

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**NICARAGUA**

**IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN  
AND CONTROL CORONAVIRUS AND MITIGATE ITS IMPACT  
ON SERVICE DELIVERY IN NICARAGUA**

**(NI-L1161)**

**LOAN PROPOSAL**

This document was prepared by the project team consisting of: Leonardo Pinzón Enciso (SPH/CNI), Project Team Leader; Fabiola Prado (SPH/CPN); Carolina González (SPH/CDR); Susan Kolodin, Sobeida Castillo, Reyna Pasos, Carolina López, Nubia Herrera, and Fadel Ugarte (CID/CNI); Wilhem Dalaison (INE/INE); Matilde Neret, Raquel Sánchez, Naxalia Zamora, Pedro Bernal, and Isabel Delfs (SCL/SPH); Osmín Mondragón and Santiago Castillo (FMP/CNI); Rhina Cabezas (CID/CID); María Cristina Landazuri (LEG/SGO); Mirna Carballo and María Elena Ramírez (consultants); Harold Villalba (SPD/SDV); Julio Andrés Rojas (VPS/ESG); and Emma Grün (CID/CNI).

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## CONTENTS

I.	DESCRIPTION AND RESULTS MONITORING .....	1
A.	Background, problem addressed, and rationale .....	1
B.	Objectives, components, and cost .....	9
C.	Key results indicators .....	11
II.	FINANCIAL INSTRUMENTS AND MAIN RISKS .....	12
A.	Financial instruments.....	12
B.	Environmental and social risks .....	13
C.	Fiduciary risks.....	13
D.	Other key risks and issues .....	13
III.	IMPLEMENTATION AND MANAGEMENT PLAN .....	14
A.	Summary of implementation arrangements.....	14
B.	Summary of arrangements for monitoring results .....	18

ANNEXES	
Annex I	Summary Development Effectiveness Matrix
Annex II	Results Matrix
Annex III	Fiduciary Agreements and Requirements (simplified format)

REQUIRED LINKS	
1.	<a href="#">Simplified monitoring and evaluation plan</a>
2.	<a href="#">Procurement plan</a>

OPTIONAL LINKS	
1.	<a href="#">Economic viability</a>
2.	<a href="#">COVID-19 Strategic Preparedness and Response Plan</a>
3.	<a href="#">Table of costs</a>
4.	<a href="#">Program execution plan</a>
5.	<a href="#">Protocols agreed on with MINSA</a>
6.	<a href="#">Scope of works and infrastructure</a>
7.	<a href="#">List of WHO supplies, equipment, and medicines for COVID-19 package</a>
8.	<a href="#">UNOPS terms of reference</a>
9.	<a href="#">PAHO terms of reference</a>
10.	<a href="#">PCI terms of reference</a>
11.	<a href="#">Structuring for implementation</a>
12.	<a href="#">Environmental and social management plan</a>
13.	<a href="#">Information on the Nicaraguan Citizens' COVID-19 Observatory</a>
14.	<a href="#">Safeguard policy filter and safeguard screening form</a>
15.	<a href="#">Analysis of health gaps – indigenous and Afro-descendant population</a>
16.	<a href="#">Project Operations Manual</a>

ABBREVIATIONS	
COMISCA	Consejo de Ministros de Salud de Centroamérica y República Dominicana [Council of Ministers of Health of Central America and the Dominican Republic]
DES	Dirección de Estadísticas en Salud [Office of Health Statistics]
ECDC	European Centre for Disease Prevention and Control
ICUs	Intensive care units
IMF	International Monetary Fund
LIBOR	London Interbank Offered Rate
MHCP	Ministerio de Hacienda y Crédito Público [Ministry of Finance]
MINSAL	Ministerio de Salud de Nicaragua [Ministry of Health]
N/A	Not applicable
PAHO	Pan American Health Organization
PCI	Project Concern International
PPE	Personal protective equipment
SILAIS	Sistemas Locales de Atención Integral en Salud [Local integrated health care systems]
SINEVI	Sistema Nacional de Estadísticas Vitales [Bureau of Vital Statistics]
UNOPS	United Nations Office for Project Services
WHO	World Health Organization

## PROJECT SUMMARY

### IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN AND CONTROL CORONAVIRUS AND MITIGATE ITS IMPACT ON SERVICE DELIVERY IN NICARAGUA (NI-L1161)

Financial Terms and Conditions			
Borrower	Source	Amount (US\$)	%
Republic of Nicaragua	IDB (regular Ordinary Capital)	15,050,000	34.8
	IDB (concessional Ordinary Capital)	27,950,000	64.7
Executing agency:	Local:	150,000	0.5
Ministry of Finance (MHCP)	Total:	43,150,000	100
	Regular Ordinary Capital (Flexible Financing Facility) <sup>(a)</sup>	Concessional Ordinary Capital	
Amortization period:	25 years	40 years	
Disbursement period:	2 years		
Grace period:	5.5 years <sup>(b)</sup>	40 years	
Interest rate:	LIBOR-based	0.25%	
Credit fee:	<sup>(c)</sup>	Not applicable	
Inspection and supervision fee:	<sup>(c)</sup>	Not applicable	
Weighted average life:	15.25 years	Not applicable	
Approval currency:	U.S. dollar		
Project at a Glance			
<b>Project objective/description:</b> The project’s general objective is to help reduce COVID-19 morbidity and mortality and mitigate all other indirect effects of the pandemic on the health of the Nicaraguan people, with emphasis on the most vulnerable population segments. It has three specific objectives: (i) improving case detection and monitoring; (ii) supporting efforts to break the chain of transmission; and (iii) enhancing service delivery capacity.			
<b>Special contractual conditions precedent to the first disbursement of the loan proceeds:</b> (i) approval and entry into force of the <a href="#">project Operations Manual</a> on the terms agreed upon by the Bank; (ii) creation of the program monitoring unit (PMU) via ministerial resolution, and hiring and/or designation of PMU personnel (see paragraph 3.1); and (iii) commissioning of: (a) the United Nations Office for Project Services (UNOPS) as a specialized agency to manage the design, supervision, and procurement of works as well as the procurement, distribution, and installation of equipment; (b) the Pan American Health Organization (PAHO) as a specialized agency to provide technical assistance to MINSA for the COVID-19 pandemic response; and (c) Project Concern International (PCI) as the verifier of project activities (see paragraph 3.13).			
<b>Special contractual conditions for execution:</b> (i) MINSA will have developed, and the Bank approved, a list of protocols for COVID-19 prevention, care, and management, to include timetables for their preparation, publication, dissemination, related training and implementation, and verification in the execution phase of the project (see paragraph 3.12); (ii) MINSA will have committed to the timely and proper implementation of the COVID-19 protocols referenced in item (i) above as established in the aforementioned timetables; and (iii) the Pan American Health Organization (PAHO) and/or the Council of Ministers of Health of Central America and the Dominican Republic (COMISCA) will have been commissioned as specialized agencies for the procurement of equipment, supplies, medications, personal protective equipment, and inputs requiring periodic replacement on the terms agreed upon with the Bank (see paragraph 3.14).			
<b>Exceptions to Bank policies:</b> None			
Strategic Alignment			
<b>Challenges:</b> <sup>(d)</sup>	SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>
<b>Crosscutting themes:</b> <sup>(e)</sup>	GD <input checked="" type="checkbox"/>	CC <input type="checkbox"/>	IC <input type="checkbox"/>

- (a) Under the terms of the Flexible Financing Facility (document FN-655-1), the borrower has the option of requesting changes to the amortization schedule as well as currency, interest rate, and commodity conversions. The Bank will take operational and risk management considerations into account when reviewing such requests.
- (b) Under the flexible repayment options of the Flexible Financing Facility, changes to the grace period are permitted provided that they do not entail any extension of the original weighted average life of the loan or the last payment date as documented in the loan contract.
- (c) The credit fee and inspection and supervision fee will be established periodically by the Board of Executive Directors as part of its review of the Bank's lending charges, in accordance with the applicable policies.
- (d) SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).
- (e) GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

### A. Background, problem addressed, and rationale

- 1.1 **Background.** On 11 March 2020, the World Health Organization (WHO) declared the COVID-19 outbreak a pandemic. COVID-19 is a respiratory disease caused by the 2019 novel coronavirus, or nCoV-2019. To date (22 July), WHO has reported more than 14,969,673 confirmed cases in 189 countries, resulting in more than 618,427 deaths.<sup>1</sup> The first cases in Latin America and the Caribbean were reported in late February. Since then, their number has been rising fast. As of 22 July, 3,945,624 confirmed cases of COVID-19 have been reported and 167,114 deaths<sup>2</sup>. The number of cases and deaths is expected to continue growing.
- 1.2 **Macroeconomic and social context.** In the period between 2010 and 2017, Nicaragua's economy grew at an average annual rate of 5.1%. Traditional sources of economic growth were disrupted in 2018 and 2019 by the country's burgeoning social and political crisis, and gross domestic product (GDP) shrank by 4% and 3.9% in those two years. Prior to the pandemic, the International Monetary Fund (IMF) projected a 1.2% decline in GDP in 2020. With the pandemic driving down aggregate worldwide demand, however, estimates for the country's third consecutive year of economic contraction now range from a 4.0% drop in GDP (projected by the Central Bank of Nicaragua) to 6.0% and 6.3% (projected by the IMF and World Bank, respectively). This is primarily due to declines in exports, remittances, tourism, and direct foreign investment—external drivers of domestic economic growth that had already been struggling since 2018. The IMF is projecting no changes in GDP for 2021. These impacts on GDP will have ramifications on the living standards of the Nicaraguan people: the Economic Commission for Latin America and the Caribbean is projecting the poverty rate to rise from 47.1% in 2019 to between 50.6% and 52.7% in 2020, while the extreme poverty rate may climb from 18.0% in 2019 to between 20.7% and 22.2% in 2020.
- 1.3 **Problem addressed.** A February 2020 analysis by WHO found that most countries in Latin America and the Caribbean are unprepared to handle pandemics.<sup>3</sup> On a five level scale based on the capacity to manage a public health event of this magnitude (where one=low and five=high), seven Latin American and Caribbean countries are classified as level two (low capacity), 15 as level three (medium capacity), and only four have been classified as level four.<sup>4</sup> The health system gaps that impact the entire pandemic management cycle in Nicaragua are primarily

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<sup>1</sup> WHO. [Coronavirus disease 2019 \(COVID-19\). Situation Report - 66](#), 22 July 2020.

<sup>2</sup> WHO data excluding the United States, Canada, and Puerto Rico. [Coronavirus disease \(COVID-19\). Situation Report - 140](#).

<sup>3</sup> Operational capacity was evaluated based on the percentage of compliance with 13 areas of capacity for handling public health events established in the International Health Regulations (IHR 2005), an agreement between 196 countries to build their capacities to manage public health events in 13 areas: legislation and financing, coordination, zoonotic events, food safety, laboratory, surveillance, human resources, national health emergency, health service delivery, risk communication, points of entry, chemical events, and radiation emergencies.

<sup>4</sup> Countries classified as level two (low capacity) are: Bolivia, Guatemala, Haiti, Honduras, Nicaragua, Paraguay, and Venezuela; level three (medium capacity): Argentina, Barbados, Belize, Colombia, Ecuador, El Salvador, Dominican Republic, Guyana, Jamaica, Panama, Peru, Suriname, Trinidad and Tobago, and Uruguay; and level four: Brazil, Chile, Costa Rica, and Mexico.

associated with: (i) early case identification and monitoring due to the lack of timely diagnosis; (ii) epidemiological surveillance weaknesses in terms of preventing and controlling the virus; (iii) lack of specific protocols and plan for communicating with the public; and (iv) health service limitations in managing COVID-19 cases. Closing these gaps is the priority challenge facing the country since it has not declared a health emergency that would facilitate the timely actions and investments needed in that regard (see paragraphs 1.9 through 1.14).

- 1.4 COVID-19 can be easily spread from person to person through respiratory secretions<sup>5</sup> and direct contact. For this reason, social distancing and isolation measures are essential features of the public health response with the goal of reducing the number of healthy people whom a patient can infect. These measures slow the spread of COVID-19, to delay a sudden spike in cases that would overwhelm the health system's capacity to care for patients.<sup>6,7,8,9</sup> The most seriously ill patients require specialized care.
- 1.5 **Challenges and progress.** Nicaragua's first case of COVID-19 was reported on 18 March 2020, and 3,439 cases and 108 deaths had been reported as of 22 July.<sup>10</sup> The government has not declared a health emergency or adopted social distancing, stay-at-home, or other containment measures. Cases are only occasionally and sporadically reported (see Figure I-1), and the vast majority of cases have been reported since late May. According to official data, the total number of cases has risen 140% so far in June, the fastest increase in Central America.<sup>11</sup> However, since no data on testing control and follow-up have been reported, the country's actual case count could be higher.<sup>12</sup>

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<sup>5</sup> [WHO. Q&A on coronaviruses \(COVID-19\).](#)

<sup>6</sup> Hellewell J., Abbott S., Gimma A., Bosse N.I., Jarvis C.I., and Russell T.W., et al. [Feasibility of Controlling COVID-19 Outbreaks by Isolation of Cases and Contacts.](#) *The Lancet* 2020; 8(4):488-496.

<sup>7</sup> Day T., Park A., Madras N., Gumel A., and Wu J. [When Is Quarantine a Useful Control Strategy for Emerging Infectious Diseases?](#) *American Journal of Epidemiology* 2006; 163(5): 479-485.

<sup>8</sup> Ferguson N., Cummings D., Fraser C., Cajka J.C., Cooley P.C., and Burke D.S. Strategies for Mitigating an Influenza Pandemic. *Nature* 2006; 442:448–452. [doi:10.1038/nature04795.](#)

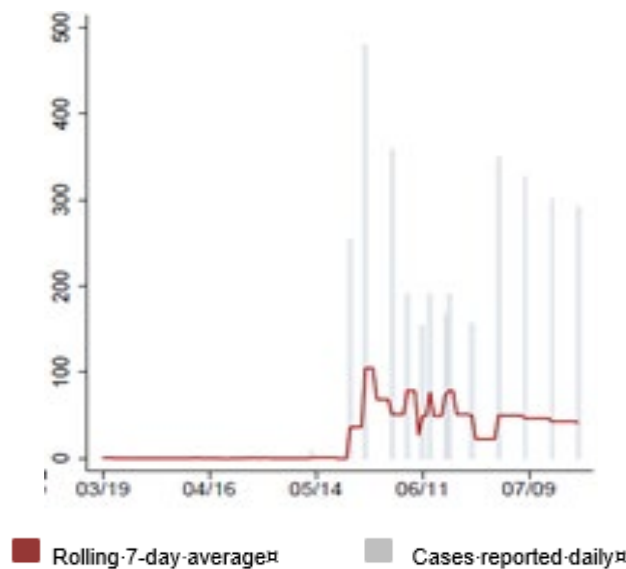
<sup>9</sup> Dénes A. and Gumel A. [Modeling the Impact of Quarantine during an Outbreak of Ebola Virus Disease.](#) *Infectious Disease Modelling* 2019;4:12-27.

<sup>10</sup> Data from health ministries, compiled by the European Centre for Disease Control (ECDC).

<sup>11</sup> Estimated using ECDC-compiled data from health ministries.

<sup>12</sup> According to estimates from unofficial sources, a total of 7,893 expected COVID-19 cases and 2,225 deaths had been reported as of 8 July 2020. [Observatorio Ciudadano COVID-19 Nicaragua \(optional link 13\).](#)

Figure I-1. Current trend – daily COVID-19 cases in Nicaragua



Source: IDB Social Protection and Health Division (SPH), based on data collected by the health ministries of the European Centre for Disease Prevention and Control (ECDC).

- 1.6 The Ministry of Health (MINSA) has prepared a general “COVID-19 containment protocol” for internal use. This protocol calls for an interagency team consisting of seven government entities<sup>13</sup> to support prevention, early detection, and case management. A toll-free hotline was activated and is available 24 hours per day, 7 days per week, to provide callers with information and guidance on COVID-19, and 19 hospitals have been designated as COVID-19 patient care centers.<sup>14</sup>
- 1.7 For service delivery, MINSA has carried out actions since 2007 under the Family and Community Health Model,<sup>15</sup> with support from Bank projects (see paragraph 1.18), to enhance health care coverage, access, and quality.<sup>16</sup> To this end, MINSA is pursuing key strategies such as: (i) optimization of human resources to improve the capacities and geographic distribution of health care personnel; (ii) establishment of integrated service networks to improve care access, coordination, and continuity; and (iii) empowerment of the community network as health promotion agents to take action in the community.
- 1.8 However, the pressures stemming from the pandemic (see paragraph 1.12) pose specific challenges for MINSA in terms of: (i) early detection, case follow-up, and contact tracing; (ii) updating care protocols and organizing services; (iii) developing a communication plan on COVID-19 prevention and management for the general public and for vulnerable populations; (iv) health services overstretched amid the need to care for seriously and critically ill COVID-19

<sup>13</sup> [Optional link 2.](#)

<sup>14</sup> Twelve national hospitals, 7 regional hospitals, 12 departmental hospitals, and 41 primary hospitals ([optional link 6](#)).

<sup>15</sup> This model takes a community-based approach to family health care.

<sup>16</sup> The maternal mortality rate fell from 92.8 deaths per 1,000 live births in 2006 to 29.9 in 2019 (see paragraph 1.18). Some 24,000 pregnant women received a high-quality prenatal checkup, and just over 10,237 had a safe childbirth. The interventions have also helped reduce the infant mortality rate from 92.8 deaths per 1,000 live births in 2006 to 11.4 in 2019.



patients; (v) a lack of trained staff for patient care, of medical equipment, and of personal protective equipment (PPE); and (vi) scaled-back community outreach and prevention efforts for essential services related to maternal and child health and noncommunicable chronic diseases. The main challenges for the Nicaraguan health care system's COVID-19 response are described below.

- 1.9 **Lack of early detection and case follow-up.** The National Diagnostics and Referral Center (CNDR) is the lone testing facility for all samples collected by Nicaraguan hospitals. It performs real-time polymerase chain reaction (PCR) testing and has the capacity to process only 350 such tests per day. The number of suspected cases of COVID-19 can be expected to rise exponentially due to its epidemiological behavior, but the CNDR has limited capacity to accommodate an increase in samples. Regional labs, therefore, need to be equipped in order to meet this demand and test more suspected cases. This testing is needed to diagnose the disease at an early stage—when patients can be treated on an outpatient basis (at home)—and thereby avoid overwhelming the health system.
- 1.10 To test 5% of the Nicaraguan population, some 54,016 tests per week<sup>17</sup> would be needed. This equates to at least seven labs working at maximum capacity (350 tests per day).<sup>18</sup> Capacities for detection and diagnosis, including procurement of tests and supplies for collecting, storing, and transporting samples, must be strengthened for this purpose.
- 1.11 **Development of specific protocols and a public communication plan.** MINSA's internal COVID-19 protocol from April 2020 uses a definition of suspected cases. This protocol will require strengthening to improve the identification of cases. Protocols and guidelines for each type of health service (lab work, outpatient visits, surgery, etc.) will need to be developed and/or updated for high-risk and/or vulnerable populations such as people in correctional facilities, maquila plants, productive enterprises, schools, childcare centers, and border areas; women who may be vulnerable at home;<sup>19</sup> and indigenous and Afro-descendant communities.<sup>20</sup> Also lacking is a consistent, impactful communication plan for conveying key messages and risk factors to the general public, primarily to mitigate the pandemic and curb community transmission, as the messages from the preparatory phase are still in use.
- 1.12 **Limited ability of the health system to manage COVID-19 cases.** MINSA is the leading provider of health services in Nicaragua.<sup>21</sup> It carries out essential public health efforts and provides essential individual care for the uninsured population. The national health system is administratively divided into 19 local integrated

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<sup>17</sup> Calculated by the IDB team based on projected case counts.

<sup>18</sup> COVID-19 is diagnosed through imaging (X-rays and sonogram).

<sup>19</sup> According to the Women's Network Against Violence, reports have doubled from 4 to 8 per day since 18 March 2020, when Nicaragua's first case of COVID-19 was confirmed ([www.sidocfeminista.com/index.php](http://www.sidocfeminista.com/index.php)).

<sup>20</sup> MINSA has prepared and the Bank has approved a list of protocols that will need to be updated, as well as timetables for their preparation, approval, publication, dissemination, related training, and implementation.

<sup>21</sup> The health care system is comprised of the public sector, with MINSA providing 65% of health services coverage, the Nicaraguan Social Security Institute, 18%; and military and police health services, 6%. The private sector covers the remaining 11% of the health system.

health care systems (SILAIS).<sup>22</sup> MINSA has 72 hospitals throughout the country,<sup>23</sup> of which it has designated 19 for COVID-19 patient care.<sup>24</sup> These 19 hospitals have a combined 3,184 countable beds, 148 intensive care unit (ICU) beds, and one lab for COVID-19 testing for the entire country. Since these beds are not exclusively for COVID-19 patients, and due to high demand at the hospitals designated as COVID-19 care centers, there is a critical need for more beds, both overall and specifically in ICUs, as well as specialized equipment for critical care (ventilators, vital signs monitors, etc.), and health care personnel need to be trained to operate such equipment. This demand also means that physical facilities need to be upgraded and conditioned<sup>25</sup> to be able to provide differentiated care to patients with other illnesses in addition to those with COVID-19 symptoms.

- 1.13 According to MINSA data, the country had 5,794 physicians in 2015, with 1,762 of them working at the 19 hospitals designated for COVID-19 patient care. This equates to two physicians per 10,000 population, signaling a lack of qualified staff to care for critically and seriously ill patients.
- 1.14 **Weaknesses in care for vulnerable populations.** Nicaragua's epidemiological transition has been uneven due to socioeconomic inequalities. High blood pressure, at 261.8 per 10,000 population, was the leading cause of morbidity in 2019, followed by diabetes at 130 per 10,000 population, and heart disease and chronic kidney disease at 24 and 21 per 10,000 population, respectively. This means that a large portion of the population has underlying conditions and may require hospitalization and/or intensive care if they contract COVID-19, and options for tracking and monitoring chronic illness are needed to help these patients avoid catching COVID-19.
- 1.15 The largest disparities in health, associated with gaps in access to basic services and in health care quality and usage, are found primarily in Nicaragua's northern and southern Caribbean coastal regions, which cover 26.3% of the country and are home to more than 500 indigenous and Afro-descendant communities (analysis of health gaps, see [optional link 15](#)). Though some progress has been made (see paragraphs 1.18 and 1.21), most people in these areas receive care at basic health units (health posts and health centers), as they are farther away from hospitals with greater treatment capacity. Information tailored to these communities on COVID-19 prevention and management is lacking as well.
- 1.16 **Rationale.** The COVID-19 pandemic is a global threat that has profoundly impacted every country. As its case count rises, Nicaragua faces growing challenges that call for investment to close the gaps in its response capacity. To counter the probability of community transmission, case tracking and monitoring capacity will need to be strengthened, which currently has serious limitations for the provision of these services.<sup>26</sup> This project will help update and strengthen the COVID-19 containment plan (prepared in April 2020) to reflect the eight pillars laid out in WHO's COVID-19 Strategic Preparedness and Response Plan. Specifically,

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<sup>22</sup> The SILAISs manage health care at the subnational level and also perform public health surveillance and other services.

<sup>23</sup> Twelve national referral hospitals, 7 regional hospitals, 12 departmental hospitals, and 41 primary hospitals.

<sup>24</sup> Ten departmental hospitals, seven regional hospitals, and two primary hospitals.

<sup>25</sup> The hospitals own the land in question.

<sup>26</sup> As defined by [WHO](#).

the project will emphasize the following areas: (i) risk communication and community engagement; (ii) case surveillance, tracing, and investigation; (iii) diagnostic efforts and capacities of the national lab and regional labs; and (iv) case management. Complementary actions to strengthen the capacities of health care staff will be included as well. The Bank's active pipeline will continue to support the continuity of services (see paragraph 1.18).

- 1.17 **Implementation strategy.** In view of the challenges facing Nicaragua's health system, the volume of works and equipment needed for a prompt response to the pandemic, the projected short-term progression of COVID-19 in the country, and actions by other donors, project execution will be coordinated through the Ministry of Finance (MHCP), and specialized agencies will be hired to ensure effective technical assistance, economies of scale in procurement operations, and streamlined implementation (see paragraphs 3.2 to 3.5). Given the important role protocols play in the pandemic response, MINSA has prepared, and the Bank approved, a list of protocols for COVID-19 prevention, care, and management, as well as timetables for their implementation, the fulfillment of which will be verified during project implementation ([optional link 5](#)). Lastly, because equipment and supplies are to be delivered at a number of different points within the country, the project includes activities to verify and monitor the progress made on its various components. This is expected to complement the country's efforts to gather data on the pandemic (see paragraph 3.6).
- 1.18 **The Bank's experience and lessons learned.** The Bank has provided increasing support to MINSA over the past six years through a pipeline that includes US\$269.5 million in investment loans and grants, with an undisbursed balance of US\$189.3 million and execution periods extending as far as 2022, to help expand service coverage, improve maternal and child health, and prevent and treat noncommunicable chronic diseases. These projects are being implemented in the poorest and most remote areas of Nicaragua, including the North Caribbean Coast Autonomous Region (RACCN) and the South Caribbean Coast Autonomous Region (RACCS), as well as the Dry Corridor region. These projects include the Community Health Program for Rural Municipios (loan 3696/BL-NI), Modernization of Hospital Infrastructure and Management: West Region (loan 3306/BL-NI), and the Multisector Program to Improve Health Determinants in the Dry Corridor (loan 4422/BL-NI), as well as grants through the Salud Mesoamérica initiative (grants GRT/HE/16844-NI and GRT/HE-16845-NI) and the Regional Malaria Elimination Initiative (grants GRT/MM-17274-NI and GRT/MM-17275-NI).
- 1.19 All these projects fit within the framework of the Family and Community Health Model, which promotes access to health care through integrated networks based on community health, primary care, and regionalized services, with a focus on improving basic health conditions and expanding service coverage. They also complement the proposed project by strengthening the continuity of health services. Specifically, these operations have provided support to: (i) build and upgrade hospital infrastructure at the regional (Óscar Danilo Rosales Argüello Teaching Hospital (HEODRA) in León, Estelí), departmental (Ocotol, Nueva Segovia), and primary levels (e.g. Quilalí, Wiwilí, Jalapa, Siuna, Waslala, La Trinidad, San Juan de Limay); (ii) upgrade infrastructure in laboratories (Matagalpa, Estelí, Bilwi), supply warehouses, and physiotherapy rooms; (iii) provide equipment and supplies for primary and secondary health care at

46 facilities throughout the country; (iv) pursue continuity-of-care strategies in 54 municipios in the Dry Corridor region through a mechanism of transfers per person served, based on the fulfillment of tracer indicators of improved maternal and child health, as well as improved care for teenagers, patients with chronic illness, and patients with special needs; (v) deploy quality assurance mechanisms by strengthening the capacities of health care staff and community-based workers through training in care protocols and technology usage; and (vi) strengthen the capacities of health care staff at 19 primary hospitals, 2 departmental hospitals, and 3 regional hospitals. The Bank's portfolio of operations in the health sector has also helped to strengthen an integrated network of more than 5,000 community-based workers actively assisting MINSA in its health initiatives.

- 1.20 The "Strengthening of Community Health and Extension of Health and Nutrition Services in Communities in the Dry Corridor Region" project (loan 2986/BL-NI) featured a talent optimization plan under which 500 nurse's aides were hired and their skills improved. These aides were selected and deployed to remote communities, where they serve on the family and community health teams. This staff renewal has held over time and is key to the response this project poses at the neighborhood and community levels. Lessons learned from that experience will help to: (i) provide continuity and guidance for virtual home care under Component 3 (see paragraph 1.31) regarding prevention and management of mild COVID-19 cases; and (ii) conduct contact tracing for suspected cases and carry out educational efforts in the community. They will also help to identify warning signs and refer patients to the nearest health care facility in order to ensure care. Lastly, the lessons learned from the Regional Malaria Elimination Initiative on how to form teams and plan local actions for improving epidemiological surveillance of (primarily) malaria, as well as on how to monitor and treat malaria cases diagnosed in the community, will also be brought to bear on the activities under Component 1 (see paragraph 1.25).<sup>27</sup>
- 1.21 Improving the sanitary infrastructure of the current portfolio of projects has helped to improve health care quality and achieve the aforementioned gains. To ensure responsiveness in the works under Subcomponents 1.2 (see paragraph 1.27) and 3.1 (see paragraph 1.32), this project will draw on the lesson learned regarding the importance of using a matrix to monitor works, including key milestones in the following processes: (i) preinvestment studies; and (ii) design work and construction. This has helped to identify the parties responsible for each milestone and ensure works are begun and completed. Due to the urgent need to expand MINSA's response capacity for COVID-19 patients, the procurement process for the preinvestment studies is underway,<sup>28</sup> and a single specialized agency will be commissioned for the design and construction work. To assist vulnerable populations at the community level (see paragraph 1.35), this operation will draw on the lessons learned from the Regional Malaria Elimination Initiative's educational strategy for behavioral change, which entails a more horizontal

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<sup>27</sup> PPE will be procured for community-based workers engaged in epidemiological surveillance, and complementary financing will be provided under the projects "Support the Council of Health Ministers of Central America and the Dominican Republic (COMISCA) for COVID-19 Activities" (technical-cooperation operations ATN/JF-17990-RG and ATN/JF-17991-RG) and "Containment and Mitigation Measures of Coronavirus (COVID-19) in Nicaragua (technical-cooperation operation NI-T1291).

<sup>28</sup> Financed under the "Improvement of Health Infrastructure and Management" project (technical-cooperation operation ATN/OC-17853-NI).

transmission of information for eradicating malaria and empowers the direct beneficiaries to whom the messages are targeted.

1.22 **Coordination with other multilaterals and/or cooperation agencies.** The Bank's support complements the work of other organizations in Nicaragua. The Central American Bank for Economic Integration approved US\$11.7 million for the procurement of medications, supplies, and medical equipment. Together, the European Union and Luxemburg have provided €15 million in support for vulnerable families during the pandemic in the areas of food security, sanitary measures, and educational campaigns in schools and cooperative organizations. In addition, PAHO has provided US\$80,000 in PPE for health workers. The activities of this project are to be supplemented by a World Bank operation currently in preparation that will focus on the procurement of medical supplies and equipment. In addition this procurement effort, the World Bank operation will provide support for upgrading hospital and laboratory infrastructure. As part of the project procurement processes, actions will be coordinated with the World Bank to leverage economies of scale and expedite results. A US\$1 million grant approved by the World Bank to address the pandemic and the Bank technical-cooperation operation NI-T1291, "Containment and Mitigation Measures of Coronavirus (COVID-19) in Nicaragua," which is currently in preparation, will support the execution of this project, including the coordination of activities for the procurement of medical inputs and inputs requiring periodic replacement.

1.23 **Strategic alignment.** The project is consistent with the second update to the Institutional Strategy (document AB-3190-2) and is aligned with the social inclusion and equality development challenge by focusing on strengthening health care service delivery to suspected or confirmed COVID-19 patients. In addition, the project will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicator on beneficiaries receiving health services. The project is also aligned with the crosscutting areas of gender equality and diversity, by implementing a communication strategy with the aim of preventing and managing COVID-19, which includes: (i) messaging targeted to indigenous and Afro-descendant populations of the North Caribbean Coast Autonomous Region (RACCN) and South Caribbean Coast Autonomous Region (RACCS); (ii) use of different approaches that guarantee access to information for diverse populations; and (iii) mechanisms of coordination with the SILAIS of these regions and the local authorities (e.g. councils of elders and health commissions), which would enable them to continue supporting health prevention and care actions. The project is consistent with the Health and Nutrition Sector Framework Document (document GN-2735-7) by: (i) strengthening communication and information actions to foster behavioral change; (ii) strengthening service delivery, including providing the necessary medical equipment and supplies as well as training health care providers; and (iii) strengthening cross-sector coordination to achieve the expected outcomes. This project is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996, GN-2996-6). According to Resolution DE-29/20 of the IDB Board of Executive Directors, this operation can be approved in the absence of a valid country strategy.

## **B. Objectives, components, and cost**

- 1.24 **Objectives.** The project's general objective is to help reduce COVID-19 morbidity and mortality and mitigate all other indirect effects of the pandemic on the health of the Nicaraguan people, with emphasis on the most vulnerable population segments. It has three specific objectives: (i) improving case detection and monitoring; (ii) supporting efforts to break the chain of transmission; and (iii) enhancing service delivery capacity.
- 1.25 **Component 1. Case detection and monitoring (IDB US\$3.94 million).** This component will support actions to expedite the timely detection and monitoring of cases.
- 1.26 **Subcomponent 1.1. Case surveillance and investigation.** This subcomponent will finance technical assistance to develop and implement: (i) protocols for coordinating case surveillance and monitoring at the national and local levels and in border areas; (ii) a protocol and format for informing the public about COVID-19; (iii) an update to the epidemiological system to include COVID-19 in the list of diseases subject to mandatory notification; and (iv) technical support to prepare reports analyzing and monitoring the geographic spread of the virus, the intensity of the disease, and trends over time.
- 1.27 **Subcomponent 1.2. Diagnostics and laboratory network.** This subcomponent will finance: (i) the procurement of equipment, supplies, and reagents for PCR and serological testing at 15 labs across the country;<sup>29</sup> (ii) the procurement of PPE for 15 national epidemiological labs; (iii) the design, upgrade, expansion, and equipping of four regional epidemiological labs; and (iv) training for health care staff to collect and process samples and perform testing for the virus.
- 1.28 **Component 2. Breaking the chain of transmission (IDB: US\$5.89 million).** This component will support interventions to contain transmission, including communication with the public on COVID-19 prevention and management.
- 1.29 **Subcomponent 2.1. Communication with the public.** This subcomponent will finance: (i) technical assistance to implement a communication strategy in the mass media for COVID-19 prevention and management, including educational campaigns for the general public, for the protection of women in the home, and, using translated materials, specifically for indigenous and Afro-descendant communities; and (ii) production, equipment, and materials for these educational campaigns.
- 1.30 **Subcomponent 2.2. Protocols and protection for health care workers and community-based health care workers.** This subcomponent will finance technical assistance to: (i) prepare, approve, disseminate, and implement protocols and guidelines, and provide associated training, for: (a) COVID-19 prevention, care, and management in order to slow and stop the chain of transmission; (b) protection and care of health care personnel and community-based workers; (c) care for people needing high levels of support (including some people with disabilities, older adults, and pregnant women) and home care; and

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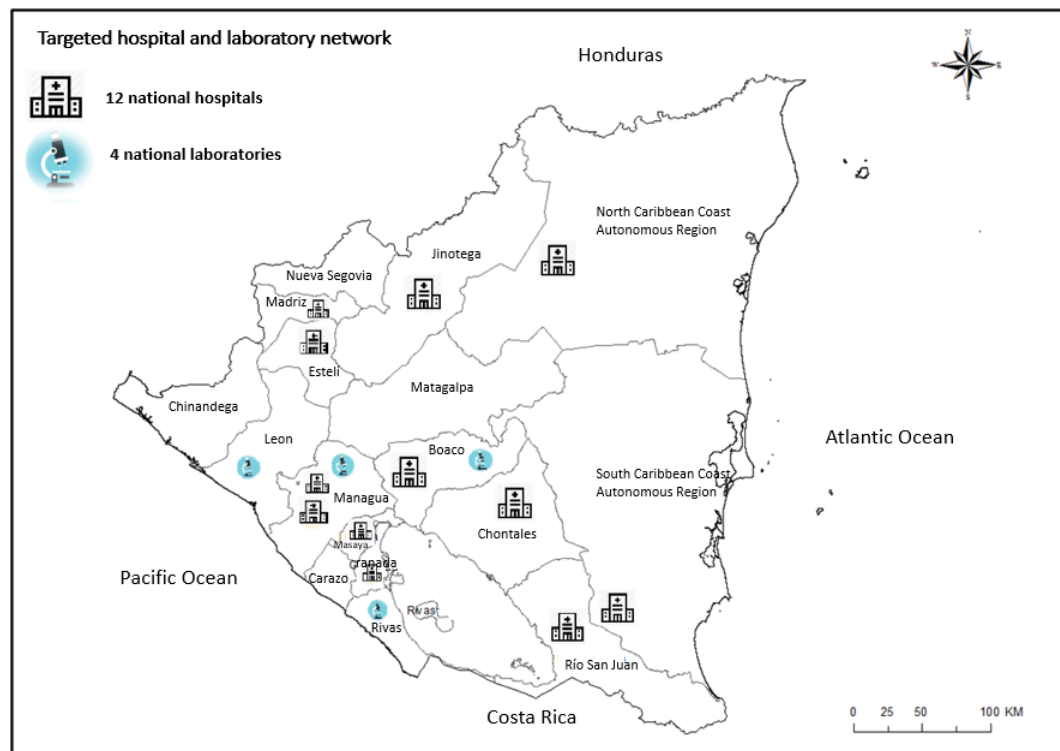
<sup>29</sup> Twelve departmental laboratories, two regional laboratories, and the CNDR.

(d) controlled disposal of bodies; and (ii) prepare and disseminate a contingency plan to ensure the continuity, rotation, and availability of health care personnel. Financing will also be provided to procure PPE for health care personnel and community-based workers.

1.31 **Component 3. Enhancing service delivery capacity (IDB: US\$29.28 million).** This component will strengthen capacity for case management and help improve essential care for other people during the emergency.

1.32 **Subcomponent 3.1. Health care for COVID-19 patients.** This subcomponent will finance: (i) training to use the algorithm for identifying suspected COVID-19 cases; (ii) procurement of equipment, materials to be replenished periodically, medications for patient care, and supplies for hospital waste management and disposal; and (iii) design, construction, upgrade, expansion, and equipping of intensive care unit, emergency room, and hospitalization services at 12 hospitals to expand their treatment capacity, ensure prompt medical care, and build their capacity to serve the Afro-descendant and indigenous communities.<sup>30</sup> The locations of the infrastructure interventions under Subcomponents 1.2 (see paragraph 1.27) and 3.1 (see paragraph 1.32) are shown in Map I-1 below.

**Map I-1. Targeted hospital and laboratory network**



Source: IDB

<sup>30</sup> The waste generated by these units will be no different that the waste currently handled by the health care facility and have waste management rules and procedures in place.

- 1.33 **Subcomponent 3.2. Virtual home care.** This subcomponent will help ensure continuity of care for vulnerable populations such as patients with chronic illness or pregnant women. Financing will be provided for development of a telehealth module to care for and monitor patients whose access to health care is limited by disruptions in service availability.
- 1.34 **Management, monitoring, evaluation, audit, and lending costs (IDB: US\$3.88 million; local: US\$150,000).** Financing will be provided for: (i) PAHO's fees for managing technical assistance under the project; (ii) fees of UNOPS for managing the design, construction, upgrade, expansion, and equipping of labs (see paragraphs 1.32 and 1.27) and ICU, emergency, and hospitalization areas; (iii) PAHO's and COMISCA's fees for managing procurement processes for equipment, supplies, reagents, and medications; (iv) the cost of procuring the services of Project Concern International (PCI) with respect to verification, monitoring, and tracking (see paragraph 3.6); and (v) costs of the final operational evaluation and audit, as well as lending costs (interest). The local contribution will be used to finance staffing costs of the PMU.
- 1.35 **Beneficiaries.** The project will benefit the general public with an emphasis on the most vulnerable segments of the population, through actions to: (i) provide information on the monitoring of the geographic spread of the virus, the intensity of the disease, and trends over time; and (ii) increase the health system's capacity to collect and process samples from 1 to 14 labs throughout the country, while adapting infrastructure at four labs. The hospital network for ICU and emergency care will be expanded to reflect the locations with the most cases and increase access to virtual home care and hospital care for vulnerable populations (Afro-descendant and indigenous communities). Three of the 12 targeted hospitals will serve indigenous and Afro-descendant communities: Carlos Centeno Primary Hospital in Siuna, Luis Felipe Moncada Departmental Hospital in Río San Juan, and Humberto Alvarado Departmental Hospital in Masaya.<sup>31</sup>

### C. Key results indicators

- 1.36 **Expected outcomes.** The project aim is to help reduce COVID-19 morbidity and mortality. The main outcomes will be to ensure that daily and weekly epidemiological bulletins are published; increase the percentage of laboratories with the capacity to diagnose COVID-19; increase the percentage of diagnostic testing for suspected cases; approve and implement surveillance protocols; prepare guides for COVID-19 case management and care; increase the percentage of health care workers trained in the use and final disposal of PPE; and increase the number of health units with capacity to apply the care algorithm.
- 1.37 **Economic viability.** A cost-benefit analysis was prepared for the measures recommended under WHO guidelines. The analysis took into account the impact of these interventions to reduce COVID-19 mortality and morbidity rates under a treatment scenario with implementation of a package of measures, versus a

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<sup>31</sup> The 19 hospitals are located in each of the departmental capitals. The 12 hospitals targeted in this intervention were selected in view of equipment shortages and infrastructure investment needs for critical patient care (see paragraph 3.1). The labs were selected in view of their current capacity, with the aim of relieving the bottleneck at the national laboratory (see paragraph 1.27).



counterfactual scenario in the absence of countermeasures. Scenarios were simulated using a basic SIR model (Susceptible - Infectious - Recovered), with evidence-based conservative parameters and assumptions<sup>32</sup> available in published articles on COVID-19 or similar epidemics. The costs associated with interventions are those estimated by WHO in its COVID-19 Strategic Preparedness and Response Plan. Under the base case scenario for treatment, the cost-benefit analysis estimates net present value of US\$45,634,848 and a cost/benefit ratio of 2.88, which suggests that the set of proposed interventions is economically viable. Based on the analysis, the earlier the reproduction number is reduced, the higher the benefit/cost ratio—both because the costs of containing the outbreak are higher over time and because the benefits in terms of lives and work time saved are lower ([optional link 1](#)).

## II. FINANCIAL INSTRUMENTS AND MAIN RISKS

### A. Financial instruments

- 2.1 The operation is a specific investment loan for a total of US\$43 million. It will be financed from the regular Ordinary Capital (US\$15.05 million), concessional Ordinary capital (US\$27.95 million) and a US\$150,000 counterpart contribution. The disbursement period will be 24 months.

Table II-1. Estimated project costs (US\$)

Components	IDB	Local	Total	%
<b>Component 1: Case detection and monitoring</b>	<b>3,940,000</b>		<b>3,940,000</b>	<b>9.13</b>
Subcomponent 1.1. Case surveillance and investigation	240,000		240,000	0.56
Subcomponent 1.2. Diagnostics and laboratory network	3,700,000		3,700,000	8.57
<b>Component 2: Breaking the chain of transmission</b>	<b>5,891,890</b>		<b>5,891,890</b>	<b>13.65</b>
Subcomponent 2.1. Communication with the public	600,000		600,000	1.39
Subcomponent 2.2. Protocols and protection for health care personnel and community-based workers	5,291,890		5,291,890	12.26
<b>Component 3: Enhancing service delivery capacity</b>	<b>29,280,000</b>		<b>29,280,000</b>	<b>67.86</b>
Subcomponent 3.1. Health care for COVID-19 patients	29,100,000		29,100,000	67.44
Subcomponent 3.2. Virtual home care	180,000		180,000	0.42
<b>Administration, monitoring, evaluation, and audits</b>	<b>2,838,110</b>	<b>150,000</b>	<b>2,988,110</b>	<b>6.92</b>
<b>Financial costs</b>	<b>1,050,000</b>		<b>1,050,00</b>	<b>2.43</b>
<b>TOTAL</b>	<b>43,000,000</b>	<b>150,000</b>	<b>43,150,00</b>	<b>100</b>

<sup>32</sup> A conservative discount rate (5%) was selected for the cost/benefit analysis (see [optional link 1](#)).

**Table II-2. Disbursement schedule (US\$)**

Source	Year 1	Year 2	TOTAL
IDB	18,400,000	24,600,000	43,000,000
Local	75,000	75,000	150,000
Total	<b>18,475,000</b>	<b>24,675,000</b>	<b>43,150,000</b>
%	<b>43,000,000</b>	<b>57,000,000</b>	<b>100</b>

## **B. Environmental and social risks**

- 2.2 Based on Directive B.13 of the Environment and Safeguards Compliance Policy (Operational Policy OP-703), this was classified as a category “C” operation since its environmental and social impacts are minimal and pertain to upgrades of existing hospital spaces to care for COVID-19 patients. The operation will not impact natural areas or entail physical or economic displacement.
- 2.3 To mitigate any risk or impact—particularly in relation to the management of hospital waste or contaminated solid waste, an emergency and contingency plan in the event of accidents or natural disasters, the removal of cadavers, and a mechanism for addressing complaints—this operation has an environmental and social management plan. The plan (see [optional link 12](#)) proposes measures to manage and monitor hospital, solid, liquid, and hazardous waste, as well as the controlled disposal of bodies during the operation and once the project investments have been finalized.

## **C. Fiduciary risks**

- 2.4 Two fiduciary risks were identified with using the Ministry of Finance as the executing agency. Both risks are classified as medium-level risks. The first is associated with its execution and fiduciary control capacity, whereas the second is related to its budget and fiduciary planning capacity. Annex III includes measure to mitigate this risk by strengthening the Ministry’s capacity, to include the formation of a PMU with staff working exclusively on the project.
- 2.5 The project’s fiduciary risk is considered medium. To mitigate this risk, the project would contract directly with agencies specializing in procurement, technical assistance, and technical verification services. These agencies would also verify: that the defined protocols are implemented (see paragraphs 1.17 and 1.30); that care is being provided in the units targeted under the project and that they are performing diagnostic tests, epidemiological surveillance, and submitting reports with the appropriate data and that comply with the quality requirements and timeline for the delivery of goods. This will make it possible to reduce the number of procurement processes and direct payments to suppliers, contractors, and consultants.

## **D. Other key risks and issues**

- 2.6 **Development risks.** Three development risks were identified and classified as high. The first involves the interruption of the global supply chain of key items needed to respond to the pandemic—including PPE for health care providers, such as surgical gloves, face masks and respirators, ventilators, and diagnostic kits.

High worldwide demand has created shortages and price increases for these products, which could impact the timing and costs of supplies to be procured under the project. The second risk is associated with border closings and disruption of global air transportation, which could also impact delivery times and costs of supplies for the country.

- 2.7 To mitigate these risks, PAHO and COMISCA will be engaged as procurement agencies. Working from their platforms, each will identify available suppliers, which will in turn develop a mechanism for expedited agreements and contracts, and deliver expeditiously onsite.
- 2.8 The third risk is tied to the potential shortage of health care providers due to the large number of patients needing medical care and the disproportionate manner in which the disease affects front-line staff at hospitals. To mitigate this risk, MINSA, with IDB and PAHO support, will prepare a contingency plan to ensure specialized medical care, prioritizing intensive care units, emergency rooms, and hospitalization (see paragraph 1.30).
- 2.9 **Sustainability.** This project will strengthen Nicaragua's capacity to detect, treat, and control COVID-19 in the medium term. It will also help MINSA prepare for the challenges of future outbreaks, epidemics, and pandemics, to include improved epidemiological surveillance actions, communication with the public, and organizational capacity in the context of future outbreaks. A maintenance plan will be prepared for the works financed under the project, to include an allocated budget. In addition, containing and overcoming health challenges is considered a prerequisite for sustainable economic and social recovery in the medium and long terms.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower is the Republic of Nicaragua. In view of the implementation strategy (see paragraph 1.17), the short execution period, and the importance of providing responsive care to people affected by COVID-19, the executing agency is the MHCP, and the PMU will be formed as part of the MHCP's organizational structure. The MHCP has experience in executing Bank-financed operations and coordinating projects such as this one. The PMU will have full technical, administrative, and financial autonomy to manage the project's activities and will be responsible for all its technical, administrative, and fiduciary aspects, with technical and strategic support from MINSA to ensure service delivery amid the pandemic and to provide public health services conducive to project implementation. Counterpart resources will be used to finance operating expenses and strengthen the executing agency by hiring and/or designating PMU technical staff: (i) a general coordinator; and (ii) a financial specialist, a procurement specialist, and a monitoring specialist, each of whom will be exclusively dedicated to the project on a full-time basis.
- 3.2 Specialized agencies will execute the project's activities, which will help make implementation more responsive (see paragraphs 3.3 to 3.6). The executing

- agency, with support from MINSA, will, among other responsibilities: (i) prepare the multiyear execution plan, annual work plan, and project Operations Manual, and submit these instruments to the Bank for its no objection; (ii) prepare the necessary documents for the procurement processes previously agreed upon with the Bank; (iii) prepare the reports identified in the monitoring and evaluation plan; (iv) monitor the project; and (v) perform financial supervision and prepare the documents to commission the project audits. The executing agency will sign agreements with PAHO, COMISCA, and UNOPS after obtaining the Bank's no objection (see paragraph 3.9 and [optional link 11](#)).
- 3.3 **PAHO will:** (i) provide technical assistance to prepare, disseminate, and implement protocols and guidelines, and provide associated training, for: (a) COVID-19 prevention, detection, diagnosis, care, and case management; (b) protection and care of health care personnel; (c) enhanced care for people needing high levels of support (e.g. some people with disabilities, older adults, and pregnant women) and home care; and (d) controlled disposal of bodies; (ii) provide technical assistance to prepare and disseminate a contingency plan to ensure the continuity, rotation, and availability of health care personnel; and (iii) procure and deliver, to the sites stipulated in the contract to be signed, medical equipment, medical supplies, inputs requiring periodic replacement, PPE, and medications from the preapproved list (see [optional link 7](#)). These procurement processes will be conducted in accordance with PAHO's own procurement procedures; universal eligibility will apply. The selection of PAHO is based on its status as the international organization specializing in public health in the Americas.
- 3.4 **COMISCA** will procure medical equipment, medical supplies, periodic replacement items, PPE, and medications from the preapproved list (see [optional link 7](#)). These procurement processes will be conducted in accordance with COMISCA's own procurement procedures; universal eligibility will apply. The selection of COMISCA is justified in view of its experience and because it has a unit that jointly or unilaterally arranges purchase contracts through standing agreements.
- 3.5 **UNOPS** will: (i) manage and supervise the design, construction, upgrade, expansion, and equipping of ICU and emergency services at 12 existing hospitals; (ii) manage and supervise the design, upgrade, expansion, and equipping of four regional epidemiological labs; (iii) supervise the installation of equipment for ICU, emergency, and lab services until it is up and running; and (iv) perform financial management of vendors and contractors, including the corresponding payments. These procurement processes will be conducted in accordance with UNOPS's own procurement procedures; universal eligibility will apply. The selection of UNOPS is justified in view of its experience in managing projects in the region and in COVID-19 initiatives.
- 3.6 **Technical verification.** PCI will be responsible for technical supervision and verification and will be commissioned by the executing agency in accordance with the terms of reference previously agreed upon with the Bank. It will perform the following technical verification activities: (i) implementation of the protocols described in paragraph 1.30; (ii) provision of care at the targeted units; and (iii) performance of diagnostic testing, epidemiological surveillance, and reporting to the public in accordance with the provisions of the approved public information protocol, epidemiological and COVID-19 management data on a daily or weekly

- basis; and (iv) compliance with quality standards and the timelines for the delivery of goods and services financed with project resources. The selection of PCI is justified because it has executed projects at the country level such as “Mejor Educación y Salud,” an education and health initiative that includes training for the community health volunteer network, good health practices, and strengthening of community linkages with hospitals and clinics, as well as epidemiological surveillance. The terms of reference for PCI will indicate that the results of verification activities will be submitted to the executing agency and the Bank exclusively and in parallel.
- 3.7 **Procurement.** The procurement processes financed in full or in part by Bank resources will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15), or with the policies in effect at the time of execution. The procurement plan (see [required link 2](#)) lists the procurement items for the project.
- 3.8 Pursuant to the IDB Group’s Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996), there are plans to apply special measures to the Policies for the Procurement of Goods and Works Financed by the IDB and the Policies for the Selection and Contracting of Consultants Financed by the IDB, for the immediate response in the public health area. This operation calls for: (i) extending Bank eligibility to nonmember countries; (ii) contracting and/or acknowledging agreements with procurement agents and specialized agencies acting in such capacity, as well as accepting the use of their own procurement policies and rules on prohibited practices; and (iii) consolidated procurement at the international level as well as procurement through existing adhesion agreements with the borrower.
- 3.9 The executing agency will use single-source selection to commission PAHO, COMISCA, and UNOPS as specialized agencies, in accordance with document GN-2996 and paragraphs 3.10, 3.11(d), and 3.16 of document GN-2350-15. PCI will be commissioned through single-source selection in accordance with paragraphs 3.10, 3.11(d), and 3.17 of document GN-2350-15. These agencies have experience of exceptional worth for the services required (see paragraphs 3.3 to 3.6). For a more detailed justification of each single-source selection process, see Annex III.
- 3.10 **Disbursements.** The Bank will issue direct payments to the specialized agencies (PAHO, UNOPS, COMISCA, PCI, or other agency as subsequently agreed) in response to requests submitted by the PMU to the Bank on the basis of each entity’s financial plan. During the project, PCI will perform its verification activities as stipulated under the project (see paragraph 3.6). PCI will report its findings from these verifications to both the executing agency and the Bank. If these reports identify noncompliance events or delays in the execution schedules, the executing agencies will adopt the necessary measures to correct the situation, whereas the Bank may suspend future disbursements until the situation has been corrected. The loan proceeds may be used to finance the lending costs (interest) of the loan. The PMU will maintain accounting records of revenues and expenditures in the Integrated Administrative and Financial Management System (SIGAF), which features an interface with the central bank for recordkeeping on the country’s debt.

The procedure for issuing direct payments will be set forth in the project Operations Manual. All financial management for the project will be governed by document OP-273-12 (Financial Management Guidelines for IDB-financed Projects) or the guidelines in effect at the time of execution.

- 3.11 **Audit.** Throughout the loan disbursement period, the executing agency will submit to the Bank the project's annual audited financial statements within 120 days after the close of the fiscal year. The audit will be conducted by a Bank-eligible independent audit firm. The scope and related considerations will be governed by the Financial Management Guidelines (document OP-273-12) and the Guide for Financial Reports and Management of External Audits. Audit costs will be financed with project resources.
- 3.12 **COVID-19 protocols.** As mentioned in paragraphs 1.11 and 1.17, MINSA had compiled a list of protocols for COVID-19 prevention, care, and management ([optional link 5](#)) that are considered necessary for the project's implementation. It has also prepared timetables for their approval, publication, dissemination, related training and implementation, and verification in the execution phase of the project (see paragraph 1.30).
- 3.13 **Special contractual conditions precedent to the first disbursement of the loan proceeds:** (i) approval and entry into force of the project Operations Manual) on the terms agreed upon by the Bank; (ii) creation of the program monitoring unit (PMU) via ministerial resolution, and hiring and/or designation of PMU personnel (see paragraph 3.1); and (iii) commissioning of: (a) UNOPS as a specialized agency to manage the design, supervision, and procurement of works as well as the procurement, distribution, and installation of equipment; (b) PAHO as a specialized agency to provide technical assistance to MINSA for the COVID-19 pandemic response; and (c) PCI as the verifier of project activities These conditions are crucial for COVID-19 care and management under project components, and particularly for enhancing epidemiological surveillance, patient care, and the public communication plan.
- 3.14 **Special contractual conditions for execution:** (i) MINSA will have developed, and the Bank approved, a list of protocols for COVID-19 prevention, care, and management, to include timetables for their preparation, publication, dissemination, related training and implementation, and verification in the execution phase of the project (see paragraph 3.12); (ii) MINSA will have committed to the timely and proper implementation of the COVID-19 protocols referenced in in item (i) above as established in the aforementioned timetables; and (iii) PAHO and/or COMISCA will have been commissioned as specialized agencies for the procurement of equipment, supplies, medications, personal protective equipment, and inputs requiring periodic replacement on the terms agreed upon with the Bank These conditions will be verified by PCI (see paragraph 3.6 and paragraph 3.10), making it possible to monitor the care provided and keep the public informed.

**B. Summary of arrangements for monitoring results**

- 3.15 **Monitoring.** The executing agency will be responsible for implementing the monitoring and evaluation plan through the results matrix. The main sources for monitoring impact, outcome, and output indicators will be the service delivery records from the health system and the epidemiological data. The executing agency will prepare a 24-month execution plan. The main reporting tool will be the progress monitoring report (PMR), which will use the project's annual and semiannual reports as its main sources of information.
- 3.16 **Evaluation.** The contribution of the project's specific objectives will be evaluated: (i) improving case detection and monitoring; (ii) supporting efforts to break the chain of transmission; and (iii) enhancing service delivery capacity. To that end, a "before and after" analysis will be performed, using information from available time series on results indicators. For the purpose of attributing the observed results to project interventions, the quantitative analysis will be supplemented with a review of the theory of change supported by relevant evidence of the effectiveness of similar interventions in comparable contexts.

Development Effectiveness Matrix		
Summary		NI-L1161
I. Corporate and Country Priorities		
1. IDB Group Strategic Priorities and CRF Indicators		
Development Challenges & Cross-cutting Themes	-Social Inclusion and Equality -Gender Equality and Diversity	
CRF Level 2 Indicators: IDB Group Contributions to Development Results	-Beneficiaries receiving health services (#)	
2. Country Development Objectives		
Country Strategy Results Matrix		
Country Program Results Matrix		The intervention is not included in the 2020 Operational Program.
Relevance of this project to country development challenges (If not aligned to country strategy or country program)		(GN-2996; GN-2996-6).
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution	9.6	
3.1 Program Diagnosis	3.0	
3.2 Proposed Interventions or Solutions	3.6	
3.3 Results Matrix Quality	3.0	
4. Ex ante Economic Analysis	9.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	1.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	0.0	
5. Monitoring and Evaluation	7.0	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	4.5	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Medium	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury, Accounting and Reporting.  Procurement: Information System.
Non-Fiduciary		
The IDB's involvement promotes additional improvements of the intended beneficiaries and/or public sector entity in the following dimensions:		
Additional (to project preparation) technical assistance was provided to the public sector entity prior to approval to increase the likelihood of success of the project		

Note: (\*) Indicates contribution to the corresponding CRF's Country Development Results Indicator.

**Evaluability Note:**

The operation NI-L1161 for USD43 million, is part of the Bank's operational response to the COVID-19 Pandemic: Immediate Public Health Response to Contain and Control Coronavirus and Mitigate its Effect on Service Provision. The general objective of the program is to contribute to reducing morbidity and mortality from COVID-19 and to mitigate the other indirect effects of the pandemic on the health of the Nicaraguan population with an emphasis on the most vulnerable. The specific objectives are (i) to improve detection and follow-up of cases; (ii) support efforts to interrupt the chain of transmission of the disease; and (iii) improve the capacity to provide services.

The loan proposal presents a solid diagnosis of the problem, as well as a review of international evidence. The proposed solutions are an appropriate response to the problems identified in the proposal and its contributing factors. The results matrix is consistent with the vertical logic of the project, presenting adequate indicators at the level of outcomes and impacts. The outcome indicators are appropriately defined to measure the achievements of the project's specific objectives. The impact indicators reflect the contribution to the mitigation of morbidity and mortality of COVID-19.

The economic evaluation shows that the operation is efficient, with a benefit /cost ratio greater than 2.8 and a NPV of USD45,634,848. In a context of high uncertainty, the analysis considers the benefits in employment and labor income derived from the reduction of mortality and morbidity rates due to COVID-19, while the costs are those associated with the implementation of a proposed standard intervention package proposed by WHO.

The monitoring and evaluation plan proposes a reflective analysis of the outcome and impact indicators included in the result matrix, complemented by a review of the theory of change, an updated review of international evidence, and qualitative studies. In addition, for time series outcome indicators, a before and after analysis will be implemented to analyze the changes to which the program contributes empirically. The monitoring and evaluation activities will be carried out by MINSA.



## INDICATIVE RESULTS MATRIX

### EXPECTED IMPACT<sup>1</sup>

Indicators	Unit of measure	Baseline	Year 1	End of project	Means of verification	Comments
Number of COVID-19 deaths	Deaths	55	2020	5,881	Office of Health Statistics (DES) and death certificate issued by the Bureau of Vital Statistics (SINEVI)	By the end of the project, the number of deaths estimated by the Ministry of Health (MINSa) will rise to 1,950. A scenario without the project would be expected to result in 23,524 deaths.
Confirmed COVID-19 cases	Cases	1,464 <sup>2</sup>	2020	1,470,149	DES-SINEVI	By the end of the project, the number of confirmed cases estimated by MINSa will rise to 97,500. A scenario without the project would be expected to result in 5,880,597 cases

### EXPECTED OUTCOMES

Indicator	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of project	Means of verification	Comments <sup>2</sup>
<b><u>SPECIFIC OBJECTIVE 1. Improving case detection and monitoring</u></b>								
Epidemiology bulletins published weekly that report COVID-19 cases	%	0	2020	100	100	100	Bulletin published on the official website of the Ministry of Health (MINSa)	Numerator: Number of bulletins published that include updated COVID-19 data (per approved protocol). Denominator: Number of bulletins published annually in each year of the project (52 bulletins).

<sup>1</sup> Estimates based on the model prepared by Imperial College London, which was used in a standard way under the prototypes approved by the IDB for programs to respond to COVID-19. These estimates will be monitored together with the official estimates of the Nicaraguan government.

<sup>2</sup> Baseline numbers of confirmed cases and deaths are from June 12.

Laboratories with COVID-19 testing capacity	%	1	2020	20	100	100	Verification firm report	Numerator: Laboratories with capacity to process COVID-19 samples. Denominator: 15 laboratories with capacity to process COVID-19 samples. Laboratories slated for infrastructure improvements will not be taken into account in year 1 of the project. Diagnostic capacity: 3 laboratories for polymerase chain reaction (PCR) testing and 15 for serological testing.
Health facility workers trained in taking COVID-19 samples	%	26	2020	100	100	100	Verification firm and Pan American Health Organization (PAHO) reports	Numerator: Number of health care workers trained in taking COVID-19 samples (COVID-19 lab staff and local doctors). Denominator: Total health care facility workers identified to take COVID-19 samples (COVID-19 lab staff and local doctors).
Testing of persons with suspected cases (polymerase chain reaction – PCR)	%	0	2020	30	50	50	Laboratory records and verification firm report	This definition is applicable to the first 2,000 cases. Thereafter, definitions by epidemiological nexus will be considered.
<b>SPECIFIC OBJECTIVE 2. Supporting efforts to break the chain of transmission<sup>3</sup></b>								
Population receiving messages on COVID-19 prevention and management	%	0	2020	40	80	80	Verification firm report	Numerator: Number of persons receiving educational messages on COVID-19 prevention and management. Denominator: Population of Nicaragua. The communication strategy will be adapted to urban, rural, indigenous-community, and border areas, in accordance with the specific characteristics of each region of the country (e.g. language, ethnicity, and particular features).
Surveillance protocols and management and care guidelines for COVID-19 cases approved and implemented	%	0	2020	80	100	100		Numerator: Number of protocols and guidelines with activities in compliance with WHO guidelines adapted to the country context.

<sup>3</sup> A results indicator will be included for this specific objective linked to outputs that measure the supply of PPE and training.

								Denominator: All agreed upon protocols and guidelines.
Health care workers trained in the implementation of protocols and management and care guidelines for COVID-19 cases	%	0	2020	100	100	100	Verification firm report Informe de la PAHO	Numerator: Number of health care workers trained in the implementation of protocols and management and care guidelines for COVID-19 cases. Denominator: Number of health care workers in Nicaragua.
Health care workers trained in the use and proper disposal of personal protective equipment (PPE)	%	0	2020	100	100	100		Numerator: Number of health care workers trained in the use and proper disposal of PPE Denominator: Number of health care workers.
Community-based health care workers trained in use and proper disposal of PPE	%	0	2020	40	70	70		Numerator: Number of community-based health care workers under age 60 trained in the use and proper disposal of PPE. Denominator: Number of community-based health care workers under age 60.
<b><u>SPECIFIC OBJECTIVE 3.</u> Enhancing service delivery capacity</b>								
Health units that implement the care algorithm for suspected COVID-19 patients (72 hospitals and 143 health centers)	%	100	2020	100	100	100	Verification firm report	Numerator: Number of health units that implement the algorithm for identifying suspected COVID-19 cases. Denominator: Total number of health units (72 hospitals and 143 health units).
COVID-19 patients treated in an intensive care unit (ICU) in accordance with the ICU treatment protocol	%	0	2020	75	100	100	Medical records and verification firm report	Numerator: Number of COVID19 patients treated in ICUs in accordance with the ICU treatment protocol. Denominator: Number of COVID-19 patients treated in ICUs.
COVID-19 patients treated in hospital per country protocol	%	0	2020	90	100	100	Medical records and Verification firm report	Numerator: Number of COVID-19 patients treated in a hospital in accordance with the care protocol. Denominator: Number of COVID-19 patients treated in hospitals.
Health units that implement the hospital waste management plan per updated protocol	%	0	2020	50	100	100	Verification firm report	Numerator: Number of health units that implement the hospital waste management plan in accordance with the updated protocol. Denominator: Total number of health units (72 hospitals and 143 health units)

## OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of project	Means of verification	Comments
<b>Component 1. Case detection and monitoring</b>								
1.1. COVID-19 surveillance and case monitoring protocols approved and implemented	Protocols	0	2020	4	4	4	Ministerial resolution	Includes COVID-19 containment protocol (April 2020). A protocol is considered implemented once it has been published, the related training has been completed, and its implementation has been verified (noncumulative).
1.2 COVID-19 public health information protocol approved and implemented	Protocols	0	2020	1	1	1		The information to be published should address: suspected cases, samples processed, confirmed cases, new and cumulative cases, cases in which patients have recovered, active cases, suspected cases that have been ruled out, deaths, mortality rate, tests conducted, and cases of patients hospitalized in an ICU (noncumulative).
1.3 Epidemiological surveillance system updated to include COVID-19 in the list of diseases subject to mandatory notification	System	0	2020	1		1	Verification firm report	
1.4 Reports to analyze and monitor the geographic spread of COVID-19 prepared	Reports	0	2020	2	2	4	PAHO reports	Quarterly analysis reports
1.5 Laboratories equipped with the equipment, supplies, reagents, and PPE needed to perform COVID-19 testing	Laboratories	0	2020	15		15	Verification firm report	Laboratories selected to perform COVID-19 testing. Includes three for PCR testing and 15 for serological testing.
1.6 Laboratories improved, expanded, and/or equipped to perform testing	Laboratories	0	2020		4	4	Works acceptance certificate	León and Managua: PCR testing; and Boaco and Rivas: serological testing.

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of project	Means of verification	Comments
1.7 Health units that perform COVID-19 testing	Health units	0	2020	72	143	215	Verification firm report	This indicator will take into account health care workers trained to take and handle test samples.
1.8 COVID-19 tests processed by laboratories	Tests	350	2020	700	2.000	2.000		Includes PCR and serological testing
Component 2. Breaking the chain of transmission								
2.1. Communication plan with the public to prevent and manage COVID-19 executed	Plan	0	2020	1	1	1	Verification firm report	(Noncumulative)
2.2 Protocols and guidelines for the prevention, management, and care of COVID-19 cases approved and implemented	Number	0	2020	24	7	31	Ministerial resolution	See list of protocols in optional link 5. A protocol is considered implemented once it has been published, the related training has been completed, and its implementation has been verified.
2.3 Contingency plan to ensure the continuity, rotation, and availability of health care personnel approved	Plan	0	2020	1		1	MINSA reports and verification firm report	
2.4 Health care personnel and community-based workers with secured access to personal protection equipment (PPE)	Persons	0	2019	4,500	4,500	4,500	Verification firm report	Health care workers of the 19 hospitals designated for the treatment of cases (noncumulative)
2.5. Health care personnel and community-based workers trained in the use of PPE	Health care personnel	0	2019	4,500		4,500		
Component 3. Enhancing service delivery capacity								
3.1. Training for health unit health care workers in use of the algorithm to identify suspected cases of COVID-19 provided (72 hospitals and 143 health centers)	Health units	0	2019	144	71	215	Verification firm report	

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	End of project	Means of verification	Comments
3.2. Health units equipped with supplies, inputs, and medication to care for COVID-19 cases as well as inputs for the management and final disposal of hospital waste	Health units	0	2019	19		19	Certificate of acceptance and verification firm report	For 19 hospitals
3.3. Health units with ICU, emergency room, and hospitalization services that have been improved, expanded, and or equipped	Health units	0	2019		12	12	Certificate of acceptance and verification firm report	.
3.4. Patients seen with the defined telehealth component	Patients	0	2019	0	2,491,640	2,491,640	Verification firm report	

**Country:** Nicaragua      **Sector:** Social Protection and Health (SPH)      **Project number:** NI-L1161      **Year:** 2020  
**Cofinancing:** N/A      **Co-execution:** N/A

## FIDUCIARY AGREEMENTS AND REQUIREMENTS

**Executing agency:** Ministry of Finance (MHCP)

**Project name:** Immediate Public Health Response to Contain and Control Coronavirus and Mitigate Its Impact on Service Delivery in Nicaragua

### I. FIDUCIARY CONTEXT OF THE EXECUTING AGENCY

#### 1. Use of country systems<sup>1</sup>

<u>Budget</u> <input checked="" type="checkbox"/>	<u>Reports</u> <input checked="" type="checkbox"/>	<u>Information system</u> <input checked="" type="checkbox"/>	<u>National competitive bidding (NCB)</u> <input type="checkbox"/>
<u>Treasury</u> <input checked="" type="checkbox"/>	<u>Internal audit</u> <input type="checkbox"/>	<u>Shopping</u> <input checked="" type="checkbox"/>	<u>Advanced NCB</u> <input type="checkbox"/>
<u>Accounting</u> <input checked="" type="checkbox"/>	<u>External control</u> <input type="checkbox"/>	<u>Individual consultants</u> <input type="checkbox"/>	<u>Consulting firm</u> <input type="checkbox"/>

#### 2. Applicable local laws:

The MHCP is governed by Law 290 on the Organization, Jurisdiction, and Procedures of the Executive Branch. Law 550 regulates public-sector financial administration and budgeting through the budget, treasury, accounting, and reporting subsystems. Article 26 of Law 550 requires executing agencies (including the MHCP) to ensure strict compliance with all financial management provisions of this law.

#### 3. Fiduciary capacity of the executing agency

Two fiduciary risks were identified at the MHCP in its role as executing agency, both of them classified as medium-level risks. The first risk pertains to execution capacity and fiduciary control; the second, to budgetary and fiduciary programming capacity. Procurement capacity is in the process of being improved. The executing agency has gained experience in financial management and procurement in Bank-financed operations, such as loans 2422/BL-NI, 1545/SF-NI, and 3484/BL-NI, as well as operation ATN/EX-14260-NI.

The Bank will recommend mitigation measures to enhance the MHCP's capacity vis-à-vis the identified risks. See the project's execution arrangements ([optional link 11](#)).

#### 4. Fiduciary risks and mitigation measures

**Fiduciary risk:** High ☐; Medium ☒ ; Low ☐

<sup>1</sup> Any subsequently approved system or subsystem may be applicable to the operation under the terms of the Bank's validation.

Risk	Risk level (medium/high)	Mitigation plan
Execution capacity and fiduciary control  Budgetary and fiduciary programming capacity	Medium	<ul style="list-style-type: none"> <li>• The executing agency will hire and/or appoint personnel for the program management unit (PMU), including a project coordinator, a procurement specialist, and a financial specialist, in accordance with the terms of reference previously agreed upon with the Bank.</li> <li>• The Bank will advise on compliance with and implementation of its procurement and financial management policies.</li> </ul>

## II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

<ul style="list-style-type: none"> <li>• <b>Conditions precedent:</b> (i) approval and entry into force of the project Operations Manual) on the terms agreed upon by the Bank; (ii) creation of the program monitoring unit (PMU) via ministerial resolution, and hiring and/or designation of PMU personnel; and (iii) commissioning of: (a) the United Nations Office for Project Services (UNOPS) as a specialized agency to manage the design, supervision, and procurement of works as well as the procurement, distribution, and installation of equipment; (b) the Pan American Health Organization (PAHO) as a specialized agency to provide technical assistance to MINSA for the COVID-19 pandemic response; and (c) Project Concern International (PCI) as the verifier of project activities.</li> <li>• <b>Special contractual conditions of execution:</b> (i) MINSA will have developed, and the Bank approved, a list of protocols for COVID-19 prevention, care, and management, to include timetables for their preparation, publication, dissemination, related training and implementation, and verification in the execution phase of the project; (ii) MINSA will have committed to the timely and proper implementation of the COVID-19 protocols referenced in in item (i) above as established in the aforementioned timetables; and (iii) the Pan American Health Organization (PAHO) and/or the Council of Ministers of Health of Central America and the Dominican Republic (COMISCA) will have been commissioned as specialized agencies for the procurement of equipment, supplies, medications, personal protective equipment, and inputs requiring periodic replacement on the terms agreed upon with the Bank.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Exchange rate.</b> In justifying expenditures, the exchange rate will be the one in effect at the time the funds denominated in the operation's currency are converted to local currency. In determining the equivalency of expenditures incurred in local currency against the local contribution or the equivalency of expenditure reimbursements against the project, the exchange rate will be the one in effect on the first business day of the month payment is made.</li> </ul>
<ul style="list-style-type: none"> <li>• <b>Audited financial reports.</b> The executing agency will submit the project's audited annual financial statements, along with the opinion issued by a Bank-eligible independent audit firm, within 120 days after the end of each fiscal year during the disbursement period, and within 120 days after the date of the last disbursement, in accordance with the instructions for audited financial reports and external audit management for IDB-financed projects.</li> </ul>



### III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

Pursuant to the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996), there are plans to apply special measures to the Policies for the Procurement of Goods and Works Financed by the IDB and the Policies for the Selection and Contracting of Consultants Financed by the IDB, for the immediate public health response. This operation calls for the following:

- Extending Bank eligibility to nonmember countries;
- Commissioning procurement agents and specialized agencies using their own procurement procedures and rules on prohibited practices (PAHO, COMISCA, UNOPS); and
- Universal eligibility of vendors and consultants.

<b>Retroactive financing and/or advance procurement</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<b>Additional procurement support</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<b>Alternative procurement arrangements</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<b>Projects with financial intermediaries</b>	<ul style="list-style-type: none"> <li>• Not applicable</li> </ul>
<b>Procurement agents</b>	<ul style="list-style-type: none"> <li>• UNOPS and PAHO will be commissioned as procurement agents and specialized agencies, and equipment will be procured through COMISCA.</li> </ul>
<b>Direct contracting</b>	<ul style="list-style-type: none"> <li>• The single-source selection of PAHO, COMISCA, and UNOPS is authorized in accordance with document GN-2996 and paragraphs 3.10, 3.11(d), and 3.16 of document GN-2350-15. Agreements with PAHO, COMISCA, and UNOPS are justified in view of the approval by the IDB Board of Executive Directors of the IDB Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996). This document provides guidance and authorization to pursue an immediate operational public-health response and establish safety nets for vulnerable populations. This operation provides for: (i) extending Bank eligibility to nonmember countries; (ii) commissioning procurement agents and specialized agencies using their own procurement procedures and rules on prohibited practices; and (iii) consolidated procurement at the international level as well as procurement through existing adhesion agreements with the borrower.</li> </ul>

	<ul style="list-style-type: none"> <li>• The operations are being designed, and the preparedness and response plans are being implemented, on the basis of PAHO guidelines approved by multilateral development banks and international organizations. Procurement processes and supply chains need to be streamlined, and related matters need to be addressed, to ensure prompt access to goods, works, and consulting and nonconsulting services.</li> <li>• The selection of PAHO is based on its harmonized work with the agencies of the United Nations system, its coordination with other donors, and its knowledge of conditions the country. Its focus and experience will help in carrying out program activities. Its capabilities in procurement and supply management are crucial to the COVID-19 response, as it purchases a wide array of products and services and has a vendor network and a procurement portal (United Nations Global Marketplace) that is used by more than 25 United Nations agencies. PAHO's support in procurement will facilitate and increase opportunities to fulfill contracts during the health emergency. Conducting procurement through PAHO will also be more practical than searching for vendors from scratch.</li> <li>• COMISCA is part of the Central American Integration System (SICA); Nicaragua is a member country and has a standing agreement with SICA for procurement procedures. The selection of COMISCA as a potential vendor is justified because it has a unit that jointly or unilaterally arranges purchase contracts through standing agreements. As part of the COVID-19 response, COMISCA has managed the procurement of medications, medical devices, and other goods through joint negotiations, and it has a database of prequalified pharmaceutical manufacturers and distributors.</li> <li>• The selection of UNOPS is justified in view of its track record in the region and the outcomes it has achieved in executing projects in terms of time and costs. UNOPS has experience throughout the project management cycle for the health sector in designing, building, and rehabilitating health care facilities, including the equipping of highly complex hospitals in response to emergencies. UNOPS is working in the region as part of the COVID-19 response, contributing to specific procurement activities for equipment, supplies, medications, and other items. One valuable advantage is that UNOPS has already activated its emergency procedures in order to conduct procurement processes as part of an effective crisis response.</li> <li>• Procuring the services of PAHO, COMISCA, and UNOPS provides a point of strength in facing the region's challenges related to transparency. These agencies have procedures that incorporate standards for transparency, efficiency, and accountability.</li> <li>• Single-source selection will be used to commission PCI in accordance with paragraphs 3.10, 3.11(d), and 3.17 of document GN-2350-15. PCI has merged with Global Communities, a worldwide organization devoted to development and humanitarian assistance. The selection of this nongovernmental organization is justified because it has executed various projects in the country, such as the education and health initiative "Mejor Educación y Salud," which included training the community health volunteer network in good health practices and strengthening community linkages with hospitals and clinics. It has worked around the world at the community level</li> </ul>
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	<p>to combat infectious diseases by training people in knowledge, skills, and self-efficacy, and by providing services and resources to help people stay healthy and disease-free. Based on its track record, PCI is deemed to be qualified and to have experience of exceptional worth for the services described in the terms of reference.</p> <ul style="list-style-type: none"> <li>The following table shows the maximum procurement amounts for each specialized agent and verifier, along with the corresponding fees:</li> </ul>																																																						
	<p align="center"><b>Maximum budget per agency (US\$)</b></p> <table border="1"> <thead> <tr> <th>No.</th><th>Description</th><th>Agency</th><th>Cost of procurement processes</th><th>Fee</th><th>Fee amount</th><th>Total procurement amount</th></tr> </thead> <tbody> <tr> <td>1</td><td>Technical support</td><td>PAHO</td><td>2,090,000</td><td>2.50%</td><td>52,250</td><td>2,142,250</td></tr> <tr> <td>2</td><td>Equipment, materials, supplies, medications, personal protective equipment (general provisioning)</td><td>PAHO/COMISCA</td><td>16,165,000</td><td>4.25%</td><td>687,013</td><td>16,852,013</td></tr> <tr> <td>3</td><td>Expansion, upgrade, and equipping of health units and laboratories</td><td>UNOPS</td><td>20,950,000</td><td>5.00%</td><td>1,047,500</td><td>21,997,500</td></tr> <tr> <td colspan="3"><b>Subtotal</b></td><td><b>39,205,000</b></td><td></td><td><b>1,786,763</b></td><td><b>40,991,763</b></td></tr> <tr> <td>4</td><td>Verification of technical support and general provisioning (1 and 2)</td><td>PCI</td><td></td><td>4.50%</td><td>850,748</td><td>850,748</td></tr> <tr> <td colspan="5"><b>Total</b></td><td><b>2,637,510</b></td><td><b>41,842,510</b></td></tr> </tbody> </table>						No.	Description	Agency	Cost of procurement processes	Fee	Fee amount	Total procurement amount	1	Technical support	PAHO	2,090,000	2.50%	52,250	2,142,250	2	Equipment, materials, supplies, medications, personal protective equipment (general provisioning)	PAHO/COMISCA	16,165,000	4.25%	687,013	16,852,013	3	Expansion, upgrade, and equipping of health units and laboratories	UNOPS	20,950,000	5.00%	1,047,500	21,997,500	<b>Subtotal</b>			<b>39,205,000</b>		<b>1,786,763</b>	<b>40,991,763</b>	4	Verification of technical support and general provisioning (1 and 2)	PCI		4.50%	850,748	850,748	<b>Total</b>					<b>2,637,510</b>	<b>41,842,510</b>
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<b>Operating expenses:</b> Not applicable.	<b>Domestic preference:</b> <input type="checkbox"/> <u>Not applicable.</u>
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<b>General project procurement supervision method:</b>	
<b>Supervision method:</b> Ex ante.	As agreed in the procurement plan.

Country thresholds: [www.iadb.org/procurement](http://www.iadb.org/procurement)

#### IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

<b>Programming and budget</b>	<ul style="list-style-type: none"> <li>The country system governed by the Law on Financial Administration and Budgeting and by the National Public Investment System will be used, and the approval cycle for the country's general budget will be followed. The executing agency will prepare the budget and work with the MHCP's General Budget Directorate to ensure that the required annual budget is allocated.</li> </ul>
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<p><b>Treasury and disbursement management</b></p>	<ul style="list-style-type: none"> <li>• Resource flow: The Bank will make direct payments to the specialized agencies (PAHO, UNOPS, COMISCA, PCI, or other agency as subsequently agreed) in response to requests submitted by the PMU to the Bank, based on each entity's financial plan.</li> <li>• The disbursement mechanism will comprise submission of physical disbursement requests and/or electronic disbursement requests via email. The e-Desembolsos system may be used if so agreed with the country.</li> <li>• Financial plan: The executing agency will submit a financial plan for at least three months covering commitments for direct payments to vendors, contractors, and/or consultants. This plan will include the payment arrangements and associated timetables agreed upon with the procuring entities.</li> <li>• Designated bank account: No project-specific bank account will be used, in view of the execution arrangements agreed upon with the borrower for direct disbursements to vendors and/or specialized agencies for the procurement of medical supplies.</li> <li>• During project execution, PCI will carry out the verification activities stipulated in paragraph 3.6 of the loan proposal. PCI will report its findings from these activities to both the executing agency and the Bank. In the event PCI reports identify any noncompliance events or delays in execution, the executing agency will take the necessary steps to correct the situation, whereas the Bank may suspend disbursements until the situation has been corrected. The procedure for issuing direct payments will be set forth in the program Operations Manual.</li> </ul>
<p><b>Accounting, information systems, and reporting</b></p>	<ul style="list-style-type: none"> <li>• The executing agency will use SIGAF as the financial administration system. SIGAF identifies project funds and the source of the counterpart contribution. It also allows for parameters to be set for the investment components and the Bank-approved chart of accounts.</li> <li>• The program's financial execution report, statement of revenues and disbursements, and statement of cumulative investment will be extracted from SIGAF.</li> <li>• Accounting method and currency: Accounts will be kept on a cash basis in U.S. dollars following government accounting standards, in accordance with document OP-273-12, until Nicaragua completes the process of adopting International Public Sector Accounting Standards.</li> <li>• Once the payment request has been processed, the Bank will notify the executing agency, the MHCP, and the central bank of the payment. Once the IDB issues the payment notification and the beneficiary confirms receipt, the debt is recorded in SIGADE. The General Public Credit Directorate receives the information on the loan disbursement (payment) through an interface with the central bank and, after approving it, submits the information through an interface to SIGAF, where the expenditure is then fully reflected in the accounting, budgetary, and financial records.</li> </ul>

<b>External control</b>	<ul style="list-style-type: none"> <li>With the agreement of the Bank, the executing agency will select and contract the services of a Bank-eligible external auditor in accordance with the previously agreed terms of reference and in line with the instructions for financial reports and external audit management.</li> </ul>
<b>Project financial supervision</b>	<ul style="list-style-type: none"> <li>The Bank will carry out the following activities during the program, using available technological tools: (i) an opening workshop, with members and entities participating in the project, on the use of financial management instruments; (ii) financial technical meetings to monitor program status and internal control measures, with emphasis on financial execution processes, the quality and timeliness of accounting records, and the appropriateness of supporting documentation; (iii) prepayment verification by the verifier that the products and/or services are of the required quality and quantity; and (iv) ex post review of disbursement requests and verification of disbursements by Bank staff and the external auditor, who will also verify the implementation of current and future recommendations (if any) for the project.</li> </ul>

## V. RELEVANT INFORMATION FOR THE OPERATION

### Policies and guidelines applicable to the operation

<b>Financial management</b>	<b>Procurement</b>
<ul style="list-style-type: none"> <li><a href="#"><u>Document GN-2811 (OP-273-12).</u></a></li> <li><a href="#"><u>Instructions for financial reports and external audit management</u></a></li> </ul>	<ul style="list-style-type: none"> <li><a href="#"><u>Document GN-2349-15 [ES] [POR] [FRE]</u></a></li> <li><a href="#"><u>Document GN-2350-15 [ES] [POR] [FRE]</u></a></li> </ul>

### Records and files

The executing agency will keep digital and physical files on the procurement and financial management activities for which it is responsible.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-\_\_\_/20

Nicaragua. Loan \_\_\_\_/BL-NI to the Republic of Nicaragua  
Immediate Public Health Response to Contain and Control  
the Coronavirus and Mitigate its Impact on  
Service Delivery in Nicaragua

The Board of Executive Directors

RESOLVES:

That the President of the Bank, or such representative as he shall designate, is authorized, in the name and on behalf of the Bank, to enter into such contract or contracts as may be necessary with the Republic of Nicaragua, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the project "Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate its impact on Service Delivery in Nicaragua". Such financing will be chargeable to the Bank's Ordinary Capital (OC) resources in the following manner: (i) up to the amount of US\$27,950,000, subject to concessional financial terms and conditions ("Concessional OC"); and (ii) up to the amount of US\$15,050,000, subject to financial terms and conditions applicable to loan operations financed from the Bank's regular program of OC resources ("Regular OC"), as indicated in the Project Summary of the Loan Proposal, and subject to the Special Contractual Conditions of said Project Summary.

(Adopted on \_\_\_\_ 2020)