

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

**COLOMBIA**

**IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN AND CONTROL THE  
CORONAVIRUS AND MITIGATE ITS IMPACT ON SERVICE DELIVERY IN  
DEPARTMENTS BORDERING ECUADOR**

**(CO-G1028)**

**INVESTMENT GRANT PROPOSAL**

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## ABBREVIATIONS

CGN	Contaduría General de la Nación [General Accounting Office]
DANE	Departamento Administrativo Nacional de Estadística [National Administrative Department of Statistics]
DNP	Departamento Nacional de Planeación [National Planning Department]
EPS	Entidad Promotora de Salud [Health Promotion Agency]
FDPRS-EC	Fondo de Desarrollo de la Zona de Integración Fronteriza Ecuador-Colombia I [Ecuador-Colombia Border Integration Zone Development Fund I]
FNGRD	Fondo Nacional de Gestión del Riesgo de Desastres [National Fund for Disaster Risk Management]
ICU	Intensive care unit
IGR	Investment grant
INS	Instituto Nacional de Salud [National Institute of Health]
MHCP	Ministry of Finance and Public Credit
MSPS	Ministry of Health and Social Protection
OECD	Organisation for Economic Cooperation and Development
PAHO	Pan American Health Organization
PCU	Project coordination unit
PGN	Presupuesto General de la Nación [National General Budget]
PPE	Personal protective equipment
SIIF	Sistema Integrado de Información Financiera [Integrated Financial Information System]
UNGRD	Unidad Nacional para la Gestión del Riesgo de Desastres [National Disaster Risk Management Unit]
WHO	World Health Organization
ZIFEC	Zona de Integración Fronteriza Ecuador-Colombia [Ecuador-Colombia Border Integration Zone]

## PROJECT SUMMARY

### COLOMBIA

#### IMMEDIATE PUBLIC HEALTH RESPONSE TO CONTAIN AND CONTROL THE CORONAVIRUS AND MITIGATE ITS IMPACT ON SERVICE DELIVERY IN DEPARTMENTS BORDERING ECUADOR (CO-G1028)

Financial Terms and Conditions				
<b>Beneficiary and executing agency:</b>				
National Disaster Risk Management Unit (UNGRD), reporting to the Office of the President of the Republic of Colombia			<b>Amortization period:</b>	N/A
			<b>Disbursement period:</b>	12 months
			<b>Grace period:</b>	N/A
<b>Source</b>	<b>Amount (US\$)</b>	<b>%</b>	<b>Interest rate:</b>	N/A
IDB (Ecuador-Colombia Border Integration Zone Development Fund (ZIFEC Fund))	US\$3,498,559	100%	<b>Credit fee:</b>	N/A
			<b>Inspection and supervision fee:</b>	N/A
			<b>Weighted average life:</b>	N/A
<b>Total</b>	US\$3,498,559	100%	<b>Currency of approval:</b>	U.S. dollars
Project at a Glance				
<b>Project objective/description:</b> The general objective of this project is to help reduce the morbidity and mortality caused by COVID-19 and mitigate other indirect effects of the pandemic on health in the Nariño and Putumayo departments bordering Ecuador. The project will have two specific objectives: (i) improve the detection and tracking of COVID-19 cases and interrupt the chain of transmission at points bordering Ecuador; and (ii) improve the basic care capacity for COVID-19 cases and ensure the continuity of essential health care at the border.				
<b>Special contractual conditions precedent to the first disbursement of the investment grant:</b> The executing agency will provide evidence to the Bank that the agreement signed by Fiduprevisora and the UNGRD regarding administration of resources for this investment grant has been approved and entered into effect. The agreement will be approved by the Administrative Board of the Subaccount for COVID-19 Emergency Mitigation (see paragraph 3.4).				
<b>Exceptions to Bank policies:</b> None.				
Strategic Alignment				
<b>Challenges:</b> <sup>(a)</sup>		SI <input checked="" type="checkbox"/>	PI <input type="checkbox"/>	EI <input type="checkbox"/>
<b>Crosscutting themes:</b> <sup>(b)</sup>		GD <input checked="" type="checkbox"/>	CC <input type="checkbox"/>	IC <input checked="" type="checkbox"/>

<sup>(a)</sup> SI (Social Inclusion and Equality); PI (Productivity and Innovation); and EI (Economic Integration).

<sup>(b)</sup> GD (Gender Equality and Diversity); CC (Climate Change and Environmental Sustainability); and IC (Institutional Capacity and Rule of Law).

## I. DESCRIPTION AND RESULTS MONITORING

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

- 1.1 **Background.** On 11 March 2020, the World Health Organization (WHO) declared the outbreak of COVID-19, the disease caused by the 2019 novel coronavirus, or nCoV-2019, which affects the respiratory system, a pandemic. As of 13 September 2020, the WHO had reported 28,637,952 confirmed cases in 213 countries, resulting in more than 917,417 deaths.<sup>1</sup> The first cases in Latin America and the Caribbean were reported in late February 2020. Since then, their number has been rising very fast. In Colombia, as of 13 September 2020, there were 716,319 confirmed cases of COVID-19 and 22,924 deaths. The number of cases, the number of deaths, and the number of affected countries is expected to continue growing. As of 13 September, in the departments of Nariño and Putumayo, bordering Ecuador, there were 15,984 and 3,362 confirmed cases of COVID-19, and 607 and 154 deaths, respectively.
- 1.2 **Macroeconomic and/or social context.** The economic impacts of COVID-19 will be felt through different channels and at different times. The first, associated with the priority of saving lives in the very short term, is the direct costs related to the health sector response. The second is the costs associated with the necessary changes in people's behavior to "flatten the curve" of COVID-19 progression, which will contribute to saving lives. These behaviors may be the result of government mandates (closing schools, canceling public events, etc.), decisions made by companies and other institutions (teleworking, cutting back production, etc.), and decisions made by consumers (reducing social contact). This will lead to a very significant economic downturn with immediate manifestations and lingering effects, even once the health emergency is over. From a macroeconomic perspective, in addition to shrinking domestic demand, the Economic Commission for Latin America and the Caribbean (ECLAC) sees at least five channels through which the impacts of the crisis will be passed on to the region's economy:<sup>2</sup> (i) slowing economic activity of key trading partners that will impact the demand for exports; (ii) less demand for tourism services; (iii) interruption of global value chains; (iv) falling commodity prices; and (v) worsening financial terms.
- 1.3 **Problem to be addressed.** The rapid increase in the number of cases has been putting pressure on health care systems, potentially compromising their capacity to respond to the pandemic in a timely and efficient manner, as well as to maintain essential care for people with other conditions. A recent analysis by the WHO found that most countries in Latin America and the Caribbean are unprepared to handle pandemics.<sup>3</sup> On a scale of 1 to 5 (where 1 = low and 5 = high) for the

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<sup>1</sup> See WHO COVID-19 Situation Dashboard at [https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200914-weekly-epi-update-5.pdf?sfvrsn=cf929d04\\_2](https://www.who.int/docs/default-source/coronaviruse/situation-reports/20200914-weekly-epi-update-5.pdf?sfvrsn=cf929d04_2), 13 September 2020.

<sup>2</sup> See <https://www.cepal.org/en/pressreleases/covid-19-will-have-grave-effects-global-economy-and-will-impact-countries-latin>.

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

capacity to manage a public health event of this magnitude, 7 Latin American and Caribbean countries are classified as level 2 (low capacity), 15 as level 3 (medium capacity), and only 4 were classified as level 4: Brazil, Mexico, Chile, and Costa Rica.<sup>4</sup> These gaps impact the entire pandemic management cycle: rapid identification; diagnosis and contact tracing; infection prevention and control; health measures for travelers; communication with the public about the illness, including overall knowledge, symptoms, risk factors, and prevention measures; and health care (medical personnel and supplies to care for those with COVID-19 and other vulnerable patients). Since this analysis was published, several countries of the region have strengthened their operational response preparedness.

- 1.4 COVID-19 can be easily spread from person to person through respiratory secretions<sup>5</sup> and direct contact. For this reason, social distancing and isolation measures are essential features of the public health response with the goal of reducing the number of healthy people whom a patient can infect (known as the reproduction number) or, stated another way, the average number of new cases generated by a case over time, to a value below 1. These measures slow the spread of COVID-19, to delay a sudden spike in cases that would overwhelm the health system's capacity to care for patients.<sup>6 7 8 9</sup> Specialized care is necessary for coronavirus patients.
- 1.5 **Challenges and progress.** Colombia's national government, along with local authorities, have achieved progress with measures that lessened the impact of the pandemic. Among the most important measures are the declaration of a public health emergency,<sup>10</sup> closure of airports and borders,<sup>11</sup> mandatory and partial quarantines based on the population's risk profiles,<sup>12</sup> public education on self-care, mandatory use of face masks in public places,<sup>13</sup> and expansion of health sector capacity. As part of this expansion, Colombia has strengthened diagnostic and contact tracing capacity, as well as hospital capacity with a focus on intensive care

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<sup>4</sup> Countries classified as level 2 (low capacity) are: Bolivia, Haiti, Honduras, Nicaragua, Venezuela, Guatemala, and Paraguay; level 3 (medium capacity): Argentina, Barbados, Belize, Colombia, Ecuador, Guyana, Jamaica, Peru, Suriname, Trinidad and Tobago, El Salvador, Dominican Republic, Panama, and Uruguay; and level 4: Brazil, Mexico, Chile, and Costa Rica.

<sup>5</sup> <https://www.who.int/es/emergencies/diseases/novel-coronavirus-2019/advice-for-public/q-a-coronaviruses>

<sup>6</sup> Hellewell, J., S. Abbott, A. Gimma, N. I. Bosse, C. I. Jarvis, T. W. Russell, 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).

<sup>7</sup> Day, T., A. Park, N. Madras, A. Gumel, J. Wu. 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).

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

<sup>9</sup> Dénes, A., A. Gumel. 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).

<sup>10</sup> The Ministry of Health and Social Protection (MSPS) declared a health emergency due to COVID-19 under Resolution 385 of 12 March 2020, which was extended until 31 August 2020.

<sup>11</sup> [Decree 749](#) of 28 May 2020.

<sup>12</sup> [Decree 990](#) of 9 July 2020. Articles 1 and 2 on isolation and implementation of isolation measures.

<sup>13</sup> General use guidelines for conventional facemasks and high-efficiency masks. MSPS. May 2020.

units (ICUs), from 2,000 daily tests and 5,345 ICU beds in early April to 30,000 daily tests<sup>14</sup> and 8,194 ICU beds<sup>15</sup> in July.

- 1.6 In addition to the common challenges faced by health care systems in addressing the pandemic, municipios bordering Ecuador face specific challenges. The border is long, and border crossings need to be reinforced to decrease the likelihood of transmission risk because of a high flow of back-and-forth migration through the area. Moreover, the national and local governments have made limited social investments in the primary public health network.
- 1.7 The departments of Nariño and Putumayo have a complex territorial context for health care service delivery. For example, they have low hospital capacity (0.95 and 0.65 beds<sup>16</sup> per 1,000 people)<sup>17</sup> compared with the national average (1.7) and the average for countries of the Organisation for Economic Cooperation and Development (OECD) (4.6).<sup>18</sup> In addition, the health care workers in hospitals and community workers doing promotion and prevention work with the indigenous, Afro-descendant,<sup>19</sup> and campesino populations at the border do not have enough protective equipment to adequately serve the population affected by COVID-19. Nariño has also recently begun strengthening its diagnostic capacity by authorizing three laboratories to perform diagnostic tests for COVID-19. However, the number of tests per million people (10,312) is still below the national average (16,552).<sup>20</sup> In Putumayo, the situation is even more dire, since the department's laboratory lacks certification to diagnose COVID-19, and the number of tests per million people (2,063) is among the country's lowest.
- 1.8 **Rationale.** As the number of cases of COVID-19 increases in Latin America and the Caribbean, the countries will need more investment to close gaps in their preparedness and response capacity, to be able to take key measures to contain transmission of the illness and mitigate the health and economic consequences of the pandemic. To respond to these challenges, the WHO has prepared guidelines for drafting a COVID-19 Strategic Preparedness and Response Plan ([optional link 2](#)). Based on this, Colombia developed a contingency plan to respond to the emergency caused by COVID-19. This plan uses sector and cross-sector coordination and organization to implement measures for health promotion, disease prevention, and response to the possible emergence and spread of COVID-19. The plan is adjustable based on the epidemiological dynamics of the virus. It describes various risk scenarios for the progression of the epidemiological

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<sup>14</sup> Retrieved from <https://www.ins.gov.co/Noticias/Paginas/Coronavirus.aspx>.

<sup>15</sup> Retrieved from <https://minsalud.maps.arcgis.com/apps/opsdashboard/index.html#/1de89936b24449edb77e162d485ed5d9>.

<sup>16</sup> Includes intensive care, post-acute care, and regular hospital beds.

<sup>17</sup> Installed capacity for health care service delivery, MSPS, retrieved from <https://minsalud.maps.arcgis.com/apps/opsdashboard/index.html#/1de89936b24449edb77e162d485ed5d9>.

<sup>18</sup> Hospital beds, OECD data, retrieved from <https://data.oecd.org/healtheq/hospital-beds.htm>.

<sup>19</sup> Based on 2018 census data from the National Administrative Department of Statistics (DANE), in Nariño the indigenous population accounts for 15.5%, and the population self-identifying as Black, Afro-Colombian, Raizal, or Palenquera accounts for 17.5% of the total population. In Putumayo, they account for 17.9% and 3.6% of the total population, respectively. Retrieved from <https://www.dane.gov.co/files/investigaciones/boletines/grupos-etnicos/presentacion-grupos-etnicos-2019.pdf> and <https://www.dane.gov.co/files/investigaciones/boletines/grupos-etnicos/presentacion-grupos-etnicos-poblacion-NARP-2019.pdf>.

<sup>20</sup> Report on the number of COVID-19 tests in Colombia as of 30 June 2020, retrieved from <https://www.ins.gov.co/Noticias/Paginas/Coronavirus.aspx>.



situation that involve different response phases, based on the following lines of action: (i) coordination; (ii) public health surveillance and health control; (iii) national laboratory network; (iv) reduced community spread; (v) health care service network; (vi) preservation of the operating continuity of the country's essential services; (vii) community communication and education; and (viii) evaluation.

- 1.9 Starting with declarations of emergency in Colombia and other countries of the region, urgent, extraordinary measures have been adopted, focused on halting the spread and preventing the dissemination of the virus. These measures have included extensive international coordination, particularly at the borders between neighboring countries. Colombia and Ecuador agreed to gear binational projects toward addressing the emergency in the Ecuador-Colombia Border Integration Zone (ZIFEC) using resources available in the Ecuador-Colombia Border Integration Zone Development Fund I (FDFRS-EC), administered by the IDB. These projects will contribute to the objectives of the Ecuador-Colombia Binational Border Integration Plan, specifically its central element 1 related to the prevailing need to join efforts to consolidate strategies aimed at promoting equity as well as social and cultural cohesion among the different population groups. This will also promote border development and integration initiatives and strengthen the government's presence in border zones.<sup>21</sup>
- 1.10 This local operation is part of a comprehensive intervention to address the COVID-19 pandemic implemented by the national government. Using a Unified Command Post, the government is coordinating actions with departments and municipios to respond to the pandemic with epidemiological surveillance, prevention, interruption of the chain of transmission, and treatment of infected patients. The MSPS, with the National Institute of Health (INS), coordinates efforts to expand the diagnosis network for timely detection and to define contact tracing strategies for the potentially infected population, through the Health Promotion Agency (EPS) and the territorial health departments. Public health laboratories in the departments of Nariño and Putumayo will access the National Royalty Fund to finance their expansion and equipment. Initiatives to interrupt the chain of transmission through social distancing programs, hygiene and personal safety protocols, curfews, and quarantines are executed at a local level following guidelines issued by the health authorities. Investments have been channeled through various sources to build the capacity of hospitals to care for infected patients. For Nariño and Putumayo, the component to expand intensive care units (ICUs) included in departmental action plans to address the emergency ([optional links 6](#) and [7](#)) will be financed through the National Royalty System.<sup>22</sup> This project focuses on strengthening the basic care services included in these departmental health care plans.
- 1.11 **The Bank's experience and lessons learned.** The Bank is supporting Colombia under the Mesoamerica Health Initiative through the Regional Initiative to Eliminate

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<sup>21</sup> There are plans to propose a complementary operation for a similar amount for Ecuador's side of the border, which may share objectives with this project and/or include others. Requests from the ministries for the preparation of both projects are attached ([optional link 9](#)).

<sup>22</sup> The National Royalty System is managed by the Ministry of Finance and Public Credit (MHCP), which notifies the National Planning Department (DNP) of the resources available. The DNP allocates the resources among all the system's beneficiaries and notifies the MHCP of the allocations. The MHCP then makes the respective payments.

Malaria (grant GRT/MM-17491-CO), which seeks to reduce malaria cases through improved access to prevention, diagnosis, and treatment services, as well as early detection and timely treatment of cases of native and foreign origin. Lessons learned from this initiative have been built into: (i) the overall design of the operation, which emphasizes working together with territorial entities and the design of microplanning; and (ii) the design of Component 1, which strengthens capacity for diagnosis and timely treatment of communicable diseases.

- 1.12 Lessons learned from Bank-supported projects in the region (loans 2347/OC-ES, 2743/BL-HO, 4696/OC-BR, and 3772/OC-AR) were considered in the preparation of project Component 2, as they relate to strengthening primary care networks by purchasing essential medical equipment and furniture, to close care gaps and ensure the continuity of service delivery. The lesson learned from the technical cooperation operations prepared by the Border Integration Funds for Peru and Ecuador focuses on the capacity and governance at each border for project execution.
- 1.13 A regional technical-cooperation operation now under way (ATN/OC-15879-RG) has the objectives of strengthening preparedness for public health emergencies caused by vector-borne communicable diseases and building the necessary capacity required by the International Health Regulations.
- 1.14 **Coordination with other multilateral and/or cooperation agencies.** The Pan American Health Organization (PAHO) and the WHO have been working closely in Colombia since the first cases were confirmed in China in late December, supporting the leadership of the Ministry of Health and Social Protection (MSPS) and joining the prevention and action committee of the Office of the President of the Republic as experts. To help Colombia in its fight against COVID-19, the World Bank and the IDB recently disbursed resources<sup>23</sup> through development policy loans (Cat DDO) and policy-based loans (PBLs), respectively. However, the country's financing needs exceed the resources disbursed by these two banks so far. This operation will finance activities and outputs to complement (not co-finance) those loans. Operationally, the IDB and World Bank procurement units are working closely to find and consolidate providers for the WHO supply list ([optional link 4](#)) and for COVID-19 actions ([optional link 5](#)).<sup>24</sup>
- 1.15 **Strategic alignment.** The operation is consistent with the second Update to the Institutional Strategy (document AB-3190-2) and aligned with the development challenge of social inclusion and equality by reducing inequalities through the strengthening of health care service delivery to suspected or diagnosed COVID-19 patients in the departments of Nariño and Putumayo, which have deficits in health service delivery. Additionally, the project will contribute to the Corporate Results Framework 2020-2023 (document GN-2727-12) through the indicator for beneficiaries receiving health services. The project is also aligned with the crosscutting areas of: (i) gender equality and diversity, by providing personal protective kits for the community outreach workers involved in promotion and prevention with the indigenous, Afro-descendant, and campesino populations on the border (see paragraph 1.7); and (ii) institutional capacity and the rule of law, by improving the capacity for service delivery at the border. The project is

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<sup>23</sup> The World Bank disbursed US\$250 million and the IDB disbursed US\$1.150 billion (loans 4955/OC-CO and 5053/OC-CO).

<sup>24</sup> This is a nonexhaustive list subject to frequent updates.

consistent with the Health and Nutrition Sector Framework Document (document GN-2735-7) by supporting: (i) the strengthening of service delivery, including providing the necessary equipment and supplies to health care professionals; and (ii) the strengthening of cross-sector coordination to achieve the expected outcomes. This project is consistent with the Proposal for the IDB Group's Governance Response to the COVID-19 Pandemic Outbreak (document GN-2996) by focusing its activities on slowing the spread of the disease and mitigating its impact.

- 1.16 This operation meets the eligibility requirement for the Ecuador-Colombia Border Integration Zone Development Fund (ZIFEC Fund), given its binational nature since it benefits the population on both sides of the border (see paragraph 1.23). It is aligned with the general objective of the ZIFEC Fund, by addressing poverty conditions and promoting sustainable socioeconomic development in the ZIFEC. This improves the quality of life for border populations by reducing the morbidity and mortality associated with COVID-19. The operation is aligned with the cultural and social aspects of the ZIFEC Fund's results framework, by ensuring full access to comprehensive health care services, and with its security aspect, by promoting safety, sovereignty, and migration policies in the ZIFEC. Lastly, the project is part of the [2014-2022 Ecuador-Colombia Binational Border Integration Plan](#).

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

- 1.17 **Objectives.** The general objective of this project is to help reduce the morbidity and mortality caused by COVID-19 and mitigate other indirect effects of the pandemic on health in the Nariño and Putumayo departments bordering Ecuador. The project will have two specific objectives: (i) improve the detection and tracking of COVID-19 cases and interrupt the chain of transmission at points bordering Ecuador; and (ii) improve the basic care capacity for COVID-19 cases and ensure the continuity of essential health care at the border.
- 1.18 **Component 1. Improve the detection and tracking of COVID-19 cases and interrupt the chain of transmission at points bordering Ecuador (US\$334,535).** This component will support actions to speed up timely case detection, tracking, and prevention.
- 1.19 **Subcomponent 1.1. Laboratory network.** The diagnostic capacity of the Putumayo departmental laboratory and the Hospital Civil de Ipiales laboratory will be strengthened by purchasing equipment and supplies for test processing.
- 1.20 **Subcomponent 1.2. Points of entry and exit.** Control will be strengthened at the country's land points of entry and exit, or areas subject to an epidemiological fence, where potential COVID-19 patients can be interviewed and receive treatment. Other necessary support services will be provided, such as sample collection and transportation of laboratory tests. These measures help interrupt the chain of transmission from one country to another. It also includes establishing mechanisms and procedures to communicate information to travelers about the illness, preventive measures, and how and where to seek medical care. This subcomponent will help meet MSPS protocols for screening at points of entry<sup>25</sup> by

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<sup>25</sup> MSPS. Guidance for screening travelers arriving from zones with circulating novel coronavirus (COVID-19). <https://www.minsalud.gov.co/sites/rid/Lists/BibliotecaDigital/RIDE/VS/asif04-guia-tamizaje-poblacional-puntos-entrada-coronavirus.pdf>.

financing supplies to detect cases at the border and protect border control personnel.

**1.21 Component 2. Improve the basic care capacity for COVID-19 cases and ensure the continuity of essential health care at the border (US\$3,019,572).**

This component will support the ability to manage cases of infected patients in Nariño and Putumayo and the continuity of essential care for those not infected during the emergency in these departments. It will finance the purchase of appropriate supplies (protective gear) for infection prevention and control, protecting health care workers both in the community and at health care facilities and ensuring basic health logistics at response centers and continuity of care. It also includes implementing measures at health care facilities to ensure the diagnosis of COVID-19 and proper medical care (treatment), as well as upgrading infrastructure for triage, isolation, and/or expanded treatment capacity<sup>26</sup> and ensuring the continuity of care provided to sensitive and vulnerable populations, such as patients with chronic conditions and pregnant women, by providing 35 health care facilities<sup>27</sup> with medical devices and biomedical and other equipment.

**1.22 Project administration (US\$144,452).** Administration, evaluation, and auditing costs.

**1.23 Beneficiaries.** The operation will benefit users of the health care system in the departments of Nariño (population 1.3 million) and Putumayo (population 283,000),<sup>28</sup> as well as the Ecuadorian population at the border, with emphasis on those suspected of having contracted COVID-19 and those who have contracted it and require basic health care. It will also benefit hospital health care workers and community outreach workers in Nariño and Putumayo, through actions contributing to reduce the risk of contagion. The population on both sides of the border will also benefit from tighter control at points of entry, decreasing the cross-border transmission of cases and likelihood of contagion.

**C. Key results indicators**

**1.24 Expected outcomes.** The project seeks to help reduce the morbidity and mortality caused by COVID-19 and mitigate other indirect effects of the pandemic on health in the departments of Nariño and Putumayo. The main outcomes will be to increase the percentage of laboratories with capacity to diagnose COVID-19, the percentage of points of entry with epidemiological surveillance based on national standards, and the percentage of basic health care centers with expanded capacity to treat COVID-19 patients and ensure service continuity.

**1.25 Economic viability.** A cost-benefit analysis was prepared for the measures recommended under WHO guidelines. The analysis took into account the impact of these interventions to reduce COVID-19 mortality and morbidity rates under a treatment scenario with implementation of a package of measures, versus a counterfactual scenario in the absence of countermeasures. Scenarios were

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<sup>26</sup> The structures will not generate waste different from what the health facility currently manages, for which facilities already have handling rules and procedures. Whether there is a need to increase the frequency of waste collection will be determined later.

<sup>27</sup> In Nariño, the beneficiaries will be 2 tertiary care, 2 secondary care, and 9 primary care hospitals, as well as 15 health care centers and institutional health service providers. In Putumayo, the beneficiaries will be 7 hospitals (5 secondary care and 2 primary care).

<sup>28</sup> DANE, 2018 National Population and Housing Census <https://sitios.dane.gov.co/cnpv/#/>.

simulated using a basic SIR model (Susceptible – Infectious – Recovered), with evidence-based conservative parameters and assumptions available in published articles on COVID-19 or similar epidemics. The costs associated with the intervention are those estimated by the WHO in its COVID-19 Strategic Preparedness and Response Plan. Under the base case scenario for treatment, the cost-benefit analysis showed a net present value of 4.46, suggesting that the proposed series of interventions is economically beneficial. Based on the analysis, the earlier the reproduction number is reduced, the higher the benefit-cost ratio—both because the costs of containing the outbreak are higher over time and because the benefits in terms of lives and worktime saved are lower ([optional link 1](#)).

## II. FINANCING STRUCTURE AND MAIN RISKS

### A. Financing instruments

- 2.1 This is an investment grant (IGR) operation for a total amount of US\$3,498,559 and will be financed with resources of the Ecuador-Colombia Border Integration Zone Development Fund (ZIFEC Fund). The disbursement period will be 12 months. This fund was created on 14 September 2012 by the governments of Ecuador and Colombia, to establish and execute plans and programs to address poverty conditions and promote sustainable socioeconomic development in the Ecuador-Colombia Border Integration Zone (ZIFEC) (see paragraph 1.16).

**Table 1. Estimated project costs (US\$)<sup>29</sup>**

Components	IDB	%
Component 1. Improve the detection and tracking of COVID 19 cases and interrupt the chain of transmission at points bordering Ecuador		
Subcomponent 1.1. Laboratory network	145,258	4.2
Subcomponent 1.2. Points of entry and exit	189,277	5.4
Component 2. Improve the basic care capacity for COVID-19 cases and ensure the continuity of essential health care at the border	3,019,572	86.3
Project administration	144,452	4.1
<b>Total</b>	<b>3,498,559</b>	<b>100</b>

### B. Environmental and social safeguard risks

- 2.2 Under Directive B.3 of Operational Policy OP-703, this project is classified as category “C,” since it does not call for investments in infrastructure or resettlement of communities and so will result in minimal or no adverse environmental and social impacts.

### C. Fiduciary risks

- 2.3 The fiduciary risk of the project is medium-high, due to the following: (i) the risk is high that, if the professional staff of the Financial Office of the National Disaster Risk Management Unit (UNGRD) lack experience in applying Bank policies and procedures for the operation’s financial management, the accounting and financial control for resource execution could be inadequate, leading to noncompliance with the contractual clauses related to financial management requirements, as well as

<sup>29</sup> The costs in Table 1 are indicative amounts and may be adjusted during project execution.

possible delays in budget allocation of project resources and preparation of disbursement requests, supporting documentation, and project financial statements. The proposed mitigation measure is to engage a financial specialist for the project coordination unit (PCU) with knowledge and experience in applying the Bank's financial management policies; (ii) the risk is medium-high that, if the financial/accounting systems of the UNGRD and Fiduprevisora cannot automatically generate financial information in accordance with the Bank's policies, the financial statements may contain errors or inconsistencies, jeopardizing reliability, since these statements would need to be prepared manually, leading to improper project decision-making, accountability reporting, and potential contractual noncompliance. The proposed mitigation measures are to design and implement effective controls, including reconciliations and alternative checks and balances, and to document the procedures established, including schedules and review and approval levels, ensuring the completeness and reliability of the project's financial statements; and (iii) the risk is medium-high that, if there are no suitable candidates to engage a procurement specialist for the operation, it would not be possible to form the PCU, indefinitely delaying the project's eligibility and subsequent start of execution. The proposed mitigation measures are to explore the possibility of contracting a senior consultant from another project, conduct a competitive process (3 CVs) with the qualifications required to find a suitable specialist, and train the personnel executing the project on the Bank's policies and procedures.

**D. Other key risks and issues**

**2.4 Development risks.** The development risks rated as medium-high, are as follows:

- (i) The scarcity of medical equipment and personal protective equipment (PPE) on the market as a result of the COVID-19 pandemic could cause indefinite delays in procurement processes and delivery, making the delivery of services necessary for hospital care in the departments of Nariño and Putumayo less timely. Requests will be publicized widely to reach enough suppliers that can deliver the required quantities in a timely manner.
- (ii) High exchange rate variability against the U.S. dollar could unpredictably raise the costs of the planned PPE, biomedical equipment, and medical devices to be purchased and installed at health care centers and primary- and secondary-level hospitals, reducing how much capacity can be built for delivery of the necessary services for hospital care in Nariño and Putumayo. There are plans to adjust expectations conservatively for the projected purchases of necessary PPE and hospital equipment.
- (iii) A potential lack of coordination with the project financed by the National Royalty System to purchase intensive care units (ICUs) for Nariño and Putumayo may result in deliveries of complementary equipment at different times for different projects, delaying the launch of the ICUs. (For example, launching of the ICUs depends on the delivery of the electrical equipment financed by this operation.) There are plans for close coordination with the departmental health institutes of Nariño and Putumayo.
- (iv) If actions to address the emergency caused by the COVID-19 pandemic are not coordinated, the contagion rate could be higher than the estimated 1.1 for the project, resulting in insufficient capacity at health care centers



so that they cannot provide the necessary care to the patients projected in the operation's objectives. There are plans for local authorities in Nariño and Putumayo to strengthen mechanisms for care and immediate response. The MSPS will also conduct monitoring activities through the Office of Surveillance and Epidemiology.

- (v) The supplies and equipment delivered to the selected hospitals may not be properly inventoried and/or utilized and may not be maintained as necessary to sustain the investment, resulting in their deterioration and possible falling into disuse. There are plans to prepare delivery certificates specifying how the equipment under the project is to be used and maintained. Agreements should also be made for suppliers to provide post-sales maintenance (this is included in the contracts).
- (vi) If the key stakeholders fail to coordinate execution of the project, the timeline could be delayed from three to six months, resulting in a lack of timeliness in addressing the emergency. Since execution is a priority, the procurement plan was prepared jointly with the participating entities, and a technical committee will be formed with one representative from each of the main institutions involved in the project, to coordinate actions and execute the project in a timely manner.

- 2.5 **Sustainability.** The actions financed by the project follow WHO recommendations for the containment, management, and treatment of epidemics/pandemics due to infectious diseases such as COVID-19. This project will strengthen the capacity of the departments of Nariño and Putumayo to detect, treat, and control these diseases in the medium term. It will also improve the preparedness of the health sector to confront future outbreaks, epidemics, and pandemics. Additionally, containing and overcoming health challenges is considered a prerequisite for sustainable economic and social recovery in the medium and long term.

### III. IMPLEMENTATION AND MANAGEMENT PLAN

#### A. Summary of implementation arrangements

- 3.1 **Beneficiary and executing agency.** The beneficiary and executing agency of this operation will be the National Disaster Risk Management Unit (UNGRD), reporting to the Office of the President of the Republic of Colombia. The UNGRD will execute the grant resources through the National Fund for Disaster Risk Management (FNGRD). Fiduprevisora S.A. will administer the FNGRD resources.
- 3.2 **Execution and administration.** The UNGRD<sup>30</sup> is currently executing two IDB-financed operations (loans 3104/OC-CO and 3610/OC-CO), each through a project coordination unit, showing satisfactory performance. The manager of the FNGRD Subaccount for COVID-19 Emergency Mitigation will act as coordinator, supported by a procurement specialist, a procurement professional, a financial specialist, and a financial professional. For Components 1 and 2, the UNGRD with support from the Ministry of Foreign Affairs will conduct procurements of equipment for health facilities, equipment and supplies for laboratories and border points of entry, and personal protective equipment (PPE) and then distribute it to

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<sup>30</sup> The UNGRD is a special administrative unit in the Administrative Department of the Office of the President of the Republic, established under Decree 4147 of 2011. Its objectives include directing the implementation of disaster risk management in keeping with sustainable development policies.

- the institutional health service providers included in [optional link 8](#) and the departmental governments. The Health Departments of Nariño and Putumayo, using their service implementation protocols, will verify the proper installation and commissioning of equipment at beneficiary institutional health service providers, which will, in turn, sign agreements committing to the proper use, maintenance, and sustainability of the equipment received.
- 3.3 **Interagency coordination.** A project technical committee with one delegate from each of the main institutions<sup>31</sup> involved in the project will meet monthly or extraordinarily at the request of a member with not less than fifteen calendar days between each convened meeting, to monitor execution and, only as required, to approve changes to the procurement plan within two weeks, subject to the Bank's prior no objection. The Presidential International Cooperation Agency of Colombia will be invited to attend meetings of the project technical committee.
- 3.4 **Special contractual condition precedent to the first disbursement of the investment grant (IGR).** Since the executing agency will execute the resources through a trust administered by Fiduprevisora, and rules need to be established for this process, **the executing agency will provide evidence to the Bank that the agreement signed by Fiduprevisora and the UNGRD regarding administration of resources for this investment grant has been approved and entered into effect. The agreement will be approved by the Administrative Board of the Subaccount for COVID 19 Emergency Mitigation.**
- 3.5 **Procurement.** Procurements financed in whole or part with Bank resources will be conducted in accordance with the Policies for the Procurement of Goods and Works Financed by the IDB (document GN-2349-15) and the Policies for the Selection and Contracting of Consultants Financed by the IDB (document GN-2350-15), or the policies in effect at the time of execution. The procurement plan ([required link 2](#)) lists the planned procurement processes.
- 3.6 **Disbursements.** For management of the project resources, a special account in Colombian pesos will be opened at a commercial bank in the name of the FNGRD, administered by Fiduprevisora S.A. as its official representative. Fiduprevisora will be responsible for administration of the assets and the rights to all resources of the FNGRD, separate and apart from the trust assets and the assets and rights of other trusts that it administers. Such resources will not be invested in collective investment funds. Advances will be made for a period of up to six months, based on the liquidity needs of the executing agency, according to a financial plan and detailed cash flow. The UNGRD will prepare disbursement requests and will render accounts as established in the current version of document OP-273-12. Except for the first advance, justification will be provided for at least 80% of the total accumulated balances pending justification.
- 3.7 **Auditing.** During the disbursement period for the IGR, the executing agency will deliver the project's annual financial statements, duly audited and certified by an independent audit firm acceptable to the Bank engaged under terms of reference previously agreed upon with the Bank, within 120 days after the close of the fiscal year. The scope and related considerations will be governed by the Financial

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<sup>31</sup> The delegates of the main institutions involved in the project will be: one delegate from the MSPS and the Director for Development and Border Integration of the Ministry of Foreign Affairs, which will operate the technical secretariat of the committee; and, from the UNGRD, the Manager of the FNGRD Subaccount for COVID-19 Emergency Mitigation with support, as necessary, from the International Cooperation Group.



Management Guidelines for IDB-financed Projects (document OP-273-12) and the Audited Financial Reports and External Audit Management Handbook. Audit costs will be financed with project resources.

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

- 3.8 **Monitoring.** The executing agency will be responsible for implementing the monitoring and evaluation plan. Given the context of the emergency, the main monitoring tools for this project will be the Results Matrix and the Procurement Plan. The main sources for monitoring impact, outcome, and output indicators will be the service delivery records of the health system and the epidemiological data for monitoring at the local, regional, and national levels. The executing agency will prepare multiyear and annual execution plans, once the situation has stabilized. The main reporting tool will be the progress monitoring report, drawing on the monthly progress reports,<sup>32</sup> six-monthly report, and midterm report<sup>33</sup> as its main sources of information. Lastly, the executing agency will prepare a final evaluation one month prior to the end of the period for the IGR, or once 95% of the grant resources have been disbursed, whichever occurs first, and deliver it to the Bank. ([required link 1](#))
- 3.9 **Evaluation.** Given the nature of this operation, the evaluation will assess the project's contribution to its specific objectives: (i) improve the detection and tracking of COVID-19 cases and interrupt the chain of transmission at points bordering Ecuador; and (ii) improve the basic care capacity for COVID-19 cases and ensure the continuity of essential health care at the border. Whenever feasible, the evaluation will also assess the contributions to the final objectives of reducing the morbidity and mortality caused by COVID-19, as well as their social and economic consequences. To that end, a "before and after" analysis will be performed, using information available on the outcome indicators. To establish the attribution of the observed results to the project intervention, the quantitative analysis will be supplemented with a review of the project's theory of change during preparation, implementation, and completion, supported by relevant evidence of the effectiveness of similar interventions in comparable contexts. A supplementary ex post cost-benefit analysis is also planned.

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<sup>32</sup> Prepared within the first five days of the following month, pursuant to the operating regulations of the Ecuador-Colombia Border Integration Zone Development Fund I (FDFRS-EC).

<sup>33</sup> The six-monthly report and midterm report will be prepared at the midway point of the project, or once 50% of the grant resources have been disbursed, whichever occurs first.

Development Effectiveness Matrix		
Summary		CO-G1028
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 -Institutional Capacity and the Rule of Law	
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)		Paragraphs 1.9 and 1.10
II. Development Outcomes - Evaluability		Evaluable
3. Evidence-based Assessment & Solution	9.6	
3.1 Program Diagnosis	3.0	
3.2 Proposed Interventions or Solutions	3.6	
3.3 Results Matrix Quality	3.0	
4. Ex ante Economic Analysis	9.0	
4.1 Program has an ERR/NPV, or key outcomes identified for CEA	3.0	
4.2 Identified and Quantified Benefits and Costs	3.0	
4.3 Reasonable Assumptions	1.0	
4.4 Sensitivity Analysis	2.0	
4.5 Consistency with results matrix	0.0	
5. Monitoring and Evaluation	8.5	
5.1 Monitoring Mechanisms	2.5	
5.2 Evaluation Plan	6.0	
III. Risks & Mitigation Monitoring Matrix		
Overall risks rate = magnitude of risks*likelihood	Low	
Identified risks have been rated for magnitude and likelihood	Yes	
Mitigation measures have been identified for major risks	Yes	
Mitigation measures have indicators for tracking their implementation	Yes	
Environmental & social risk classification	C	
IV. IDB's Role - Additionality		
The project relies on the use of country systems		
Fiduciary (VPC/FMP Criteria)	Yes	Financial Management: Budget, Treasury.  Procurement: Information System, Price Comparison, Contracting Individual Consultant.
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 operation CO-G1028, for USD3,498,559 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 and mitigate the other indirect effects of the pandemic on health in the departments of Nariño and Putumayo, border with Ecuador. The specific objectives are: (i) improve diagnosis and follow up of cases of COVID-19 and interrupt the chain of transmission in border crossings with Ecuador; and (ii) improve the capacity for provision of basic services for COVID-19 and guarantee continuity of provision of essential care in the border.

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

The economic evaluation shows that the operation is efficient, with a benefit /cost ratio of USD4.46. In a context of high uncertainty, the analysis considers the benefits in employment and labor income derived from the reduction of mortality and morbidity rates due to COVID-19, while the costs are those associated with the implementation of a proposed standard intervention package proposed by WHO.

The monitoring and evaluation plan proposes a reflective analysis of the outcome and impact indicators included in the result matrix, complemented by a review of the theory of change, an updated review of international evidence and qualitative studies. In addition, a before/after analysis for the results indicators and an ex-post cost benefit analysis will also be conducted. The monitoring and evaluation activities will be carried out by the Ministry of Health in coordination with the Bank.

## INDICATIVE RESULTS MATRIX

### EXPECTED IMPACT

Indicators	Unit of measure	Baseline year	End of project	Means of verification	Observations
<b>GENERAL OBJECTIVE:</b> To help reduce the morbidity and mortality caused by COVID-19 and mitigate other indirect effects of the pandemic.					
Number of deaths from COVID-19	Number	Nariño: 6,100 Putumayo: 1,600 (without intervention)	Nariño: 1,926 Putumayo: 486	Ministry of Health and Social Protection (MSPS) report on current status of COVID-19 and official reports from departmental health institutes of Nariño and Putumayo	The baseline represents the control scenario of the number of deaths from COVID-19, 100 days into the epidemic, if the government had not taken control measures ( $R_0 = 2.28$ and 11.1% of asymptomatic cases). Estimates from the National Health Observatory of the National Institute of Health (INS).  The target is calculated based on the reduced mortality from improved access to health care services. The national mortality rate at the start of the operation is 3.5% and is expected to be 3% by the end of the project.
Confirmed cases of COVID-19	Number	Nariño: 599,000 Putumayo: 154,000 (without intervention)	Nariño: 64,200 Putumayo: 16,200	MSPS report on current status of COVID-19 and official reports from departmental health institutes of Nariño and Putumayo	The baseline represents the control scenario of the number of confirmed COVID-19 cases, 100 days into the epidemic, if the government had not taken control measures ( $R_0 = 2.28$ and 11.1% of asymptomatic cases). Estimates from the National Health Observatory of the INS.  The target represents the number of cases estimated by the INS with social isolation/control measures.

### EXPECTED OUTCOMES

Indicators	Unit of measure	Baseline year	End of project	Means of verification	Observations
<b><u>SPECIFIC OBJECTIVE 1:</u></b> Improve the detection and tracking of COVID-19 cases and interrupt the chain of transmission at points bordering Ecuador					
Percentage of laboratories with diagnostic capacity for COVID-19 in Nariño and Putumayo	Percentage	60%	100%	Authorization from INS	Numerator: Laboratories with diagnostic capacity according to WHO standards. <sup>1</sup>  Denominator: All laboratories designed for COVID-19 diagnosis.  Does not include purchase of testing from third parties.
Percentage of points of entry in Nariño and Putumayo with epidemiological surveillance as per country standards	Percentage	0%	60%	Validation of the border protocol by Migración Colombia. Supply delivery and acceptance record.	Numerator: Total number of points of entry with epidemiological surveillance as per country standards.  Denominator: Total number of official points of entry (border crossings). <sup>2</sup>
<b><u>SPECIFIC OBJECTIVE 2:</u></b> Improve the basic care capacity for COVID-19 cases and ensure the continuity of essential health care at the border					
Percentage of basic health care facilities with expanded capacity to treat COVID-19 patients and ensure service continuity in Nariño and Putumayo	Percentage	0%	59%	Equipment delivery and acceptance record.	Numerator: Total number of health facilities with expanded capacity to treat COVID-19 patients. <sup>3</sup>  The capacity increase includes: (i) biomedical equipment; (ii) medical devices; and (iii) hospital beds and furniture.  Denominator: Total number of public hospitals in Nariño and Putumayo. <sup>4</sup>

<sup>1</sup> Includes laboratories authorized by the INS as of 8 July 2020 (Fundación Hospital San Pedro, Laboratorio Clinizad, Laboratorio de Salud Pública de Nariño) and the two laboratories to be strengthened with the project (Ipiales and Putumayo).

<sup>2</sup> There are five official border crossings between Colombia and Ecuador: Tumaco, Puente Internacional Rumichaca, Chiles Tufiño, Puerto Leguizamó, and San Miguel.

<sup>3</sup> The strengthening of the hospital network in Nariño will benefit two tertiary care, two secondary care, and nine primary care hospitals. In Putumayo, the beneficiaries will be seven hospitals (five secondary care and two primary care).

<sup>4</sup> Nariño has 24 public hospital service providers, and Putumayo has 10.

## OUTPUTS

Outputs	Unit of measure	Baseline year	End of project	Means of verification	Observations
<b>Component 1. Improve the detection and tracking of COVID 19 cases and interrupt the chain of transmission at points bordering Ecuador</b>					
1.1. Number of laboratories that received diagnostic equipment and supplies	Number	0	2	Record of equipment and supply delivery to laboratories	Laboratories selected for COVID-19 testing. Supplies include materials related to detection, such as deep freezer, preservation refrigerator, biosecurity cabinet, universal Mazzini agitator, and thermohygrometer to measure temperature and humidity.
1.2. Number of points of entry with capacity for detection and following border protocols	Number	0	3	Equipment and supply delivery record	According to International Health Regulations
1.3. Number of community outreach workers with personal protective equipment (PPE)	Number	0	2,070	PPE delivery record	
<b>Component 2: Improve the basic care capacity for COVID-19 cases and ensure the continuity of essential health care at the border</b>					
2.1. Number of health facilities with biomedical equipment for patient care provided by the project	Number	0	35	Equipment and supply delivery record	Equipment to increase the treatment capacity based on the department's action plan. Biomedical equipment includes oxygen tank, oxygen regulator, electrocardiograph, secretion aspirator, stethoscope, diagnostic equipment, vital signs monitor, and portable fetal doppler monitor.
2.2 Number of additional hospital beds outfitted with necessary equipment provided by the project	Number	0	96	Equipment and supply delivery record	
2.3. Number of health care employees with PPE	Number	0	1,210	PPE delivery record	Kits will be delivered to health care facilities for their personnel. This indicator will be considered met when all kits have been delivered to the 35 facilities.

Country: Colombia

Sector: SPH

Project number: CO-G1028

Year: 2020

Cofinancing: No

Coexecution: No

## Fiduciary Agreements and Requirements

**Executing agency:** National Disaster Risk Management Unit (UNGRD)

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

### I. Fiduciary Context of the Executing Agency

#### 1. Use of country systems in project

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

**Applicable laws/regulations:** Regulations issued by the General Accounting Office (CGN), regulations of the Office of the Financial Superintendent ("Superfinanciera"), Law 1523 of 2012, SECOP-II (information system).

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

The UNGRD is currently executing two IDB-financed operations (loans CO-L1125 and CO-L1156), showing satisfactory performance. Additionally, the 2015 institutional assessments of the UNGRD and Fiduprevisora concluded that the UNGRD has the capacity to execute resources, and that Fiduprevisora has the capacity to conduct the operation's contracting and cash management processes, which will be its role in project execution. Based on this, no new assessment was performed. Even though the UNGDR has management teams for the current operations, the fact that the risk level of this operation is medium-high means that a new project coordination unit will be necessary to execute this operation.

#### 3. Fiduciary risks and mitigation measures

**Fiduciary risk:** High ☐ ; Medium-high ☒ ; Medium-high and low ☐

<b>Reason/Event/Impact</b>	<b>Risk level</b>	<b>Response</b>
If the professional staff of the Financial Office of the UNGRD lack experience in applying Bank policies and procedures for the operation's financial management, the accounting and financial control for resource execution could be inadequate, leading to noncompliance with the contractual clauses related to financial management requirements, as well as possible delays in budget allocation of project resources and preparation of disbursement requests, supporting documentation, and project financial statements.	High	Engage a financial specialist for the project coordination unit (PCU) with knowledge and experience in applying the Bank's financial management policies.

If the financial/accounting systems of the UNGRD and Fiduprevisora cannot automatically generate financial information in accordance with the Bank's policies, the financial statements may contain errors or inconsistencies, jeopardizing reliability, since these statements would need to be prepared manually, leading to improper project decision-making, accountability reporting, and potential contractual noncompliance.	Medium-high	Design and implement effective controls, including reconciliations and alternative checks and balances, and to document the procedures established, including schedules and review and approval levels, ensuring the completeness and reliability of the project's financial statements.
If there are no suitable candidates to engage a procurement specialist for the operation, it would not be possible to form the PCU, indefinitely delaying the project's eligibility and subsequent start of execution.	Medium-high	Explore the possibility of contracting a senior consultant from another project, conduct a competitive process (3 CVs) with the qualifications required to find a suitable specialist, and train the personnel executing the project on the Bank's policies and procedures.

## **II. Considerations for the Special Provisions of the Contract**

<b>Conditions precedent to the first disbursement:</b> The executing agency will provide evidence to the Bank that the agreement signed by Fiduprevisora and the UNGRD regarding administration of resources for this investment grant has been approved and entered into effect. The agreement will be approved by the Administrative Board of the Subaccount for COVID-19 Emergency Mitigation.
<b>Exchange rate:</b> The UNGRD will provide justifications of expenditures utilizing the exchange rate for the conversion of the resources disbursed in U.S. dollars into Colombian pesos (monetization rate).
<b>Audited financial statements of the project:</b> Throughout the original disbursement period and any extensions thereof, the UNGRD will deliver the project's annual audited financial statements, duly audited by an independent audit firm acceptable to the Bank, within 120 days after the close of its fiscal year and within 120 days of the last disbursement of the operation.

## **III. Agreements and Requirements for Procurement Execution**

### **Exceptions to policies and guidelines:**

No exceptions to Bank policies are anticipated. Special measures of a temporary nature regarding procurement policies, which were approved by the Board of Executive Directors and included in document GN-2996, paragraph 4.2, and Resolution DE-28/20, paragraph 2, as indicated below, may be applied.
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1. Goods originating from or rendered by suppliers, contractors, consultants, and service providers from non-member countries of the Bank shall be eligible for procurement activities;
2. Procurement agents and specialized agencies, when contracted by the borrower or by the executing agency, may apply their own procurement policies;
3. The international consolidated contracting and the adherence to already-signed procurement contracts may be used as methods for the procurement of goods and services, as the case may be;
4. Direct contracting and/or recognition of agreements with procurement agencies, specialized agencies (when acting as procurement agencies), or adhesion to pooled procurement mechanisms (for example: UNOPS, UNDP, PAHO, IOM, UNFPA, UNICEF, IICA, UNESCO, WFP, OEI, COMISCA, BFP of the World Bank, etc.).

<b>Operating expenses:</b> <input type="checkbox"/> <u>Description</u>	<b>Domestic preference:</b> <input type="checkbox"/> <u>Description</u>
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<b>General project procurement supervision method:</b>	
<b>Supervision method: ex post</b>	<b>For: Goods up to US\$350,000</b>
<b>Supervision method: ex post</b>	<b>For: Consulting services up to US\$200,000</b>

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

#### IV. Financial Management Agreements and Requirements

<b>Programming and budget</b>	<ul style="list-style-type: none"> <li>The UNGRD uses the Integrated Financial Information System (SIIF) to manage resources of the National General Budget (PGN), which are transferred to the National Fund for Disaster Risk Management (FNGRD) via administrative order for execution. As the entity authorizing expenditures for the FNGRD, the UNGRD uses the FIDUSAP application to manage the allocated budget, controlling the financial and budget execution in the implementation of national disaster risk management policies.</li> <li>The project resources will be part of the budget of the FNGRD Subaccount for COVID-19 Emergency Mitigation. The UNGRD, as the entity authorizing expenditures, will incorporate the budget upon signature of the agreement into the FNGRD's FIDUSAP budget control system for budgetary management of the project resources. The FIDUSAP system will be used to certify the availability of designated resources and order payments to Fiduprevisora S.A. for performance of the contracts entered into by Fiduprevisora S.A. for project execution.</li> </ul>
<b>Treasury and disbursement management</b>	<ul style="list-style-type: none"> <li>The disbursement mechanism may be manual or electronic.</li> <li>For management of the project resources, a special account in Colombian pesos will be opened at a commercial bank in the name of the FNGRD, administered by Fiduprevisora S.A. as its official representative. Fiduprevisora will be responsible for administration of the assets and the rights to all resources of the FNGRD, separate and apart from the trust</li> </ul>



	<p>assets and the assets and rights of other trusts that it administers. Such resources will not be invested in collective investment funds.</p> <ul style="list-style-type: none"> <li>• Advances will be made for a period of up to six months, based on the liquidity needs of the executing agency, according to a financial plan and detailed cash flow. The UNGRD will prepare disbursement requests and will render accounts as established in the current version of document OP-273-12.</li> <li>• Except for the first advance, justification will be provided for at least 80% of the total accumulated balances pending justification. See the special contractual conditions precedent to the first disbursement in Section II of this annex.</li> </ul>
<b>Accounting, information systems, and reporting</b>	<ul style="list-style-type: none"> <li>• Specific accounting standards: In recording its transactions and preparing its financial statements, the executing agency follows the standards of the General Accounting Office (CGN).</li> <li>• Accountability reports: Statement of cash received and disbursements made; statement of cumulative investments.</li> <li>• Accounting method and currency: The accounts will be kept on an accrual basis, but the project's financial statements will be prepared on a cash basis, denominated in U.S. dollars.</li> </ul>
<b>External control</b>	<ul style="list-style-type: none"> <li>• In agreement with the Bank, the UNGRD will select and engage the services of an eligible auditor, in accordance with the terms of reference agreed upon previously.</li> <li>• Auditing services will be financed with project resources.</li> <li>• The auditor will be asked to issue an opinion on the project's financial statements.</li> <li>• According to the current access to information and disclosure policy, the audited reports will be published in the Bank's systems.</li> </ul>
<b>Financial supervision</b>	<ul style="list-style-type: none"> <li>• Financial supervision will be through working meetings and review of the project's audited financial statements.</li> </ul>

## V. Relevant Information for the Operation

### Policies and guidelines applicable to the operation

<b>Financial management</b>	<b>Procurement</b>
<ul style="list-style-type: none"> <li>• <u>Document GN-2811 (OP-273-12)</u></li> </ul>	<ul style="list-style-type: none"> <li>• <a href="#">GN-2349-15 [ES]</a></li> <li>• <a href="#">GN-2350-15 [ES]</a></li> <li>• <a href="https://www.iadb.org/en/coronavirus/fiduciary-response">Simplification of IDB Group procurement processes in response to COVID-19 https://www.iadb.org/en/coronavirus/fiduciary-response</a></li> </ul>

### Records and files

The executing agency will keep records and preserve documents in digital and physical files and will have procedures and instructions for maintaining them properly.

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

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

Colombia. Nonreimbursable Investment Financing GRT/IE-\_\_\_\_-CO  
Immediate Public Health Response to Contain and Control the  
Coronavirus and Mitigate Its Impact on Service Delivery  
in Departments Bordering Ecuador

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, in its capacity as administrator of the Development Fund for the Ecuador–Colombia Border Integration Zone, to enter into such agreement or agreements as may be necessary with the National Unit for Disaster Risk Management of the Republic of Colombia, as beneficiary, for the purpose of granting it a nonreimbursable investment financing to cooperate in the execution of the project “Immediate Public Health Response to Contain and Control the Coronavirus and Mitigate Its Impact on Service Delivery in Departments Bordering Ecuador”. Such nonreimbursable investment financing will be for the amount of up to US\$3,498,559 chargeable to the resources of the Development Fund for the Ecuador–Colombia Border Integration Zone, and will be subject to the Financial Terms and Conditions and the Special Contractual Conditions of the Project Summary of the Nonreimbursable Investment Financing Proposal.

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

**PROGRAM TO SUPPORT THE HEALTH SECTOR TO CONTAIN AND CONTROL CORONAVIRUS AND TO  
MITIGATE ITS EFFECT IN SERVICE PROVISION IN MUNICIPALITIES BORDERING ECUADOR**

**Co-G1028**

**CERTIFICATION**

The Grants and Co-Financing Management Unit (ORP/GCM) certifies that the referenced operation<sup>1</sup> will be financed through:

<b>Funding Source</b>	<b>Fund Code</b>	<b>Currency</b>	<b>Amount Up to</b>
Development Fund for the Ecuador–Colombia Border Integration Zone	ICE	USD	3,498,559

Certified by: (Original signed) 8/24/20

\_\_\_\_\_  
Maria Fernanda García  
Chief  
Grants and Co-Financing Management Unit  
ORP/GCM

\_\_\_\_\_  
Date

<sup>1</sup> In case of Project Specific Grants (PSG) or Financial Intermediary Fund (FIF), the availability of resources is contingent upon the signature of the agreement between the Donor and the Bank and the receipt of the resources.