

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PANAMA

**IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN AND CONTROL
CORONAVIRUS AND MITIGATE ITS IMPACT ON SERVICES**

(PN-L1170)

LOAN PROPOSAL

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ABBREVIATIONS

AIG	Autoridad de Innovación Gubernamental [Government Innovation Authority]
COCYTC	Centro de Operaciones para el Control de la Trazabilidad Comunitaria [Center of Operations for the Control of Community Tracing]
CSS	Caja del Seguro Social [Social Security Fund]
DRS	Direcciones regionales de salud [regional health offices]
ECV	Estrategia Continua de Vacunación [Continuous Vaccination Strategy]
EEC-APS	Estrategia de Extensión de Cobertura de Atención Primaria a la Salud [Primary Health Care Coverage Expansion Strategy]
ESAVI	Events supposedly attributable to vaccination or immunization
ICAP	Institutional Capacity Analysis Platform
ICGES	Instituto Conmemorativo Gorgas de Estudios para la Salud [Gorgas Memorial Institute for Health Studies]
INDICASAT	Instituto de Investigaciones Científicas y Servicios de Alta Tecnología [Institute for Scientific Research and High Technology Services]
LIBOR	London Interbank Offered Rate
MEF	Ministry of Economy and Finance
MINSA	Ministry of Health
PAHO	Pan American Health Organization
PAI	Programa Ampliado de Inmunización [Expanded Immunization Program]
PMR	Progress monitoring report
PPE	Personal protective equipment
SIR	Susceptible, infected, recovered
SISVIG	Sistema de Vigilancia Epidemiológica [Epidemiological Surveillance System]
SRAs	Stringent Regulatory Authorities
UGSAF	Unidad de Gestión de Salud Administrativa y Financiera [Administrative and Financial Health Management Unit]
WHO	World Health Organization

PROJECT SUMMARY
PANAMA
IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN AND CONTROL CORONAVIRUS AND MITIGATE ITS
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Financial Terms and Conditions				
Borrower:			Flexible Financing Facility ^(a)	
Republic of Panama			Amortization period:	7 years
Executing agency:			Disbursement period:	2.5 years
Ministry of Health (MINSa)			Grace period:	3 years ^(b)
Source	Amount (US\$)	%	Interest rate:	LIBOR-based
Total – IDB (Ordinary Capital):	30 million	100%	Credit fee:	(c)
			Inspection and supervision fee:	(c)
			Weighted average life:	5 years
			Currency of approval:	United States dollars
Project at a Glance				
Project objective/description: The overall objective of this project is to help reduce the morbidity and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. The specific development objectives are to: (i) strengthen response leadership at the country level; (ii) improve case detection and monitoring; (iii) support initiatives to break the chain of transmission of the illness; and (iv) improve service delivery capacity.				
Special contractual conditions precedent to the first disbursement of the loan proceeds: The Ministry of Health (MINSa) will provide evidence that: (i) the program Operating Regulations (see paragraph 3.3) have been approved and are in force on the terms agreed upon with the Bank; (ii) the updated version of the planning for the introduction of the COVID-19 vaccine has been approved, including the Continuous Vaccination Strategy (ECV), on the terms agreed upon with the Bank (see paragraph 1.13); and (iii) all key staff of the Administrative and Financial Health Management Unit (UGSAF) have been hired or appointed, as the case may be (medical director, who will serve as operation coordinator, deputy director, planning and monitoring specialist, procurement specialist, and financial specialist) (see paragraph 3.5).				
Special contractual conditions of execution: During the disbursement period MINSa will deliver: (i) a monthly report, no later than the tenth day of each month, describing progress on ECV implementation as of the last day of the prior month with information broken down by priority group, sex, and health region; and (ii) six-monthly status reports (see paragraph 3.14), no later than 31 July (for the first half of the year) and 31 January (for the second half of the year), providing updated information on fulfillment of the program’s contractual conditions, especially: (a) the staffing for project execution as stipulated in the Operating Regulations; (b) the minutes of the Project Steering Committee meetings held during the reporting period; and (c) the minutes used to prepare the six-monthly status report will document the MINSa head office authorization of the recommendations proposed by the Project Steering Committee at that meeting and the content of the report (see paragraph 3.6).				
Exceptions to Bank policy: None.				
Strategic Alignment				
Challenges: ^(d)	SI <input checked="" type="checkbox"/>		PI <input type="checkbox"/>	EI <input type="checkbox"/>
Crosscutting themes: ^(e)	GE <input type="checkbox"/> and DI <input checked="" type="checkbox"/>		CC <input type="checkbox"/> and ES <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 the 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) GE (Gender Equality) and DI (Diversity); CC (Climate Change) and ES (Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

I. PROJECT 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 nCoV2019. As of 10 May 2021, nearly 159 million confirmed cases had been recorded, resulting in more than 3.3 million deaths.¹ The first cases in Latin America and the Caribbean were detected in late February 2020. Since then, the region has become one of the hardest hit with some 30 million confirmed cases and 956,459 deaths, to date. In Panama, the first confirmed COVID-19 case was recorded on 9 March 2020,² and by 10 May there were 367,908 confirmed cases and a total of 6,277 deaths.³ In the country and the region, the highest health priority is to control outbreaks and high transmission plateaus, while working to achieve sufficient immunity in the population. Striking the right balance between vaccination and the gradual loosening of restrictions on movement is challenging.
- 1.2 **Macroeconomic and social context.** In 2020, Panama's economy shrank 17.9% in real terms—the sharpest drop in the country's recent history—due to the severity of the health crisis and strict lockdown (see paragraph 1.7). According to Google mobility trends, Panama experienced the world's greatest decrease in movement to workplaces between March and December 2020 (average daily difference of 46.2% compared to the days in January and February). The sharp decline in economic activity and the Panamanian government's response to mitigate the effects of the crisis negatively impacted the public accounts. In 2020, the deficit rose to 10.1% of GDP, an increase of 7 points over the prior year, and from 2019 to 2020, public debt grew 46% to 69.8% of GDP. Faced with the historic drop in economic activity and worsening fiscal position, Fitch, Standard & Poor's, and Moody's downgraded the country's sovereign credit rating but upheld its investment grade. The crisis also resulted in a marked increase in unemployment from 7.1% to 18.5%, the highest rate in the past 20 years, while the working population shrank 15%. Although official figures are not yet available, the rise in unemployment, together with the fall in household income, will mean higher rates of poverty and inequality. For 2021, the country authorities forecast growth of 9% and significant short-term financing needs.
- 1.3 **Problem addressed.** COVID-19 spreads from person to person through respiratory secretions⁴ and direct contact. In the epidemiological model known as SIR (susceptible, infected, recovered), the number of healthy individuals whom a patient can infect is known as the reproduction number.⁵ To control spread in a given

¹ <https://www.iadb.org/es/coronavirus/current-situation-pandemic>.

² https://www.paho.org/pan/index.php?option=com_content&view=article&id=1349:panama-confirma-primer-caso-de-covid-19&Itemid=442.

³ Ibid., note 1.

⁴ <https://www.who.int/emergencies/diseases/novel-coronavirus-2019/advice-for-public/coronavirus-disease-covid-19>.

⁵ The reproduction number is also the average number of new cases caused by each case during the infectious period. Every virus has a basic reproduction number known as R_0 , which reflects how contagious the virus is in the absence of countermeasures. Depending on the control measures taken, this reproduction number will vary, and is known as the *effective* reproduction number, R_e .

population, this number must be kept below 1 for long enough to “flatten the curve” or avoid the spikes in cases that overwhelm the health system’s capacity to treat patients.^{6 7 8 9} Initially, bringing the reproduction number down depends on the use of social distancing and barrier methods (such as masks) and isolation of infected patients. These measures remain essential until a high enough percentage of the population has acquired immunity (whether by recovery or vaccination), known as herd immunity. In Panama, improving detection and epidemiological surveillance in general remains critical to target mobility restriction measures as much as possible and prevent a third spike in infections.

- 1.4 Panama has managed to curb two spikes in infections using these measures, but they are not sustainable over time due to their high social and economic costs, noted in paragraph 1.2. Vaccination can become the primary intervention¹⁰ for preventing the spread of the virus, as long as efforts to reach herd immunity are balanced with efforts towards other ways of controlling the pandemic and consideration of its indirect impact on health (restoring coverage of essential services). Prematurely easing the public health measures before herd immunity has been reached carries the risk of a new spike in transmission, especially as new, more contagious strains of the virus are already circulating in Panama.
- 1.5 In 2020, scientists, pharmaceutical companies, and governments worked at an unprecedented pace to create COVID-19 vaccines, but billions of doses are needed globally, so the challenge is also to produce the vaccines on an unprecedented scale. At the same time, distributing and delivering the vaccines will be challenging for the countries. Given the significance of the economic and social costs associated with COVID-19, universal access to a safe, effective vaccine, initially prioritizing the groups with the highest risk of infection (e.g., health workers) and death (e.g., the elderly), has become the countries’ primary challenge and priority, since such a vaccine promises to bring about individual and herd immunity in the most effective way, slowing and controlling the spread of the virus and mitigating the pandemic’s impact on morbidity and mortality.
- 1.6 **Challenges and progress.** COVID-19 incidence and mortality rose rapidly in Panama, peaking first in July 2020 with a daily average of 1,023 new cases and 25 deaths, and again in late 2020 with a daily average of 2,696 new cases and 44 new deaths between 27 December and 10 January.¹¹ The incidence and

⁶ Hellewell J., Abbott S., Gimma A., Bosse N.I., Jarvis C.I., Russell T.W., et al. Feasibility of controlling COVID-19 outbreaks by isolation of cases and contacts. *Lancet* 2020; 8(4):488-496. [doi:10.1016/S2214-109X\(20\)30074-7](https://doi.org/10.1016/S2214-109X(20)30074-7).

⁷ Day T., Park A., Madras N., Gumel A., Wu J. When is Quarantine a Useful Control Strategy for Emerging Infectious Diseases? *American Journal of Epidemiology* 2006; 163(5): 479-485. [doi:10.1093/aje/kwj056](https://doi.org/10.1093/aje/kwj056).

⁸ Ferguson N., Cummings D., Fraser C., Cajka J.C., Cooley P.C., Burke D.S. Strategies for mitigating an influenza pandemic. *Nature* 2006; 442:448-452. [doi:10.1038/nature04795](https://doi.org/10.1038/nature04795).

⁹ Dénes A., Gumel A. Modeling the impact of quarantine during an outbreak of Ebola virus disease. *Infectious Disease Modelling* 2019;4:12-27. [doi:10.1016/j.idm.2019.01.003](https://doi.org/10.1016/j.idm.2019.01.003).

¹⁰ [Vaccine efficacy needed for a COVID-19 coronavirus vaccine to prevent or stop an epidemic as the sole intervention](#), Bartsch S.M. et al., 2020.

¹¹ Pan American Health Organization (PAHO). [COVID-19. Situation Report No. 36](#), (18 October 2020), [Report No. 44](#) (29 December 2020), and [Report No. 45](#) (12 January 2021). [Report No. 53](#) (4 May 2021).

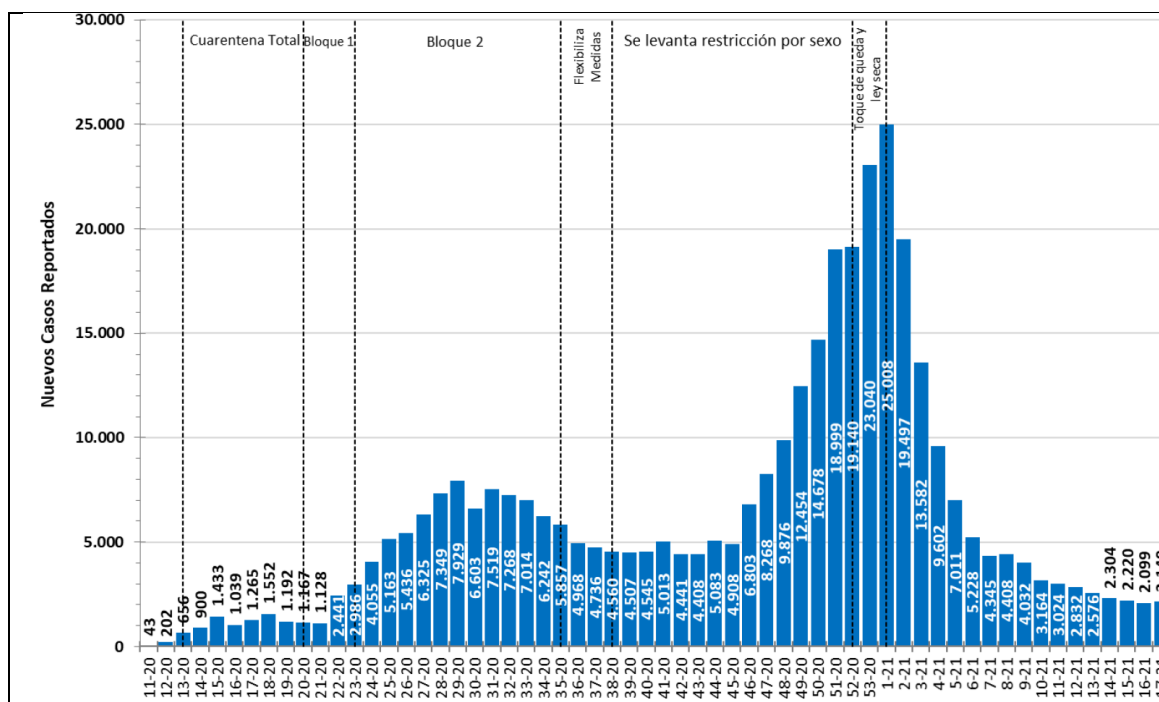
mortality have been reduced drastically: between 2 and 8 May 2021, the daily average was 4.29 deaths and 347 new cases.¹² Panama has also become the fourth leading country in the Americas in terms of detection efforts, with 553,958 tests per million inhabitants.¹³ This is part of the reason why the country has reported some of the highest figures in Latin America and the Caribbean for cumulative incidence (8,700 cases per 100,000 inhabitants) and cumulative mortality (148 deaths per 100,000 inhabitants),¹⁴ as well as why its spikes in transmission have been so sharp. The incidence of active cases—a critical figure, since COVID-19 is an acute illness—is currently falling, and with 89 active cases per 100,000 inhabitants Panama ranks 18th out of 26 countries in Latin America and the Caribbean.

¹² Author's calculations based on MINSA data, [COVID-19 cases in Panama](#).

¹³ Ibid. note 11.

¹⁴ IDB-SPH. COVID-19: [Situation report as of 14 May 2020](#). The high comparative incidence may be due partly to Panama's high levels of detection and transparent reporting, which do not occur in all countries. This hypothesis is consistent with the fact that the fatality rate (ratio of deaths per 100 confirmed cases) is significantly lower in Panama than in countries with similar demographic and epidemiological conditions and health care systems, but where the denominator of confirmed cases could be underestimated. Furthermore, in Panama the criteria for classifying the cause of death as COVID are also much broader than in other countries.

Figure 1. New cases per epidemiological week



Data for 9 March 2020 to 1 May 2021. Source: Pan American Health Organization (PAHO), [Situation Report No. 53](#).

- 1.7 **The Government of Panama has shown itself capable of organizing a rigorous public health sector response to the pandemic.** The Technical Commission on Health, formed to steer the pandemic response, developed the National Health System Operating Plan to Prevent and Control the New Coronavirus,¹⁵ starting in January 2020, with the support of a national advisory committee¹⁶ and following WHO guidelines (see paragraph 1.15). The response included the declaration of a national state of emergency,¹⁷ quarantines, restrictions on mobility, and the temporary closure of schools, commercial establishments, and nonessential businesses.¹⁸ The Operating Plan has facilitated sector coordination among MINSA (apex agency and often the only provider in vulnerable areas), the Panamanian Social Security Fund (CSS) (care provider for three out of every four Panamanians), the Gorgas Memorial Institute for Health Studies (ICGES) (responsible for health research and national resource laboratory), and private hospitals. In line with the

¹⁵ MINSA: http://minsa.b-cdn.net/sites/default/files/publicaciones/plan_coronavirus_0.pdf.

¹⁶ Made up of representatives of medical associations, public health specialists, acclaimed researchers and experts, PAHO, and the WHO. This advisory committee was reorganized in June 2020 into thematic groups addressing vaccination, health intelligence, treatment protocols, laboratory delivery of health services, and strategic communication.

¹⁷ [Cabinet Resolution 11 of 13 March 2020](#).

¹⁸ See Executive Decrees 472, 490, 500, and 507, all of March 2020; and Executive Decree 1078, of September 2020. The complete list of measures to strengthen the health response can be found on MINSA's COVID-19 Pandemic Event Log (first quarter 2020).

Operating Plan, the Government of Panama strengthened the health response by: (i) expanding hospital capacity; (ii) authorizing 11 hotels for patient isolation; (iii) hiring 500 health professionals; (iv) setting up regional centers for nasal swab testing and tracing; and (v) developing information technology systems for case notification and tracking, among other measures. As indicated above, Panama has managed to achieve one of the world's highest rates of COVID-19 diagnostic tests per person.

- 1.8 **The pressure put on service delivery by the pandemic calls for a response targeting specific areas.** The health system's installed capacity was tested during the two spikes in incidence but with the efforts starting in March 2020 showed itself sufficient to handle both peaks in terms of caring for COVID-19 patients. The intensive care and semi-intensive care unit occupancy rate reached its highest levels in August 2020 (74%) and January 2021 (76%) and is currently at 42%.¹⁹ Hospitals' capacity to supply oxygen and ventilators also increased: the country now has 1,039 ventilators, with an occupancy rate of 21% versus 41%, the maximum reached in January. For essential services, however, the capacity of MINSA's regional health offices (DRS) still needs to be improved. These DRS are carrying out the Primary Health Care Coverage Expansion Strategy (EEC-APS) but saw their productivity affected by the pandemic, due to the mobility restriction measures and reduced demand. The aim of the EEC-APS is to provide perinatal and pediatric care (including vaccinations), as well as care for patients with chronic illnesses, in indigenous and rural areas (where MINSA is the main provider). The strategy applies a capitation mechanism to incentivize effective coverages, since funds are transferred per person served. Twelve of the 15 DRS are executing the EEC-APS by directly organizing core healthcare teams under a national management agreement for care circuits to hard-to-access communities, or supervising the teams formed by contracted private companies.
- 1.9 Although complete statistics from 2020 are not available, preliminary information indicates that DRS output under the EEC decreased 42% on average compared to the period before the crisis.²⁰ To mitigate this reduction, MINSA adapted the ways EEC-APS is implemented, hiring additional staff to strengthen primary health care within the facilities in the prioritized area. The DRS have also formed more rapid response teams to seek out patients with chronic illnesses, pregnant women, and "absentee" children in the communities while the restriction is in place on the healthcare circuits (which bring groups of people together). These additional resources must be maintained until all the lockdown and distancing measures can be lifted, and the healthcare workers diverted to care for COVID-19 patients can be brought back to the primary health care system. Promotional actions must also be intensified to renew demand for services, which was affected by patients' fear of getting infected at health care facilities.
- 1.10 **The surveillance system has been improved for detection and tracing, making it possible to monitor the evolution of the pandemic, but more, more complex,**

¹⁹ These include beds in the public sector (CSS and MINSA) and private sectors. Source: Idem., note 11.

²⁰ The largest decreases were in health regions that are sparsely populated and/or have indigenous populations like Bocas del Toro, Panamá Este, and the Ngöbe Buglé and Guna Yala indigenous areas (87%, 86%, 66%, 59%, and 54%, respectively).

strengthening will be required for the vaccination operation. The country's RT-PCR²¹ diagnostic capacity was developed through the Gorgas Memorial Institute for Health Studies, and there is now a network with sites in 7 of the 15 health regions. In addition, the Center of Operations for the Control of Community Tracing (COCYTC) was established, leading to enhanced surveillance, detection, isolation, quarantine, sanitary cordons, joint patrols (providing food and medication to affected families so they can stay in quarantine), and checkpoints. The regional and provincial COCYTC work together with 267 rapid response teams, who go door-to-door performing rapid antigen tests on persons with respiratory symptoms and their direct contacts, and 321 unified tracing teams, who visit patients, inquire about their direct contacts, verify the state of their health, and provide guidance. These efforts have translated into a high number of reports from multiple public and private sources throughout the country. The Epidemiological Surveillance System (SISVIG) needs further strengthening, to process this volume faster. Continued investment is needed in expanding and deconcentrating the diagnostic network and public health surveillance with human resources for a rapid response in tracing, information systems, and now for vaccination, to meet the challenge of not only registering eligible individuals but monitoring those already vaccinated. To do so, in coordination with the Government Innovation Authority (AIG), MINSA is seeking to set up an app through the existing Expanded Immunization Program (PAI) system. This app will allow for detection of possible adverse events through automation of the existing pharmaceutical surveillance system and integration of the three modules (SISVIG/PAI/Pharmaceutical Surveillance System, see paragraph 1.22).

- 1.11 **The Government of Panama intends to access safe, effective COVID-19 vaccines to cover 70% of the population²² and thereby control the pandemic.** Worldwide, as of May 2021, 101 vaccine candidates were being tested in clinical trials.²³ Eight have already been authorized by one or more Stringent Regulatory Authorities (SRAs), and the challenge is now to quickly produce the doses required for the entire world. Countries with scant resources and/or market power (with small populations like Panama) are at a disadvantage in competing for access to COVID-19 vaccines. The Gavi Alliance, a global public-private partnership established to increase access to immunization in low- and middle-low-income countries, together with the Coalition for Epidemic Preparedness Innovations (CEPI) and the WHO, launched COVAX, a collaboration to ensure global equitable access to COVID-19 vaccines.²⁴ In July 2020, the Government of Panama formed a specific interagency committee to facilitate introduction of the vaccines, once they are available. Panama signed an advance market commitment with Gavi under COVAX, which will allow it to benefit from pooling risks, leveraging its buying power, and

²¹ Reverse transcription polymerase chain reaction.

²² ■ As stated in the Bank's Access to Information Policy (document GN-1831-28), paragraphs 4.1(e), Information provided in confidence and business/financial information, and 4.1(i) Country-specific information, the Bank will not disclose information that is contained within country-specific documents produced by the Bank if it has been identified in writing by countries as confidential or potentially damaging to its relations with the Bank.

²³ [The Covid-19 candidate vaccine landscape and tracker](#), WHO. (Accessed on 25 May 2021).

²⁴ To raise funds and promote the creation of the largest portfolio of experimental COVID-19 vaccines and maximize the likelihood that the best vaccines will be available, and to foster the equitable distribution among the participating members.

accessing the specialized technical knowledge of the COVAX Facility proponents. The Government of Panama has also signed bilateral advance purchase agreements with the pharmaceutical companies Pfizer and Astra-Zeneca/SKBioscience,²⁵ for the time being. Both vaccines were authorized for emergency use by the WHO (and by several SRAs).²⁶

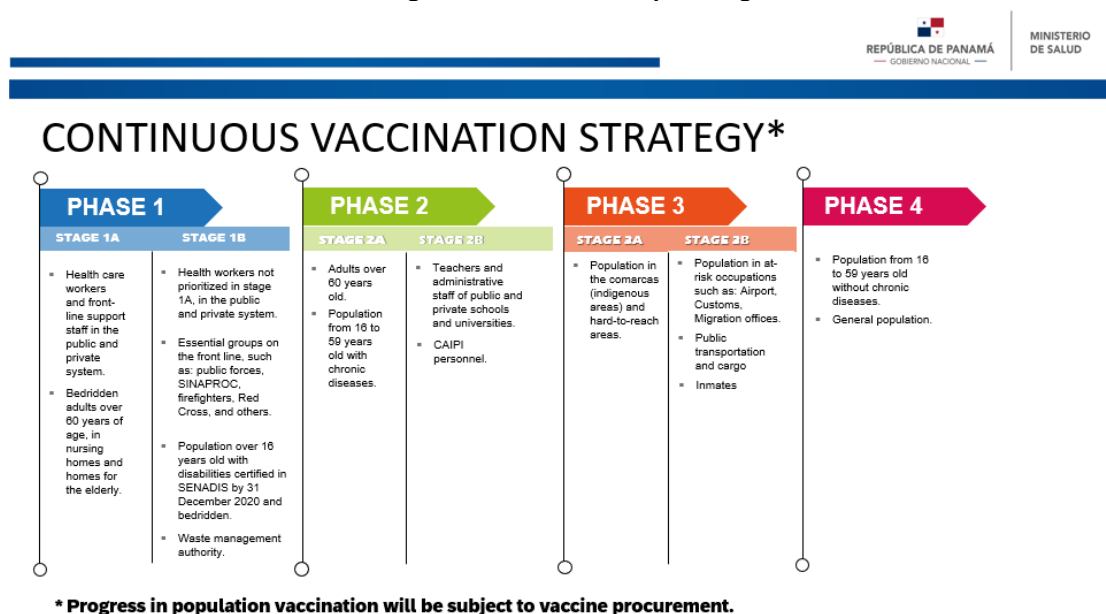
- 1.12 **The stages whereby Panama will reach coverage, as well as the technical and equity-based criteria for their sequencing, must both be made public.** In January 2021, the Vaccine Commission published the National Vaccination Plan, which details the Continuous Vaccination Strategy (ECV). This plan combines the gradual deployment of vaccines across the country with prioritization of groups based on occupation, age, and health status.²⁷ It complies with the WHO recommendations, the equity criterion (by first protecting the most vulnerable, i.e., the most exposed to the risk of infection or death), and the criterion of technical integrity to control the epidemic and reach herd immunity more quickly. Stated another way, in order to maximize the impact on mortality and morbidity, the areas with the highest incidence and most concentrated populations must be vaccinated first. The ECV takes into account the population present in the country, and the patient's identity and priority group criteria, which do not include nationality or migration status, are verified at the time of the vaccination. For example (see Figure 1.1), stage 2A covers persons older than 60 and chronic patients ages 16 to 59, with the geographic rollout starting in the health regions with the highest cumulative incidence. Phase 3 will cover the hard-to-access areas that, precisely because they are so remote, have had the lowest incidence. To maximize access, everyone older than 16 living in these areas will be included, through a population sweep.

²⁵ The Government of Panama confirmed its authorization for the use of this vaccine after analyzing and disseminating the information available on the occurrence of severe but extremely rare adverse events and on the vaccine's effectiveness in reducing infections, and concluding that the benefits outweigh the risks by orders of magnitude. Use of this vaccine will be voluntary and reserved for persons outside the age range in which the events occurred. Demand remains high: the 18,000 slots available after the first shipment were assigned to eligible volunteers in just five hours.

²⁶ See [WHO Status of COVID-19 Vaccines](#).

²⁷ As indicated by the WHO, sex is not a criterion for vaccination prioritization. In all age groups, men have been more affected by COVID morbidity and fatality. However, the risk factors behind this difference, in terms of both transmission and death, stem from occupation and health status (perhaps from risk-response behaviors), not directly from sex. The higher fatality rates in men reflect their overrepresentation among persons with chronic diseases that exacerbate COVID-19. More women are likely to be exposed to the virus in certain professions (e.g., health care), and more men are in others (security forces, transportation). The risk factor used as a criterion for prioritization, therefore, is the individual's occupation or underlying health conditions, not his/her sex. Accordingly, since the first groups to be vaccinated were health workers and the elderly (both of which have more women than men), currently a majority of vaccinated individuals are women (54%). Vaccination target groups should be disaggregated by gender, to look at whether this difference is to be expected, or whether deviation from the target may suggest that gender-based barriers or self-exclusion are in fact at play.

Figure 1.1. Vaccination planning



1.13 In addition to the ECV, Panama also has a strong preliminary document, “Planning for the Introduction of the COVID-19 Vaccine,” developed by MINSA’s Expanded Immunization Program (PAI) by October 2020 with support from the Pan American Health Organization (PAHO). This document includes all of the sections recommended by the WHO, reflects the initial and aggregate estimated needs, and describes the prioritization of the occupational and age groups. All of the information necessary to complete this is available, as follows: (i) articulate the criteria mentioned in paragraph 1.12; (ii) include the expected schedule for the delivery of biologics for all of purchasing arrangements agreed to date; (iii) include the schedule for execution of the ECV, indicating the projected targets of persons to be vaccinated, broken down for each phase and stage; (iv) document how equitable access will be maximized through mechanisms like the social communications strategy (see paragraph 1.14); and (v) explain the mechanisms for clarifying questions or submitting complaints. The Bank team is supporting MINSA to make these adjustments. This will ensure that the plan satisfies the technical criteria for eligibility for the financing of vaccine access (see paragraph 3.5).

1.14 **Implementation of the ECV and incorporation of the COVID-19 vaccine into the routine immunization schedule require ensuring that the supply-side logistics are in place, as well as that there is demand for the vaccine and it will be accepted.** Panama’s PAI provides the country with a robust public health infrastructure that administers a broad schedule of 12 vaccines and has achieved high vaccination rates, even in adults. The PAI’s technical credibility has allowed it

to create a culture of widespread vaccine acceptance. As of 10 May, [REDACTED]²⁸ 871,300 of the 5.5 million contracted COVID-19 vaccine doses, and administered more than 733,000 (84%). Even with this progress, Panama needs support to complete the planning (see paragraph 1.13) and capacity-building activities, ensuring the onsite availability of the vaccines and other supplies. The cold chain must be strengthened with equipment for local storage and for transporting the vaccines to the hard-to-access communities (indigenous areas known as “comarcas”²⁹ and other sparsely populated rural areas), especially for Phase 3. Lastly, to bolster demand for the vaccine, the social communications strategy must be fully implemented, to disseminate reliable information on the benefits and risks of the vaccine, as well as logistical/operational information (where to register, eligibility requirements, where to go to get vaccinated, what to expect), and information on how to report potential adverse events (pharmaceutical surveillance). The Government of Panama is accelerating its digitalization in all these areas, for example, by deploying kiosks in vulnerable areas with high traffic (like metro and metrobus stations). The kiosks have terminals connected to the vaccine registration site with staff who will guide users and help them overcome the lack of connectivity and cultural barriers in the registration process. The target audiences identified by the Government of Panama are very culturally diverse, so it needs support to continue adapting its messages and materials to the various contexts, especially for indigenous peoples; to reproduce and distribute them; and to pilot the mobile version of the digital kiosks to facilitate vaccination registration and perform outreach on other health issues in the rural, multicultural environments of the indigenous areas.

- 1.15 **Rationale.** The Panamanian government’s response plan ([optional link 2](#)) is aligned with the COVID-19 Strategic Preparedness and Response Plan published by the WHO and with the recommendation on the action pillars to be implemented. There is evidence for the effectiveness of these actions ([optional link 3](#)). The Government of Panama also has an initial plan for introducing and deploying the vaccine, as well as sufficient information to revise it as described in paragraphs 1.13 and 3.5 with Bank support, documenting the ECV’s technical and ethical robustness, specifying the implementation timetable, and highlighting the priority actions to ensure equitable access to vaccination. This documentation will serve as the basis for measuring results (see paragraphs 1.29, 3.6, and 3.13). This program is aligned with the pillars of the COVID-19 Strategic Preparedness and Response Plan, which remain critical 14 months after the virus began to spread. It supports the ECV and the supplemental priorities indicated by the country, centered on recovering primary health care coverage in addition to preventing and containing the spread of COVID-19.
- 1.16 **Coordination with other multilateral organizations and/or cooperation agencies and partners.** The Bank participated in the discussions with Gavi and the

²⁸ As stated in the Bank’s Access to Information Policy (document GN-1831-28), paragraphs 4.1(e), Information provided in confidence and business/financial information, and 4.1(i) Country-specific information, the Bank will not disclose information that is contained within country-specific documents produced by the Bank if it has been identified in writing by countries as confidential or potentially damaging to its relations with the Bank.

²⁹ The term “comarca” is used to refer to lands of Panama’s indigenous peoples.

other proponents during the design of the COVAX Facility (see paragraph 1.11) and thus far has approved financing for eight countries to cover expenses under it, as well as those related to vaccination. The Bank also established, with PAHO, the standard terms of the agreement for the provision of goods that Panama can apply under this operation for the delivery of the COVAX allocations and other supplies. Through the MINSA Office of International Affairs, the Bank is coordinating efforts with PAHO and other agencies and donors³⁰ to ensure the complementarity of their support for the coronavirus pandemic response.

- 1.17 **The Bank's experience and lessons learned.** To date, the Bank has approved eight immediate public health response operations amid the pandemic for US\$846 million. In Panama, the Bank: (i) approved loans of up to US\$700 million to promote macroeconomic and fiscal sustainability and economic recovery;³¹ (ii) approved an IDB Lab nonreimbursable technical cooperation operation for health; (iii) reformulated US\$123 million in support for vulnerable populations; and (iv) redirected US\$28.6 million of the portfolio in execution as a response to the pandemic (see [optional link 5](#)). Of particular relevance to this program, support has been provided for the launch of a digital solution for remote education, the adaptation of social interventions to ensure multicultural relevance in hard-to-access areas, the purchase of equipment and supplies for the COVID response in line with WHO recommendations, and the development of local production capacity for a viral transport medium.³² The Bank has gained extensive experience with MINSA on expanding primary care coverage in indigenous and other sparsely populated areas, culminating with the Integrated Health Service Networks Strengthening Program (loan 3615/OC-PN), under which US\$6.5 million has been redirected to buy personal protective equipment (PPE), medical equipment and supplies, and COVID-19 tests, and to expanding health services, rapid response team tracing, and core health teams in Panama's indigenous areas (see paragraph 1.9). These experiences inform subcomponents 2.1 and 3.1, and component 4 of the operation (see paragraphs 1.22, 1.26, and 1.29) by taking advantage of mechanisms for budgeting to back the capitation payment, operational assessment of services, hiring of staff out of the health regions, and intercultural dialogue, even amid the pandemic, to make services more relevant and foster the promotion of health with identity. Furthermore, the operation has incorporated the lesson learned that, to optimize coordination among stakeholders and the documentation of progress and outcomes, operating regulations with applicable guidelines should be prepared in a

³⁰ Through a US\$20 million investment loan, the World Bank is supporting the purchase of laboratory supplies for diagnosing COVID-19, hospital equipment, and rapid response teams. Furthermore, CAF is supporting the health response through a US\$50 million loan and a US\$400,000 technical-cooperation operation for the purchase and installation of ventilators for hospitals and other supplies.

³¹ Special development lending (SDL) loan 5055/OC-PN provided budgetary support for fiscal policies and actions of the Government of Panama to address the pandemic, as well as for macroeconomic and fiscal stability; 90% of the resources of the first global credit loan 5040/OC-PN have been disbursed to 27 intermediary financial institutions, and thus far US\$77 million of that amount has benefited 2,276 MSMEs.

³² Through the Program to Improve Efficiency and Quality in the Education Sector (loan 4357/OC-PN), the Social Inclusion and Development Program (loan 3512/OC-PN), and technical cooperation operation ATN/ME-18017-PN, Viral Transport Medium to Address COVID-19, with the Institute for Scientific Research and High Technology Services (INDICASAT).

participatory manner during design and applied as a contractual condition (see paragraph 3.3).

- 1.18 **Strategic alignment.** The program is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and is aligned with the development challenge of social inclusion and equality through its focus on strengthening the delivery of essential health care services for vulnerable groups and guaranteeing fair and equitable access to a safe, effective COVID-19 vaccine via support for care, surveillance, and communication modalities that facilitate outreach to rural and indigenous populations as described in paragraphs 1.23 and 1.28. In addition, the program will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicator of beneficiaries receiving health services.³³ The program is also aligned with the crosscutting areas of: (i) gender equality and diversity through its differentiated approaches to ensure access to information for diverse populations and mechanisms for coordination between the authorities of indigenous peoples without access to health care services and MINSA (see paragraph 1.28). The program is consistent with the Health Sector Framework Document (document GN-2735-12) through: (i) the strengthening of communication and information actions to foster behavioral change; (ii) the strengthening of service delivery, including the provision of necessary medical equipment and supplies, training for health care providers, and improvement of vaccine supply chain logistics and management of the associated cold chain; and (iii) the strengthening of cross-sector coordination to achieve the expected outcomes. This program is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996).

B. Objectives, components, and cost

- 1.19 **Objectives.** The overall objective of this project is to help reduce the morbidity and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. The specific development objectives are to: (i) strengthen response leadership at the country level; (ii) improve case detection and monitoring; (iii) support initiatives to break the chain of transmission of the illness; and (iv) improve service delivery capacity.
- 1.20 **Component 1: Response leadership at the country level (US\$0.3 million).** This component will support Emergency Committee operations, especially to regularly prepare and analyze the reports on pandemic status and vaccination progress. Support will be provided through systems for displaying and disseminating information ("Vacunómetro"), as well as through epidemiological and management analyses to provide feedback on the implementation of the National Vaccination Plan and the overall pandemic response.
- 1.21 **Component 2: Case detection and monitoring (US\$3.2 million).** This component will support actions to strengthen surveillance and accelerate the timely detection and monitoring of cases, vaccinated individuals, and adverse events.

³³ In the Results Matrix, this Corporate Results Framework indicator is reflected as "Number of persons in vulnerable sectors who receive the prioritized portfolio of benefits during the crisis."

- 1.22 **Subcomponent 2.1: Surveillance, rapid response teams, and case investigation (US\$2.9 million).** This component will finance the strengthening of the existing information systems (see paragraph 1.10): the Epidemiological Surveillance System (SISVIG), Expanded Immunization Program (PAI), and vaccine Pharmaceutical Surveillance System, including technical assistance to MINSA's Information Technology Office for programming, licenses, and equipment (servers, terminals, mobile devices) to facilitate the storage of a large volume of data and the use and integration of such systems, especially for hard-to-access areas.
- 1.23 The subcomponent will also finance the establishment and operation of rapid response teams to actively find and detect cases (including diagnostic testing), as well as support vaccination in indigenous and hard-to-access areas, by covering the expenses and inputs required by the rapid response teams, such as for sample collection and rapid testing.
- 1.24 **Subcomponent 2.2: Laboratory network (US\$0.25 million).** COVID-19 diagnostic capacity will be strengthened, including the purchase of medical equipment and supplies for PCR, antigen, and serological tests, as well as for handling laboratory waste, and training laboratory staff.
- 1.25 **Component 3: Interruption of the chain of transmission (US\$22.4 million).** This component will finance support for interventions to contain transmission, principally through access to vaccines, communication with the public, promotion of social distancing, and prevention of transmission in health facilities and communities.
- 1.26 **Subcomponent 3.1: Access to vaccines** [REDACTED].³⁴ This subcomponent will contribute to vaccination efforts by financing the expenditures associated with the MINSA/Gavi advance market commitment (COVAX Facility), including those related to shipping and receiving the vaccines allocated through COVAX under the MINSA/PAHO agreement. It will also cover part of the expenditures under the bilateral agreements signed by MINSA with pharmaceutical companies [REDACTED].³⁵ This subcomponent will also strengthen logistics and supply management through the purchase of equipment and supplies to guarantee the cold chain (i.e., refrigerators, thermoses, thermometers) in the health regions, procurement of other necessary supplies for vaccination, and training of health care workers.
- 1.27 **Subcomponent 3.2: Prevention of transmission in health facilities and communities (US\$0.45 million).** This subcomponent will finance the purchase of supplies such as PPE to prevent and control infections, thereby protecting health care personnel both in the community and at health care facilities, while maintaining health care services at the diagnosis and/or response sites. It will also support the management and final disposal of hazardous waste, particularly by covering the cost of incineration of vaccination waste.

³⁴ As stated in the Bank's Access to Information Policy (document GN-1831-28), paragraphs 4.1(e), Information provided in confidence and business/financial information, and 4.1(i) Country-specific information, the Bank will not disclose information that is contained within country-specific documents produced by the Bank if it has been identified in writing by countries as confidential or potentially damaging to its relations with the Bank.

³⁵ Idem.

- 1.28 **Subcomponent 3.3: Communication with the public (US\$0.25 million).** This subcomponent will support the regular updating and implementation of the social communications strategy established in the National Vaccination Plan. This includes technical assistance for adopting differentiated cultural approaches for indigenous peoples, adapting messages, and producing communication materials tailored to the indigenous areas, as well as financing the costs of producing and reproducing materials and distributing them by means that are accessible to the target audiences.
- 1.29 **Component 4: Improvement of service delivery capacity: Continuity of essential care (US\$1.75 million).** This component will contribute to ensuring the continuity of care, differentiated for susceptible and vulnerable indigenous peoples and sparsely populated rural areas (emphasizing the identification of pregnant women, children under two years old, and chronic patients), by supporting the organization of core health care teams by the regional health offices (DRS) under the Primary Health Care Coverage Expansion Strategy (EEC-APS) (see paragraph 1.8). Mobile kiosks (see paragraph 1.14) will also be piloted for telehealth outreach to serve women of reproductive age, pregnant women, and chronic patients, as well as to register people eligible to receive the COVID-19 vaccine.
- 1.30 All components may finance operating expenses, such as staff travel, translation and interpretation services necessary to facilitate communication and delivery of health care services to speakers of indigenous languages, and staff training. Where applicable, these expenses will be channeled through the management agreements with the DRS (see paragraphs 1.8, 1.23, and 1.28).
- 1.31 **Program administration (US\$2.3 million).** This item will cover the cost of the additional personnel required to ensure comprehensive project management and the cost of mobilizing them for the Administrative and Financial Health Management Unit (UGSAF) and the other country-level offices involved (see paragraph 3.2). The financial audit of the program will be financed, as will an external operational assessment, to document the coverage and quality of health care services including vaccination (see paragraph 3.13).
- 1.32 **Beneficiaries.** The program will benefit the general population through prevention and health promotion actions, especially vaccination deployment, bringing the country closer to the objective of reaching herd immunity³⁶ and controlling the epidemic. It will also benefit the population of poor and indigenous areas by maintaining essential services for priority groups like pregnant women, children under six, and patients with chronic diseases, with an estimated target of 80,000 people served by the core health care teams in the second year.

C. Key results indicators

- 1.33 **Expected outcomes.** The objective of this program is to help reduce the morbidity, especially severe morbidity (when hospitalization is required), and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health. Vertical logic postulates that the incidence of cases will drop when transmission is curbed, principally through support for vaccine coverage. The vaccines included in Panama's Continuous Vaccination Strategy (ECV) have a documented average

³⁶ See footnote 22.

efficacy of 81% in reducing the risk of contracting the virus, and of over 99% in reducing the risk of hospitalization.³⁷ Case incidence will also be reduced through other measures designed to prevent transmission: distancing, hand washing, barrier measures (masks), through support for the social communications strategy and direct support for other measures like the use of PPE; and lastly, through continued detection efforts to inform isolation and quarantine and guide contact tracing. Mortality will go down as a result of the drop in incidence and the reduced fatality rate (ratio of deaths per case), both resulting from vaccination. Since the vaccines appear to protect against death by nearly 100%, they directly reduce mortality. Even when vaccinated persons do fall ill—5% to 34%, depending on the vaccine³⁸—these cases make the denominator larger (confirmed cases) without increasing the numerator (deaths), thus contributing to lower the fatality rate. Lastly, support for diagnostic testing is also expected to bring down the fatality rate, since it can optimize treatment opportunities and improve patient prognosis. The main outcomes will be: (i) 85% execution of the enhanced vaccination plan; (ii) increased percentage of laboratories with PCR diagnostic testing capacity; (iii) number of persons in the priority groups vaccinated against COVID-19; and (iv) number of persons in vulnerable sectors who receive the portfolio of essential care services during the crisis.

- 1.34 **Economic viability.** A cost-benefit analysis was performed, focusing on subcomponent 3.1 (access to vaccines). The analysis contrasts the impact on COVID-19 morbidity and mortality in 12 months under a treatment scenario where the ECV is implemented, with a counterfactual scenario in the absence of the ECV. The scenarios were simulated using a basic SIR model (susceptible, infected, recovered) (see paragraph 1.3) with conservative parameters based on the epidemiological situation reports published by Panama and PAHO in accordance with international health regulations,³⁹ evidence, and assumptions available in the literature on COVID-19 or similar epidemics. The costs associated with the program include the procurement and distribution of COVID-19 vaccines, as well as the complementary publicity and surveillance efforts (components 2 and 3). The expected prices are based on information from Gavi and distribution costs, and on information from the WHO on prior immunization programs in low- and medium-income countries. Under the base case treatment scenario, the cost-benefit analysis estimated a benefit-cost ratio of 9.58, assuming conservatively that 10% of the population will be vaccinated by 20 July, and of 12.39, assuming that the current target of 15% by July and 30% by the end of the year is met. The worst-case scenario in the sensitivity analysis, where the costs of administration and additional interventions are higher (increasing from 43% to 75% beyond the cost of the vaccine) and coverage is lower (10% by July), yielded a benefit-cost ratio of 5.10. This suggests that the proposed interventions are economically beneficial, and that the sooner coverage is increased, the higher the benefit-cost ratio. The costs of

³⁷ WHO assessment of the [Pfizer BioNTech](#) and [Astra Zeneca SKBioscience](#) vaccines. The level indicated is the average efficacy documented for each vaccine, weighted according to its share in the basket that Panama will receive under current plans.

³⁸ Ibid., note 37.

³⁹ See <https://www.paho.org/es/panama/informes-situacion-covid-19>.

containing the outbreak accumulate over time, and the benefits, in terms of lives and worktime saved, are greater as coverage increases ([optional link 1](#)).

II. FINANCING STRUCTURE AND MAIN RISKS

A. Financing instruments

- 2.1 This operation is a specific investment loan⁴⁰ for the total amount of US\$30 million, financed from the Bank's Ordinary Capital resources. The disbursement period is 30 months.⁴¹

Table 1. Estimated project costs (US\$000s)

Components	IDB total	%
Component 1. Response leadership at the country level	300	1.00
Component 2. Case detection and monitoring	3,188	10.63
Subcomponent 2.1: Surveillance, rapid response teams, and case investigation	2,938	9.79
Subcomponent 2.2: Laboratory network	250	0.83
Component 3. Interruption of the chain of transmission	22,433	74.78
Subcomponent 3.1: Access to vaccines	21,733	72.44
Subcomponent 3.2: Prevention of transmission in health facilities and communities	450	1.50
Subcomponent 3.3: Communication with the public	250	0.83
Component 4. Improvement of service delivery capacity: Continuity of essential care	1,750	5.83
Program administration	2,329	7.76
Administration	1,050	3.50
Operational assessment	80	0.27
Financial audit	150	0.50
Contingencies	1,049	3.50
Total	30,000	100.00

Table 2. Projected annual disbursements of the financing (US\$000s)

	2021	2022	2023
Percentage	55%	37%	8%
Amount	16,445	11,289	2,266

B. Environmental and social safeguard risks

- 2.2 In accordance with Directive B.3 of the Bank's Environment and Safeguards Compliance Policy (document OP-703), this operation is classified as category "C," since it will cause minor negative socioenvironmental impacts, mainly associated

⁴⁰ The operation's scope is fully defined, and its components cannot be divided without affecting its logic.

⁴¹ This period will cover the entire term of the MINSA-Gavi contract, which ends on 18 September 2023.

with the generation of some additional medical waste. The vaccine will be administered as established in the ECV to groups of adults prioritized by their occupational exposure to the risk of infection with higher risks of hospitalization and death, who regarded as vulnerable according to WHO guidelines, with no discrimination. There may be some risk of explicit or implicit exclusion, which will be reviewed in connection with the prioritization criteria included in the vaccination plan. Furthermore, the criteria must be applied in a fair, transparent, inclusive, and responsible way under the WHO-Strategic Advisory Group of Experts on Immunization framework of values⁴² for allocating and prioritizing COVID-19 vaccination. This effort will be documented by MINSA (see paragraph 3.6) and supported by an operational assessment of the implementation of the ECV ([required link 1](#), see paragraph 3.13).

- 2.3 MINSA will implement an environmental and social management plan that will be detailed in the program Operating Regulations described in paragraph 3.4, which therefore must be approved before the start of activities and will apply throughout execution of the operation. The plan will include minimum biohazardous waste management standards, especially for the waste generated from vaccine administration, for which the program is providing funds (see paragraph 1.27).

C. Fiduciary risks

- 2.4 A medium fiduciary risk was identified relative to the availability and stability of personnel qualified to use the management tools at the Administrative and Financial Health Management Unit (UGSAF) and the main offices involved in the program, and deriving from this, relative to the fiduciary management capacity (procurements, financial, and accounting). To mitigate this risk, the program Operating Regulations establish that a fiduciary and management team with the necessary qualifications will be formed to work full-time on program execution, and mechanisms will be put in place to ensure, during program execution, that the priorities to be achieved are validated by the authorities, and that the relevant offices and MINSA's UGSAF coordinate for smooth operation.

D. Other key risks and issues

- 2.5 **Development risks.** Three development risks were identified and classified as medium-high. The first relates to the possibility that the vaccines will not be delivered on the schedule indicated in the contracts, leading to a cascade of delays in vaccination and possibly decreasing the effectiveness of the vaccination campaign. With technical assistance from the Bank, MINSA is establishing a more detailed timeline for the ECV to support and speed up the negotiation of additional bilateral agreements that could mitigate this risk, by affording the country a larger number of producers and alternative sources of the biologics.
- 2.6 The second risk is that, if the ECV prioritization criteria are not accepted by a critical mass of residents, tensions may arise that delay operations, decrease confidence in the Expanded Immunization Program (PAI), and reduce demand for vaccination, thereby preventing the country from reaching herd immunity. The third risk is that reaching herd immunity would also be jeopardized, if the hesitancy of a significant

⁴² [WHO-2019-nCoV-SAGE_Framework-Allocation_and_prioritization-2020.1-eng.pdf](#).

- number of eligible people cannot be overcome, and they refuse to get vaccinated. To mitigate both of these risks, MINSA is strengthening the social communications strategy (supported by the program, see paragraph 1.28) to include the express disclosure of the equity and technical criteria on which the ECV is based, as well as verified information on benefits and risks. With technical-cooperation resources,⁴³ MINSA will research the attitudes and intentions of a sample of the Panamanian population, so it can improve the social communications strategy with messages targeted to overcome the documented hesitancy. MINSA will also inform the public about the mechanisms for complaints and inquiries, and about the operational assessment mentioned in paragraph 2.2 and included as a condition of this program.
- 2.7 **Sustainability.** The interventions financed by the project follow WHO recommendations for the containment, management, and treatment of epidemics/pandemics caused by infectious diseases like COVID-19. Panama's vaccination strategy is guided by a national plan for deploying the COVID-19 vaccine. The project will make it possible for the country to break the virus chain of transmission in the medium term and to build capacity for diagnostic testing and vaccination in general. Accordingly, the operation will leave Panama better prepared to detect, treat, and control future outbreaks, epidemics, and pandemics. Additionally, containing and overcoming the health challenges is considered a prerequisite for sustainable medium- and long-term economic and social recovery.

III. IMPLEMENTATION AND MANAGEMENT PLAN

A. Summary of implementation arrangements

- 3.1 **Borrower and executing agency.** The borrower of this operation is the Republic of Panama, represented by the Ministry of Economy and Finance (MEF). The executing agency will be the Ministry of Health (MINSA), as the apex health agency with a mandate to lead the pandemic health response mechanisms, including introduction and deployment of the COVID-19 vaccine.
- 3.2 **Execution and administration.** The Administrative and Financial Health Management Unit (UGSAF) is the MINSA unit responsible for coordinating all management aspects of the implementation of operations financed with external resources. The UGSAF has continuously served as the execution unit for Bank-financed operations over the past few years, and its internal organization and staff have experience applying the Bank's fiduciary policies.
- 3.3 **Program Operating Regulations** ([optional link 6](#)). The program Operating Regulations will describe the mechanisms and procedures governing execution of the components, the roles and responsibilities of the agencies involved, the mechanisms for coordination (see paragraph 3.4) and fiduciary management of safeguards (see paragraph 2.3), as well as guidance for monitoring and evaluation.
- 3.4 **Interagency coordination.** The Project Steering Committee will be formed and will coordinate between the UGSAF and the other MINSA offices and departments with technical responsibility for aspects of the program. It will meet frequently to ensure completion of those aspects of the program and timely program execution overall.

⁴³ Technical cooperation operation ATN/OC-17848-PN.

The Office of International Affairs will issue the solicitation for the Project Steering Committee, coordinate it, and serve as liaison with the executive office. Every six months, the UGSAF will prepare the status report as described in paragraph 3.6, consolidating inputs from the offices involved, submit it to the Project Steering Committee for adjustments, and must receive clearance from the executive office before sending it to the Bank.

- 3.5 **Special contractual conditions precedent to the first disbursement of the loan proceeds.** The Ministry of Health (MINSA) will provide evidence that: (i) the program Operating Regulations (see paragraph 3.3) have been approved and are in force on the terms agreed upon with the Bank; (ii) the updated version of the planning for the introduction of the COVID-19 vaccine has been approved, including the Continuous Vaccination Strategy (ECV), on the terms agreed upon with the Bank (see paragraph 1.13); and (iii) all key staff of the Administrative and Financial Health Management Unit (UGSAF) have been hired or appointed, as the case may be (medical director, who will serve as operation coordinator, deputy director, planning and monitoring specialist, procurement specialist, and financial specialist). These conditions correspond to actions intended to mitigate the risks described in paragraphs 2.2, 2.4, and 2.6 for an orderly and efficient startup of the program.
- 3.6 **Special contractual conditions of execution:** During the disbursement period MINSA will deliver: (i) a monthly report, no later than the tenth day of each month, describing progress on ECV implementation as of the last day of the prior month with information broken down by priority group, sex, and health region; and (ii) six-monthly status reports (see paragraph 3.14), no later than 31 July (for the first half of the year) and 31 January (for the second half of the year), providing updated information on fulfillment of the program's contractual conditions, especially: (a) the staffing for project execution as stipulated in the Operating Regulations; (b) the minutes of the Project Steering Committee meetings held during the reporting period; and (c) the minutes used to prepare the six-monthly status report will document the MINSA head office authorization of the recommendations proposed by the Project Steering Committee at that meeting and the content of the report. The six-monthly report will include the updated version of the procurement plan and, where applicable, the updated version of the work plan for the current year (first half of the year) and the following period (second half of the year), which will be submitted for the Bank's no objection. These reports are necessary for monitoring the risk mitigation actions, as noted in the foregoing paragraph.
- 3.7 **Retroactive financing.** The Bank may retroactively finance, as eligible expenditures incurred by the borrower prior to the loan approval date, payments already made in connection with the advance purchase agreements (subcomponent 3.1) corresponding to the advance procurements described in paragraph 3.10, as well as the payments already made to the Pan American Health Organization (PAHO) for the supply and transfer of the vaccines allocated to Panama under the COVAX

Facility, [REDACTED]⁴⁴ provided that requirements substantially similar to those established in the Loan Contract were met. Such expenditures must have been incurred on or after 18 September 2020, when the Government of Panama joined the COVAX Facility. Although this predates the project's official entry into the pipeline (document GN-2259-1), authorization of the retroactive financing on an exceptional basis from that date onward is justified, given the extraordinary circumstances of the global health emergency.

- 3.8 **Special measures.** As established in the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996, paragraph 4.2, and Resolution DE-18/21) and the Report on the Status and Use of Special Procurement Measures (document GN-2996-14), the following special measures will be applied to the Policies for the Procurement of Goods and Works financed by the Inter-American Development Bank and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank for the immediate public health response: (i) expansion of eligibility to Bank nonmember countries; (ii) contracting or recognition of agreements entered into with procurement agents and specialized agencies operating as such, accepting the use of their own procurement policies and rules on prohibited practices; and (iii) international consolidated procurement and contracting and adherence to already-signed procurement contracts with the borrower.
- 3.9 **Procurement.** Procurements financed in whole or in part with Bank resources will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the Inter-American Development Bank (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the Inter-American Development Bank (document GN-2350-15), or the policies in effect at the time of project execution. The procurement plan (see [required link 2](#)) includes a list of the planned procurement processes.
- 3.10 Annex III stipulates the recognition, as advance procurement, of the contract [REDACTED],⁴⁵ with the Gavi Alliance, as procurement agent for the purchase of approved COVID-19 vaccines and related goods stated in subcomponent 3.1 under the COVAX Facility arrangements. The Gavi Alliance will follow its own procurement methods and rules. [REDACTED]⁴⁶ Goods and services delivered under the two advance contracts by suppliers, consultants, and service providers and originating in non-Bank member countries would be eligible.
- 3.11 Direct contracting of PAHO is proposed, through its Revolving Fund under the COVAX Facility, on the terms of the standard contract for the provision of supplies and services when Bank resources, [REDACTED]⁴⁷ for the provision of supplies and future

⁴⁴ As stated in the Bank's Access to Information Policy (document GN-1831-28), paragraphs 4.1(e), Information provided in confidence and business/financial information, and 4.1(i) Country-specific information, the Bank will not disclose information that is contained within country-specific documents produced by the Bank if it has been identified in writing by countries as confidential or potentially damaging to its relations with the Bank.

⁴⁵ Idem.

⁴⁶ Idem.

⁴⁷ Idem.

services for transfer of the vaccines purchased under the COVAX Facility (subcomponent 3.1). The direct contracting of this specialized agency is justified under Bank procurement policy document GN-2349-15, paragraph 3.7(c)—the vaccines being obtained from the sole source indicated in the Government of Panama’s contract joining the COVAX Facility—and paragraph 3.7(e)—recognizing that the COVID-19 pandemic is an emergency situation and, therefore, an exceptional case. This direct contracting is also in line with the Board’s approval under the Proposal for the IDB Group’s Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996).

- 3.12 **Disbursements.** Disbursements will be made principally through advances of funds based on liquidity needs, following the provisions of the Financial Management Guidelines for IDB-financed Projects (document OP-273-12 or the guidelines in effect) and the Fiduciary Agreements and Requirements (Annex III). Advances will be accounted for according to the same guidelines.
- 3.13 **Audit.** Throughout the loan disbursement period, the executing agency will deliver the program’s annual audited financial statements to the Bank within 120 days after the close of the fiscal year. The audit will be conducted by a Bank-eligible independent audit firm. The audit’s scope and related considerations will be governed by the Financial Management Guidelines for IDB-financed Projects (document OP-273-12) and the Guide for Financial Reports and Management of External Audits. Audit costs will be financed with project resources. MINSA will also commission an external operational assessment, which will document the coverage and quality achieved in the vaccination and essential services process, especially fulfillment of the technical criteria set in the ECV.

B. Summary of arrangements for monitoring results

- 3.14 **Monitoring.** MINSA will be responsible for implementing the monitoring and evaluation plan ([required link 1](#)). In light of the emergency, the main monitoring tools for this program will be the Results Matrix and procurement plan. The main sources for monitoring impact, outcome, and output indicators will be the service delivery records from the health system and the epidemiological data for local, regional, and national monitoring. The executing agency will prepare multiyear and annual execution plans, once the emergency situation has stabilized. The main reporting tool will be the progress monitoring report (PMR), based on information from the program’s monthly and six-monthly status reports.
- 3.15 **Evaluation.** Given the nature of this operation, its contribution to the four specific development objectives indicated in paragraph 1.19 will be evaluated. Whenever feasible, the evaluation will also analyze the operation’s contributions to the general objectives of reducing the morbidity and mortality caused by COVID-19. To that end, a “before and after” analysis will be performed, using information from available time series on the indicators for the general and specific objectives, including: average number of patients hospitalized for COVID-19 (corresponding to the final objective); number of persons in the prioritized groups vaccinated against COVID-19; percentage of health regions with an increased supply of personal protective equipment (PPE), and launch of the social communications strategy in support of vaccination (corresponding to development objective 3); number of persons in vulnerable sectors who receive the prioritized portfolio of essential care services during the crisis and telehealth pilot in hard-to-access area in execution

(development objective 4); percentage of regional public resources laboratories with PCR diagnostic testing capacity for COVID-19, cumulative rate of detection tests performed, percentage of Vacunómetro monthly reports published, and percentage of regions that report surveillance of adverse events in the prior month on a daily basis (corresponding to development objective 2); and percentage of activities aligned with WHO directives executed as part of the National Vaccine Deployment Plan (development objective 1). For the purpose of attributing the observed results to the program intervention, 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, and for the indicator “number of persons in vulnerable sectors who receive the prioritized portfolio of essential care services...,” for which there is more time series information available, it will be supplemented with an interrupted time series analysis ([required link 1](#)).

Development Effectiveness Matrix		
Summary		PN-L1170
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)		This program is consistent with the Proposal for the Governance Response of the IDB Group to the pandemic outbreak of COVID-19 (GN-2996) see paragraph 1.15
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		10.0
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		1.0
5. Monitoring and Evaluation		7.9
5.1 Monitoring Mechanisms		1.1
5.2 Evaluation Plan		6.8
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		
Environmental & social risk classification		C
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)		
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 Assessment Note: The proposal presents a program for USD30,000,000 to be financed by an investment loan. The program 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 provision of services. The general objective of the program is to contribute to reduce COVID-19 morbidity and mortality. The specific objectives are: 1) support interventions for interrupting the chain of transmission; 2) improve the capacity of service provision; 3) strengthen the national response to the pandemic; and 4) improve case detection and management.

The 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 final health -number of COVID-19 deaths and number of confirmed COVID-19 cases.

A cost-benefit analysis that considers the costs and benefits of vaccination was conducted. The analysis compares the impact on COVID-19 morbidity and mortality, of vaccination and no vaccination. The cost- to-benefit ratio is 12.39 suggesting that the set of interventions proposed is economically beneficial, and that the sooner the coverage of vaccines increases, the better.

The overall evaluation proposed will assess the project's contribution to the achievement of the specific development objectives. A before-and-after analysis using interrupted time series will be used. The evaluation will be complemented by a review of the theory of change, and an updated review of international evidence. The monitoring and evaluation activities will be carried out by the Ministry of Health in coordination with the Bank.

RESULTS MATRIX

Project objective:	The program has two main specific development objectives: (i) support initiatives to break the chain of transmission of the illness (development objective 3); and (ii) improve service delivery capacity (development objective 4). It also seeks to: (iii) strengthen response leadership at the country level; and (iv) improve case detection and monitoring.
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EXPECTED IMPACT

Indicators	Unit of measure	Baseline	Baseline date	Impact projection date	Target	Means of verification	Observations ¹
General development objective: To help reduce the morbidity and mortality caused by COVID-19 and to mitigate other indirect impacts of the pandemic on health							
Number of deaths caused by COVID-19	Number	13,090	9 Mar 2020 21 Jan 2022		9,232 (3,858 avoided)	Epidemiological surveillance system, MINSA	The baseline value is the projected COVID-19 mortality or incidence, cumulative from the start of transmission until 22 January 2022 (just under 23 months), in the absence of the interventions to which the project contributes.
Confirmed COVID-19 cases		739,758			533,706 (206,051 avoided)		
Average number of patients hospitalized for COVID-19 the week preceding the report		2,399	Week 1, 2021	Week 3, 2022	150		The projected impact reflects the cumulative incidence and mortality in the same period, assuming the Continuous Vaccination Strategy (ECV) is effectively implemented between January 2021 and January 2022. See paragraph 1.32. The incidence and mortality data will be disaggregated by age groups and sex. Baseline: Situation report as of 12 January 2021 .

¹ The [monitoring and evaluation plan, required link 1](#), defines the Results Matrix indicators in detail.

EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline	Baseline year	Year 1	Year 3	End of project	Means of verification	Observations
Specific development objective 1: Strengthen response leadership at the country level								
Percentage of activities aligned with WHO directives executed as part of the National Vaccine Deployment Plan	Percentage	0	2020	50%	85%	85%	Expanded Immunization Program reports	
Specific development objective 2: Improve case detection and monitoring								
Percentage of regional public resource laboratories with PCR diagnostic testing capacity for COVID-19	Percentage	12%	2020	12%	20%	20%	Report of the Clinical Laboratory Management Department	MINSA and Social Security Fund laboratories with PCR diagnostic testing capacity according to WHO standards; this does not include the procurement of tests from third parties.
Cumulative rate of detection tests performed	Tests per 100,000 inhabitants	21,000	2020	50,000	75,000	75,000	Epidemiological surveillance system	Baseline: 1 December 2020; Year 1: 6 April 2021
Percentage of weekly ECV progress reports delivered	Percentage	0	2020	75	90	90	Publication on minsa.gob.pa	The indicator applies during the initial vaccination operation.
Percentage of health regions that report surveillance of adverse events supposedly attributable to vaccination or immunization (ESAVI) in the prior month on a daily basis	Percentage	0	2020	75	90	90	MINSA drug surveillance system	Applies to health regions where the vaccination operation has been active in the preceding five weeks.
Specific development objective 3: Support initiatives to break the chain of transmission of the illness								
COVID-19 vaccine implementation plan strengthened	Plan	0	2020	1		1	Initial report	

Indicators	Unit of measure	Baseline	Baseline year	Year 1	Year 3	End of project	Means of verification	Observations
Number of persons in the prioritized groups vaccinated against COVID-19 ²	Number	0	2020	■	■	■	Program six-monthly status report ³	Total target of vaccinated individuals (persons who receive the full course as defined by the health authority); ■ ⁴ The indicator will be disaggregated in the reports by health region and by: (i) healthcare providers and security forces; (ii) persons older than 60 and pregnant women; (iii) persons with risk factors (chronic illnesses, disabilities); (iv) teaching professionals; (v) persons ages 16 to 59 with no risk factors; (vi) population living in the indigenous regions.
Percentage of health regions strengthened with increased supply of PPE provided by the program	%	0	2020	20	30	30		The project prioritizes health regions whose essential services have been most affected (rural) and/or that have a high incidence of COVID-19.
Launch of the social communications strategy in support of the ECV	Strategy	0	2020	1	0	1		Execution of the strategy will be considered “launched” when at least two messages designed under it are being disseminated. As a milestone for this output, the number of messages adapted to indigenous cultures (Ngäbe, Guna, Emberá, or Buglé, among others) will be monitored.

² Indicator is aligned with the Corporate Results Framework indicator of beneficiaries receiving health services.

³ The report corresponding to the contractual condition for execution, see paragraph 3.6 of the loan proposal submitted by MINSA to the Bank.

⁴ As stated in the Bank’s Access to Information Policy (document GN-1831-28), paragraphs 4.1(e), Information provided in confidence and business/financial information, and 4.1(i) Country-specific information, the Bank will not disclose information that is contained within country-specific documents produced by the Bank if it has been identified in writing by countries as confidential or potentially damaging to its relations with the Bank.

Indicators	Unit of measure	Baseline	Baseline year	Year 1	Year 3	End of project	Means of verification	Observations
Specific development objective 4: Improve service delivery capacity								
Number of persons in vulnerable sectors who receive the prioritized portfolio of services during the crisis ⁵	Number	50,000	2020	80,000	-	80,000	Six-monthly report	With the Coverage Expansion Strategy (EEC), the Health Services Delivery Office has targeted groups of communities called sectors in seven sparsely populated and/or indigenous health regions. The estimate of the population served through the EEC is defined in the region management agreements.
Telehealth pilot in hard-to-access area in execution		0	2020	1	-	1		This is a pilot of mobile kiosks designed to provide telehealth solutions for rural and indigenous areas, to help bring in reproductive age women, pregnant women, and chronic patients, and to register people eligible to receive the COVID-19 vaccine (see paragraph 1.14).

OUTPUTS

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	End of project	Means of verification	Observations
Component 1. Response leadership at the country level									
1.1 Multisector plan for introducing and deploying the COVID-19 vaccine updated	Plan	0	2020	1			1	Six-monthly report	
1.2 COVID-19 vaccine monitoring tool implemented	Number	0		1	1	1	1		Vacunómetro display app (see paragraph 1.20).
Component 2. Case detection and monitoring									
2.1 Epidemiological surveillance systems strengthened	Number	1	0	3	3	3	3	Six-monthly report	Expanded Immunization Program registration system; drug surveillance system; epidemiological surveillance system.

⁵ Ibid., note 2.

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	End of project	Means of verification	Observations
2.2 Number of rapid response teams operating in the field to find and detect active cases		0	2020	20	12	0	12		See note. ⁶
2.3 Number of laboratories that received equipment and supplies for diagnostic testing		0	2020	4	0	0	4		
Component 3. Interruption of the chain of transmission									
3.1 Number of COVID-19 vaccine doses purchased and received	Number	0	2020	■	■	■	■	Six-monthly report	■. ⁷
3.2 Number of health regions with an improved cold chain		0		15	0	0	15		
3.3 Number of health centers that have benefited from the program with PPE for their staff members		0		30	20	0	50		
3.4 Empty COVID-19 vaccine vials that are properly disposed of	Number	0		240,000	400,000	100,000	740,000		
3.5 ECV social communications plan messages adapted, with program support, to the multicultural contexts of the included indigenous regions	Plan	0		3	3	0	6		Adaptation to the Ngäbe, Guna, Emberá, and Buglé cultures will be prioritized.

⁶ The end of project value will reflect the year 2 level: this intervention will not take place in year 3 and the physical target is not cumulative.

⁷ As stated in the Bank's Access to Information Policy (document GN-1831-28), paragraphs 4.1(e), Information provided in confidence and business/financial information, and 4.1(i) Country-specific information, the Bank will not disclose information that is contained within country-specific documents produced by the Bank if it has been identified in writing by countries as confidential or potentially damaging to its relations with the Bank.

Outputs	Unit of measure	Baseline	Baseline year	Year 1	Year 2	Year 3	End of project	Means of verification	Observations
Component 4: Improvement of service delivery capacity									
4.1 Vulnerable health sectors that have core healthcare teams mobilized to maintain the coverage of essential services	Number	20	2020	24	15	0	15	Six-monthly report	See footnote 5 and outcome indicator 4.1.
4.2 Number of sectors using digital solutions for the monitoring and care of patients with limited access to services due to limited capacity		0	2020	2	4	4	4		See outcome indicators 4.1 and 4.2.

Country: Panama
Cofinancing: N/A

Division: SCL/SPH

Operation number.: PN-L1170
Coexecution: N/A

Year: 2021

FIDUCIARY AGREEMENTS AND REQUIREMENTS

Executing agency: Ministry of Health (MINSA)

Project name: Immediate Public Health Response to Contain and Control Coronavirus and Mitigate its Impact on Services

I. FIDUCIARY CONTEXT OF EXECUTING AGENCY

1. Use of country systems in the project¹

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

Applicable laws/regulations: Budget Act of the Republic of Panama and Government Contracting Law No. 22.

2. Fiduciary capacity of the executing agency

- The executing agency is the Ministry of Health (MINSA), acting through the Administrative and Financial Health Management Unit (UGSAF), which is the MINSA unit responsible for coordinating all management aspects of the implementation of operations financed with external resources.
- Since this a public health emergency prototype operation, the ICAP institutional capacity analysis is not mandatory. Furthermore, MINSA, acting through the UGSAF, is the executing agency of the IDB-financed Integrated Health Service Networks Strengthening Program (PN-L1115, loan 3615/OC PN), so it has experience working with the Bank. MINSA's capacity has been determined as medium.

3. Fiduciary risks and mitigation measures

Fiduciary risk: High ☐ Medium ☒ Low ☐

Risk	Level of risk (medium/high)	Mitigation plan
Derived from the use of management tools and, deriving from them, the fiduciary management capacity (procurement, financial, and accounting).	Medium	To mitigate this risk, the program Operating Regulations will establish a fiduciary and management team with the necessary qualifications to work full-time on program execution, as well as mechanisms to ensure, during program execution, that the priorities to be achieved are validated by the authorities, and that the relevant offices and MINSA's UGSAF coordinate for smooth operation. The Bank will provide advisory support on compliance with and application of the procurement and financial management policies.

¹ Any system or subsystem approved subsequently may be used for the operation, according to the terms of the Bank's validation.

II. CONSIDERATIONS FOR THE SPECIAL PROVISIONS OF THE CONTRACT

Conditions precedent to the first disbursement: There are no fiduciary conditions.
Exchange rate: The legal tender in Panama is the balboa, which is equivalent to and freely exchanged with the United States dollar.
Program audited financial reports: The executing agency will deliver the program's annual audited financial statements to the Bank within 120 days after the close of each fiscal year during the original disbursement period, or as extended, and within 120 days after the date of the last disbursement of the loan. The program's annual audited financial reports must be issued by an independent audit firm acceptable to the Bank.

III. AGREEMENTS AND REQUIREMENTS FOR PROCUREMENT EXECUTION

Exceptions to policies and guidelines:

Consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996) and the Report on the Status and Use of Special Procurement Measures (document GN-2996-14), the following special measures will be applied 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, specifically for this operation:

- Expansion of Bank eligibility to nonmember countries;
- Direct contracting and/or recognition of agreements entered into with procurement agents and specialized agencies (operating as procurement agents), using their own procurement procedures and rules on prohibited practices (GAVI, PAHO); and
- International consolidated procurement and contracting and adherence to already-signed procurement contracts with the borrower.

Retroactive financing and/or advance procurement	<ul style="list-style-type: none"> ▪ The project recognizes the following as advance procurements, given that they were executed under conditions substantially similar to the ones established in the Loan Contract, and the procedures were in line with the Bank's core procurement principles: <ol style="list-style-type: none"> 1. The Purchase Commitment Agreement entered into on 18 September 2020 by the Government of Panama and the GAVI Alliance Foundation (GAVI Alliance) under the COVAX Facility [REDACTED],² for the procurement of approved COVID-19 vaccines; and 2. The Advance Purchase Agreement entered into on 19 November 2020 by the Government of Panama and AstraZeneca UK Limited [REDACTED],³ excluding indirect taxes, for the production and supply of doses of the ChAdOx1 nCov-19 vaccine, known as AZD1222. ▪ In this context, the Bank may retroactively finance, as eligible expenditures, the payments already made by the borrower prior to the loan approval date in connection with such advance purchase commitments, as well as the payments
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² As stated in the Bank's Access to Information Policy (document GN-1831-28), paragraphs 4.1(e), Information provided in confidence and business/financial information, and 4.1(i) Country-specific information, the Bank will not disclose information that is contained within country-specific documents produced by the Bank if it has been identified in writing by countries as confidential or potentially damaging to its relations with the Bank.

³ Ibid

	already made to PAHO for the supply and transfer of the vaccines allocated to Panama under the COVAX Facility [REDACTED]. ⁴ Such expenditures must have been incurred on or after 18 September 2020, when the Government of Panama joined the COVAX Facility.
Additional procurement support	<ul style="list-style-type: none"> Not applicable.
Alternative procurement arrangements	<ul style="list-style-type: none"> Not applicable.
Projects with financial intermediaries	<ul style="list-style-type: none"> Not applicable.
Procurement agents	<ul style="list-style-type: none"> Not applicable.
Direct contracting	<ul style="list-style-type: none"> Future COVID-19 vaccine supply and transfer services from PAHO through its Revolving Fund, under the COVAX [REDACTED].⁵ This direct contracting is justified by paragraphs 3.7(c) and (e) of Bank procurement policy document GN-2349-15, which allow direct contracting if the good is patented or trademarked and obtainable only from one source and in exceptional cases, such as in emergencies or where there is lack of providers/contractors for small and low-risk procurements. In this case, the sole source condition applies, given the provisions of the agreement signed with GAVI establishing the PAHO Revolving Fund as one of the acceptable options for supplying the COVID-19 vaccines allocated to the country; additionally, the COVID-19 pandemic constitutes an emergency. The direct contracting is also justified by the Board's approval under the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996).

Operating expenses will be financed: Not applicable. <input type="checkbox"/>	Domestic preference: Not applicable. <input type="checkbox"/>
General project procurement supervision method: Not applicable.	
Supervision method: Ex ante or ex post.	For: As agreed in the project procurement plan.

Country thresholds: www.iadb.org/procurement.

IV. FINANCIAL MANAGEMENT AGREEMENTS AND REQUIREMENTS

Programming and budget	<ul style="list-style-type: none"> MINSA will coordinate with the Ministry of Economy and Finance (MEF) to ensure that the funds necessary for project execution will be available as soon as the conditions precedent to the first disbursement have been met. To that end, work is being done to include the project in the National Project Bank, create the National Public Investment System (SINIP) codes, and obtain a favorable technical opinion from the MEF Investment Programming Office.
Treasury and disbursement	<ul style="list-style-type: none"> The disbursements method will be via advances of funds, direct payments to the

⁴ Ibid.

⁵ Ibid.

management	<p>supplier, or reimbursements to the borrower (see advance procurement and retroactive financing).</p> <ul style="list-style-type: none"> ▪ The disbursement mechanism will be via submission of physical disbursement requests. During the COVID-19 health emergency, signed and scanned disbursement request forms may be submitted by email from an institutional email address, with each signatory authorizing the request by email. ▪ Bank account: MINSA will open a subaccount in the Treasury Single Account. ▪ Financial plan: Advances will be for a period of up to six months, depending on the demand for loans. ▪ Accountability percentage: 80% of the balance of advances pending justification. ▪ Flow of project resources: The funds will be disbursed to MINSA in the national Treasury Single Account opened for the project upon prior approval by the MEF.
Accounting, information systems, and reporting	<ul style="list-style-type: none"> ▪ Specific accounting standards: Financial statements will be prepared in accordance with International Financial Reporting Standards (IFRS), including IFRS 9, 15, 16, and others. ▪ Accountability reports: Statement of cash flow and disbursements made and statement of cumulative investments ▪ For the purchase of vaccines through PAHO, the certified final account statement issued by PAHO. ▪ Accounting method and currency: A combination of accounting methods will be used, depending on the category in question. The currency of account is the balboa, which is equivalent to and freely exchanged with the United States dollar. ▪ The country's accounting record system, known as ITSMO, has the functionalities necessary for the project financial management and is the only system used by the institution.
External control	<ul style="list-style-type: none"> ▪ The executing agency, in agreement with the Bank, will select and retain the services of an eligible auditor, in accordance with the previously agreed terms of reference.
Project financial supervision	<ul style="list-style-type: none"> ▪ Financial supervision will be through visits to the execution unit, work meetings, and review of reports and audited financial reports.

V. RELEVANT INFORMATION FOR THE OPERATION

Policies and guidelines applicable to the operation:

Financial management	Procurement
<ul style="list-style-type: none"> ▪ Document GN-2811 [OP-273-12] 	<ul style="list-style-type: none"> ▪ Document GN-2349-15 ▪ Document GN-2350-15

Records and files

MINSA has digital and physical files, as well as procedures and instructions enabling it to maintain proper records and files.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PROPOSED RESOLUTION DE-___/21

Panama. Loan ____/OC-PN to the Republic of Panama
Immediate Public Health Response to Contain and
Control Coronavirus and Mitigate Its
Impact on Services

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 Panama, as Borrower, for the purpose of granting it a financing to cooperate in the execution of the program "Immediate Public Health Response to Contain and Control Coronavirus and Mitigate Its Impact on Services". Such financing will be for the amount of up to US\$30,000,000 from the resources of the Bank's Ordinary Capital and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Loan Proposal.

(Adopted on ____ 2021)