



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 05-Jun-2020 | Report No: PIDA29586

**BASIC INFORMATION****A. Basic Project Data**

Country Sri Lanka	Project ID P174291	Project Name Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project AF	Parent Project ID (if any) P173867
Parent Project Name Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project	Region SOUTH ASIA	Estimated Appraisal Date 03-Jun-2020	Estimated Board Date 24-Jun-2020
Practice Area (Lead) Health, Nutrition & Population	Financing Instrument Investment Project Financing	Borrower(s) Democratic Socialist Republic of Sri Lanka	Implementing Agency Ministry of Health and Indigenous Medical Services, Ministry of Women & Child Affairs and Social Security

Proposed Development Objective(s) Parent

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

Components

- Component 1: Emergency COVID-19 Response
- Component 2: Strengthening National and Sub-national Institutions for Prevention and Preparedness
- Component 3: Strengthening Multi-sectoral, National institutions and Platforms for One Health
- Component 4: Implementation Management and Monitoring and Evaluation
- Component 5: Contingent Emergency Response Component

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

Total Project Cost	65.34
Total Financing	67.07
of which IBRD/IDA	65.34
Financing Gap	-1.72



DETAILS

World Bank Group Financing

International Development Association (IDA)	65.34
IDA Credit	65.34

Non-World Bank Group Financing

Trust Funds	1.72
Pandemic Emergency Financing Facility	1.72

Environmental and Social Risk Classification
Substantial

B. Introduction and Context

Country Context

- Sri Lanka has shown steady growth over the last decade although key macroeconomic challenges persist.** Sri Lanka is an upper-middle-income country with a gross domestic product (GDP) per capita of US\$3,852 (2019) and a total population of 21.8 million. Following 30 years of civil war that ended in 2009, Sri Lanka’s economy grew at an average of 5.3 percent during 2010–2019, reflecting a peace dividend and a determined policy thrust toward reconstruction and growth. However, economic growth witnessed a slowdown in the last few years.
- Social indicators rank among the highest in South Asia and compare favorably with those in middle-income countries.** The country has been gradually transitioning from a predominantly rural-based production towards a more urbanized economy oriented around manufacturing and services. Economic growth has translated into shared prosperity with the national poverty headcount ratio declining from 15.3 percent in 2006/07 to 4.1 percent in 2016. Extreme poverty is rare and concentrated in some geographical pockets. However, a relatively large share of the population subsists on slightly more than the poverty line. Female labor force participation at 34.9 percent was less than half of men (73.4 percent) by 2019 and needs to increase to facilitate sustained economic growth and poverty reduction.
- Macroeconomic vulnerabilities remain high due to weak fiscal buffers, high indebtedness, and large refinancing needs.** Low fiscal revenues along with rigid expenditures have led to high fiscal deficits (6.8 percent of GDP, 2019) and an accumulation of public debt (94.3 percent of GDP, 2019). Around 53 of the central government debt is foreign currency denominated and the repayment profile requires the country to access financial markets frequently. Official reserves (USD 7.6 billion, end-2019) provide a sufficient import cover in the short run amid decelerating imports; however, they remain low relative to short-term external liabilities.



Sectoral and Institutional Context

4. **Sri Lanka's health system has been known globally as one of the best performing in the world, having achieved "good health at low cost".** This reputation largely remains, and for good reason. It has already achieved maternal, under-five and neonatal mortality rates that are less than half the 2030 SDG targets. These achievements have been made despite Sri Lanka allocating a lower share of its GDP to public health sector spending than countries at similar income levels (about 1.57 percent of GDP compared to an average of 2.91 percent in other countries, based on data from 2017). This is primarily due to the small size of the overall government budget (partly a result of low revenues) and not due to low prioritization of the sector within the budget.
5. **Reforms to address emerging issues in the health sector, however, have been slow in the making.** The health sector has been showing signs of stress in responding to growing and changing health needs reflective of the ongoing demographic and epidemiological transition. Non-communicable diseases (NCDs) already account for 81 percent of total deaths and 77 percent of disability-adjusted life years (DALYs). Sri Lanka is also one of the fastest aging populations which is expected to accelerate the stress on the health system. This is particularly relevant in the context of infectious diseases such as COVID-19, with the elderly and those with chronic conditions (such as diabetes, heart conditions, kidney disease etc.) being most at risk of morbidity and mortality.
6. **Sri Lanka's health system was assessed as having limited capacity to deal with impacts from pandemics and other public health emergencies.** In 2016, a Joint External Evaluation of the International Health Regulations conducted by Sri Lanka assessing core capacities to prevent, detect, and rapidly respond to public health threats, whether occurring naturally, or due to deliberate or accidental events, found that while it scored highly (4 out of 5) on national legislation and policies for implementation of required responses, surveillance and workforce development, it scored poorly on emergency preparedness and response planning and operations (1 out of 5), biosafety and biosecurity (1 out of 5) and personnel deployment and management during a public health emergency (1 out of 5), suggesting limited capacity to respond to public health emergencies.
7. **Thus, when the incidence of COVID-19 started increasing in Sri Lanka, in partnership with the World Bank, the Sri Lanka COVID-19 Emergency Response and Health Systems Preparedness Project was prepared.** The project which became effective on April 3, 2020, focused on strengthening health systems and infrastructure to contain the outbreak and enhance preparedness for the current and future emergency response. Strategies to strengthen social measures to support vulnerable communities, particularly, the elderly who are most at risk from the disease, were also proposed to be put in place.
8. **Recent trends suggest that Sri Lanka has been effective in containing the COVID-19 pandemic in the country.** A rapid response through active surveillance and contact tracing, PCR testing, and efforts at strengthening national facilities for clinical management and preventive measures have potentially contributed to this success. Further, measures to support vulnerable and high-risk populations to continue to maintain social distancing and stay at home may have also contributed to the containment of the pandemic. This includes, in particular, a temporary expansion of cash transfers to vulnerable and low-income households from April 2020, for beneficiaries under the GoSL's Samurdhi Program as well as for high-risk populations such as the elderly, disabled and patients with kidney disease from low-income households.
9. **However, with the recent relaxation of the lockdown a crucial phase in the control of the pandemic has been triggered.** The relaxation of the lockdown is expected to lead to a resurgence of COVID-19, and in particular could increase the risk of morbidity and mortality among high-risk populations unless they continue to practice strong social



distancing. It is also expected to test the health system's preparedness to respond to and contain the virus. Actions to strengthen the health system in preparedness for the relaxation have been initiated, including (a) increased testing, strengthening surveillance and contact-tracing, particularly at ports-of-entry; (b) enhanced and nuanced risk communication in light of opening up of businesses and local movement; and (c) increased pace of setting up isolation wards for patients across districts. However, these measures will take time to establish, making it imperative to continue protective measures for high-risk populations.

10. **It is in this context, that the Government of Sri Lanka, has requested additional financing to support the roll out of scaled up cash transfers to contribute to their efforts to encourage targeted high-risk groups to stay at home in order to limit and prevent the threat posed by COVID-19.** This is expected to help ensure that adherence to social distancing does not fade with the GoSL relaxing containment measures, which can lead to a second cycle of infections, particularly among the targeted groups, if key measures of social distancing are not in place. This will also give the health sector additional time to establish systems and better prepare for increased caseloads and potentially reduce the strain on hospitals treating COVID-19 patients by limiting the spread among high-risk populations.

11. **In addition, the World Bank's Pandemic Emergency Financing Facility (PEF) insurance window has also been triggered for COVID-19.** This makes additional grant allocation available to Sri Lanka to finance the health response to the ongoing pandemic. The grant will supplement ongoing efforts of the MoH to strengthen its emergency response to COVID-19 under the project, and in particular focus on strengthening and scaling up risk communication in light of opening up of the economy as well as strengthening programs for prevention of gender-based violence and mental health support provided through the public health department.

C. Proposed Development Objective(s)

Original PDO

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

Current PDO

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

Key Results

The Project Development Objective (PDO) will be monitored through the following PDO level outcome indicators:

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

D. Project Description

12. The project will include the following components:



13. **Component 1: Emergency COVID-19 Response:** This component will include two sub-components and will focus on limiting transmission of COVID-19 through prevention and containment strategies and strengthening health systems to mitigate future risks.

- a. **Sub-component 1.1: Strengthening health system response:** It will strengthen surveillance and response systems through: (i) establishment and strengthening of an emergency operation center to improve coordination and timely activities at the national level; (ii) provision of training to medical officers, public health inspectors and public health midwives in case identification, contact tracing, prevention counselling; (iii) implementation of non-pharmaceutical interventions, such as counselling on handwashing, sanitizing and cleaning surfaces to patients at health care facilities and during planned home visits; (iv) provision of mobility support and personal and protective equipment to undertake follow-up at the field level, including for self-isolated or quarantined patients; and (v) procurement of relevant equipment and consumables to strengthen health facilities response to COVID-19.

It will further strengthen the capacity of health care staff and facilities for emergency response, including strengthening infection control and waste management systems, establishment of isolation wards and intensive care units in select tertiary and secondary hospitals, including provision for uninterrupted electricity supply, through the provision of goods, works, consulting services as well as financing other operational expenditures, as might be required to respond to infectious disease outbreak.

Information and risk communication activities to raise awareness, knowledge and understanding among the general population about the risk and potential impact of the pandemic will also be supported. Focus will also be placed on training for social welfare workers, particularly those supporting elder care homes, centres with special needs people and orphanages to ensure proper isolation, treatment and transportation of suspected cases and avoid spread within homes. Additionally, investments for strengthening programs for prevention of gender-based violence and mental health support will also be made.

- b. **Sub-component 1.2: Social and Financial Support to Vulnerable Households:** This sub-component will finance the scale up of social cash transfers through existing well-established delivery mechanisms for the elderly, persons with disabilities and chronic diseases, such as chronic kidney disease, from low-income households in response to the current COVID-19 crisis to include those who have thus far been on the wait list and new eligible applicants who have applied for benefit during this pandemic. Further, this subcomponent will also support temporary vertical expansion, that is, increase in benefit amount for the senior citizens' assistance scheme.

14. **Component 2: Strengthening National and Sub-national Institutions for Prevention and Preparedness:** This component will support strengthening the capacity of national and sub-national institutions to respond to the ongoing COVID-19 pandemic and any public health emergencies that may occur in the future. In particular, it will (a) strengthen the National Institute of Infectious Diseases (NIID) by setting up a new isolation center within the premises of the NIID and expand isolation units within the institute to build capacities for future responsiveness; (b) establish Regional Quarantine and Testing Centers equipped with testing facilities to augment the capacity of the NIID; (c) establish Bio-Safety Level-3 Laboratory Facilities at the National Medical Research Institute to improve the capacity to run investigations for highly contagious diseases; and (d) strengthen laboratory facilities in select secondary and tertiary hospitals and improve existing national surveillance and laboratory information systems.



15. **Component 3: Strengthening Multi-sectoral, National institutions and Platforms for One Health:** This component will support investments in the one-health approach which will strengthen emergency response systems in the long term. Specific focus will be placed on (i) conducting a needs assessment of national protocols for detection, surveillance, and response systems for animal and human health infections; (ii) establishing a mechanism for detection of priority existing and emerging zoonoses; and (iii) conducting awareness on anti-microbial resistance among human health, agricultural, and veterinary and enforcement of related legislations; and (iv) establishing a mechanism to combat diseases which have a potential to reemerge such as malaria, measles, filariasis etc.

16. **Component 4: Implementation Management and Monitoring and Evaluation:** This component will support coordination and management of the project, including central and provincial arrangements for coordination of activities, financial management and procurement. This component would also support monitoring and evaluation of prevention and preparedness, building capacity for clinical and public health research, and joint-learning on pandemic preparedness across and within countries.

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

Legal Operational Policies

Triggered?

Projects on International Waterways OP 7.50

Projects in Disputed Areas OP 7.60

Summary of Assessment of Environmental and Social Risks and Impacts

E. Implementation

Institutional and Implementation Arrangements

18. **The Ministry of Health and Indigenous Medical Services (MoH) is the primary implementing agency for the project and will be responsible for the implementation of Sub-Component 1.1 and Components 2, 3, 4 and 5.** The Project Management Unit (PMU) under the MoH which was established under the World Bank assisted Primary Health Care System Strengthening Project (P163721) is responsible for all administrative and coordination functions under the project. A Project Steering Committee, chaired by the Secretary, MoH, has been established to provide oversight, monitor implementation progress and decide on critical actions to address implementation challenges. Members of the PSC include Additional Secretaries, Director General Health Services and relevant Deputy Director Generals of the



MoH and representatives from other Ministries contributing to the COVID-19 response, such as the Ministries of Finance, Disaster Management, Women and Child Affairs and Social Security, among others. A higher-level Emergency Response Coordination Committee, chaired by the Secretary to the President, has also been set up to provide overall guidance and clearances to the technical team and its implementation plans.

19. **The Ministry of Women and Child Affairs and Social Security (MoWCS) will be responsible for implementing Sub-component 1.2.** The Secretary of Women and Child Affairs and Social Security will provide overall leadership for sub-component 1.2. A Project Coordination Unit (PCU) to support project coordination and implementation will be established under the MoWCS by temporarily seconding select ministry officials. The PCU will comprise the Director, Planning, Chief Financial Officer (CFO)/Officer assigned by the CFO, Directors of National Secretariat for Elders and the National Secretariat for Persons with Disabilities under the MoWCS, and an officer from the National Planning Department. The Deputy Project Director along with the Accounts Officer of the Social Safety Nets Project (P156056) PMU will also be seconded to this PCU.

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APPROVAL

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