



**ASIAN INFRASTRUCTURE
INVESTMENT BANK**

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**Project Document
of the Asian Infrastructure Investment Bank
Sovereign-backed Financings
People's Republic of Bangladesh
Bangladesh COVID-19 Emergency Response and Pandemic Preparedness
Project (under the Covid-19 Crisis Recovery Facility)**

Currency Equivalents
(As at date, June 1, 2020)

Currency Unit – Bangladesh Taka (BDT)
BDT 1.00 = USD 0.012
USD 1.00 = BDT 84.82

Borrower's Fiscal year
July 1 to June 30

Abbreviations

ADB	Asian Development Bank
AIIB	Asian Infrastructure Investment Bank
BACS	Budget and Accounts Classification System
BFP	World Bank Facilitated Procurement
BITID	Bangladesh Institute of Tropical and Infectious Diseases
CDC	United States Center for Disease Control
CERC	Contingent Emergency Response Component
CMSD	Central Medical Stores Depot
COVID-19	Coronavirus Disease 2019
CRF	COVID-19 Crisis Recovery Facility
DFID	United Kingdom Department for International Development
DGHS	Directorate General of Health Services
DPP	Development Project Pro-forma/Proposal
DPs	Development Partners
EID	Emerging Infectious Diseases
EOC	Emergency Operations Center
ESCP	Environmental and Social Commitment Plan
ESF	WB's new Environment and Social Framework
ESMF	Environmental and Social Management Framework
ESP	AIIB's Environmental and Social Policy
ETC	Etcetera
FAPAD	Foreign Aided Project Audit Directorate
GoB	Government of Bangladesh
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HEIS	Hands-on Expanded Implementation Support
HNP	Health, Nutrition, and Population
HSSP	WB's Health Sector Support Project
iBAS++	Integrated budgetary and accounting system (iBAS++)

IEDCR	Institute of Epidemiology, Disease Control and Research
IUFR	Interim Unaudited Financial Reports
MoHFW	Ministry of Health and Family Welfare
MPA	Multi-phase Programmatic Approach
NAPHS	National Action Plan for Health Security
PHEIC	Public Health Emergency of International Concern
PIU	Project Implementation Unit
PMU	Project Coordination Management Unit
PPE	Personal Protection Equipment
PPM	Projectaffected People's Mechanism
PPP	AIB's Policy on Prohibited Practices
PPSD	Project Procurement Strategy for Development
PSC	Project Steering Committee
PWD	Public Works Department
SEP	Stakeholder Engagement Plan
SFW	Special Fund Window
UNICEF	United Nations Children's Fund
UNO	Upazila (Sub-district) Nirbahi Officer
USAID	United States Agency for International Development
WHO	World Health Organization

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1. Summary Sheet
People's Republic of Bangladesh
Bangladesh COVID-19 Emergency Response and Pandemic Preparedness
Project

Project No.	000397-BGD
Borrower	People's Republic of Bangladesh
Project Implementation Entity	Ministry of Health and Family Welfare (MoHFW)
Sector	Social
Subsector	Public Health Infrastructure
Project Objective	To support the Government of Bangladesh (GoB) to prevent, detect, and respond to the threat posed by COVID-19 and strengthen its national systems for public health preparedness.
Project Description	<p>This Project is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Asian Infrastructure Investment Bank (AIIB).</p> <p>The Project will help the GoB respond to immediate health consequences of the COVID-19 pandemic and strengthen its health systems for pandemic preparedness. The Project is consistent with the country priorities as laid out in the National Action Plan for Health Security 2020-2024 and Bangladesh Preparedness and Response Plan for COVID-19, developed by the MoHFW.</p> <p>The Project includes the following components:</p> <ul style="list-style-type: none"> (i) Component 1: Emergency COVID-19 Response (ii) Component 2: Supporting National and Sub-national Prevention and Preparedness (iii) Component 3: Implementation Management, Monitoring and Evaluation (iv) Component 4: Contingent Emergency Response Component
Implementation Period	Start Date: April 2020 End Date: June 2023
Expected Loan Closing Date	December 31, 2023
Cost and Financing Plan	Project Cost: USD200 million Financing Plan: (i) AIIB loan: USD100 million (50%) (ii) World Bank (WB) loan: USD100 million (50%)
Size and Terms of AIIB Loan	USD100 million. 1. The loan will have a final maturity of 35 years, including a grace period of 5 years, and will be made at AIIB's standard interest rate for sovereign-backed loans (a fixed spread loan). It is also proposed that the Special Fund Window (SFW) under the Facility be applied to buy down the applicable interest rate. The buy-down rate of 51 bps will apply to the full

	amount of the AIIB loan. The buy-down amount will be at or below USD10 million.
Cofinancing (Size and Terms)	WB: USD100 million (IDA credit)
Environmental and Social Category	WB Category “ <i>Substantial Risk</i> ” (equivalent to Category B if AIIB’s ESP were applicable)
Risk (Low/Medium/High)	High
Conditions of Effectiveness	Completion of WB’s Project Restructuring Amendment to WB’s Financing Agreement Signing of Project Co-lenders’ Agreement with the WB
Key Covenants/Conditions for Disbursement	(i) establish and maintain, until the completion of the Project, a steering committee, an implementation committee, and a project implementation unit for the Project with terms of reference, functions and resources acceptable to the WB and AIIB; (ii) carry out all project activities in accordance with the environmental and social safeguard instruments acceptable to the WB and AIIB, and monitor and evaluate the progress of the Project and prepare semi-annual project progress reports, to be submitted to the WB and AIIB within 60 days after the end of each calendar semester covered by such report; (iii) prepare and furnish to the WB and AIIB interim unaudited financial reports for the Project covering the preceding semester, in form and substance satisfactory to the WB and AIIB no later than 45 days after the end of each calendar semester. and have its financial statements audited by the Foreign Aided Project Audit Directorate (FAPAD) under the Office of the Comptroller & Auditor General (OCAG), each audit to cover one fiscal year of the borrower and be submitted to the WB and AIIB no later than six months after the end of the period. There are no disbursement conditions.
Retroactive Financing	n/a
Policy Assurance	The Vice President, Policy and Strategy, confirms an overall assurance that the Bank is in compliance with the policies applicable to the project.

President	Jin Liqun
Vice President	D.J. Pandian
Director General	Rajat Misra, Acting Director General
Manager	Rajat Misra, Manager
Team Leader	Sangmoo Kim, Senior Investment Operations Specialist
Back-up Team Leader	Raqib Ahmed Chowdhury, Investment Operations Specialist
Team Members	Antong Hu, Project Assistant Giacomo Ottolini, Principal Procurement Specialist

	Haiyan Wang, Senior Finance Officer Liu Yang, Counsel - Investment Operations Shonell Robinson, Financial Management Specialist Somnath Basu, Principal Social Development Specialist Zhixi Zhu, Environment Specialist
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2. Project Description

A. Project fit under the Covid-19 Crisis Recovery Facility.

1. An outbreak of the coronavirus disease (COVID-19) caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) has been spreading rapidly across the world since December 2019. The unfolding pandemic presents an unprecedented global challenge and has widespread and severe negative social, economic, and financial impacts. The increasing breadth, depth, and duration of the pandemic have placed significant pressures and strains on health care infrastructure, systems, and supply chains. This has increased the risk of loss of life and suffering faced by people around the world.¹ In Bangladesh, the number of COVID-19 cases has been increasing at a significant rate, with the total number of confirmed cases crossing 276,500 (including 3,657 deaths) on August 17, 2020.

2. Bangladesh is particularly vulnerable to the COVID-19 pandemic as one of the most densely populated countries in the world, with a high share of people living in informal settlements without adequate basic services and infrastructure. In addition to a large number of migrant workers, over 80 percent of its workforce is employed in the informal sector that makes it even more difficult to maintain social distancing measures to contain the spread of infectious diseases. The government's spending on the health sector has been among the lowest in the region² and the government has limited capacity to prevent, detect, and rapidly respond to public health emergencies. The increasing incidence of COVID-19 in the country has put greater pressure on the public health system.

3. International financial institutions, including AIIB, have undertaken initial concerted efforts to provide strong, coordinated support to countries and private sector entities affected by COVID-19. Several multilateral development banks have announced emergency response packages³ to support their members and clients who are affected by the crisis.

4. **Project's alignment with AIIB's COVID-19 Crisis Recovery Facility.** AIIB has set up the new COVID-19 Crisis Recovery Facility (the Facility) with a size of USD10 billion in order to react effectively to the fast-evolving situation and respond flexibly and efficiently to client demands. Financing of immediate health sector needs including "*the development of health system capacity, and provision of essential medical equipment and supplies to combat COVID-19, as well as the long-term sustainable development of the health sector of the member*" is one of the primary objectives of the Facility. The scope and components of the proposed Project, as detailed in paragraphs 10-18, are

¹ As of August 17, 2020, the outbreak has resulted in an estimated 21,852,241 cases and 773,586 deaths in 188 countries.

² In FY2019, 2.4% of national Gross Domestic Product (GDP) in Bangladesh allocated to public health sector expenditures.

³ For example, the World Bank (WB) Group has announced up to USD14 billion in financing, including USD8 billion from the International Finance Corporation (IFC). Meanwhile, the Asian Development Bank (ADB) has announced USD20 billion, the European Bank for Reconstruction and Development (EBRD) EUR1 billion, the Islamic Development Bank (ISD) USD2.3 billion and the Inter-American Development Bank (IADB) USD3.2 billion.

fully aligned with the above stated objective of the Facility. The Project is also part of AIIB's response to calls for a coordinated international response to counter the COVID-19 crisis and strengthen pandemic preparedness, as per the recent Extraordinary G20 Leaders' Summit.

5. As stated in the Facility, the components of the Project are aligned with the recommendations of the World Health Organization (WHO), which have been adopted by the World Bank (WB)'s Multi-phase Programmatic Approach. This Project will be jointly co-financed with the WB, with the WB as the lead co-financier. WB's policies and procedures will be used for the Project.

6. AIIB has established the Special Fund Window (SFW) under the Facility to reduce the borrowing burden of eligible member countries for eligible sovereign-backed financing. The Government of Bangladesh (GoB) requested assistance from the SFW for this Project.

7. **Project's alignment with country priorities and responses.** Bangladesh has developed plans and is implementing measures to respond to COVID-19 outbreak. Given the rapidly growing number of COVID-19 cases in the country and its vulnerability to public health emergencies, substantial measures need to be put in place, as a matter of urgency, to ensure a strong and effective containment and treatment. The proposed Project will support implementation of the relevant government strategies and plans, notably the National Action Plan for Health Security for 2020-2024 (NAPHS) and Bangladesh Preparedness and Response Plan for COVID-19 (COVID-19 Plan).

8. The GoB has strengthened its preparedness efforts and has set up a national preparedness and response coordination mechanism through a COVID-19 Emergency Operations Center (EOC) at the Institute of Epidemiology, Disease Control and Research (IEDCR) under the Directorate General of Health Services (DGHS). Additionally, there is a coordination cell at DGHS. There are five levels of coordination, operating at varying degrees of functionality.⁴

9. WHO is leading technical dialogue with the GoB in support of COVID-19 preparedness and response activities. Along with AIIB and WB, several other development partners (DPs) are expected to provide financial and technical assistance to support preparedness and response activities.⁵ The inter-ministerial National Committee for COVID-19 includes relevant DPs, and coordination is ensured through regular meetings. As part of project preparation, the WB has coordinated with relevant DPs to ensure that there is no duplication. During implementation, the WB is

⁴ It includes: (i) Inter-ministerial National Committee, headed by the Minister, MoHFW; (ii) Divisional-level Multi-sectoral Coordination Committees, headed by Divisional Commissioners; (iii) District-level Multi-sectoral Coordination Committees, headed by the Deputy Commissioners; (iv) City Corporation-level Multi-sectoral Coordination Committees headed by the Mayors; and (v) Upazila (Sub-district)-level Multi-sectoral Coordination Committees headed by the Upazila Nirbahi Officer (UNO).

⁵ Specifically, development partners have agreed to support the following key preparedness and response areas: human resources for the assigned quarantine and case management hospitals (DFID); case management with isolation and intensive care unit (UNICEF); infection prevention and control (USAID, UNICEF, CDC); expansion of diagnostic testing (DFID, UNICEF, CDC); risk communication (UNICEF); surveillance (UNICEF, CDC), and procurement of essential supplies, including PPEs (China, UNICEF); transportation (USAID); and capacity building and vaccination (CDC). In addition, ADB has committed USD100 million to support preparedness and response activities.

coordinating through the Health, Nutrition and Population (HNP) Development Partners (DPs) Consortium, which is the forum for coordination of DPs in the HNP sector in Bangladesh.

10. **Value addition to the Project and AIIB.** The Project will fill the large and urgent financing gap for the GoB's emergency response program, thereby providing immediate support to Bangladesh to combat the COVID-19. The AIIB team, together with the lead co-financier, will help the government adopt lessons learned from similar initiatives elsewhere and reflect them in project implementation. The Project will demonstrate that AIIB is agile and efficient in dealing with the urgent needs of its client, working flexibly and effectively with other DPs. This engagement will also provide a good opportunity for AIIB to gain experience in emergency assistance and health sector investments. Given the large and growing demands for AIIB's response to the COVID-19 crisis, the learning from this Project can contribute to developing similar projects in Bangladesh and other countries.

B. Project Objective and Expected Results.

11. **Project Objective.** To support the GoB to prevent, detect, and respond to the threat posed by COVID-19 and strengthen its national systems for public health preparedness.

12. **Expected Results.** Key results indicators include: (i) percentage of suspected cases of COVID-19 reported and investigated based on national guidelines; (ii) percentage of designated hospitals with isolation capacity; (iii) number of designated laboratories with COVID-19 diagnostic equipment, test kits, reagents, and trained staff per MoHFW guidelines; (iv) percentage of districts in which COVID-19 risk communication materials have been rolled out to at least 50 percent of Upazilas (Sub-districts); (v) percentage of doctors and nurses at district-level facilities trained in Infection Prevention and Control per MoHFW guidelines; and (vi) percentage of establishment of epidemiology units in selected district-level facilities.

13. **Expected Beneficiaries.** The direct project beneficiaries will be people with suspected and confirmed infections, at-risk populations, medical and emergency personnel, as well as service providers (both public and private), medical and testing facilities, and the national health system. The Project will target communities across Bangladesh, through a strong focus on risk communication activities. In addition, staff of key technical agencies like IEDCR and the Bangladesh Institute of Tropical and Infectious Diseases (BITID) will benefit from the Project as their capabilities will be strengthened. As the Project will support strengthening of the national response to the pandemic, it will benefit the entire population of Bangladesh.

C. Description and Components

14. **Overview.** AIIB's support will help GoB respond to immediate health consequences of the COVID-19 pandemic and strengthen health systems for pandemic preparedness. The Project is consistent with the country priorities as laid out in the NAPHS and COVID-19 Plan, developed by MoHFW. In addition to scaling up interventions to limit human-to-human transmission, health systems strengthening interventions will be rolled out to improve the country's capacity for both COVID-19

containment and treatment as well as any future infectious disease outbreaks and health emergencies.

15. All the components will support the acceleration and scale-up of the GoB's response to COVID-19, while serving the dual purpose of building systems to respond to future disease outbreaks. The detailed description of all the project components is provided in Annex 2.

16. **Component 1: Emergency COVID-19 Response.** This will provide immediate support to Bangladesh to prevent COVID-19 from arriving or limiting local transmission through containment strategies, including the following:

- (i) Provision of assistance to: (a) strengthen disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (b) combine detection of new cases with active contact tracing; (c) support epidemiological investigation; (d) strengthen risk assessment; and (e) provide on-time data and information for guiding decision-making and response and mitigation activities;
- (ii) Implementation of immediate responses to mitigate inter-personal transmission of COVID-19, based on protocols for escalation and de-escalation, backed up by a well-designed communication strategy;
- (iii) Health care system for preparedness planning to provide optimal medical care, maintain essential community services and to minimize risks for patients and health personnel, including training health facilities staff and frontline workers on risk mitigation measures and providing them with the appropriate protective equipment and hygiene materials;
- (iv) Community preparedness activities and strategies, including inter alia: (a) community awareness strategy development, testing, and implementation; and (b) enhancing infrastructures to disseminate information from national and subnational levels and between the public and private sectors.

17. **Component 2: Supporting National and Sub-national Prevention and Preparedness.** This component will strengthen the capacity of national and sub-national institutions to respond to the ongoing COVID-19 outbreak and any public health emergencies that may occur in the future, including the following:

- (i) Expanding the scope and improving the functionality of the Public Health EOC, including inter alia upgrading the system for epidemiology intelligence, information gathering and use, rapid response, improving risk communication and community engagement, and capacity building of the DGHS, including the IEDCR;
- (ii) Enhancing the health emergency surveillance capacity of the District Health System and tertiary care level hospitals through: (a) improving the functionality of epidemiology units; and (b) supporting the District Health Information System to enable timely reporting;

- (iii) Stockpiling of critical medical supplies and vaccines, including enhancing forecasting capability, strengthening of sub-national distribution channels, developing inventory systems, and provision of therapeutic medicines and vaccines.

18. **Component 3: Implementation Management and Monitoring and Evaluation.** This will provide support for project implementation and management, including for environmental and social safeguards, procurement, financial management, monitoring and evaluation, and capacity strengthening of the Project Implementation Unit (PIU), as needed. It will also provide support for monitoring and evaluation for disease prevention and preparedness and carrying out research on relevant operational topics related to inter alia, COVID-19 preparedness and response efforts.

19. **Component 4: Contingent Emergency Response Component.** This will enable provision of immediate response to an eligible crisis or health emergency. Any unused balance under the first three components can be reallocated to this component, upon the GoB's request, in the event of an eligible emergency. A contingency emergency response implementation plan will be developed to guide expenditures under this component and detailed implementation arrangements.

D. Cost and Financing Plan

20. The total project cost is USD200 million to be co-financed by the WB (USD100 million, IDA Credit) and AIIB (USD100 million).

Table 1. Indicative Cost and Financing Plan (USD millions)

Project Component	Cost	Financing Plan	
		AIIB	WB
1. Emergency COVID-19 Response	170	85	85
2. Supporting National and Sub-national, Prevention and Preparedness	24	12	12
3. Implementation Management and Monitoring and Evaluation	6	3	3
4. Contingent Emergency Response Component	0	0	0
Total	200	100	100

21. **Co-financing arrangements.** The Project will be financed in a joint co-financing arrangement with the WB as a lead co-financer. The co-financing arrangements for the Project between WB and AIIB will follow the co-financing framework agreement signed by the respective Presidents of the two institutions in April 2016 (and amended in 2018). In essence, WB's policies and procedures on environmental and social safeguards, procurement, financial management, project monitoring and reporting will be used for all project activities.

E. Implementation Arrangements

22. **Implementation period.** April 2020 to June 2023.

23. **Implementation Management.** The MoHFW will be the implementing ministry for the proposed Project. A PIU has been set up at the DGHS with key professionals and staff to implement the Project. The PIU comprises a full-time Project Director (PD) at the central-level, full-time deputy PD(s), and other personnel with specialization in requisite disciplines, posted within the MoHFW/DGHS as well as technical experts/consultants hired from the open market.

24. **Institutional Coordination.** An inter-ministerial National Committee for COVID-19 has already been set up, chaired by the Minister of MoHFW and comprising Secretaries of relevant government ministries and selected DPs. This National Committee will provide guidance on policy directions. A Project Steering Committee (PSC) has been also established by the MoHFW, chaired by the Secretary of the Health Services Division of the MoHFW comprising relevant government officials, to provide guidance to the PIU, take stock of project progress and recommend course corrections as needed. The PSC will meet at least twice a year, or more frequently if required. For technical oversight and hands-on supervision support, a Project Implementation Committee, chaired by the Director General of DGHS, will meet at least once every quarter or more frequently, if needed.

25. **Monitoring and Evaluation.** The PIU will be responsible for collecting and compiling all data relating to project indicators, evaluating and reporting results. The PIU will perform its functions in accordance with the existing government rules and procedures. The results framework of the Project includes indicators that will reflect incremental improvements in biosecurity, surveillance, diagnosis, case management, and outbreak response, with regular reports on intermediate outcomes helping to improve the efficiency of project implementation. The PIU will produce six-monthly reports including the status of project indicators and agreed targets, and progress in implementation of critical project activities.

26. **AiIB's Implementation Support.** The WB, as the lead co-financier, will supervise the Project in accordance with WB's applicable policies and procedures. A Project Co-Lenders' Agreement will be signed between AiIB and WB, in accordance with the existing Co-financing Framework Agreement between the two Banks.

27. An experienced in-country WB team of HNP specialists will provide day-to-day implementation support to the MoHFW with additional regular support from staff from other WB offices. This being one of the first co-financed projects between AiIB and WB in public health infrastructure space, AiIB's project team will work closely with the WB's team in providing implementation support and to use the opportunity to learn about implementation of such projects from a senior partner like the WB. Implementation support missions will be carried out by the WB on a regular basis and will include relevant partners in consultation with MoHFW. Existing MoHFW monitoring mechanisms will also be leveraged. AiIB will depute its team to join force with the WB in such implementation support missions once the prevailing restrictions on inter and intra country travel are relaxed. This joint WB-AiIB collaborative approach has been successfully implemented in the ongoing other co-financed projects with the WB, including those in Bangladesh.

28. **Procurement.** The WB will, in accordance with its procurement procedures, assist MoHFW to finalize a Project Procurement Strategy for Development (PPSD) for the Project early during project implementation. WB's procurement procedures are materially consistent with AIIB's Articles of Agreement and the Core Procurement Principles and Standards of AIIB's Procurement Policy. As the lead co-financier, the WB will be responsible for overseeing the procurement process, applying its own procurement rules, internal review and clearance procedures, and determining whether the procurement has been conducted in accordance with the agreed implementation arrangements. The procurement approach agreed between the WB and the borrower has been reviewed by AIIB's team and considered fit-for-purpose. AIIB will collaborate closely with the WB to review the public investment management and finalize the Procurement Plan and the PPSD for the Project.

29. **Financial Management (FM).** The PIU under the DGHS will be responsible for the overall FM responsibility of the proposed Project. A FM Specialist and one Accounts Officer are assigned to the Project to carry out the day-to-day FM functions. Following the Budget and Accounts Classification System (BACS), the PIU will be identified as a '*sub-ordinate office/organization unit*' under DGHS. The relevant expenditures under this proposed Project will be segregated, as specified in the government's Development Project Proposal (DPP), to mitigate the risk of double counting. Budget preparation and execution will take place electronically using the GoB's integrated budgetary and accounting system (iBAS++) and as such the budget must be released through the system in a timely manner for the PIU to execute project activities according to the budget allocation.

30. The Project will be audited annually by the Foreign Aided Project Audit Directorate (FAPAD)⁶, which will express an opinion on the project financial statement in accordance with international standards. In addition, the auditor is required to provide a detailed management letter containing the auditor's observations on the internal controls and compliance with financial covenants as laid out in the Financing Agreement. The annual audit report together with the management letter will be submitted to WB and AIIB no later than six months after the end of each financial year.

⁶ FAPAD is one of the dedicated audit directorate under the Office of the Comptroller & Auditor General (OCAG) of Bangladesh.

3. Project Assessment

31. The following sections are a summary of the assessment carried out by the WB during their project preparation and AIIB project team's appraisal stage consultations with the WB project team.

A. Technical

32. **Project Design.** This Project was selected for COVID-19 financing due to the urgent need for a nationwide emergency response to the outbreak, and longer-term system strengthening imperatives. In the immediate term, the focus is appropriately placed on slowing down and limiting the spread of COVID-19 to the greatest extent possible through improved disease surveillance, laboratory capacities, and hospital readiness. These are core functions for a robust public health response drawing from global experience and evidence.

33. This Project focuses primarily on health sector operations to respond to urgent preparedness and response needs related to the COVID-19 outbreak. This includes challenges related to the availability and pricing of medical equipment and supplies. In addition, the Project focuses on activities to enhance monitoring, train medical workforce of the country, and create awareness campaigns targeting mass population.

34. **Operational sustainability.** The sustainability of the proposed Project will largely depend on the enduring capacity of the implementing agencies and continued use of project-supported systems and investments. Project activities which focus on training and capacity building will enhance the sustainability of project outcomes. The project outcomes related to strengthening disease surveillance, and pandemic preparedness (informed by the COVID-19 immediate response) will be a sustainable product of the Project. This would enable the country to effectively respond to future disease outbreaks.

B. Economic Analysis

35. **Economic Impact.** COVID-19 will have a negative impact on Bangladesh's economy. The main transmission channels through which the COVID-19 outbreak is affecting the country's economy are as follows:

- (i) *Trade disruption.* The economic impact of trade disruption is likely to be substantial given the country's reliance on the ready-made garments sector. Overall, the pandemic may lead to a decline in trade flows which in turn may reduce related government revenues.
- (ii) *Reduced remittance flows.* The balance of payments was slightly positive in 2019 as trade and services account deficits fell and remittances rose. Bangladesh has an overseas workforce of over 10 million and demand for overseas workers may be negatively impacted by lower oil prices (oil exporters employ nearly 70 percent of Bangladeshi migrant workers).
- (iii) *Negative impact on economic activities and loss of human capital.* While the future is uncertain, COVID-19 is likely to have further negative impacts on

economic activities of both public and private sector. Domestic travel restrictions, cancellation of festivals and other activities, closure of workplaces, and social distancing practices may negatively impact production and consumption. Loss of income, especially among the small and micro businesses and the informal sector, which constitute the majority of the labor force in the country is of major concern.

36. The Project is expected to bring economic benefits in the short and long term. Project activities will help address the immediate and long-term impacts of COVID-19 on the Bangladeshi economy by: (i) loss of life, losses of time and income by these vulnerable households and direct expenditure on medical care and supporting services will be mitigated by the Project; (ii) while short-term containment and prevention measures are expected to disrupt economic activity over the short-term, medium to longer-term impacts are expected to be positive by mitigating the impact on human health and mortality; (iii) measures supported by the Project will have sustainable economic benefits through building capacity to respond to recurrent outbreaks of COVID-19 or other infections.

C. Fiduciary and Governance

37. **Procurement.** The major planned procurement under the Project includes: medical supplies; medicines; vaccines; equipment (thermal scanner, laboratory equipment, medical equipment for intensive care units, etc.); Personal Protection Equipment (PPE); capacity building and training; community outreach; and support to the project implementation and monitoring. Finalization of the streamlined PPSD has been deferred to implementation. The PPSD will spell out the detailed procurement arrangements (including the flexibilities available for fast-track procurement) and the detailed risk mitigation measures. The WB will assist the PIU to prepare a simplified PPSD along with the full procurement plan to be implemented for the Project. AIIB team will review the PPSD as it is a critical document for the implementation phase, which would normally be prepared prior appraisal but has understandably been slightly deferred.

38. Fast-track procurement will be used under the Project to ensure expedited delivery. Key measures under fast track procurement include, as appropriate: (i) use of simple and fast procurement and selection methods fit for an emergency situation including direct contracting; (ii) streamlined competitive procedures with a shorter bidding time; (iii) use of framework agreements; (iv) procurement using UN agencies, enabled and expedited by the WB's procedures and templates; (v) force account, as needed; (vi) increased thresholds for requests for quotations and national procurement; (vii) minimal or no prior review for emergency procurement; (viii) consultant qualification based selection with no threshold limit; (ix) provision of bid securing declaration instead of bid security; (x) no requirement of performance security for small contracts; and (xi) increased advance payment. These provisions will be used on a case-by-case basis depending on the value and complexity of the scope of procurement and prevailing market conditions.

39. The PIU will carry out procurement, with the assistance of a procurement expert. Relevant UN agencies (specifically WHO and UNICEF) will be engaged to procure

medical equipment, medicines, and other medical consumables as per their comparative advantages, and technical specifications for such goods will be jointly developed. The UN agencies will be contracted by the MoHFW using appropriate standard form(s) of agreement(s) designed for use by the government to contract the specific UN agency. In addition, the Central Medical Stores Depot (CMSD) of the MoHFW will procure selected goods. Streamlined procedures for approval of emergency procurement to expedite decision-making and approvals by the government have been agreed with the WB.

40. Globally, the supply problems that have initially impacted PPEs 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 other countries. Based on MoHFW's request, the WB has agreed to provide the WB-Facilitated Procurement (BFP) to proactively assist the PIU in accessing existing supply chains for an agreed list of critical medical consumables and equipment needed under the Project. In addition, the WB would provide procurement Hands-on Expanded Implementation Support (HEIS) to PIU in order to help expedite all stages of procurement – supplier identification, support for bidding/selection, negotiations, contract signing, and monitoring of implementation, which are immediately needed to deal with the COVID-19 emergency.

41. **Financial Management (FM).** DGHS has experience implementing the WB-financed projects, and currently has an ongoing WB-financed Health Sector Support Project (HSSP) under implementation. The proposed Project will build on the existing FM arrangements of the ongoing HSSP by using country systems through the Office of the Chief Accounts and Finance Officer. The PIU will utilize the GoB automated accounting system iBAS++ to account for, maintain and report on project transactions. Project Transactions will be accounted and reported on in accordance with The Bangladesh Accounting Standards, which are broadly based on the cash-basis International Public Sector Accounting Standards. Project accounts and financial reports will be prepared in a manner which allows for the classification by sources of finance, project components and activities. Interim Unaudited Financial Reports will be submitted to the WB and AIIB within 45 days from the end of every semester.

42. While the overall proposed FM arrangement arrangements are deemed adequate for the Project, based on the assessment of prevailing country system and fiduciary capacity of MoHFW, the FM risk is High. The key risks identified include: (i) delay processing of Transactions by Health Facilities; (ii) no maintenance of proper record keeping and documentation; (iii) delay in the preparation of iBAS++ generated audited and unaudited financial statements; (iv) weak internal control function; and (v) the lack of adequate mechanism for proper safeguarding of assets at health facilities. The mitigating actions to the mentioned risks are a part of the Fiduciary Action Plan, being implemented under the ongoing HSSP, in which extensive training programs are being carried out on FM for FM/health personnel and internal audits are being conducted by private audit firms. The Project will leverage on the capacity building improvements being implemented under HSSP. (Refer to Section E. Risk and Mitigation Measures for specific mitigation actions to be undertaken).

43. In order to address the urgent need to respond to the COVID-19 emergency, the WB will defer the FM assessment to project implementation, as permitted under its Policy on Investment Project Financing. Consequently, significant attention will be placed on ex-post requirements for additional fiduciary controls and reviews. There will be close monitoring of the adequacy of the FM arrangements, and the Fiduciary Action Plan, being implemented via WB and AIIB joint implementation support missions and desk reviews.

44. **Disbursement and Flow of Funds.** The disbursement of funds will be processed in accordance with the project co-lenders agreement. The loan will adopt a combination of advance, reimbursement, direct payment and special commitment methods for disbursement. A pooled Designated Account (DA), in the form of Convertible Taka Special Account (CONTASA), will be opened at a national commercial bank and on terms and conditions, both acceptable to both WB and AIIB, to receive funds from WB and AIIB for project implementation. Funds will flow to the DA based on withdrawal applications submitted by the government to the Lenders, by the authorized signatory for the proposed project. The PIU will be responsible for submission of all disbursement/replenishment applications, which will be based on actual Statements of Expenditures (SOEs).

45. Mandatory Direct Payment initiative is applicable for this Project. Hence, all contracts selected through international open or limited competition or direct selection methods must be paid using Direct Payment and/or Special Commitment disbursement methods. There is no minimum application size for these payments. In case of all other contracts, minimum application size of USD50,000 would apply for Direct Payment. The DA ceiling is BDT1.5 billion, which can be used for all contracts not covered by Mandatory Direct Payment initiative. Special Commitments will be issued for disbursement to UN agencies, as advance, based on submission of withdrawal applications. A substantial amount of the project financing is expected to be made using Special Commitments.

46. Separate operating bank accounts will be maintained at the selected health facilities (which may include the divisional level medical college hospitals and specialized hospitals) for operating expenses. Designated accounts officers/accountants will be placed at each of these cost centers to carry out the bookkeeping and documentation of expenditures. Advances based on three months' estimated requirements can be transferred to the operational accounts for day-to-day expenses. These offices will send monthly Statements of Expenditure (SOE) in an agreed format to the PIU against the advances made. Following consolidation of expenditures incurred, the PIU will submit withdrawal applications to the WB, which includes request for disbursement from both WB and AIIB. After review WB will forward the same to AIIB for its further review and necessary steps to disburse its portion against the request. A monthly reconciliation should be done between the DA and operational accounts to ensure accuracy of the closing balance. In respect of activities that will be implemented by one or more UN Agencies, the relevant agencies will account for the funds using their institutional accounting rules and regulations. The UN agencies will provide six-monthly Fund Utilization Reports, indicated funds received and related expenditures, alongside progress reports, to the WB, AIIB and the PIU.

47. **Reporting and Monitoring.** Based on the assessment of prevailing country system and fiduciary capacity of MoHFW, FM risks are rated as High. The ongoing public FM reforms in the country include establishment of Audit Committees charged with responsibility for following-up on resolution of internal and external audit observations, which is prioritized to be rolled out in MoHFW. The scope of internal audit, currently being carried out by the MoHFW under HSSP, will be broadened to cover the review of the internal control functions and operational effectiveness of this proposed Project.

48. The Project will be included in iBAS++ by creating an operational segment and economic codes for relevant expenditures. The PIU will work with relevant government agency to generate annual financial reports from iBAS++ by August 30 each year for auditing purposes. Interim Unaudited Financial Reports (IUFR) will be generated from iBAS++ and shall be submitted to the WB and AIIB within 45 days from the end of each semester. The PIU will be responsible for preparing the IUFR.

49. In addition, the FAPAD of GoB will express an opinion on the project financial statement in accordance with international standards of auditing and submit the report to both WB and AIIB within six months of the end of each FY. In addition, the auditor will be required to provide a detailed management letter containing the auditor's observations on the internal controls and compliance with financial covenants as laid out in the Financing Agreement.

50. **Governance and Anti-corruption.** AIIB is committed to preventing fraud and corruption in the projects it finances and may exercise its remedies under the Loan Agreement if the Loan proceeds involve any Prohibited Practice, as defined under the Bank's Policy on Prohibited Practices or PPP (2016). AIIB will monitor the work related to tender document preparation and tender/proposal evaluation and award under its financing. Implementation will also be monitored regularly by AIIB's staff. AIIB reserves the right to investigate, directly or indirectly through its agents, any alleged Prohibited Practices relating to the project and to require the borrower to take necessary measures to address any issues in a timely manner, as appropriate. To the extent that the prohibited practices covered under WB's Anti-Corruption Guidelines are similar to those under AIIB's PPP, WB's Anti-Corruption Guidelines will apply to the project activities financed under the proposed AIIB and WB Loans. Detailed requirements will be specified in the Loan Agreement and the Project Co-Lenders' Agreement.

D. Environmental and Social

51. **Applicable Environmental and Social Policy.** The Loan will be co-financed with the WB as a lead co-financier, and the project's environmental and social (ES) risks and impacts have been assessed in accordance with the WB's Environment and Social Framework (ESF). To ensure a harmonized approach to addressing the ES risks and impacts of the project, and as permitted under AIIB's Environmental and Social Policy (ESP), the WB's ESF will apply to the project in lieu of AIIB's ESP. AIIB has reviewed the WB ESF and is satisfied that: (i) it is consistent with the AIIB's Articles of Agreement and materially consistent with the provisions of AIIB's ESP, including the relevant Environmental and Social Standards; and (ii) the monitoring procedures that are in place are appropriate for the project.

52. **Categorization.** The ES risks have been rated “*Substantial*” by WB, which is equivalent to Category B under AIIB’s ESP, due to the health and safety risks to health workers and communities. However, the project is expected to have mostly positive socio-economic impacts, as it will build capacity to respond to recurrent outbreaks of COVID-19 and other infections, and consequently have sustainable economic benefits.

53. **Environmental and Social Instruments.** An Environmental and Social Commitment Plan (ESCP) has been prepared for the project based on the project’s Appraisal Environmental and Social Review Summary. In line with the ESCP, the Project Environmental and Social Management Framework (ESMF) has been prepared and disclosed. Besides, a Stakeholder Engagement Plan (SEP) and a Labor Management Procedure (Occupational Health procedures) have been prepared and disclosed.

54. **Environmental Aspects.** Overall ES due diligence, impact, and risk management for the Project will be carried out in accordance with the WB’s ESF. The main environmental risks associated with the Project are: (i) occupational health and safety issues related to testing and handling of supplies and the possibility that PPEs are not adequately used by laboratory technicians and medical professionals; and (ii) environmental pollution and community health and safety issues related to the handling, transportation and disposal of healthcare waste and minor/moderate scale construction works. WHO guidelines will be followed for the use of PPE kits and disposal of used PPE kits and medical wastes. The environmental risks are considered “*Substantial*”. These risks will be managed through application of the Project ESMF.

55. **Social Aspects.** Social risks associated with the Project are also considered “*Substantial*”. One central social risk is that marginalized and vulnerable social groups including women may not be able to adequately access facilities and services. To mitigate this risk, in accordance with the WB’s ESF, the ESCP includes the provision of services and supplies based on need, in line with the latest data related to the prevalence of COVID-19 cases. In addition, a Community Behavior Change Communication has been prepared, which sets out actions and instruments to be prepared to achieve compliance with social distancing, and avoid poor communication and misunderstanding by communities on measures taken to prevent and control the disease outbreak, including quarantine and individual medical isolation.

56. While preparing the ESMF, relevant guidance of the MoHFW and WHO has been taken into consideration. The required instruments, including the ESCP and SEP, have been finalized and already disclosed on the WB’s website⁷, since March 22, 2020. They have also been disclosed in English (with Bangla summaries) on the government’s website⁸ as well. Links to these documents are also provided on AIIB’s website⁹. The ESMF and Labor Management Procedures has also been disclosed on May 19, 2020. The Environmental and Social Management Plan (ESMP), as part of the ESMF, will include a Medical Waste Management Plan (MWMP) to assess and manage wastes of different kinds (solid, liquid, medical, hazardous and nonhazardous) generated from labs,

⁷ <https://projects.worldbank.org/en/projects-operations/document-detail/P173757>

⁸ <https://dghs.gov.bd/index.php/en/> (the documents are available at the “Resource” tab in the website)

⁹ <https://www.aiib.org/en/projects/details/2020/proposed/Bangladesh-COVID-19-Emergency-Response-and-Pandemic-Preparedness-Project.html>

quarantine facilities and screening posts to be supported by the COVID-19 readiness and response.

57. **Monitoring and Supervision.** The WB will conduct regular monitoring and supervision of the project implementation. The reports of the supervision and monitoring conducted by the WB will be shared with AIIB. To the extent permitted by the current travel restrictions, AIIB will join WB in its implementation support missions. The WB and AIIB ES specialists will be working in close coordination and will share information on a periodic basis. AIIB will be able to provide inputs on corrective measures following the joint missions in project sites.

58. **Project Grievance Redress Mechanism (GRM).** An existing functional GRM of the MoHFW will be used throughout the life cycle of the Project. The information of the GRM has been disseminated in the SEP. A basic GRM will be developed for the workers to report any issues relating workplace safety and other concerns.

59. **Independent Accountability Mechanism.** As noted above, the WB's ESF will apply to this project instead of AIIB's ESP. Pursuant to AIIB's agreement with the WB, AIIB will rely on the WB's corporate Grievance Redress Service (GRS) and its Independent Accountability Mechanism, the Inspection Panel, to handle complaints relating to ES issues that may arise under the project. Consequently, in accordance with the AIIB's Policy on the Project-affected People's Mechanism (PPM), submissions to the PPM under this project will not be eligible for consideration by the PPM. Information on the WB's corporate GRS is available at <http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service>. Information on the WB's Inspection Panel is available at <http://www.inspectionpanel.org>.

E. Risks and Mitigation Measures

Table 2: Summary of Risks and Mitigating Measures

Risk Description	Assessment Ratings (High, Medium, Low)	Mitigation Measures
Technical: Insufficient institutional capacity within the government structures to effectively implement project-supported activities.	High	A dedicated PIU embedded in the DGHS, MoHFW will be responsible for project implementation, mobilizing existing government structures and processes. In parallel, technical assistance to implementation of project activities will be provided by relevant UN agencies and development partners.
FM: Delayed transaction processing (related to operating expenses), at selected health facilities, including incomplete documentation.	High	Close supervision by the PIU to ensure that all cost centers maintain detailed records of expenditures and submit SOEs in a timely manner.

Risk Description	Assessment Ratings (High, Medium, Low)	Mitigation Measures
FM: Weak internal control function to promote accountability and to check irregular activities.	High	An Audit Committee, charged with responsibility for following-up on resolution of internal and external audit observations, to be established by MoHFW on a priority basis.
Procurement: Lack of sufficient global supply of essential medical consumables and equipment needed to address the COVID-19 outbreak, given a significant disruption in the global supply chain.	High	The WB will leverage its comparative advantage as a convener, and facilitate the MoHFW's access to available supplies at competitive prices with the BFP.
Procurement: Lack of procurement professional in the MoHFW along with involvement of multiple agencies in procurement process (PIU, CMSD, and PWD).	High	The Project will make use of the capacity of MoHFW that has been developed by WB's other health sector projects/programs with GoB.
ES: Occupational health and safety issues related to testing and handling of supplies and the possibility that PPEs are not adequately used by laboratory technicians and medical professionals.	High	The Project will support the availability and use of PPE by health workers and proper disposal of used PPE.
ES: Environmental pollution and community health and safety issues related to the handling, transportation and disposal of medical, solid and liquid wastes.	Medium	A MWMP (including medical, solid and liquid waste management) will be prepared and implemented. The experience on MWM will be drawn from ongoing WB-financed projects with MoFHW and applied to this Project.

Annex 1: Results Monitoring Framework

Project Objective:	To support the Government of Bangladesh to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.						
Indicator Name	Unit of measure	Baseline	Cumulative Intermediate Target Values		End Target	Frequency	Responsibility
			1	2			
Project Objective Indicators:							
Prevent, detect and respond to the threat posed by COVID-19:							
Suspected cases of COVID-19 reported and investigated based on national guidelines (Percentage)	%	0.00	60.00	70.00	80.00	6 monthly	PIU, DGHS
Strengthen national systems for public health preparedness:							
Designated hospitals with isolation capacity (Percentage)	%	0.00	30.00	60.00	100.00	6 monthly	PIU, DGHS
Intermediate Results Indicators:							
Component 1: Emergency COVID-19 response							
Designated laboratories with COVID-19 diagnostic equipment, test kits, reagents, and trained staff per MoHFW guidelines (Number)	No.	1.00	3.00	3.00	3.00	6 monthly	PIU, DGHS
Districts in which COVID-19 risk communication materials have been rolled out to at least 50% of Upazilas (Percentage)	%	0.00	60.00	70.00	80.00	6 monthly	PIU, DGHS

Project Objective:	To support the Government of Bangladesh to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness.						
Indicator Name	Unit of measure	Baseline	Cumulative Intermediate Target Values		End Target	Frequency	Responsibility
			1	2			
Component 2: Supporting National and Sub-national, Prevention and Preparedness							
Doctors and nurses at district-level facilities trained in IPC per MoHFW guidelines (Percentage)	%	0.00	50.00	60.00	80.00	6 monthly	PIU, DGHS
Component 3: Institutional Capacity							
Establishment of epidemiology units in selected district-level facilities (Percentage)	%	0.00	2.00	4.00	8.00	6 monthly	PIU, DGHS

Annex 2: Detailed Project Description

1. This Project is proposed to be supported under the COVID-19 Crisis Recovery Facility (the Facility) of the Asian Infrastructure Investment Bank (AIIB). The Project will help the GoB respond to immediate health consequences of the COVID-19 pandemic and strengthen its health systems for pandemic preparedness. The Project is consistent with the country priorities as laid out in the National Action Plan for Health Security 2020-2024 and Bangladesh Preparedness and Response Plan for COVID-19, developed by the MoHFW. The Project includes the following components:

2. **Component 1: Emergency COVID-19 Response.** This component will provide immediate support to Bangladesh to prevent COVID-19 from arriving or limiting local transmission through containment strategies. It will enhance disease detection capacities through provision of technical expertise, laboratory equipment and systems to ensure prompt case finding and contact tracing, consistent with WHO guidelines in the Strategic Response Plan. It will also enable Bangladesh to mobilize surge response capacity through trained and well-equipped frontline health workers. It has four related sub-components that are outlined below.

(i) **Sub-component 1.1: Case Detection, Confirmation, Contact Tracing, Recording, Reporting.** This sub-component will consist of the following measures: (a) strengthen disease surveillance systems, public health laboratories, and epidemiological capacity for early detection and confirmation of cases; (b) combine detection of new cases with active contact tracing; (c) support epidemiological investigation; (d) strengthen risk assessment; and (e) provide on-time data and information for guiding decision-making and response and mitigation activities. Additional support could be provided to strengthen health management information systems to facilitate recording and on-time virtual sharing of information.

Surveillance activities will include: (a) activating the COVID-19 surveillance system; (b) implementing active case identification and contact tracing; and (c) implementing screening at Points of Entry (i.e. IHR-designated air, land and seaports). Effective surveillance and case investigation will require: (a) essential personal protective equipment (PPE), as well as, training in the proper use and disposal of PPE; and (b) sensitization/ orientation/ refresher training of health and other concerned staff on detection, and response (including risk communication). In addition, rapid-response teams will be trained and equipped to investigate cases and clusters, and conduct contact tracing within 24 hours.

Improving diagnostic laboratory capacity for COVID-19 will include: (a) procurement of diagnostic equipment and supplies including COVID-19 test kits; (b) training on bio-safety and bio-security; (c) training of relevant staff to ensure that the existing system to handle samples at the national and sub-national levels is understood, and consistently applied; and (d) expanding diagnostic services at national and sub-national levels beyond IEDCR.

- (ii) **Sub-component 1.2: Social Distancing Measures.** An effective measure to prevent contracting a respiratory virus such as COVID-19 would be to limit, as possible, contact with the public. Therefore, the Project will support implementation of immediate responses to mitigate inter-personal transmission of COVID-19, that is, classic “*social distancing measures*,” based on protocols for escalation and de-escalation, backed up by a well-designed communication strategy. Financing would also be made available to develop guidelines on social distancing measures (e.g., in phases) to operationalize existing or new laws and regulations, support coordination among sectoral ministries and agencies, and support the MoHFW on the caring of health and other personnel involved in pandemic control activities. Additional preventive actions would complement social distancing such as personal hygiene promotion, including promoting hand washing, and distribution and use of masks, along with increased awareness and promotion of community participation in slowing the spread of the pandemic.
- (iii) **Sub-component 1.3 Health System Strengthening.** This sub-component include providing support to country’s health care system for preparedness planning to provide optimal medical care, maintain essential community services and to minimize risks for patients and health personnel, including training health facilities staff and front-line workers on risk mitigation measures and providing them with the appropriate protective equipment and hygiene materials. Strengthened clinical care capacity could be achieved through financing plans for establishing specialized units in selected hospitals, treatment guidelines, clinical training of health workers and hospital infection prevention and control (IPC) guidelines. Also, strategies would be developed to increase hospital bed availability, including deferring elective procedures, more stringent triage for admission, and earlier discharge with follow-up by home health care personnel.

As COVID-19 would place a substantial burden on inpatient and outpatient health care services, support would be provided to deliver critical medical services, and to cope with increased demand for services posed by the outbreak; and develop intra-hospital IPC measures, including necessary improvements in blood transfusion services to ensure the availability of safe blood products. This would include: (a) support for intensive care facilities within designated hospitals, through provision of medical equipment and training of health teams; (b) provision of safe water and basic sanitation in health facilities, as well as to strengthen medical waste management and disposal systems; (c) support to surge capacity through mobilizing additional health personnel; (d) training of health personnel; and (e) provision of medical supplies, and diagnostic reagents, including kits, other operational expenses such as those related to mobilization of health teams and salaries, hazard/indemnity pay of contracted staff consistent with the Government’s applicable policies.

- (iv) **Sub-component 1.4: Communication Preparedness.** This sub-component will include community preparedness activities and strategies, inter alia: (a) community awareness strategy development, testing, and implementation; and (b) enhancing infrastructures to disseminate information from national and sub-national levels and between the public and private sectors. This includes developing and testing messages and materials to be used

in the event of a pandemic or EID outbreak, and further enhancing infrastructures to disseminate information from national to sub-national levels, and between the public and private sectors. Communication activities would support cost effective and sustainable methods such as marketing of “hand washing” through various communication channels via mass media, counseling, schools, workplace, and integrated into specific interventions as well as ongoing outreach activities of ministries and sectors, especially the MoHFW and ministries of health, education, agriculture, and transport. Support would be provided for information and communication activities to: (a) increase the attention and commitment of the government, private sector, and civil society; (b) raise awareness, knowledge and understanding among the general population about the risk and potential impact of the pandemic; and (c) develop multi-sectoral strategies to address it. In addition, support would be provided for the development and distribution of basic communication materials (such as question and answer sheets and fact sheets in appropriate languages) on: (i) COVID-19; (ii) general preventive measures such as “dos” and “don’ts” for the general public; (iii) information and guidelines for health care providers; (iv) training modules (web-based, printed, and video); (v) presentations, slide sets, videos, and documentaries; and (vi) symposia on surveillance, treatment and prophylaxis.

3. **Component 2: Supporting National and Sub-national Prevention and Preparedness.**

This component will comprise activities, which aim to improve prevention and response planning for, EIDs in the context of human and animal health system development. This could include financing requirements of infrastructure (e.g. reference labs, clinical capacity), equipment, reagents and commodities, analytical and assessment capacity, with trained local capacities embedded in National Primary Human and Animal Health Systems. Specifically, support will be provided to the following activities:

- (i) **EOC:** expanding the scope and improving the functionality of the Public Health EOC, including, inter alia, upgrading the system for epidemiology intelligence, information gathering and use, and rapid response, improving risk communication and community engagement, and capacity building of DGHS including IEDCR.
- (ii) **District-level surveillance capacity:** Enhancing the health emergency surveillance capacity of district health system and tertiary care level hospitals, through: (a) improving the functionality of epidemiology units; and (b) supporting the District Health Information System (DHIS) to enable timely reporting.
- (iii) **Stockpiling of critical medical supplies:** This will include stockpiling of critical medical supplies and vaccines, including enhancing forecasting capability, strengthening of sub-national distribution channels, developing inventory systems, and provision of therapeutic medicines and vaccines (once these become available).

4. **Component 3: Implementation Management and Monitoring and Evaluation.** This component will enhance project implementation and management, including procurement, financial management, M&E, and capacity strengthening of the PIU. It will also strengthen coordination and management functions, including PIU and local (decentralized) arrangements

for coordination of activities and overall administration. To this end, the Project will include costs associated with project coordination and management (including recruitment of consultants, and capacity strengthening).

5. This component would include M&E of prevention and preparedness, and carrying out research on relevant operational topics related to inter alia, COVID-19 preparedness and response efforts. More specifically, it will build capacity for clinical and public health research, including veterinary, and joint-learning across and within countries. This will also include information, communication and technology, artificial intelligence-based telemedicine and mobile-health approaches. Operational research topics could include, for example: nosocomial infection rate assessment; intra-family and slum/community transmission dynamics; severity assessment; natural progression of the disease and seroprevalence; ability of hospitals to maintain non-COVID routine health services.

6. The monitoring and prospective evaluation framework will focus on: (i) strategic relevance to the near-term support for disease outbreak detection and response, with clarity of pathways from WBG contributions to the expected outcomes; (ii) client responsiveness; (iii) WBG capacity to sustain client efforts to prevent future outbreaks of EIDs; and (iv) timeliness and agility of co-convening functions with country policymakers and strategic partners. For operations at the country and sub-regional or regional levels, the monitoring and prospective evaluation will provide a menu of options to be customized for each operation, together with performance benchmarks. The indicators will include those for: measuring elements of emergency COVID-19 Response; strengthening mission-critical national institutions for policy development and coordination of prevention and preparedness, using the “*One Health*” approach in ways that have clear pathways from interventions to results; enabling regional, national, and sub-national estimates and projections of equipment and supplies for disease prevention, detection, response and recovery requirements; building regional and national capacity for biomedical, clinical, and public and veterinary health research and technical resource networks; and building systems to perform disease surveillance at the community level.

7. **Component 4: Contingent Emergency Response Component (CERC).** This will ensure provision of immediate response to an Eligible Crisis or Health Emergency. In the event of an Eligible Crisis or Emergency, the Project will contribute to providing immediate and effective response to said crisis or emergency. Any unused balance under the first three components can be reallocated to the CERC component, in the event of an emergency.

Annex 3: Sovereign Credit Fact Sheet

A. Recent Economic Development

1. Bangladesh is a lower-middle income country with GDP per capita at USD 1,698 and a population of 161.2 million.¹ Bangladesh's economy has performed exceedingly well with growth steadily increasing from 7.2 percent in 2016 to 8.0 percent in 2018. Growth in 2019 is also estimated to have been healthy at 7.9 percent. It is, however, expected to decline sharply in 2020 as COVID-19 crisis has affected remittances and garment exports. The growth acceleration in 2019 has been driven by higher public investment on large infrastructure projects, strong private consumption buoyed by remittances and exports growing faster than imports. Manufacturing growth has been robust due to strong performance of the readymade garments sector.

2. In 2019, inflation has remained broadly stable around the central bank's target of 5.5 percent. The increase in non-food inflation due to adjustment in natural gas price and currency depreciation has been offset by a decline in food inflation due to a good harvest and lower global food prices. The central bank kept the policy rates unchanged through 2019 as inflation remained stable. Domestic credit has been healthy during most of 2019, although it was mostly driven by government borrowing as growth in private credit moderated.

3. Slower than expected revenue collection and higher spending pushed the overall deficit to 5.2 percent of GDP in 2019, crossing the ceiling of 5.0 percent for the first time in a decade. Both current and capital spending grew at a rapid space, reflecting election related spending and development expenditure. The government continues to prefer concessional external borrowing, especially to finance infrastructure projects.² External public debt, at 15 percent of GDP, remains favorable.

4. The current account deficit after widening significantly to 2.6 percent of GDP in 2018 is estimated to be 2.7 percent of GDP in 2019. Exports of readymade garments accelerated reflecting strong demand from newer markets like Australia, Canada and China. Import growth after remaining strong in the first half slowed down during the second half of 2019, due to lower demand for garment intermediates and capital imports and a sharp decline in rice imports. Remittances grew strongly, buoyed by depreciation of the currency and measures taken to facilitate transfers through official channels. The ratio of external debt to GDP remains favorable at below 20 percent of GDP, with public and publicly guaranteed external debt being around 15 percent of GDP.

B. Economic Indicators

Selected Macroeconomic Indicators - Bangladesh (FY2016-FY2021)

Economic Indicators	FY 2016	FY 2017	FY 2018	FY 2019*	FY 2020*	FY 2021*
Real GDP growth**	7.2	7.6	8.0	7.9	2.0	9.5
CPI Inflation (% change, average)**	5.7	5.6	5.6	5.7	5.5	5.6
Current account balance (% of GDP)**	0.6	-2.1	-2.6	-2.7	-2.2	-0.8
Central government overall balance (% of GDP)**	-3.4	-3.3	-4.6	-5.2	-6.4	-6.0

¹ The income group classification for fiscal year 2019 is based on World Bank criteria, details seen: <https://datahelpdesk.worldbank.org/knowledgebase/articles/906519>; Population data use World Bank 2018 data.

² ADB Asian Development Outlook 2019 Strengthening Disaster Resilience, April 2019

Economic Indicators	FY	FY	FY	FY	FY	FY
	2016	2017	2018	2019*	2020*	2021*
Nominal gross public debt (% of GDP)	33.3	32.6	34.0	34.9	35.5	36.1
Public gross financing needs (% of GDP)	5.0	8.2	7.9	9.0	8.2	10.6
External debt (% of GDP)	18.5	18.0	20.1	18.6	18.2	17.9
Gross external financing need (% of GDP)	1.5	3.6	7.0	7.0	5.2	4.6
Net Foreign Direct Investment Inflow (% of GDP)	0.6	0.7	0.6	0.6	0.6	0.6
Gross official reserves (months of imports)	7.2	7.0	6.2	5.6	5.1	4.9
Broad money (M2, % change)	16.3	10.9	9.2	12.7	13.9	--
Exchange rate (BDT/USD, EOP) ***	78.4	80.6	83.7	84.9	84.9	

Note: * denotes projected figures.

** denotes data based on calendar year. All other data is based on fiscal year, which begins on 1 July and ends on 30 June. FY2019 runs from July 2018 to June 2019.

** FX data from Thomson Reuters, 2020 FX rate as of April 17, 2020

EOP: end of the period

Source: IMF's Country Report No. 19/299, September 2019 and IMF's World Economic Outlook Database, April 2020.

C. Economic Outlook and Risks

5. Bangladesh's growth in 2020 is projected to decline sharply to 2.0 percent, due to disruptions related to ongoing COVID-19 pandemic. The national lockdown will dent private consumption as people working in the informal sector face a loss of earnings.³ This is likely to be exacerbated by disruption in remittance flows as migrants lose work in foreign countries or find it difficult to remit as financial agencies are closed. Private investment, which has been weak in recent years is expected to dampen further as uncertainties related to COVID-19 persist. Industrial output is also likely to decline due to lockdown, shortage of intermediate imported inputs and unavailability of workers. Public investment is also likely to witness some stagnation as government focuses on supporting the vulnerable sections of the economy. Exports of readymade garments, which account for 80 percent of overall merchandise exports is expected to fall significantly as some of the major export destinations enter into a lockdown and curtail discretionary spending. However, growth is expected to rebound strongly in 2021 as economic activity normalizes, helped by policy support.⁴

6. Inflation is expected to remain around the central bank target of 5.5 percent in FY2020. Part of the decline in aggregate demand on account of reduction in disposable income will be boosted by the fiscal stimulus announced by the government. Expansionary monetary policy is also expected to push prices up. The banking sector stress could go up as weak economic activity pushes up non-performing loans thereby constraining lending.

7. With the government increasing spending to counter the impact of COVID-19 pandemic, the fiscal deficit is expected to increase. Recurrent expenditure is expected to grow significantly as the government rolls out various relief measures including scaling up of social protection schemes and supporting payroll of manufacturing sector. A downturn in economic activity will also adversely impact tax collections. Public debt can inch up a bit as a result of higher deficit. Bangladesh has a favorable debt profile as majority of the public debt is denominated in domestic currency and held by residents. External public debt is also expected to remain around current levels. Overall, Bangladesh exhibits a low risk of debt distress.

³ On March 23rd, the government declared a general holiday from March 26th to April 4th, which ultimately been extended till May 30th.

⁴ According to IMF's World Economic Outlook 2020, the baseline scenario assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound.

8. Current account deficit is expected to moderate slightly in 2020. Much of the decline in the deficit will be driven by lower oil prices and lower demand for capital imports as investment weakens. The decline in imports is expected to offset the reduction in remittances and slowing of exports, especially garment exports.