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Report No: PAD3816

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED INTERNATIONAL ASSOCIATION DEVELOPMENT GRANT
IN THE AMOUNT OF SDR 1.9 MILLION
(US\$2.5 MILLION EQUIVALENT)

TO THE

DEMOCRATIC REPUBLIC OF SAO TOME AND PRINCIPE

FOR THE

SAO TOME AND PRINCIPE COVID-19 EMERGENCY RESPONSE PROJECT

UNDER THE

COVID-19 STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM (SPRP)

USING THE MULTIPHASE PROGRAMMATIC APPROACH (MPA)
WITH AN IBRD AND IDA FINANCING ENVELOPE OF
US\$1.3BILLION IDA AND \$2.7BILLION IBRD EQUIVALENT

APPROVED BY THE BOARD ON APRIL 2, 2020

Health, Nutrition and Population Global Practice
Africa Region

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CURRENCY EQUIVALENTS

Exchange Rate Effective February 29, 2020

Currency Unit = Dobra (STD)

US\$1 = SDR 0,728183262

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

AFAP	Fiduciary Agency for Project Management (<i>Agência Fiduciária de Administração do Projetos</i>)
AP	Action Plan
BFP	World Bank Facilitated Procurement
CDC	Centers for Disease Control and Prevention
CERC	Contingent Emergency Response Component
COVID-19	Coronavirus Disease
CPS	Country Partnership Strategy
DA	Designated Account
E&S	Environmental and Social
ECSP	Environmental and Social Commitment Plan
EMT	Emergency Medical Team
EOC	Emergency Operations Center
ESF	Environmental and Social Framework
ESMF	Environmental and Social Management Framework
ESS	Environmental and Social Standards
FM	Financial Management
GAHP	Animal Husbandry Practices
GDP	Gross Domestic Product
FAO	Food and Agriculture Organization of the United Nations
FETP	Field Epidemiology Training Program
HCWMP	Healthcare Waste Management Plan
HDI	Human Development Index
HCF	Health Care Facility
HR	Human Resources
IAASB	International Auditing and Assurance Standards Board
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFAC	International Federation of Accountants
IGF	General Inspectorate of Finance (<i>Inspecção Geral das Finanças</i>)
IHR	International Health Regulations
IFMIS	Integrated Financial Management Information System
IFR	Interim Financial Report
IPC	Infection Prevention and Control
IPF	Investment Project Financing
JEE	Joint External Evaluation
M&E	Monitoring and Evaluation
MoH	Ministry of Health
MPA	Multiphase Programmatic Approach
NAPHS	National Action Plan for Health Security
NPI	Non-pharmaceutical Interventions
PAD	Project Appraisal Document
PCU	Project Coordination Unit



PDO	Project Development Objective
PLR	Performance Learning Review
PoE	Points of Entry
POM	Project Operational Manual
PPE	Personal Protective Equipment
PPSD	Project Procurement Strategy for Development
PRSP	Poverty Reduction Strategy Paper
RCCE	Risk communication and Community Engagement
SARS	Severe Acute Respiratory Syndrome
SCD	Systematic Country Diagnostic
SEP	Stakeholder Engagement Plan
SoE	Statement of Expenditure
SOP	Standard Operating Protocol
SSN	Social Safety Net
STP	São Tomé e Príncipe
ToR	Terms of Reference
UN	United Nations
UNDP	United Nation Development Program
UNICEF	United Nations Children's Fund
WASH	Water, Sanitation, and Hygiene
WB	World Bank
WBG	World Bank Group
WHO	World Health Organization



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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Sao Tome and Principe	STP COVID-19 Emergency Response Project	
Project ID	Financing Instrument	Environmental and Social Risk Classification
P173783	Investment Project Financing	Substantial

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 checked="" 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
29-May-2020	30-Jun-2022	30-Jun-2022

Bank/IFC Collaboration

No

MPA Program Development Objective

The Program Development Objective (PrDO) 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	2.50
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Proposed Project Development Objective(s)

The Project Development Objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in São Tomé e Príncipe.

Components

Component Name	Cost (US\$, millions)
Component 1. Emergency COVID-19 Response	2,000,000.00
Component 2. Strengthening Multi-sector, National institutions and platforms for policy development, and coordination of prevention and preparedness including One Health approach	300,000.00
Component 3. Implementation Management and Monitoring and Evaluation	200,000.00
Component 4. Contingent Emergency Response Component (CERC)	0.00

Organizations

Borrower: Democratic Republic of Sao Tome

Implementing Agency: Ministry of Health

MPA FINANCING DETAILS (US\$, Millions)

MPA Program Financing Envelope:	2.50
of which Bank Financing (IBRD):	0.00
of which Bank Financing (IDA):	2.50
of which other financing sources:	0.00

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

Total Project Cost	2.50
Total Financing	2.50



of which IBRD/IDA	2.50
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Development Association (IDA)	2.50
IDA Grant	2.50

IDA Resources (in US\$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Sao Tome and Principe	0.00	2.50	0.00	2.50
Crisis Response Window (CRW)	0.00	2.50	0.00	2.50
Total	0.00	2.50	0.00	2.50

Expected Disbursements (in US\$, Millions)

WB Fiscal Year	2020	2021	2022
Annual	0.50	1.50	0.50
Cumulative	0.50	2.00	2.50

INSTITUTIONAL DATA**Practice Area (Lead)**

Health, Nutrition & Population

Contributing Practice Areas

Agriculture and Food, Education, Social Protection & Jobs, Water

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	● Substantial
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	● Substantial
8. Stakeholders	● Substantial
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



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	Not Currently 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

FA, Schedule 2, Section I, B, 1;

No later than one (1) week after the Signature Date, and without limitation to the provisions of Section 3.01, the Recipient, through the Ministry of Finance and the Ministry of Health, shall cause AFAP to carry out the procurement, disbursement, financial management, environmental and social functions of the Project, and provide capacity building and technical support to the Ministry of Health in the implementation of the Project, pursuant to an agreement (“Subsidiary Agreement”) to be entered into between the Recipient, through the Ministry of Finance, and AFAP, under terms and conditions acceptable to the Association.

Sections and Description

FA, Schedule 2, Section 1, C



1. No
 later than one (1) month after the Effective Date, the Recipient, through the Ministry of Health, shall and shall cause AFAP to prepare, adopt and thereafter, carry out, the Project in accordance with an operations manual (“Project Operations Manual”), which shall contain detailed work flow, methods and procedures for the implementation of the Project, including but not limited to: (i) administration and coordination arrangements, including placement of necessary human resources for Project implementation; (ii) performance indicators of the Project; (iii) monitoring and evaluation; (iv) financial management guidelines and procedures; (v) corruption and fraud measures; (vi) implementation modalities for each Part of the Project; (vii) roles and responsibilities of various agencies and stakeholders in the implementation of the Project; and (viii) personal data collection and processing in accordance with applicable national law and good international practice; and except as the Association shall otherwise agree in writing, the Recipient, through the Ministry of Health, shall not amend or waive, or permit to be amended or waived any provision of the Operations Manual.

Sections and Description

FA, Schedule 2, Section 1, B, 1 (d) from (i) to (iv).

(d) th
 e obligation of AFAP to:
 (i) no
 later than one month after the Effective Date, prepare and submit to the Ministry of Health for adoption, the Project Operations Manual in accordance with Section I.C.1 of this Schedule and carry out the procurement and financial functions under the Project, and provide capacity building and technical support to the Ministry of Health in the implementation of the Project in accordance with the Project Operations Manual;

Sections and Description

FA, Schedule 2, Section 1, B, 1 (d) from (i) to (iv).

(d) th
 e obligation of AFAP to:
 (ii) no
 later than two months after the Effective Date, customize the accounting software to maintain separate records and ledge accounts for the Project;

Sections and Description

FA, Schedule 2, Section 1, B, 1 (d) from (i) to (iv).



(d) th
e obligation of AFAP to:
(iii) no
later than three months after the Effective Date, sign an amendment of the existing contract with external auditors to include the audit of the Project financial statements;

Sections and Description

FA, Schedule 2, Section 1, B, 1 (d) from (i) to (iv).

(d) th
e obligation of AFAP to:
(iv) no
later than three months after the Effective Date, hire an internal auditor;

Conditions



I. PROGRAM CONTEXT

A. MPA Program Context

1. This Project Appraisal Document (PAD) describes the emergency response to São Tomé and Príncipe (STP) under the Coronavirus Disease (COVID-19) Strategic Preparedness And Response Program (SPRP) using the Multiphase Programmatic Approach (MPA), expected to be approved by the World Bank's Board of Executive Directors on March 31, 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

2. **An outbreak of the COVID-19 caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China.** Since the beginning of March 2020, the number of cases outside China has increased thirteenfold and the number of affected countries has tripled. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as the coronavirus rapidly spreads across the world. As of March 24, 2020, the outbreak has resulted in an estimated 334,981 cases and 14,652 deaths in 189 countries.

3. **COVID-19 is one of several emerging infectious diseases (EID) outbreaks in recent decades that have emerged from animals in contact with humans, resulting in major outbreaks with significant public health and economic impacts.** The last moderately severe influenza pandemics were in 1957 and 1968; each killed more than a million people around the world. Although countries are now far more prepared than in the past, the world is also far more interconnected, and many more people today have behavior risk factors such as tobacco use² and pre-existing chronic health problems that make viral respiratory infections particularly dangerous³. With COVID-19, scientists are still trying to understand the full picture of the disease symptoms and severity. Reported symptoms in patients have varied from mild to severe, and can include fever, cough and shortness of breath. In general, studies of hospitalized patients have found that about 83 percent to 98 percent of patients develop a fever, 76 percent to 82 percent develop a dry cough and 11 percent to 44 percent develop fatigue or muscle aches⁴. Other symptoms, including headache, sore throat, abdominal pain, and diarrhea, have been reported, but are less common. While 3.7 percent of the people worldwide confirmed as having been infected have died, WHO has been careful not to describe that as a mortality rate or death rate. This is because in an unfolding epidemic it can be misleading to look simply at the estimate of deaths divided by cases so far. Hence, given that the actual prevalence of COVID-19 infection remains unknown in most countries, it poses unparalleled challenges with respect to global containment and mitigation. These issues reinforce the need to strengthen the response to COVID-19 across all IDA/IBRD countries to minimize the global risk and impact posed by this disease.

4. This project is prepared under the global framework of the World Bank COVID-19 Response financed under the Fast Track COVID-19 Facility (FCTF) and grant financing from the International Development Association (IDA).

¹ Insert document number and URL to the global MPA PAD.

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

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

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



B. Updated MPA Program Framework

5. Table-1 provides an updated overall MPA Program framework, including the first two countries and the proposed project for STP.

Table 1. MPA Program Framework

Phase #	Project ID	Sequential or Simultaneous	Phase's Proposed DO*	IPF, DPF or PforR	Estimated IBRD Amount (\$ million)	Estimated IDA Amount (\$ million)	Estimated Other Amount (\$ million)	Estimated Approval Date	Estimated Environmental & Social Risk Rating
#	P173783	Simultaneous	Please see relevant PAD	IPF	NA	2.5	0.5	April 1, 2020	Substantial
Total			Board Approved Financing Envelope						

C. Learning Agenda

6. The country project under the MPA Program will support adaptive learning throughout the implementation, as well as from international organizations including WHO, International Monetary Fund (IMF), Centers for Disease Control and Prevention (CDC), United Nations Children's Fund (UNICEF), and others. In the case of the Sao Tome e Principe COVID-19 emergency response project a key lesson that will emerge from this experience is how a small, island-state can cope with the challenges of a public health emergency considering the unique characteristics of a small island-setting which includes limited capacity in terms of numbers of health workers and their access to latest knowledge and the dependence on foreign markets which is put at-risk in a global pandemic situation. Moreover, the project will provide insight on how a small and concentrated population, dependent on informal markets outside their homes, will be able to implement social behaviors such as social distancing.

II. CONTEXT AND RELEVANCE

A. Country Context

7. This PAD describes the emergency response to STP under the COVID-19 Strategic Preparedness And Response Program (SPRP) using the MPA, approved by the World Bank's Board of Executive Directors on *[insert Board approval date of the Global program, also insert the document number]* with an overall Program financing envelope of International Development Association (IDA) US\$1.3 billion and of IBRD US\$2.7 billion

8. **The Republic of STP located in the Gulf of Guinea is a small low-middle-income country comprised of two main islands.** It has a total population of approximately 200,000 people, 42.6 percent of whom are 14 years of age or younger. In 2017, the country's per capita gross domestic product (GDP) was US\$1,921. In addition to having a small population and a remote location, there is a high fixed cost of public goods— all factors that affect the country's trade, fiscal accounts, and human development outcomes.

9. **From 2000 to 2010, average annual GDP growth was 5 percent, though this contributed only slightly to a reduction in poverty.** STP experienced an economic upswing during the 2000s as a result of increasing capital and



productivity growth. Growth rates began to decline, however, in 2011 from an average of 4.4 percent to an estimated 2.7 percent in 2018. This decline can be attributed to many factors, including a low level of domestic revenue mobilization and a reduction in government spending given decreasing external grants and loans, which accounted for 95 percent of public investments in 2018. The 2017 Poverty Assessment found that about two-thirds of the population was living in poverty and nearly one-half (or 47 percent) of the population was living in extreme poverty. Inequality has increased in recent years as evidenced by the Gini coefficient which increased from 30.8 in 2010 to 56.3 in 2017. The unemployment rate was 9.1 percent in 2017. The majority (68.7 percent) of the population works in the informal sector with 31 percent of the country's labor force employed in the tertiary sector while 14.2 percent were working in agriculture and/or fisheries.

10. **Human development outcomes in STP are low but improving.** STP's United Nations Development Programme (UNDP) Human Development Index (HDI) value has increased from 0.542 to 0.589 between 2010 and 2017, placing it above the average for Sub-Saharan Africa (SSA) (0.537), but below the average for countries in the medium human development level group (0.645). Strong gains in the country's HDI are largely attributable to an increase in average life expectancy, reduction in infant mortality and increase in the years of schooling. Life expectancy at birth has increased from 65.9 to 66.8 years, the infant mortality rate has decreased from 33.5 to 25.2 (out of 1,000 live births), and the expected years of schooling and the mean years of schooling have increased from 10.6 to 12.5 and from 4.9 to 6.3, respectively.⁵

11. **These human development outcomes are constrained by gender inequalities.** Women are less likely to enter the labor market, due to fewer work opportunities and a skills mismatch that particularly affects women. Women have an unemployment rate three times higher than that of men (14.5 percent compared to 5 percent) (IOF, 2017). These disparities start in adolescence, where pregnant girls face significant challenges for staying in and completing secondary school. One third of women 15-26 report not going to school because they had a child or became pregnant (IOF, 2017). Adolescent mothers are more likely to die in childbirth, and to have children that are stunted, hereby perpetuating a cycle of poverty.

12. **An estimated 60 percent of infectious diseases in humans, and 75 percent of emerging infectious diseases, have their origin in animals.** In the last two decades, multiple emerging infectious diseases outbreaks have occurred, such as the Severe Acute Respiratory Syndrome (SARS) coronavirus in 2002, H5N1 Highly Pathogenic Avian Influenza, the H1N1 Swine Flu in 2009, and the Influenza A Subtype H7N9 Avian Influenza in 2013. Like the ongoing Covid-19, these outbreaks were a powerful reminder that most emerging infectious diseases have their origin in animals. These outbreaks also underscore that an epidemic threat anywhere is an epidemic threat everywhere. Environmental and anthropogenic factors, such as climate change, animal-human interactions, land usage, migration patterns, and animal husbandry drastically increase the risk and frequency of outbreaks. The prevention of epidemics at pre-initiation and before pathogens spillover from animals to humans, remains however neglected. Zoonotic spillover of virtually all these diseases from animals (wildlife or livestock) emphasizes the vital role of a One Health approach.

13. **Covid-19 and other emerging infectious disease control measures are likely to affect the functioning of the food systems and increase the public health risks associated with a dysfunctional food system.** Previous major outbreaks like Ebola, SARS, and MERS had negative impacts on food and nutrition security—particularly for vulnerable populations including children, women, the elderly, and the poor. For example, when Ebola emerged in west Africa in 2014, rice prices in Guinea, Liberia, and Sierra Leone increased by more than 30 percent; the price of cassava, a major

⁵ STP is not yet included in the Human Capital Index of the World Bank because it does not have internationally comparable data on learning outcomes.



staple in Liberia, increased by 150 percent. In 2003, the SARS outbreak delayed China's winter wheat harvest by two weeks, triggering food market panics in Guangdong and Zhejiang, though production and prices were largely unaffected in the rest of China. The COVID-19 outbreak has or is likely to result in disruptions of agri-food systems in the short, medium and long-term. This is mainly due to temporary shut-down of wet markets, animal feed factories, wildlife breeding facilities, shortage of workforce and disruption of transport systems and halting and slowing-down of cross-border flows. Other measures such as mass quarantines, temporary isolations, restriction of movements, social distancing will affect the functioning of the food systems – particularly disrupting the flow between production and consumption centers, the flow of exports as well essential variable inputs. Significant disruption to food supply may result in many effects, some of which may not easily be discernible in the short-run. The disruption of agri-food value chain operations is felt by producers, transformers and consumers alike. The disruption or slowdown of economic activity is expected to affect incomes hard, especially for the poor who rely on labor but also farmers and rural entrepreneurs in small businesses and services who see disrupted supply chains. Price effects might be expected on (a) farmers unable to sell produce with falls in prices as supply chains slow down; and (b) consumers (urban but also rural-including small farmers and other net-food buyers) facing high prices due to the same supply chain problems. Attention should be given to protect or restore functional food supply chains.

14. **While it is important to restore in the shortest time possible the functioning of food systems, it is equally important to reduce the public health risks along the food chains focusing on curbing the transmission of foodborne and non-foodborne zoonotic and other emerging infectious diseases that may thrive through the malfunctioning of the food system.** In order to help countries reduce the public health risks and to better regulate human exposure to potential vectors of diseases, be they foodborne or non-food related zoonoses, there is need to strengthen disease surveillance, the implementation of good animal husbandry practices (GAHP) and bio-security measures in animal production and trade, as well as hygiene and food safety standards. Specific interventions may include: (i) enhancing country's capability for prevention of emerging infectious diseases and emergency response plans; (ii) strengthening veterinary services, disease surveillance and diagnostic capacity; (iii) strengthening the country's existing animal disease control programs; and (iv) improving adoption of GAHP and implementation of biosecurity measures in livestock production and trade. These interventions will be implemented by Ministry of Agriculture through its technical departments for animal production and animal health.

B. Sectoral and Institutional Context

15. **The Government of STP finalized its National Contingence Plan to face COVID-19 infection.** The budget of the Government Plan US\$2.7 million for the different phases of preparedness, response and recovery is correlated to the current low capacities of the country.

16. **The epidemiological profile of São Tome e Príncipe continues to be dominated by communicable diseases with high incidences of acute respiratory diseases,** diarrheal diseases, the persistence of some foci of neglected tropical diseases and other related diseases to the environment, the habits and behaviors of the populations. Non-communicable diseases (high blood pressure, diabetes and cancer) are increasing and represent today more than 60 percent of all health consultations.

17. **The Joint External Evaluation (JEE) of the country capacity to comply with the International Health Regulations (IHR) was performed in May 2019.** Overall, the external evaluation team noted limited capacity in most of the 19 technical areas with the exception of vaccination where capacity is sustained. Overall, the external evaluation team noted that in most technical areas, there is capacity, be it limited or developed. Only the vaccination area has



demonstrated capabilities and is sustained. The JEE also pointed out that the National Council for Preparing and Responding to Disasters (CONPREC) could easily extend its scope beyond natural disasters, to integrate the public health component. The laboratory component was identified as a constraint in the transport of infectious substances. In several technical areas, the need to program and plan intersectoral exercises was identified. The need to improve communication and collaboration between the sectors of human health, animal health and the environment, as part of the One Health approach became evident, a need previously identified in the assessment by the World Organization for Animal Health (OIE), in which the country participated in 2013.

18. **An ad-doc committee under the coordination of the Ministry of Health (MoH) meets and monitors the situation daily with WHO support.** On February 12, the MoH and WHO had a working session in the Council of Ministers on the IHR and the COVID-19 epidemic with the aim of providing early information on the threat, strengthening coordination and preparing for the country to deal with COVID 19 and similar public health emergencies and their health and socio-economic impacts. Following this session, the Government decided to mobilize US\$500 000 from its national budget to support preparation for COVID-19. On February 18, the MoH held a working session with the agencies of the Nations, which aimed to inform about the government's preparatory actions and coordinate the contributions of each other. The Government, through the Ministry of Foreign Affairs, supported by MoH and WHO has had 2 information meetings with the international community in the country.

19. **The country has taken measures to strengthen surveillance at the point of entry:** The surveillance has been strengthened (health screening including temperature control and the introduction of passenger tracking sheets), hands washing facilities have been established as well as a temporary isolation space and an ambulance to refer suspected cases to a dedicated isolation room in the national hospital. Travelers have passport checked, fill COVID 19 respective health forms and receive information on protection and measures to take if presenting symptoms. Seven alerts cases have been identified - based on provenance and not symptoms- have been isolated and followed for 14 days. 3 of these follow-up have been closed while four are still under surveillance at home.

20. **In addition to strengthening surveillance, the country is taking measures to strengthen the overall health system.** Surveillance measures have been reinforced, in particular with the distribution of the WHO case definition, to the national health service. The case definition is applied in 90 percent of the health facilities (HF). Three information, training and awareness sessions with health technicians took place at the Ayres de Menezes national hospital. An 11 bed isolation room is ready to receive first cases and dedicated staff has been trained on case management and infection prevention and control (IPC) measures. Briefings on investigation protocols have been made to the MoH surveillance team IPC measures are being strengthened, particularly the promotion of handwashing. Drugs, personal protection equipment (PPE) and laboratory swabs have been purchased but not yet received. Refresher on sample collection packaging and transport has been provided since there is no laboratory testing capacities yet in country.

21. **A risk communication strategy is in place.** Communication sessions with the general public on general measures for the prevention of acute respiratory diseases are carried out on television and radio, focus on frequent hand washing, respiratory etiquette, and maintaining distance and care in front of a person with symptoms of acute respiratory infection. Distribution of posters on COVID-19 has been done. The interview with the media, jointly the Minister of Health and the Representative of WHO, on COVID-19 was carried out. The communication plans is being finalized.



C. Relevance to Higher Level Objectives

22. **The project is aligned with World Bank Group strategic priorities, particularly the World Bank Group (WBG) mission to end extreme poverty and boost shared prosperity.** The Program is focused on preparedness which is also 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 under Preparedness: (i) improving national preparedness plans including organizational structure of the government; promoting adherence to the IHR; and utilizing international framework for monitoring and evaluation (M&E) 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 strengthening institutional capacity, technical assistance (TA), lending and investment)." The project contributes to the implementation of IHR (2005), Integrated Disease Surveillance and Response (IDSR), and the OIE international standards, the Global Health Security Agenda, the Paris Climate Agreement, the attainment of Universal Health Coverage and of the Sustainable Development Goals (SDG), and the promotion of a One Health approach.

23. **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 TA, building on existing instruments to support IDA/IBRD-eligible countries in addressing the health sector and broader development impacts of COVID-19. The WBG COVID-19 response will be anchored in the WHO's COVID-19 global Strategic Preparedness and Response Plan (SPRP) outlining the public health measures for all countries to prepare for and respond to COVID-9 and sustain their efforts to prevent future outbreaks of emerging infectious diseases.

24. **The proposed project is aligned with the World Bank's Country Partnership Strategy (CPS) for STP⁶.** The (CPS) supported STP's Second Poverty Reduction Strategy Paper (PRSP II, 2012-2016) and was structured around two themes: (1) supporting macroeconomic stability and national competitiveness; and (2) reducing vulnerability and strengthening human capacity. The project fills critical gaps in the second theme as the current portfolio does not support the health sector, let alone disease surveillance and response to global pandemics such as COVID-19. The Performance Learning Review (PLR) provided a two-year extension of the FY14-FY18 CPS until the end of FY20. The project is also reflective of key findings from the STP Poverty Assessment which shows that over 94 percent of those consulting health services, use public services. The proposed COVID-19 project for STP will focus on the strengthening of the public HFs as the first point of contact and overall disease management. The proposed COVID-19 operation will also inform the Systematic Country Diagnostic (SCD) currently under preparation.

III. PROJECT DESCRIPTION

25. **The proposed project will support the Government of STP in its preparedness for detection and containment of COVID-19 cases.** After the emergence of the new coronavirus, called COVID-19, in China and its spread outside China, on January 30, 2020, the Director-General of the WHO declared COVID-19 as a public health emergency of international concern (PHEIC), based on the opinion of the International Emergency Committee and within the

⁶ Report Number: 112944.



framework of the International Health Regulations (2005). This Declaration implies that all countries must increase their preparedness for detection and containment of cases, including active surveillance, early detection, isolation and case management, follow-up contacts and prevention of the spread of COVID Disease 19. The proposed project aims to reinforce and maintain the country capacity to: (i) limit the transmission of COVID 19 in the population including health workers; (ii) strengthen early detection notification and confirmation of cases of COVID-19; (iii) effectively manage isolation and case management for all suspected and confirmed cases of COVID-19; (iv) support health promotion and community mobilization for the protection and prevention to COVID-19, and (v) reinforce the multisector coordination of partners to improve preparedness and response and to minimize the socio-economic impact of a potential outbreak of COVID-19. The proposed project will also work to strengthen the long-term capacity taking the “One Health” approach with key activities for animal health to support national prevention, early warning systems, control and eradication strategies to cover STP’s needs in the short, medium or long term. Proposed activities would be based on detailed assessments of the risk of Emerging Infectious Diseases (EIDs), epidemiological status of major zoonotic infections, capacity of national Veterinary Services and the vulnerability of the livestock sector to new, emerging and re-emerging infectious diseases.

A. Development Objectives

26. The project objectives are aligned to the results chain of the COVID-19 Strategic Preparedness and Response Program (SPRP).

27. **The Project Development Objective (PDO)** is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in STP.

28. The general objective of the project, which intends to fill critical funding gaps in implementing the National Action Plan for Health Security (NAPHS) is to improve IHR capacities in STP, while, strengthening the preparedness and response activities to the COVID-19 outbreak. The budget will be utilized within 24 months to enhance preparedness activities for COVID-19 and strengthen the IHR capacities both at national and subnational level.

29. The specific objectives of the project, aligned with the STP’s draft NAPHS and STP COVID-19 are: (i) To strengthen coordination of preparedness and response operations at national and subnational levels; (ii) To strengthen surveillance capacity for early detection of cases, alert/rumor management and contact tracing; (iii) To strengthen nationwide IHR core laboratory capacities including the diagnosis of COVID-19; (iv) To improve national strategy for risk communication and community engagement thus increasing awareness and informed decision-making among communities; (v) To reinforce IHR core capacities at points of entry, including screening for COVID-19 when applicable ; (vi) To increase the capacity to rapidly isolate and provide optimized care for persons suspected or confirmed to have COVID-19; (vii) To implement optimal infection and control measures in healthcare settings and communities; ; and (viii) To provide and pre-position medical supplies and commodities, and other logistics for COVID-19 management.

PDO indicators

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

- Country has activated their public health Emergency Operations Centre or a coordination mechanism for COVID-19 (text);



- Percentage of suspected cases of COVID-19 cases that were investigated, laboratory confirmed and reported based on national guidelines (percentage);
- Percentage of acute healthcare facilities with isolation capacity (percentage);
- Country adopted personal and community non-pharmaceutical interventions (schools closures, telework and remote meetings, reduce/cancel mass gatherings) (percentage); and
- M&E system established to monitor COVID-19 preparedness and response plan (text).

B. Project Components

31. **Component 1: Emergency COVID-19 Response** [US\$2,000,000 equivalent]: This component would provide immediate support to STP to prevent COVID-19 from arriving or limiting local transmission through containment strategies in line with STP COVID Preparedness and Response Plan. It would support the strengthening of disease detection capacities through provision of technical expertise, laboratory equipment and systems to ensure prompt case finding and contact tracing. It would strengthen Institution and community engagement in ensuring community-based disease surveillance and multi-stakeholder commitment to keep the public informed and empowered to obey to social distancing non-pharmacological interventions (i.e. schools closing, offices shutting down). Lastly, it would enhance clinical care capacity through financing plans for establishing specialized units in selected hospitals, treatment guidelines, clinical training of health workers and hospital infection control guidelines.

32. **Sub-component 1.1 – Case detection, confirmation, contact tracing, recording, reporting for COVID-19** [US\$650,000]: Operationalize Indicator and Event base surveillance to respond to COVID-19; establish protocols, processes and regulations for reporting to WHO, OIE and Food and Agriculture Organization of the United Nations (FAO) on public health emergencies, including regular reporting on COVID-19 epidemiology; Implement IHR core capacities and contingency plans for COVID-19 at Points of Entry (PoEs); strengthen Rapid Response Teams in country to respond to COVID-19; Strengthen National laboratory diagnostic to conduct COVID-19 diagnostic tests as well as in the mid-term build capacity for key priority diseases in accordance to WHO guidance; in the mid-term establish Field Epidemiology Training Program (FETP) Frontline program in country to provide epidemiology training and develop public health workforce to better respond to emergencies;

33. **Sub-component 1.2 – Risk communication, community engagement and social distancing** [US\$500,000 equivalent]: Establish national risk communication and community engagement strategy for COVID-19; Adaptation of the messages to the poorest and most vulnerable populations which are the target beneficiaries of the Social Safety Net (SSN) programs; Production of communication materials and training resources for risk communication for COVID-19; Proactive public outreach on a mix of platforms (newspapers, radio, television, social media, Internet) including; Stakeholders mapped and decentralized institutional system in place for community engagement and financing for non-pharmaceutical interventions (NPI): everyday personal (hands hygiene, cough etiquette, stay home if ill), environmental (clean surfaces, increase ventilation), pandemic personal (home if anyone in the household is ill, using mask in community if ill), pandemic community (school closing, teleworking, cancel mass gatherings). In the mid-term (end of the project) the goal would be to have a National Strategy for Risk communication and community engagement;

34. **Sub-component 1.3 – Health systems capacity to respond to COVID-19** [US\$850,000]: Establish healthcare referral and triage systems for COVID-19; Upgrade and equip health care facilities to increase Intensive Care Unit (ICU) capacity with medical equipment and supplies for COVID-19 severe patients management⁷; establishment and Training

⁷ WHO Operational Support and Logistics Disease Commodity Packages – available at - <https://www.who.int/publications-detail/disease->



of Emergency Medical Teams (EMTs) to respond to COVID-19 emergency; Draft and disseminate guidance on ICU management of severe cases with proper IPC; ensure water supply, sanitation and hygiene services and medical waste management in health care facilities; procurement of commodities for IPC precautions (personal protection equipment); develop plan to support critical functions that must continue during a community widespread outbreak of COVID-19 (e.g. water and sanitation, fuel and energy, food, telecommunication/internet, finance, education, and transportation, necessary resources, and essential workforce); improving biosecurity in livestock production and trade, with the longer term vision of reducing health related risks throughout agriculture and food systems. In the mid-term the goal would be to: have capacity in country for management of highly infectious diseases; have EMTs established and trained for a multi-hazards approach; have a national IPC strategy approved and implemented;

35. Component 2. Strengthening Multi-sector, National Institutions and Platforms for Policy Development and Coordination of Prevention and Preparedness including One Health approach [US\$300,000 equivalent]:

Sub-component 2.1 – Coordination of public health emergency response [US\$150,000]: - Establish an Emergency Operation Center (EOC) within MoH to manage COVID-19 response and in the mid-term be the coordination mechanism for Preparedness and Response activities for PHEs; Define and implement EOC terms of reference (ToR), including Standard Operating Protocols (SOPs), Job descriptions and roles and responsibilities; Establish coordination multisectoral committees for COVID-19;

Sub-component 2.2 – Strengthen One Health Approach [US\$150,000]: Under the “One Health” framework, this component will also support enhancing zoonotic diseases information systems through development of a uniform disease information system in STP as part of their control program to provide better analytical capacity to enable STP to participate in global disease information sharing, complying with their obligations as members of OIE and WHO, thereby contributing towards progressively better global and regional control. The system would be linked to rapid and standardized methods of routine analysis of surveillance data, which would demonstrate important changes in the animal health situation, and promptly supply this information to field personnel.

38. Component 3. Implementation Management and Monitoring and Evaluation [US\$200,000 equivalent]: Support and finance for the strengthening of public structures for the coordination and management of the STP projects will be provided, including central and local (decentralized) arrangements for coordination of activities, FM and procurement. This component would support M&E of prevention and preparedness, building capacity for clinical and public health research, including veterinary, and joint-learning across and within countries. This component will also support M&E for the strengthening of IHR (2005) capacities in line with the JEE scoring system as outlined in the Results Framework and M&E section.

39. Component 4: Contingency Emergency Response Component (CERC) (US\$0 million): In the event of an Eligible Crisis or Emergency, the project could contribute to providing immediate and effective response to said crisis or emergency.



Table 2: São Tomé e Príncipe Project Budget Breakdown

Budget breakdown by component

No.	Component	Activity	Budget (US\$)
1	Emergency COVID-19 Response	Case detection, confirmation, contact tracing, recording for COVID-19: <ul style="list-style-type: none"> Operationalize Indicator and Event base surveillance; Establish systems for IHR compliant reporting; Implement contingency plans for COVID-19 at PoEs; Establish, train and equip Rapid Response Team (RRT); Strengthening reference laboratory through the reinforcement of infrastructure and equipment to ensure the implementation of new diagnostic methods (Polymerase Chain Reaction (PCR), viral and bacteriological culture, serologies) to ensure diagnostic capacity for COVID-19 and other highly infectious agents; Mid-term establish FETP Frontline program. 	650,000.00
		Risk communication, community engagement and social distancing: <ul style="list-style-type: none"> Establish and implement National Risk Comms. plan for COVID-19; Produce and disseminate messages; Adaptation of messages to poorest and most vulnerable, target beneficiaries of the SSN programs, and linkage with the Management Information System; Community engagement for non-pharmacological interventions (NPI) interventions; Financing to support communities enforce NPI interventions; Mid-term establish National Risk communication Strategy and train human resources (HR). 	500,000.00
		Health systems capacity to respond to COVID-19: <ul style="list-style-type: none"> Establish HFs referral system and implement triage systems; Upgrade and equip Health facilities (including ICU centers with medical equipment and 	850,000.00



		<p>supplies for COVID-19 severe patient management (including but not restricted to purchasing mechanical ventilators, laryngoscopes, oxygen and venturi masks, endotracheal tubes, oxygen concentrators, resuscitators);</p> <ul style="list-style-type: none"> • Train health care worker on IPC and COVID-19 management; • Implementation of IPC guidance and procurement of commodities for IPC precautions ; • Strengthen Water, Sanitation and Hygiene (WASH at health care facilities (HCFs) and at the community; • Establish and train EMTs on management of severe patients and IPC procedures; • Establish contingency fund and activities to support societal crucial functions (water, food, energy, fuel, etc.). 	
Sub total			2,000,000.00
2	Strengthening Multi-sector, National Institutions and Platforms for Policy Development and Coordination of Prevention and Preparedness including One Health approach	<p>Establish EOC at Central level for PHE coordination and activate for COVID-19 EPRP:</p> <ul style="list-style-type: none"> • ToRs, SOPs; Job Aids for EOC operationalization; <p>Training HR resources;</p>	150,000.00
		<p>Establish intersectoral committee on One Health (MoH, Ministry of Agriculture, Ministry of Environment, Ministry of Social Assistance) to ensure strengthened surveillance in the human-health-environment interface.e</p>	50,000.00
		<p>Develop SOPs and Job Aids to ensure regular reporting to WHO, OIE and FAO. Designate and train Focal Points at National level.</p>	30,000.00
		<p>Zoonotic diseases information systems through development of a uniform disease information system.</p>	50,000.00
		<p>Improve bio-security in livestock production and trade.</p>	20,000.00
Sub total			300,000.00
3	Implementation Management and Monitoring and Evaluation	<p>Support and finance for the strengthening of public structures for the coordination and management of the STP projects will be provided, including central and local (decentralized) arrangements for coordination of activities, FM and procurement;</p>	150,000.00
		<p>Support M&E for the strengthening of IHR (2005) capacities in line with the JEE scoring system as outlined in the Results Framework and M&E section.</p>	50,000.00



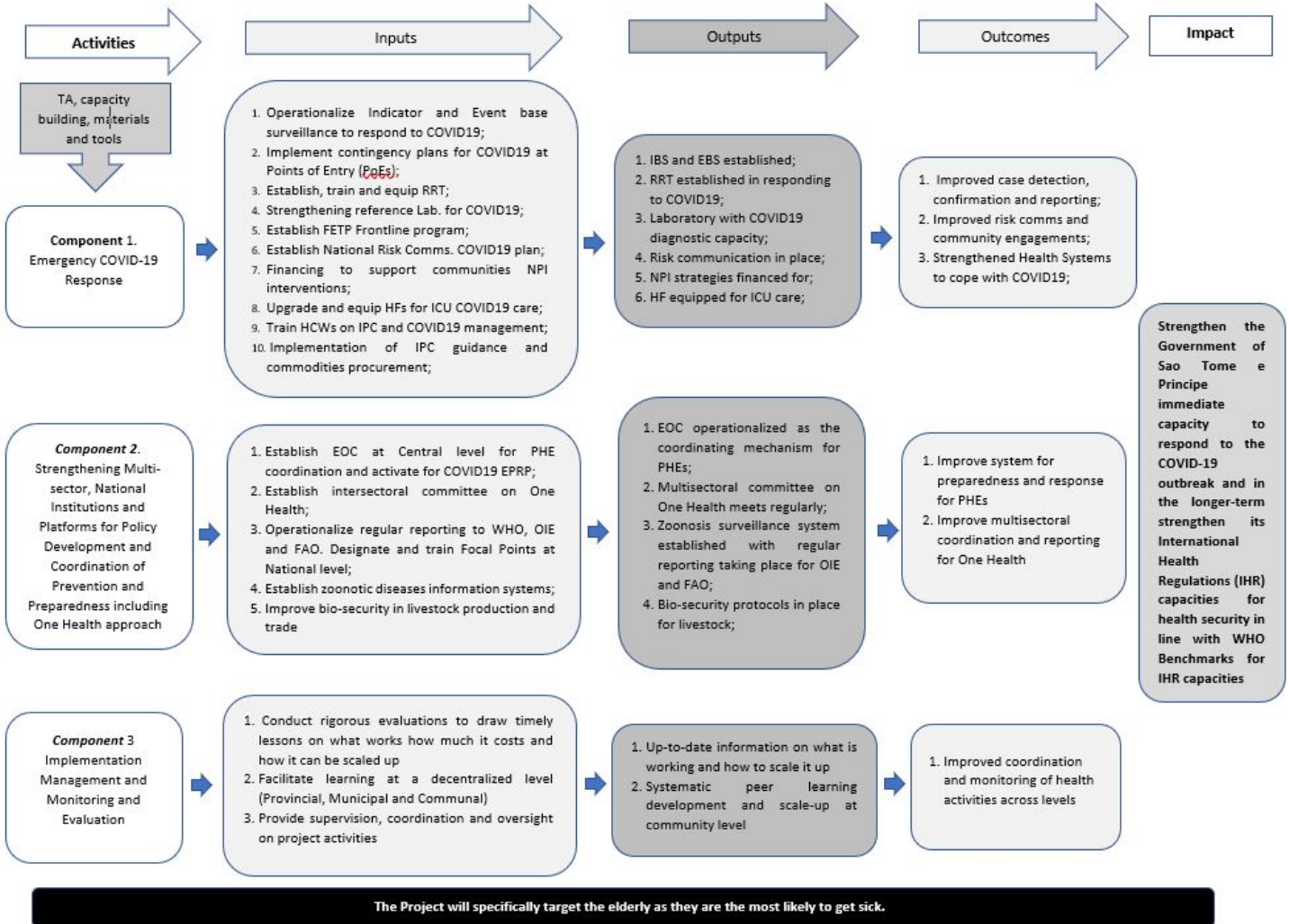
	Sub total		200,000.00
4	CERC	In the event of an Eligible Crisis or Emergency, the project could contribute to providing immediate and effective response to said crisis or emergency.	0.00
	Sub total		0.00
Grand total			2,500,000.00

C. Results Chain

40. The PDO is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in STP. Considering the possible negative impacts that the COVID-19 pandemic may cause to a challenged National Health System and on an economy that is highly dependent on tourism as is the case of STP. The project will work to strengthen the countries preparedness and capacity to respond to COVID-19 by providing medical equipment necessary for testing suspected cases, protective gear for the health workforce o the frontline, upgrade public HFs in order to improve preparedness for PHEIC and provide technical advice. The main interventions supported by the project are listed in Figure 1.



Figure 1: Project Theory of Change



D. Project Beneficiaries

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



IV. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

42. The MoH will be responsible for the overall implementation of project activities. The MoH will work closely with other health and non-health agencies, including the Ministry of Finance and Fiduciary Agency for Project Management (AFAP), on project implementation. The Project Coordination Unit (PCU) will be established under the MoH to strengthen the technical capacity of the MoH. With a PCU for the project, AFAP would provide support on fiduciary activities of the project with all other activities and responsibilities assigned to the PCU. Specifically, AFAP will be in charge of disbursements, procurement, FM, and safeguards. The staff of the PCU will include technical experts and specialists in the area of project management and M&E. Once the Project becomes effective, the Project would also hire short term consultants to support implementation as needed.

43. The technical directorates at the MoH, as well as the PCU will be given full responsibility for implementing their activities according to the Project Operational Manual (POM) and Action Plan (AP) of the project⁸ A review of the POM and AP implementation achievements and constraints will be carried out annually and will form the basis for the preparation of the following year's AP, according to priorities and potential economic and social changes. Moreover, the project can look to engage key development partners such as the WHO to provide TA and implantation support.

44. To assist the MoH with project implementation, AFAP will be designated as a Fiduciary Agency, respectively for procurement and FM tasks. AFAP will liaise with the directorates responsible for the implementation and procurement roles of the Investment Project Financing (IPF) activities and will report on the progress made on a quarterly basis. Also, AFAP will provide training and technical support to the MoH to implement the project. The FM activities will be conducted by the current team of AFAP.

B. Results Monitoring and Evaluation Arrangements

45. M&E activities will be the responsibility of the MoH.

C. Sustainability

46. The approach of the project to provide immediate COVID-19 support while strengthening the national surveillance system with complementary training and capacity building will ensure the project builds mechanisms for longer-term support and the sustainability of the project.

V. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

47. **STP is at very high risk due to significant exposure to COVID-19 affected countries.** STP maintains very close economic relations with Europe, China and other affected countries mainly through tourism and trade connections. Thus, the likelihood of STP being affected, also considering the number of countries already affected in less than two

⁸ Action Plan is a course of actions or strategy to achieve one or more goals of the project



months, makes the spread of the epidemic imminent. On the other hand, according to preliminary data, 1 case of COVID-19 can infect one-five cases, the severity is 14-18 percent and the lethality rate is 1-2 percent, the form of transmission by air droplets, by contact with aerosolization fomite; and considering the relatively low level of preparation of the health system in STP, the consequences will be negative and could be incalculably severe. As a reference, STP invests on average around 5 percent of GDP in the health sector. With COVID-19 already reaching the African continent, the risk is high for STP.

48. **In addition to its heavy health and human toll, the coronavirus outbreak further clouds an already fragile global economic outlook and can further set back the fight against poverty.** Potential tightening of credit conditions, weaker growth and the diversion of expenditures to fight the outbreak are likely to cut into government revenues and governments' ability to invest to meet education, health and gender goals. The poor will be hit particularly hard. Current estimates suggest that a one percent decline in developing country growth rates traps an additional 20 million people into poverty. STP is already facing an adverse macroeconomic situation given its fiscal and external vulnerabilities, which has been hampering economic activity. GDP growth rate is estimated at 2.7 percent in 2018 from 3.9 percent in 2017, with expectations of further slowdown in 2019. Consequently, poverty rate has remained unchanged at 34.4 percent. The COVID-19 outbreak can pose additional risks to the already fragile economic situation, which can contribute to rising poverty levels.

49. **The outbreak weighs on economic activity through both demand and supply channels.** On the demand side, activities involving face-to-face interaction are heavily affected. On the supply side, prevention measures, such as factory closures, have significantly disrupted production of tradable and non-tradable goods across the country. Available high-frequency data point to a major contraction in economic activity in China this quarter. These include sharp downturns in daily coal consumption for power generation, average road congestion, nationwide passenger traffic, tourism activity, and container throughput at Chinese ports. A month after Chinese New Year, daily passenger trips are down 80 percent compared to normal. Most international carriers have cancelled their flights to China until at least end-April. Container shipping lines have been idling vessels at a record pace in January-February. At end-February, coal use was half of last year's in major power generation plants with daily reporting; pollution, an indicator of industrial production, was down 40 percent compared to normal. As of mid-February, Morgan Stanley has estimated industrial production at 30-50 percent of normal. Moreover, production indicators for electronics have faltered, suggesting growing disruptions to China's globally-integrated manufacturing sector. In this context, the manufacturing PMI suffered its worst performance. STP can be affected notably through the main transmission channel that is tourism. The number of tourists departing from Portugal may strongly decline as the virus spreads in Europe. Additionally, STP could also be impacted through lower global demand for its commodities such as cocoa and through higher prices of imported products such as food.

50. **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. Fiduciary

(i) Financial Management

51. An FM Assessment was undertaken to evaluate the adequacy of the FM arrangements in the light of the emergency response to be provided against the pandemic COVID-19 health threat. In so doing, the Assessment was carried out in accordance with the Directives and Policy for IPF, the World Bank Guidance on FM in World Bank IPF Operations issued on February 28, 2017, and the various FM and disbursement measures for preparation of operations under COVID-19 emergencies including the modalities for engagement of United Nations (UN) partners. AFAP established under the Ministry of Planning, Finance, and Blue Economy, will provide FM support to the MoH in the implementation of the proposed project. AFAP established to handle the fiduciary matters of the Social Sector Support Project (P075979) in 2003, has a good track record in the implementation of World Bank-financed projects. Currently, it is providing fiduciary support for the implementation of five World Bank-financed operations with total commitment amounting to US\$67.00 million. The recent review of the agency's FM arrangements concluded that it continues to maintain acceptable FM arrangements for the implementation of the ongoing projects that will apply to the project.

52. In order to expedite the execution of some key project activities or to supply medical equipment, goods, services and benefit from TA to the response to the emergency, the Government will directly engage the WHO, and if needs arise, UNDP will also be contracted using a standard template. UN agencies FM and procurement procedures will apply. The World Bank will ensure that the Reporting and Fraud and Corruption Prevention requirements of the standard agreements are in place. The UN agencies will conduct agreed activities and submit quarterly reports on the utilization of advances to AFAP. The content and format of the report will be agreed with the Government. It may include description of activities undertaken, equipment, good, purchased, with detail of quantity and value, cumulative data, funds balance, disbursement plan, etc.

53. Disbursement of IDA will be done on transactions basis (statement of expenditures [SoEs]). The proposed project will make use of the following disbursement methods: advance, UN commitments, direct payment, reimbursement and special commitment. The World Bank will offer the flexibility of lowering the threshold for direct payment to facilitate payments to foreign providers of goods and services. The implementing agency will prepare quarterly unaudited IFRs and provide such reports to the World Bank within 45 days of the end of each calendar quarter. In addition to receiving the financial reports, the World Bank FM team will conduct regular implementation support missions that will be tailored to the urgent nature of the project and associated risk. The project financial statements will be audited by the independent external auditor in accordance with International Standards on Auditing (ISA) as issued by the International Auditing and Assurance Standards Board (IAASB) within the International Federation of Accountants (IFAC). The overall FM arrangements were assessed to be adequate to ensure the project activities are handled and financed with due consideration to efficiency and economy. The overall FM risk is Substantial due in part to country risk, capacity issues in the country, and the emergency nature of this operations.

(i) Procurement

54. Procurement under the MPA will be carried out in accordance with the World Bank's Procurement Framework. Procurement by countries will follow the World Bank's Procurement Regulations for IPF Borrowers for



Goods, Works, Non-Consulting and Consulting Services, dated July 1, 2016 (revised in November 2017 and August 2018). The Projects will be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016. Countries will use the Systematic tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions.

55. The major planned procurement across countries is expected to include: (i) medical/laboratory equipment and consumables; (ii) PPE in facilities and triage; (iii) clinical management equipment; (iv) refurbishment and equipment of medical facilities; (v) TA for updating or reviewing national plans and costs; (vi) human resources for response; and (vii) expertise for development and training of front-line responders. Country projects will prepare streamlined project procurement strategies for development (PPSD) which has been moved to implementation as per streamlined procedures. Procurement plans will be agreed with individual countries.

56. Country procurement approaches will utilize the flexibility provided by the World Bank's Procurement Framework for fast track emergency procurement. Key measures to fast track procurement include: (i) use of simple and fast procurement and selection methods fit for an emergency situation including direct contracting, as appropriate; (ii) streamlined competitive procedures with shorter bidding time; (iii) use of framework agreements including existing ones; (iv) procurement from UN Agencies enabled and expedited by World Bank procedures and templates; (v) use of procurement agents; (vi) force account, as needed; and (vii) increased thresholds for Requests For Quotations and national procurement, among others. As requested by the Recipient, the World Bank will provide procurement hands-on expanded implementation support to help expedite all stages of procurement – from help with supplier identification, to support for bidding/selection and/or negotiations to contract signing and monitoring of implementation.

57. Country projects may be significantly constrained in purchasing critically needed supplies and materials due to significant disruption in the supply chain, especially for PPE. The supply problems that have initially impacted PPE are emerging for other medical products (e.g. reagents and possibly oxygen) and more complex equipment (e.g. ventilators) where manufacturing capacity is being fully allocated by rapid orders from developed countries.

58. Recognizing the significant disruptions in the usual supply chains for medical consumables and equipment for COVID-19 response, the World Bank will provide, at borrowers' request, World Bank Facilitated Procurement (BFP) to proactively assist them in accessing existing supply chains. Once the suppliers are identified, the World Bank could proactively support borrowers with negotiating prices and other contract conditions. Recipients 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 World Bank disbursement option available to them. The BFP would constitute additional support to borrowers over and above usual Hands on Expanded Implementation Support which will remain available. If needed, the World Bank could also provide hands-on support to Borrowers in contracting to outsource logistics.

59. 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 World Bank is coordinating closely with the WHO and other UN agencies (specifically WHO 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 (around 5 percent on average.) In addition, the World Bank may help borrowers access governments' available stock.



60. Procurement will be carried out by the agencies defined in each country project. Streamlined procedures for approval of emergency procurement to expedite decision making and approvals under country projects would be agreed for implementation. For STP, the MoH will be the technical implementing agency, while AFAP will have fiduciary responsibility, including procurement.

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 Standards

61. The following World Bank Environmental and Social Standards (ESSs) are relevant to the proposed project: ESS1 Assessment and Management of Environmental and Social Risks and Impacts; ESS10 Stakeholder Engagement and Information Disclosure; ESS2 Labor and Working Conditions; ESS3 Resource Efficiency and Pollution Prevention and Management; and ESS4 Community Health and Safety.

62. **Environmental.** Project activities will include capacity building and trainings, acquisition of medical supplies, drugs, and PPE, community outreach, establishing quarantine centers, and support to the project implementation and monitoring functions. There is the potential for minor refurbishments. Overall the project is expected to have positive impacts by improving COVID-19 and other diseases surveillance, monitoring and containment. Notwithstanding, some adverse environmental and social risks and impacts are likely arise, mainly during project implementation emanating from e collection, storage, handling and transportation and disposal medical inputs and equipment that may lead to increased occupational health and safety risks to the health workers, public health concerns due to mishandling of medical inputs and equipment or even inappropriate disposal of healthcare waste. as. Environmentally and socially sound laboratory operation will require adequate procedures and protocols to compliance with Good International Industry Practices for occupational health and safety standards which may also involve, proper use of approved disinfectants, proper quarantine procedure for COVID-19, appropriate chemical and infectious substance handling and transportation procedure, appropriate Personal protective equipment, including adjustments in the institutional/implementation arrangements to ensure sound management of anticipated environmental and social risks.

63. **Organizational capacity and competencies.** Recipient has no prior experience or capacity in implementing the World Bank’s new Environmental and Social Framework (ESF). Significant efforts will be required to build the capacity of the MoH to implement ESF requirements during project implementation. The MoH will ensure to appoint an environmental and social (E&S) specialist to be suitably trained to coordinate and supervise the preparation and implementation of E&S instruments in the project.

64. **ESF instruments.** An Environmental and Social Commitment Plan (ESCP) was prepared and disclosed on March 24, 2020 and contains a summary of measures and actions to mitigate identified environmental and social risks and impacts, as well as training programs focused on COVID-19 laboratory biosafety, operation of isolation centers and screening posts, as well as monitoring and reporting requirements. Recipient shall also prepare a Healthcare Waste



Management Plan (HCWMP) taking into consideration the WHO standards on COVID 19 response, which under streamlined procedures will be completed within one month of project approval. The HCWMP will adequately cover the procedures for the safe handling, storage, and processing of COVID-19 materials and clearly outline the implementation arrangements to be put in place by STP MoH for environmental and social risk management. The relevant part of COVID-19 Quarantine Guideline and WHO COVID-19 biosafety guidelines will be reviewed while preparing the HCWMP so that all relevant risks and mitigation measures will be covered.

65. **The Environmental and Social Management Framework (ESMF)** will adequately cover the procedures for the safe handling, storage, and processing of COVID-19 materials including the techniques for preventing, minimizing, and controlling environmental and social impacts during the operation of project supported laboratories. It will also clearly outline the implementation arrangement to be put in place for environmental and social risk management; training programs focused on COVID-19 laboratory biosafety, operation of isolation centers and screening posts, as well as compliance monitoring and reporting requirements. The relevant part of COVID-19 Quarantine Guideline and WHO COVID-19 biosafety guidelines will be included in a Healthcare Management Plan to be annexed in the ESMF so that all relevant risks and mitigation measures are adequately identified and addressed. In addition to the ESMF, the client will implement the activities suggested in the ESCP. It will also implement a Stakeholder Engagement Plan (SEP), which has been prepared and disclosed on March 24, 2020.

66. **The SEP** outlines a structured approach to engagement with stakeholders that is based upon meaningful consultation and disclosure of project information, considering the specific challenges associated with COVID-19. In view of the particular situation of COVID-19, stakeholder engagement activities should be adapted to minimize close personal contact and follow the recommended hygiene procedures as outlined in the CDC Interim IPC Recommendations for patients with confirmed COVID-19 or persons under investigation for COVID-19 in Healthcare Settings. Innovation in the methods used for consultation and information disclosure will be strongly encouraged, with greater reliance on the use of social media and other forms of “virtual” communication. People affected by Project activities, including construction workers on laboratory and clinic sites, should be provided with accessible and inclusive means to raise concerns and grievances. To ensure this approach, the project has included a component on “Risk communication and Community Engagement” (RCCE), encompassing behavioral and sociocultural risk factors assessment, production of RCCE strategy and training documents, production of communication materials, media and community engagement, and documentation in line with WHO “Pillar 2: Risk communication and community engagement”. The approaches taken will ensure that consultation and information disclosure are meaningful, timely, and accessible to all affected stakeholders. Cultural and gender sensitivities, as well as challenges deriving from illiteracy or disabilities, will be addressed. Due to the expected country-wide implementation of activities, the differences between areas and socioeconomic groups will be taken into consideration during rollout of the RCCE. A citizen engagement mechanism will be incorporated at the refurbished and upgraded HFs to assess customer satisfaction with regarding the ability of the health system to provide timely and needed services. A citizen engagement indicator is included in the results framework to measure progress in the area of citizen engagement.

VI. GRIEVANCE REDRESS SERVICES

67. The project will build upon existing public sector grievance redress mechanism structures, develop and implement a grievance redress mechanism (GRM) specific to the project, in accordance with the requirements of ESS1 and ESS10.

68. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to project-level grievance redress mechanisms or to the WB’s Grievance Redress Service



(GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm *occurred*, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World 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

69. The key risk related to the operation are public and occupational health risks deriving from engagement with people and samples contaminated with COVID-19. Accordingly, provisions need thus to be in place for proper safety systems, with a focus on quarantine centers, screening posts, and laboratories to be funded by the project; encompassing above all OHS and waste management procedures. WBG EHS Guidelines, such as those related to Community Health and Safety will apply to the extent relevant. The project can thereby rely on standards set out by WHO, WBG, as well as the Africa CDC. Beyond this immediate concern, project implementation needs also to ensure appropriate stakeholder engagement to (i) avoid conflicts resulting from false rumors; (ii) vulnerable groups not accessing services; or (iii) issues resulting from people being kept in quarantine. Due to the novelty of COVID-19 and the challenging health context in the country, the E&S risk is considered high at this point.

70. **The overall project risk rating is Substantial.** The risk categories are all rated substantial resulting in an overall project risk rating of substantial. These include political and governance risks, macroeconomic risks, sector strategies, technical design, institutional capacity, fiduciary risks, environment and social risks, and stakeholder risks. The project is a bold, complex, and expansive response to the COVID-19 response, involving a wide range of stakeholders in a country with limited public-sector capacity. While a considerable degree of risk is inherent in an emergency project scope, and ambition, important mitigation measures have been integrated into its design which are described in the below sections. Key risks that could adversely affect the achievement of the PDO and the sustainability of results are as follows (also see Systematic Operations Risk-Rating Tool in Datasheet):

- **Political and Governance: Substantial.** The political risk is substantial in light of the country context and the current political situation. A new government came to power in November 2018. Although the policy environment has been stable, the political situation remains delicate. Improving the country's overall human development outcomes and promoting economic growth in the medium to long term are government priorities. Continued government commitment through the provision of resources and the implementation of sector reforms will be critical in achieving the aims of the proposed Project. In order to mitigate against this risk, the project will: (a) provide TA to the Government to implement the emergency response; (b) support the development of stronger institutions, including the establishment of the PCU; (c) ensure wide stakeholder involvement in project implementation; and (d) support the design and implementation of an integrated communications strategy.
- **Macroeconomic risk: Substantial.** The coronavirus outbreak hampers an already fragile global economic outlook and can further set back the fight against poverty. Potential tightening of credit conditions, weaker growth and the diversion of expenditures to fight the outbreak are likely to cut into government revenues and governments' ability to invest to meet education, health and gender goals. To mitigate this risk, the



Government is in discussions with a multi-sectoral committee to identify livelihood support measures to be instituted during the outbreak.

- **Sector Strategies and Policies risk: Substantial.** The sector strategies and policies risk is substantial due to the country having to put in place measures that can be considered restrictive yet are in line with international best practice for containing the spread of disease. To mitigate this risk, the Government has prepared a multi-sectoral COVID emergency response strategy which has been discussed across sectors and with key partners to ensure support and engagement.
- **Technical design of the project: Substantial.** The project's overall design is aligned with the WHO recommendations for emergency response in public health outbreaks and reflects the Government contingency plan. The technical design risks may be related to: (a) the nature of the implementation of an emergency response project; and (b) the need to maintain a strong and open coordination channel across ministries and with partners. The project is designed considering the limited capacity and resources available in the health sector, particularly in the MoH and at the HF level, and will provide necessary support and guidance at local HF level.
- **Institutional Capacity for Implementation and Sustainability: Substantial.** Although STP has been implementing IDA-financed projects, implementation of the proposed Project might be hampered by lack of familiarity among government staff, particularly MoH staff, with the World Bank fiduciary and safeguard processes and procedures. However, AFAP has proven experience in the fiduciary activities of IPF projects. Mitigation measures will include the provision of TA built into the project to the MoH, as well as building on and enhancing as much as possible interventions that are in line with the JEE recommendations and will be integrated into a National Health AP. A PCU would be established and strengthened by TA as needed. A POM, with a clear and well described implementation plan, will be developed during preparation, which will clarify the roles and responsibilities of implementing institutions and agencies. The World Bank team will also provide strong implementation and technical support during preparation and implementation.
- **Fiduciary: Substantial.** Fiduciary risks are substantial given the limited institutional capacity and limited experience of the MoH in fiduciary management of investment projects. In order to mitigate against this risk, the fiduciary activities of the project will be carried out by AFAP and the MoH.
- **Environmental Risk: Substantial.** The environmental risk rating is Substantial as the proposed project is expected to finance potential refurbishments and upgrades in HFs, which always presents a risk. Despite this, the refurbishments and upgrades are not anticipated to generate negative environmental impacts; thus anticipated negative risks and impacts to humans and the environment are likely to be minimal or negligible. The project is expected to have positive effects in terms of environmental health sustainability. Creating awareness among children of improved health and hygiene practices will motivate them to use sanitation facilities and keep themselves, the school, and their home environments clean.
- **Social Risk: Substantial.** The project's social risks are deemed Substantial. There is an institutional contextual risk related to the government's low capacity in managing and supervising environmental and social issues. Currently, STP does not have legal and institutional frameworks to identify, manage and supervise social risks. Relevant PCU capacity building measures will be proposed as part of the ESCP. The PCU has an E&S specialist on board and depending on the need, the project can consider hiring additional support for the



project's overall E&S aspects.

- **Stakeholders risk: Substantial.** The stakeholder risk is considered substantial due to the limited capacity in terms of numbers of staff which teams have on the ground. This risk is mitigated through a strong coordination among the UN agencies and World Bank to provide the needed support to the Government in its response.



VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework

COUNTRY: Sao Tome and Principe
STP COVID-19 Emergency Response Project

Project Development Objective(s)

The Project Development Objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness in São Tomé e Príncipe.

Project Development Objective Indicators

Indicator Name	DLI	Baseline	End Target
Emergency COVID-19 Response			
Country has activated their public health Emergency Operations Centre or a coordination mechanism for COVID-19 (Text)		No	Yes
Percentage of suspected cases of COVID-19 cases that were investigated, laboratory confirmed and reported based on national guidelines; (Percentage)		0.00	80.00
Health System Strengthening			
Percentage of acute healthcare facilities with isolation capacity (Percentage)		0.00	60.00
Country adopted personal and community non-pharmaceutical interventions (school closures, telework and remote meetings, reduce/cancel mass gatherings) (Percentage)		0.00	85.00
Implementation Management and Monitoring and Evaluation			



Indicator Name	DLI	Baseline	End Target
M&E system established to monitor COVID-19 preparedness and response plan (Text)		No	Yes

Intermediate Results Indicators by Components

Indicator Name	DLI	Baseline	End Target
Comp 1. Emergency COVID-19 Response			
Number of health staff trained in infection prevention and control per MOH-approved protocols (Number)		0.00	2,500.00
Country has prepared a referral system to care for COVID-19 patients (Text)		No	Yes
Number of designated laboratories with staff trained to conduct COVID-19 diagnosis (Number)		0.00	3.00
Percentage of eligible households provided with food and basic supplies within quarantined populations (Percentage)		0.00	80.00
Number of refurbished/upgraded health facilities implementing customer satisfaction survey (Number)		0.00	20.00
Comp 2. Strengthening multi-sector coordination & platforms for policy including One Health approach			
At least one multi- sectoral simulation exercise conducted by the EOC with results incorporated into national COVID-19 preparedness and response plans (Number)		0.00	2.00
At least two meetings per year of an intersectoral committee on One Health (MoH, Ministry of Agriculture, Ministry of Environment) to ensure strengthened surveillance in the human-health-environment (Number)		0.00	4.00
Implementation Management and Monitoring and Evaluation			



Indicator Name	DLI	Baseline	End Target
Percentage of monthly and quarterly project M&E reports submitted on time (Percentage)		0.00	70.00
Number of annual progress reports submitted complete and on time (Number)		0.00	2.00

Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Country has activated their public health Emergency Operations Centre or a coordination mechanism for COVID-19	The country has activated their public health Emergency Operations Centre or a coordination mechanism for COVID-19	Regularly during COVID outbreak	MOH	MOH	MOH
Percentage of suspected cases of COVID-19 cases that were investigated, laboratory confirmed and reported based on national guidelines;	Numerator: suspected cases of COVID-19 cases that were investigated, laboratory confirmed and reported based on national guidelines. Denominator: Number of suspected COVID-19 cases	Quarterly	Laboratory M&E data	Self-assessment	MoH and WHO
Percentage of acute healthcare facilities with isolation capacity	number of health care facilities with isolation capacity over total number	monthly	MOH	MOH	MOH



	of health care facilities in country.				
Country adopted personal and community non-pharmaceutical interventions (school closures, telework and remote meetings, reduce/cancel mass gatherings)	percentage of school closures and percentage of public and private institutions practicing remote work.	monthly	Ministry of Education, Ministry of Labor	Ministry reporting	Ministries
M&E system established to monitor COVID-19 preparedness and response plan	M&E system established to monitor COVID-19 preparedness and response plan	Frequently throughout COVID19 pandemic	MoH	MoH M&E	MoH, WHO

Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Definition/Description	Frequency	Datasource	Methodology for Data Collection	Responsibility for Data Collection
Number of health staff trained in infection prevention and control per MOH-approved protocols	The national and sub-national coordination mechanisms (including crisis cells) active (i.e. that has held meetings and taken decision) for COVID-19 as long as the STP National Plan for COVID-19 is activated.	Quarterly	MoH trainings participant lists	Self-assessment	MoH, WHO
Country has prepared a referral system to care for COVID-19 patients	Referral system to care for COVID-19 patients in place and patients being referred per protocol	Quarterly	MoH	Self-assessment	MoH and WHO



Number of designated laboratories with staff trained to conduct COVID-19 diagnosis	Number of designated laboratories with staff trained to conduct COVID-19 diagnosis	Quarterly	MoH	Self-assessment	MoH and WHO
Percentage of eligible households provided with food and basic supplies within quarantined populations	Numerator: number eligible households provided with food and basic supplies within quarantined populations Denominator: number of eligible households	Quarterly	Reports of COVID19 response	Self-assessment	Intersectoral committee
Number of refurbished/upgraded health facilities implementing customer satisfaction survey	Number of refurbished health facilities implementing customer satisfaction survey	Quarterly	COVID19 EPRP implementation	Self-assessment	MoH and WHO
At least one multi- sectoral simulation exercise conducted by the EOC with results incorporated into national COVID-19 preparedness and response plans	Multi- sectoral simulation exercise conducted by the EOC with results incorporated into national COVID-19 preparedness and response plans	Annually	EOC Action Plan	Self-assessment	MoH and WHO
At least two meetings per year of an intersectoral committee on One Health (MoH, Ministry of Agriculture, Ministry of Environment) to ensure strengthened surveillance in the human-health-environment	Number of meetings per year of an intersectoral committee on One Health	Annually	MoH	Self-assessment	Intersectoral committee and WHO
Percentage of monthly and quarterly project M&E reports submitted on time	Numerator: number of quarterly project M&E reports submitted on time Denominator: number of	Annually	MoH	Self-assessment	MoH and WHO



	quarters in assessment period				
Number of annual progress reports submitted complete and on time	Number of annual progress reports submitted complete and on time	Annually	MoH	Self-assessment	MoH and WHO



ANNEX 1: Project Costs

COUNTRY: Sao Tome and Principe
STP COVID-19 Emergency Response Project

COSTS AND FINANCING OF THE COUNTRY PROJECT

Program Components	Project Cost (US\$)	IBRD or IDA Financing	Trust Funds	Counterpart Funding (US\$)
Component 1. Emergency COVID-19 Response	2,500,000	2,000,000	0	500,000
Component 2. Strengthening Multi-sector, National Institutions and Platforms for Policy Development and Coordination of Prevention and Preparedness including One Health approach	300,000	300,000	0	0
Component 3. Implementation Management and Monitoring and Evaluation	200,000	200,000	0	0
Component 4. Contingent Emergency Response Component	0	0	0	0
Total Costs	3,000,000	2,500,000	0	500,000
Front End Fees	0	0	0	0
Total Financing Required	3,000,000	2,500,000		500,000



ANNEX 2: Financial Management Assessment

1. **Background.** A FM Assessment was undertaken to evaluate the adequacy of the proposed project FM arrangements. The Assessment was carried out in accordance with the Directives and Policy for IPF, the World Bank Guidance on FM in World Bank IPF Operations issued on February 28, 2017, Guidance Note on FM in Rapid Response to Crises and Emergencies issued by OPCS on November 1, 2015 and updated on June 1, 2015. The MoH will be responsible for the overall implementation of the project activities. The AFAP will have overall responsibility for project fiduciary aspect (FM and Procurement). This agency has implemented numerous investment projects since being constituted in 2003. Currently, it is providing fiduciary support for the implementation of five World Bank-financed operations with total commitment amounting to US\$67.00 million. AFAP FM capacity is adequate to meet the minimum requirements of the World Bank. Having implemented complex IDA-financed projects, AFAP has extensive experience with World Bank procurement rules and procedures, which would help the implementation of the project. The appointment of focal points for each of the beneficiary agencies would greatly facilitate project preparation and implementation. The overall responsibility of project FM matters rest with AFAP financial manager reporting to the coordinator and supported by two accountants and two financial assistants. The recent FM supervision conducted in February 2020, concluded that AFAP has been working to ensure compliance with FM and Disbursement requirements for World Bank-financed operations, and the project FM arrangements are satisfactory.

2. **FM Risk Assessment and Mitigation.**

Table 2.1: FM Risk Assessment and Mitigation

Risk factors/Description of Risk	Risk Rating	Risk Mitigating Measures Incorporated into the Project Design	Conditions of Negotiations, Board or Effectiveness (Yes or No)	Residual Risk Rating
Inherent Risk:				
Country level: The country faces human resource constraints; outdated legal framework on budgeting, internal and external auditing functions; limited coverage of Integrated Financial Management Information System (IFMIS) and Single Treasury Account.	S	The STP Government is committed to implement reforms of the country's PFMs with support of the development partners, these include: implementation of IFMIS, expand the coverage of the Single Treasury Account, and capacity building to key PFM institution. The World Bank is supporting PFM reform initiatives through Institutional Capacity Building Project in	No	S



Risk factors/Description of Risk	Risk Rating	Risk Mitigating Measures Incorporated into the Project Design	Conditions of Negotiations, Board or Effectiveness (Yes or No)	Residual Risk Rating
		<p>collaboration with other cooperating partners.</p> <p>The ring-fencing of the project funds under AFAP will mitigate these weaknesses.</p>		
Entity level: AFAP is handling five projects and the emergency nature of this proposed project may poses a risk as this could jeopardize its ability to perform well for all projects.	M	AFAP financial staff (Financial Manager, two accountants and two Financial Assistants) has experience in handling World Bank-financed operations. The recruitment of the second Financial Assistant was part of AFAP FM capacity strengthening.	No	M
Project level: The urgent nature of the project may put its sound implementation at risk as some activities done in a rush may not be properly supervised or coordinated.	M	<p>A POM will describe the project implementation arrangements and AFAP has capacity to support MoH in the implementation of project activities.</p> <p>The administrative and financial procedures described in the AFAP Financial Manual will be employed in the implementation of the project.</p> <p>Frequent World Bank FM implementation support</p>	No	M
Control Risk:				
Budgeting: MoH may not be able to produce realistic	S	The POM including planning and budgeting	No	M



Risk factors/Description of Risk	Risk Rating	Risk Mitigating Measures Incorporated into the Project Design	Conditions of Negotiations, Board or Effectiveness (Yes or No)	Residual Risk Rating
<p>and comprehensive budget due to capacity constraint and the uncertainty around the scope of the Emergency response (situation could evolve quite quickly).</p> <p>AFAP not being able to ensure the budget is produced on time due to other budgets (other projects).</p>		<p>procedures will be developed.</p> <p>AFAP staff has capacity to support MoH on planning and budgeting and to ensure that it is produced on time.</p> <p>The World Bank will review the draft budget as well the semi-annual IFR and provide comments.</p>		
Accounting: Project funds, expenditures, and resources are not properly recorded since AFAP is accounting for other projects and may be confused in handling record of the project transactions	S	AFAP will make use of the existing automated accounting package to account for project funds, expenditures and resources, which is currently in use by the ongoing operation. In so doing the accounting package will be customized for separately record of project transactions and production of financial reports. The AFAP FM capacity has been strengthened.	No	M
Internal control: Noncompliance with key internal control procedures at the line ministry due to weak internal control environment and oversight mechanisms in the country.	S	<p>A POM will be also prepared.</p> <p>AFAP will support the MoH to ensure adequate internal control activities such approval of expenditures and receipt of goods and services.</p>	No	M



Risk factors/Description of Risk	Risk Rating	Risk Mitigating Measures Incorporated into the Project Design	Conditions of Negotiations, Board or Effectiveness (Yes or No)	Residual Risk Rating
		<p>World Bank’s regular FM implementation support through desk reviews and field visits will make appropriate recommendations to improve project FM environment.</p> <p>Appointment of internal auditor for AFAP is underway.</p>		
<p>Funds flow: Delays to release funds to finance project activities as this is an emergency operation.</p> <p>Funds available in the DA may not be sufficient to cover the project needs</p>	S	<p>Disbursements of project will be handled by AFAP as finance staff are familiar with World Bank’s disbursement procedures.</p> <p>The disbursement arrangements will be documented in the POM. The project will make use of advances and direct payment. Lower minimum threshold for the use of direct payments method of disbursement will be applied. The DA ceiling will be flexible</p>	No	M



Risk factors/Description of Risk	Risk Rating	Risk Mitigating Measures Incorporated into the Project Design	Conditions of Negotiations, Board or Effectiveness (Yes or No)	Residual Risk Rating
Financial reporting: AFAP may not able to produce the financial reports in a timely manner as required to monitor and effectively manage the project.	M	IFR and annual financial statements formats and contents will similar to those in use for ongoing operations. AFAP will use the existing automated accounting package that will enable the efficient and timely generation of financial information as it is multiple project version that can accommodate up to 10 projects.	No	M
Auditing: None	M	AFAP has been submitting audit reports of ongoing project on time. The contract with external auditors will be amended to include the audit of the proposed project financial statements. The World Bank will monitor audit submission compliance and ensure implementation of Management Letter recommendations.	No	M
Governance and Accountability: Possibility of corrupt practices including bribes, abuse of administrative and political positions, mis-procurement and misuse of funds and so on, are a critical issue.	S	Robust FM arrangements (including a comprehensive annual audit of project accounts, World Bank FM supervision including review of transactions and asset verification) designed to mitigate the fiduciary risks in addition to AFAPs' overall internal	No	S



Risk factors/Description of Risk	Risk Rating	Risk Mitigating Measures Incorporated into the Project Design	Conditions of Negotiations, Board or Effectiveness (Yes or No)	Residual Risk Rating
		control systems. AFAP FM capacity will be strengthened by recruitment of additional two finance staff. Appointment of internal auditor for AFAP is underway.		
OVERALL FM RISK	M			M

Note: IFMIS = Integrated Financial Management System; S = Substantial; and M = Moderate

3. **Financial Management Action Plan.** To establish an acceptable control environment and to mitigate FM risks the following measures should be taken by the due dates as indicated in the Financial Management Action Plan.

Table 2.2: Financial Management Action Plan Due Dates

Number	Action	Responsibility	Completion Date
1	Prepare and adopt POM, including FM for the project	AFAP	Within one months after project effectiveness
2	Customize the accounting software to maintain separate records and ledge accounts for the proposed project.	AFAP	Within two months after project effectiveness
3	To sign the addendum of the external auditor’s contract to include the audit of the proposed project financial statements.	AFAP	Within three months after project effectiveness
	Hire an internal auditor	AFAP	Within three months after project effectiveness

FM arrangements

4. **Budgeting.** AFAP will prepare the annual budgets based on the Annual Work Plans (AWPs) agreed with MoH and procurement plans. These budgets should contain details of objectives, expected outcomes, and performance indicators. AFAP will also be responsible for producing variance analysis reports comparing planned with actual expenditures on a quarterly basis. The periodic variance analysis will enable the timely identification of deviations from the budget. These quarterly variance analysis reports will be part of the unaudited IFRs that will be submitted to the World Bank on a quarterly basis. The budget preparation and monitoring of budget execution is described in the existing Financial Procedures Manual, and formats for annual budget and monitoring reports are included as annexes.



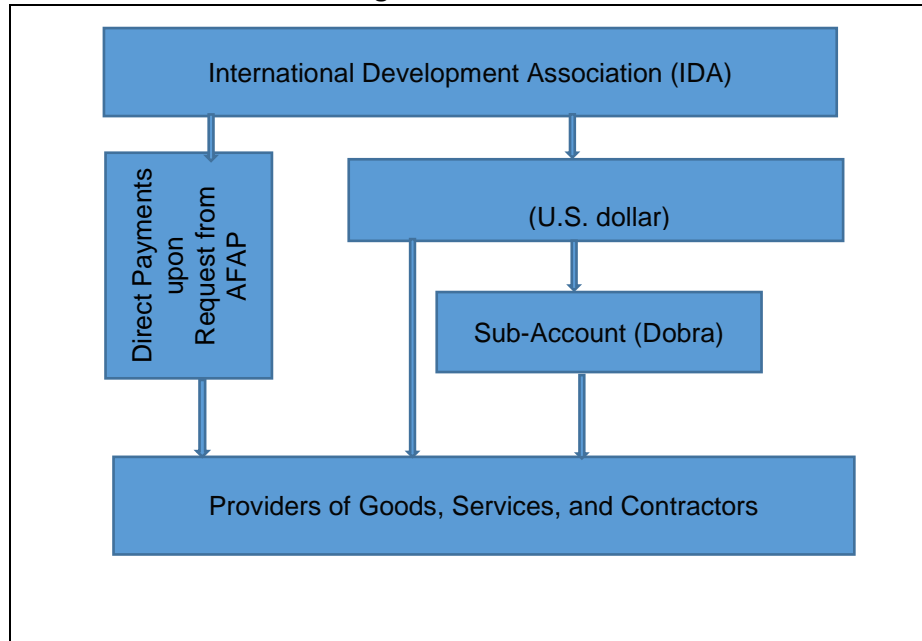
5. **Staffing.** AFAP will be responsible for fiduciary aspects of the project. The overall responsibility of project FM matters rest with AFAP financial manager reporting to the AFAP coordinator. The AFAP current FM staffing comprises a Financial Manager, two Accountant and two Financial Assistants. Based on our assessment, the staff has acceptable skills and experiences to handle the projects FM.
6. **Accounting.** The AFAP will account for funds, expenditures, and resources of the proposed project using the existing accounting software. This accounting software is adequate as it can produce reliable financial reports required to monitor and manage effectively the progress of the project. This software can accommodate separate records and ledger accounts to a maximum of 10 projects. The accounting software will be customized to maintain separate records and ledger accounts for the proposed project and allow preparation of financial reports required to monitor and manage effectively the project.
7. **Internal Control.** The General Inspectorate of Finance (*'IGF-Inspeção Geral das Finanças'*) would normally conduct internal audit reviews of the activities of this operation as its mandate is to carry out internal audit reviews of the entire government entities. However, the project activities may not be subject to internal audit review by IGF due to its limited capacity and some constraints on their work program. As AFAP is handling several World Bank-financed projects and it is expected to manage other development projects to be financed by other development partners, its therefore, it is recommended that a qualified and experienced internal auditor should be engaged by AFAP to support an accomplishment of its objectives. The World Bank is aware that appointment of internal auditor for AFAP is in process. The finance and administrative procedures to be employed by the agency in the implementation of the project are documented in the existing Financial Procedures Manual. In addition, a POM including FM section will developed and adopted within one (1) month after the project effectiveness.
8. **Financial Reporting.** AFAP is producing regular quarterly financial reports and annual project financial statements (PFS) for the ongoing projects. For the proposed project, this agency will produce and submit to the World Bank semi-annual IFRs within 45 days after the end of the calendar semester. In addition, AFAP will also produce annual PFS in accordance with Financial Reporting under Cash Basis of Accounting. The formats of those financial reports will be similar to those in use for ongoing operations. In addition, the PFS comments will be outlined in the terms of reference for audit of this proposed project.

Funds Flow and Disbursement Arrangements

9. To facilitate the implementation of the project activities, AFAP will establish and maintain a segregated Designated Account (DA) to receive advances from IDA, in U.S. dollars at commercial bank under terms and conditions acceptable to the World Bank. In addition, a sub-account will be established and maintained at same commercial bank for the DA to facilitate payments in local currency. Funds in the DA and sub-account will be used to finance the project's eligible expenditure in accordance with Financing Agreement and the Disbursement and Financial Information Letter. The figure below depicts the funds flow mechanism for the project activities to be financed by IDA funds.



Figure 2.1: Fund Flow



10. **Disbursement arrangements.** Disbursements of IDA funds will be done on a transaction basis SoEs. An initial advance representing a six-month expenditure forecast will be made into each DA upon the effectiveness of the Financing Agreement. The DA ceiling should be flexible due to emergency nature of this operation. The option of disbursing the IDA funds through direct payment, reimbursement, and special commitment will also available. To facilitate the payments of contractors, suppliers and consultants a lower minimum threshold for the use of direct payment and reimbursement methods of disbursement will be applied for this operation. The World Bank will issue the Disbursement Letter and Financial Information Letter which will specify the additional instructions for withdrawal of the proceeds of the IPF.

11. **Auditing.** The project will be audited annual by independent auditors acceptable to the World Bank. A single private audit firm is appointed as external auditor of all World Bank-financed operations handled by AFAP, therefore the existing contract with private audit firm will be amended to cover the audit of the proposed project financial statements. However, we strongly recommend continuing with the practice of audit firm rotation after three years. The project financial statements will be audited in accordance with International Standards on Auditing as issued by the IAASB within IFAC. The audit report together with Management Letter will be submitted to IDA within six months after the financial year-end; that is June 30th of each following year. The costs incurred for the audit will be financed under the project.

12. **Effectiveness condition.** There are no FM conditions of effectiveness for this proposed project.

13. **Dated covenants.** The following FM actions are dated covenants: (i) prepare and adopt POM, including FM section, within one months after the project effective date (ii) customize the accounting software to maintain separate records and ledge accounts for the proposed project within two months after the project effective date; (iii) amend the contract with external auditors to include this operation; and (iv) hire an internal auditor.



14. **Implementation Support Plan.** Based on the current overall residual FM risk of this operation, the project will be supervised once a year, in addition to routine desk-based reviews, to ensure that project's FM arrangements operate as intended and that funds are used efficiently for the intended purposes.

**ANNEX 3: Team Members**

#	Name	Title	Team Role
Health Sector			
1	Carmen Carpio	Senior Health Specialist	Task Team Leader
2	Joao Pires	Consultant – Health Team	Infectious Disease Specialist
3	Benjamim Mutti	Consultant – Health Team	Health Systems
4	Sara Halstead Hersey	Senior Health Specialist	Peer Reviewer
5	David Oliveira De Souza	Senior Health Specialist	Peer Reviewer
Operations			
6	Raihona Atakhodjayeva	Operations Analyst	Operations
Multi-sectoral			
7	Nelson Tisso Miezi Eduardo	Economist	Country Economist
8	Diego Arias Carballo	Lead Agriculture Economist	Agriculture
9	Leandro Oliveira Costa	Senior Education Specialist	Education
10	Wilson Piassa	External Affairs Associate	External Affairs
11	Jordi Gallego-Ayala	Social Protection Specialist	Social Protection
12	Alex Serrat Capdevila	Senior Water Resources Management Specialist	Water (WASH)
Fiduciary			
13	Laurent Mehdi Brito	Senior Procurement Specialist	Procurement
14	Joao Tinga	Senior Financial Management Specialist	Financial Management
15	Sheila Von Hofsten	Financial Management Analyst	Financial Management
16	Clarisse Borges Dall Acqua	Senior Environmental Specialist	Environmental Safeguards
17	Paulo Jorge Sithoe	Environmental Specialist	Environmental Safeguards
18	Min Ji Sohn	Operations Analyst	Environmental Safeguards
19	Nadia Bilale	Consultant	Environmental Safeguards
20	Alexandra Bezeredi	Lead Social Development Specialist	Social Safeguards
21	Santiago Olmos	Senior Social Development Specialist	Social Safeguards
22	Jacqueline Veloz	Associate Counsel	Legal
23	George Ferreira	Senior Finance Officer	Disbursements
Administrative			
24	Valerie Trouillot-Ligonde	Program Assistant	Administrative
25	Amada De Jesus	Team Assistant	Administrative