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Report No: PAD3994

INTERNATIONAL DEVELOPMENT ASSOCIATION

PROJECT APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT
IN THE AMOUNT OF SDR 14.2 MILLION (US$20.0 MILLION EQUIVALENT)
FROM CRISIS RESPONSE WINDOW RESOURCES

AND

A PROPOSED GRANT
IN THE AMOUNT OF US$5.0 MILLION
FROM THE GLOBAL FINANCING FACILITY FOR WOMEN, CHILDREN AND ADOLESCENTS

TO THE
REPUBLIC OF ZAMBIA

FOR THE
ZAMBIA COVID-19 EMERGENCY RESPONSE AND HEALTH SYSTEMS PREPAREDNESS PROJECT

UNDER THE
COVID-19 STRATEGIC PREPAREDNESS AND RESPONSE PROGRAM (SPRP)

USING THE MULTIPHASE PROGRAMMATIC APPROACH (MPA)
WITH A FINANCING ENVELOPE OF
UP TO US$6 BILLION
APPROVED BY THE BOARD ON APRIL 2, 2020

OCTOBER 20, 2020

Health, Nutrition and Population Global Practice
Eastern and Southern Africa Region

CURRENCY EQUIVALENTS

Exchange Rate Effective July 31, 2020

Currency Unit =	New Zambia Kwacha (ZMW)
ZMW 18.261 =	US$1
US$1 =	SDR 0.708

FISCAL YEAR
January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ACDCP	Africa CDC Regional Investment Financing Project
BFP	World Bank Facilitated Procurement
BSL	Biosafety Laboratory
COVID-19	Coronavirus Disease 2019
CPF	Country Partnership Framework
CSO	Civil Society Organization
DA	Designated Account
DEPPC & MC	District Epidemic Preparedness Prevention Control and Management Committee levels
DPHERR	District Public Health Emergency Rapid Response Team
DPF	Development Policy Financing
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
EVD	Ebola Virus Disease
FA	Framework Agreement
FM	Financial Management
FTCF	Fast Track COVID-19 Facility
GAAP	Governance and Accountability Action Plan
GBV	Gender-Based Violence
GDP	Gross Domestic Product
GFF	Global Financing Facility for Women, Children and Adolescents
GHSA	Global Health Security Assessment
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
HEIS	Hands-on Expanded Implementation Support
IBRD	International Bank for Reconstruction and Development
ICU	Intensive Care Unit
IDA	International Development Association
IDSR	Integrated Disease Surveillance and Response
IFMIS	Integrated Financial Management System
IFR	Interim Financial Resources
IHR	International Health Regulations
IMS	Incident Management System
IPC	Infection Prevention and Control
IPF	Investment Project Financing
IOI	Intermediate outcome indicators
JIT	Just in Time
M&E	Monitoring and Evaluation
MCH	Maternal and Child Health
MOH	Ministry of Health
MPA	Multiphase Programmatic Approach
NEPPC & MC	National Epidemic Preparedness Prevention Control and Management Committee
OAG	Office of the Auditor General

PAD	Project Appraisal Document
PDO	Project Development Objective
PEPPC & MC	Provincial Epidemic Preparedness Prevention Control and Management Committees
PFM	Public Financial Management
PforR	Program for Results
PIM	Project Implementation Manual
PIU	Project Implementation Unit
POE	Point of Entry
PPE	Personal Protective Equipment
PPHERR	Provincial Public Health Emergency Rapid Response Team
RCF	Rapid Credit Facility
RFQ	Request for Quotation
RMNCAH-N	Reproductive, Maternal, Newborn, Child and Adolescent Health and Nutrition
RT-PCR	Real Time-Polymerase Chain Reaction
SARS	Severe Acute Respiratory Syndrome
SATBHSSP	Southern Africa Tuberculosis and Health Systems Support Project
SEP	Stakeholder Engagement Plan
SGBV	Sexual and Gender-Based Violence
SPRP	Strategic Preparedness and Response Plan
SSA	Sub-Saharan Africa
STEP	Systematic Tracking of Exchanges in Procurement
UN	United Nations
UNICEF	United Nations International Children's Emergency Fund
USAID	United States Agency for International Development
WASH	Water, Sanitation and Hygiene
WBG	World Bank Group
WHO	World Health Organization
ZNPHI	Zambia National Public Health Institute

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DATASHEET

BASIC INFORMATION

Country(ies)	Project Name	
Zambia	Zambia COVID-19 Emergency Response and Health Systems Preparedness Project	
Project ID	**Financing Instrument**	**Environmental and Social Risk Classification**
P174185	Investment Project Financing	Substantial

Financing & Implementation Modalities

[✓] Multiphase Programmatic Approach (MPA)	[ ] Contingent Emergency Response Component (CERC)
[ ] Series of Projects (SOP)	[ ] Fragile State(s)
[ ] Performance-Based Conditions (PBCs)	[ ] Small State(s)
[ ] Financial Intermediaries (FI)	[ ] Fragile within a non-fragile Country
[ ] Project-Based Guarantee	[ ] Conflict
[ ] Deferred Drawdown	[✓] Responding to Natural or Man-made Disaster
[✓] Alternate Procurement Arrangements (APA)	[✓] Hands-on Enhanced Implementation Support (HEIS)

Expected Project Approval Date	Expected Project Closing Date	Expected Program Closing Date
21-Oct-2020	31-Dec-2022	31-Mar-2025

Bank/IFC Collaboration

No

MPA Program Development Objective

The Program Development Objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national systems for public health preparedness

MPA Financing Data (US$, Millions)

MPA Program Financing Envelope	16,278.11

Proposed Project Development Objective(s)

The project development objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 in Zambia and strengthen national public health systems for preparedness.

Components

Component Name	Cost (US$, millions)
Emergency Public Health Response to COVID-19	10.35
Resilient Health Service Delivery	12.15
Project Management, Operational Research, and Governance and Accountability	2.50

Organizations

Borrower:	Republic of Zambia
Implementing Agency:	MOH - Zambia

MPA FINANCING DETAILS (US$, Millions)

Board Approved MPA Financing Envelope:	16,278.11
MPA Program Financing Envelope:	16,278.11
of which Bank Financing (IBRD):	8,163.60
of which Bank Financing (IDA):	8,114.51
of which other financing sources:	0.00

PROJECT FINANCING DATA (US$, Millions)

SUMMARY

Total Project Cost	25.00
Total Financing	25.00

of which IBRD/IDA	20.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Development Association (IDA)	20.00
IDA Credit	20.00

Non-World Bank Group Financing

Trust Funds	5.00
Global Financing Facility	5.00

IDA Resources (in US$, Millions)

	Credit Amount	Grant Amount	Guarantee Amount	Total Amount
Zambia	20.00	0.00	0.00	20.00
Crisis Response Window (CRW)	20.00	0.00	0.00	20.00
Total	**20.00**	**0.00**	**0.00**	**20.00**

Expected Disbursements (in US$, Millions)

WB Fiscal Year	2020	2021	2022	2023
Annual	0.00	13.00	7.00	5.00
Cumulative	0.00	13.00	20.00	25.00

INSTITUTIONAL DATA

Practice Area (Lead)
Health, Nutrition & Population

Contributing Practice Areas
Water

Climate Change and Disaster Screening

This operation has been screened for short and long-term climate change and disaster risks

SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating
1. Political and Governance	High
2. Macroeconomic	High
3. Sector Strategies and Policies	Moderate
4. Technical Design of Project or Program	Moderate
5. Institutional Capacity for Implementation and Sustainability	Substantial
6. Fiduciary	Substantial
7. Environment and Social	Substantial
8. Stakeholders	Moderate
9. Other	
10. Overall	Substantial
Overall MPA Program Risk	High

COMPLIANCE

Policy

Does the project depart from the CPF in content or in other significant respects?

[ ] Yes [✓] No

Does the project require any waivers of Bank policies?

[ ] Yes [✓] No

Environmental and Social Standards Relevance Given its Context at the Time of Appraisal

E & S Standards	Relevance
Assessment and Management of Environmental and Social Risks and Impacts	Relevant
Stakeholder Engagement and Information Disclosure	Relevant
Labor and Working Conditions	Relevant
Resource Efficiency and Pollution Prevention and Management	Relevant
Community Health and Safety	Relevant
Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Currently Relevant
Biodiversity Conservation and Sustainable Management of Living Natural Resources	Relevant
Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Currently Relevant
Cultural Heritage	Relevant
Financial Intermediaries	Not Currently Relevant

NOTE: For further information regarding the World Bank's due diligence assessment of the Project's potential environmental and social risks and impacts, please refer to the Project's Appraisal Environmental and Social Review Summary (ESRS).

Legal Covenants

Sections and Description

Financing Agreement. Schedule 2, Section I.A. 4(a)

The Recipient shall not later than one (1) month after the Effective Date, recruit a Project manager to lead the implementation of Project activities, under terms of reference and with qualifications and experience acceptable to the Association, and to coordinate with the directorate of finance, directorate of internal audit, the procurement unit and other technical directorates within the Ministry of Health on Project implementation and adherence to fiduciary guidelines.

Sections and Description

Financing Agreement. Schedule 2 Section I.A. 4(b)

The Recipient shall not later than three (3) months after the Effective date, recruit a dedicated Project accountant,

procurement specialist, monitoring and evaluation specialist, environmental specialist, social development specialist, public health specialist, and communication specialist for the Project Implementation Unit, under terms of reference and with qualification and experience acceptable to the Association.

Sections and Description

Financing Agreement. Schedule 2 Section I.A. 4(c)
The Recipient shall not later than three (3) months after the Effective Date, recruit or second an internal auditor for the Project Implementation Unit, under terms of reference and with qualification and experience acceptable to the Association.

Sections and Description

Financing Agreement. Schedule 2 Section III B.2
The Recipient undertakes that no Financing and/or GFF Grant proceeds or resources may be used for law-enforcement, security, military, or paramilitary purposes or for any payments made to any law-enforcement, security, military, or paramilitary forces without the express approval of the Association (acting on its own behalf or as administrator of the GFF Grant funds).

Conditions

Type	Description
Effectiveness	Financing Agreement. Article IV 4.01 The GFF Grant Agreement has been duly executed and delivered, and all conditions precedent for its effectiveness, or to the right of the Recipient to make withdrawals under the GFF Grant Agreement, other than the effectiveness of this Agreement, have been fulfilled.
Type	Description
Effectiveness	Grant Agreement. Article IV 4.01 The GFF Grant Agreement shall not become effective until evidence satisfactory to the Bank has been furnished to the Bank that the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness (other than effectiveness of this Agreement) have been fulfilled.
Type	Description
Disbursement	Financing Agreement. Schedule 2 Section III.B. 1(b) Unless the Recipient has recruited a governance specialist for the Project Implementation Unit, under terms of reference and with qualifications and experience acceptable to the Association, to coordinate implementation of the

	Governance and Accountability Plan.

I. PROGRAM CONTEXT

1. **This Project Appraisal Document (PAD) describes the proposed emergency response and health systems support to the Republic of Zambia under the COVID-19 Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA)**, approved by the World Bank Board of Executive Directors on April 2, 2020 with an overall Program financing envelope of up to US$6 billion, using International Development Association (IDA) and International Bank for Reconstruction and Development (IBRD) resources.

A. MPA Program Context

2. **An outbreak of the coronavirus disease (COVID-19) caused by the 2019 novel coronavirus (SARS-CoV-2) has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China**. On March 11, 2020, the World Health Organization (WHO) declared a global pandemic as COVID-19 rapidly spread across the world.[1] Since the beginning of March 2020, the number of cases outside of China has dramatically increased to over 40.7 million, now affecting 189 countries and territories. More than 1,123,217 people have lost their lives as of October 20, 2020.[2]

3. **COVID-19 is one of several emerging infectious disease outbreaks in recent decades that have emerged from animals in contact with humans, resulting in a major pandemic with significant public health and economic impacts.** The last moderately severe influenza pandemics were in 1957 and 1968; each of these killed more than a million people around the world. Although countries are now far more prepared than in the past, the world is also far more interconnected and many more people today have behavioral risk factors such as tobacco use[3] and pre-existing chronic health problems that make viral respiratory infections particularly dangerous.[4] With COVID-19, scientists are still trying to understand the full extent of the disease symptoms and severity. Reported symptoms in patients have varied from mild to severe, and can include fever, cough and shortness of breath. In general, studies of hospitalized patients have found that about 83 to 98 percent of patients develop a fever, 76 to 82 percent develop a dry cough and 11 to 44 percent develop fatigue or muscle aches.[5] Other symptoms, including headache, sore throat, abdominal pain, and diarrhea have been reported, but are less common. While 4.3 percent of the people worldwide confirmed as having been infected have died, WHO has been careful not to describe that as a mortality rate or death rate. This is because in an unfolding epidemic it can be misleading to look simply at the estimate of deaths divided by cases registered thus far. Hence, since the actual prevalence of COVID-19 infection remains unknown in most countries, this pandemic poses unparalleled challenges with respect to global containment and mitigation. These issues reinforce the need to strengthen the response to COVID-19 across all IDA/IBRD countries to minimize the global risk and impact posed by this disease.

4. **This project is prepared under the global framework of the World Bank COVID-19 response financed under the Fast Track COVID-19 Facility (FTCF)**. The project has been assessed for environmental and social risk classification following World Bank procedures and the flexibility provided for COVID-19 operations.

[1] https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html?fbclid=IwAR1n0cZ4bNhYXlZ2BdxZXLZEZBeVoevPotQ6VpFU-J3uO1BQY6haEKM9iVs#/bda7594740fd40299423467b48e9ecf6

[2] https://gisanddata.maps.arcgis.com/apps/opsdashboard/index.html?fbclid=IwAR1n0cZ4bNhYXlZ2BdxZXLZEZBeVoevPotQ6VpFU-J3uO1BQY6haEKM9iVs#/bda7594740fd40299423467b48e9ecf6

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

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

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

B. Updated MPA Program Framework

Table 1. MPA Program Framework

Phase #	Project ID	Sequential or Simultaneous	Phase's Proposed DO*[6]	IPF[7], DPF[8] or PforR[9]	Estimated IBRD Amount (US$ million)	Estimated IDA Amount (US$ million)	Estimated Other Amount (US$ million)	Estimated Approval Date	Estimated Environmental and Social Risk Rating
1	P174185	Simultaneous	Please see relevant PAD	IPF		20.00	5.00	October 21, 2020	Substantial

C. Learning Agenda

5. The project in Zambia will support adaptive learning through an operational and implementation research agenda aligned with the global MPA research areas. Research priorities will include COVID-19 related knowledge, attitude, behaviors, and practices; testing; contact tracing, surveillance, identification of super-spreading events; service readiness, etc. The project will also support: (i) documentation of Zambia's success stories for knowledge-sharing; and (ii) learning from global best practices of the COVID-19 response.

II. CONTEXT AND RELEVANCE

A. Country Context

6. Zambia is a large, landlocked, resource-rich country with sparsely populated land in the center of southern Africa. It shares its border with eight countries[10] that serve as an expanded market for its goods and is Africa's second-largest copper producer. Its population, much of it urban, is estimated at about 17.4 million (2019). Partly because of high fertility, the population is growing at a rapid 2.8 percent per year, resulting in the population doubling close to every 25 years. Zambia is experiencing a large demographic shift and is one of the world's youngest countries by median age. This trend is expected to continue as the large youth population enters reproductive age, which will put even more pressure on the demand for jobs, health care and other social services. Historically, Zambia is frequently inundated with seasonal floods and flash floods, extreme temperatures and droughts, with increased severity and frequency in recent decades. Inadequate infrastructure paired with the fact that a large proportion of the population is rural and poor, makes Zambia highly vulnerable to natural hazards. An assessment using the World Bank's Climate and Disaster Risk Screening Tool[11] determined that Zambia is vulnerable to risks because of climate change impacts including droughts, extreme temperature and inundation due to extreme precipitation and flooding.

7. **Economic growth has stalled in Zambia recently after 15 years of significant socio-economic progress.** Between 2000 and 2014, the annual real Gross Domestic Product (GDP) growth rate averaged 6.8 percent. The country achieved middle-income status in 2011. However, the GDP growth rate reduced to 3.6 percent per annum between

[6] DO – Development Objective
[7] IPF- Investment project Financing
[8] DPF -Development policy Financing
[9] PforR – Program for Results
[10] Zimbabwe, Tanzania, the Democratic Republic of the Congo, Angola, Botswana, Mozambique, Namibia and Malawi
[11] *https://climateknowledgeportal.worldbank.org/country/zambia* (2020).

2015 and 2018 and further dropped to 1.7 percent in 2019.[12] This was mainly attributed to falling copper prices, and declines in agricultural output and hydro-electric power generation due to insufficient and poorly distributed rains.[13] Income distribution from economic growth has skewed towards the rich, and consequently, Zambia is one of the countries with the highest income inequality in the world—with a Gini coefficient of 0.57 in 2019. About 58 percent of the Zambian population is poor and living on less than US$1.90 per day[14], with 77 percent of the poorest households located in rural areas.

8. **Pre-COVID expansionary and procyclical fiscal policies led to increasing macroeconomic and debt vulnerabilities**. Overall fiscal deficits have increased five-fold within the last decade, from 1.7 percent between 2007-12 to 9 percent per annum between 2013-19. This was largely driven by externally financed capital expenditure on infrastructure and exacerbated by weak expenditure controls. The latter led to large differences between fiscal outturns and approved budgets, averaging a difference of 3.6 percent of GDP for the 2013-19 period with consequent significant reductions in social spending. As a result, total public and publicly guaranteed debt increased from 24.8 percent of GDP in 2012 to 87 percent in 2019 and is further projected to increase to 92 percent in 2020.[15] Debt service consumed 46 percent of domestic revenue in 2019, up from 36 percent in 2018. External debt service is expected to average US$1.6 billion per year over 2020-22, while official reserves continue to decline. The latest World Bank/International Monetary Fund Debt Sustainability Analysis in August 2019 concluded that Zambia is at high risk of debt distress and that public debt is on an unsustainable path.

9. **The current unfavorable macro-fiscal environment due to the COVID-19 pandemic is expected to further affect the delivery of health and other social services**. Domestic revenue for 2020 is expected to be over 20 percent lower than budgeted due to lower mining revenue (which has contributed over 25 percent of Zambia's fiscal revenues in recent years) and international trade taxes (which constituted 12 percent of domestic revenue in 2019), among others. On the other hand, expenditure pressures have increased due to the need to increase health spending for COVID-19 (in contrast to the trend of shrinking health sector disbursements over the past few years), and higher debt service costs arising from exchange rate pressures. These pressures could see the fiscal deficit nearly double from the 2020 budget of 5.5 percent of GDP.

B. Sectoral and Institutional Context

10. **Over the past decade, key health and nutrition outcomes have improved in Zambia, but significant challenges remain.** Between 2007 and 2018, the under-5 mortality rate fell from 119 to 61 deaths per 1,000 live births. The maternal mortality ratio also reduced from 591 to 252 deaths per 100,000 live births during this period. Among under-5 children, the prevalence rates of wasting and stunting declined respectively from 6 percent and 49 percent in 2007 to 4 percent and 38 percent in 2018. Despite these gains, population health status in Zambia remains generally poor, and most health and nutrition indicators are below the average for lower middle-income countries. While communicable, maternal, neonatal, and nutritional diseases are the leading causes of death and disability in Zambia,[16] non-communicable diseases have been rising and currently account for 23 percent of total mortality. There are also inequities in access to and utilization of healthcare by income status, age, education, and geographical location. The main underlying constraints in the health system in Zambia are: (i) severe shortages in human resources for health (number, distribution, skills-mix, quality); (ii) erratic supply of drugs and medical commodities; (iii) inequitable

[12] World Bank (2020). *Sub-Saharan Africa Macro Poverty Outlook*. Washington, D.C.: World Bank.
[13] World Bank (2019). *12th Zambia Economic Brief: Wealth Beyond Mining: Leveraging Renewable Natural Capital*. Washington, D.C.: World Bank.
[14] World Bank (2019). *12th Zambia Economic Brief: Wealth Beyond Mining: Leveraging Renewable Natural Capital*. Washington, D.C.: World Bank.
[15] World Bank (2020). *Sub-Saharan Africa Macro Poverty Outlook*. Washington, D.C.: World Bank.
[16] *http://www.healthdata.org/zambia*

distribution of health infrastructure and medical equipment; (iv) limited funding for health coupled with allocative and technical inefficiencies; and (v) low levels of transparency and accountability.

11. **Zambia is at high risk of disease outbreaks.** Zambia's location in Southern Africa—surrounded by eight countries—increases the risk of imported diseases from neighboring countries and beyond. This is because Zambia is a major trucking route for goods, both for import and export, as well as a destination and transit point for labor migrants, asylum seekers, illegal migrants, and victims of human trafficking in the region. Weak health systems in neighboring countries increase the risk of disease outbreaks, and spillover into Zambia. Compounding the problem is Zambia's low capacity to prevent, detect and respond to disease outbreaks[17] according to the 2017 Joint External Evaluation (JEE) led by the WHO[18] and the 2019 Global Health Security Assessment (GHSA). Consequently, Zambia has experienced several disease outbreaks with significant socio-economic impacts. These include polio, anthrax, cholera, measles/rubella, typhoid, rabies, and now COVID-19.

12. **There are strengths and weaknesses in Zambia's public health preparedness and response capacity.** Zambia's performance in some of the core technical areas according to the JEE is relatively good compared with countries within the Southern Africa region; for example, in antimicrobial resistance detection, surveillance of infections caused by antimicrobial-resistant pathogens, developing animal health workforce capacity, immunization, laboratory testing for priority diseases, and risk communication. However, Zambia has limited capacity in the following areas: International Health Regulations (IHR) coordination; communication and advocacy; responding to infectious and potential zoonotic diseases; biosafety and biosecurity training and practices; mapping and utilizing data on public health risks and resources; emergency response operations; medical countermeasures and personnel deployment; and public health response at points of entry (POE).

13. **The COVID-19 situation in Zambia is evolving quickly. Zambia's first confirmed case of COVID-19 was reported on March 18, 2020.** As of October 20, 2020, there were 15,897 cases and 346 COVID-19 deaths. Most of the confirmed cases are from Lusaka district and Chirundu district, a border area between Zambia and Zimbabwe, the Copperbelt province, and Nakonde district, a border area between Zambia and Tanzania. The risk of widespread infections remains high given: (i) the growing local transmission; and (ii) Zambia's low capacity in pandemic preparedness and response. Increased numbers of cases will put intense pressure on the health system, especially on the hospital sub-sector which is ill prepared to cope with this pandemic. As at October 16, Zambia had 1.73 hospital beds per 1,000 people, 25 Intensive Care Units (ICUs), and 120 ICU beds.

14. **COVID-19 is expected to have devastating impacts on health and human development in Zambia.** COVID-19 threatens livelihoods, schooling, food security, nutrition and ultimately human capital formation in Zambia. Zambia ranks 131 out of 157 countries on the Human Capital rankings, with a human capital index of 0.40. The disease and its economic effects are likely to adversely impact human capital development, especially among the poor. For example, May 2020 estimates on the effects of the COVID-19 pandemic on maternal and child health in 118 countries show that reductions in essential health services coverage would lead to increased under-five and maternal mortality ranging from additional 10 to 45 percent per month and 8 to 39 percent per month, respectively.[19] The economic downturn due to the COVID-19 outbreak also has substantial negative implications on employment opportunities and wealth

[17] Worldwide, the average score on the GHSA index is 40.2% while the average score for the African region is 30.8%. Zambia scored 28.7 in 2019. *https://www.ghsindex.org/wp-content/uploads/2019/10/2019-Global-Health-Security-Index.pdf*

[18] The JEE is a voluntary, collaborative, multisectoral process to assess country capacities to prevent, detect and rapidly respond to public health risks whether occurring naturally or due to deliberate or accidental events.

[19] *https://www.thelancet.com/journals/langlo/article/PIIS2214-109X(20)30229-1/fulltext*

accumulation for women in particular. Job losses related to social distancing measures often affect service sectors that employ a high number of females. This will be a challenge for Zambia where 23 percent of households are female headed.[20] Further, COVID-19 will likely increase the already high prevalence of gender-based violence in Zambia.[21] Poor housing, and inadequate access to water and sanitation facilities could also exacerbate the spread and impact of COVID-19.

15. **Water, sanitation and hygiene (WASH) services, safely managed, are essential to preventing disease during infectious disease outbreaks, including COVID-19.** Consistently applied WASH practices, especially handwashing with soap, serve as essential barriers to human-to-human transmission of the SARS-CoV-2 virus. However, only 77.3 percent[22] of the urban population and 37.2 percent of the rural population in Zambia have access to basic hygiene and sanitation facilities. The provision of safely managed WASH services is also critical during the recovery phase to mitigate secondary impacts on community livelihoods and wellbeing. Considerations include the ability of affected households to access and pay for WASH services and products; and the ability of schools, workplaces, and other public spaces to maintain effective hygiene protocols after the lock down. Coordination of WASH activities is through healthcare facility multi-sectoral committees. At the national level, the National WASH in Health Care Committee is responsible for promoting a coordinated approach for the implementation of WASH interventions at health facilities countrywide. It is co-chaired by the Ministry of Health (MOH) and the Ministry of Water Development, Sanitation and Environmental Protection. Members[23] are selected based on their technical knowledge, ability to represent the interests of stakeholders, and capacity to resolve issues the sub-sector may face. At the district level, the District Water, Sanitation and Hygiene Committee, chaired by the Town Clerk, is a multi-stakeholder forum comprising all government departments, non-government organizations and relevant private sector entities involved in WASH activities.

16. **The Zambian Government has been proactive in responding to the COVID-19 outbreak.** These measures are outlined in Statutory Instrument number 21 of the Public Health Act Cap. 295: The Public Health (Notifiable Infectious Disease Declaration) Notice, 2020 and Statutory Instrument number 22 amended through Statutory Instrument numbers 62 of the Public Health Act Cap. 295: The Public Health (Infected Areas) (Corona Virus Disease 2019) Regulations, 2020. The actions mandated include: (i) closure of schools and non-essential businesses, such as bars and nightclubs; (ii) restricting public gatherings to less than 50 people; (iii) the use of face masks in public; (iv) mandatory screening and institutional quarantine for all arriving travelers at POEs; (v) closure of international airports, except for Kenneth Kaunda International Airport; and (vi) restrictions on non-essential foreign travel. Additional measures put in place by the Government of Zambia include: (i) activation of the national epidemic preparedness, prevention control and management committee that meets daily to provide overall guidance and updates on the situation in Zambia; (ii) recruitment of an additional 2,012 healthcare workers; (iii) deployment of health personnel at all POEs to conduct surveillance and active case searches; (iv) activation of an incident management system and Emergency Operations Center; and (v) coordination of the national response by the Zambia National Public Health Institute (ZNPHI). However, some of these measures are slowly being relaxed, such as opening of schools, examination classes, and non-essential businesses. Zambia is also coordinating the COVID-19 response at the regional level through the Southern Africa Regional Collaborating Centre (SARCC) of the Africa Centers for Disease Control and Prevention (Africa CDC).

17. **Zambia developed a six-month (May 1 to October 31, 2020) National COVID-19 Preparedness and Response Plan estimated at US$80.4 million.** The plan provides the framework for the country's COVID-19 response. It has ten

[20] Central Statistics Office (2016). 2015 Living Conditions Monitoring Survey Report
[21] According to the 2018 Zambia Demographic and Health Survey, about 47 percent of ever-married Zambian women aged 15-49 have suffered from spousal or partner violence (physical, sexual, psychological or emotional violence) at some point in time.
[22] WHO/UNICEF Joint Monitoring Program
[23] Representatives are included from CDC, MLG, MOH, MWDSEP, NWASCO, Red Cross, SNV, UNDP, UNICEF, USAID, WaterAid, WHO, WVZ, ZEMA

pillars, namely: (i) coordination; (ii) surveillance, active case detection and contact tracing; (iii) case management, and infection prevention and control (IPC); (iv) laboratory testing, biosafety and biosecurity; (v) capacity building and field epidemiology enhancement; (vi) risk communication; (vii) port of entry surveillance; (viii) infrastructure and equipment; (ix) drugs, laboratory supplies and other logistics; and (x) human resources. The plan was developed by the Zambian Government in collaboration with development partners and other key stakeholders. The plan is aligned with the WHO's COVID-19 Strategic Preparedness and Response Guidelines.[24] The plan also outlines the roles and responsibilities of each stakeholder; which will be reviewed and updated at regular intervals to reflect the evolving pandemic. About US$40 million has been mobilized to support the national COVID-19 Preparedness and Response Plan (US$3,166,667 from the Government of Zambia and US$36,784,253 from development partners).

18. **The World Bank has been supporting the Government's COVID-19 response.** A total of US$2.72 million has been mobilized from the existing health operations and financing mechanisms; namely: (i) US$1 million for interventions common to both Ebola Virus disease (EVD) and COVID-19, as part of the Contingent Emergency Response Component (CERC) for EVD under the Zambia Health Services Improvement Project (ZHSIP, P145335); (ii) US$500,000 from the Zambian component of the regional Southern Africa Tuberculosis and Health Systems Support Project (SATBHSSP, P155658); and (iii) US$1.22 million from the Pandemic Emergency Financing Facility Insurance window. Facing a US$40.4 million financing gap for the National COVID-19 Preparedness and Response Plan, the Government of Zambia, on April 24, 2020 sent a formal request for US$20 million from the FTCF to help meet its financing needs. The FTCF will provide emergency financing, technical assistance, and will build on the support from existing instruments as well as identified gaps not supported by other development partners within the Zambia COVID-19 Preparedness and Response Plan, including building resilient health systems to sustain the provision of essential health services within the context of COVID-19 pandemic control.

19. **The project will be co-financed with a US$5 million grant from the Global Financing Facility for Women, Children and Adolescents (GFF).** The GFF supports low- and lower-middle income countries accelerate progress on reproductive, maternal, newborn, child and adolescent health and nutrition (RMNCAH-N), through streamlining donor coordination and maximizing the allocative efficiency of health financing under a prioritized, national health plan (called an Investment Case).[25] In December 2019, the MOH began work on an Investment Case for RMNCAH-N services, with partial support from the GFF. The Investment Case is intended to clearly articulate the highest priorities to advance RMNCAH-N outcomes, and to ensure that these form the basis for sustainable financing for both domestic and external resources. While the COVID-19-related travel and meeting restrictions have delayed the preparation of the Investment Case, the MOH remains strongly committed to its completion. This project will further inform the Investment Case on critical system issues that need to be addressed to ensure continuity of RMNCAH-N services. This is part of a larger support mobilized by the GFF Investors Group in late April 2020 to protect essential health and nutrition services in GFF partner countries as part of the COVID-19 response.[20] The US$5 million GFF grant will co-finance the COVID-19 response, including ensuring continuity of essential RMNCAH-N services and related health system strengthening. This would bring the total World Bank Group (WBG) and GFF financing support for COVID-19 interventions in the health sector to US$27.72 million (Table 2).

[24] World Health Organization (2020). 2019 Novel Coronavirus (2019-nCoV) Strategic Preparedness and Response Plan. *https://www.who.int/docs/default-source/coronaviruse/srp-04022020.pdf.*
[25] *https://www.globalfinancingfacility.org/sites/gff_new/files/Investment%20Case%20Guidance%20Note_EN.pdf*

Table 2: National COVID-19 Plan: Budget, Committed Funds, and Financing Gap

Total Cost/Budget of the National COVID-19 Plan (US$ millions)	Commitments (US$ millions)					Financing Gap (US$ millions)
	Government of Zambia	World Bank and GFF Financing			Other Development Partners[26]	
		IDA financing (credit)	PEF [27]Insurance Window	GFF grant		
80.42	3.17	21.50	1.22	5.00	36.78	12.80

20. **Additional COVID-19 funds can be mobilized from the World Bank's health portfolio.** As agreed with the Government of Zambia, Zambia can access more funds from the US$90 million Africa Centers for Disease Control and Prevention Regional Investment Financing Project (ACDCP, P167916) that was approved on December 10, 2019 and became effective on May 20, 2020**.** This project seeks to strengthen disease surveillance, prevention, and emergency-response systems across the continent. It plans to finance the establishment of laboratories, transnational surveillance networks, emergency-response mechanisms, and other public health assets designed to manage diseases. The ACDCP could also provide additional resources through implementation of its project activities since the focus of the project is strengthening preparedness and response continental and regional disease outbreaks, which are aligned to the Zambia National COVID-19 Plan and through the activation of the ACDCP Contingent Emergency Response Component (CERC).

21. **Institutional and governance weaknesses in Zambia's health sector pose a significant risk to the National COVID-19 Response Plan implementation.** The implementation of the National COVID-19 Preparedness and Response Plan is jointly coordinated with other ministries as well as with provincial and local governments. However, studies have pointed out that weak coordination among the various health sector agencies in Zambia and across government levels hinder an efficient flow of funds, resulting in unspent funds and a failure to deliver health services.[28] This coordination needs to be strengthened by mapping the roles and responsibilities of various stakeholders and identifying the gaps and weaknesses in the current institutional structures that could affect the project coordination and implementation. The success of this operation and the overall response depends on Zambia's ability to better coordinate internally and is committed to addressing the identified weaknesses. To address these weaknesses, the MOH has made a commitment to improve governance and accountability under this project by (i) working closely with other ministries and agencies at the national, provincial and district levels, (ii) strengthening citizen engagement and public outreach efforts, and (iii) enhancing transparency and accountability in the use of funds and execution of planned activities.

C. Relevance to Higher Level Objectives

22. **The project is aligned with WBG strategic priorities, particularly the WBG's mission to end extreme poverty and boost shared prosperity.** The project is focused on preparedness, which is critical to achieving Universal Health Coverage. It is also aligned with the World Bank's support for national plans and global commitments to strengthen pandemic preparedness through three key actions under preparedness: (i) improving national preparedness plans, including organizational structure of the Government; (ii) promoting adherence to the IHR; and (iii) utilizing

[26] The donors are WHO, UNICEF, EU, Sweden, DFID, Elma Foundation, Global Fund, JICA, Unit aid, US CDC, USAD, and GAVI
[27] PEF: Pandemic Emergency Financing Facility
[28] Zambia Health Sector Public Expenditure Review (December 2018), The World Bank

international frameworks for monitoring and evaluation of the IHR. The economic rationale for investing in the MPA interventions is strong, given that success can reduce the economic burden suffered both by individuals and countries. The project, being part of the Global MPA, complements both WBG and development partner investments in health systems strengthening, disease control and surveillance, individual and institutional behavior change, and citizen engagement. Furthermore, the project contributes to the implementation of IHR (2005), Integrated Disease Surveillance and Response (IDSR), the World Organization for Animal Health's international standards, the Global Health Security Agenda, the Paris Climate Agreement, the Universal Health Coverage agenda and the Sustainable Development Goals, including promotion of a One-Health approach.

23. **The proposed project is aligned to the World Bank Group Country Partnership Framework (CPF, 2019–2023) for Zambia (report no. 128467-ZA).** The CPF has three areas of focus, namely: (i) Increasing opportunities and jobs for the rural poor, (ii) Increasing public services and social protection to enhance job participation, and (iii) Building resilient institutions. The strategies and activities outlined in the proposed project are directly linked to CPF Focus Area II which seeks to facilitate inclusive long-term human capital development by breaking intergenerational poverty. The CPF is still highly relevant in addressing the negative impact of the COVID-19 on health, nutrition, education, social protection and the economy at large. For instance, in paragraph 70 of the CPF, disease outbreaks and broader public health emergencies have been identified as huge development challenges; and the CPF proposes to effectively address them through short- and long-term interventions. In addition, in paragraph 76, the CPF proposes continued investments in basic public health, prevention and treatment services. Therefore, the CPF is still applicable in the COVID-19 environment in Zambia, and the interventions outlined in the proposed project are adequately aligned to the CPF. Furthermore, the country program has been adjusted to effectively respond to the COVID-19 as presented in paragraphs 18-20 above. This includes: (i) mobilizing money from existing health operations, (ii) preparing a new health operation, (iii) additional financing through education and social protection operations, and (iv) preparation of prior actions for a potential Development Policy Financing. Support to the national COVID-19 response plan is also well-distributed among the development partners. Negotiations between the IMF and the government are on-going for a Rapid Credit Facility (RCF) while the African Development Bank could provide budget support once the RCF is in place.

24. **In addition to the CPF, the proposed project is consistent with the key national and health sector development policies and plans.** Foremost, the proposed project is aligned to the Vision 2030 and Seventh National Development Plan (2017-2021), which seeks to enhance human development; the National Health Policy, which envisions a nation of healthy and productive people; the Zambia National Health Strategic Plan 2017–2021, whose goal is to improve the health status of people in Zambia to contribute to increased productivity and socio-economic development; and the National Action Plan for Health Security (2019–2023) which seeks to protect the nation from public health emergencies and threats.

25. **The WBG remains committed to providing a fast and flexible response to the COVID-19 pandemic, utilizing all WBG operational and policy instruments, and working in close partnership with the Government and other agencies.** Grounded in the World Bank's One Health Operational Framework for Strengthening Human, Animal, and Environmental Public Health Systems at their Interface (2018), which provides for an integrated approach across sectors and disciplines, the proposed WBG response to COVID-19 will include emergency financing, policy advice, and technical assistance, building on existing instruments to support IDA/IBRD-eligible countries in addressing the health sector and broader development impacts of COVID-19. The WBG COVID-19 response is anchored in the WHO's COVID-19 global Strategic Preparedness and Response Plan which outlines the public health measures for all countries to prepare for and respond to COVID-19 and sustain their efforts to prevent future outbreaks of emerging infectious diseases.

III. PROJECT DESCRIPTION

A. Development Objectives

26. The project development objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 in Zambia and strengthen national public health systems for preparedness.

27. **PDO indicators**:

(i) Percentage of identified close contacts of confirmed COVID-19 cases investigated based on national guidelines
(ii) Number of designated laboratories with SARS-CoV-2 diagnostic capacity
(iii) Number of designated health facilities with COVID-19 case management capacity

B. Project Components

Component 1: Emergency Public Health Response to COVID-19 - US$10.35 million equivalent (US$8.28 million IDA; US$2.07 million GFF)

28. This component aims to reduce the spread of COVID-19 through surveillance, contact tracing, building laboratory capacity, risk communication and community engagement, and coordination of emergency preparedness and response. The component has four sub-components:

29. **Sub-component 1.1: Disease Surveillance, Case Investigation and Rapid Response Capacity**: **(US$3.3 million equivalent IDA)** This sub-component will support: (i) coordination of COVID-19 response at national and subnational levels; including operation of the central and provincial Public Health Emergency Operation Centers and emergency response vehicles; (ii) risk assessments to identify high-risk areas, events and population groups; (iii) COVID-19 surveillance activities as part of IDSR through: (a) the development/updating of surveillance protocols; (b) establishment of Influenza-Like Illnesses and Severe Acute Respiratory Infections (ILI/SARI) sentinel sites; (c) capacity building in surveillance, including the training of community volunteers in event-based surveillance in high-risk districts, and training of staff in incident management system, epidemic preparedness and response; and (d) disease surveillance information systems, including data audit; (iv) rapid response teams to conduct contact tracing; (v) establishment/rehabilitation of quarantine facilities for suspected cases and support to the public health emergency operations center (PHEOC) including strengthening the call response center; and (vi) assessment of the implementation of International Health Regulations including related operational costs[29] for all activities.

30. **Sub-component 1.2: Laboratory Capacity and Specimen Transport: US$3.53 million equivalent (US$2.48 million IDA; US$1.05 million GFF)** This sub-component will support the operational costs of the existing COBAS 6800 and real time reverse transcription-polymerase chain reaction (RT-PCR) testing platforms in Lusaka and Ndola. It will also support the expansion of SARS-CoV-2 testing to three additional laboratories with RT-PCR capacity and 12 laboratories with GeneXpert capacity[30]as well as the roll out of rapid diagnostic tests (RDTs) following technical

[29] All operational costs for all activities will be reviewed annually by the World Bank and agreed upon with the Client.
[30] Currently, there are three laboratories which can test for SARS-CoV-2 using RT-PCR, namely the University of Zambia Teaching Hospital (UTH); the University of Zambia School of Veterinary Medicine (both in Lusaka) and the Tropical Diseases Research Centre (TDRC) in the Copperbelt. There are also

evaluation, validation, and adoption as policy for implementation by the Government of Zambia. It will finance: (i) laboratory equipment, reagents, and supply chain management for SARS-CoV-2 testing; (ii) capacity building for laboratory personnel at national and sub-national levels in SARS-CoV-2 testing, biosafety/biosecurity and quality assurance; and (iii) vehicles and specimen transportation equipment from lower level heath facilities to laboratories and testing centers.

31. **Sub-component 1.3: Points of Entry: (US$1.67 million equivalent IDA)** This sub-component will strengthen screening at points of entry (land, water and air), cross-border surveillance in border districts, and quarantine of suspected individuals at POE by MOH personnel. Special attention will be paid to POE hot spots such as Nakonde, Kasumbalesa, Chirundu, Chanida and main truck stops along transport corridors, with multisectoral interventions targeting identified risk groups such as truck drivers, immigration officers, commercial sex workers, and hospitality workers. MOH cross-border committees in border districts will be supported to facilitate POE health interventions. The MOH, per its public health mandates, will provide port health services at POEs, including disease surveillance. The proposed POE health interventions supported by the project will therefore be implemented by health personnel only. Law enforcement, security or military forces may be present at POEs, but will not implement any POE health interventions. Similarly, project financing shall not be used for any expenditures incurred by military or security forces, without the World Bank's prior approval. In the event that law enforcement, security or military forces are engaged for the implementation of project activities, a risk assessment will need to be undertaken, and the appropriate legal and risk mitigation measures put into place in a form, substance and manner satisfactory to the World Bank. The project will finance equipment, personal protective equipment (PPE), non-salary operating costs for POE and surveillance, and non-salary operational costs of quarantine through established POE health structures.

32. **Sub-component 1.4: Risk Communication and Community Engagement: US$1.85 million equivalent (US$0.83 million IDA; US$1.02 million equivalent GFF).** This sub-component will support (i) behavior change communication (e.g. especially on handwashing, the use of facemasks, and physical distancing); (ii) psychosocial support for project beneficiaries and health service providers; (iii) social accountability mechanisms in communities and health facilities; and (iii) prevention and addressing gender-based violence. Risk communication and community engagement will use multiple information channels (call center, print, digital, social media, outreach) and state-of-the-art approaches (e.g. behavioral nudges). As there are other development partners supporting COVID-19 risk communication and community engagement, the project will closely coordinate with the Government of Zambia and partners to avoid duplication of efforts.

Component 2: Resilient Health Service Delivery – US$12.15 million equivalent (US$9.22 million IDA; US$2.93 million GFF)

33. This component supports COVID-19 case management, infection prevention and control, and interventions to maintain essential health services and includes three sub-components.

34. **Sub-component 2.1: Case Management: US$5.19 million equivalent (US$4.61 million IDA; US$0.58 million GFF)** This sub-component will support the diagnostic capacity and management of COVID-19 cases (adults, children and neonates) in isolation facilities and other specialized COVID-19 treatment centers. This involves minor rehabilitation and/or conversion of existing facilities and/or the use of temporary structures (e.g. medical tents). Support for diagnostic equipment such as digital x-rays, medical equipment, drugs and supplies for treatment centers will focus on the most essential equipment, especially oxygen therapy (e.g. pulse oximeters, oxygen concentrators,

275 laboratories with GeneXpert being used for TB diagnosis.

nebulizers and humidifiers, Continuous Positive Airway Pressure, etc.), which has proven to be critical in COVID-19 case management. Only a small number of ICU beds/units with ventilators and ambulances will be supported, considering funding from other sources. In addition, this sub-component will also include: nutrition support for COVID-19 patients in isolation and treatment centers; and capacity building in COVID-19 case management, including: (a) development and dissemination of COVID-19 clinical guidelines; (b) training and mentorship for COVID-19 case management and intensive care (including team-based approaches); (c) payments of allowances and related operational costs for case management teams consistent with the applicable government policies; and (d) training and mentorship in psychosocial counselling and addressing other mental health conditions arising as a result of COVID-19.

35. **Sub-component 2.2. Infection Prevention and Control: US$3.38 million equivalent (US$2.77 million IDA; US$0.61 million equivalent GFF).** This sub-component will support: (i) procurement of PPE appropriate for regular health care at different levels of health delivery system including isolation health facilities, and disinfectants; (ii) training, implementation and monitoring of IPC interventions among both facility-based and community-based health workers; (iii) compliance with WASH standards[31] and proper healthcare waste management in health facilities; and (iv) improving safe burials for COVID-19 related deaths.

36. **Sub-component 2.3: Strengthening Capacity for Essential Services Continuity: US$3.58 million equivalent (US$1.84 million IDA; US$1.74 million GFF)** This sub-component will help:

(a) Maintain essential health services with focus on RMNCAH-N by supporting: (i) recruitment and surge capacity of frontline health care workers; (ii) system redesign and innovations (e.g. telemedicine) to maintain essential services; (iii) strengthening of the supply chain system for essential medicines and commodities; (iv) blood transfusion services[32] which is essential for emergencies (including obstetric emergencies) and has a role to play in COVID-19 case management (convalescent plasma therapy); procurement of PPEs for regular health care; and (v) psychosocial support for both patients and health workers.

(b) Mainstreaming gender as a cross-cutting theme: Experience from past outbreaks such as Ebola have shown the importance of gender in containment and mitigation efforts. The on-going pandemic also exacerbates sexual and gender-based violence (SGBV). The project, therefore, treats gender as a cross-cutting theme and has embedded gender-sensitive project activities where applicable. These include: (i) provision of comprehensive care for SGBV survivors in the project areas within the overall multisector national program for SGBV; (ii) strengthening health care worker and community based volunteer capacity in the management and referral of SGBV cases; (iii) raising community awareness of SGBV and related services; (iv) collaboration and linkages to education and social protection services for SGBV; (v) contributing to the implementation SBGV prevention activities within the Zambia Safe Schools Framework; (vi) enhancing capacity of one stop centers for SGBV in selected health facilities; and (vii) strengthening data collection and information management for SGBV. The MOH will collaborate with the Ministry of Gender and other relevant actors to ensure information on available SBGV services is disseminated, including the use of established response hotlines and community outreach.

[31] This will be through provision of equipment and supplies, including water containers, handwashing facilities, soap and alcohol-based hand rub, disinfectant, waste bins, etc.; water service provision (where currently doesn't exist or limited) through utilizing trucks or carts for water delivery (small containers, sachets or other pre-packaged water) and water tankers, including adequate water storage.
[32] Essential not only to emergencies (e.g. obstetric emergencies), but also has a role to play in COVID-19 case management (e.g. convalescent plasma therapy).

Component 3: Project Management, Operational Research, and Governance and Accountability: US$2.50 million equivalent IDA This component has two sub-components:

37. **Sub-component 3.1: Project Management and Operational Research (US$2.00 million).** The sub-component will finance strengthening of the Project Implementation Unit (PIU) under ZNPHI to support overall project management, including procurement, financial management, safeguards and grievance redress as well as monitoring and evaluation (M&E) under this project. This subcomponent will finance development of data protection and disclosure policy and framework. The details on data security will be provided in the Project Implementation Manual (PIM). The subcomponent will also finance the operational costs of various oversight committees and annual reviews, selected implementation and operational research activities identified under the learning agenda as well as knowledge management related to COVID-19.

38. **Sub-component 3.2: Strengthening Governance and Accountability in the Implementation of the National COVID-19 Response Plan (US$0.5 million)**. This sub-component will improve coordination, transparency and accountability in COVID-19 response by supporting the following areas as outlined in the agreed Governance and Accountability Action Plan (GAAP) (Annex 2):

(a) *Improving institutional coordination and implementation*: The implementation of the project at the national and subnational levels and in an emergency-mode creates challenges in project coordination and implementation. A gap analysis will be carried out to identify gaps and weaknesses in existing coordination arrangements. On this basis, and the project will provide specific support to address such gaps. Fund transfers and utilization at the provincial and district levels will be captured through project reporting systems and consolidated by the PIU as part of project financial management arrangements. Spot checks will be carried out on the validity of reporting, regarding both the completeness and the accuracy of record keeping.

(b) *Strengthening transparency of project activities*: This will include: (i) creation of a project website with all relevant project information (e.g. financial reports, audit reports, mission Aide-Memoires as agreed with Government based on the public disclosure policies, other operational reports, minutes of meetings of committees etc.); (ii) interoperability of the project website with the MOH website and health information systems; and (iii) use of Notice Boards to prominently display relevant[33] project information in provincial and district health offices. The project will institute a functioning grievance redress system which channel any grievance or complaint relating to the project to the PIU. The PIU will respond to each complaint and try to resolve it within an agreed upon timeframe. The details of the grievance redress system will be described in the PIM, developed by government within one month after effectiveness.

(c) *Enhancing oversight and accountability:* The project will use existing internal and external audit systems and oversight structures to ensure the government's strict compliance with agreed upon rules and procedures. The PIU will ensure that (i) the external audit reports by the Auditor General are shared with all relevant stakeholders and placed on the project website, (ii) the internal audit reports are reviewed by the MOH Audit Committees and (iii) all external and internal audit findings and recommendations are acted upon within agreed timeframes. The project will also support the strengthening of the MOH internal audit functions. All project procurements will be subject to the review of the MOH Procurement Committee. The Integrity Committee at the MOH will ensure that all complaints are addressed, and all allegations of corruption or

[33] Such as budget allocations, testing schedules, supply of equipment's and other infrastructure, and procurement related information.

misappropriation of project funds investigated immediately. The PIU and the World Bank will carry out spot checks to assess the extent to which the above described measures are carried out.

(d) *Strengthening citizen engagement for community monitoring*: The project will support citizen engagement measures to ensure consultation with all key project stakeholders. Based on the findings of the gap analysis at the start of the project, the PIU will ensure that various project implementation and oversight committees have adequate representation of public representatives and members of Civil Society Organizations (CSOs).

39. The GAAP (Annex 2) provides a detailed description of the above activities, their timelines and monitoring arrangements. The PIU will have a full-time Governance Specialist who will coordinate the implementation of the GAAP. The Governance Specialist, to be recruited no later than two months after the project effectiveness, will report to the Director of ZNPHI and Director Internal Audit in MOH and support the implementation of the GAAP. The MOH and the World Bank will undertake biannual governance reviews of the project as outlined in the GAAP and assess any new potential areas of non-compliance- to applicable regulations and guidelines and agree on ways to mitigate them over the next six months.

C. Project Beneficiaries

40. **The entire population of Zambia is expected to benefit from the project.** This is because COVID-19 poses a risk to all members of the population**.** Suspected and confirmed COVID-19 cases, at-risk groups such as the elderly, people with co-morbidities, medical and emergency personnel, POE officials and truck drivers, etc. are key project beneficiaries. The cross-border communities in countries that border Zambia will also indirectly benefit from the project. In addition, the MOH and the ZNPHI would also benefit from institutional capacity strengthening.

IV. IMPLEMENTATION ARRANGEMENTS

A. Institutional and Implementation Arrangements

41. **The MOH will be the project implementing agency**. The Permanent Secretary for Administration and the Permanent Secretary for Technical Services will be responsible for managing project activities, in line with their respective administrative mandates. The MOH, through the Public Health Act (Laws, Volume17, Cap.295) number 22 of 1995 is mandated to ensure national public health security in Zambia and is therefore responsible for the provision of all public health functions at national and subnational levels. Subsequently, with the revision of the Public Health Act and enactment of ZNPHI bill into law[34], these functions will be transferred to ZNPHI; currently ZNPHI is a directorate under MOH. The day to day project coordination and implementation will be handled by the PIU which is currently in charge of implementation of the ACDCP within the ZNPHI. Given the expanded role of this PIU to also manage the COVID-19 project, this PIU has been strengthened within the ZNPHI[35] based on the results of PIU capacity assessment. There will be one Project Coordinator recruited under the ACDCP who will be responsible for both the ACDCP project and the COVID-19 Project. Additional PIU staff for COVID-19 implementation will include; the Project Manager who will lead implementation of Project activities and will be recruited not later than one month after project effectiveness. Other PIU staff including Accountant, Procurement Specialist, Internal Auditor, Environmental Specialist, Social Development Specialist, IT Specialist, Monitoring and Evaluation Specialist, Public Health Specialist, Communication

[34] The ZNPHI bill has been cleared by the Attorney General and is now with Cabinet for review. The Bill will then be submitted to Parliament and to the Executive for enactment. This whole process is expected to be finalized by December 2020.
[35] The ZNPHI was mandated through a Government Cabinet approval to serve as dedicated national-level institution to coordinate public health interventions and ensure national health security.

Specialist, Mental Health Specialist and Case Management Specialist will be recruited not later than three-months after project effectiveness. The Director ZNPHI based on the evolving COVID-19 pandemic will in consultation with the World Bank recruit additional technical staff if deemed necessary. Under the COVID-19 project, the PIU will be responsible for: (i) the day-to-day management and execution of project activities; (ii) the preparation of annual activity and procurement plans; (iii) the drafting of contract documents; (iv) collecting and compiling all data relating to their specific indicators; (v) evaluating results; (vi) providing the relevant performance information to the Health Cluster Committee; (vii) reporting results to the World Bank prior to each semiannual implementation support mission; and (viii) the preparation of a consolidated report on the implementation of the project components. The PIU will also closely follow up with the Directorate of Finance, Director Internal Audit, Procurement Unit and relevant technical directorates in MOH. The PIU will perform its functions as described in the PIM.

42. **The Project Manager for the COVID-19 project will report to the PIU Project Coordinator (for both ACDCP and the COVID-19 project)**. The Project Manager will be hired no later than one month after effectiveness. She/he will also work closely with the Directorate of Finance, Director of Internal Audit, the MOH procurement unit, and other MOH technical directorates on project implementation to ensure adherence to fiduciary guidelines. Furthermore, the MOH technical directorates and other sector ministries will be involved in project activities based on their functional capacities and institutional mandates. The implementation arrangements described above will continue until the ZNPHI Act has been enacted and ZNPHI is established as an autonomous legal entity. Thereafter, the overall responsibility for project execution, coordination, and management will be transferred to the ZNPHI, subject to a satisfactory fiduciary assessment of the ZNPHI and a required project restructuring.

43. **ZNPHI is responsible for coordinating the National Public Health Emergency Rapid Response Team and supports the lower branches of the MOH in epidemic preparedness and response**. The Epidemic Preparedness and Response Department of the ZNPHI is the designated National Focal Point that coordinates the multisectoral implementation of the International Health Regulations (IHR), 2005. Furthermore, the ZNPHI is the secretariat to the national One Health steering committee which is currently overseeing Antimicrobial Resistance, as well as secretarial services to the NEPPC and MC. In contrast, the Provincial Health Office is the secretariat to the PEPPC and MC and is responsible for the Provincial Public Health Emergency Rapid Response Team (PPHERR). The District Health Office is the secretariat to the DEPPC and MC and is responsible for District Public Health Emergency Rapid Response Team (DPHERR).

44. **The Country Steering Committee (CSC) established under the ACDCP will provide oversight for all World Bank supported projects in pandemic preparedness and response**. The CSC meets monthly to monitor the performance of the implementing agencies, review annual workplans and implementation progress, provide technical guidance and support, provide performance reports to the MOH policy meetings[36], and share key information among project stakeholders. The CSC is a multisector steering committee co-chaired by the Permanent Secretary-Technical Services in MOH and the Permanent Secretary in the Ministry of Livestock and Fisheries. The membership comprises of directors or heads of units from the relevant Ministries and institutions. These include: (a) Ministry of Health: (i) Director of Public Health; (ii) Director of Clinical Care and Diagnostic Services; (iii) Director of Health Promotion Environment and Social Determinants; (iv) Head Environmental Unit; (v) Director of Finance; (vi) Head Procurement; (b) Ministry of Fisheries and Livestock: (i) Director of Veterinary Services responsible for prevention and control of zoonotic diseases and food safety; (ii) Head of the National Livestock Epidemiological and Information Centre and the Head Central Veterinary Research Institute; (c) Ministry of Agriculture: Representative from the Zambia Agriculture Research

[36] Chaired by the permanent Secretary MOH with membership drawn from the staff from MOH at national and subnational levels, the development partners, the UN systems, the CSOs, private sector and Academia. The policy meetings are held quarterly.

Institute (ZARI);[37] (d) Representative of the Ministry of National Development Planning; (e) Representative of the Ministry of Finance; (f) Representative of the Ministry of Water Development, Sanitation and Environmental Protection; (g) Representative of University of Zambia School of Veterinary Medicine and Head Laboratory; (h) Head UTH Virology Laboratory; (i) Head of the Tropical Disease Research Centre; (j) two representatives from key CSOs and ZNPHI as Secretariat to the CSC.

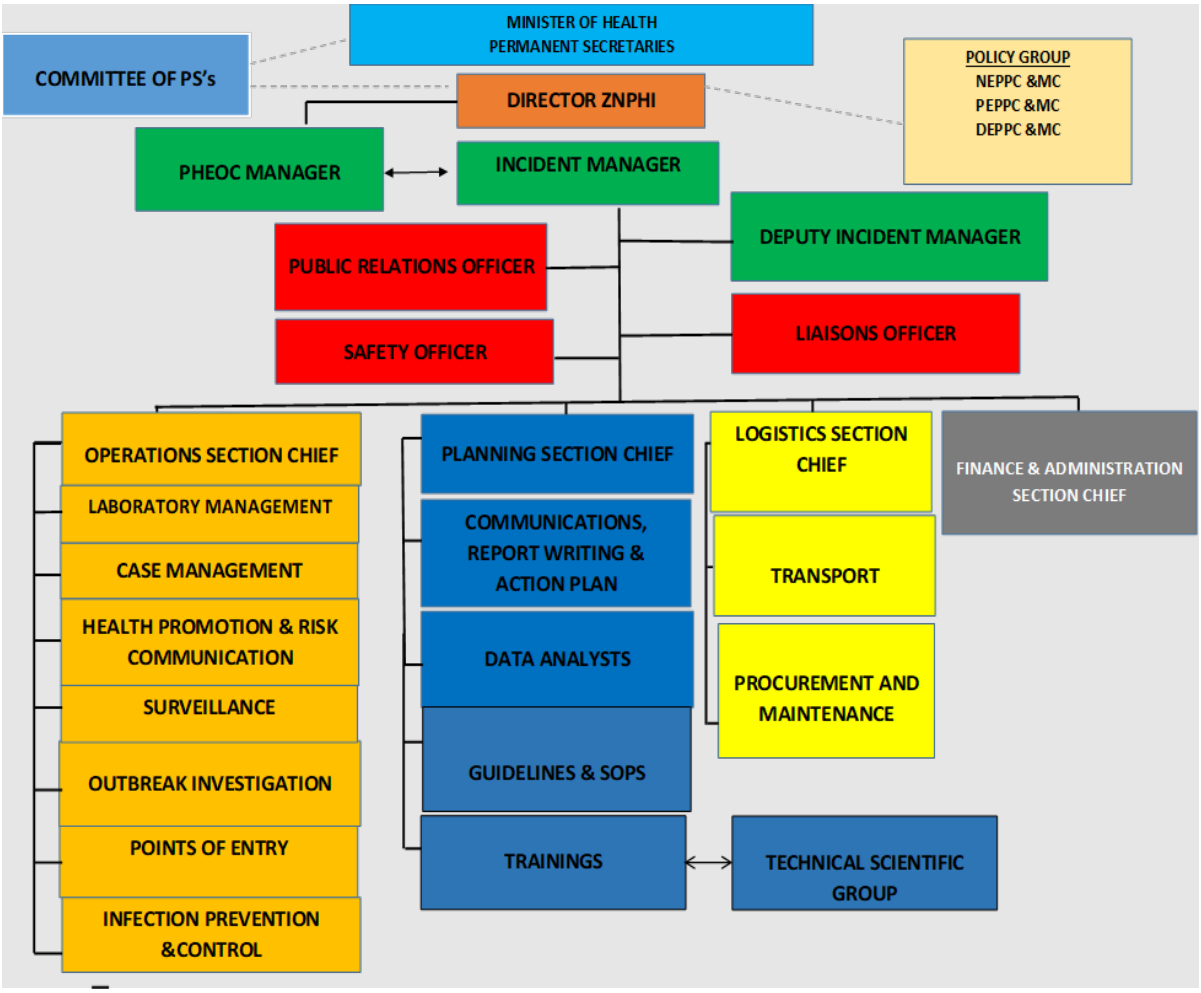
Coordination of Public Health Emergencies

45. **Response to public health emergencies is coordinated at national and subnational levels.** This is done through: (i) the Council of Cabinet Ministers chaired by the Vice-President; (ii) the National Epidemic Preparedness Prevention Control and Management Committee (NEPPC and MC), co-chaired by the Minister of Health and the Minister of Local Government and Housing; (iii) the Provincial Epidemic Preparedness Prevention Control and Management Committees (PEPPC and MC) which are chaired by the Provincial Permanent Secretaries; and (iv) the District Epidemic Preparedness Prevention Control and Management Committee levels (DEPPC and MC) which is chaired by the District Commissioner. The NEPPC and MC is a multi-sectoral strategic and policy level structure responsible for coordinating public health emergencies nationally. The membership includes Cabinet Ministers relevant to the actual public health emergency, heads of international agencies working in the health sector, and technical staff from the respective line ministries and organizations.

46. **Zambia has adopted the incident management system (IMS) as standard practice for responding to an outbreak or public health emergency**. IMS applies a common organizational model at all levels, from national, provincial, district to front-line emergency response services. It has five essential functions, namely management, operations, planning, logistics, finance and administration. The IMS structure can be expanded or contracted depending on how an emergency or outbreak is progressing. Whenever the Public Health Emergency Operations Centre is activated, the IMS structure is established to coordinate the incident or event. Figure 1 outlines the COVID-19 IMS.

[37] Zambia Agriculture Research Institute (ZARI) is responsible for phytosanitary inspections and control of plant diseases

Figure 1: Zambia COVID-19 Incident Management Structure



B. Results Monitoring and Evaluation Arrangements

47. **The project's results framework is aligned with the SPRP.** Each component has at least two intermediate outcome indicators. The M&E system is specifically designed to track incremental improvements in surveillance and outbreak response, with the aim to improve the efficiency of project implementation through regular reporting on intermediate outcomes. The PIU will be responsible for: (i) collecting and compiling all data for indicators included in the Results Framework; (ii) evaluating results; (iii) providing the relevant performance information to the Health Cluster Committee; and (iv) reporting results to the World Bank prior to each semiannual implementation support mission.

48. **The citizen engagement and community monitoring**: The project will put in place a robust citizen engagement mechanism as part of the GAAP to ensure that all project activities are implemented and monitored in consultation with all key project stakeholders. This project will support: (i) multisector oversight committees whose representation will be detailed in the PIM; (ii) social media engagement to disseminate project information (as well as behavior change communication for COVID-19 response broadly); (iii) collection of citizen feedbacks; and (iv) operational costs for independent monitoring of project activities.

C. Sustainability

49. **The sustainability of the project will largely depend on continued government commitment, adequate technical and institutional capacity, and predictable financing.** Sustained government stewardship and continued engagement of stakeholders at all levels (including the communities) will be key. It is expected that system strengthening and improved capacity for public health preparedness under the project will be critical in sustaining project outcomes. Importantly, adequate and sustainable domestic financing will be required to support and sustain the gains that are expected to be realized under the project.

V. PROJECT APPRAISAL SUMMARY

A. Technical, Economic and Financial Analysis

50. **There is a very strong justification for investing in the prevention and control of epidemics and pandemics.** An unmitigated epidemic can cause massive illnesses and deaths. In the Spanish influenza pandemic of 1918, about 50 million people or 2.5 percent of the global population at that time died. For the COVID-19 pandemic, estimates from the Imperial College of London (ICL) show that in the absence of interventions, there could be 40 million deaths globally in 2020.[38] Estimates for Zambia show that without mitigation measures, about 241,686 people would require hospitalization with about 30,908 deaths by the end of the COVID-19 pandemic.[39] However, these estimates assume an average of 3 secondary infections by each infected person in an unconstrained epidemic and wholly susceptible population, using population pyramid, disease severity, and health system profile based on China. While these assumptions might not turn out to be true for Zambia, there is a need to prepare and respond adequately as even a few cases can overwhelm Zambia's already weak health system. Studies on the 1918 Spanish influenza pandemic show that areas where extensive interventions were implemented early slowed the spread of the pandemic, which in turn reduced the number of illnesses, deaths, and severity of the economic disruptions. Considering that the current number of COVID-19 cases in Zambia are significantly lower than predicted in the ICL model, this provides a huge opportunity to limit further spread of the virus through prevention and response.

51. **While the key risks of the pandemic are the loss of human lives and the potential for long-lasting health impacts, the spread of the virus also has profound negative repercussions on national, regional, and global economies.** Widespread transmission, prolonged illnesses and mortality due to COVID-19 will most likely lead to a loss in the productivity of labor (through increased absenteeism, reductions in efficiency and size of the labor force), investments and trade, and capital formation for almost all the countries worldwide. For instance, it is estimated that a severe global influenza pandemic (such as the 1918 Spanish influenza pandemic) would cost the global economy US$3 trillion, or up to 4.8 percent of the global gross domestic product.[40] The authors show that losses to national incomes would be more severe in lower-middle-income countries. Empirical data on the Ebola epidemic in Guinea, Liberia, and Sierra Leone also showed that many of the previous years' economic gains were cancelled-out.[41] Similarly, it is predicted that the COVID-19 pandemic will lead to a reduction of economic growth in SSA from 2.4 percent in 2019 to between -2.1 and -5.1 percent in 2020, driving the SSA region into a recession.[42] In Zambia, real GDP growth is projected

[38] *https://spiral.imperial.ac.uk:8443/bitstream/10044/1/77735/10/2020-03-26-COVID19-Report-12.pdf*
[39] *https://www.imperial.ac.uk/mrc-global-infectious-disease-analysis/covid-19/report-12-global-impact-covid-19/*
[40] https://apps.who.int/gpmb/assets/annual_report/GPMB_annualreport_2019.pdf
[41] *http://pubdocs.worldbank.org/en/297531463677588074/Ebola-Economic-Impact-and-Lessons-Paper-short-version.pdf*. The Ebola epidemic led to increased health expenditures and fiscal deficits (8.5% of GDP in Liberia, 9.4 % in Guinea, and 4.8% in Sierra Leone).
[42] *https://www.worldbank.org/en/news/press-release/2020/04/09/covid-19-coronavirus-drives-sub-saharan-africa-toward-first-recession-in-25-years*

to decline from 1.5 percent in 2019 to −3.5 percent in 2020 due to the COVID-19 pandemic.[43] Furthermore, vulnerable populations (particularly the poor), are likely to suffer disproportionately from the COVID-19 pandemic due to limited access to health care and lower savings to protect them against financial catastrophes.

52. **Measures to address the COVID-19 outbreak in Zambia rely heavily on the capacity of the health system to prevent, detect, and respond.** This is because the negative impact of the COVID-19 outbreak in Zambia will first be borne by the healthcare system through a surge in hospital admissions and sudden peaks in administrative and operational expenditures. Thus, by preventing and limiting the spread of the disease, lives could be saved, and this can also safeguard the Zambian economy. Therefore, the planned investments in the health sector through the proposed project have potential to limit the need for costly stringent containment measures in the future. Moreover, healthcare demand can only be kept within manageable levels by investing in proven and cost-effective public health measures (including testing and isolation of cases, and wider social distancing measures), and careful case management. Furthermore, considering that epidemic prevention and control requires short- to long-term investments at both individual and health system level, there is need to invest in both direct and in-direct measures to address the COVID-19 outbreak. Therefore, in addition to COVID-19 specific interventions, continued delivery of essential health services (particularly maternal, child health and nutrition), addressing gaps in water and sanitation, and SGBV are also important. In this regard, the project's technical approach and proposed health system investments are justified.

53. **The technical approach and choice of interventions is based on global evidence of epidemic preparedness and control.** Foremost, the project draws from the National COVID-19 Preparedness and Response Plan, which is aligned with WHO's COVID-19 Strategic Preparedness and Response Plan.[44] Secondly, through the World Bank-funded SATBHSSP, Zambia has gained experience in epidemic preparedness and control and key lessons from the SATBHSSP have been incorporated in the proposed project's design. Third, the design and technical approach of the proposed project are informed by lessons learnt from the four leading countries in outbreak preparedness and response in Africa, namely: Ethiopia, Kenya, South Africa, and Uganda. The major lesson is that swift detection of a disease outbreak, assessment of its epidemic potential, and mounting a rapid emergency response can reduce morbidity and mortality, and health, social, and economic impacts. The other key lessons that have been incorporated in the project design are: (i) early deployment of competent multidisciplinary teams in surveillance, screening and laboratory testing, and case management is critical to averting a widespread outbreak; (ii) laboratory diagnostic capacity is essential to facilitate rapid testing and reporting to inform real-time decision-making; (iii) qualified and motivated human resources are critical; (iv) PPE and IPC are vital; (v) efficient procurement of goods and services is key; (vi) good risk communication within the population, and behavior change; and (vii) coordination, governance and accountability.

54. **A benefit-cost analysis was conducted for the project.** To undertake this analysis, we used estimates by the Imperial College of London on the impact of COVID-19 on health outcomes in Zambia if a suppression strategy is implemented. The suppression strategy assumes a 75 percent reduction in the contact rate in the general population, ultimately resulting in 0.2 deaths per 100,000 population per week. In Zambia, this strategy would lead to about 2,181,808 infections out of which 36,604 people would require hospitalization, and about 5,234 people will die by the end of the COVID-19 pandemic.[45] To further reduce the number of cases and deaths, it is assumed that the interventions implemented under the proposed project will: (i) reduce the number of infections by 50 percent to

[43] *https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ZMB.*

[44] World Health Organization (2020). 2019 Novel Coronavirus (2019-nCoV) Strategic Preparedness and Response Plan. *https://www.who.int/docs/default-source/coronaviruse/srp-04022020.pdf. In this plan, WHO outlines the measures required to deal with the COVID-19 crisis.*

[45] *https://www.imperial.ac.uk/mrc-global-infectious-disease-analysis/covid-19/report-12-global-impact-covid-19/*

1,090,904; and (ii) reduce the number of deaths by 50 percent (or save 2,617 lives). The reduced number of cases was translated into monetary value by using the minimum cash earnings per day for Zambia (estimated at US$2.67 per day),[46] while each life saved was converted to a monetary value by using Zambia's GDP per capita of US$1,389 in 2019.[47] Further, it was assumed that the individuals whose lives would be saved will have 15 years of productive life. The costs and benefits were discounted at a rate of 3 percent in line with recommendations on cost-effective analysis by the WHO. The results show that the total present value of costs will be US$20.2 million, while the total present value of benefits will be US$49.1 million. This will yield a net present value of US$29 million. As such, the benefit-cost ratio is estimated at 2.4 : 1, which implies that for every US$1 invested in the proposed project, there will be a yield of US$2.4.

55. **Conservative assumptions were used to estimate the impact of the proposed project, and therefore, the total economic and social benefits may have been underestimated.** Given the additional investments in intensified testing, contact tracing, isolation of suspected cases, case management, and continued delivery of essential health services through the proposed project, the benefit-cost ratio should be higher. Moreover, minimum rather than average wages were used, while the economic benefits of continued delivery of essential health services were not included. The analysis also assumes that there will be no cure or vaccine during the project implementation period. However, a cure and/or vaccine may be discovered while implementing the project, and this could further shorten the diagnosis and treatment with positive health and economic benefits. Many other benefits, such as efficiency improvements, were also excluded because they cannot easily be measured or translated to monetary value. Therefore, the result of this analysis should be interpreted as an underestimation of the return of this project, given that it does not include all expected benefits. On the other hand, we did not consider the wider social and economic costs of suppression, which may be higher than the anticipated gains under the project. Nonetheless, suppression strategies are needed until vaccines or effective treatments become available. Delays in implementing strategies to suppress transmission can lead to high mortality and larger economic repercussions. Thus, our analysis highlights the challenging situation faced by Zambia and the extent to which rapid, decisive and collective action could save thousands of lives.

B. Fiduciary

Financial Management

56. **As part of project preparation, the World Bank carried out a financial management (FM) risk assessment of the project**. The objective was to assess whether project FM arrangements (i) meet the World Bank's requirements under World Bank Policy and Directive for Investment Project Financing and (ii) are adequate to provide accurate and timely information on the utilization of IDA funds as well as reasonable assurance that project resources will be used for their intended purposes.

57. Weaknesses in accountability and public financial management (PFM) systems in the health sector has led to mistrust and loss of confidence in the use of the PFM systems by some of the external development partners. For example, allegations of misappropriation of funds in the health sector in 2009 led to the suspension of funding and use of vertical programs and parallel fiduciary arrangements by some external development partners. Since then, the Government has taken several steps to strengthen PFM systems in general such as the legislation of the Public Finance Management Act (2018) and the introduction of an Integrated Financial Management System (IFMIS) and E-Procurement as part of PFM reforms. In addition, the Government has also put in place an Oversight Committee in the

[46] Government of Zambia - Statutory Instrument No. 70 of 2018: Minimum Wages and Conditions of Employment (Shop Workers) Amendment Order. Payment category Grade III.
[47] World Bank (2020). *Sub-Saharan Africa Macro Poverty Outlook*. Washington, D.C.: World Bank.

Cabinet Office to monitor audit findings and their follow up actions. However, the impact of these reforms in the health sector is still limited and further steps need to be taken to strengthen transparency and accountability in the sector. For example, though the MOH has rolled out the Navision software to track expenditures at the Provincial and District levels, since it does not have any interface with the IFMIS put in place by the Ministry of Finance, the utility of the system is limited. The MOH has made a commitment to improve Governance and Accountability in the project by (i) working closely with other ministries and agencies both at the national as well as at the provincial and district levels, (ii) strengthening citizen engagement and public outreach efforts, and (iii) by enhancing transparency and accountability in the use of funds and execution of planned activities

58. **The project will put in place a robust risk mitigation strategy within three months after effectiveness to address the risks outlined above**. A GAAP with three key themes has been prepared (Annex 2). It aims to address inherent governance and accountability weaknesses in the sector and mitigates the risks. The GAAP is fully costed and programmed as part of core project activities (Component 3). In addition, a detailed FM Action Plan as part of the GAAP will be prepared and agreed with the Government to address the various project FM and control risks. The PIU will hire a dedicated Governance Specialist within three months after project effectiveness. Furthermore, use of innovations such as electronic transfers via mobile money for project implementation at subnational levels will be explored. The PIM will describe the funds flow arrangements, financial reporting, control and audit procedures.

59. **The project will leverage the FM and disbursement arrangements of other World Bank financed projects currently being implemented by the MOH.**[48] It will specifically align with such arrangements under the ACDCP (P167916)**.** Accordingly, the PIU within the ZNPHI, the implementing entity of the ACDCP, will be responsible for the overall financial management of the project which includes compiling project financial reports, arranging project audits, and managing the funds flow and disbursement functions. The PIU will hire a dedicated Project Accountant within three months after project effectiveness to ensure effective discharge of all project FM responsibilities.

60. **The PIU will submit quarterly interim unaudited financial reports (IUFRs) to the World Bank within 45 days after the end of the quarter**. The format of the IUFRs was agreed during negotiations and the content will include key details of funds received and expenditure incurred under the project. In accordance with existing country practice, external auditing of the project financial statements will be conducted by the OAG on an annual basis and the audit report will be submitted to the World Bank within six months after the financial year end. In addition, the internal audit unit in the MOH will be responsible for carrying out project internal audits by seconding an Internal Auditor to the PIU.

61. **Funds will flow from an IDA account to a Designated Account (DA) to be opened at the Central Bank of Zambia and managed by the MOH/ZNPHI's Project Accountant**. The DA will hold the initial advance(s) and subsequent replenishments. Funds in the DA will only be used to finance eligible expenditures of the component. The project will open a DA denominated in United States Dollars and a Project Account denominated in local currency. These will be maintained at the Bank of Zambia. The signatories to these accounts should be in line with the FM Manual, and they should be submitted to the World Bank between the signing of the project and its effectiveness.

62. **Retroactive financing up to an aggregate amount not to exceed US$8 million equivalent of the total IDA Credit and US$1 million of the total GFF Grant will be allowed for eligible expenditures incurred by the Government for the period between February 1, 2020 and the date of the signed Financing Agreement.** All expenditures, for which

[48] Zambia Health Services Improvement Project (P145335); Southern Africa TB and Health System Support Project (P155658) and the Africa Centre for Disease Control and Prevention Regional Investment Financing Project (P167916)

retroactive financing is sought, will be submitted to the World Bank to verify their eligibility as per the project description and disbursement table, safeguards policies and procurement requirements as follows: (i) activities financed through retroactive financing are related to the development objective and are included in the project description; (ii) payments are for items procured in accordance with the applicable World Bank procurement rules; (iii) the total amount of retroactive financing is 40 percent or less of the IDA credit; and (iv) retroactive financing will exclude activities that have been identified or funded by another financier – other than the Government of Zambia, or those that have not been carried out in a manner satisfactory to the World Bank. For retroactive financing, the project will use a transaction-based method of disbursements using statements of expenditure. Withdrawal applications should be submitted within one month after project effectiveness.

63. **The FM implementation support will be an integrated part of the project's overall implementation reviews**. Reviews will be conducted virtually and in person when feasible by World Bank staff. Project supervision will also take place through regular audio and video conference to discuss project implementation. FM reviews will take place on a quarterly basis and will include the review of IFRs and audit reports.

Procurement

64. **Procurement for the project will be carried out in accordance with the World Bank's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services,** dated July 1, 2016 (revised in November 2017 and August 2018). The project will be subject to the World Bank's Anticorruption Guidelines, dated October 15, 2006, revised in January 2011, and as of July 1, 2016. The project will use the Systematic Tracking of Exchanges in Procurement (STEP) to plan, record and track procurement transactions.

65. **The major planned procurements have been identified.** They include COVID-19 essential commodities such as**:** (i) infrastructure renovation/ refurbishment, construction completion, equipment supply, and installation; (ii) drugs, laboratory supplies, and other logistics; (iii) equipping ten Provincial Emergency Operations Centers; (iv) PPE in facilities and triage; (v) required drugs and consumables for severe and critical patients; (vi) drugs and cold chain; (vii) controlled drugs; (viii) required consumables package; (ix) dedicated equipment to support COVID-19 diagnosis and patient monitoring, and specialized supplies for COVID-19; (x) reagents, supplies and consumables for laboratory testing; (xi) supplies for sample collection and transportation; (xii) hospital emergency supplies; (xiii) distribution costs for logistics and commodities support to Medical Store Limited; (xiv) technical assistance for updating or reviewing national plans; (xv) human resources for response efforts, including for development and training of front-line responders; and (xvi) ambulances and motor vehicles for rapid response teams and coordination. Given the emergency nature of the requirements, finalization of the streamlined Project Procurement Strategies for Development has been deferred to implementation stage. An initial procurement plan for the first three months has been agreed with the Borrower and will be updated during implementation.

66. **The proposed procurement approach prioritizes fast track emergency procurement for the required emergency goods, works and services.** Due to the emergency nature of the project, procurement will be conducted on a post review basis. Other key measures to fast track procurement include: (i) use of simple and fast procurement and selection methods fit for purpose in an emergency; (ii) use of UN agencies such as United Nations Children's Fund (UNICEF), United Nations Office for Project Services (UNOPS), WHO and others for major procurement and distribution of ambulances and motor vehicles, tents for quarantine at ground crossings, medical equipment and supplies as supply chain structures are already in place across the country. This will be enabled and expedited by World Bank procedures and templates for procurement of medicines, medical supplies and equipment for emergency requirements using

Standard Forms of Agreement signed between the Government and the UN agency; (iii) increased thresholds for Requests for Quotations (RFQ) to US$1 million for goods and services and US$5 million for works; (iv) use of direct contracting of firms as appropriate; (v) use of Limited Competition with identified manufacturers and suppliers for other items; (vi) use of procurement agents as appropriate; (vii) use of force account, as needed and when appropriate; (viii) use of Hands on Expanded Implementation Support (HEIS). If requested by the Borrower, the World Bank will provide procurement HEIS to help expedite all stages of procurement – from assistance with supplier identification, to support for bidding/selection and/or negotiations to contract signing and monitoring of implementation. The request to carry out prior reviews and clear all procurement under the project will be considered as part of risk mitigation. The use of HEIS and World Bank Facilitated Procurement (BFP, see paragraph 67) would reduce the possibility of ineligible procurements as the World Bank would provide informal reviews for most activities in the procurement process, thereby mitigating procurement and implementation risk. For the use of HEIS and BFP under the project, the Government must request the World Bank for HEIS and BFP to augment the existing capacity. In addition, other risk mitigation measures include (i) the use of Bid Securing Declaration instead of the bid security; (ii) an increase in the advance payment provision to 40 percent secured with an equivalent advance payment guarantee; (iii) reduction in time for bid submission. The time for submission of bids/proposal can be shortened to seven days and 15 days in competitive national and international procedures respectively It may also be shortened to three days for the RFQ. However, if bidders request an extension of bid or quotation submission time, a reasonable time extension should be granted; (xii) Use of retroactive financing may be applied to the contracts procured in advance for purposes consistent with the project objective. This is on condition the procurement procedures that have been used for the advance procurement are consistent with Sections I, II and III of the World Bank's Procurement Regulations and consistent with the project's Financing Agreement. For contracts already signed but that did not include the application of the World Bank's Anti-Corruption Guidelines[49] and the Bank's Sanction framework, it will be sufficient for each supplier/ contractor/ consultant to sign *a Letter of Acceptance of the World Bank's Anti-Corruption Guidelines and Sanctions Framework*.

67. **Upon the Borrower's request, in addition to the above procurement approach options, the World Bank will consider providing World Bank Facilitated Procurement** to proactively assist the implementing agencies in accessing existing supply chains for the agreed list of critical medical consumables and equipment needed under the project. Once the suppliers are identified, the World Bank will proactively support the Borrower with negotiating prices and other contract conditions. The Borrower will remain fully responsible for signing and entering into contracts and implementation, including assuring relevant logistics with suppliers such as arranging the necessary freight/shipment/clearance of the goods until arrival to their destination, receiving and inspecting the goods and paying the suppliers, with the direct payment by the World Bank disbursement option being available to the implementors. To enhance the understanding by the Government of the HEIS and BFP, the World Bank organized a meeting prior to negotiations to share information and explain these concepts. This will allow the Government to make an informed decision before writing to the World Bank on the possible use HEIS and BFP. The World Bank shared the full list of BFP suppliers and the equipment and other health sector goods that each supplier is able to provide under BFP ahead of the meeting. Periodic updates of these supplier lists will be shared with the MOH as they become available. The use of BFP has the advantage of shortening the procurement process to just a few days to a month including delivery of the goods in line with requirements for emergency procurement.

68. **All procurement under the project will be undertaken by the MOH through its implementing agency the ZNPHI PIU**. The implementation arrangements for procurement build on existing arrangements recently reviewed under the

[49] World Bank Directive: Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants (revised as of July 1, 2016)

ACDCP which is also being implemented by the ZNPHI. The MOH Procurement and Supplies Unit (PSU) and the MOH Procurement Committee (MPC) will follow the streamlined process flow for emergency procurement and fast track review and clearance that support carrying out procurement of any high value packages expediently. In doing so however, the MOH and ZNPHI should not lose focus on the need for transparency and accountability in the process and due attention being paid to meeting the World Bank's Fraud and anti-corruption requirements.

69. In the interest of improving transparency and competition and improved record management, the MOH /ZNPHI will need to be trained in and use the Government's Electronic Government procurement (eGP). The MOH PSU has been trained in its use but additional staff, particularly under the ZNPHI and others who will be involved in procurement as eGP users, will need to be trained.

70. To ensure delivery of equipment/goods to the desired sites and track recipient by beneficiaries, the MOH will prepare and share with the World Bank the list of equipment/goods and distribution sites. These lists would also be used for audit purposes as necessary.

71. **The ZNPHI will be responsible for record keeping and asset management.** It will maintain detailed records of assets and inventory dispatched to the various health and related facilities to ensure assets purchased are safeguarded and are accounted for. The ZNPHI working with the MOH will also monitor and ensure oversight over the assets specifically that the goods (assets and inventory) at the various health facilities including at district level are used for the intended purpose. In coordination with districts, the ZNPHI and MOH will issue guidance to emphasize the role project beneficiaries play in ensuring that assets dispatched to them are used for the intended purpose.

72. **Given the limited capacity and the urgent requirement, the World Bank will provide HEIS extended to MOH for expediting procurement under the project.** A World Bank procurement consultant will provide support to the PIU during all emergency procurement stages. The World Bank will also provide increased implementation support, and increased procurement post review based on a 15 percent sample in line with the assessed procurement risk. Major risks to procurement and proposed mitigation measures are summarized below.

Table 3: Procurement Risks and Mitigation Measures

Risks	Mitigation Measures
Slow procurement processing and potential delays, due to limited capacity to conduct emergency procurement.	ZNPHI and MOH will put in place mechanisms for regular follow up and monitoring of procurement processes. ZNPHI will use emergency procedures, including use of UN agencies and increased thresholds for RFQ. ZNPHI will need to sensitize and ensure that the PSU and the MOH MPC approvals stages are carried out expeditiously, as necessary through circulation and absence of objection basis within a limited timeframe that will be provided to the members - that is within one to two days of the approval request submission being made.
Challenges choosing the right procurement methods and market approach due to limited understanding of the provisions of the World Bank Procurement Regulations for IPF Borrowers.	The World Bank will provide constant support to staff to ensure adherence to the Procurement Regulations. Staff involved in project implementation will receive training on the World Bank Procurement Regulations for IPF Borrowers.

Risks	Mitigation Measures
Limited capacity of the market and supply chain to meet the demand, due to the global nature of COVID-19 pandemic and resulting supply constraints.	The project will use simplified procurement processes in accordance with emergency operations norms, including framework agreements (FAs) with UN agencies for supply of medicines and medical supplies and early engagement with manufacturers in the region for direct contracting is proposed. Consideration will be made for the use of BFP and of the use of HEIS. Measures for supplier preferencing like direct payments by the World Bank, advance payments, etc. will be applied on need basis.
Disruptions in global supply chains	Advance procurement and using FAs of UN Agencies are expected to mitigate this, though the risks are high given limited production and logistics constraints in most source countries and goods transit countries lock down and quarantine requirements.
Managing possible exposure to fraud and corruption and noncompliance.	*Ex ante* due diligence of potential firms to be selected will be attempted or carried out using databases available in country and externally, and with support of the World Bank on firms that have offered to work with the World Bank and client countries under BFP. Post review of contracts will be scheduled immediately on award of contracts for all contracts that would ordinarily have been subject to prior review by the World Bank. Oversight would be ensured through HEIS consultant and PIU. Fast track training to PIU staff and availability of the World Bank to be consulted at all stages will help to mitigate the risk to a reasonable degree.
Challenges of bids submission due to COVID-19 movement restrictions imposed by many countries worldwide.	PIU will closely monitor country restrictions, and promptly propose more efficient procurement approaches and methods based on flexible procurement arrangements available for procurement under emergency situations. This would include virtual bid opening and remote monitoring by use of Information Communication and Technology (ICT).
Social impacts of emergency on markets, especially on labor markets and acceptability of foreign labor.	There are no known restrictions on use of foreign personnel other than where the foreign labor proposed to be used is for activities or sectors for which there is enough subscription of nationals. The use of foreign labor requires justification and clearance by the Ministry of Foreign affairs through the VISA regime. However, COVID-19 movement restrictions may create some challenges in accessing foreign labor.

73. **COVID-19 has disrupted the global supply chain.** Many industries, including those which manufacture and/or supply health sector goods and equipment are being negatively impacted by COVID-19. This is the case for the construction industry and may negatively impact the procurement process and implementation of works contracts**.** To avoid potential procurement delays, the World Bank will support ZNPHI and MOH in applying any procedural flexibilities in bid submission modality and bid submission dates, and by advising the Borrower on the contractual provisions, which could be invoked by contractors/suppliers/consultants in relation to COVID-19 pandemic. The procurement risk is "Substantial" but may be reduced to a residual risk rating of "Moderate" if the identified risk mitigation measures are applied.

74. The World Bank's oversight of procurement will be done through increased implementation support, and increased procurement post review based on a 15 percent sample in line with the assed procurement risk, while the World Bank's prior review will not apply given the emergency nature of this operation in interest of expediency.

C. Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

D. Environmental and Social Standards

75. **This project will have both positive and negative environmental and health impacts.** On the positive side, it will contribute to COVID-19 preparedness, monitoring, surveillance and response. On the negative side, it could have various adverse environmental, health and safety risks and impacts related to the operation of medical laboratories, quarantine and isolation/treatment centers. The likelihood of these risks occurring will be substantial, should there be poor management of the COVID-19 medical and infectious wastes and/or if there is poor adherence to standard biosafety practices. Inadequate handling, transportation and disposal of infected medical wastes from COVID-19 quarantine, isolation and treatment centers pose occupational health and safety risks to health care workers. This could be exacerbated in a context where the availability of PPE is in short supply, and where there is limited sanitary and hygiene services (clean water, soap, disinfectants) and isolation capabilities at health facilities. Proper operation of medical facilities; laboratories; and quarantine, treatment and isolation centers will require adequate provisions for minimization of occupational health and safety risks, proper management and disposal of hazardous waste (including sharps disposal), use of approved disinfectants, proper quarantine procedure for COVID-19, appropriate chemical and infectious substance handling and transportation procedure, institutional/implementation arrangement for environmental and social risks, etc.

76. **To address potential environmental and social risks and impacts, the client will prepare an Environmental and Social Management Framework (ESMF) within 45 days of project effectiveness that will incorporate the Labor Management Procedures (LMPs).** The ESMF will build on Good International Industry Practice (GIIP), especially WHO guidelines in the context COVID-19, which include: (i) IPC during healthcare when COVID-19 is suspected; (ii) IPC guidance for Long-Term Care Facilities in the context of COVID-19; (iii) IPC for the safe management of a dead body in the context of COVID-19; (iv) consideration for quarantine of individuals in the context of containment (COVID-19); (v) health workers exposure risk assessment and management in the context of COVID-19; (vi) rational use of PPE for COVID-19; (vii) advice on the use of masks in the context of COVID-19; (viii) water, sanitation, hygiene and waste management for COVID-19; (ix) getting your workplace ready for COVID-19; and (x) Rights, Roles and Responsibilities of Health Workers, including key considerations for Occupational Safety and Health.

77. **The client has prepared an Environmental and Social Commitment Plan (ESCP) that was disclosed on October 8, 2020[50] and will prepare an Infection Control and Waste Management Plan (ICWMP) (to be updated from existing ACDCP's ICWMP) and revise the interim Stakeholders Engagement Plan (SEP).** Enough resources under Component 3 to implement the ESCP and the SEP within the proposed timeline will be allocated. The ESMF will clearly indicate that non-propagative diagnostic laboratory work (e.g. sequencing, nucleic acid amplification tests (NAAT)) could be conducted at lab facilities and procedures equivalent to Biosafety Level 2 (BSL-2). Research activities which may demand propagative work such as virus culture, isolation or neutralization assays that require BSL-3 containment laboratory with inward

[50] *http://znphi.co.zm/news/update-public-disclosure-of-the-zambia-covid-19-emergency-response-and-health-systems-preparedness-projects-environmental-and-social-commitment-plan-escp/*

directional airflow will not be financed by this project. Virus isolation in cell culture and initial characterization of viral agents recovered in cultures of SARS-CoV-2 specimens should only be conducted in a BSL-3 laboratory using BSL-3 practices. Site- and activity-specific biosafety risk assessments should be performed to determine if additional biosafety precautions are warranted based on situational needs.

78. **A central social risk, which could undermine the objectives of the project, is the exclusion of marginalized and vulnerable social groups**. Some of such groups are already at a greater risk of fatality from COVID-19, such as the elderly, persons with comorbidities and people living with disabilities, consequently making them unable to access facilities and services. Social norms that expect women and girls to be responsible for domestic work, including nursing sick family members, are likely to increase the risk of females catching COVID-19 in addition to the psychological, physical and socioeconomic harm likely to be caused by this emergency. In general, crises exacerbate social risks, and there is empirical evidence to indicate that SGBV, sexual exploitation, abuse and harassment incidents may surge with restrictions on movement and quarantine measures. During implementation, the risks of SGBV, sexual exploitation, harassment and abuse will be assessed, and mitigation measures put in place.

79. **As part of a multisectoral response, the project will support strengthening of cross-border surveillance in major border towns**. The POE officials who will support the health interventions will not include law enforcement, security or military forces. Appropriate mitigation measures for the placement of POE officials will be included in the ESMF, including adherence to approved code of conduct. Furthermore, the public will be sensitized through the SEP on the role of POE officials, and the public will also be made aware of available channels for registering grievances against POE officials if any, in line with the project Grievance Redress Mechanism (GRM).

80. **Children face additional risks as when schools are closed, girls may be less able to access health, hygiene, and protection messaging and their caregiving burdens may increase**. The economic impact of public health emergencies may force families to take their children, particularly girls, out of school to work and potentially exposing them to risks associated with transactional sex or early/forced marriages. To mitigate these risks, the MOH has committed to the provision of services and supplies based on the urgency of the need, in line with the latest data related to the prevalence of COVID-19 cases. MOH will also use the interim SEP, which was publicly disclosed on May 21, 2020 for stakeholder consultation, and ensure engagement of local communities through provision of access to information for all populations, accounting for age, disability, education, gender, sexual orientation, and the existence of pre-existing health conditions in this engagement, and take cognizance of the fact that no group is homogenous.

81. **The MOH will update, disclose and adopt a Stakeholder Engagement Plan (SEP) within 45 days after project effectiveness consistent with ESS10, which they committed to preparing after project approval and which is included as an action in the ESCP.** The SEP will include a GRM for addressing any concerns and grievances raised. The project will emphasize citizen engagement aspects within the SEP, building on mechanisms supported by the ZHSIP, SATBHSSP and ACDCP. Implementation of the project's activities will consider gender as needed and project indicators will be disaggregated by gender, where feasible. The project will not entail any land taking, hence risks associated with economic or physical displacement are not anticipated.

82. **Large volumes of personal data, personally identifiable information and sensitive data are likely to be collected and used in connection with the management of the COVID-19 outbreak,** under circumstances where measures to ensure the legitimate, appropriate and proportionate use and processing of that data may not feature in national law. In order to guard against abuse of such data, the project will incorporate best international practices for dealing with data in such circumstances. Such measures may include, by way of example, data minimization (collecting only data that is necessary

for the purpose); data accuracy (correct or erase data that are not necessary or are inaccurate), use limitations (data are only used for legitimate and related purposes), data retention (retain data only for as long as they are necessary), informing data subjects of use and processing of data, and allowing data subjects the opportunity to correct information about them, etc. In practical terms, the project will ensure that these principles apply through assessments of existing or development of new data governance mechanisms and data standards for emergency and routine healthcare, data sharing protocols, rules or regulations, revision of relevant regulations, training, sharing of global experience, unique identifiers for health system clients, strengthening of health information systems, etc.

E. Climate and Disaster Risks

83. **The World Bank's Climate and Disaster Risk Screening Tool was used to assess the short- and long-term climate and disaster risks to the project.** Zambia is vulnerable to the impacts of climate change however the risk to impact on project activities is rated Moderate. Project location and target beneficiaries are vulnerable to climate-related shocks, including floods, droughts, and extreme temperature. Climate change is expected to result in an increase in mean annual temperatures of 1.2°C to 3.4°C by 2060. Similarly, the number of hot days (temperature above 35°C) is expected to increase by 15-29 percent while hot nights are projected to increase by 26-54 percent. Precipitation patterns are expected to have increased variability with an increase in extreme weather, with intense precipitation, floods and droughts.

84. **The previously identified exposure to climate and disaster risks are predicted to affect the project's target population**. Negative health impacts come from extreme climate events, such as heat waves, storms, floods, and droughts. Some of the possible direct threats that climate change could pose on human health in Zambia include morbidity due to thermal stress, changing distribution of vector-borne infectious diseases (e.g. malaria), and spread of waterborne diseases such as cholera, diarrhea and dysentery. Decreased crop and livestock productivity due to drought could lead to increased malnutrition and undernutrition while there is also the risk of reduced water quality exacerbating health and sanitation problems.

Climate Co-Benefits Activities

85. **This project will contribute to climate adaptation.** Strengthening provision of essential health services to communities will enhance resilience to climate-related extreme events such as flooding and drought which can isolate harder to reach vulnerable populations in rural areas. By ensuring provision of essential services including RMNCAH-N, this project specifically targets climate vulnerable groups including women and children. Sub-component 1.4 and Component 2 will also enhance the climate resilience of the health sector by developing and delivering training focused on climate and health for health workers. Under Subcomponent 2. 1, investments in WASH activities will take into account the risks posed by climate change, integrate climate-resilient water management at local levels and strengthen capacity of WASH practitioners to identify and address climate risk. Sub-component 3.2 makes the system more efficient and resilient by improving governance and accountability for project impact. Digital health systems will be explored under Sub-component 2.3 and Component 3 to provide a system that is more responsive to predicted changes in the epidemiology of climate-related health outcomes such as COVID-19, malaria, dengue, diarrhea, cholera, typhoid, and other vector-borne diseases as well as maternal and child health issues. Under Sub-component 2.3, strengthening facility, program, and regional capacity for quality service delivery for essential services including RMNCAH-N focused service coverage toward a high-quality, integrated care further enhances population adaptation to climate change. All components will support the development and delivery of training for health leaders, which will include climate and health topics.

86. **This project will contribute to climate mitigation.** Strengthening health care provision at all levels moves care closer to home, reducing the need for more carbon-intensive hospital-based care. The governments' policy guidance is to manage people positive to COVID-19 in homes except for those that have symptoms and critically ill patients. The project will finance investments in critical infrastructure such as establishment/rehabilitation of quarantine facilities for suspected cases and isolation wards for canals for symptomatic and critically Ill patients. Subcomponent 1.1 and Subcomponent 2.1 that will invest in medical equipment and infrastructure will also help to reduce the GHG emissions from the system through increased efficiency. These subcomponents will also implement the recommendations for energy efficiency audits of current health facilities as a professional maintenance model and guidelines that will reduce the need to replace equipment and associated emissions implicit in the facilities are developed and implemented. The strengthening of environmental health, including facility-level sanitation in selected health facilities, through more efficient HCWM and support for centralized waste management and disposal of health care waste including the capture and combustion of fugitive methane will also reduce emissions.

VI. GRIEVANCE REDRESS SERVICES

87. **Communities and individuals who believe that they are adversely affected by a World Bank supported project may submit complaints to existing project-level grievance redress mechanisms or the Bank's Grievance Redress Service (GRS)**. The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. In addition, the GRS will include the governance and accountability grievance redress system that will provide an opportunity for anyone with a grievance or complaint relating to the project to convey it to the PIU, which will respond to the complaint and try to resolve it within agreed upon timelines. The details of the grievance redress system will be described in the Project Implementation Manual. For information on how to submit complaints to the Bank's corporate Grievance Redress Service, please visit: http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service. For information on how to submit complaints to the World Bank Inspection Panel, please visit *www.inspectionpanel.org*.

VII. KEY RISKS

88. **The overall risk rating is Substantial**. This is due to: (i) high political and governance risk; (ii) high macro-economic risk; (iii) substantial health sector institutional capacity risk; (iv) substantial fiduciary risks; and (v) substantial environmental and social risks. The main risks are discussed below with proposed mitigation measures.

89. **The political and governance risk is High**. The commitment and ability of the Government to adopt strict containment and mitigation measures – especially enforcing social distancing and partial lockdown to ensure continuity of economic activities. The Government has faced challenges balancing between a complete lockdown to contain imported and community transmission of COVID-19 and enabling some business activities to take place given that most of the population is involved in the informal sector businesses. This risk is planned to be mitigated through strategic communication by developing clear, consistent messaging from credible sources, and using community and church leaders to build public trust and discourage misinformation (especially from some social medial sources). On the governance front, there are concerns about internal control procedures in health and other sectors. To help address this risk, the project has included the implementation of the GAAP; the Anti-corruption Guidelines; and the Provision for the "Right to Audit" all activities supported by the project.

90. **The macroeconomic risk is High.** Zambia's current high levels of indebtedness pose a risk to the sustainability of financing for COVID-19. The Ministry of Finance has outlined the measures it has to take to reduce the current debt burden, which involve: (i) moratorium on contracting non-concessional loans; (ii) cancellation of approved, but undisbursed project loans; and (iii) re-scoping of the projects that are loan financed. This unfavorable macro-fiscal environment, coupled with reduced economic growth due to the COVID-19 pandemic, is expected to further affect the delivery of health and other social services. Disbursements to the health sector have been declining over the past few years, and the situation will deteriorate further due to debt servicing and COVID-19; this will further disrupt the provision of essential health and social services. The economic downturn due to the COVID-19 outbreak also has substantial negative implications on employment opportunities and wealth accumulation for women. Job losses related to social distancing measures often affect sectors that employ a high number of females, negatively affecting women and children. However, the Zambian Government has joined the group of Human Capital Project countries, which will provide a good platform to initiate high-level dialogue to increase budgetary allocation for human development, with potential benefits to the health sector.

91. **The risk for institutional capacity for implementation and sustainability is Substantial**. The Government has limited experience implementing an emergency response at this scale. It is possible that the already weak health system can be overwhelmed should there be a surge in cases that might need hospitalization and critical care. The project will strengthen operational capacity of the MOH/ ZNPHI and invest in interventions covering prevention, contract tracing and case management to ensure fewer cases progress to the hospitalization stage and a need for acute care. Additionally, the World Bank will provide hands on support during implementation, including having a World Bank consultant work with the PIU to quickly process large procurement packages.

92. **The fiduciary risk is Substantial.** Slow procurement processing and limited capacity to conduct emergency procurements increases risks for delayed delivery. Further, the limited capacity of the global market and supply chain systems, including the logistics of ensuring required commodities reach their points of use, threaten timely availability of commodities to respond to the COVID-19 pandemic. The project, however, proposes to use multiple approaches for procurement, including using UN Agencies who can leverage their comparative advantage in consolidating procurements and economies of scale due to bulk procurements. The Government also has the option of leveraging the World Bank's comparative advantage to facilitate the Government's access to available supplies at competitive prices with the BFP process, as described in the Procurement section of this document.

93. **The environment and social risks are Substantial.** The environmental, health and safety risks associated with this project will mainly be linked with the operation of medical laboratories, quarantine and isolation centers. The likelihood of these risks will be substantial, should there be poor management of the COVID-19 medical and infectious wastes and/ or if there is poor adherence to standard biosafety practices. The wastes from COVID-19 medical facilities; laboratories; and isolation, quarantine, treatment centers could cause substantial environmental, health and risks if they are not properly handled, treated or disposed of. These highly infectious wastes can cause serious health problems for workers, community and the environment. These may include solid waste, liquid contaminated waste (e.g. blood, body fluids, and contaminated fluids), and infected materials (lab solutions and reagents, syringes, bed sheets, waste from labs and quarantine and isolation centers, etc.), which require special handling and awareness. This infectious microorganism could be introduced into the environment if not well contained within the medical laboratories or the quarantine facilities due to improper handling of culture, specimens and chemicals. Medical wastes can also include chemicals and other hazardous materials used in diagnosis and treatment. This may cause a serious hazard to healthcare workers and may increase the risk of community transmission. In the context where PPE is in short supply and where the client's capacity is weak,

healthcare workers are highly susceptible to COVID-19 infection while on duty. Poor management of WASH services may lead to COVID infections, transmission of the disease to communities, and consequently exacerbating the spread of COVID-19. To mitigate these risks, the client has prepared an ESCP, the SEP and will prepare an ICWMP. Enough resources have been provided under the Project to ensure the ESCP, the SEP and ICWMP are implemented and monitored regularly.

94. The main **social risks** associated with the project include: (i) possible exclusion of vulnerable people from receiving treatment; (ii) potential SGBV incidents resulting from prolonged periods of quarantine; (iii) health workers exposure to COVID-19 due to lack of/or poor management of PPE; (iv) enhanced community transmission of COVID-19 due to non-adherence to public health guidelines; (v) poor nutrition triggered by communities' inability to purchase food due to restricted movement; (vi) enhanced stigmatization of COVID-19 patients and survivors, contributing to unwillingness to be tested for fear of being stigmatized; (vii) misinformation/ lack of accurate information; and (viii) potential forced acquisition of private property for creation of temporal quarantine facilities. To mitigate these risks, the Government has prepared a SEP which includes a GRM for addressing any concerns and grievances raised. The project will emphasize citizen engagement aspects within the SEP to address stakeholders' concerns. Implementation of the project's activities will accordingly consider gender matters as needed.

VIII. RESULTS FRAMEWORK AND MONITORING

Results Framework
COUNTRY: Zambia
Zambia COVID-19 Emergency Response and Health Systems Preparedness Project

Project Development Objective(s)

The project development objective (PDO) is to prevent, detect and respond to the threat posed by COVID-19 in Zambia and strengthen national public health systems for preparedness.

Project Development Objective Indicators

Indicator Name	PBC	Baseline	End Target
To prevent, detect and respond to the threat posed by COVID-19			
Percentage of identified close contacts of confirmed COVID-19 cases investigated based on national guidelines. (Percentage)		0.00	70.00
Number of designated laboratories with SARS-CoV-2 diagnostic capacity (Number)		3.00	18.00
Number of designated health facilities with COVID-19 case management capacity (Number)		3.00	40.00

Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	End Target
Emergency Public Health Response to COVID-19			
Number of dedicated quarantine and isolation centers (Number)		3.00	80.00
Percentage of districts with rapid response teams (Percentage)		0.00	80.00
Number of functioning ILI/SARI sentinel sites (Number)		3.00	10.00
Resilient Health Service Delivery			
Percentage of hospitals with functional oxygen delivery equipment (Percentage)		0.00	80.00
Number of health workers trained in COVID-19 case management (Number)		0.00	3,000.00
Percentage of health facilities with IPC focal person/committee (Percentage)		0.00	80.00
Percentage of health facilities with an improved water source on premises (Percentage)		40.00	90.00
People who have received essential health, nutrition, and population (HNP) services (CRI, Number)		0.00	1,400,000.00
Number of deliveries attended by skilled health personnel (CRI, Number)		0.00	1,400,000.00
Project Management, Operational Research, and Governance and Accountability			
Number of operational research studies conducted to inform the national COVID-19 response (Number)		0.00	3.00
Annual joint review of project implementation (Number)		0.00	3.00
Preparation of Bi-annual report on project beneficiaries' feed-backs and resolutions (Text)		NO	YES

Monitoring & Evaluation Plan: PDO Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Percentage of identified close contacts of confirmed COVID-19 cases investigated based on national guidelines.	Numerator: Number of identified close contacts of confirmed COVID-19 cases investigated based on national guidelines. Denominator: Total number of confirmed COVID-19 cases investigated based on national guidelines.	Monthly	Integrated Disease Surveillance and Response (IDSR) reports	Routine: Generate data from the monthly IDSR reports	Zambia National Public Health institute (ZNPHI)
Number of designated laboratories with SARS-CoV-2 diagnostic capacity	Total number of designated laboratories with COVID-19 diagnostic capacity (equipment, test kits, reagents)	Quarterly	Laboratory Monitoring Reports	Routine: abstract data form Laboratory Monitoring Reports	Zambia National Public Health Institute (ZNPHI)
Number of designated health facilities with COVID-19 case management capacity	Total number of designated health facilities with COVID-19 case management capacity	Annual	ZNPHI Annual Reports	Routine: abstract data from Annual Reports	Zambia National Public Health Institute (ZNPHI)

Monitoring & Evaluation Plan: Intermediate Results Indicators					
Indicator Name	**Definition/Description**	**Frequency**	**Datasource**	**Methodology for Data Collection**	**Responsibility for Data Collection**
Number of dedicated quarantine and isolation centers	Total number of dedicated quarantine and isolation centers	Annual	ZNPHI Sentinel sites	Abstract data from ZNPHI sentinel reports	Zambia National public Health Institute
Percentage of districts with rapid response teams	Numerator: Number of districts with rapid response teams multiply by 100. Denominator: Total number of districts.	Annual	ZNPHI Annual Reports	Abstract data from Annual ZNPHI Reports	Zambia National Public Health Institute (ZNPHI)
Number of functioning ILI/SARI sentinel sites	Total number of functioning ILI/SARI sentinel sites	Annual	ZNPHI Sentinel Reports	Abstract data from ZNPHI Reports	Zambia National Public Health Institute (ZNPHI)
Percentage of hospitals with functional oxygen delivery equipment	Numerator: Number of hospitals with functional oxygen delivery equipment multiply by 100 Denominator: Total number of hospitals	Monthly	Health Facility Report	Routine: Abstract Data from Health Facility Reports	Zambia National Public Health Institute
Number of health workers trained in COVID-19 case management	Total number of health workers trained in COVID-19 case management	Quarterly	ZNPHI Training Reports	Abstract Data from ZNPHI Training Reports	Zambia National Public Health Institute)(ZNPHI
Percentage of health facilities with IPC focal person/committee	Numerator: Number of health facilities with IPC focal person/committee	Bi-Annual	ZNPHI Training Reports	Abstract data from ZNPHI Training Reports	Zambia National Public Health Institute (ZNPHI)

	multiply by 100. Denominator: Total number of health facilities (health posts, health centers and hospitals)				
Percentage of health facilities with an improved water source on premises	Numerator: Number of health facilities with an improved water source on premises multiply by 100. Denominator: Total number of health facilities (health posts, health centers and hospitals)	Annual	MOH WASHE Reports	Abstract data from MOH Reports	Zambia National Public Health Institute(ZNPHI)
People who have received essential health, nutrition, and population (HNP) services					
Number of deliveries attended by skilled health personnel		Numerator : Total number of deliveries by skilled personnel.	District Health Management Information System-2 (DHIS-2)	Generate data from the DHIS-2	M&E Department MOH
Number of operational research studies conducted to inform the national COVID-19 response	Total number of operational research studies conducted to inform the national COVID-19 response.	Annually	Research Reports/Publications	Operational Research Reports/publications	Zambia National Public Health Institute (ZNPHI)
Annual joint review of project implementation	Number of annual joint review of project	Annually	ZNPHI Annual Reports	Abstract Data from Annual Reports/Joint	Zambia National Public

	implementation conducted			Annual Review Reports	Health Institute (ZNPHI)
Preparation of Bi-annual report on project beneficiaries' feed-backs and resolutions	Bi-annual report on project beneficiaries' feed-backs and resolutions	Bi-annual	ZNPHI progress reports	Abstract data from Bi annual progress reports	Zambia Public Health Institute (ZNPHI)

ANNEX 1: Project Costs

COUNTRY: Zambia
Zambia COVID-19 Emergency Response and Health Systems Preparedness Project

COSTS AND FINANCING OF THE COUNTRY PROJECT (US$ EQUIVALENT)

Program Components	Project Cost	IDA Financing	Trust Funds - GFF
Component 1: Emergency Public Health Response to COVID-19	**10.35**	**8.28**	**2.07**
Subcomponent 1.1: Disease Surveillance, Case Investigation and Rapid Response Capacity:	3.30	3.30	-
Subcomponent 1.2: Laboratory Capacity and Specimen Transport:	3.53	2.48	1.05
Subcomponent 1.3: Screening at Points of Entry:	1.67	1.67	-
Subcomponent 1.4: Risk Communication and Community Engagement	1.85	0.83	1.02
Component 2: Resilient Health Service Delivery	**12.15**	**9.22**	**2.93**
Subcomponent 2.1: Case Management	5.19	4.61	0.58
Subcomponent 2.2. Infection Prevention and Control:	3.38	2.77	0.61
Subcomponent 2.3: Strengthening Capacity for Continuity of Essential Services:	3.58	1.84	1.74
Component 3: Project Management, Monitoring and Evaluation and Research	**2.5**	**2.5**	**-**
Subcomponent 3.1: Project Management and Operational Research	**2.0**	**2.0**	**-**
Subcomponent 3.2: Strengthening Governance and Accountability in the Implementation of the National COVID-19 Response Plan	**0.5**	**0.5**	**-**
Total Costs	**25.00**	**20.00**	**5.00**
Total Costs	**25.00**		
Front End Fees	**0.00**		
Total Financing Required	**25.00**		

ANNEX 2: Governance and Accountability Action Plan

COUNTRY: Zambia
Zambia COVID-19 Emergency Response and Health Systems Preparedness Project

No	Potential Governance and Accountability Risks	Action Plan Steps	Implementation Arrangements	Timeline	Monitoring
CORE GOVERNANCE AND ACCOUNTABILITY RISKS AND ACTION PLAN[51]					
1.	Weak institutional coordination between MOH and other agencies as well as between the Central, Provincial and District levels of the Government resulting in uncoordinated project implementation	**1. *PIM to include a stakeholder map outlining the roles and responsibilities of various agencies at the Central, Provincial and District levels (priority action)*** ***2. Gap Analysis on institutional coordination arrangements and design mitigation and capacity building measures and discussed with MOH***	1. Governance Specialist, PIU 2. World Bank	**1. *Within two months of project approval (priority action)*** ***2. Within two months of project approval (priority action)***	1. Project Progress Reports 2. Joint review of coordination and project implementation by MOH and World Bank
2	Weak project transparency could result in elite capture of resources and also misutilization of resources	1***. A project website with links to MOH and ZNPHI websites to be set up; website to provide up-to-date information of all project activities, procurement plan and packages resources and expenditures (priority action).*** 2. Project information to be communicated to stakeholders at all levels (by sharing information with coordination committees, through the media and other	1. Governance Specialist, PIU with consultant support 2. Governance Specialist, PIU	1. ***Website to be set up within two months after project approval and updated regularly (priority action)*** 2. Regularly through the duration of the project	1. Project Progress Report 2. Project Supervision, Spot Checks by PIU and World Bank

[51] Note: Some of the actions steps in the GAAP are designated as "Priority Actions" (marked in bold and italicized). These Priority Actions are those that need to be carried out within the first quarter after the project is approved by the World Bank

No	Potential Governance and Accountability Risks	Action Plan Steps	Implementation Arrangements	Timeline	Monitoring
		channels) 3. Information highlighting the achievements and impacts of the project to be communicated through project website, media releases and other communication tools. 4. Regular periodic spot check conducted on the completeness, timeliness, and accuracy of information displayed and shared.	3. Governance Specialist, PIU 4. Governance Specialist, PIU	3. Throughout the project 4. At least once very quarter	3. Project Progress Report, Project Supervision by World Bank 4.Project Supervision by World Bank
3	World Bank and Government protocols on reporting on project activities (IFRs, Aide Memoires as agreed with the client, ISMs, procurement reviews, ex poste audits etc.) are too infrequent and subject specific to provide real-time up to date project progress which is required for an emergency project of this nature.	1. PIU to prepare an Operations update report every quarter that reports on operational and governance aspects of the project and including findings from spot checks (***Priority Action: Design and finalization of the format for the Operations Update report by the PIU)*** 2. The Quarterly Operations Report should be submitted to the World Bank.	1. Governance Specialist, PIU 2. ZNPHI Director, PIU	1. Starting from the first completed quarter after project approval **(*Priority Action to be completed within the first quarter after project approval)*** 2. Every Quarter throughout the duration of the project	1. Project progress report 2. Project Progress Report
4.	Internal audit function within the MOH does not have capacity to deliver on the intended mitigative risk management function	1. The project will provide capacity and advisory support to the Internal Audit team at MOH to carry out internal control reviews and risk based internal audits once every three months.	1. Governance Specialist, MOH Internal Auditor with consultant support	Within four months after project approval	1. Project FM Supervision

No	Potential Governance and Accountability Risks	Action Plan Steps	Implementation Arrangements	Timeline	Monitoring
		2. Internal audit of project activities to be enhanced through spot checks	2. MOH Internal auditor with consultant support	2. Starting from the six months after project approval	2. Project FM Supervision
		3. Internal audit reports to be reviewed by MOH Audit Committee once every six months and review report and actions taken shared with the WB	3. Internal Auditor, MOH to facilitate the meeting of Internal Audit committee and submit reports to the World Bank	3. Starting from the sixth month of the project	3. Project FM Supervision
5.	Weak governance and oversight framework in Zambia provides opportunities for fraud and corruption in project activities	1. Project activities to be reviewed by the Integrity Committee at the MOH and the report shared with the WB	1. Governance Specialist, PIU	1. At least once in six months starting in the first year of the project	1. Project Progress Report
		2. Independent monitoring of project by CSOs. The monitoring by CSOs will be carried out by considering existing policies, rules and regulations of the Government	2. The World Bank	2. Starting from the third month after project start	2. Project supervision by the World Bank
6.	Weak accountability to citizens and stakeholders	1. Project Committees to be broad based and include public representatives and representatives of CSOs (based on the findings of the GAP analysis)	1. Governance Specialist, PIU	1. Within three months after project approval	1. Project supervision by the World Bank
		2. Citizen feedback on project activities to be obtained periodically	2. Governance Specialist, PIU	2. Throughout the project duration	2. Project supervision by the World Bank
7.	Lack of proactivity in responding to integrity and accountability issues	Meeting to review all elements of the GAAP, assess changes in corruption vulnerabilities in the project, and agree on	Country Steering Committee, MOH Senior Management; Integrity Committee MOH	Every six months from project approval	Project supervision by the World Bank

No	Potential Governance and Accountability Risks	Action Plan Steps	Implementation Arrangements	Timeline	Monitoring
		areas of focus for the coming year	(Governance Specialist to coordinate)		
CROSS REFERENCE TO RISKS AND ACTIONS INCLUDED IN THE FIDUCIARY and SAFEGUARDS RISK MITIGATION PLANS					
1	Delays and bottlenecks in disbursements of funds between the various levels of the health service delivery system resulting in considerable amounts of unspent funds	1. ***Project FM Manual to describe detailed funds flow arrangements to address these blockages (priority action)*** 2. Disbursement time-lags to be monitored and efforts made to reduce lag time	1. FM Specialist in the PIU 2. FM Specialist in the PIU	1. ***Within the first month after project approval (priority action)*** 2. Once every three months after project approval	1. Project FM supervision 2. Project FM supervision; spot checks by PIU and the World Bank
2	Governance arrangements are too centralized at the national level with little or no formal oversight of procurement and spending at the provincial and district levels	1. Project Progress report should include confirmation from Provincial and District Offices of MOH of the receipts of goods/services/works as well as receipt and expenditure of project funds. Procurement information will be provided to the Provincial and District level Coordination Committees for information (and to assist in better coordination of localized responses). 2. Regular and periodic spot checks on the completeness, accuracy, and timeliness of information on receipt of goods.	1. Procurement Specialist in the PIU 2. Internal Auditor, MOH	1. Once every three months starting from the third month after project approval 2. Every three months throughout the project	1. Project procurement supervision by the World Bank 2. Project supervision by the World Bank
3	Goods once purchased can be transferred, sold or	1. Each procurement should include a clear schedule of	Procurement Specialist PIU details provided in	Throughout the project duration	Project Procurement Supervision by the World Bank

No	Potential Governance and Accountability Risks	Action Plan Steps	Implementation Arrangements	Timeline	Monitoring
	moved. Absence of established mechanisms to track procured assets.	requirements item-wise at the destination (health facilities). These schedules should be sent in advance to all facilities and completed upon receipt of goods. A copy to be kept at site and sent to Internal Audit unit at PIU. 2. Project Asset Registration System to be strengthened and an inventory provided at each facility level as well as centrally with the MOH. This should be made accessible to the public. 3. Sample random verification of supplies/and equipment at destinations based on copies of the Schedule of requirements upon receipt and signing of the goods received notes.	Procurement Manual		
4	Bid rigging and inflation of prices of goods, services and works as a result of use of emergency procurement procedures (that replace default procurement procedures that encourage competition among bidders).	1. All information related to procurement information including RFPs, Bids, Bidding documents and each / every contracts awards etc. will be disclosed through the Project website and published in publication that is easily accessible by suppliers and the public. 2. MOH Procurement Committee to review all procurement actions. Review report	1. Procurement Specialist in the PIU 2. Procurement Specialist in the PIU	Throughout the project duration	1. Project Procurement Supervision 2. Project Procurement Supervision by the World Bank

No	Potential Governance and Accountability Risks	Action Plan Steps	Implementation Arrangements	Timeline	Monitoring
		to be shared with the World Bank 3. Regular and periodic spot checks of significant procurement transactions to assess integrity and efficiency of procurement process and outcomes	3. Internal Auditor, MOH		3. Project Progress Reports
5.	Weak Accountability for implementation of project activities	1. ***Grievance Redressal system to be designed and put in place (priority action)*** 2. Grievance Redressal procedures to be publicized among citizens and stakeholders and project website 3. Semi-annual review of complaints received and responses to identify corruption vulnerabilities and determine mitigation efforts	1. Social Development Specialist, PIU as part of ESCP 2. Social Development Specialist, PIU through communication efforts and project website 3. Grievance registers maintained by Social Development Specialist, PIU, ZNPHI Director	1. ***Within three months after project approval (priority action)*** 2. Starting from six months after project approval 3. Throughout the project duration	1. Project Safeguards Supervision 2. Spot Checks by the World Bank 3. Project Safeguards Supervision

ANNEX 3: Financial Management Assessment

1. **As part of project preparation, the World Bank carried out a financial management assessment of ZNPHI (the implementing agency of the Zambia COVID-19 Emergency Response and Health Systems Preparedness Project) to evaluate the adequacy of FM arrangements to support project implementation.** The objective of the assessments was to determine whether the proposed FM arrangements are capable of: (i) accurately recording all transactions and balances relating to the project; (ii) facilitating the preparation of accurate and timely financial statements; (iii) safeguarding the project's assets; and (iv) being subjected to acceptable auditing arrangements. The assessments build significantly on the Bank's knowledge of country FM systems and requirements, experience and performance of MOH through its involvement in other WBG-financed operations. UN agencies may be used as an implementing agency for selected activities and details will be included in the PIM.

2. **The project will leverage the FM and disbursement arrangements of the World Bank financed projects currently being implemented by the MOH, and specifically align to the FM and disbursement arrangements of the ACDCP for its implementation.** The PIU will be embedded in the ZNPHI, currently a department under the MOH that will be established as a separate entity through an Act of Parliament once passed. ZNPHI is headed by a Director but relies on the MOH's finance department and audit unit. MOH has seconded both an Accountant and Internal Auditor to ZNPHI, who report to MOH's the Finance Director and Director of Internal Audit respectively. While the project will primarily rely on the existing accounting capacity of the seconded staff from MOH as the current system is inadequate. The Director ZNPHI will recruit additional accounting staff depending on the need for additional financial capacity as the COVID-19 situation evolves. ZNPHI has developed a PIM through the Africa Centers for Disease Control Regional Investment Financing Project (P167916), though it will require updating to include FM operations for emergencies.

3. **The overall FM residual risk rating for the project is Substantial**. This rating is mainly because of the project is being implemented in a country and sector context that is prone to several inherent risks. Specific factors include: (i) The PIU will be housed within the ZNPHI, currently a department under the MOH with little experience in managing Bank-funded projects. The Government is in the process of passing the ZNPHI Act to establish ZNPHI as an autonomous legal entity; (ii) Although project transactions are recorded in IFMIS, the project module does not function. Hence, the use of manual procedures for preparing financial reports may affect their quality and timeliness; (iii) ZNPHI's financial and internal audit sections are being managed by MOH account and internal audit staff; (iv) resources to the provincial and district levels may not be allocated in an effective way to achieve intended results ; (v) delayed funds flow and leakages at provincial and district level; and (vi) weak follow up of audit findings and recommendations.

4. **The conclusion of the assessment**, **despite the high rating, is that the financial management arrangements in place met the World Bank's minimum requirements** under World Bank Policy and Directive on IPFs (effective February 10, 2017), and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the project required by the World Bank.

5. **Key risk factors**. Major and proposed mitigation measures are summarized below.

Table 3.1. FM Risk Analysis Summary

Type of Risk	*Initial Risk Rating*	*Rating Explanation*	*Proposed Mitigating Measures*	*Residual Risk*	*Timing for Mitigation*
Inherent Risk					
Country Level	Substantial	Poor enforcement and compliance with existing regulations /procedures; lack of and, lukewarm implementation of Auditors recommendations; and lack of suctions for offenders.		Substantial	
Entity Level	Moderate	The PIU will be housed within the ZNPHI, currently a department under the MOH All decision and approvals are made by the Permanent Secretary of MOH which could lead to possible delays in implementation and disbursements.	The Government is in the process of passing the ZNPHI Act to establish ZNPHI as an autonomous legal entity.	Moderate	During project implementation
Project Level	High	ZNPHI has no experience in implementing World Bank-funded projects ZNPHI is under-staffed	Continuing institutional capacity strengthening (i.e. staff training) and World Bank supervision Project to recruit Project Accountant	Substantial	During project implementation
Overall Inherent Risk	**High**			**Substantial**	
Control Risk					
Budgeting	Substantial	The project will use Government system for budgeting. There is a risk that resources to the provincial and district levels may not be allocated in an efficient way to achieve	All activities will be fully costed and programmed as part of core project activities AWPB and training budgets to be approved by TTL.	Moderate	Before Project becomes effective

Type of Risk	*Initial Risk Rating*	*Rating Explanation*	*Proposed Mitigating Measures*	*Residual Risk*	*Timing for Mitigation*
		intended results (payment of excessive DSAs etc.).	Training proposals will be aligned with standard operating procedures. These arrangements will be laid out clearly in the PIM.		
Accounting	High	Lacks adequate staff numbers for the segregation of accounting and reporting responsibilities.	The project to recruit a qualified and experienced Project Accountant within three months of project effectiveness, who will oversee the project's accounting system. The accounting staff and the internal audit staff will be trained in World Bank financial management and disbursements procedures continuously throughout the life of the project.	Moderate	Within three months of project effectiveness supported by a dated covenant in the financial agreement.
Internal Control	Substantial	Inadequate staff, only one Internal Auditor has been seconded to ZNPHI, for an adequate system of internal control to operate	Recruitment of the Internal Auditor The Controller of Internal Audit has Internal audit staff embedded in the MOH who will be assigned to carrying out the internal audit of the project. The recently concluded Public Financial Management Reform Project *(P147343*) provided capacity building support to the Controller of	Substantial	Three months after project effectiveness

Type of Risk	*Initial Risk Rating*	*Rating Explanation*	*Proposed Mitigating Measures*	*Residual Risk*	*Timing for Mitigation*
			Internal Audit for enhancing audit skills, standards and practices. Internal and External Auditors to carry out just in time (JIT) compliance audits of project transactions at all levels (central, provincial and local) and quarterly reports at a minimum and more frequent reports if material issues are found. PIM will be updated to strengthen controls commensurate with the emergency operation. PIM will elaborate the inter control processes in the supply chain process that ensures the procured laboratory equipment and supplies reach the intended health facilities and that payments are adequately supported by relevant outputs and deliverables.		
Funds Flow	High	Delayed funds flow and leakages at provincial and district level Transfers to beneficiaries includes provincial and district levels	Use of electronic transfers via mobile money and mobile banks. Electronic transfers for urban and peri-urban areas will be piloted as part of the Zambia Integrated Social	Substantial	Before project effectiveness

Type of Risk	*Initial Risk Rating*	*Rating Explanation*	*Proposed Mitigating Measures*	*Residual Risk*	*Timing for Mitigation*
		ZNPHI lacks experience in World Bank Disbursement Procedures	Protection Information System (ZISPIS) that Smart Zambia is introducing. The World Bank has been providing technical support to Smart Zambia on this, based on lessons learnt from the supporting women's livelihood (SWL) electronic payment system. Roll out of electronic payments is recommended based on the results of the pilot PIU to submit SOEs on a monthly basis that facilitates regular review of expenditures by the Bank. In order to fast track disbursements while mitigating risks associated with disbursement of funds through the DA, the project will use direct payments as much as possible. Provide training to staff who will be in charge of disbursements Due diligence will be exercised by the World Bank on		

Type of Risk	*Initial Risk Rating*	*Rating Explanation*	*Proposed Mitigating Measures*	*Residual Risk*	*Timing for Mitigation*
			retroactive financing to establish its eligibility.		
Financial Reporting	Substantial	Although project transactions are recorded in IFMIS, the project module does not function. As a result, the country IFMIS system cannot be used on a real time basis for transaction processing or for generating project reports in the required formats. Use of manual systems such as Excel for preparing financial reports, which may affect their quality and timeliness.	Project to purchase and install Navision (used by other World Bank-funded projects) at all levels of project implementation. Interim and annual financial statements will be published in the project website and key financial information will be publicly displayed at provincial and district level offices to enhance transparency of project activities to citizens. Regular updates on financial progress will be provided to the national level emergency committees on project activities via the MOH.	Substantial	During Project Implementation
Auditing	Moderate	There is a risk that the audit may not be done timely. Weak follow up of audit findings and recommendations.	The OAG to be engaged early and be made aware of the audits and the need for timeliness of the Audit Reports/Management Letter and share the Audit Terms of Reference. While the OAG is mandated by law to carry out the audit of	Moderate	During Project Implementation .

Type of Risk	*Initial Risk Rating*	*Rating Explanation*	*Proposed Mitigating Measures*	*Residual Risk*	*Timing for Mitigation*
			all government ministries to address capacity constraints, the OAG may subcontract private audit firms, as needed. The OAG is currently carrying out JIT compliance audits on donor funds and project will benefit from this practice. The internal audit staff will follow up on the implementation of audit recommendations as part of their terms of reference and update management.		
Staffing	Substantial	As noted above under Internal Control, ZNPHI does not have adequate staff. In addition, the staff does not have specific experience in dealing with World Bank procedures and policies	Recruitment of the required FM staffing, preferably with experience in dealing with World Bank procedures and policies. This is in addition to training and hand holding in World Bank FM procedures	Moderate	Three months after project effectiveness
Overall Control Risk	**High**			**Substantial**	
Overall Risk rating	**High**			**Substantial**	

6. **Financial Management Action Plan.** To address the challenges described above, the following mitigating measures have been discussed and agreed: (i) the MOH/ZNPHI will recruit a qualified and experienced project accountant within three months of project Effectiveness, who will be in charge of the project's accounting; (ii) the

newly-recruited project accountant and the internal audit staff will be trained in World Bank FM and disbursements procedures continuously throughout the life of the project; (iii) Project to procure and install Navision accounting package being used by other Donor/World Bank-funded projects; (iv) Work plans and budgets will be approved, including training plans; and (v) Internal Auditors to carry out audits on a quarterly basis or as needed while External Auditors will carrying out compliance audits, and produce annual reports on their findings.

7. **Retroactive financing up to an aggregate amount not to exceed US$8.0 million equivalent of the total IDA credit will be allowed for eligible expenditures incurred by the Government for the period between February 1, 2020 and the date of the signed Financing Agreement.** All expenditures, for which retroactive financing is sought, will be submitted to the World Bank to verify their eligibility as per the project description and disbursement table, safeguards policies and procurement requirements as follows: (a) activities financed through retroactive financing are related to the development objective and are included in the project description; (b) payments are for items procured in accordance with the applicable World Bank procurement rules; (c) total amount of retroactive financing is 40 percent or less of the IDA credit; and (d) payments are made by the Government during the period between February 1, 2020, and the date of the signed Financing Agreement. The project will use the transaction-based method of disbursements using statements of expenditure). Withdrawal applications should be prepared within one month after project effectiveness.

Financial Management Arrangements

8. **Budgeting.** The project will prepare its annual workplan and budget, including provincial and district budgets, based on the procurement and work plans and submit to the World Bank at least two months before the beginning of the project's fiscal year. The budget will follow national procedures and as per budgeting guidelines in the FM Manual prepared under the ACDCP. The budget should be approved before the beginning of the financial year. During the financial year, the budget will be monitored on both on a monthly and quarterly basis using IFRs. The IFRs will compare the budget and actual expenditure, and significant variances will need to be explained. These IFRs will be expected to be submitted to the World Bank within 45 days after the end of the calendar quarterly period.

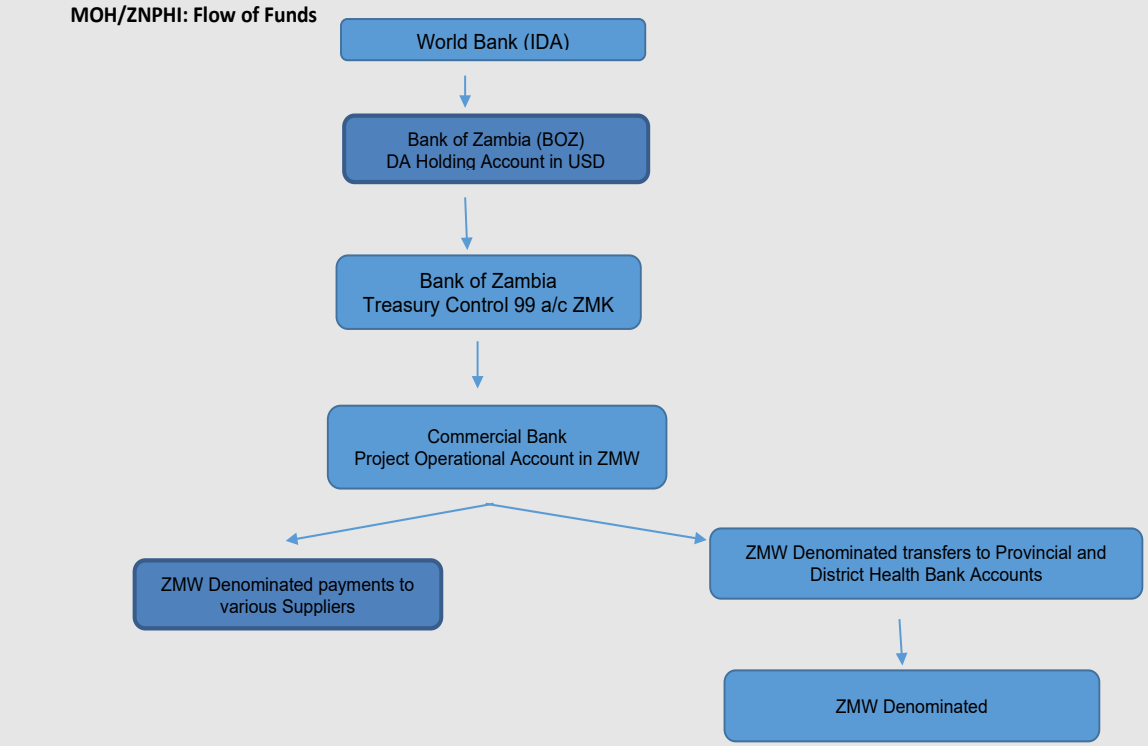
9. **Accounting.** The project will rely on the existing accounting capacity at MOH and will employ a qualified and experienced Project Accountant within three months of effectiveness, who will report to the Project Manager. The Project Accountant dedicated to this project will ensure effective discharge of FM activities, including timely financial reporting to the World Bank. The project will also rely on both MOH Provincial and District Accountants for the Project's financial reporting of COVID funds at the province and district respectively. The Director ZNPHI may recruit additional accounting staff depending on the need for financial capacity as the COVID-19 situation evolves. The project will use Navision accounting package to process project transactions, prepare project interim and final accounts at the Centre, provincial and local levels. The project will use cash basis accounting, in line with International Public Sector Accounting Standards.

10. **Internal Control and Internal Audit.** (i) Internal auditing: MOH is serviced by the Internal Audit Directorate with positions filled up to provincial level only. One internal auditor has been seconded to ZNPHI; therefore, it is recommended that MOH dedicate additional Internal Auditors to the project at both the center and provinces to ensure internal control procedures are functioning properly at all levels of project implementation, including center, province and district. As an emergency operation, it is recommended the internal audit team supports the JIT compliance audits being carried out by the OAG on COVID-19 funds (the OAG is currently conducting JIT audits

on COVID-19 donor funds). Internal auditors will produce at a minimum, a report quarterly and increase the frequency as needed. The internal auditing function will be strengthened through training of staff to follow up and resolve both internal and external auditing issues; (ii) Internal control systems: The project will process transactions using the rules and regulations specified under the Public Finance management No.1 of 2018 and Financial Regulations; these are adequate under MOH and the project. The project will also rely on the PIM developed by ACDCP, subject to revisions to include detailed FM operations for emergency operations, including controls during the entire supply chain process.

11. **Funds flow and banking arrangements.** Funds will flow from an IDA account to a DA that will be opened at the Central Bank (BOZ) and managed by the project. The DA will hold the initial advance(s) and subsequent replenishments. Funds in the DA will only be used to finance eligible expenditures from the project, provincial and district offices based on the approved AWPB. The project will open a DA denominated in United States Dollars and a Project Account denominated in local currency. These will be maintained at BOZ. The signatories to these accounts should be in line with the FM Manual, and they should be submitted to the World Bank between the signing of the project and its effectiveness. Funds for both provincial and district activities will be channeled through existing MOH provincial and district bank accounts, and the provincial and district Accounts will submit utilization returns on a monthly basis to mitigate the associated risks.

Figure 3.1: Funds flow Diagram



12. **Disbursement Arrangements.** Due to the risks identified in the COVID-19 Fiduciary Action Plan, the project will use a transaction-based method of disbursements, using statements of expenditures (SOEs). The SOEs will be reviewed and approved by the World Bank, before a WA is submitted. This will allow the World Bank to review SOEs on a regular basis (monthly). It is also recommended that a high DA ceiling as guided by the Disbursement and Financial Information Letter (DFIL) will be allocated to the project so that the PIU will have enough cash flow for emergencies. Other methods of disbursing will include reimbursements, direct payments, and use of special commitments (such as letters of credit). Withdrawal applications should be prepared within one month after project effectiveness. Until project level key risks are mitigated, the project will maximize the use of the direct payment facility. If ineligible expenditures are found to have been made from the Designated and/or project accounts, the borrower will be obligated to refund the amount. If the DA remains inactive for more than six months, the World Bank may reduce the amount advanced. The World Bank will have the right, as reflected in the terms of the Financing Agreement, to suspend disbursement of the funds if significant conditions, including reporting requirements, are not complied with. Additional details regarding disbursement will be provided in the disbursement letters.

13. **Financial Reporting.** The project will produce on quarterly basis unaudited IFRs to manage and monitor the use of the advance; SOEs will also be submitted on a monthly basis. The IFRs should at the minimum show a statement of sources and uses of funds, with the uses of funds analyzed by component and by activities to compare actual expenditure with budget. The quarterly reports are to be submitted to the World Bank 45 days after the end of the quarter. The formats and contents of the IFRs are to be discussed and agreed with the project. The project will also submit SOEs on a monthly basis (or as required) for review before a WA is submitted. There

will be also regular updates provided to the National level emergency committees on project activities, including expenditures via the MOH. Project expenditure reports will be published on their website and displayed in public places at the provincial and district level. Detailed procedures will be clearly laid out in the PIM.

14. The project will also prepare the project's annual accounts/financial statements within three months after the end of the accounting year in accordance with accounting standards acceptable to the World Bank. The audited financial statements will be required to be submitted to the World Bank within six months after the end of the fiscal year.

15. **External Audit Arrangements**. The external audit of the project's funds will be done by the OAG, the Supreme Audit Institution in Zambia, and the audit report will be submitted to the World Bank within six months after the financial year end. In case of a partial Government and OAG lock down, the OAG can contract private audit firms under terms acceptable to the Bank to conduct the audit of the project on its behalf to prevent audit delays. The cost of hiring a private audit firm will be met by the project. The audit should be carried out in accordance with International Standards on Auditing or International Standards for Supreme Audit Institutions issued by the International Organization for Supreme Audit Institutions. The Terms of Reference for the audit was agreed with the Bank before negotiations. The external auditors should be appointed within six months after effectiveness Audit reports, together with management letters, should be submitted to the World Bank within six months after the end of the government's fiscal year. Audit reports will be publicly disclosed by the WBG in accordance with the World Bank's Access to Information Policy. Audit reports will also be published in the project web site.

FM Action Plan

Table 3.2. Key FM Actions to be Taken

#	Significant Weaknesses	Action	Responsible Person
1.	Uses a manual accounting system	Purchase and install Navision accounting package	MOH Finance Director
2.	ZNPHI not adequately staffed	Recruit Project Accountant and MOH to dedicate an Internal Auditor to the PIU	ZNPHI Director
3.	Staff lacking experience in implementing World Bank financed projects	Training of accountants in World Bank disbursement procedures	World Bank

16. **FM supervision and implementation support.** Being an emergency operation, FM implementation support missions will be carried out virtually on a quarterly basis or as needed. Implementation support will also include desk reviews such as the review of the IFRs, SOEs and audit reports. The FM implementation support will be an integrated part of the project's implementation reviews. During the COVID-19 crisis and in case of total lockdown, the World Bank will hire third parties to carry out supervision missions.

17. **Conclusion.** The conclusion of the assessment is that the financial management arrangements in place meet the World Bank's minimum requirements under World Bank Policy and Directive for IPFs, and therefore are adequate to provide, with reasonable assurance, accurate and timely information on the status of the Project required by IDA. The overall Financial Management residual risk rating is Substantial.