economic impact will result from the uncoordinated efforts of private individuals to avoid becoming infected or to survive the results of infection.** The SARS outbreak of 2003 provides a good example. The number of deaths due to SARS was estimated at “only” 800 deaths and it resulted in economic losses of about 0.5 percent of annual GDP for the entire East Asia region, concentrated

¹⁵ See “Managing Epidemics: Key Facts About Major Deadly Diseases.” WHO, 2018.



in the second quarter. 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. Prompt and transparent public information policy can reduce economic losses. A last 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, in spatial terms to the national, regional or global levels.

40. **The Ecuadorian economy is already in a fragile position due to poor economic performance, which is likely to be exacerbated by the COVID-19 pandemic.** The large shock produced by the pandemic will manifest through external and internal channels. In addition, the recent sharp decline in oil prices will cut into the export value of agricultural products, which are also important for export tax revenues. Expected slowdown among Ecuador's main trading partners (USA, Panama, Peru and Italy) will also lower exports. With a dollarized economy, the GoE has limited policy tools available for counter-cyclical policy implementation. Lastly, and most importantly, mandatory and voluntary restrictions on movements of people will significantly reduce consumption of services and non-essential consumer goods. These are certain to generate negative impacts on real incomes, employment and other main macroeconomic indicators. Like in other countries implementing emergency measures, schooling disruptions will also generate adverse impacts on the human capital creation and accumulation.

B. Fiduciary

Financial Management (FM)

41. **A FM assessment for the Ecuador COVID-19 Response Project was conducted to the MSP identifying the main risks and associated mitigating measures.** Based on the assessment performed, the FM team concludes that the FM risk is Substantial. After mitigating measures are taken, the residual risk could be Moderate. The MSP has adequate capacity to implement the Project, subject to some improvements in their control systems. Project budgeting, accounting and disbursements will be fully centralized at the MSP. There will be a PIU housed in the MSP which will assume responsibility for the Project. The PIU will be supported by the MSP's Administrative and Finance Coordination Unit, which is staffed with qualified professionals. The PIU will also be comprised of a Financial Management and Disbursement Officer hired under terms of reference agreed with the Bank. Due to the nature of the proposed emergency response operation, this assessment was prepared considering an overarching objective of maximizing the flexibility in the FM and disbursement arrangements. A summary of these arrangements is presented below.
42. **Budgeting. The Project budget allocation will be subject to the approval by the MEF.** The most recent Public Financial Management assessments on Ecuador (most notably the PEFA report 2019) pointed out various deficiencies in the budgeting area, including the need to strengthen the budget management and control framework, and the associated internal control mechanisms. Such deficiencies may impact this Project (as it is the case of other projects in Ecuador) and reflect in delays in getting the budget approved in time, and the process of payments, with an overall impact in Project implementation. Considering such problems, the Bank and MSP should keep continuous monitoring and follow-up, flagging any potential budget delays to the corresponding authorities in order to identify potential solutions.



43. **Accounting and financial reporting. Project transactions will be recorded in the governmental information system e-Sigef.** The PIU at MSP will prepare Interim Financial Reports (IFRs) for each calendar year using the standard IFR templates for Ecuador. The first IFR will cover from effectiveness date to the end of CY20, including retroactive expenditures if any. After that, the next IFRs will cover the following calendar years until Project closure. These reports should be submitted to the Bank not later than 45 calendar days after the end of each reported period.
44. **Internal Controls.** The Project will develop an operational manual including a chapter on Financial Management. As part of this manual, MSP will need to implement and document a robust monitoring procedure to manage and control of fixed assets and supplies acquired under the Project. This will include periodical inventories and the preparation and follow-up of a list reflecting the equipment with associated control numbers, identifying location and staff responsible for its control. The evidence and follow-up of this control will be reported as part of the Project's IFRs.
45. **Flow of funds.** As requested by MSP, the Bank will disburse loan proceeds using primarily the disbursement method of direct payments to cover eligible expenditures. In addition, the disbursements methods will include reimbursement and advances to the Designated Account (DA). For this latter the DA will be opened in US Dollars and maintained by the MEF in the Central Bank of Ecuador. The DA will have a variable ceiling and disbursements will be based on expenditure forecast for six-month subject to Bank's approval. Expenditures financed by the loan will be documented using Statement of Expenditure (SOEs). The Government has requested the option of retroactive financing up to 40 percent of the total loan and will be used for reimbursement of eligible expenditures consistent with the PDO, incurred prior to the loan signature. The Project will have one single disbursement category to finance goods, consulting and non-consulting services, training and operating costs, financed 100 percent by loan proceeds, including Value Added Tax (VAT)¹⁶.
46. **External Audit.** The Project will be subject to an external financial audit of the financial statements which will cover the entire Project implementation period. The one-time audited financial statements will be submitted to the Bank's review, not later than six (6) months after the end of the period implementation. The audit will be conducted by an external audit firm which will be hired with terms of reference acceptable to the Bank, where MSP will be responsible for. Audit costs will be financed out of the loan proceeds. The Borrower will make audited financial statements published following the Bank Access to Information policy. In addition to the external audit, the public sector in Ecuador is subject to the oversight of the General Controller of the State (CGE - *Contraloría General del Estado*), who has the legal authority to conduct audits as it sees fit. Then funds executed under this Project may be also subject to the audit of the CGE.

Procurement

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

¹⁶ According to MEF Resolution of January 2020, the VAT (*Impuesto al Valor Agregado*, by its name in Spanish) requires to be financed with loan proceeds for all new operations.



48. **The major procurement categories include medical supplies, medical devices and equipment.** The Borrower has prepared a streamlined Project Procurement Strategy for Development (PPSD), which include the procurement of goods using a special procurement procedure “SPP” allowed by the Public Procurement Law when the state of emergency is declared by the Government. This SPP is consistent with the Bank’s Core Procurement Principles and consequently acceptable to the Bank and has been agreed for implementation of the Project to expedite decision making and approvals by the Borrower. An initial procurement plan has prepared by the Borrower and will be adjusted and updated during implementation. All competitive processes will be published via national and international means as appropriate, and the National E-procurement System “*COMPRAS PUBLICAS*”, will be used.
49. **The proposed procurement approach prioritizes fast track emergency procurement for the emergency required goods and services.** Key measures to fast track procurement include: (i) use of national procedures for the procurement of goods and services in emergency situations that mainly include Framework Agreements, Requests for Bid (RfB), Requests for Proposals (RfP) with simplified procedures, Requests for Quotations (RfQ) and Direct Contracting, if properly justified (i.e., continuity of contracts procured under competitive methods and sole source production), and contract prices respond to market standards-, as agreed in the procurement plan; and (ii) procure certain goods from UN agencies (e.g. WHO, PAHO), depending on the international market conditions for those goods. Procurement for goods and services outside the above approaches will follow other Bank’s emergency arrangements set forth in the Procurement Regulations.
50. **The Borrower may advance with the processes under these arrangements and, if applicable, request the Bank’s acceptance of advance contracting and recognition of retroactive financing within the parameters set forth in the Loan Agreement.**
51. **The Bank, at request from the Borrower, will provide hands-on support for the implementation of the procurement of the initial packages.**
52. **Recognizing the significant disruptions in the usual supply chains for medical consumables and equipment for COVID-19 response, upon the Borrower’s request, the Bank has agreed to provide Bank Facilitated Procurement (BFP) to proactively assist them 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 could proactively support borrowers with negotiating prices and other contract conditions. Borrowers will remain fully responsible for signing and entering into contracts and implementation, including assuring relevant logistics with suppliers such as arranging the necessary freight/shipment of the goods to their destination, receiving and inspecting the goods and paying the suppliers, with the direct payment by the Bank disbursement option available to them. The BFP would constitute additional support to the Borrower over and above usual Hands on Expanded Implementation Support which will remain available. If needed, the Bank could also provide hands-on support to Borrowers in contracting to outsource logistics.
53. **BFP in accessing available supplies may include aggregating demand across participating countries, whenever possible, extensive market engagement to identify suppliers from the private sector and UN agencies.** The Bank is coordinating closely with the WHO and other UN agencies (specifically WHO, PAHO, and UNICEF) that have established systems for procuring medical supplies and charge a fee which varies across agencies and type of service and can be negotiated. In addition, the Bank may help borrowers access governments’ available stock.



- 54. **In providing BFP the Bank will remain within its operational boundaries and mandate which already include expanded hands-on implementation support to help borrowers achieve the project’s development objectives.**
- 55. **Procurement by the Borrower will be carried out by the “Dirección Financiera-Administrativa” (DFA) within of the MSP, which has vast experience in the public procurement related to medical goods, works and services, in coordination provided by the PIU.** In case of the necessity that some processes be carried out under the Bank Procurement Regulations, the DFA will be supported by procurement specialists from other active projects in Ecuador, and training on World Bank Procurement Procedures will be provided, as needed. Due to the SPP to be used, and according to the local law, the Supreme Audit CGE will be responsible for the post review contracts financed by the Bank’s loan and carried out by the SPP afore-mentioned.
- 56. **The major risks to procurement are:** (i) Increase of the workload of the current procurement specialist; (ii) lack of availability of certain goods due to increased world-wide demand and/or significant price increases which may delay contractual delivery; (iii) problems with the timely distribution of all the procured goods; and (iv) governance-related issues common in emergency situations. These risks will be mitigated by: (i) immediate hiring of a procurement assistant; (ii) the use of United Nations UN (UN) agencies to supply and distribute the main medical equipment and goods; (iii) procurement arrangements to include distribution as services included in the contract, and full implementation of ongoing projects; (iv) publication of all processes, including contracts/purchase orders details, and (v) hiring of a technical third party audit entity to reinforce the CGE’s and/or Bank’s procurement post 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

- 57. **The overall environmental and social risk rating of this Project is deemed Moderate.** The Ministry of Public Health will develop an Environmental and Social Management Framework (ESMF) for Project activities, using the plans and manuals they have in place and applying international best practices in diagnostic testing for COVID-19, handling the medical supplies involved, and disposing of generated wastes. Until the ESMF has been approved, the Project will apply the WHO standards on COVID-19 response. The relevant parts of the WHO COVID-19 biosafety guidelines will be reviewed while updating the ESMF so that all relevant risks and mitigation measures will be covered. In addition to the ESMF, the client will implement the activities listed in the Environmental and Social Commitment Plan (ESCP). The ESCP was disclosed on the Bank’s external website on March 24, 2020.
- 58. **Environmental risks include:** (i) the removal and disposal of sharp and pointed items, discarding medical supplies related to isolation measures (gloves, masks, hospital gowns, goggles, leftover medicines, etc.) in both



health centers and home quarantine; (ii) contamination to the environment and health and safety risks due to the use of cleaning and disinfection products, chlorine and other hazardous byproducts; (iii) Risks from handling and use of oxygen tanks; and (iv) transport and disposal of viral contaminated materials once used. Proper management handling and transportation procedures should be in place in line with WHO Interim Guidance (February 12, 2020) on “Laboratory Biosafety Guidance related to the novel coronavirus (2019-nCoV)” and other WHO protocols.

59. **In Ecuador, the Ministries of Public Health and Environment signed an Inter-institutional Agreement on the management regulation of waste generated in health facilities.** Within this framework, the two institutions issued regulation for the internal management of waste within health facilities through plans and manuals. Also, the Municipal Governments are in charge of the collection of hospital waste and the final disposal in the sanitary landfills in the respective area of each municipality, for which they need to acquire an environmental license. These internal manuals also contain occupational health and safety standards for the workers in order to avoid infections through improper handling of waste.
60. **The social risks are deemed moderate.** The Project will not involve resettlement or land acquisition. While the Project will benefit Ecuadorian society overall, the social risks associated include: (i) difficulties in access to services by marginalized and vulnerable social groups (i.e. the poor, disproportionately represented Afro-Ecuadorians and indigenous peoples, Venezuelan migrants, the elderly, and the disabled); (ii) discrimination towards ethnic minority groups (e.g. indigenous people, Afro-Ecuadorians), and xenophobia towards Venezuelan migrants, thus experiencing invisible barriers to access; (iii) misinformation (fake news) in social media networks that may contribute to propagate contagion; and (iv) increase in Sexual Exploitation and Abuse (SEA), Sexual Harassment (SH) and violence against children in households as a result of social distancing/stay home/quarantine measures in place and worsened economic hardship. These risks will be mitigated through a: (i) robust and coordinated National Plan for Communication and Education that targets various audiences to address issues of access, discrimination, and ethnicity; (ii) continuous education and awareness raising campaigns; (iii) development of materials (radio, infographics, TV broadcasts); (iv) a grievance redress mechanism (GRM); and (v) SEA/SH and violence against children risks will be assessed and addressed in implementation, including screening and putting in the corresponding measures to prevent and mitigate the these risks. A draft Stakeholder Engagement Plan (SEP) that incorporates a preliminary stakeholder mapping has been prepared to guide MSP on their early interactions with a wide range of citizens (including the most vulnerable) regarding basic health precautions and any coming emergency measures. This SEP will be revised within one month of Project approval, as noted in the ESCP. This draft SEP was disclosed on the Bank’s external website on March 24, 2020. The SEP will include a fully elaborated GRM for addressing any concerns or complaints. In addition to the ESMF, the client will implement the activities set out in the ESCP, and the SEP within the proposed timeline.

VI. GRIEVANCE REDRESS SERVICES

61. Communities and individuals who believe that they are adversely affected by a World Bank supported Project may submit complaints to existing project-level grievance redress mechanisms or the Bank’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 Bank’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of Bank



non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the Bank's corporate Grievance Redress Service (GRS), please visit: <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

VII. KEY RISKS

62. The overall Project risk is assessed as Substantial, due to macroeconomic, institutional capacity and fiduciary-related risk. The main risk and their mitigating measures are described below.

INHERENT RISK	Assessment of Mitigation measures (indicative)
<p>Political and Governance (High)</p> <p>Parliamentary and presidential elections are planned for February 2021 and pre-election politics are likely to intensify throughout the year. While this is not expected to directly impact implementation of the Project, post-election results may result in significant changes in key senior management positions within MSP, derailing the attainment of the Project's intended development objectives</p> <p>Emergency procurement mechanisms may create concerns about lack of accountability measures to ensure that resources supporting COVID-19 activities reach intended health care facilities and beneficiaries.</p>	<p>There is a high level of political commitment to address COVID-19 and the threat of global pandemic and other infectious diseases despite the significant fiscal constraints. This risk is also mitigated by having technical staff appointed in the Project PIU financed with Project resources, which will support the implementation of the GoE's COVID 19 response plan and ensure continuity of the strategy. Finally, high level coordination with financing partners, in addition to regular coordination at the technical level, will also help to promote program continuity.</p> <p>The program would support the implementation of anti-corruption strategies and activities that have been adopted to guide the implementation of World Bank Group-funded portfolio of projects in participating countries.</p>
<p>Macroeconomic (Substantial)</p> <p>The country has low fiscal capacity and is already going through a process of fiscal consolidation. The COVID-19 emergency and the ensuing global economic disruption and slowdown is likely to exacerbate the issue and potential unavailability of fiscal resources. This would negatively impact public health service delivery with respect to COVID-19 prevention, mitigation and treatment.</p>	<p>The Government is highly committed to providing fiscal and debt resources to cope the impact of COVID-19 and ensure essential health service delivery activities. To ensure an efficient use of resources, the overall GoE's response plan has been designed by the MSP in close coordination with the MEF and other multilateral development partners (WHO-PAHO, IADB and CAF). The implementation of this plan will be mainly financed with resources already committed by the different multilateral and bilateral partners. In the medium and longer term, this plan would minimize macroeconomic</p>



INHERENT RISK	Assessment of Mitigation measures (indicative)
	risks by building the capacity to ensure critical public health services to minimize the impact of potential future outbreaks in close collaboration with all partners.
<p>Sector Strategies and Policies (Substantial)</p> <p>National health policies do not provide an adequate and enabling environment for the COVID-19 emergency response and related activities (e.g., case detection & reporting, social distancing measures, health system strengthening, communications, multi-sector policy for prevention and preparedness, infrastructure, etc.)</p>	<p>There is a strong commitment to address this risk both from the inter-institutional and multi-stakeholder side. This commitment will enable supplementary or emergency measures to support COVID-19 response and related activities, including prevention, mitigation, treatment, surveillance, and health system strengthening. The latter is also consistent with MSP policies to reduce outsourcing services, which currently represents 10 percent of total MSP budget.</p>
<p>Technical Design of Project or Program (Substantial)</p> <p>Intervention activities not effective in containing the spread of COVID-19, as well of other infectious diseases of animal origin.</p> <p>Timely procurement of medical equipment and medical devices may prove difficult due to disruptions in global supply chains.</p> <p>Project success also depends on adequately staffing ICU units with medical staff. MSP downsized massively in the past year and staff will need to be hired and/or reassigned.</p>	<p>This risk is mitigated by selecting evidence-based interventions in close consultation with WHO-PAHO, with robust monitoring system, allowing for modifications and redesign as needed.</p> <p>A market study for medical equipment and medical devices was already performed and revealed that goods are available in the local market. Where possible, the Project will also rely on UN agencies for procurement.</p> <p>There is a high degree of commitment from both MEF and MSP to hire new staff as needed. In addition, (i) a recently completed World Bank report¹⁷ identified low demand in specific health facilities and MSP is already working on assigning excess staff from low demand facilities to high demand facilities, and (ii) as discussed in the description of the National Program, MEF and MSP are going to hire additional health workers through government’s own resources.</p>
<p>Institutional Capacity for Implementation and Sustainability (Substantial)</p> <p>The project implementing unit does not have</p>	<p>A dedicated PIU comprising a project coordinator,</p>

¹⁷ Vermeersch, C. and Giovagnoli, P.I. (2020). *Eficiencia del gasto público en salud en Ecuador: situación actual y opciones de política*. Washington, D.C. Grupo Banco Mundial



INHERENT RISK	Assessment of Mitigation measures (indicative)
<p>sufficient capacity and experience with WBG operations for project implementation.</p> <p>Potential problems of coordination between multilateral banks.</p>	<p>procurement officer, financial management and disbursement officer, and E&S specialist. In the initial stages of the Project, PIU staff will also receive hands on support from staff from existing WBG projects in other sectors.</p> <p>Multilateral and bilateral actors are operating under the strong stewardship of MEF and MSP and with technical assistance and coordination provided by WHO-PAHO.</p>
<p>Fiduciary (Substantial)</p> <p>Financial resources are not deployment and procurement functions not completed in a timely manner due to governance related issues in emergency situations, increased workload of procurement specialists and lack of availability of goods.</p>	<p>The Project will be subject to external financial audit of the final statements during the entire implementation period. A procurement specialist will be hired immediately and will have the permanent support from the DFA based at MSP and National Procurement Agency (<i>Servicio Nacional de Contratación Pública, SERCOP</i>). UN agencies will be used to supply and distribute the main medical equipment and goods.</p>



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Ecuador

Ecuador COVID-19 Emergency Response Project

Project Development Objective(s)

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

Project Development Objective Indicators

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Number of health workers reached by the national communication strategy						
Number of health workers reached with tailored information (Number)		0.00	5,000.00	7,500.00	9,000.00	10,000.00
Percentage of prioritized ICU units that are fully equipped and operational						
Percentage of prioritized ICU units that are fully equipped and operational (Percentage)		0.00	40.00	60.00	70.00	80.00
Percentage of diagnosed cases treated per approved protocol in the prioritized hospital						
Percentage of diagnosed cases that need hospitalization per approved protocol treated in the prioritized hospitals, disaggregated by gender (Percentage)		0.00	4.00	6.00	8.00	10.00



Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	Intermediate Targets			End Target
			1	2	3	
Support the National Program to respond to Covid-19						
Number of public health campaign audiovisual materials developed and disseminated (Number)		0.00				10.00
Number of public health messages adapted and disseminated through Internet based mediums (Number)		0.00				100.00
Percentage of ICU beds in prioritized ICU units that are fully equipped and operational (Percentage)		0.00	40.00	60.00	70.00	80.00
Percentage of prioritized ICU units that are fully equipped with shared equipment (Percentage)		0.00	40.00	60.00	70.00	80.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of health workers reached with tailored information	The total number of health workers who acknowledge receiving specific messages developed under the national communication strategy.	Six-monthly	Phone based data collection from a sub-sample of health	Phone based data collection from a sub-sample of health workers. Health workers will be chosen randomly and statistics will be	Vice-Ministry for Integrated Care in Health, Ministry of Public Health.



			workers. Health workers will be chosen randomly and statistics will be scaled to the national level considering the total number of health workers available in the country.	scaled to the national level considering the total number of health workers available in the country.	
Percentage of prioritized ICU units that are fully equipped and operational	An ICU unit will be considered fully equipped and operational if two conditions are satisfied: (i) all individual beds in the ICU unit have the necessary equipment (beds with electronic control, patient monitor, respiratory ventilation unit); and (ii) ICU unit (comprising of multiple beds) has all necessary shared equipment (ultrasound machine, vital signs	Six-monthly	Reports from National Directorate of Sanitary Equipment and National Directorate for Hospitals, Vice-Ministry for Integrated Health Care, Ministry of Public Health.	Administrative data records, field verification of availability of equipment.	National Directorate of Sanitary Equipment and the National Directorate for Hospitals, Vice-Ministry for Integrated Health Care, Ministry of Public Health.



	<p>monitor, intubation equipment).</p> <p>Numerator: Number of prioritized ICU units satisfy conditions (i) and (ii) above.</p> <p>Denominator: Total number of prioritized ICU units.</p>				
Percentage of diagnosed cases that need hospitalization per approved protocol treated in the prioritized hospitals, disaggregated by gender	<p>Numerator: Number of diagnosed cases that need hospitalization per approved protocols treated in the prioritized hospitals strengthened by the Project.</p> <p>Denominator: Total number of diagnosed cases that need hospitalization per approval protocols.</p>	Six-monthly	Reports from National Directorate for Hospitals, Vice-Ministry for Integrated Health Care, Ministry of Public Health.	Administrative data from hospitals.	National Directorate for Hospitals, Vice-Ministry for Integrated Health Care, Ministry of Public Health.

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of public health campaign audiovisual materials developed and disseminated	As part of the national communication strategy, the National Sub-	Monthly	National Sub-secretariat of Health	Reports generated by National Sub-secretariat of Health	National Sub-secretariat of Health Promotion and Equality, Ministry of



	secretariat of Health Promotion and Equality (Subsecretaria Nacional de Promocion de la Salud e Igualdad) will develop and disseminate audiovisual materials (videos, pamphlets, etc.) to improve population awareness about COVID-19.		Promotion and Equality, Ministry of Public Health.	Promotion and Equality, Ministry of Public Health.	Public Health.
Number of public health messages adapted and disseminated through Internet based mediums	The public health messages developed through the national communication strategy will be adapted for Internet sources such as web pages, social media (Facebook, Twitter, etc.) and disseminated.	Monthly	National Sub-secretariat of Health Promotion and Equality, Ministry of Public Health.	Reports from National Sub-secretariat of Health Promotion and Equality, Ministry of Public Health.	National Sub-secretariat of Health Promotion and Equality, Ministry of Public Health.
Percentage of ICU beds in prioritized ICU units that are fully equipped and operational	A ICU bed will be considered fully equipped and operational if the following condition is satisfied: it has the necessary equipment (beds with electronic control, patient monitor, respiratory ventilation unit) for an ICU bed. Numerator: Number of ICU	Six-monthly	Reports from National Directorate of Sanitary Equipment and the National Directorate for Hospitals, Vice-Ministry for Integrated Health Care,	Administrative data records, field verification of availability of equipment.	National Directorate of Sanitary Equipment and the National Directorate for Hospitals, Vice-Ministry for Integrated Health Care, Ministry of Public Health.



	<p>beds in the prioritized ICU units that satisfy the condition above.</p> <p>Denominator: Total number of ICU beds in the prioritized ICU units.</p>		Ministry of Public Health.		
Percentage of prioritized ICU units that are fully equipped with shared equipment	<p>An ICU unit will be considered fully equipped with shared equipment if it satisfies the following condition: ICU unit (comprising of multiple beds) has all necessary shared equipment (ultrasound machine, vital signs monitor, intubation equipment).</p>	Six-monthly	Reports from National Directorate of Sanitary Equipment and the National Directorate for Hospitals, Vice-Ministry for Integrated Health Care, Ministry of Public Health.	Administrative data records, field verification of availability of equipment.	National Directorate of Sanitary Equipment and the National Directorate for Hospitals, Vice-Ministry for Integrated Health Care, Ministry of Public Health.



ANNEX 1: Project Costs

COUNTRY: Ecuador
ECUADOR COVID-19 EMERGENCY RESPONSE PROJECT

COSTS AND FINANCING OF THE COUNTRY PROJECT

Program Components	Project Cost	IBRD or IDA Financing	Trust Funds	Counterpart Funding
Component 1: Support the National Program to respond to COVID-19 pandemic	\$102.3 million	\$19 million		\$83.3 million
Component 2: Project Management and Monitoring		\$1 million		
Total Costs				
	Total Costs	\$102.3 million	\$20 million	\$83.3 million
	Total Financing Required		\$20 million	



ANNEX 2: Implementation Arrangements and Support Plan

ECUADOR 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) an implementation support mission (ISM) every six months; (b) interim technical discussions and field visits by the World Bank; (c) monitoring and reporting by the PIU on implementation progress and achievement of results; (d) annual internal and external financial audits and FM reporting; and (e) periodic procurement post review. The ISM 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 implementation challenges, which will be addressed through the following actions:
 - (a) **Implementation support strategy.** This will be largely built on dialogue and partnership. The implementation support team will have continuous interaction with all stakeholders of the project. This will require consistency in the composition of the core implementation support team, technical expertise, and familiarity with country/local situations. The Bank support 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 PIU in (i) developing annual works and financial plans, (ii) task planning and task supervision of the PIU, (ii) review of important ToRs for key consultancies, and (iii) coordination with development partners. During the early stages of Project implementation, members in Bank supported PIUs of existing operations will provide hands-on support to the PIU of the Project, ensuring a rapid launch of Project activities.
 - (c) **M&E and learning.** Coordination of M&E and the capturing of project outcomes and results will need professional guidance from an M&E expert on the implementation support team.
 - (d) **Fiduciary assurance support.** The implementation support 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 implementation support. In addition to support from the Bank team, the PIU will also receive support from PIFEMEFS, a unit in MSP with extensive experience on implementing projects financed by other multilateral organizations such as the IADB and CAF.
 - (e) **Social and environmental safeguards.** M&E and mitigation of social risks require experienced expertise on the implementation support team with a good understanding of the culture and business process in Ecuador. In addition, sufficient 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 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 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)	12	Two per year	Staff in Washington, DC
Procurement specialist	3	Two per year including field travel	Staff in Lima, Peru
FM specialist	3	Two per year including field travel	Staff in Quito, Ecuador
Social safeguards specialist	3	Two per year including field travel	Staff in Washington, DC and Lima, Peru
Medical Equipment Expert	3	Two per year including field travel	Consultant (international)
One Health Expert	3	Two per year including field travel	Consultant (international)