

Project Number: 54138-001
February 2021

Republic of the Philippines: COVID-19 Active Response and Expenditure Support Program Monitoring Report (July–December 2020)

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Asian Development Bank

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CURRENCY EQUIVALENTS

(as of 18 February 2021)

Currency unit	–	Pesos (₱)
₱1.00	=	\$0.02066
\$1.00	=	₱48.40

ABBREVIATIONS

4Ps	–	Pantawid Pamilyang Pilipino Program
ADB	–	Asian Development Bank
AiIB	–	Asian Infrastructure Investment Bank
AKAP	–	CAMP-Abot Kamay at Pagtulong for OFWs
BSP	–	Bangko Sentral ng Pilipinas
CAMP	–	COVID-19 Adjustment Measures Program
CARES	–	COVID-19 Active Response and Expenditure Support Program
COVID-19	–	coronavirus disease
DOLE	–	Department of Labor and Employment
DSWD	–	Department of Social Welfare and Development
DTI	–	Department of Trade and Industry
ESP	–	Emergency Subsidy Program
GDP	–	gross domestic product
JICA	–	Japan International Cooperation Agency
LGU	–	local government unit
MSME	–	micro, small, and medium-sized enterprise
NCR	–	National Capital Region
NEDA	–	National Economic and Development Authority
NEET	–	not in employment, education and training
OFW	–	overseas Filipino worker
PhilHealth	–	Philippine Health Insurance Corporation
PIDS	–	Philippine Institute for Development Studies
PPE	–	personal protective equipment
RRP	–	Rice Resiliency Program
SAP	–	Social Amelioration Program
SBWS	–	Small Business Wage Subsidy
SB Corp.	–	Small Business Corporation
SSS	–	Social Security System
TA	–	technical assistance
TESDA	–	Technical Education and Skills Development Authority
TUPAD	–	Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers

NOTE

In this report, "\$" refers to United States dollars.

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I. INTRODUCTION

1. The first case of coronavirus disease (COVID-19) in the Philippines was confirmed on 30 January 2020 and the disease subsequently spread rapidly. In January 2020, the government convened the Inter-Agency Task Force for the Management of Emerging Infectious Diseases, headed by the Department of Health, to provide overall policy guidance on containing COVID-19 transmission. The government declared a state of public health emergency on 8 March 2020, and adopted containment measures, including quarantines in Luzon, the country's largest island, which hosts over half of the population and contributes over 70% of gross domestic product (GDP). Lockdowns were also implemented in several provinces and cities in the Visayas and in Mindanao.

2. As of 31 January 2021, there were 527,272 cumulative confirmed cases in the country and 10,807 deaths (2.05% fatality rate), with 7,857,086 total tests conducted.¹ The number of new cases for 31 January was 2,103, with the National Capital Region (NCR) and CALABARZON² reporting the highest number of new cases.

3. **The pandemic drove the economy into recession, the first since the Asian financial crisis in 1998.** The government's macroeconomic management leading up to the crisis was sound and the economy expanded by an average of 6.6% a year between 2015 to 2019. However, in 2020, GDP fell by 9.5% year-on-year due to the impact of COVID-19 as household consumption and investment slumped, especially in the second quarter during the brunt of the lockdowns. GDP fell by 16.9% in the second quarter and fixed investment declined sharply on lower construction and outlays for machinery. Indicators such as the purchasing managers' index, industrial production, vehicle sales, exports, and imports now suggest that the economic contraction may have bottomed out in the second quarter of 2020, although the recovery is expected to be slow and fragile. Conditions began to improve in the second half as movement and business restrictions were slowly relaxed and the GDP contraction slowed. The reduction in household consumption was also checked as employment gradually recovered and remittances from overseas workers slightly rebounded. However, investment continued to slump. Exports fell on weak external demand, border closures, and supply chain disruptions, though less sharply in the second half. ADB projects the GDP to rebound to 6.5% growth in 2021 assuming public investment accelerates and fiscal and monetary stimulus gains traction.³

4. The unemployment rate eased from a peak of 17.6% in April during the most severe lockdowns to 10.0% in July and 8.7% in October 2020, although it remains high, especially in the NCR (12.4%) and CALABARZON (11.0%). Prior to the COVID-19 pandemic, the national unemployment rate averaged 5.6% between 2015 to 2019. Lower-income and semi-skilled workers, most of whom are employed only informally, have been severely affected.

5. **Progress in poverty reduction over the past years could be reversed.** The poverty rate decreased from 23.3% in 2015 to 16.7% in 2018 through a combination of sustained economic growth, job creation, and social assistance programs. ADB projects that, without substantial financial support to poor and vulnerable families, the poverty rate could climb to 20.7% in 2020. Even if economic growth returns to its long-term trend in 2021, there is a risk that the

¹ DOH Beat COVID-19 Today, Issue No. 280, 1 February 2021; DOH COVID-19 Case Bulletin No. 324, 1 February 2021.

² CALABARZON is an administrative region (Region IV-A) comprising five provinces: Batangas, Cavite, Laguna, Quezon, and Rizal. It is the second most heavily populated region in the Philippines after the National Capital Region.

³ ADB. 2020. *Asian Development Outlook (ADO) December 2020 Supplement*. Manila.

poverty rate will decline only marginally to 20.2% by the end of 2021, reflecting the lasting effects of the pandemic.⁴

6. The fiscal deficit widened on lower revenues and higher expenditures to address the impact of COVID-19. The GDP contraction caused a 9.4% reduction in revenue in 2020 while expenditures rose by 10.7%. The fiscal deficit widened from the equivalent of 3.4% of GDP in 2019 to 7.5% of GDP in 2020. Tax revenue was lower by 11.9%, which was partly offset by higher dividend remittances from corporations owned or controlled by the government. The national government debt rose from the equivalent of 39.6% of GDP in 2019 to 53.5% in 2020. The government's fiscal program estimates a budget deficit of 8.9% of GDP in 2021.⁵

7. In response, the Asian Development Bank (ADB), under its COVID-19 Active Response and Expenditure Support (CARES) program, approved \$1.5 billion in countercyclical support for the Philippines on 23 April 2020 to help the government mitigate the severe health, social, and economic impacts of the COVID-19 pandemic. A total of \$1.2 billion in cofinancing was provided by the Asian Infrastructure Investment Bank (AIIB) through its COVID-19 Crisis Recovery Facility (\$750 million) and by the Japan International Cooperation Agency (JICA) under its COVID-19 Crisis Response Emergency Support Loan (¥50 billion or \$459 million). The CARES program seeks to mitigate the adverse impacts of COVID-19 on the population's health, incomes, and economic opportunities. The objective is to manage the spread of COVID-19 and contain poverty by: (i) implementing measures to combat the spread of COVID-19; (ii) allocating dedicated funds and implementing programs for social protection and relief to affected people; and (iii) delivering economic stimulus to affected sectors.

II. COUNTRY ENGAGEMENT FRAMEWORK

8. To support the effective implementation of the CARES program in the Philippines, ADB has established a country engagement framework with the government. This focuses on (i) policy dialogue, (ii) monitoring, and (iii) reporting on the government's countercyclical strategy and measures. The framework will be used to identify gaps and to provide analysis that will enable ADB to channel support, including through technical assistance (TA), for the economic recovery program.

9. The framework created a policy committee which was convened on 8 October 2020 to guide and monitor the overall implementation of the countercyclical measures. The minutes of the first policy committee meeting are in Appendix 1. The committee will be supported by technical working groups for priority issues such as employment, social protection, and small businesses. The framework is being supported by the regional TA project Policy Advice for COVID-19 Economic Recovery in Southeast Asia.⁶

⁴ ADB 2020, Summary of COVID-19 Economic Growth, Employment, and Poverty Impact Assessment. <https://www.adb.org/sites/default/files/linked-documents/54138-001-sd-03.pdf>.

⁵ Department of Finance presentation 12 January 2021 <https://www.dof.gov.ph/download/management-association-of-the-philippines-72nd-inaugural-meeting-january-12-2021/?wpdmdl=27728&refresh=5ffff8892fc061610610825>

⁶ ADB. 2020. *Technical Assistance for Policy Advice for COVID-19 Economic Recovery in Southeast Asia*. Manila.

III. GOVERNMENT'S COVID-19 RESPONSE AND RECOVERY PROGRAM

10. The government's socio-economic strategy against COVID-19 is anchored on the following pillars: (i) emergency support for vulnerable groups, (ii) expanded medical resources to fight COVID-19, (iii) monetary actions and other financing support for emergency response and recovery initiatives, and (iv) an economic recovery program.⁷ In April 2020, the government laid out a ₱655.6 billion (\$12.9 billion) COVID-Response Program (Table 1) prioritizing health care, social protection, and assistance to small businesses and affected sectors. About a third of the package was for emergency cash transfers to affected workers and to poor and vulnerable households in general. Other funding extended wage subsidies, soft loans, and credit guarantees to small businesses.

Table 1. Government's COVID-19 Response Program

Program	Description	Amount (₱ million)	Amount (\$ million)
1. Scaling Up Medical Response			
Purchase of medical equipment, supplies, and PPE	Procurement of medical equipment such as test kits and ventilators (\$57.4 million); rapid test kit production (\$1 million); PPE and equipment for frontline personnel (\$35.6 million)	4,760.2	94.1
Upgrading testing capacity and health facilities	Upgrading testing facilities, laboratories, and health facilities	5,165.3	102.1
Medical coverage	Medical coverage and assistance for patients and frontline personnel	22,666.5	448.0
Clearance and tax exemption	Clearance and tax exemption for PPE, medical equipment and supplies	2,709.2	53.5
Private facilities	Compensation for private facilities used to fight against COVID-19	511.5	10.1
Subtotal		35,812.7	708.1
2. Social Assistance			
Emergency Subsidy Program-Social Amelioration Program	DSWD to provide monthly cash grants of up to ₱8,000 per family for 4.4 million families under the 4Ps and 13.6 million non-4Ps families, among other programs and beneficiaries, for 2 months	205,568.0	4,062.6
Financial assistance to displaced workers, self-employed and repatriated OFWs	DOLE to provide assistance for 1-2 months to 240,000 employees (CAMP), 10 days paid assistance to 700,000 self-employed workers (TUPAD), and assistance to up to 250,000 OFWs (AKAP)	7,823.9	154.6
Unemployment benefits	SSS to provide funding for unemployment benefits to workers registered with SSS	1,185.0	23.4
Scholarships and skills training	TESDA to allocate funding for re-skilling of displaced workers	3,008.0	59.4
Subtotal		217,584.9	4,300.4
3. Small Business Relief Program			
Wage subsidy	Wage subsidy to be provided to small businesses, covering up to 3.4 million employees in the formal sector	51,141.3	1,010.7
Credit guarantee	PhilGuarantee to provide a credit guarantee facility to up to 1.5 million small businesses to enable them to access loans	120,000.0	2,371.6
Tax relief	Tax relief to be provided to up to 1.5 million small businesses by extending carry-over losses to	139,969.0	2,766.2

⁷ <https://www.dof.gov.ph/the-4-pillar-socioeconomic-strategy-against-covid-19/>

Program	Description	Amount (₱ million)	Amount (\$ million)
	5 years, effectively lowering tax payments by a total of ₱136 billion in 2020		
Loan program	DTI to provide financial assistance to small businesses (SB Corp's COVID-19 Assistance to Restart Enterprise [CARES] Program)	1,002.7	19.8
Subtotal		312,113.0	6,168.3
4. Support for Agriculture and Other Economic Sectors			
Financial assistance to farmers and crop production	Department of Agriculture to allocate funding to rice resiliency project and other crop production projects with the aim of boosting production	30,586.6	604.5
	Increased funds under the Department of Agriculture's Sure-Aid program which provides interest-free loans to farmers for up to ₱25,000	2,805.5	55.4
Rice buffer stock	Department of Agriculture to allocate extra funding to procure rice to boost emergency buffer stocks	16,544.1	327.0
Subtotal		49,936.1	986.9
5. Local Government Support			
Emergency Funding	Additional budget transfers to LGUs to support programs targeting vulnerable communities and sectors	30,085.2	594.6
Emergency Loans	Landbank to provide emergency loans to LGUs	10,026.7	198.2
Subtotal		40,111.9	792.7
Total		655,558.6	12,956.4

4Ps = Pantawid Pamilyang Pilipino Program, AKAP = CAMP-Abot Kamay at Pagtulong for OFWs, CAMP = COVID-19 Adjustment Measures Program, COVID-19 = coronavirus disease, DOLE = Department of Labor and Employment, DSWD = Department of Social Welfare and Development, DTI = Department of Trade and Industry, LGU = local government unit, MSME = micro, small, and medium enterprises, OFW = overseas Filipino worker, PPE = personal protective equipment, SBCorp = Small Business Corporation, SSS = Social Security System, TESDA = Technical Education and Skills Development Authority, TUPAD = Tulong Panghanapbuhay sa Ating Displaced/Disadvantaged Workers. Exchange rate (₱50.60=\$1.00, April 2020)

Source: ADB 2020, Report and Recommendation of the President to the Board of Directors: Proposed Countercyclical Support Facility Loans Republic of the Philippines: COVID-19 Active Response and Expenditure Support Program.

11. **The Bayanihan⁸ to Heal as One Act (Republic Act 11469) was passed on 24 March 2020 and was effective until June 2020.** This law, known as Bayanihan 1, empowered the President to realign or reallocate savings generated from the 2020 and 2019 national budgets as well as available funds from government-owned or -controlled corporations (GOCCs) for priority programs to combat COVID-19. It mandated the improvement of health systems and the provision of emergency cash subsidies by the Department of Social Welfare and Development (DSWD). It also included support to affected workers, businesses, and sectors including agriculture, education, and tourism.

12. Social protection measures included cash grants under the Social Amelioration Program (SAP) amounting to ₱205 billion for some 18 million poor and low-income families for 2 months. The beneficiaries of the SAP cash grants included 4.4 million families under the Pantawid Pamilyang Pilipino Program (4Ps), and an additional 13.6 million vulnerable people not covered by the 4Ps.

13. Support programs for affected workers included: (i) the COVID-19 Adjustment Measures Program (CAMP) which distributed one-off financial assistance of ₱5,000 (about \$100) to affected formal sector workers; (ii) the CAMP-Abot Kamay at Pagtulong (AKAP) for displaced Overseas

⁸ *Bayanihan* means "a spirit of civic unity and cooperation among Filipinos".

Filipino Workers (OFWs) which distributed one-time financial assistance of ₱10,000 (about \$200); and (iii) the Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD) which provided temporary wage employment to workers in the informal sector covering family workers and self-employed workers with elementary occupations.

14. Assistance to small businesses included (i) the Small Business Wage Subsidy Program (₱51 billion) for 3.4 million affected workers; (ii) a credit guarantee program (₱120 billion) for loans to medium and small and medium enterprises (MSMEs); (iii) tax relief (₱140 billion), and (iv) a loan facility (₱1 billion). For the first time, the Philippine Guarantee Corporation (PhilGuarantee) is providing guarantee coverage for MSMEs (50% guarantee coverage on working capital loans from accredited banks and financial institutions). Further, the government, through the Small Business Corporation (SB Corp), provided loans to small businesses under the COVID-19 Assistance to Restart Enterprises Program (CARES) to help small businesses recover. CARES program is an interest-free and collateral-free loan offered to MSMEs, cooperatives, and tourism businesses.⁹

15. Sectoral support of ₱50 billion included programs for agriculture sector such as financial assistance to farmers to boost rice and crop production. It also covered budget transfers of ₱30 billion and emergency loans of ₱10 billion through the Land Bank of the Philippines, a government financial institution, to local government units (LGUs). All provinces, cities and municipalities received subsidies and grants from the government under a facility called Bayanihan Grant for Provinces, Cities and Municipalities. This augmented the resources of LGUs for COVID-19 response and was disbursed as a top-up to their Local Disaster Risk Reduction and Management Fund and Local Development Fund.

16. **The Bayanihan to Recover as One Act (Republic Act 11494) was passed on 11 September 2020 to sustain COVID-19 response programs.**¹⁰ This act, known as Bayanihan 2, extended the President's power to reallocate and realign regular appropriations and savings in the national budget. An appropriation of ₱165.5 billion was allocated for Bayanihan 2 (₱140 billion regular appropriation and ₱25.5 billion standby fund). Key components of the ₱140 billion are: (i) ₱39.5 billion capital infusion to government financial institutions to enable them to extend lending to small businesses, and an expansion of SB Corp's CARES program to include medium-sized enterprises;¹¹ (ii) ₱24 billion for the agriculture sector; (iii) ₱21 billion for health programs; (iv) ₱18 billion for cash for work and employment programs; (v) ₱8.9 billion for education, including trainings, scholarships and digital learning programs; and (vi) ₱6 billion for DSWD's social assistance programs.¹² The remaining budget included allocations for the transport and tourism sectors, and support to LGUs. The ₱25.5 billion standby fund was allocated to health and lending programs. The appropriations under Bayanihan 2, originally available for release until December 2020, were extended until 30 June 2021 by virtue of Republic Act 11519.

17. **Expanded loan programs for MSMEs.** Bayanihan 2 authorized the President to direct the SB Corp to expand its existing loan programs for MSMEs, cooperatives, hospitals, tourism, and OFWs affected by the pandemic through the following: increasing available loanable funds, reducing documentary requirements, increasing maximum loan amounts per borrower, reducing interest rates, extending loan terms, using financial technologies to expand reach, increasing access, and accelerating turnaround loan processing time. In addition, the Land Bank of the

⁹ <https://www.pna.gov.ph/articles/1130242>

¹⁰ Additional COVID-19 response package approved in September 2020 under RA 11494.

¹¹ Medium-sized firms are now included in the CARES 2 loan program (<https://www.pna.gov.ph/articles/1119737>).

¹² https://www.dbm.gov.ph/wp-content/uploads/DBCC/2020/NG_Disbursements_July-2020_for-posting.pdf

Philippines and the Development Bank of the Philippines will also provide low-interest and flexible-term loans to affected businesses, prioritizing agriculture, fisheries, and non-essential MSMEs, including start-ups and cooperatives.

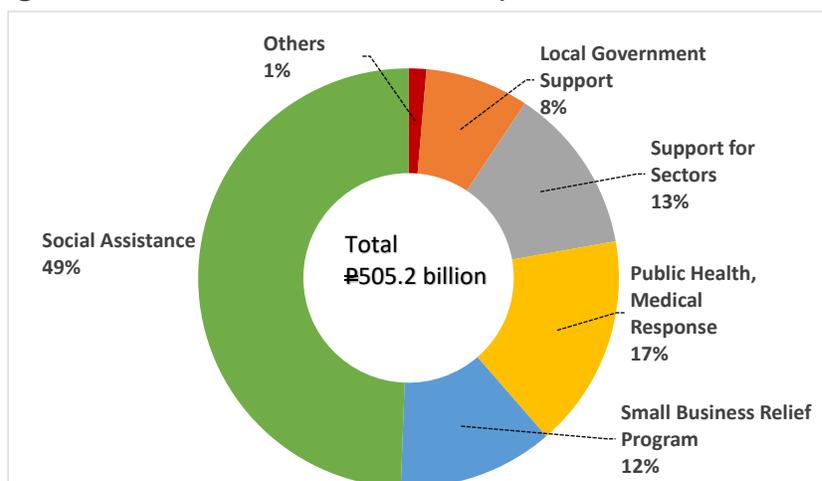
18. **Monetary and macro-financial stimulus measures.** The Bangko Sentral ng Pilipinas (BSP) cut policy rates by 200 basis points in 2020, bringing the overnight reverse repurchase rate to a record low of 2.0%. The reserve requirement ratio was also cut by 200 basis points in April 2020 for universal and commercial banks. The BSP remitted ₱20 billion as dividends to the government in 2020 and purchased government securities amounting to ₱300 billion to help finance the government's response to the pandemic. It also extended a ₱540 billion provisional advance in October 2020 to the government, which was repaid last December 2020.

19. **Bank regulatory relief measures.** The BSP has relaxed the terms for using its financing facilities, allowing banks to draw down their regulatory buffers, and reducing penalties for reserve deficiencies. To encourage loans to smaller businesses, the central bank started counting new loans to micro, small, and medium-sized enterprises in compliance with reserve requirements and temporarily reduced the credit risk weight of such loans.

IV. MONITORING THE PROGRAM

20. **Fund releases for COVID-19 response programs.** As of 29 December 2020, the national government had released ₱505.2 billion (\$10.4 billion) to the agencies to respond to the COVID-19 pandemic. Of this amount, ₱386.1 billion was released under Bayanihan 1 and ₱109.2 billion under Bayanihan 2.¹³ Social assistance programs comprised half of the total releases, followed by medical response at nearly a fifth of total (Figure 1).

Figure 1: COVID-19 Funds Releases (as of 29 December 2020)



Source: Based on data from the Department of Budget and Management Covid-19 fund releases

21. The SAP has been extended in Bayanihan 2 through the DSWD's Emergency Subsidy Program (ESP) which provides a one-time cash grant of ₱5,000 to ₱8,000 to low-income families in areas still under lockdown, families of affected OFWs and qualified beneficiaries who were not

¹³ <https://www.dbm.gov.ph/index.php/programs-projects/status-of-covid-19-releases#summary-of-covid-19-releases-by-agency-and-by-funding-source>

included in the SAP of Bayanihan 1.¹⁴ Other programs include the Assistance to Individuals in Crisis Situations (AICS) and Livelihood Assistance Grants (LAG). The AICS is among DSWD's regular social welfare and protection services where assistance may come in the form of a guarantee letter, food packs, medical or financial aid. In October 2020, revised implementing guidelines for AICS were issued to complement other social amelioration programs given the increase in number of people needing assistance due to the pandemic.¹⁵ The LAG, on the other hand, provides financial assistance to low-income families whose livelihoods were disrupted by the community quarantines. The LAG guidelines issued in August 2020 provides one-time financial assistance not exceeding ₱15,000 per qualified family which can be used as seed capital for income-generating or micro-enterprise ventures.¹⁶

22. **Social Amelioration Program (SAP).** As of 31 January 2021, DSWD had disbursed a total of ₱178.1 billion under the SAP of Bayanihan 1. Of this amount, ₱99.6 billion was distributed under tranche 1 to 17.6 million families, and ₱78.5 billion under tranche 2 for 12.3 million families.¹⁷ Under Bayanihan 2, DSWD had disbursed the following over the same period: i) ₱3.2 billion for the ESP with 507,411 family beneficiaries and ii) ₱855.5 million under the LAG with 79,870 beneficiaries.

23. **Support to affected workers, including OFWs.** As of end-2020, the government had provided ₱28.8 billion in financial assistance under Bayanihan 1 and Bayanihan 2 to 3.4 million workers from the formal and informal sectors, and displaced OFWs. These included 1.6 million workers who received one-time cash assistance under the CAMP; 1.4 million informal sector workers provided with emergency employment under the TUPAD program; and cash aid for 427,000 overseas workers.¹⁸

24. **MSME support.** From April to June 2020, a total of ₱46 billion has been provided to over 3 million workers under the Small Business Wage Subsidy Program.¹⁹ The program was implemented through a digitalized process from application to distribution of wage subsidies. PhilGuarantee has made available ₱42.3 billion in credit guarantee facilities for affected MSMEs in 2020.²⁰ Utilization estimates show ₱3.6 billion in 2020 covering about 6,000 MSMEs and ₱20 billion is expected in 2021 for 40,000 borrowers. Under the guarantee program, the maximum term for working capital loans is 1–5 years with a 50% guarantee, and up to 7 years for term loans with a guarantee covering up to 80% of the loan amount. PhilGuarantee has accredited 8 universal banks, 1 commercial bank, 6 thrift banks and 10 rural banks for its guarantee facilities as of November 2020. It is processing accreditation of more banks to have broader channels of credit support for MSMEs nationwide.

25. As of 9 February 2021, SB Corp.'s CARES program has approved a total of 21,659 applications with a total loan amount of ₱2.35 billion.²¹ SB Corp. targets up to 60,000 more MSMEs to benefit from the zero-interest and collateral-free loans in 2021. It has streamlined the

¹⁴ <https://www.dswd.gov.ph/dswd-continues-provision-of-social-protection-programs-in-bayanihan-2/#:~:text=The%20emergency%20subsidy%20under%20Bayanihan,certified%20by%20the%20Regional%20Inter%2D>

¹⁵ https://www.dswd.gov.ph/issuances/MCs/MC_2020-024.pdf

¹⁶ https://www.dswd.gov.ph/issuances/MCs/MC_2020-019.pdf

¹⁷ DSWD Report as of 31 January 2021.

¹⁸ <https://www.pna.gov.ph/articles/1126872>

¹⁹ <https://www.dof.gov.ph/senate-budget-hearing/>

²⁰ <https://www.dof.gov.ph/p42-3-b-credit-guarantees-available-for-pandemic-hit-msmes/ns/>

²¹ <https://www.pna.gov.ph/articles/1130412>

loan application process with a full online application and evaluation, including releasing of loans through digital transactions.

26. **Support to local governments.** As of 19 December 2020, ₱23.6 billion in Bayanihan grants have been provided to LGUs covering 62 provinces, 103 cities, and 979 municipalities to support their programs (Table 2).²²

Table 2. Local Government Unit Programs and Projects under Bayanihan Grants

Activity	Amount (₱ million)
Food assistance and other relief goods	12,039.6
Procurement of hospital equipment and supplies	1,928.4
Other necessary COVID-19-related PPAs and expenses	2,820.2
Construction, repair, lease of additional space or buildings to accommodate COVID-19 patients, persons under monitoring	1,263.6
Procurement of medicines and vitamins	1,632.1
Food, transportation, accommodation of medical and LGU personnel directly involved in the implementation of COVID 19-related programs	1,239.9
Procurement of personal protective equipment.	1,145.3
Procurement of equipment, reagents, kits for COVID-19 testing	906.8
Others - disinfecting supplies, other equipment, trainings, etc.	628.2
TOTAL	23,604.2

27. Progress against the indicators and outputs of the design and monitoring framework of the CARES program is summarized in Tables 3 and 4. Gender budget tagging remains a challenge, and better gender disaggregated data needs to be collected to monitor related targets.

²² <https://www.officialgazette.gov.ph/downloads/2020/12dec/20210104-Report-on-the-Implementation-of-Republic-Act-No-11494-or-the-Bayanihan-to-Recover-as-One-Act.pdf>

Table 3. Design and Monitoring Framework

Results Chain	Indicators with Targets and Baselines	Data Sources	Update and Progress
Effect of the Program Rate of spread of the disease managed and poverty contained	a. By December 2020, the COVID-19 confirmed cases doubling rate reduced to 30 days or more (Baseline: every 3-4 days as of 4 April 2020)	DOH	As of 31 January 2021, the doubling rate was 17.47 days. ²³
	b. By April 2022, poverty incidence held to less than 18.0% (Baseline: 20.7% projected as of 4 April 2020)	PIDS	Poverty incidence is estimated at 18.2% in 2020. ²⁴
	c. By April 2021, the government reports on the implementation of the ESP (total ₱205 billion) using sex-disaggregated data (Baseline: no cash transfers under ESP provided, as of 20 March 2020)	DSWD ²⁵	As of 31 January 2021, the government disbursed ₱99.6 billion to 17.6 million families under tranche 1, and ₱78.5 billion to 12.3 million families under tranche 2 of the Bayanihan 1 ESP-SAP of the DSWD. As of 31 January 2021, the government disbursed ₱3.2 billion to 507,411 families under the Bayanihan 2 ESP, and released ₱855.5 million to 79,870 families under the Bayanihan 2 LAG.
Outputs 1. Measures taken to combat the spread of COVID-19 in the Philippines/	1.1 By May 2020, testing capacity increased to 8,000 per day (Baseline: 3,000 per day as of 14 April 2020)	DOH	On 11 May 2020, the Philippines reached its national testing capacity goal of at least 8,000 samples. ²⁶ On 31 January 2021, 28,236 samples were tested. ²⁷
	1.2 By July 2020, average turnaround time from sample collection to results reduced to 48 hours or less (Baseline: More than 7 days as of 4 April 2020)	DOH	As of 15 February 2021, the average turnaround time from receipt of specimen in the laboratory to the release of results is 1.38 days.

²³ <https://fassster.ehealth.ph/covid19/>.

²⁴ Assumes 10% income contraction and provision of fiscal support (SAP, SBWS) PIDS 2020, Poverty, the Middle Class, and Income Distribution amid COVID-19. <https://pidswebs.pids.gov.ph/CDN/PUBLICATIONS/pidsdps2022.pdf>

²⁵ DSWD report as of 31 January 2021.

²⁶ Department of Health Beat COVID-19 Today, A COVID-19 Philippine Situationer, Issue 14, May 11, 2020.

²⁷ Department of Health, Beat COVID-19 Today, A COVID-19 Philippine Situationer, Issue 280, 1 February 2021.

Results Chain	Indicators with Targets and Baselines	Data Sources	Update and Progress
	<p>1.3 By July 2020, all health care workers, 75% of whom are female, and all COVID-19 cases are covered by PhilHealth in-patient and primary care COVID-19 related benefits</p> <p>(Baseline: only in-patient benefits are provided to PhilHealth members as of 4 April 2020)</p>	PhilHealth	<p>In addition to in-patient benefits, all health workers and PhilHealth members are eligible to the following benefits which do not require hospital admission:</p> <ul style="list-style-type: none"> COVID-19 testing benefit in certified testing laboratories (as provided in PhilHealth Circulars 2020-0010 in April 2020 and 2020-0017 in June 2020) COVID-19 community isolation benefits (as provided in PhilHealth Circular 2020-0012 in April 2020) <p>Filipinos who are not registered in PhilHealth shall be automatically covered, provided they complete PhilHealth member registration upon availment of the benefit.</p>
2. Dedicated funds, programs for social protection and relief to affected allocated and implemented	<p>2.1 By July 2020, the government through the 4Ps program has provided conditional cash transfers and emergency subsidy support of ₱10,000–₱16,000 for 4.4 million vulnerable households of which 85.3% of beneficiaries are women.</p> <p>(Baseline: subsidy support not provided as 4 April 2020)</p>	DSWD	As of 31 January 2021, the government disbursed ₱18.3 billion to 4.2 million 4Ps families under tranche 1, and ₱6.8 billion to 1.3 million 4Ps families under tranche 2 of the Bayanihan 1 ESP-SAP of the DSWD. ²⁸
	<p>2.2 By July 2020, the government has provided emergency subsidy support of ₱10,000–₱16,000 for 13.6 million household and prepared sex-disaggregated data on beneficiaries through the Social Amelioration Program</p> <p>(Baseline: subsidy support not provided as of 4 April 2020)</p>	DSWD ²⁹	<p>As of 31 January 2021, the government disbursed ₱80.4 billion to 13.3 million low-income (non-4Ps) families under tranche 1, and ₱71.7 billion to 11 million low-income (non-4Ps) families under tranche 2 of the Bayanihan 1 ESP-SAP of the DSWD.</p> <p>Government also disbursed ₱785 million to 98,132 public transport drivers.</p>
3. Economic stimulus for affected sectors delivered	<p>3.1 By December 2020, the government has delivered ₱30.6 billion of economic stimulus and support highly affected and</p>	DA ³⁰	As of 31 December 2020, the DA has disbursed ₱14.76 billion from its ₱17.64 billion budget for COVID-19 programs (₱8.5 billion allotment

²⁸ See Footnote 25.

²⁹ See Footnote 25.

³⁰ Department of Agriculture report as of 17 February 2021.

Results Chain	Indicators with Targets and Baselines	Data Sources	Update and Progress
	<p>vulnerable sectors including agriculture</p> <p>(Baseline: no support provided as of 4 April 2020)</p>		<p>from Bayanihan 1 and ₱9.14 billion from its 2020 Regular Budget), as follows: (i) ₱7.2 billion disbursed out of ₱8.5 billion budget under its Rice Resiliency Program (RRP); (ii) ₱2.96 billion disbursed as loans from its ₱3.0 billion Financial Subsidy for Rice Farmers (FSRF) program; (iii) fully disbursed its ₱2.38 billion under the Expanded Sure-Aid and Recovery Project (SURE COVID-19) through to GFIs; and (iv) ₱2.23 billion out of ₱3.76 billion-regular programs (refocused and attributed) to support DA's COVID-19 response.</p> <p>As of 31 December 2020, the DA, through the RRP, distributed: (i) 236,697 bags of certified seeds and 394,058 bags of hybrid seeds to 434,334 farmers under the RRP's seed component; and (ii) 1,366,343 bags of fertilizers were distributed to 503,562 farmers under the RRP's fertilizer component; as well as reimbursed a total of 496,502 farmers for a total of 1,283,464 bags of fertilizers purchased under the RRP's fertilizer reimbursement scheme.</p> <p>As of 31 December 2020, 536,119 farmers out of the 591,246 target beneficiaries received ₱5,000 cash grant under the DA's FSRF Program.</p> <p>As of 31 December 2020, ₱1.209 billion loans were granted to 48,308 marginalized, small farmers and fisherfolks, and an additional ₱782.94 million were released to 141 agri-fishery micro and small enterprises (MSEs) borrowers under the DA's SURE COVID-19 program.</p> <p>As of 5 January 2021, the government had a total of ₱1.39 billion loans to 17,740 MSMEs under the COVID-19 Assistance to Restart Enterprises (CARES) program. ₱312.92 million approved loans to 2,107 MSME borrowers are pending release.</p>

Results Chain	Indicators with Targets and Baselines	Data Sources	Update and Progress
			As of 20 January 2021, the government, through the Livelihood Seeding Program-Negosyo Serbisyo sa Barangay (LSP-NSB), provided 24,857 livelihood kits to 57,674 MSMEs in 5,759 barangays nationwide. A total of 374,470 individuals were also provided with training or information on various livelihood opportunities.
	<p>3.2 By December 2020, the government has provided wage subsidies for at least 1 million MSMEs (of which 58% are registered to women)</p> <p>(Baseline: no wage subsidies provided as of 4 April 2020)</p>	DOF	<p>From April to June 2020, the DOF, in coordination with the BIR and SSS, transferred ₱46 billion to over 3 million workers under the Small Business Wage Subsidy Program.³¹</p> <p>As of end-2020, the government has also provided ₱28.8 billion-financial assistance under Bayanihan 1 and Bayanihan 2 to 3.4 million workers from the formal sector, informal sector, and to displaced OFWs affected by the pandemic.³²</p>
	<p>3.3 By December 2020, the government has provided tax relief for at least 1 million MSMEs (of which 58% are registered to women)</p> <p>(Baseline: no tax relief provided as of 4 April 2020)</p>	BIR, DOF	<p>Net operating loss of businesses for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next 5 years (extended from 3 years), applicable to non-large taxpayers.³³</p> <p>The Corporate Recovery and Tax Incentives for Enterprises Bill (CREATE), ratified by Congress last 3 February 2021, reduces the corporate income tax (CIT) rate from 30% to 20% for MSMEs and to 25% for all other businesses.³⁴</p>

³¹ See Footnote 19.

³² See Footnote 18.

³³ Section 4 (bbbb) of RA 11494 (Bayanihan 2).

³⁴ <https://www.dof.gov.ph/create-to-spur-knowledge-based-industries-to-do-business-in-the-philippines-says-dominguez/>.

Table 4. Gender Monitoring Matrix

Activities	Indicators and Targets	Responsibilities	Update and Progress
By April 2021, the government reports on the implementation of its fiscal stimulus packages, totaling ₱205 billion	(i) The government's COVID-19 Pandemic Response Plan delivers social assistance programming to 18 million households in keeping with the 4Ps framework for cash transfers Baseline: 4.4 million beneficiaries of the 4Ps program, 2019	DSWD ³⁵	As of 31 January 2021, the government disbursed ₱99.6 billion to 17.6 million families under tranche 1, and ₱78.5 billion to 12.3 million families under tranche 2 of the Bayanihan 1 ESP - SAP of the DSWD. As of 31 January 2021, the government disbursed ₱3.2 billion to 507,411 families under the Bayanihan 2 ESP and released ₱855.5 million to 79,870 families under the Bayanihan 2 LAG.
	(ii) All project activities include the systematic collection of sex-disaggregated data including, but not necessarily limited to, disaggregation by sex, age, composition of households—male or female heads of household, number of dependents—disability, ethnic group, and other socio-economic indicators	DOF, DSWD, DOH, DOT, DOLE	Disaggregated data of beneficiaries by sex, age, composition of households—male or female heads of household, number of dependents—disability, ethnic group, and other socio-economic indicators have been collected for DSWD's ESP-SAP and the Department of Agriculture's Sure-Aid Program.
1.1 The health measures undertaken to combat the spread of COVID-19 include a comprehensive public response, including specific considerations for the risks taken by frontline health workers.	1.1.1 By October 2020, data provided on reimbursement of COVID-19-related hospital utilization through PhilHealth, disaggregated by sex, age, and geographic location.	DOH	Disaggregated data of reimbursement of COVID-related hospital utilization through PhilHealth by sex, age, and geographic location are not yet available.
	1.1.2 For all frontline health workers, 75% of whom are female, who may contract COVID-19 the government will ensure:	DOH	The government has provided the following to health care workers: (i) health insurance coverage through PhilHealth (PhilHealth Circular 2020-0011), (ii) special risk allowance, ³⁶

³⁵ See Footnote 25.³⁶ Section 4(h), RA 11494 (Bayanihan 2).

Activities	Indicators and Targets	Responsibilities	Update and Progress
	(i) health insurance coverage through PhilHealth; (ii) Special risk allowance of 25% of salary plus hazard pay; (iii) ₱100,000 compensation for severe infection; (iv) ₱1 million death benefit.		(iii) ₱100,000 compensation for severe infection, ³⁷ and (iv) ₱1 million death benefit. ³⁸ As of 12 December 2020, PhilHealth paid ₱595.3 million for 8,653 claims for health workers for COVID-19 in-patient services. ³⁹
2.1 The government's emergency subsidy support effectively offers social protection and relief to the poor and most vulnerable	2.1.1 By June 2020, implementation of the Bayanihan Heal as One Act successfully targets identified vulnerable groups: (i) 4Ps households, 85.3% of the beneficiaries are women; (ii) informal economy workers (e.g., independent, small-scale producers and distributors of goods and services), 61% of whom are women; and (iii) other vulnerable populations e.g. indigent senior citizens, people with disabilities, solo parents	DSWD, DOF, DOLE	Under Bayanihan 1, DSWD identified the following target beneficiary groups: (i) 4Ps beneficiaries; (ii) informal economy workers (helpers, subcontractual workers, homeworkers, drivers, public utility operators, micro-entrepreneurs, farmers, daily wage earners, stranded workers; and (iii) other vulnerable groups, including indigent senior citizens, people with disabilities, pregnant and lactating women, solo parents, overseas workers in distress, indigenous peoples, and the homeless. ⁴⁰
3.1 The government's economic stimulus program provides an effective, equitable and inclusive response to the most affected sectors of the economy.	3.1.1 By December 2020, the government has delivered at least ₱30.6 billion of economic stimulus and support to highly affected sectors including those with a high representation of women: (i) tourism workers (49.2% of whom are women); (ii) wholesale and retail trade workers (60% of whom are women); (iii) accommodation and food services workers (53% of whom are women); and	DOF, DOLE, DOT, DA ⁴¹	As of 31 December 2020, the DA has disbursed ₱14.76 billion from its ₱17.64 billion budget for COVID-19 programs (₱8.5 billion allotment from Bayanihan 1 and ₱9.14 billion from its 2020 Regular Budget), as follows: (i) ₱7.2 billion disbursed out of ₱8.5 billion budget under its Rice Resiliency Program (RRP); (ii) ₱2.96 billion disbursed as loans from its ₱3.0 billion Financial Subsidy for Rice Farmers (FSRF) program; (iii) fully disbursed its ₱2.38 billion under the Expanded Sure-Aid and Recovery Project (SURE COVID-19) through to GFIs; and (iv) ₱2.23 billion out of ₱3.76 billion-regular

³⁷ Section 4(k)(2), RA 11494 (Bayanihan 2).

³⁸ Section 4(k)(1), RA 11494 (Bayanihan 2).

³⁹ <https://www.officialgazette.gov.ph/downloads/2020/12dec/20210104-Report-on-the-Implementation-of-Republic-Act-No-11494-or-the-Bayanihan-to-Recover-as-One-Act.pdf>

⁴⁰ <https://www.officialgazette.gov.ph/downloads/2020/03mar/20200328-JOINT-MEMORANDUM-CIRCULAR-NO-1-S-2020.pdf>

⁴¹ See Footnote 30.

Activities	Indicators and Targets	Responsibilities	Update and Progress
	<p>(iv) agriculture workers (25.5% of the total workforce).</p> <p>(Baseline: no support provided as of 4 April 2020)</p>		<p>programs (refocused and attributed) to support DA's COVID-19 response.</p> <p>As of 31 December 2020, the DA, through the RRP, distributed: (i) 236,697 bags of certified seeds and 394,058 bags of hybrid seeds to 434,334 farmers under the RRP's seed component; and (ii) 1,366,343 bags of fertilizers distributed to 503,562 farmers under the RRP's fertilizer component; as well as reimbursed a total of 496,502 farmers for a total of 1,283,464 bags of fertilizers purchased under the RRP's fertilizer reimbursement scheme.</p> <p>As of 31 December 2020, 536,119 farmers out of the 591,246 target beneficiaries received ₱5,000 cash grant under the DA's FSRF Program.</p> <p>As of 31 December 2020, ₱1.209 billion loans were granted to 48,308 marginalized, small farmers and fisherfolks, and an additional ₱782.94 million were released to 141 agri-fishery micro and small enterprises (MSEs) borrowers under the DA's SURE COVID-19 program.</p> <p>As of 5 January 2021, the government had a total of ₱1.39 billion loans to 17,740 MSMEs under the COVID-19 Assistance to Restart Enterprises (CARES) program. ₱312.92 million approved loans to 2,107 MSME borrowers are pending release.</p> <p>As of 20 January 2021, the government, through the Livelihood Seeding Program-Negosyo Serbisyo sa Barangay (LSP-NSB), provided 24,857 livelihood kits to 57,674 MSMEs in 5,759 barangays nationwide. A total of 374,470 individuals were also provided with training or information on various livelihood opportunities.</p> <p>No data available yet for tourism; wholesale and retail trade; accommodation, food services.</p>
	3.1.2 By December 2020, the government has provided wage	DOF, DOLE, DOT, DA	From April to June 2020, the DOF in coordination with the BIR and

Activities	Indicators and Targets	Responsibilities	Update and Progress
	<p>subsidies for up to 1 million MSMEs (58% are women-registered businesses)</p> <p>(Baseline: no wage subsidies provided as of 4 April 2020)</p>		<p>SSS, transferred ₱46 billion to over 3 million workers under the Small Business Wage Subsidy Program.⁴²</p>
	<p>3.1.3 By December 2020, the government has provided tax relief for up to 1 million MSMEs (58% are women-registered businesses)</p> <p>(Baseline: no tax relief provided as of 4 April 2020)</p>	<p>DOF, DOLE, DOT, DA</p>	<p>Net operating loss of businesses for taxable years 2020 and 2021 can be carried over as a deduction from gross income for the next 5 years (extended from 3 years), applicable to non-large taxpayers.⁴³</p> <p>The Corporate Recovery and Tax Incentives for Enterprises Bill (CREATE), ratified by Congress last 3 February 2021, reduces the corporate income tax rate from 30% to 20% for MSMEs and to 25% for all other businesses.⁴⁴</p>

⁴² See Footnote 19.

⁴³ Section 4 (bbbb) of RA 11494 (Bayanihan 2).

⁴⁴ <https://www.dof.gov.ph/create-to-spur-knowledge-based-industries-to-do-business-in-the-philippines-says-dominguez/>.

V. ASSESSMENT

A. Areas Showing Good Progress

28. **Testing capacity.** Testing capacity was very limited at the outset of the outbreak, but the government was able to expand testing across the country from seven laboratories in March 2020 to 220 laboratories as of 10 February 2021: 170 laboratories using RT-PCR technology and 50 laboratories using GeneXpert. This has enabled the government to identify hotspots and implement targeted quarantines or lockdowns. The average number of daily tests conducted for the week of 24–30 January 2021 was 35,535, with a positivity rate of 5.51%.⁴⁵

29. **Social assistance for 23 million households.** The SAP originally targeted 18 million families, which was later increased to 23 million to include families that were qualified but were not covered in the first tranche and other affected sectors.⁴⁶ Despite the increased coverage, the assistance is being delivered by employing innovative mechanisms such as partnering with financial service providers to make the distribution of SAP emergency subsidies more efficient and digital to minimize person-to-person contact.

30. **Distribution of wage subsidy.** The distribution of the wage subsidy and other financial support to formal sector workers was efficient and effective due to the availability of beneficiary lists and the digitally-enabled application process, which included computerized application processing and validation, an electronic de-duplication process, direct transfers of subsidies to beneficiaries, and strong administrative oversight.⁴⁷

31. **Support to MSMEs.** The government's programs to provide relief to small businesses were broadly aligned with the requested policy support from the enterprises. An ADB survey of 1,804 MSMEs undertaken in March and May 2020 disclosed the following: (i) two-thirds of businesses closed temporarily a month after the virus outbreak, with 29% of others reducing operations; (ii) over half of the businesses suspended wage payments or reduced payments with hours of work; and (iii) about a third of businesses were at risk of not surviving after the lockdown because of severe cashflow constraints. Liquidity was a serious concern as working capital became scarce. MSMEs relied on their own funds and informal financing sources, but access to bank credit increased gradually. Among the most frequently requested government support measures were wage subsidies, deferment of tax payments, and low-interest or subsidized loans, all of which are fully aligned with the government's response.

B. Areas for Improvement

32. **Delays in implementing the ESP- Social Amelioration Program (SAP).** Difficulty in identifying beneficiaries led to delays in the distribution of subsidies. A bottom-up approach was adopted by engaging LGUs to identify target beneficiaries and to prepare a master list for SAP, to be subsequently validated by DSWD. Profiling residents and identifying low-income households was slow and cumbersome because of the absence of an electronic database of residents. Disbursement of subsequent tranches of subsidies was also delayed due to the manual in-person delivery method used in many cases.

⁴⁵ Proportion of test results among tests conducted that come back with positive results.

⁴⁶ <https://www.pna.gov.ph/articles/1106665>

⁴⁷ <https://www.dof.gov.ph/dominguez-proposes-3-imperatives-in-future-subsidy-programs-to-ensure-fast-graft-free-distribution-among-target-beneficiaries/>.

33. **Contact tracing and isolation facilities.** The large numbers of returning OFWs, combined with limited testing capacity at the outset of the pandemic resulted in a steady increase of COVID-19 cases which slowed the reduction in the case doubling rate. This underscored the need for the government to improve its contact tracing using digital solutions, strengthen its epidemiological surveillance, and construct more isolation facilities.

34. **Employment and job creation.** The COVID-19 pandemic has had a devastating impact on the labor market. The unemployment rate rose to a record high of 17.6% in April 2020 before slowing to 10.0% in July and 8.7% in October 2020. This still meant that 3.8 million people were jobless and another 5.7 million people were underemployed (i.e., they had jobs but were looking for additional work) in October. In addition, the labor force participation rate has fallen sharply, suggesting that some laid-off workers may have become discouraged and given up looking for jobs. Between July and October 2020, the labor force dropped by 2.2 million people, with close to half of the dropouts being youth. The youth unemployment rate surged to 19.4% in October 2020 from 12.9% in October 2019 and the youth not in employment, education and training (NEET) rate increased to 20.4% from 17.2% over this same period. Vulnerable workers, especially women engaged in precarious employment, are experiencing income declines, which in time may lead to increasing child labor.

35. As community quarantine measures were gradually eased, various sectors opened, and more businesses began to operate or increase operations and unemployment declined. There is scope for the government to implement policy reforms, programs, and other interventions that would strengthen employment recovery, improve social protection for informal sector workers against future major labor market disruptions, help vulnerable workers improve their labor market outcomes, and protect against child labor.

36. **Adequacy of social assistance.** The extended and varying community quarantine measures imposed in different regions and areas have restricted movement and business operations. The government may need to reevaluate the adequacy of assistance to low-income households and consider providing additional support.

37. **Limited number of loans provided to MSMEs.** Given the documentation requirements, in-person and manual procedure for loan application, and the one-time front-end service fee ranging from 4% to 8% of the loan amount, applications for and the provision of loans has been slow. On 26 October 2020, an online loan application system was established to facilitate the submission of applications which will help to accelerate the process.

VI. RECOMMENDATIONS

38. The government's response to the pandemic has been proactive and is gaining momentum. Initial responses prioritized spending on health, social protection, and support to small businesses. Cash transfers and wage subsidies have been especially useful to support the poor, informal workers, and self-employed workers who lost their incomes. From relief measures, efforts are now turning toward recovery through more targeted programs that consider the need for continued government assistance while supporting structural changes. The pandemic has accelerated the pace of reform, including strengthening public health systems, implementing labor market programs, carrying out tax reforms, digitizing government processes and integrating ICT systems, and expanding productivity-enhancing programs in sectors such as agriculture.

39. To accelerate these efforts, a greater focus is needed on large-scale testing for COVID-19, tracing, and treatment as the economy further reopens. Proven strategies to deliver measures effectively and efficiently should be prioritized. Successful programs need to be scaled up, corrective actions deployed swiftly, and outreach to the vulnerable, including workers and businesses in the informal economy, expanded.

40. **Continue to prioritize the national ID program: Philippine Identification System (PhilSys).** The pandemic has underscored the value of a national electronic database to ensure the effectiveness and efficiency of government programs through better identification of beneficiaries for appropriate interventions. The pandemic also revealed the urgent need for secure, accurate, and fast modes of delivery of cash assistance to beneficiaries. Linking social protection databases to national identification systems reduces the risks of fraud and duplication. Using PhilSys, the country's digital ID platform, would also enable the "unbanked" segment of the population to have acceptable identification for opening bank accounts to allow direct electronic transfer of assistance. As of 8 January 2021, 10.6 million Filipinos have been pre-registered in the PhilSys. The government aims to register at least 50 million Filipinos by the end of 2021.⁴⁸

41. **Digitize more government processes to distribute subsidies to beneficiaries directly or simplify in-person distribution.** The effective and efficient implementation of the Small Business Wage Subsidy program has highlighted the success factors for the delivery of assistance. The Department of Finance has urged other government agencies implementing social protection programs to consider adopting the following measures: digitizing processes from application through assessment and distribution; distributing subsidies directly through bank or electronic payment (or using a simplified in-person distribution process); and carrying out close administrative oversight.⁴⁹

42. **Scale up national and local level health responses.** Despite the increased number of licensed laboratories capable of conducting over 40,000 tests a day, the actual number of tests being processed are lower. Problems encountered by the laboratories include lack of testing equipment and supplies (e.g., extraction kits, reagents) and procurement issues. The government should also accelerate the licensing of COVID testing laboratories. As of 31 January 2021, there were 49 laboratories with pending license applications. Engaging barangay⁵⁰ health workers, employers, and workers in contact tracing efforts is also recommended.

43. **Strengthen MSME assistance**

- (i) Broaden the dissemination and accessibility of government support programs, especially financial support, as most MSMEs continue to rely on informal sources of funds. Loan application procedures should be streamlined and simplified.
- (ii) Focus on both keeping businesses open and employment retention in policy design, as some MSMEs continue to suspend business operations and reduce their workforces.

⁴⁸ <https://www.pna.gov.ph/articles/1127302>

⁴⁹ DOF Secretary Dominguez proposes 3 imperatives in future subsidy programs to ensure fast, graft-free distribution among target beneficiaries, August 25, 2020. <https://www.dof.gov.ph/dominguez-proposes-3-imperatives-in-future-subsidy-programs-to-ensure-fast-graft-free-distribution-among-target-beneficiaries/>.

⁵⁰ The smallest administrative unit in the Philippines.

- (iii) Provide or strengthen capacity building in weak areas (e.g., digital platforms or e-commerce). An ADB enterprise survey showed that only 14% of enterprises sell products or services via the internet).⁵¹ For example, businesses could use assistance in meeting occupational safety and health practices made necessary by the pandemic, ways to access new markets and supply sources, as well as business continuity planning. Improving financial literacy will also be crucial to help sustain long-term economic and financial resilience.
- (iv) Differentiate support as MSMEs have been affected in different ways, depending on size, the sector they work in, and nature of business. For example, MSMEs involved in global supply chains have different needs from those serving domestic markets.

ADB's survey of enterprises revealed that many MSMEs face supply chain disruptions and would like to see more technical support from the government, such as business development services. The survey also showed that women-led MSMEs were found to have been disproportionately impacted during the pandemic, suffering greater losses in sales and revenues. These companies are having to reduce their workforces and suspend wage payments. MSMEs also requested assistance related to government contracts and public procurement, and more mentoring and business literacy support.

44. Carry out a rapid assessment of the national employment situation and identify viable job creation solutions. Assessments of the impact of the pandemic and the identification of potential responsive policies and programs will be crucial to supporting an integrated approach to making MSMEs more viable and facilitate employment creation and preservation (including financing for workplace skills and job subsidies, and apprenticeship programs and reforms).

45. Expand labor market programs, including intermediation services and skills training to support workers' transition back to employment. Such programs will support workers to respond to shifts in labor demand, and to find alternative employment. The Technical Education and Skills Development Authority (TESDA) should undertake emergency skills needs assessments to identify sectors that are facing immediate skills shortages and organize short training courses to respond to these shortages.

46. Broaden outreach for education and learning programs. The disruption to education during the pandemic was unprecedented. According to the Department of Education data (24 August 2020), total enrollment in kindergarten-to-grade-12 (K-12) schools declined by 3.8 million (14%) to 23.2 million in school year (SY) 2020–2021 from 27 million in SY2019–2020. This has sharply increased the number of out-of-school children. High drop-off cuts were seen in elementary enrollment to 11.5 million from 13.3 million and junior high school enrollment to 7.5 million from 8.5 million. Focused support to low-income families could provide disadvantaged learners with access to basic digital devices. Other options include: establishing internet hubs in barangays, leasing digital devices to students, or providing temporary free internet data packages. Some countries have negotiated with telecommunications service providers to offer zero-rate educational traffic to national learning platforms, online learning systems, and digital libraries.

47. Ensure active participation of government agencies in the assessment of program implementation and reporting to the Policy Committee. The proactive participation and

⁵¹ ADB. 2020. The COVID-19 Impact on Philippines Business: Key Findings from the Enterprise Survey.

engagement of implementing agencies is imperative. The implementing agencies should nominate a gender focal point to collect gender disaggregated data who should meet regularly with ADB gender specialists to identify issues and measures to address them.

48. **Collaborate in comprehensive monitoring and evaluation.** Information and data gaps need to be bridged to improve the government's understanding of the full policy mix so it can support phased, targeted, and more evidence-based policy responses. Comprehensive monitoring and evaluation would help the government to design customized programs for LGUs based on local needs; this is crucial given that LGUs are at the forefront of implementing several programs. Some agencies are already pursuing better data collection and analysis and coordinating these efforts. Data-sharing agreements would enable the transparent disclosure of outcomes critical to improving accountability and enhancing response efforts.

1st Policy Committee Meeting
Philippine Country Engagement Framework
COVID-19 Active Response and Expenditure Support (CARES) program
October 8, 2020 1:00 pm to 2:30 pm

Minutes of the Meeting

A. Background

1. ADB approved the COVID-19 Active Response and Expenditure Support (CARES) program for \$1.5 billion on April 23, 2020 under the ADB Countercyclical Support Facility Pandemic Response Option (CPRO). To support the effective implementation of the CARES program, a country engagement framework (CEF) has been established between ADB and the Government of the Philippines (GOP). The framework focuses on the following (i) policy dialogue; (ii) monitoring; and (iii) reporting of the government's countercyclical strategy and measures. The framework will facilitate the identification of implementation challenges and formulation of measures to address gaps and improve programs. (see Annex 2 for the List of Policy Committee Members and Attendees, Annex 3 for background info on the CEF).
2. The operationalization of the country engagement platform will be supported by technical assistance RETA 9964 on "Policy Advice for COVID-19 Economic Recovery in Southeast Asia" (PACER TA).

B. Objectives of the Meeting

3. Main objectives are: (i) report on the progress of implementation of the GOP's COVID-19 programs and discuss challenges, areas for improvement, (ii) set up the structure of the Country Engagement Framework platform, including designation of Policy Committee permanent members and Technical Working Groups (TWGs) based on priority issues, and (iii) discuss the CARES program monitoring and reporting framework.

C. COVID-19 situation, Health Programs

4. DOH provided updates on the situation and ongoing Government assistance. As of October 6, 2020, there are 326,833 confirmed cases of COVID-19 in the country, of which 47,655 are active. While 86.5% are mild cases, there is a decreasing trend of daily reported cases since the government declared a Modified Enhanced Community Quarantine in some parts of the country. DOH has intensified surveillance, contact tracing, and immediate isolation and quarantine of cases and close contacts.
5. The DOH has launched the Coordinated Operations to Defeat the Epidemic (CODE) which operationalizes the national government-enabled and the local government-led, people-centered response, with stronger support to LGUs with higher number of cases. DOH was able to implement the following strategies in an integrated manner:
 - a. Prevention. Risk communication, community engagement framework provided.
 - b. Detection. As of October 4, 2020, engaged a total of 233,344 contact tracers.

- c. Isolation. A total of 10,933 temporary treatment and monitoring facilities (TTMF) were established nationwide with a total bed capacity of 167,632. Currently, there are 60,385 beds occupied with a 36.4% occupancy rate. The national government was also able to build 20 mega TTMFs with 3,561 beds with 39% occupancy.
- d. Testing. Compared to 1 lab with 300 tests per day in March 2020, there are currently 143 licensed COVID-19 licensed testing labs, wherein 109 RT-PCR labs and 34 are gene expert labs. Testing capacity has also increased with a 7-day moving average of 36,067 in the past week compared to 1,282 actual test per day end of March 2020. DOH initially prioritized testing among health workers but has expanded to non-health related front liners, essential economic workers, tourists.
- e. Treatment. DOH issued an advisory following the Bayanihan Law directing all hospitals to dedicate 30% of their capacity to be exclusive for COVID-19 cases.

D. Government's Response Programs

- 6. DBM, as of September 14, 2020, has released PHP359.1 billion in support of the programs under the Bayanihan to Heal as One Act (Republic Act 11469).
- 7. Small Business Wage Subsidy (SBWS) Program. As of 24 June 2020, P 45.6 billion worth of subsidies has been directly credited to the beneficiaries. NEDA Asec. Abad Santos informed this would cover almost 99% of the beneficiaries.
- 8. Social Amelioration Program. For the SAP under Bayanihan 2 amounting to PHP6 billion, the DSWD is currently preparing the special guidelines for its COVID-19 response and recovery interventions. DSWD has also coordinated with DILG and the Inter-agency Task Force for the Management of Emerging Infectious Diseases (IATF) to determine the areas under granular lockdown for the proper targeting of low-income families.
- 9. DBM releases for other programs. As of 1 October 2020, the DBM has released funds amounting to PHP3.54 billion to the following departments/agencies for COVID-19 related PAPs:
 - a. DPWH for replenishment of FY 2020 Quick Response Fund
 - b. OPAPP to support the role and engagement of OPAPP Secretary as the Chief Implementer against COVID-19; and
 - c. DILG to cover funding and requirements for the hiring of contact tracers.

E. Vaccine Facility and Procurement

- 10. The following considerations and possible areas of support were discussed:
 - a. Policy on an allocation and prioritization guided by sound epidemiological analysis.
 - b. Logistics in terms of distribution arrangements, infrastructure facilities.
 - c. Financing mode in the purchase of the vaccine.
 - d. Requirement of intellectual property rights for manufacturing countries and improving and investing in R&D to bolster capacity; and
 - e. Regional cooperation, creating a platform for smaller capacity countries.

F. Employment Recovery

11. DOLE underscored the need for the formulation of medium- to long-term strategies for employment recovery and creation. ADB suggested that one of the outputs of the TWG on business employment can be an action plan or strategy for employment creation and skills development for the short to medium/long term. DOLE informed that there have been consultations among DTI, TESDA and DOLE in strengthening emergency employment measures, skills development and trainings including for entrepreneurship opportunities.

12. DA is implementing the Survive, Reboot and Grow strategies which focus on farm consolidation, modernization, industrialization, export promotion, and infrastructure development. Focus is also on how to better organize and integrate farmers and fisher folk in production systems to benefit from technologies and increase productivity and incomes.

G. Technical Working Groups (TWGs)

13. The TWGs for Social Protection, and Business and Employment were proposed to be formed and convened immediately. Other TWGs, depending on emerging issues, can be formed subsequently.

H. Others

- Government agencies to assess their needs for further assistance, e.g. rapid assessments on employment, MSME recovery.
- Member agencies to designate focal persons for data monitoring and assessments (including gender disaggregated data).
- Next PC meeting to be convened in March 2021 while the TWGs on social protection and business and employment can be convened earlier.

Policy Committee Members

Agency	Designated Permanent/Alternate Representative
Department of Finance	Undersecretary Mark Dennis Y.C. Joven
Asian Development Bank	Vice President Ahmed M. Saeed
Department of Agriculture	Permanent: Undersecretary Rodolfo V. Vicerra
Department of Budget and Management	Permanent: Undersecretary Laura B. Pascua Alternate: Assistant Secretary Rolando U. Toledo
Department of Health	Permanent: Undersecretary Mario C. Villaverde
Department of Labor and Employment	Permanent: Undersecretary Ana C. Dione
Department of Social Welfare and Development	Permanent: Assistant Secretary Joseline P. Niwane
Department of Trade and Industry	Permanent: Undersecretary Ireneo V. Vizmonte Alternate: Assistant Secretary Joan Karen A. Riola Alternate: Director Lydia Guevarra
National Economic and Development Authority	Permanent: Undersecretary Rosemarie Edillon Alternate: Assistant Secretary Carlos Abad Santos
Inter-Agency Task Force for the Management of Emerging Infectious Diseases	Permanent: Undersecretary Mario C. Villaverde
Asian Infrastructure Investment Bank	Permanent: Mr. Sergio Perez, Senior Client Relations Officer Alternate: Mr. Hubert Jenny, Senior Investment Operations Specialist
Japan International Cooperation Agency	Permanent: Eigo Azukizawa, Chief Representative Alternates: Kiyoo Kawabuchi, Senior Representative Ayumu Oshima, Senior Representative

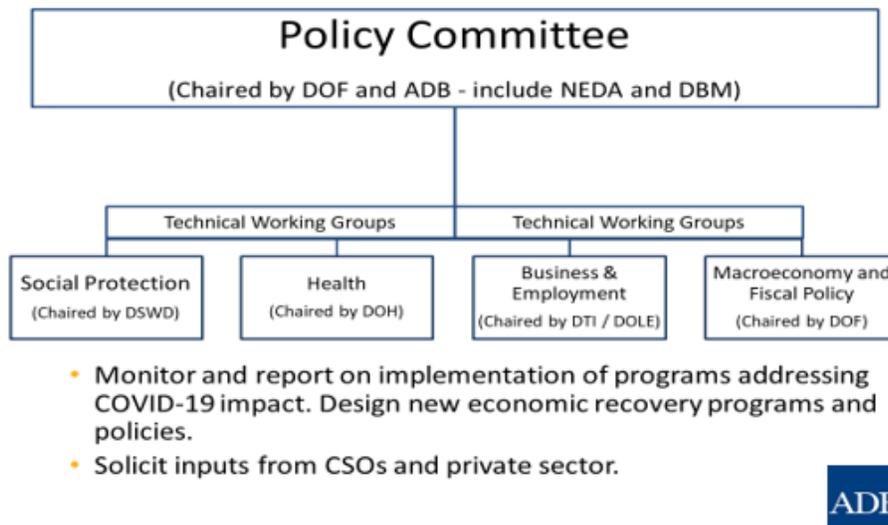
**Policy Committee meeting
October 8, 2020
Attendees**

Agency	Attendees
Department of Finance	Undersecretary Mark Dennis Y.C. Joven Assistant Secretary Maria Edita Z. Tan Director Rommel Herrera Director Ronald San Juan Ms. Donalyn Minimo Atty. Jenaira Jalasco Mr. Nelson Ambat Ms. Cindy Nuguit Ms. Fe Ajesta
Asian Development Bank	Vice President Ahmed M. Saeed Mr. Ramesh Subramaniam, Director General, SERD Mr. Kelly Bird, Country Director, PhCO Mr. Jose Antonio Tan, Director, SEPF Ms. Cristina Lozano Ms. Teresa Mendoza
Department of Agriculture	Undersecretary Rodolfo V. Vicerra
Department of Budget and Management	Undersecretary Laura B. Pascua Assistant Secretary Rolando U. Toledo Director Yolanda R. Reyes
Department of Health	Undersecretary Maria Rosario Singh-Vergeire Dr. Joel Buenaventura Ms. Jeanne Bernas
Department of Labor and Employment	Undersecretary Ana Dione Assistant Secretary Dominique Rubia-Tutay
Department of Social Welfare and Development	Assistant Secretary Joseline P. Niwane Ms. Catherine Grace Macuja-Lagunday Ms. Aleth Gayosa
Department of Trade and Industry	Assistant Secretary Joan Karen A. Riola
National Economic and Development Authority	Assistant Secretary Carlos Abad Santos Mr. Calixto Mangilin, Jr. Ms. Jemima Melgar
Inter-Agency Task Force for the Management of Emerging Infectious Diseases	Undersecretary Maria Rosario Singh-Vergeire Dr. Joel Buenaventura Ms. Jeanne Bernas
Asian Infrastructure Investment Bank	Mr. Hubert Jenny Mr. Sergio Perez Mr. Kunio Senga
Japan International Cooperation Agency	Chief Representative Eigo Azukizawa Mr. Kiyo Kawabuchi Mr. Ayumu Ohshima Ms. Carla Bautista

Country Engagement Framework (CEF) Platform

To support effective implementation of the CARES program, the CEF was established between ADB and the GOP, which focuses on (i) policy dialogue, (ii) monitoring, and (iii) reporting of the government's countercyclical strategy and measures. The framework will also be used to identify gaps and analysis required that will enable ADB to channel support including through technical assistances for the economic recovery plan.

1. *Structure.* The framework involves the following implementation arrangements:



- a. A Policy Committee (PC) will monitor and report on the implementation of the special policies, plans and programs adopted by the Philippines in addressing the impact of COVID-19. It will be chaired by DOF, NEDA and ADB. It will comprise senior officials from relevant government departments, invited by DOF to participate in the deliberations. The PC will meet on a quarterly basis.
 - b. Technical Working Groups (TWGs) will be formed covering (a) social protection, (b) health, (c) business and employment, and (d) macroeconomic and fiscal policy. The TWGs will provide inputs to the PC with regard to the implementation and will be chaired by the relevant government agency (Department of Social Welfare and Development, Department of Health, Department of Labor and Employment, Department of Trade and Industry). Private sector and CSOs will be invited to provide inputs on policy reforms and programs. The TWGs will meet as needed.
2. *Scope of Work.* The country engagement framework involves two major functions, namely:

Monitoring and Reporting: It will require data collection on the implementation of the fiscal response measures and economic recovery program, including the

initiatives outlined in the CARES program as per the design monitoring framework (DMF) and the gender mainstreaming indicators.

In-depth analysis: The PC (supported by the TWGs) will undertake selected in-depth analysis and assessments to inform the design of programs and policies for economic recovery and guide structural transformation.

3. The operationalization of the country engagement platform will be supported by technical assistance under RETA 9964 on “Policy Advice for COVID-19 Economic Recovery in Southeast Asia” (PACER TA). The PACER TA will support the monitoring and reporting tasks as well as the in-depth assessments to provide policy advice to the GOP during the economic recovery process.