Project Document
of the Asian Infrastructure Investment Bank

Sovereign-backed Financings

Republic of India

India COVID-19 Emergency Response and Health Systems Preparedness Project
(under the COVID-19 Recovery Facility)
Currency Equivalents
(As at April 21, 2020)

Currency Unit – Indian Rupee (INR)
INR1.00 = USD0.013
USD1.00 = INR75

Borrower’s Fiscal year
April 1 to March 31

Abbreviations

AIIB  Asian Infrastructure Investment Bank
AS & FA  Additional Secretary and Financial Advisor
BMWM  Biomedical Waste Management
C&AG  Comptroller and Auditor General
COVID-19  Coronavirus Disease 2019
EID  Emerging Infectious Diseases
ES  Environmental and Social
ESCP  Environmental and Social Commitment Plan
ESF  Environment and Social Framework
ESMF  Environmental and Social Management Framework
ESP  Environmental and Social Policy
FM  Financial Management
GDP  Gross Domestic Product
GOI  Government of India
GRM  Grievance Redress Mechanism
GRS  Grievance Redress Service
ICMR  Indian Council for Medical Research
IDSP  Integrated Disease Surveillance Program
IMF  International Monetary Fund
MOHFW  Ministry of Health and Family Welfare
NCDC  National Centre for Disease Control
NHM  National Health Mission
OHS  Occupational Health and Safety
OIE  World Organization for Animal Health
PFMS  Public Financial Management System
PIM  Project Implementation Manual
PPM  Project-affected People’s Mechanism
PPE  Personal Protective Equipment
PPP  Policy on Prohibited Practices
PPSD  Project Procurement Strategy for Development
PRC  People’s Republic of China
RFQ  Request for Quotation
SEP  Stakeholder Engagement Plan
IUFR  Interim Unaudited Financial Reports
UN  United Nations
WB  World Bank
WHO  World Health Organization
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**1. Summary Sheet**

**Republic of India**

*India COVID-19 Emergency Response and Health Systems Preparedness Project*

<table>
<thead>
<tr>
<th>Project No.</th>
<th>000380-IND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Borrower</td>
<td>Republic of India</td>
</tr>
<tr>
<td>Project Implementation Entity</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
<tr>
<td>Sector Subsector</td>
<td>Social Public Health Infrastructure</td>
</tr>
<tr>
<td>Project Objective</td>
<td>To prevent, detect and respond to the threat posed by COVID-19 and strengthen the national health systems for preparedness in India</td>
</tr>
<tr>
<td>Project Description</td>
<td>This project is proposed under the COVID-19 Recovery Facility.</td>
</tr>
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</table>

The project aims to deliver a combination of emergency response and health system capacity building efforts consistent with the COVID-19 containment plan that was recently developed by the Ministry of Health and Family Welfare (MOHFW), Government of India (GOI) with support from the World Health Organization (WHO) and partners. In addition to scaling up interventions to limit human-to-human transmission, interventions that strengthen health systems will be rolled out to improve the country’s capacity to respond to the COVID-19 pandemic and allow it to be better prepared to respond to any future disease outbreaks.

<table>
<thead>
<tr>
<th>Implementation Period</th>
<th>Start Date: May 11, 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>End Date: Dec. 31, 2024</td>
</tr>
<tr>
<td>Expected Loan Closing Date</td>
<td>Dec. 31, 2024</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cost and Financing Plan</th>
<th>Project cost: USD1.5 billion</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Financing Plan:</td>
</tr>
<tr>
<td></td>
<td>AIIB loan: USD500 million</td>
</tr>
<tr>
<td></td>
<td>World Bank loan: USD1 billion</td>
</tr>
</tbody>
</table>

| Size and Terms of AIIB Loan | USD500 million |

Final maturity not exceeding 18.5 years, including a grace period of 5 years, with level repayments at the Bank’s standard interest rate for sovereign-backed loans.

| Cofinancing (Size and Terms) | World Bank (Lead Cofinancier): USD1 billion. |

| Environmental and Social Category | World Bank Category: “Substantial” (Equivalent to Category B under AIIB’s Environmental and Social Policy) |

<table>
<thead>
<tr>
<th>Risk (Low/Medium/High)</th>
<th>Medium</th>
</tr>
</thead>
<tbody>
<tr>
<td>Conditions of Effectiveness</td>
<td>None</td>
</tr>
<tr>
<td>Key Covenants/Conditions for</td>
<td>(i) Establishment of the Project Governing Committee</td>
</tr>
</tbody>
</table>
### Disbursement and Project Steering Committee

1. Adoption of the Project Implementation Manual within two months from the date of effectiveness
2. Establishment of the Technical Support Units in the National Health Mission and National Centre for Disease Control within three months from the date of effectiveness

There are no disbursement conditions.

### Retroactive Financing

Up to 40 percent of the loan amount, for expenditures incurred and paid for from Jan. 1, 2020 until the legal agreements signing date.

### Policy Assurance

The Vice President, Policy and Strategy, confirms an overall assurance that the Bank is in compliance with the policies applicable to the project.

### Team Members

- Bernardita Saez, Senior Counsel
- Giacomo Ottolini, Principal Procurement Specialist
- Haiyan Wang, Senior Finance Officer
- Somnath Basu, Principal Social Development Specialist
- Yi Geng, Senior Financial Management Specialist
- Zhaojing Mu, Environmental Specialist
2. Project Description

A. Project Fit Under the COVID-19 Crisis Recovery Facility

1. The COVID-19 Pandemic. An outbreak of the coronavirus disease (COVID-19) caused by the severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) has been spreading rapidly across the world since December 2019. The unfolding pandemic presents an unprecedented global challenge and has widespread and severe negative social, economic and financial impacts. The increasing breadth, depth and duration of the pandemic have placed significant pressures and strains on health care infrastructure, systems and supply chains. This has increased the risk of loss of life and suffering faced by people around the world.

2. Coordinated Response by the International Financial Institutions. International financial institutions, including the Asian Infrastructure Investment Bank (AIIB), have undertaken initial concerted efforts to provide strong, coordinated support to countries and private sector entities affected by COVID-19. Several multilateral development banks have announced emergency response packages to support their members and clients who are affected by the crisis. For example, the World Bank (WB) Group has announced USD14 billion in financing, including USD8 billion from the International Finance Corporation. Meanwhile, the Asian Development Bank has pledged USD20 billion, the European Bank for Reconstruction and Development EUR1 billion, the Islamic Development Bank USD2.3 billion and the Inter-American Development Bank USD3.2 billion.

3. Project’s Alignment with AIIB’s COVID-19 Crisis Recovery Facility. AIIB has established the new COVID-19 Crisis Recovery Facility (CRF) with an initial size of USD5 billion to USD10 billion in order to react effectively to the fast-evolving situation and respond flexibly and efficiently to client demands.

   (i) Financing of immediate health sector needs, including “the development of health system capacity, and provision of essential medical equipment and supplies to combat COVID-19, and the long-term sustainable development of the health sector of the member” are the primary objectives of the CRF. The scope and components of the proposed project, as detailed in paragraphs 9 and 10, are fully aligned with the above stated objectives of the CRF.

   (ii) As stated in the CRF paper, the components of the project are aligned with the recommendations of WHO, which have been adopted by the WB Multi-phase Programmatic Approach. This project will be jointly cofinanced with WB (with WB as the lead cofinancier). WB’s policies and procedures will be used for the project.

4. Government of India’s Response. The GOI’s swift response to COVID-19 continues to be calibrated with the fast-evolving situation. The first three cases of COVID-19 were confirmed in the state of Kerala between January 30 and February 3. No additional cases were reported until the first week of March when 27 new cases were identified. Since that time, the number of cases reported to the WHO has grown
to 26,496 as of April 26. The GOI has established national coordination and response task forces at the highest level. The MOHFW is playing a lead role in executing the health sector response. The GOI’s current approach to COVID-19 is containment and control, since most reported cases are linked to foreign travel. The Prime Minister of India recently addressed the nation and announced the Janata Curfew (“people’s curfew”) on March 22, 2020, followed by a complete national lockdown from March 25, 2020 until May 3, 2020 as part of a wider effort by the GOI to respond to the COVID-19 emergency.

5. Additional interventions being rolled out include testing through a network of laboratories, contact tracing, community surveillance, quarantine and isolation, hospital-based clinical management of cases, risk communication, and infection prevention and control. There are several strengths to the GOI’s response, including how it is leveraging central and state public health sector machinery and infrastructure. However, despite the GOI’s significant investments in strengthening India’s public health system, it remains fragile in the face of outbreaks. Low-capacity states face added vulnerability to their health systems.

B. Project Objective and Expected Results

6. **Project Objective.** To prevent, detect and respond to the threat posed by COVID-19 and strengthen the national health systems for preparedness in India.

7. **Expected Results.** The project will be monitored through the following key result indicators:

   (i) Percentage of district hospitals with isolation capacity.

   (ii) Percentage of district health centers/district hospitals with personal protective equipment (PPE) and infection control products and supplies, without stock-outs in preceding two weeks.

   (iii) Proportion of specimens submitted for COVID-19 laboratory testing confirmed within WHO-stipulated standard time.

   (iv) Proportion of population able to identify three key symptoms of COVID-19 and/or seasonal influenza and three personal prevention measures (as assessed by a representative population survey).

   (v) The Government has activated their One Health coordination mechanism for COVID-19 and other Emerging Infectious Diseases (EID) at Union level.

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1 “One Health” is an approach to designing and implementing programs, policies, legislation and research in which multiple sectors communicate and work together to achieve better public health outcomes. More information is available at [https://www.who.int/features/qa/one-health/en/](https://www.who.int/features/qa/one-health/en/)
8. **Expected Beneficiaries.** Given the nature of COVID-19, the primary project beneficiaries will be infected people, at-risk populations, medical and emergency personnel, service providers at medical and testing facilities (both public and private), and public and animal health agencies engaged in India's COVID-19 response. Staff of key technical departments and health departments will also benefit from the project as their capabilities increase through institutional capacity strengthening.

C. **Description and Components**

9. **Overview.** AIIB’s support will immediately enable the GOI scale up efforts to limit human-to-human transmission, including reducing local transmission of cases and containing the progress of the pandemic from phase III (cluster of cases) to phase IV (community transmission). In parallel to scaling up interventions to limit human-to-human transmission, interventions strengthening health systems will be rolled out to improve the country’s capacity to respond to the COVID-19 pandemic and enable it to be better prepared to respond to future disease outbreaks, including transmission between human and animals.

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

   (i) **Component 1: Emergency COVID-19 Response.** This component aims to slow and limit as much as possible the spread of COVID-19 in India by providing immediate support for the purchase of PPE, oxygen delivery systems, medicines, and other equipment to enhance the country’s disease detection capacities.

   (ii) **Component 2: Strengthening National and State Health Systems to Support Prevention and Preparedness.** This component will support the GOI to build resilient health systems to provide core public health, prevention, and patient management functions to manage COVID-19 and future disease outbreaks.

   (iii) **Component 3: Strengthening Pandemic Research and Multi-sector, National Institutions and Platforms for One Health.** This component will support research on COVID-19 by Indian and other global institutions working in collaboration with the Indian Council of Medical Research.

   (iv) **Component 4: Community Engagement and Risk Communication.** This component will address significant negative externalities expected in the event of a widespread COVID-19 outbreak and include comprehensive communication strategies.

   (v) **Component 5: Implementation Management, Capacity Building, Monitoring and Evaluation.** This component will provide support for the strengthening of public structures for the coordination and
management of the project, including MOHFW and state (decentralized) arrangements for coordination of activities, financial management (FM), procurement, and monitoring and evaluation.

(vi) **Component 6: Contingent Emergency Response Component.** This component would provide immediate response to an eligible crisis or health emergency. Following an eligible crisis or event, GOI may request the lenders to reallocate project funds to support an additional emergency response. This component would then draw from the uncommitted loan resources from the other project components under the project to cover the emergency response. Activities under the component will only be undertaken upon fulfilment of predefined conditions mutually agreed upon between the GOI and the WB. Such conditions will also be reflected in the legal agreements to be executed between AIIB and the Republic of India.

**D. Cost and Financing Plan**

11. The total project cost is USD1.5 billion to be cofinanced by the WB (USD1 billion) and AIIB (USD 500 million).

<table>
<thead>
<tr>
<th>Project Component</th>
<th>Cost</th>
<th>Financing Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Emergency COVID-19 Response</td>
<td>750</td>
<td>250 250 500 Nil</td>
</tr>
<tr>
<td>2. Strengthening National and State Health Systems to support Prevention and Preparedness</td>
<td>405</td>
<td>135 135 270 Nil</td>
</tr>
<tr>
<td>3. Strengthening Pandemic Research and Multi-sector, National Institutions and Platforms for One Health</td>
<td>150</td>
<td>50 50 100 Nil</td>
</tr>
<tr>
<td>4. Community Engagement and Risk Communication</td>
<td>105</td>
<td>35 35 70 Nil</td>
</tr>
<tr>
<td>5. Implementation Management, Capacity Building, Monitoring and Evaluation</td>
<td>90</td>
<td>30 30 60 Nil</td>
</tr>
<tr>
<td>6. Contingent Emergency Response Component</td>
<td>0</td>
<td>0 0 0 Nil</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,500</strong></td>
<td><strong>500 500 1,000 Nil</strong></td>
</tr>
</tbody>
</table>

12. **Cofinancing Arrangements.** AIIB and WB are proposing to jointly cofinance the project, with the WB taking the lead. The cofinancing arrangements for the project between the WB and AIIB will follow the cofinancing framework agreement signed by the two institutions in April 2016 (and amended in 2018). In essence, the WB’s policies and procedures on environmental and social (ES) safeguards, procurement, FM, project monitoring, and reporting will be used for the project.
E. Implementation Arrangements


14. Implementation Management. The project will be implemented through three MOHFW agencies, namely, the National Health Mission (NHM), the National Centre for Disease Control (NCDC) and the Indian Council for Medical Research (ICMR) (together known as the Implementing Agencies). All the three agencies are headquartered in New Delhi, with presence across the entire country thus providing adequate arrangements for responding to this pan-India intervention.

   (i) The NHM is a centrally sponsored scheme of the GOI and is the flagship program of the MOHFW aimed at achieving universal access to equitable, affordable, and quality health care services to the citizens. It is under the Department of Health and Family Welfare and headed by a Mission Director, who is an officer with the rank of Additional Secretary.

   (ii) The NCDC is an attached office of the MOHFW and plays a lead role in the investigation of disease outbreaks all over the country. It is also under the Department of Health and Family Welfare and is headed by a technical officer with the rank of Director.

   (iii) The ICMR is an autonomous society under the Department of Health Research. It is the apex body for formulation, coordination, and promotion of biomedical research and is headed by its Director General.

15. Project Governing and Steering Committees. The highest level of project oversight will be ensured through a Governing Committee, chaired by the Secretary – Health and Welfare, and co-chaired by the Secretary – Department of Health Research, who will oversee the project. This committee will meet three times in the first year in light of the coordination needs of the initial COVID-19 emergency response, and twice every subsequent year. Project coordination will be the responsibility of a Project Steering Committee co-chaired by Department of Health and Family Welfare and Department of Health Research officials. It will have oversight over the routine implementation of the project and will meet once every quarter. This committee will be assisted by a secretariat.

16. Technical Support Units within NHM, NCDC and ICMR. The delivery of the project activities will be through the existing implementation arrangements of the NHM, NCDC and ICMR, as shown in Figure 1.

   (i) The components of the project coming under the NHM will be implemented by the MOHFW. The NHM will set up Technical Support Units to drive implementation.

   (ii) The components of the project coming under NCDC will be implemented by the concerned technical wings and branch offices of
NCDC and the Public Health Division of the MOHFW. To strengthen project implementation and coordination capacity required for the rapid implementation of activities under an emergency, NCDC will set up a Technical Support Unit at the national level.

(iii) All project activities coming under ICMR will be implemented through the concerned divisions as well institutions that come under it. The ICMR will engage with both private and public research institutions to implement research on COVID-19. Also, private sector engagement will be done to surge the capacity for laboratory and intensive care services for COVID-19. Technical support units will be set up for effective handholding.

**Figure 1. Implementation Arrangements**

17. **Project Implementation Manual.** The MOHFW has committed to prepare and adopt a Project Implementation Manual (PIM) within two months from the effectiveness of the loan agreement with the WB. The PIM will comprise detailed guidelines and procedures for the implementation of the project, including with respect to: administration and coordination, monitoring and evaluation, FM, procurement and accounting procedures, ES safeguards, corruption and fraud mitigation measures, a grievance redress mechanism (GRM), personal data collection and processing in accordance with applicable national law and good international practice, roles and responsibilities for project implementation, and such other arrangements and procedures as shall be required for the effective implementation of the project. Once adopted, the PIM will be maintained throughout the implementation of the project.
18. **Monitoring and Evaluation.** The project will use the existing monitoring and evaluation platforms of the MOHFW. Existing information platforms of the NHM, ICMR and the Integrated Disease Surveillance Program (IDSP) will be leveraged and strengthened to monitor the progress of the project on different project development objectives and intermediate results indicators. The IDSP’s existing information platform will be strengthened by integration of all health information verticals into it through a unified IT platform.

19. The MOHFW will submit a quarterly report based on agreed targets and the progress made in the implementation of critical project activities. This report will contain tables of performance against indicators for the proposed project. The project steering committee will review the veracity and quality of data reported through the quarterly report.

20. **AIIB’s Implementation Support.** The WB will be the lead cofinancier and will supervise the project, in accordance with the WB’s applicable policies and procedures, and a Project Co-Lenders’ Agreement, to be signed between AIIB and the WB, in accordance with the Co-financing Framework Agreement between AIIB and the WB consistent with the operating principles of the Articles of Association of the Bank.

21. An experienced in-country WB team of health, operational, and fiduciary specialists will provide day-to-day implementation support to the MOHFW with additional regular support from staff from other WB offices. This being the first cofinanced project between AIIB and WB in public health infrastructure, AIIB’s project team will work closely with the WB’s team in providing implementation support and use the opportunity to learn about the implementation of such projects from the WB. Implementation support missions will be carried out by the WB on a regular basis and will include relevant partners in consultation with the MOHFW. Existing MOHFW monitoring mechanisms will also be leveraged. AIIB’s team will join the WB in such implementation support missions once the prevailing restrictions on inter and intra country travel are relaxed. Proper resources will be made available within AIIB to match the frequency of WB’s implementation support missions. This joint WB/AIIB collaborative approach has been successfully implemented in other ongoing projects cofinanced with the WB.

22. **Procurement.** The WB has developed a project-specific set of procurement arrangements that will be applied to the project. AIIB is satisfied that the WB’s procurement procedures are materially consistent with AIIB’s Articles of Agreement and the Core Procurement Principles and Procurement Standards of AIIB’s Procurement Policy. As lead co-financier, the WB will be responsible for overseeing the procurement process, applying its own procurement rules, internal review and clearance procedures, and determining whether the procurement has been conducted in accordance with the agreed implementation arrangements. The borrower will prepare a streamlined Project Procurement Strategy for Development (PPSD) during the implementation phase of the project and finalize the same early in the implementation. The procurement approach adopted will prioritize fast track emergency procurement for the emergency required goods, works and services. The rationale for this procurement approach has been reviewed by AIIB’s team and
considered fit-for-purpose. AIIB will collaborate closely with the WB to review the PIM and the updates of the Procurement Plan and the PPSD for the project. Further, AIIB will rely on the strong track record of the WB in the sector and its ability to conduct adequate supervision and monitoring.

23. **Financial Management.** The financial management (FM) function is the responsibility of the Additional Secretary and Financial Advisor (AS & FA), who has a mandate of financial oversight over all the Implementing Agencies. The AS & FA is supported by the Chief Controller of Accounts at the MOHFW. Each implementing agency has dedicated FM functions: (a) a Financial Management Group headed by the Director-Finance at NHM; (b) a Division of Planning Budget and Administration at NCDC; and (c) a finance team headed by the Senior Financial Advisor at ICMR. Overall, the project has acceptable FM arrangements to account for and report on project expenditures.

24. **Interim Unaudited Financial Reports.** The Interim Unaudited Financial Reports (IUFRs) will be submitted to the WB and AIIB within 45 days from the end of every quarter. Although the Implementing Agencies are under the aegis of MOHFW, consolidation of financial reporting during the emergency response period is difficult. Thus, it has been agreed that each agency will prepare and submit separate IUFRs during this period and subsequently, mechanisms to transition to a single consolidated IUFR will be explored.

25. **Project Audit Arrangements.** For NHM, established audit procedures under NHM (external audit conducted by private chartered accountants on an annual basis) will be followed. Separate audit reports for each of the States incurring expenditures under the project will be submitted to the WB and AIIB along with a consolidated summary report. For ICMR and NCDC, the Comptroller and Auditor General (C&AG) will be the external auditors as per the terms of reference agreed upon by the WB with the office of C&AG and found acceptable to AIIB. Since each implementing agency will report expenditures separately during the emergency response period, the WB and AIIB will receive separate audit reports (issued by the C&AG) for each implementing agency. These Audit Reports will be submitted by the Implementing Agencies to the WB and AIIB within nine months from close of the financial year. Subsequent to the emergency response period, the auditing arrangements will be reviewed and streamlined for the issuance of a consolidated audit report.
3. Project Assessment

26. The following sections are a summary of (a) the assessment carried out by the WB during their project preparation, and (b) the AIIB project team’s appraisal stage consultations with the WB’s project team.

A. Technical Assessment

27. **Project Design.** This project was selected for COVID-19 financing due to the urgent need for a nationwide emergency response to the outbreak, and longer-term system strengthening imperatives. In the immediate term, the focus is appropriately placed on slowing down and limiting the spread of COVID-19 to the greatest extent possible through improved disease surveillance, laboratory capacities, and hospital readiness. These are core functions for a robust public health response drawing from global experience and evidence. The project also prioritizes investments for medium- and longer-term disease responsiveness activities, including infrastructure readiness, One Health priorities, and infectious disease research. A strong pandemic response capability is essential for the health of India’s population now and in the future.

28. This project focuses primarily on health sector operations to respond to urgent preparedness and response needs related to the COVID-19 outbreak. This includes challenges related to the availability and pricing of medical equipment and supplies. In addition, the project focuses on activities to address disruptions created by the spread of the virus, such as closure of education facilities and containment and quarantine of affected populations.

29. **Operational Sustainability.** The sustainability of the project would largely depend on the capacity of the Implementing Agencies and the specific activities, as well as the GOI’s ability to provide sustained financial support towards mainstreaming One Health beyond the COVID-19 emergency. Some project activities are not intended to be sustained if the response is adequate and timely (e.g., continued COVID-19 testing). However, laboratory capacities will be improved at the district, state, and national levels such that the system for testing and diagnostics is strengthened and sustained beyond the pandemic period. In addition, capacity for disease risk assessment and forecast, surveillance, prevention, and management of infectious diseases will be improved at the state and national levels. The focus of some of the project activities on training and capacity building of health workers and agricultural workers and allied sector workers will further enhance the sustainability of the operation.

B. Economic Analysis

30. **Economic Impact.** COVID-19 will have a negative economic impact on India’s economy. The main transmission channels through which the COVID-19 outbreak is affecting the Indian economy are as follows:

   (i) Trade and domestic production links. The People’s Republic of China (PRC) is India’s third largest merchandise export destination accounting for 5.5 percent of total merchandise exports. More
importantly, PRC accounts for about 15 percent of India’s imports and supplies key inputs in pharmaceuticals, auto, electronics and apparels sectors. Disruption in the supply of these intermediate inputs as well as certain consumer durable items can negatively affect domestic production and, to some extent, private consumption.

(ii) Services sector and financial channels. The COVID-19 outbreak will cause disruptions to the sector due to restrictions on movements of goods and people. The freeze on travel and tourism will adversely impact the “trade, hotel and transport” sub-segment while restricted movement of goods will hamper financial services activities. Additionally, a negative impact on financial markets via weakened investor sentiments (flowing from a situation of enhanced risk aversion) will negatively impact capital flows and equity markets.

31. The project is expected to bring economic benefits in the short and long term. Project activities will help address the immediate and long-term impacts of COVID-19 on the Indian economy by:

(i) Limiting the extent and duration of economic disruption. While containment and prevention measures are expected to disrupt economic activity over the short term, the medium/long-term impact is expected to be positive, as these efforts will limit the need for more sustained (and economically damaging) containment and response interventions. Measures to control the spread of COVID-19 in India will also have positive spillover effects by mitigating the risks of a wider pandemic, including in neighboring countries and globally.

(ii) Preventing loss of human capital. Loss of life and negative impacts on productivity will be mitigated by: (a) slowing the spread of COVID-19 through improved screening programs, laboratory capacity, and disease surveillance programs; (b) providing proper equipment, training, and facilities for health care workers; and (c) improving access to life-saving health care through improved facilities for COVID-19 treatment in both public and private hospitals.

(iii) Broader health system strengthening. Many measures supported by the project will bring economic benefits through broader health system strengthening. Positive long-run returns are expected from activities related to: (a) training of health sector workers; (b) provision of essential basic medical equipment; (c) improvement in health facilities and infrastructure; and (d) strengthening national capacity to improve surveillance, risk assessment, prevention and management of zoonotic disease outbreaks. International evidence has shown that such investments deliver positive economic returns even in the absence of a major pandemic.
C. Fiduciary and Governance

32. **Procurement.** The COVID-19 pandemic has resulted in supply chain disruptions with restrictions on the movement of people, goods and services coupled with limitations on the export of critical supplies by many countries. This operational emergency has also been considered in the design of procurement arrangements. The GOI has prepared an initial procurement plan, which has been found acceptable by the WB and the approach has been divided in two main blocks based on the borrower’s needs: (i) the urgent supplies, for which a large proportion of the retroactive financing will be required, that are grouped under Component 1 and (ii) the remainder of the activities under Components 2, 3 and 4, arrangements for which may be planned in the initial stages of the implementation.

33. The WB has determined that, given the urgency, procurement under Component 1: Emergency COVID-19 Response can be undertaken using borrowers' own procedures for the first two years of project implementation, as long as they comply with the WB's Anti-Corruption Guidelines and do not involve prohibited practices under AIIB's Policy on Prohibited Practices (PPP), and will be subject to post review by the WB and AIIB. The basis for accepting this arrangement is the extreme urgency of the requirements and the reliance on the vast experience of the WB in financing this sector. It is anticipated that this arrangement may extend beyond the initial two years, subject to an assessment of the need, and agreement of the WB and AIIB. If there is no extension of this arrangement, the procedures described in the following paragraphs will also apply to this component after the initial two years. This will be reflected in the PIM as well as in the PPSD that will be prepared for the project. The post-review process led by the WB team, given its strength on the ground, is an additional reassurance that the procurement will be effectively conducted.

34. **Major planned procurement includes goods (medical equipment; supplies and commodities; diagnostic reagents, including kits; and PPE including masks, gloves, etc.); services (development and dissemination of communication messages and materials); some small civil works (strengthening of hospitals and laboratories, etc.); and a few consultancy selections. It is anticipated that most of the goods are available in India, barring certain medical equipment, which are currently being imported and not available “off the shelf”. Given the emergency nature of the requirements, the borrower will develop a streamlined PPSD during the implementation phase of the project and finalize the same early during the implementation. The AIIB team will review the PPSD as it is a critical document for the implementation phase. The proposed procurement approach prioritizes fast track emergency procurement for the emergency required goods, services, and works. The fast track procurement includes measures shown in Table 2.**

<table>
<thead>
<tr>
<th>Procurement Category</th>
<th>Procurement Approaches Proposed by the GOI</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>International competitive procurement, national competitive procurement, international shopping, limited tendering, request for quotation (RFQ)</td>
</tr>
<tr>
<td>Other goods, IT and non-consulting services</td>
<td>National competitive procurement, limited tendering/RFQ</td>
</tr>
<tr>
<td>Works</td>
<td>National competitive procurement (NCP), RFQ</td>
</tr>
</tbody>
</table>
### Consulting firms

| Fixed budget and least cost selection, extension of existing contracts, direct selection |

35. **Financial Management.** The rapid assessment for this emergency operation is based on the experience of the WB in ongoing and pervious health sector projects in India, discussions with key officials, and desk reviews. FM arrangements for the project are fully reliant on “use of country systems”, i.e., predicated on the GOI’s own systems, including accounting and reporting arrangements, internal control procedures, planning and budgeting, external audits, funds flow, organization and staffing arrangements. Overall, the proposed project’s FM system is acceptable to both the WB and AIIB to confirm that project funds are properly used with due efficiency and effectiveness.

36. The major risk factors attributable to the FM function during the implementation of the project are: (i) proliferation of accounting units at multiple levels, with the added challenge of varying technical capacities across the country; (ii) possible lack of coordination among the Implementing Agencies, requiring separate submission of claims and reports; (iii) the quantum of work for the respective FM functions of the Implementing Agencies increasing with the implementation of this emergency project, resulting in improper record keeping and documentation; (iv) separate bank accounts maintained by the field officers of all the Implementing Agencies may lead to improper reconciliation of the end use of funds; (v) higher risks to proper safeguarding of inventory and assets or proper usage of project funds against service delivery cost due to the emergency nature of the operations.

37. The following oversight arrangements (including governance and fiduciary arrangements), which have been discussed and agreed with the borrower, will be in place to mitigate the above risks:

1. The Project Steering Committee co-chaired by Department of Health and Family Welfare and Department of Health Research officials will facilitate coordination among the agencies and oversight over the routine implementation. Upon completion of the emergency response, mechanisms to simplify the reporting and auditing arrangements will be explored under the guidance of the AS & FA, MOHFW who has a mandate of financial oversight over the Implementing Agencies.

2. The Public Financial Management System (PFMS) developed by the GOI is a fund tracking and expenditure filing system that can provide real time status of fund utilization and available funds. Both the WB and AIIB teams will closely monitor the proper and adequate adoption of the PFMS.

3. FM consultants will be hired to enhance the capacity of the Implementing Agencies. Regular training on PFMS implementation will be provided. A semi-annual review meeting will also be conducted.
(iv) The internal control framework of the GOI is embodied in the Budget Manual, General Financial Rules (2017), and Treasury Code, read with the Store Purchase Manual and Works Manual, as well as other related employee rules. These control procedures are robust and provide assurance on proper usage of funds for payroll and non-payroll transactions.

(v) Component 1 will be budgeted under existing GOI and state budget lines by maintaining disaggregated expenditure details in the PFMS. Once the short-term emergency response is completed, the MOHFW will create a separate head of account in the GOI budget. The project will be classified as an “Externally Aided Project” as part of the GOI’s budget estimates.

(vi) The PIM will include FM arrangements, containing detailed guidelines and procedures for the implementation of the project.

38. Disbursement. The four disbursement methods (reimbursement, direct payment, advance and special commitments) will all be available under the project. The primary method of disbursement is expected to be reimbursement. The IUFRs (based on the PFMS expenditure reporting, wherever possible) will be prepared by the Implementing Agencies for claiming reimbursement of the expenditures incurred. Withdrawal applications will be submitted to the WB through the office of the Controller of Aid Accounts and Audit (CAAA) of the Department of Economic Affairs, Ministry of Finance. The WB will then review the withdrawal application and notify AIIB if it is in order, then AIIB will determine how much to disburse on the basis of that application. The detailed disbursement arrangements have been set out in the WB’s Disbursement Letter.

39. In the event the GOI exercises the option of procurement through United Nations (UN) agencies, the facility of direct payments to such agencies will be used. Arrangements will be put in place to receive periodic Fund Utilization Reports (reflecting funds received and related expenditures) from the UN to reconcile such amounts.

40. Retroactive financing up to USD200 million (i.e. 40 percent) of the total amount of AIIB’s loan will be allowed for the reimbursement of payments made by the GOI from Jan. 1, 2020 until the signing date of AIIB’s legal agreement.

41. Governance and Anti-corruption. AIIB is committed to preventing fraud and corruption in the projects it finances. For this project, the WB's Anti-Corruption Guidelines shall apply, which are materially consistent with AIIB’s Policy on Prohibited Practices (2016) (PPP). However, AIIB's PPP will apply in regard to the prohibited practices of "Misuse of Resources" and "Theft", which are not covered under the WB's Anti-Corruption Guidelines. AIIB reserves the right to undertake investigations in regard to the Prohibited Practices of "Misuse of Resources" and "Theft", not covered under the WB's Anti-Corruption Guidelines.
D. Environmental and Social

42. **Environmental and Social Policy (including Standards).** The project will be cofinanced with the WB, as lead cofinancier. To ensure a harmonized approach to addressing ES aspects of the project, as permitted by AIIB’s Environmental and Social Policy (ESP), the WB’s new Environment and Social Framework (ESF) will apply to the project in lieu of AIIB’s ESP. AIIB has reviewed the WB’s ESF and is satisfied that (i) the WB’s ESF is consistent with AIIB’s Articles of Agreement and materially consistent with the provisions of AIIB’s ESP and the relevant ES Standards; and (ii) the monitoring procedures that are in place are appropriate for the project.

43. **Categorization.** Given the nature and potential of spread of the COVID-19 pathogen, the ES risks are rated “Substantial” by the WB (which is equivalent to Category B under AIIB’s ESP). However, the project is expected to have mostly positive ES impacts, insofar as it should improve COVID-19 surveillance, monitoring, case management and containment, thereby preventing a wider spread of the disease. The project will take a phased approach to respond to COVID-19.

44. **Instruments.** The MOHFW will disclose the agreed Environmental and Social Commitment Plan (ESCP) and make it available on their website. The ESCP conveys that the Environmental and Social Management Framework (ESMF) will be prepared within 60 days of Loan effectiveness and updated regularly as the COVID-19 situation evolves. The ESMF will include a Stakeholder Engagement Plan (SEP) which will be revised periodically based on need and on the changing context of the COVID-19 emergency. Within one month of effectiveness, the SEP will be updated to include more information on the ES risks of project activities and new modalities that take into account the need for improved hygiene, social distancing and containment strategies. In addition, all ES documents (ESMF, SEP, ESCP, etc.) will require updates in line with the activities to be defined under Component 6: Contingent Emergency Response Component during implementation. Any activities, which will be screened to have significant impacts according to ESMF, will not be initiated before an updated ESMF and any additional ES assessment documents (if required) are in place. The MOHFW will prepare all the documents discussed above in close coordination with the WB. The WB will share the draft documents with AIIB for its inputs prior to finalization.

45. **Environmental Aspects.** Overall ES due diligence, impact, and risk management for the project will be carried out under the WB’s ESF. The main environmental risks are: (i) the occupational health and safety issues related to shortage of PPEs for health care and other workers in the COVID-19–related logistical supply chains; (ii) the possibility that PPEs are not adequately used by the laboratory technicians and medical crews; and (iii) environmental pollution and community health and safety issues related to the handling, transportation and disposal of health care waste, including solid and liquid wastes from hospitals, public and private laboratories, COVID-19 screening posts and quarantine centers and any construction waste generated while upgrading existing and/or building new healthcare facilities. In addition, the project will involve small- to medium-scale construction (upgrading of hospitals, laboratories, centers, etc.) and, therefore, there will be impacts related to air, dust, water/wastewater emissions, nonhazardous and hazardous waste generation, and
occupational and community health and safety. These risks will be managed through the application of the project’s ESMF.

46. **Biomedical Waste Management.** Since the outbreak of COVID-19, India has proactively taken several measures for containing the disease. India’s updated Biomedical Waste Management (BMWM) Rules (March 2018) have adequate provisions for the handling, transport, and disposal of infectious waste. In March 2020, the Indian Central Pollution Control Board issued specific guidelines for the handling, transportation, and disposal of COVID-19-related biomedical waste. Recently, the WB conducted an Environment and Social Systems Assessment for two Health Program-for-Results operations, one at the central level (Tuberculosis project) and another at the state level (Tamil Nadu) and evaluated the general environmental assessment and enforcement issues. Both assessments confirmed generally good capacity for BMWM. India's current response to the COVID-19 situation matches that of WHO advisories. The ESMF for the project would include mitigation actions for boosting capacity and training on BMWM, upgrading of COVID-19 biosecurity and quarantine measures.

47. **Social Aspects.** The project is not expected to involve any land acquisition or involuntary resettlement. Any activities involving the establishment or rehabilitation of local isolation units or quarantine wings in hospitals will be undertaken in existing facilities and within established footprints. In the unlikely event of land acquisition in connection with any project activities, this will be arranged through the use of available unencumbered Government land or direct purchase from the landowners. The procedure for documenting such market transactions or unencumbered public lands will be outlined in the ESMF. There is a potential risk of social tension and conflict within communities due to the adverse impacts of containment strategies on people's livelihoods, particularly when it comes to marginalized and vulnerable groups. Hence, handling the medical isolation of individuals with quarantine interventions (including dignified treatment of patients; attention to specific, culturally determined concerns of vulnerable groups; prevention of sexual exploitation and abuse and sexual harassment; as well as minimum accommodation and servicing requirements) are issues that will require close attention while managing the project’s social risks. Project implementation also needs to ensure appropriate stakeholder engagement, proper awareness raising and timely information dissemination to (i) avoid conflicts resulting from false rumors; (ii) ensure equitable access to services (health, safety net, education) for all who need it; and (iii) address issues resulting from people being kept in quarantine, including vulnerable and marginalized groups (particularly women, Scheduled Caste (SC), and Scheduled Tribe (ST) population).

48. **Scheduled Tribes.** Since this is a national project, ST populations will be found in the wider geographical space. It is not expected that any of the project activities will have either direct or indirect negative impacts on STs. However, the impacts, if any, on the ST population and any recommended mitigation measures will be incorporated into the ESMF. All the activities financed by the project will respect the dignity, aspirations, identity, culture and livelihoods of the ST population. Training and capacity building for health care professionals will ensure that care is provided for all, irrespective of origin or ethnicity, with due care for the distinctive cultural and language characteristics of STs.
49. **Vulnerable Groups.** India has geographic, sociocultural, and economic diversity and varied capacity of local governments for handling health service delivery, including the quality of facilities for isolation and quarantine across states. These variations carry substantial risks to marginalized and vulnerable social groups (women, the elderly, the differently abled, STs, SCs, communities in remote and hilly locations, etc.) accessing the benefits and services of the project. These risks are further accentuated by the large population working in the informal sector as daily wage earners whose livelihoods are at stake in the short term, and who therefore may flout state- or national-level recommendations. To mitigate these risks, the MOHFW will address the concerns and needs of vulnerable and marginalized groups (including issues of access, prevention of social tensions and conflict, mental health and psychosocial support of health care workers and trauma survivors, etc.) by updating guidelines and good international practice in the ESMF, as relevant.

50. **Gender.** Targeted training for health care professionals will be undertaken to sensitize them to a host of gender-based violence and trauma issues, to enable them to connect survivors via India’s existing referral mechanisms. Data related to the COVID-19 outbreak and the implementation of the emergency response will be disaggregated by sex, age, disability, and social group (SCs and STs) to understand the differences in exposure and treatment and to develop differential preventive measures in response. A SEP incorporating preliminary stakeholder mapping has been prepared to guide the MOHFW in interactions with a wide range of stakeholders and citizens (including the most vulnerable and marginalized among them) including women.

51. **Occupational Health and Safety (OHS).** Most activities supported by the project will be conducted by health and laboratory workers, i.e., public servants employed by the MOHFW and/or State health department. Activities encompass surveillance, sample collection and testing as well as treatment of patients at hospitals and quarantine facilities. The key risk is contamination with COVID-19 (or other contagious illnesses, as patients taken seriously ill with COVID-19 are likely to suffer from illnesses which compromise the immunity system) which can lead to illness and death of workers. The project will ensure that effective administrative and containment controls are put in place to minimize these risks as well as to promote OHS. The application of OHS measures will be captured in the ESMF.

52. **Stakeholder Engagement, Consultation and Information Disclosure.** The project will establish a structured approach to stakeholder engagement and public outreach that is based upon meaningful consultation and disclosure of appropriate information, considering the specific challenges associated with combating COVID-19. The ESCP and SEP will be prepared and disclosed by the MOHFW (a preliminary SEP and ESCP have already been disclosed and are available on the WB’s website at the link provided at the end of this paragraph). The MOHFW and the other Implementing Agencies will apply the SEP to engage citizens (affected and interested parties and vulnerable groups) as needed and for upfront information disclosure purposes. All updated ES documents will be disclosed both on the government’s and the WB’s external website. All the relevant ES documents can be found at the WB’s

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

54. **Project Grievance Redress Mechanism (GRM).** The GRM will be established for project-affected people and workers. The updated SEP will include details of a GRM for addressing any concerns and grievances raised across all components. The project will also ensure a responsive GRM to allow workers to quickly inform involved agencies of labor issues, such as a lack of PPE, unreasonable overtime, unsatisfactory work conditions, etc.

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

E. **Risks and Mitigation Measures**

**Table 3: Summary of Risks and Mitigating Measures**

<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Assessment Ratings</th>
<th>Mitigation Measures</th>
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</thead>
</table>
| Technical: Intervention activities not effective in containing the spread of COVID-19 | Medium             | (i) Project activities focus on strengthening the response capacity of the key institutions in charge of pandemic emergencies in the short and medium terms. This includes significantly strengthening the One Health strategy and approach.  
(ii) The project interventions are evidence-based and supported by India’s high technical and scientific capability. The WHO’s Chief Scientist is the former Director General of the |
<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Assessment Ratings</th>
<th>Mitigation Measures</th>
</tr>
</thead>
</table>
| **Technical:** Lack of a sufficient quantity of drugs and other medical inputs needed to address the health needs of the general population during a pandemic. | Medium | (i) India has a strong domestic market for drugs and medical equipment and the MOHFW is working closely with private providers to procure medical supplies and equipment to respond to COVID-19.  
(ii) The WB is collaborating with the WHO to support the MOHFW to access international suppliers, as needed. |
| **Technical:** Lack of adequate national monitoring and evaluation to track progress and emerging issues. | Medium | The project is supporting strengthening of the key monitoring and evaluation platform under the IDSP to increase capacity for early identification of emerging issues as the pandemic evolves, as well as to strengthen and learn from the crisis response. |
| **FM:** Proliferation of accounting units at multiple levels across the country. | Medium | (i) The PFMS developed by the GOI is a fund tracking and expenditure filing system that can provide real time status of fund utilization and available funds. The roll-out and usage of the PFMS across all accounting units will help mitigate the risk.  
(ii) A PIM, including FM arrangements, will be prepared and adopted, containing detailed guidelines and procedures for the implementation of the project.  
(iii) The project team will closely monitor proper and adequate adoption of the PFMS. |
<p>| <strong>FM:</strong> Lack of coordination between the Implementing Agencies requiring submission of separate claims and audit | Medium | (i) The Project Steering Committee co-chaired by Department of Health and Family Welfare and Department of Health Research officials will facilitate... |</p>
<table>
<thead>
<tr>
<th>Risk Description</th>
<th>Assessment Ratings</th>
<th>Mitigation Measures</th>
</tr>
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<tbody>
<tr>
<td>reports.</td>
<td></td>
<td>coordination among the agencies. (ii) Upon completion of the emergency response period, mechanisms to simplify the reporting and auditing arrangements will be explored under the guidance of the AS &amp; FA, MOHFW.</td>
</tr>
<tr>
<td><strong>Procurement: Limited capacity to conduct emergency procurement at the NCDC and ICMR.</strong> Further, delay in decision making may impact the timelines.</td>
<td>High</td>
<td>NCDC and ICMR will use either a specialized government procurement agency or hire a procurement agent.</td>
</tr>
<tr>
<td><strong>Procurement: Capacity of the market and the supply chain to meet the demand.</strong></td>
<td>Medium</td>
<td>(i) Though many of the items are manufactured in India, this constraint may be faced for imported items. (ii) Measures for supplier incentives like direct payments, higher advance payments, etc. will be applied on a need basis.</td>
</tr>
<tr>
<td><strong>Procurement: Managing fraud and corruption and noncompliance.</strong></td>
<td>Medium</td>
<td>(i) Post review of contracts will be scheduled for all contracts that would have been usually prior reviewed. (ii) Contracts under advance contracting and retroactive financing will be eligible for financing by the WB and AIIB only if the contractor has explicitly agreed to comply with the relevant provisions of the WB’s Anti-Corruption Guidelines and AIIB’s PPP.</td>
</tr>
<tr>
<td><strong>ES:</strong> Environmental pollution and community health and safety issues related to the handling, transportation, and disposal of biomedical waste.</td>
<td>Medium</td>
<td>(i) India’s updated BMWM Rules (March 2018) have adequate provisions for the handling, transport, and disposal of infectious waste. (ii) Recently, the WB conducted an Environment and Social Systems Assessment for two Health Program-for-Results operations and confirmed generally good capacity for BMWM. (iii) In March 2020, the Central Pollution Control Board issued specific guidelines for the handling, transportation, and disposal of COVID-19-related biomedical waste.</td>
</tr>
<tr>
<td>Risk Description</td>
<td>Assessment Ratings</td>
<td>Mitigation Measures</td>
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</table>
| **ES:** Risks to the marginalized and vulnerable social groups (women, the elderly, the differently abled, STs, SCs, communities in remote and hilly locations, etc.) in accessing the benefits and services of the project. | High | The MOHFW has planned the following interventions:  
(i) Strengthening and devising exclusive awareness campaigns to educate and sensitize the poor and vulnerable on health seeking behavior.  
(ii) Prioritizing districts and vulnerable areas, especially within the poorer localities and remote and hilly areas, to build awareness about the risk and services associated with COVID-19.  
(iii) Coordinating with other ministries and departments of GOI to recommend additional interim livelihood support to informal sector workers or daily wage earners who are affected by lockdowns and other containment strategies. |
# Annex 1: Results Monitoring Framework

**Project Objective:**
The proposed project development objective is to prevent, detect and respond to the threat posed by COVID-19 and strengthen national health systems for preparedness in India.

<table>
<thead>
<tr>
<th>Indicator Name</th>
<th>Unit of measure</th>
<th>Baseline</th>
<th>End Target</th>
<th>Frequency</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Percentage of district hospitals with isolation capacity</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>18 months after project implementation</td>
<td>District hospital staff</td>
</tr>
<tr>
<td>2. Proportion of specimens submitted for COVID-19 laboratory testing confirmed within WHO-stipulated standard time</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Monthly</td>
<td>District hospital staff</td>
</tr>
<tr>
<td>3. Proportion of population able to identify three key symptoms of COVID-19 and/or seasonal influenza and three personal prevention measures (as assessed by a representative population survey)</td>
<td>%</td>
<td>0</td>
<td>50</td>
<td>Once (by August 2020)</td>
<td>Third Party Monitor</td>
</tr>
<tr>
<td>4. The Government has activated their one health coordination mechanism for COVID-19</td>
<td>-</td>
<td>No</td>
<td>Yes</td>
<td>Once at end of project period</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
<tr>
<td>5. Percentage of district health centers/district hospitals with PPE and infection control products and supplies, without stock-outs in preceding two weeks</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Monthly</td>
<td>District Hospital Staff</td>
</tr>
<tr>
<td>Indicator Name</td>
<td></td>
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<tr>
<td>1. Emergency COVID-19 Response</td>
<td></td>
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<tr>
<td>2. Strengthening National and State Health Systems to support Prevention and Preparedness</td>
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</tr>
</tbody>
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### Intermediate Results Indicators:

<table>
<thead>
<tr>
<th>Indicator Description</th>
<th>Unit</th>
<th>Baseline</th>
<th>End Target</th>
<th>Frequency</th>
<th>Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>(i) Proportion of states with sufficient COVID-19 testing capacity within 4 weeks of project implementation</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Once, four weeks following project implementation</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
<tr>
<td>(ii) Proportion of states using a national health information reporting platform that unifies multiple pre-existing platforms</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Once, at the end of the project period</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
<tr>
<td>(iii) Proportion of suspected cases who are tested within 2 days of being identified</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Monthly</td>
<td>District hospital staff</td>
</tr>
<tr>
<td>(iv) Proportion of district hospitals who have submitted complete monthly data reports</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Monthly</td>
<td>District hospital staff</td>
</tr>
<tr>
<td>(i) Proportion of district hospital doctors and nurses who are trained on WHO standards of clinical treatment for COVID-19 within 8 weeks of project implementation</td>
<td>%</td>
<td>0</td>
<td>80</td>
<td>Once, 8 weeks after project implementation</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
<tr>
<td>Indicator Name</td>
<td>Unit of measure</td>
<td>Baseline</td>
<td>End Target</td>
<td>Frequency</td>
<td>Responsibility</td>
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<tr>
<td>3. Strengthening Pandemic Research and Multi-sector, National Institutions &amp; Platforms for One Health</td>
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<td></td>
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<tr>
<td>(i) Proportion of states with Emerging Infectious Disease Contingency Plans in place with dedicated budget</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Once, at the end of the project period</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
<tr>
<td>(ii) Number of new Biological Safety Level 3 (BSL3) 2 labs with biosafety certification</td>
<td>No.</td>
<td>0</td>
<td>5</td>
<td>Once, at the end of the project period</td>
<td>Ministry of Health and Family Welfare</td>
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<tr>
<td>4. Community Engagement and Risk Communication</td>
<td></td>
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<td></td>
</tr>
<tr>
<td>(i) Proportion of states issuing school closures with state-level distance learning strategies for primary and secondary school students</td>
<td>%</td>
<td>0</td>
<td>70</td>
<td>Once, 12 months after the start of the project period</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
<tr>
<td>5. Implementation Management, Capacity Building, Monitoring and Evaluation</td>
<td></td>
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</tr>
<tr>
<td>(i) Number of peer-reviewed publications produced with support of the project funding</td>
<td>No.</td>
<td>0</td>
<td>40</td>
<td>Once, at the end of the project period</td>
<td>Ministry of Health and Family Welfare</td>
</tr>
</tbody>
</table>

2 BSL or Pathogen/Protection level, is a set of biocontainment precautions required to isolate dangerous biological agents in an enclosed laboratory facility. BSL1 is the lowest level, while BSL4 is the most stringent level.
1. Coronaviruses are a large family of viruses found in both animals and humans. They are zoonotic and transmit between humans and animals. In the last two decades, the only known human infectious disease outbreaks caused by coronaviruses are the Severe Acute Respiratory Syndrome (SARS) and Middle East Respiratory Syndrome (MERS) outbreaks. The severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2) is a new strain of coronavirus that has not been previously detected before the COVID-19 outbreak was first reported in December 2019. Symptoms of COVID-19 include a sore throat, cough, and fever. Symptoms may be more severe in some patients and can lead to pneumonia or breathing difficulties. As of April 12, 2020, there is no vaccine to prevent or treat this disease.

2. The unfolding COVID-19 pandemic presents an unprecedented global challenge by placing significant pressures and strains on existing health care infrastructure, systems and supply chains. As of April 10, 2020, a total of 1.5 million confirmed cases of COVID-19 and more than 92,000 deaths worldwide have been reported to WHO.

3. The GOI’s current strategy of containment focuses on trying to mitigate any progression from phase III to phase IV of the COVID-19 transmission through public health measures and clinical management. India is at risk of rapid COVID-19 spread given its dense population concentrations in urban and semi-rural environments. Insufficient infection prevention and control measures may lead to health facilities themselves amplifying transmission.

4. This project was selected for COVID-19 financing due to the urgent need for a nationwide emergency response to the outbreak, and longer-term system strengthening imperatives. The components of the project are as follows:

5. **Component 1: Emergency COVID-19 Response.** The aim of this component is to slow and limit as much as possible the spread of COVID-19 in India. This will be achieved through providing immediate support to enhance disease detection capacities through increasing surveillance capacities, port health screening, provision of technical expertise, strengthening laboratory and diagnostic systems to ensure prompt case finding, and local containment. Enhanced detection capacities will be supported through updated training of existing surveillance workers, improving reporting by frontline health workers using existing surveillance information and, where possible, contact tracing of known cases. Laboratory capacity to diagnose both potential human and animal diseases at the national and provincial levels will be strengthened through procuring and replenishing supplies of reagents and kits; upgrading virus repository and reference reagents; standardizing sample collection, channeling, and transportation; determining sites most in need of introduction of point-of-care diagnostics; and engaging private laboratories to expand capacity to test and manage COVID-19.

6. Component 1 will also support the GOI improve its capacity to manage COVID-19 cases by scaling up procurement of PPE, oxygen delivery systems, and medicines, and by retaining skilled health workers through extra payments (such as hazard pay and death benefits in line with GOI norms for compensation). Based on global lessons from previous health emergency responses, the GOI will expand service delivery capacity through the deployment of healthcare and other workers to respond to COVID-19. This surge in service
delivery will ensure that responding to COVID-19 does not weaken other areas of the health system. Evidence from previous health emergencies from across the world indicate the need to sustain and reinforce core health service delivery while surging capacity to respond to the specific pandemic. The project will finance service delivery costs to sustain the deployment of current and new health and other personnel required during the emergency phase to mount an effective response to mitigate COVID-19’s impact on health and allied sectors. New isolation wards—including turning hospital beds into intensive care unit beds and implementing infection prevention and control activities—will be scaled up in public health facilities, including district hospitals, medical colleges, other civil/general hospitals, and designated infectious disease hospitals. Scaling up isolation wards will include establishing single occupancy negative-pressure isolation rooms in infectious disease hospitals and districts hospitals. Hospital infection prevention and control will be strengthened, wherever the need may arise as the pandemic progresses. The MOHFW will hire or deploy additional healthcare providers as needed to surge India’s capacity for diagnostic and intensive care treatment services for COVID-19. Mobilizing all existing providers with installed isolation infrastructure and intensive care staff will be critical in the event of an escalation of the pandemic. This will include training healthcare workers to manage COVID-19 and rolling out protocols and guidelines on COVID-19 management, transportation, and referrals. Interventions proven effective in the containment of COVID-19 (such as social distancing) will be supported under state government leadership. The project will support the establishment of dedicated help lines and engage NGOs to strengthen community engagement, grievance redressal, and education on COVID-19.

7. The MOHFW will engage autonomous medical colleges to expand the COVID-19 emergency response. Grants will be transferred to such institutions for undertaking activities; based on the Utilization Certificates submitted by the institutions, actual expenditures will be reported through interim financial reports for the purpose of reimbursement. Detailed procedures will be documented in the PIM.

8. **Component 2: Strengthening National and State health Systems to support Prevention and Preparedness.** The component will support the GOI build resilient health systems to provide core public health, prevention, and patient management functions to manage COVID-19 and future disease outbreaks.

9. Key activities include: (i) Building a network of BSL-3, high containment laboratories with high biosafety standards in the country, including support for the ICMR to upgrade viral research and diagnostic laboratories in government institutions to meet the requirements of testing for pandemics and research; (ii) expanding point-of-care molecular testing for viral disease in subdistrict and district laboratories and sample transport mechanisms; (iii) improving disease surveillance systems in humans and animals and health information systems across the country by strengthening the IDSP and integration of all health information; (iv) bolstering community-based disease surveillance capacity through increased personnel and the use of ICT systems to track and monitor infectious outbreaks; and developing human resources with core competencies in integrated disease surveillance across different states and at the central level to track and monitor current and new disease-outbreaks; (v) creating institutional mechanisms and capacities for pandemic response at district level by providing dedicated resources on the lines of existing mechanisms for disaster management; and (vi) strengthening referral transport systems and linkages.
10. Component 2 will also support the MOHFW to develop and update national guidelines to strengthen the emergency management of COVID-19 and early detection of diseases and response mechanisms. These include: (i) Guidelines on infection prevention and control in healthcare facilities; (ii) Guidelines on quarantine, including home quarantine; (iii) Guidelines for notifying COVID-19 affected persons by private institutions; and (iv) Guidelines on dead body management. This subcomponent will provide support for a review of National Emergency Contingency Plans.

11. Public health workforce development will be supported under this component to ensure that a complete spectrum of preparedness and emergency response expertise is developed in the government, including epidemiologists, data managers, laboratory technicians, emergency management and risk communications specialists, and public health managers. These interventions and investments will strengthen India’s preparedness to effectively respond to the ongoing COVID-19 pandemic and to future infectious disease outbreaks. The capacity of Veterinary Services was assessed by the World Organization for Animal Health (OIE)\(^3\) mission in 2018; this will serve as a basis to strengthen contribution to public health and national capacity vis-à-vis the International Health Regulations.

12. **Component 3: Strengthening Pandemic Research and Multi-sector, National Institutions and Platforms for One Health.** India’s infrastructure and technical capacity for research uniquely position the country to play a key role in research on viruses, other disease pathogens, and vaccines for India’s own emergency response and for global public goods. India and South Asia Regional peers recently established a regional research network on infectious diseases. This component will support research on COVID-19 by Indian and other global institutions working in collaboration with the ICMR. The component will support biomedical research to generate evidence to inform the short- and medium-term response to the COVID-19 pandemic.

13. Component 3 seeks to develop core capacity to deliver the One Health approach to prevent, detect, and respond to infectious disease outbreaks in animals and humans. Within this context, the component will develop GOI capacity and systems to identify zoonotic disease threats at the animal-human interface. About 75 percent of new infectious diseases originate in animals, including HIV/AIDS, Ebola, and SARS. The component will finance key activities to be implemented by the NCDC, in collaboration with the central and state government Departments of Animal Husbandry and Dairying, to address policy and actions required to address EIDs of zoonotic potential. Building on the findings of the OIE PVS and International Health Regulations Joint External Evaluation reports, the component will finance the following activities: (i) conducting a rapid needs assessment of national protocols for detection, surveillance, and response systems for animal and human health infections (including WHO-OIE National Bridging Workshop, NBW); (ii) strengthening established mechanisms for detection of priority existing and emerging zoonoses; (iii) strengthening

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\(^3\) The OIE mission is to improve animal health and welfare worldwide; national Veterinary Services provide the basis of global capacity to achieve this mission. Recognizing this, the OIE has developed international standards on both the quality of Veterinary Services’ provision, as well as technical animal health and veterinary public health management. Based on these principles and standards, the OIE has developed the Performance of Veterinary Services Pathway, the OIE’s flagship capacity-building platform for the sustainable improvement of national veterinary services.
surveillance systems for prioritized zoonotic diseases or pathogens of high national public health concern; (iv) improving biosafety and biosecurity management, including staff training and proper specimen transportation; (v) strengthening the national and state-level One Health capacity of the animal health workforce (e.g., veterinarians, veterinary paraprofessionals, the public sector and community-based extension workers) to respond to EIDs; (vi) establishment of a center of excellence in One Health, as well other disease outbreak and control research centers; and (vii) expansion of the NDDB-managed INAPH for emerging zoonotic infectious disease data collection and surveillance in the dairy sector, including data on small ruminants and other livestock species with significant zoonotic risk. A communication strategy will be developed to address community outreach and dissemination of information around risk to the human population of zoonotic diseases.

14. **Component 4: Community Engagement and Risk Communication.** This component will address significant negative externalities expected in the event of a widespread COVID-19 outbreak and include comprehensive communication strategies. The primary focus will be on addressing social distancing measures, such as avoiding large social gatherings, and should the need arise, school closings to mitigate against the possible negative impacts on children’s learning and wellbeing. As part of the comprehensive communication and behavior change interventions, a community campaign for schools and parents will be supported to provide information about how to protect themselves and promote hygiene practices. Investments will be made to have plans in place to ensure the continuity of learning, including remote learning options such as radio broadcast and other means of distance delivery of academic content in the areas of literature and mathematics. Should tertiary education institutions also be closed, a pilot for teaching remotely and for maintaining operation continuity will be financed to facilitate engagement of students. Additional preventive actions would be supported to complement social distancing. These include personal hygiene promotion—such as promoting proper handwashing and cooking standards—and distribution and use of masks, along with increased awareness and promotion of community participation in slowing the spread of the pandemic. This component will also include provision of mental health and psychosocial services for vulnerable communities.

15. Component 4 will support systems for community-based disease surveillance and multi-stakeholder engagement, including addressing issues such as social inclusion and healthcare worker safety, among others. This component will support rebuilding community and citizen trust that can be eroded during crises.

16. This component will also include community-based animal disease surveillance and early warning networks. It will support the establishment of community-level early warning systems for robust emergency reporting and feedback against notifiable diseases. A critical objective of this subcomponent will be to improve the commitment of all participants of the "epidemiological surveillance networks" and health security as a public good. In rural and peri-urban communities, the project will support training for animal health workers, and treatment of infected animals and reporting procedures. Farmers, herders, extension professionals, and paraprofessionals would receive hands-on training in detection of clinical signs. Participatory methodologies involving farmers, para-veterinarians, and community workers would be used extensively, given that the major control targets are the small-scale and semi-commercial livestock production systems.
17. **Component 5: Implementation Management, Capacity Building, Monitoring and Evaluation.** Support for the strengthening of public structures for the coordination and management of the project would be provided, including MOHFW and state (decentralized) arrangements for coordination of activities, FM, procurement, and monitoring and evaluation. This component would also strengthen NCDC capacity for health emergency and disease outbreak management capacity; upgrade information systems for program management; and expand staffing with core competencies for disease surveillance, epidemiology, labs, and One Health service delivery. The project will leverage technology including artificial intelligence and big data analytics to improve the preparedness and response to the ongoing COVID-19 pandemic through the MOHFW’s disease surveillance platform.

18. **Component 6: Contingent Emergency Response Component.** Provision of immediate response to an eligible crisis or health emergency.
Annex 3: Sovereign Credit Fact Sheet

A. Recent Economic Development

1. India is a lower-middle-income country, with a GDP per capita at USD2,010 and a population of 1.34 billion.\(^4\) It is the world’s third largest economy by purchasing power parity. India’s economy grew at an average annual rate of 7.4 percent between FY2014 and FY2018, but has slowed down in recent years.\(^5\) Following disruptions due to the demonetization initiative in November 2016 and the rollout of goods and services tax in July 2017, growth slowed to 7.0 percent in FY2017 and 6.1 percent in FY2018.\(^6\) Growth is estimated to have slowed down further to 4.2 percent in FY2019 due to sluggish growth in private consumption, investment and exports, owing to weak rural income growth, stress in the non-banking sector, and sluggish global demand. Growth in the last quarter of FY2019 (January to March 2020) was negatively impacted by COVID-19 outbreak and associated lockdown introduced by the government to limits its spread.\(^7\)

2. Low food prices contributed to a decline in inflation, from 4.5 percent in FY2016 to 3.4 percent in FY2018. This allowed the central bank to reduce key policy rates by 135 basis points between February 2019 and October 2019. Inflation inched up during the second half of FY2019 on account of higher food prices and rise in retail oil prices. In March 2020, the central bank further reduced the policy rate by 75 basis points to stimulate aggregate demand, which had declined due to the lockdown introduced by the government.

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\(^4\) The income group classification for fiscal year 2019 is based on World Bank criteria, details seen: [https://datahelpdesk.worldbank.org/knowledgebase/articles/906519](https://datahelpdesk.worldbank.org/knowledgebase/articles/906519); Population data use World Bank 2018 data.

\(^5\) Data is based on fiscal years. Fiscal year 2019 (FY2019) begins on 1 April 2019 and ends on 31 March 2020.

\(^6\) On Nov. 8, 2016, India’s government announced withdrawal of the legal tender of INR500 and INR1,000 notes, which accounted for 86 percent of the value of currency in circulation, and introduction of new INR500 and INR2,000 notes.

\(^7\) On March 24, the government announced a nationwide lockdown till April 14, subsequently extended to May 3.
3. After rising for two years, the current account deficit shrunk to 1.1 percent of GDP in FY2019. Slowdown in economic activity led to a contraction in merchandise imports while exports remained weak as global demand turned sluggish and lack of competitiveness in Indian manufacturing. Services’ trade surplus improved in FY2019.

4. General government fiscal deficit at 7.4 percent of GDP remained high, reflecting tepid growth in revenue and higher recurrent expenditure involving pensions, interest payments and subsidies. The stimulus package announced in March 2020 will also push up the deficit for FY2019, although much of the impact will be felt in FY2020.

B. Economic Indicators

**Selected Macroeconomic Indicators (FY2015-FY2021)**

<table>
<thead>
<tr>
<th>Economic Indicators*</th>
<th>FY 2016</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019*</th>
<th>FY 2020*</th>
<th>FY 2021*</th>
</tr>
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<tbody>
<tr>
<td>Real GDP Growth</td>
<td>8.2</td>
<td>7.0</td>
<td>6.1</td>
<td>4.2</td>
<td>1.9</td>
<td>7.4</td>
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<tr>
<td>Inflation (% change, average)</td>
<td>4.5</td>
<td>3.6</td>
<td>3.4</td>
<td>4.5</td>
<td>3.3</td>
<td>3.6</td>
</tr>
<tr>
<td>Current account balance (% of GDP)</td>
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<td>-1.8</td>
<td>-2.1</td>
<td>-1.1</td>
<td>-0.6</td>
<td>-1.4</td>
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<tr>
<td>General government overall balance (% of GDP)</td>
<td>-7.1</td>
<td>-6.4</td>
<td>-6.3</td>
<td>-7.4</td>
<td>-7.4</td>
<td>-7.3</td>
</tr>
<tr>
<td>Nominal gross public debt (% of GDP)</td>
<td>68.8</td>
<td>69.4</td>
<td>69.1</td>
<td>69.8</td>
<td>69.1</td>
<td>68.1</td>
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<tr>
<td>Public gross financing needs (% of GDP)</td>
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<td>11.0</td>
<td>10.5</td>
<td>11.4</td>
<td>10.9</td>
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<tr>
<td>External debt (% of GDP)</td>
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<td>20.0</td>
<td>18.9</td>
<td>19.1</td>
<td>19.2</td>
<td>19.2</td>
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<tr>
<td>Gross external financing need (% of GDP)</td>
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<tr>
<td>Net Foreign Direct Investment Inflow (% of GDP)</td>
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<td>1.1</td>
<td>1.3</td>
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<td>1.3</td>
</tr>
<tr>
<td>Gross reserves (months of imports)</td>
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<td>7.4</td>
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<td>Broad money (M2, % change)</td>
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<td>9.2</td>
<td>10.5</td>
<td>9.7</td>
<td>11.3</td>
<td>11.6</td>
</tr>
<tr>
<td>Exchange rate (Rupee/USD, EOP)**</td>
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<td>63.7</td>
<td>69.6</td>
<td>76.6</td>
<td>...</td>
<td>...</td>
</tr>
</tbody>
</table>

Note: * Data is based on fiscal years.
** FX data from Thomson Reuters, 2019 FX rate as of April 17, 2020


C. Economic Outlook and Risks

5. According to the World Economic Outlook, released in April 2020, growth is projected to decline to 1.9 percent in FY2020, the lowest in nearly three decades. Growth was already slowing down in India even prior to the COVID-19 outbreak due to dampened consumer and investment sentiments and persistent financial sector weakness. The imposition of a lockdown,
with limitations on mobility of people and products, to contain the outbreak will significantly disrupt demand and supply. Workers in the informal sector, who form an overwhelming majority of the workforce and small and medium enterprises will face the adverse economic impact of the lockdown. This, along with constrained global demand, is expected to result in growth decelerating in FY2020. Growth is expected to pick up sharply in FY2021 as COVID-19 dissipates and fiscal and monetary stimulus measures have an impact with a lag.\(^8\)

6. Overall inflation is expected to decline to 3.3 percent in FY2020, due to sluggish aggregate demand on account of the lockdown. Lower oil prices will also dampen inflationary pressures. Supply side disruptions due to the lockdown may cause prices of some commodities to go up as demand revives in the second half of FY2019.

7. Recognizing that an expansionary fiscal policy is required to mitigate the economic effect of COVID-19 pandemic, the central government has already announced a USD2 billion package to strengthen the health sector and a USD22.5 billion economic relief package. Various states have also announced relief measures. The anticipated growth slowdown in FY2020 will also negatively impact tax collections while a subdued equity market will make it difficult to raise revenue from disinvestment. The fiscal deficit is expected to remain high at 7.4 percent of GDP in FY2020. Despite being high, India’s public debt remains sustainable given favorable debt dynamics and the projected increasing economic growth trend in the medium term. Furthermore, with public debt having a long and medium maturity, being denominated in domestic currency and primarily held by residents, the debt profile is favorable. Over the medium term until FY2024, the public debt-to-GDP ratio is projected to decline gradually to around 66 percent of GDP from the current level of almost 69 percent. Low growth represents the primary risk to the debt outlook. India’s external debt, currently at 20.0 percent of GDP, remains sustainable.

8. The current account deficit is expected to narrow to 0.6 percent of GDP in FY2020 on account of weak domestic demand. Weak oil prices and sluggish domestic economic activity will result in import bill declining significantly. Exports of goods and services are likely to contract

\(^8\) According to the International Monetary Fund’s World Economic Outlook 2020, the baseline scenario assumes that the pandemic fades in the second half of 2020 and containment efforts can be gradually unwound.
given the decline in global demand. Remittances are also expected to decline as lower oil prices in Middle East and spread of the COVID-19 pandemic in advanced economies reduce economic activity in these countries, where most migrant Indian workers are employed.